easternhealth

Annual Report 2016/2017

OUR VISION

Great health and wellbeing

OUR MISSION

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

OUR VALUES

Excellence
Accountability
Compassion
Respect
Integrity
Teamwork
Collaboration

EASTERN HEALTH CATCHMENTS

Eastern Health acknowledges the traditional custodians of the land upon which our health service is built, the Wurundjeri people, and pays our respects to their elders past and present.

SINCE IT WAS ESTABLISHED IN 2000, EASTERN HEALTH HAS PLAYED A KEY ROLE IN THE PROVISION OF PUBLIC HEALTH SERVICES IN MELBOURNE'S EASTERN AND OUTER EASTERN SUBURBS. IT WORKS WITH COMMUNITY HEALTHCARE PROVIDERS, SUCH AS GENERAL PRACTITIONERS, COMMUNITY HEALTH SERVICES AND AFFILIATED HEALTHCARE AGENCIES. GEOGRAPHICALLY, EASTERN HEALTH COVERS THE MUNICIPALITIES OF BOROONDARA, KNOX, MANNINGHAM, MAROONDAH, WHITEHORSE AND YARRA RANGES.

The *Annual Report 2016-17* provides information about Eastern Health's sites, services, staff and operational achievements and challenges during the financial year.

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

- *Quality Account 2017*, which details Eastern Health's progress and achievements in many clinical areas
- *Research Report 2017*, which highlights research undertaken by Eastern Health clinicians and other health professionals
- *Turning Point 2017*, which showcases the statewide service's extensive work in alcohol, other drugs and gambling research, treatment and education.

Eastern Health's publications are available on its website at **www.easternhealth.org.au**

The *Annual Report 2016-17* will be presented to the public at Eastern Health's annual meeting on 7 December 2017.

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 2017.

Andrew Conway

Chair
Eastern Health Risk and Audit Committee

10 August 2017

Manner of Establishment

As a public health service established under section 181 of the *Health Services Act 1988 (Vic)*, Eastern Health reports to the Victorian Minister for Health, the Hon Jill Hennessy MP, and the Victorian Minister for Mental Health, the Hon Martin Foley, through the Department of Health and Human Services. The functions of a public health service Board are outlined in the Act and include establishing, maintaining and monitoring the performance of systems to ensure the health service meets community needs.

CONTENTS

OUR BOARD CHAIR AND CHIEF EXECUTIVE

EASTERN HEALTH HAS GROWN CONSIDERABLY SINCE IT WAS ESTABLISHED IN 2000 – FROM FIVE MODEST HOSPITALS WITH 3000 STAFF TREATING 55,000 PATIENTS TO SEVEN MAJOR HOSPITALS, OVER 9400 STAFF AND DOUBLE THE NUMBER OF PATIENTS.

Our emergency department statistics alone are indicative of this growth. In 2000, there were 95,000 people who presented for care compared with 166,554 this year – and the demand continues to grow.

It is a constant challenge to provide high-quality health services to a growing, diverse and ageing population, while at the same time dealing with rising costs and trying to live within our means. This year we provided the most elective surgery ever, significantly improved our performance in all our emergency departments and continued to deliver high-quality patient-centred care across all our sites. However, our costs exceeded revenue, resulting in a financial deficit for the first time in six years.

We opened new facilities, increased the number of beds, performed more operations than ever before and expanded the number of programs and services. Our focus over the next 12 months will be to ensure long-term financial sustainability, while continuing to deliver high-quality, safe, patient-centred healthcare services.

In February 2017, we introduced a new organisational structure. By refocusing our structure around the patient, we hope to enable our organisation to deliver great care and be the safest it can be for our staff and the people we serve. This new structure also elevates medical leadership and provides greater clarity on the authorities and accountabilities of leaders in order to develop and implement a strategy that reflects a whole-of-service approach and sustainable financial management practices. *See organisational structure, page 40.*

In May 2017, following a terrible and devastating incident at Box Hill Hospital that resulted in the death of one of our colleagues, we were challenged personally and as an organisation to reflect on the impact of violence in healthcare settings and to scrutinise our approach to occupational violence and aggression. In the wake of this tragedy, we strengthened our commitment to provide a safe workplace for our staff and a safe environment for patients and visitors. An Occupational Violence and Aggression Taskforce was established immediately to address this important issue, which will be the focus of a significant program of work over the next 12 months. *See page 10 for more information.*

Building for the future

In July 2016, we were proud to unveil a $3.2 million Magnetic Resonance Imaging (MRI) suite at Maroondah Hospital, the only publicly-owned and operated MRI facility in Melbourne's east. In February 2017, the $8.8 million redeveloped Healesville Hospital and Yarra Valley Health opened, bringing hospital and community health services together under one roof for the first time. These beautiful facilities include a new renal dialysis unit and a new and enlarged operating theatre.

Work also continued on the $20 million expansion of critical care and short-stay services at Angliss Hospital and construction of the $10 million Maroondah Breast Cancer Centre began in March 2017.

Ophthalmology services returned to Yarra Ranges Health in Lilydale. These services, which are delivered in partnership with The Royal Victorian Eye and Ear Hospital, are primarily aimed at patients requiring cataract surgery and include same-day surgical services and follow-up care, a great boost for people living in the outer east.

Checks and balances

Eastern Health is an active participant in an ongoing program of external accreditation to ensure we provide the highest levels of care and service to our patients, clients, residents and their families. All our hospital, health and residential care services are fully accredited. We will undertake an Australian Council on Healthcare Standards organisation-wide survey in March 2018. This will prompt us to review all of the systems and processes that underpin our commitment to excellence. *See page 28 for more information.*

Our key accountability document is the Statement of Priorities *(see page 14)*, an agreement between the Victorian Minister for Health and the Eastern Health Board. It sets out our key performance expectations, targets and funding for the year, as well as showing how we respond to government priorities. In 2016-17, we achieved our elective surgery waiting list target and improved all of our emergency department indicators.

Eastern Health Board Chair Dr Joanna Flynn AM and Chief Executive Adjunct Professor David Plunkett.

"By refocusing our structure around the patient, we hope to enable our organisation to deliver great care and be the safest it can be."

Our improvement agenda

Twenty-one improvement projects have been prioritised under the banner of "Every Minute Matters" to support patient flow and timely access to services for our patients. These projects are focused on themes, including emergency department and short-stay unit, acute and sub-acute, patient support, allied health and patient flow between services. To date, eight improvement projects have been completed, eight projects have progressed and are starting to have an impact and five projects will commence in 2017-18. *For more information, see page 38.*

Our commitment to quality research and improvement was highlighted at the 2016 Victorian Public Healthcare Awards when Box Hill Hospital's Emergency Department won the Excellence in Quality and Safety Award for its No Unnecessary Tests project. Affectionately known as "NUTS", the team investigated the factors that influence clinicians to order a high number of tests on patients who do not necessarily need all of them at that time and introduced a range of measures to counter this and support the provision of safe, quality care. It has also saved the organisation more than $1.4 million worth of unnecessary tests.

Departures and appointments

In August 2016, Chief Executive Alan Lilly was farewelled after six and a half years at the helm of Eastern Health. Alan was widely acknowledged as an outstanding CEO and we wish him well in his new role in the aged care sector. The Board appointed Adjunct Professor David Plunkett, who was previously the Executive Director of Acute Health and Chief Nursing and Midwifery Officer at Eastern Health, as Chief Executive in September 2016.

Ms Jill Linklater, a former member of Eastern Health's Community Advisory Committee, was appointed to the Board in July 2016. In 2017, Board Directors Hon Fran Bailey and Professor Andrew Conway were reappointed for three years and Mr Stuart Alford was reappointed for one year, bringing his service to the maximum of nine years.

Mr Denis Hogg AM concluded his term as a Board Director on 30 June 2017 and we thank him for his invaluable contribution.

Looking forward

We are excited about the release of our new Strategic Plan, which will guide us through the current and future challenges of a growing and ageing population, a rapidly-changing digital environment and a financial responsibility to live within our means.

This strategy, including the shared values that will underpin how we work and behave, will lead us forward over the next five years. There will be a sharpened focus on safety for both patients and those who work in our health service, and an emphasis on ensuring our patients are at the heart of everything we do. This plan has been developed in consultation with many staff, consumers and external partners, and we thank them for their constructive input.

We will also continue our journey towards becoming a digital health service, with the staged rollouts of new clinical systems, time-saving technologies and state-of-the-art devices in inpatient areas, as part of the core Electronic Medical Record (EMR) project. Box Hill Hospital will lead the way with the implementation of the extended EMR, scheduled for October 2017, with other sites benefiting from the introduction of additional EMR functionality, including electronic medications management and discharge summaries.

Lastly, we would like to express our gratitude and thanks to the Eastern Health Board, Executive Committee, staff and volunteers for their collective enthusiasm and sustained efforts to deliver the safe, high-quality care that our patients and community so rightly expect and deserve.

Dr Joanna Flynn AM
Chair
Eastern Health Board

Adjunct Professor
David Plunkett
Chief Executive
Eastern Health

FINANCE COMMITTEE CHAIR AND CHIEF FINANCE OFFICER

Board Director and Finance Committee Chair Stuart Alford and Chief Finance Officer Peter Hutchinson.

EASTERN HEALTH'S TOTAL COMPREHENSIVE RESULT FOR THE YEAR IS A $27.093 MILLION DEFICIT, WHICH TAKES INTO ACCOUNT CAPITAL PURPOSE INCOME, LAND REVALUATIONS AND DEPRECIATION.

Capital income for the year was $48.4 million and primarily related to key capital projects, including the Angliss Hospital expansion, Electronic Medical Record project, Maroondah Breast Cancer Centre, Box Hill Hospital refurbishment and Healesville Hospital redevelopment.

The completion of these works has resulted in an increase in depreciation costs for the year by six per cent to $69.4 million. A management revaluation of land was also undertaken across the organisation and resulted in an increase of $1.4 million, based on the Valuer-General's land indices.

The factors mentioned above are the difference between the comprehensive result for the year ($27.093 million deficit) and the operating result for the year (before capital and specific items) of a loss of $8.4 million. The operating result (or net result) was not the planned outcome, which was to break even, and has occurred as a result of Eastern Health exceeding activity performance targets.

Meeting demand for our services

Operating revenue grew by nearly eight per cent, which was above the forecast and enabled the delivery of much-needed services to our community in Melbourne's eastern suburbs. All patient treatment areas met or exceeded 100 per cent of nominated activity targets for the year, with significant over-target performance in the acute inpatient area, which is positive news.

However, this growth in services has pushed up operating costs by over eight per cent for the year and resulted in the $8.4 million deficit. The main increase has been in employee costs, which have risen by 10 per cent. This increase was partly due to the growth in acute inpatient activity but also the significant number of enterprise bargaining agreements *(see page 51)* that were negotiated throughout the year, with some back-pay arrangements that increased employee costs.

Managing our expenses

Eastern Health's management team prepared a comprehensive operating budget program for the year and covered off revenue and expenditure, accompanied by detailed activity schedules for monitoring bed management, specialist clinics and elective surgery.

Considerable effort was also directed at the identification of sustainable efficiencies. This was monitored across the organisation as part of an overall Economic Sustainability Strategy. Employee costs and provisions are monitored closely by all areas and assistance is provided by the Workforce Sustainability Unit to support managers in controlling their expenditure. The last quarter of 2016-17 exceeded planned emergency demand, requiring additional bed capacity to meet timely access through our three emergency departments.

Eastern Health operates three nursing homes and an aged person's hostel at four locations across the catchment and segment reporting illustrates the favourable net contribution of $374,000 for the nursing homes and a $175,000 deficit on the aged person's hostel respectively.

No events or matters have arisen since the year-end balance date that have resulted in any significant effect on the operations of the organisation.

Our commitments for expenditure, reported in the notes to the financial statements, illustrate a continuation of building plans and investment in communication and information technology infrastructure, providing a sound foundation for Eastern Health to continue providing positive health experiences for people and communities in the east.

Stuart Alford

Chair
Finance Committee

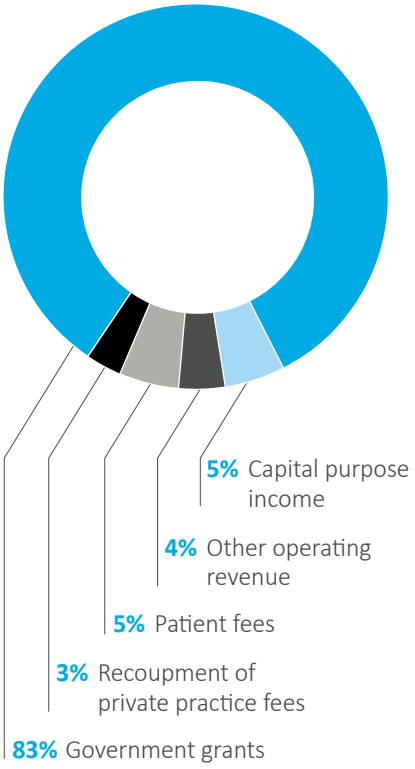
Peter Hutchinson

Chief Finance Officer
Eastern Health

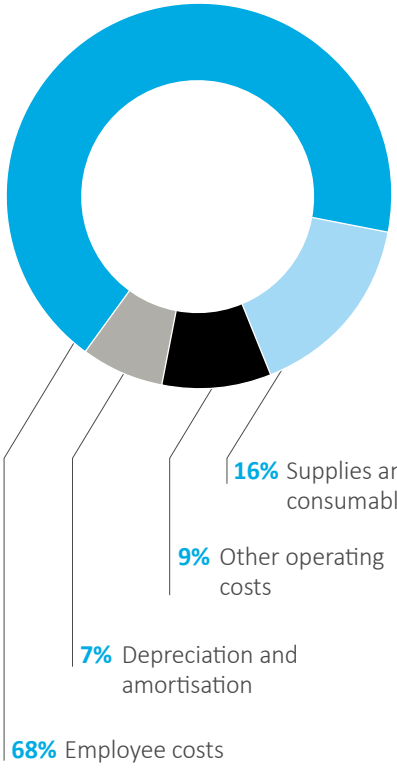
SUMMARY OF FINANCIAL RESULTS

	2017 $000	2016 $000	2015 $000	2014 $000	2013 $000
Total revenue	$1,008,430	933,199	880,049	986,530	868,373
Total expenses	$1,038,198	955,856	881,954	821,846	788,877
Other operating flows	1,246	(727)	-	-	-
NET RESULT SURPLUS/ (DEFICIT)	**(28,522)**	**(22,657)**	**(1,905)**	**164,684**	**79,496**
OPERATING RESULT	**(8,439)**	**299**	**71**	**792**	**1,777**
Total assets	$950,222	945,025	931,240	918,797	653,936
Total liabilities	$273,542	251,834	234,361	224,265	207,956
NET ASSETS	**$676,680**	**693,191**	**696,879**	**694,532**	**445,980**
TOTAL EQUITY	**$676,680**	**693,191**	**696,879**	**694,532**	**445,980**

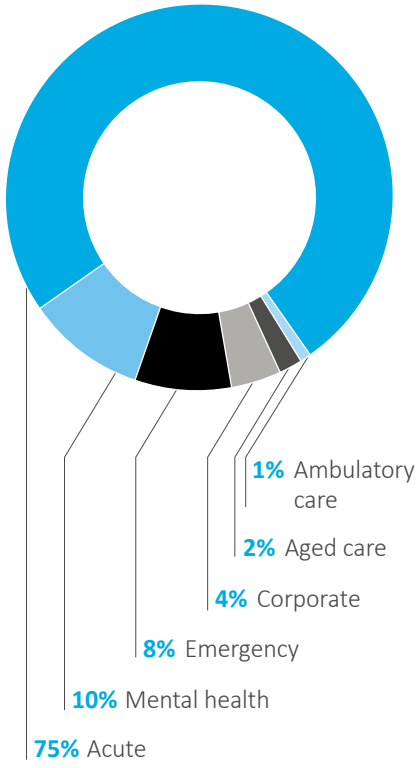
SOURCES OF REVENUE



OPERATING EXPENSES



EXPENSES BY SERVICES



Our full financial statements start on page 55.

"All patient treatment areas met or exceeded 100 per cent of nominated activity targets for the year."

166,554
emergency department presentations – highest on record

2016-17 AT A GLANCE

OUR PERFORMANCE

1,222,461
episodes of patient care – up 4% or 47,212 more episodes

45,055
ambulance arrivals to our three emergency departments – average 95% of patients transferred within 40 minutes

166,554
emergency department presentations – up 5.7% – that's one person every 3.2 minutes

36,032
operations – a record 16,959 were elective surgeries

record **5026**
babies born – one baby every 102 minutes

254,437
specialist clinic appointments – up 12% or 27,216 more appointments

OUR FINANCIAL POSITION

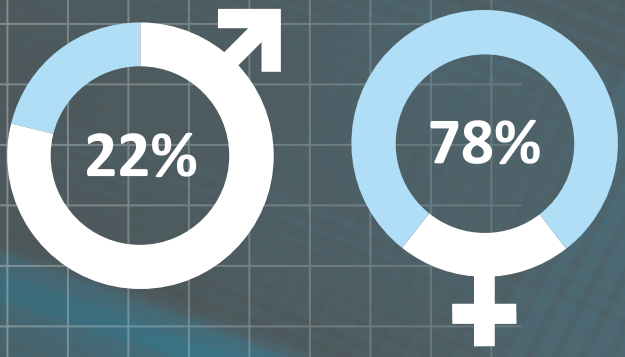
Operating result –
$8.43 million deficit

Total revenue –
$1.008 billion

Total expenses –
$1.038 billion

Acute WIES performance –
103.73%

OUR PEOPLE



percentage of men and women in the workforce

OUR COMMUNITY

860 volunteers

contributed **206,400** hours of service

ABOUT US

Caring for 773,992 people

Services located across 2816 square kilometres – the largest geographical area of any metropolitan health service in Victoria

1514* beds – 7 hospitals and 3 emergency departments

Annual operating budget of $955 million – this equates to $1817 per minute

We have 9437 employees, 63 per cent of whom live within the community we serve

**As at 30 June 2017. Bed numbers are subject to change depending on activity and demand.*

Registered nurse Kayla Wright is part of the dedicated team at Box Hill Hospital and one of 3800 nurses who work across Eastern Health in many programs and areas, including emergency, theatre, general medicine, specialty medicine, ambulatory care, residential aged care and mental health. Chief Nursing and Midwifery Officer, Clinical Associate Professor Kath Riddell, says our nurses make a significant and valuable contribution to the care, treatment and wellbeing of our patients, as well as providing support to a patient's family, carers and friends.

WHO WE ARE

EASTERN HEALTH IS ONE OF MELBOURNE'S LARGEST METROPOLITAN PUBLIC HEALTH SERVICES. WE PROVIDE A RANGE OF EMERGENCY, SURGICAL, MEDICAL AND GENERAL HEALTHCARE SERVICES, INCLUDING MATERNITY, PALLIATIVE CARE, MENTAL HEALTH, DRUG AND ALCOHOL, RESIDENTIAL CARE, COMMUNITY HEALTH AND STATEWIDE SPECIALIST SERVICES TO PEOPLE AND COMMUNITIES THAT ARE DIVERSE IN CULTURE, AGE, SOCIO-ECONOMIC STATUS, POPULATION AND HEALTHCARE NEEDS.

There are 773,992* people who live in our core catchment and depend on us for their public healthcare needs. We have 9437 employees, 63 per cent (or 5950) of whom live within the community we serve.

Just over one in four patients admitted to our hospitals (26 per cent) originates from a country where English is not the predominant language. The top five countries are China, Greece, India, Italy and the Netherlands. Other than English, the top five languages spoken by our patients (as measured by demand for interpreting services) are Mandarin, Cantonese, Greek, Chin Hakha and Persian.

The proportion of people in our catchment aged 60 and over continues to increase. Our catchment has over 20 per cent more people in the over 60 age group than the average for metropolitan Melbourne.

In 2012, Eastern Health reinforced its commitment to closing the health gap between Aboriginal and Torres Strait Islander people and non-indigenous Australians when it signed the *Statement of Intent* with members of the local Aboriginal community. *See page 21 for initiatives in this area.*

The eastern metropolitan region of Melbourne is home to an estimated 2940 Aboriginal people, which represents 5.5 per cent of the Victorian Aboriginal population. The largest Aboriginal populations in eastern Melbourne are within the local government areas of Yarra Ranges, Knox and Maroondah, within our catchment area.

Eastern Health is focused on delivering performance excellence in everything we do, across all aspects of care. This ethos also helps us to attract and retain the best staff. We have an active education and research program, and strong affiliations with some of Australia's top universities and educational institutions.

** Source: Victoria in Future 2015*

EASTERN HEALTH ORGANISATIONAL PROFILE

LARGER SITES

- Angliss Hospital
- Box Hill Hospital
- Healesville Hospital and Yarra Valley Health
- Maroondah Hospital
- Peter James Centre
- Wantirna Health
- Yarra Ranges Health

STATEWIDE SERVICES

- Spectrum
- Turning Point

CORPORATE FUNCTIONS

- Information, Technology and Capital Projects
- Finance, Procurement and Corporate Services
- Fundraising, Legal Counsel and Corporate Governance
- People and Culture
- Learning and Teaching, Nursing and Midwifery
- Quality, Planning and Innovation
- Research and Medical Services

Interpreter

Eastern Health employs an in-house team of NAATI-accredited interpreters and is the first metropolitan health service to employ a Chin Hakha interpreter. About 60 per cent of services are delivered in-house. *For more information, please refer to Eastern Health's Quality Account at www.easternhealth.org.au.*

In 2016-17:

5.81%
PATIENTS REQUIRING AN INTERPRETER

8.67%
PATIENTS WITH A PRIMARY LANGUAGE OTHER THAN ENGLISH

72
LANGUAGES IN WHICH SERVICES WERE PROVIDED

CLINICAL PROGRAMS AND SERVICES

Eastern Health is divided into two main areas of clinical operations – one that is largely focused around planned activity (SWMMS), including surgery, maternity and specialist (outpatient) clinics, and the other which is largely focused around unplanned activity (ASPPPA), including emergency and acute inpatient care. In February 2017, a new organisational structure was implemented to enhance the management and delivery of these services, as outlined in the table below. Each program is led by a program director and executive clinical director to enhance medical leadership. ***For more information about how these services are administered, please refer to the new organisational structure on page 40, which also details our corporate functions, such as people and culture, finance and clinical support services.***

DIRECTORATE	CLINICAL PROGRAM	CLINICAL SERVICE GROUP	CLINICAL SUPPORT
Clinical Operations (ASPPPA) Acute and Aged Medicine, Specialty Medicine and Ambulatory Care, Pathology, Pharmacy, Patient Access and Allied Health	**Acute and Aged Medicine**	**1** Emergency **2** General medicine **3** Geriatric medicine **4** Rehabilitation (inpatient) **5** Palliative care **6** Transition care **7** Residential aged care **8** Aged Care Assessment Service **9** Residential in-reach	■ Allied health ■ Medical imaging ■ Pathology ■ Patient access ■ Pharmacy
	Specialty Medicine and Ambulatory Care	**10** Cancer services **11** Renal **12** Cardiology **13** Endocrinology **14** Gastroenterology **15** Haematology/haemostasis and thrombosis **16** Infectious diseases **17** Neurosciences **18** Respiratory **19** Rheumatology **20** Dermatology **21** Eastern@Home **22** Sub-acute clinics **23** Community health **24** Community rehabilitation **25** Aboriginal health	
Clinical Operations (SWMMS) Surgery, Women and Children and Acute Specialist Clinics, Mental Health, Medical Imaging and Statewide Services	**Surgery**	**26** Anaesthetics **27** Breast and endocrine **28** Colorectal **29** Ear, nose and throat **30** General/paediatric **31** Orthopaedic **32** Plastic **33** Upper gastro-intestinal/bariatric/thoracic **34** Urology **35** Vascular **36** Intensive care services	
	Women and Children and Acute Specialist Clinics	**37** Obstetrics **38** Gynaecology **39** Paediatric and neonatology **40** Acute specialist clinics	
	Mental Health	**41** Adult (community and rehabilitation) **42** Aged persons (triage and emergency) **43** Child and youth	
	Statewide Services	**44** Spectrum **45** Turning Point	

To find out more about Eastern Health, visit our website at www.easternhealth.org.au

OCCUPATIONAL HEALTH AND SAFETY

In 2016-17, EASTERN HEALTH STRENGTHENED ITS COMMITMENT TO PROVIDE A SAFE WORKPLACE FOR STAFF, VOLUNTEERS, PATIENTS AND VISITORS.

An Occupational Violence and Aggression Taskforce, led personally by the Chief Executive, was established in the wake of the death of one of Eastern Health's surgeons in June 2017 after an altercation with a member of the public. An urgent review of practices, including training, policies, processes and procedures, was also commissioned to ensure they were relevant and appropriate. There have been a number of actions and recommendations implemented following this review, including a renewed focus on Code Grey and Code Black emergency procedures as well as emphasising the importance of reporting all incidents of aggression and violence – not just physical incidents.

Eastern Health is working closely with our staff and their representatives to ensure we have the right strategies and approaches. A number of initiatives are planned in early 2017-18, including equipping our community workers with personal safety devices and providing staff with personal safety sessions run by Victoria Police.

Eastern Health's focus throughout 2016-17 remained on key organisational OHS risks related to aggression management, manual handling and slips, trips and falls.

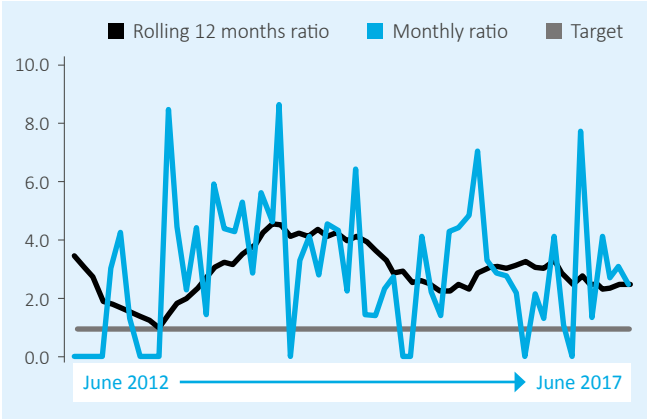
Aggression management

An Aggression Management Expert Advisory Committee has overseen several projects across Eastern Health regarding the prevention and management of aggression. One key project was a review of the face-to-face aggression management training externally provided to our staff, which will now be run in-house from July 2017.

Eastern Health has continued to receive strong support from the Victorian Government's Health Service Violence Prevention Fund. In February 2017, we received $872,556 which will be used to improve the safety of staff and patients across a number of our mental health and acute care services. This includes an upgraded duress system at the Maroondah Community Care Unit and a redesign of the Murnong Clinic and Chandler Clinic to improve safety and security for clients and staff. In addition, CCTV systems will also be enhanced at the Angliss Hospital Emergency Department, Box Hill Hospital Emergency Department, Yarra Ranges Health, Peter James Centre South Ward and Upton House at Box Hill.

Eastern Health looks forward to continuing to work with the Department of Health and Human Services as future funding becomes available.

Aggression lost-time injury claims frequency rate per million total productive hours worked



OCCUPATIONAL VIOLENCE	2016-17
Workcover accepted claims with an occupational violence cause per 100 FTE#	0.20
Number of accepted Workcover claims with lost-time injury with an occupational violence cause per 1,000,000 hours worked	1.22
Number of occupational violence incidents reported*	247
Number of occupational violence incidents reported per 100 FTE#	4.08
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	16

* *Source: Victorian Health Incident Management System*

\# *Full-time equivalent*

Definitions

Occupational violence

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

Incident

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

Accepted Workcover claims

Claims that were lodged in 2016-17.

Lost time

Defined as greater than one day.

Injury, illness or condition

This includes all reported harm as a result of the incident, regardless of whether the employee required time off work or submitted a claim.

Fatalities or serious injuries

There was one fatality during the past financial year, as reported on page 10. There were seven "notifiable" incidents reported to WorkSafe Victoria. Six of these related to staff, with two as a result of occupational violence, three slips, trips and falls incidents and one laceration. One incident related to a visitor, who had a slips, trips and falls incident with no identifiable hazard.

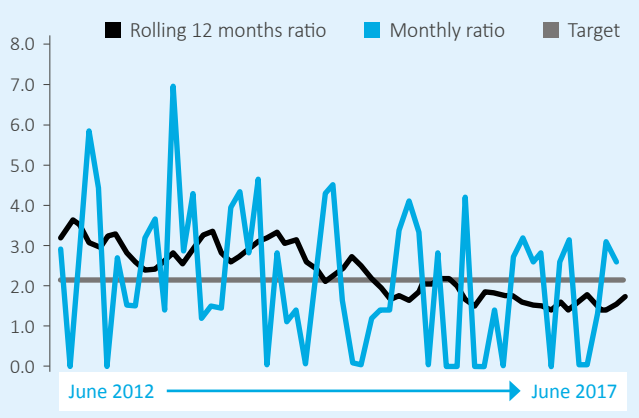
Contravention of OHS laws

During the reporting period, there was one contravention of the *OHS Act 2004* (Vic) and *OHS Regulations 2007* (Vic) that resulted in WorkSafe Victoria issuing an improvement notice in June 2017 relating to patient aggression. This will be rectified within the appropriate timeframe.

Slips, trips and falls

Injuries from slips, trips and falls have remained steady throughout the past 12 months as cleaning procedures and practices across Eastern Health continued to be a focus. Our hotel and cleaning services recently introduced umbrella stands at Box Hill Hospital to assist with the management of water spills from wet umbrellas.

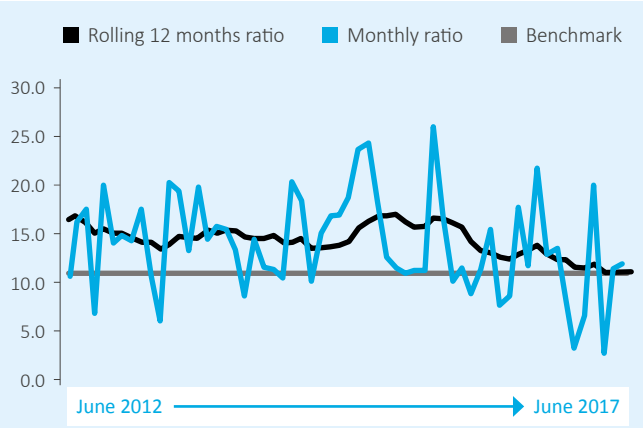
Slips, trips and falls lost-time injury claims on Eastern Health premises. Frequency rate per million total productive hours worked



Lost-time injury claims

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) has trended below the benchmark in 2016-17. Despite the positive result, there continues to be a strong focus on improving our safety systems to reduce the number and severity of staff injuries.

Lost-time injury claims frequency rate per million total productive hours worked



Policies and procedures

OHS policies and key procedures are reviewed regularly in accordance with review schedules and changes to Australian standards, compliance codes, regulations and the *OHS Act 2004* (Vic).

MANUAL HANDLING

Manual handling, both clinical and non-clinical, continues to be a major hazard for Eastern Health staff. There has been ongoing work in the clinical manual handling program area, with a major review of safe operating procedures to ensure Eastern Health has best-practice principles in place for patient manual handling tasks. Non-patient manual handling incidents remained below target in 2016-17.

A manual handling project was completed in Health Information Services, in conjunction with WorkSafe Victoria, which resulted in several sit/stand work stations being introduced across the department.

Manager Deb Brown is pictured with one of them.

ANNUAL HIGHLIGHTS

JULY 2016

Photo: Imaging Associates

NEW MRI FACILITY OPENS IN THE EAST

Maroondah Hospital's $3.2 million Magnetic Resonance Imaging (MRI) suite, the only publicly-owned and operated MRI facility in the eastern region, welcomed its first patients. MRI is considered the "gold standard" when it comes to the diagnosis of many conditions, including a range of cancers, orthopaedic, heart and nervous system diseases. As an added bonus, the federal government approved a Medicare licence for the service, which means patients can be bulkbilled for their tests.

SEPTEMBER 2016

FAMILY VIOLENCE PREVENTION ON THE AGENDA

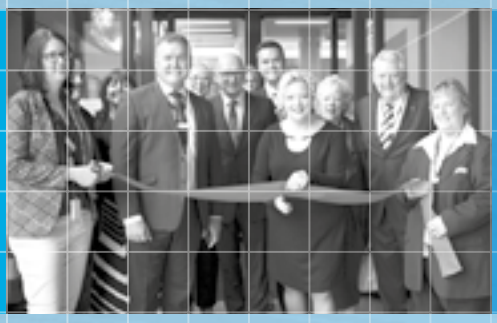
Eastern Health made family violence prevention a key priority. This included having domestic violence campaigner Rosie Batty spend time at Box Hill Hospital, helping shape our response to the Royal Commission into Family Violence, as part of the *Strengthening Hospital Responses for Family Violence* initiative. Rosie provided invaluable feedback on how Eastern Health can improve its response to family violence, for both staff and the community. *See page 15 for more information.*

NOVEMBER 2016

REFLECTIONS AND CELEBRATIONS

Two Eastern Health sites chalked up key milestones – the first of which was Maroondah Hospital's 40th anniversary. Guests at a special morning tea heard how an ambitious idea at a public meeting grew into what is now a major metropolitan hospital in Melbourne's east. Staff, residents and their loved ones also marked the 20th anniversary of Monda Lodge in Healesville, a residential aged care facility that continues to provide great care to people from the Yarra Valley community.

FEBRUARY 2017



A NEW ERA FOR HEALESVILLE AND THE YARRA RANGES

The much-anticipated $8.8 million redevelopment of Healesville Hospital and Yarra Valley Health was completed, with the doors officially opened by Victorian Minister for Health, the Hon Jill Hennessy. A Community Open Day in late January also gave local residents a sneak peak at the new building, which brings hospital and community health services under one roof. Features include a new, enlarged operating theatre, a new renal dialysis unit and a refurbished palliative care room with a courtyard.

MARCH 2017

INVESTING IN HEALTHCARE

Work commenced on the $10 million Maroondah Breast Cancer Centre. The centre will bring together the best screening, treatment and supportive care services in the region in one purpose-built facility. Victorian Minister for Health, the Hon Jill Hennessy, was on hand to mark the occasion. Funding has also been allocated to enhance car parking in the hospital precinct. Meanwhile, work is continuing on a $20 million expansion of Angliss Hospital. *See page 38 for more information.*

OUR PERFORMANCE

In 2016-17:

A record total of 16,959 patients admitted for elective surgery

Number of patients on the elective surgery waiting list rose slightly from 2229 to 2302 – that is a 3.3% increase despite doing more surgery than ever before

An average 95% of ambulance patients transferred within 40 minutes – above the statewide target of 90%

78.8% of workers immunised against influenza

Eastern Health and The Royal Victorian Eye and Ear Hospital welcomed the resumption of ophthalmology services at Yarra Ranges Health in Lilydale. The service, which is primarily aimed at patients requiring cataract surgery, provides assessment, care planning and treatment, including same-day surgical services and follow-up care for patients with health issues associated with their eyes. Co-ordinator Alison Walker, pictured, is pleased that ophthalmology services are again closer to home for people in the Yarra Ranges. Acting CEO of The Royal Victorian Eye and Ear Hospital Dr Caroline Clarke said at the time the service was an excellent demonstration of how public health services could work together to provide improved patient-focused care.

STRATEGIC PRIORITIES

EASTERN HEALTH'S STRATEGIC PLAN HELPS US TO UNDERSTAND OUR VISION AND MISSION, AS WELL AS HOW WE ARE GOING TO DELIVER THEM. WE HAVE FIVE STRATEGIC DIRECTIONS AND EACH DIRECTION CONTAINS FOUR STRATEGIC GOALS.

1	2	3	4	5
A PROVIDER OF GREAT HEALTHCARE	A GREAT PATIENT EXPERIENCE	A GREAT PLACE TO LEARN AND WORK	A GREAT PARTNER WITH OUR COMMUNITIES	A GREAT ACHIEVER IN SUSTAINABILITY

At the time of publishing this report, Eastern Health was finalising its *Strategic Plan 2017-2022*, including a new set of shared values and priority goals, which will guide the organisation over the next five years and ensure our patients are at the centre of everything we do. Eastern Health's Strategic Plan is available on our website at www.easternhealth.org.au

Achieving our strategic priorities

The information on the following pages outlines key organisational improvement activities that are agreed between Eastern Health and the Victorian Minister for Health as a component of the Statement of Priorities each year.

They are consistent with Eastern Health's priorities, as identified within the Strategic Plan, and align with the government's priorities and policy directions.

The Statement of Priorities is an annual accountability agreement that sets out key performance expectations, targets and funding for the year, as well as government service priorities. These include the shared objectives of safe, high-quality service provision, ease of access and financial viability.

Providing timely access

Eastern Health is committed to providing services in a timely manner. In 2016-17, we continued to perform strongly in the key areas of elective surgery and emergency access, despite treating more patients than ever before.

We performed a record number of elective procedures – 16,959 (up 2.6 per cent on 2015-16). This was a significant achievement given the rise in more complex surgeries that take longer to perform, such as knee and hip replacements. We also continued to treat 100 per cent of the most urgent patients (category one) within 30 days.

More people than ever before attended our emergency departments, with a 5.7 per cent increase, or 9022 more patients – that's one person every 3.2 minutes. However, we still achieved a number of positive results, including ambulance arrivals with an average 95 per cent of patients transferred within 40 minutes – above the statewide target of 90 per cent. *For more information about our access performance, see page 31.*

Key stakeholders

Eastern Health has fostered a number of strategic partnerships with key stakeholders to help us achieve our strategic directions and goals, including:

- Our community, through a register of interested consumers and community representatives on a range of committees, including the Community Advisory Committee *(see page 43)*
- Victorian Department of Health and Human Services
- Other Victorian health services
- Community health services
- Eastern Melbourne Primary Health Network
- Universities and other training institutions
- Research organisations and funding bodies
- Local governments and other government agencies and authorities.

Our services are delivered from

65 sites across 21 locations

DOMAIN	ACTION	DELIVERABLE	OUTCOME
QUALITY AND SAFETY	Implement systems and processes to recognise and support person-centred end of life care in all settings, with a focus on providing support for people who choose to die at home.	Monitor, report and build organisational compliance with the evidence-based principles and practices relating to end of life care across Eastern Health, in accordance with the performance standard "End of Life Care Plan – Care for the Dying Person", which is consistent with the 2015 National Consensus Statement: Essential elements for safe, high-quality end of life care.	***Achieved*** Eastern Health has built a framework for organisational capability and compliance with the evidence-based principles and practices relating to end of life care, consistent with the 2015 National Consensus Statement: Essential elements for safe, high-quality end of life care. A range of policies has been revised and updated in accordance with the consensus statement.
	Advance care planning is included as a parameter in an assessment of outcomes including: mortality and morbidity review reports, patient experience and routine data collection.	Review, monitor and build organisational compliance with the principles and practices documented within the Eastern Health performance standard "Advance Care Planning Guideline", including data collection and reporting and optimising the rate of completion, staff awareness and adherence with these plans.	***Achieved*** Eastern Health's Advance Care Planning policy now includes details regarding data collection and reporting of performance to optimise organisational compliance with relevant systems and processes. A new range of routine reporting mechanisms has now been established and a recent audit of mortality and morbidity reviews identified that patient wishes were followed in more than 95 per cent of cases.
	Progress implementation of a whole-of-hospital model for responding to family violence.	Through the Family Violence working party, review existing processes, capability and partnerships to ensure a comprehensive system is in place across all service delivery streams to identify, report and respond to both suspected and confirmed instances of family violence (including elder abuse).	***In progress*** A new Family Violence policy has been developed and is in the final stages of approval. A memorandum of understanding has also been established between Eastern Health and EDVOS (a local family violence specialist service provider) which includes a dedicated resource to support staff who may be affected by family violence.

Achieved In progress Not achieved

DOMAIN	ACTION	DELIVERABLE	OUTCOME
	Establish a foetal surveillance competency policy and associated procedures for all staff providing maternity care that includes the minimum training requirements, safe staffing arrangements and ongoing compliance monitoring arrangements.	Embed the foetal surveillance competency procedures for 100 per cent of relevant staff providing maternity care that includes the minimum training requirements, safe staffing arrangements and ongoing compliance monitoring arrangements in accordance with best practice, as detailed in the Eastern Health performance standard (policy).	***Achieved*** Eastern Health now has a 100 per cent compliance rate for all staff providing maternity care with foetal surveillance competency. A process has been established for new staff to complete this training prior to commencement. An education plan is also in place to support staff who are on maternity leave or long-term sick leave to complete the education package and assessment upon their return to work.
	Use patient feedback, including the Victorian Healthcare Experience Survey to drive improved health outcomes and experiences through a strong focus on person and family-centred care in the planning, delivery and evaluation of services, and the development of new models for putting patients first.	Building on the successful implementation of new models of care in the emergency and general medicine and continuing care programs, continue to use consumer feedback to inform improvement and innovation initiatives at all levels of the organisation with a particular focus on the identified areas of communication, courtesy and kindness and discharge management. Priority areas for the 2016-17 financial year, will include specialist consulting services and maternity services.	***Achieved*** The Patient Experience of Care Report is provided to the Board, Quality Committee and Community Advisory Committee, as well as the Clinical Executive Committee, on a quarterly basis. It is also available to all staff on the Eastern Health intranet. This report has recently been revised to better present information about patient feedback, which is received via a wide range of mechanisms and includes benchmarked performance. A "rolled up" score, based on all patient feedback, is publicly reported on the Eastern Health website. Consumer feedback is now routinely incorporated into the Eastern Health annual planning processes. It has been incorporated into the new Strategic Plan, which is currently being finalised, and informs service and capital planning processes. The most recent example has been consultation with patients and family members to inform the development of the Maroondah Breast Cancer Centre. A training program for maternity services and specialist clinics staff to better enable them to provide a positive patient experience has been developed in partnership with the Health Complaints Commissioner, with the training scheduled to be delivered in July and August 2017.
	Develop a whole-of-hospital approach to reduce the use of restrictive practices for patients, including seclusion and restraint.	Evaluate the use of restrictive practices (seclusion and restraint) across bed-based services to ensure best practice is maintained and performance exceeds relevant benchmarks.	***Achieved*** Eastern Health has continued to strive towards reducing the use of restrictive practices such as seclusion and restraint. This is in accordance with policies that align with recognised best practices. Recent auditing of organisational performance in this area confirms that Eastern Health continues to perform favourably to the benchmark rate of less than 15 episodes of seclusion/restraint per 1000 bed days.

DOMAIN	ACTION	DELIVERABLE	OUTCOME
ACCESS AND TIMELINESS	Ensure the development and implementation of a plan in specialist clinics to: (1) Optimise referral management processes and improve patient flow through to ensure patients are seen in turn and within time; and (2) Ensure Victorian Integrated Non-Admitted Health data accurately reflects the status of waiting patients.	Develop and commence implementation of a plan to optimise referral management processes and improve patient flow to ensure outpatients are seen in turn and within benchmarked time parameters for urgent and routine patient referrals. Progress the work currently underway to ensure specialist clinics are compliant with the requirements of the "Specialist clinics in Victorian Public Hospitals" access policy including data collection and reporting in accordance with the 10 identified process measures and VINAH guidelines.	***Achieved*** Eastern Health's specialist clinic waiting lists have been reviewed, with standardised reports now utilised on a regular basis to monitor and benchmark performance. Electronic referral management is now in place, using standardised patient data recording, reporting and triage management. Full evaluation of this three-year project is expected to be undertaken in 2017-18. ***Achieved*** A comprehensive audit of Eastern Health's specialist clinic waiting lists has been undertaken to confirm that the status of waiting patients is accurately recorded and reported via the VINAH dataset. In addition, the telephony support provided to Eastern Health's specialist clinics will be centralised, with stage one now implemented. This will improve timeliness and standardise the quality of responses provided to callers.
	Ensure the implementation of a range of strategies (including processes and service models) to improve patient flow, transfer times and efficiency in the emergency department, with particular focus on patients who did not wait for treatment and/or patients who re-presented within 48 hours.	Progress the implementation of the "Eastern Health emergency access plan" across all areas of the organisation including actions to improve the four-hour performance target, reduce length of stay in the short-stay units, reduce the number of "did not wait" patients and reduce presentations to the emergency department within 48 hours of discharge.	***In progress*** Twenty-one specific projects targeting a broad range of areas were established to enhance patient flow under the banner "Every Minute Matters". Some of these projects have now been completed, while others are in progress. Specific projects have been implemented to: - Improve the four-hour performance target - Reduce length of stay in short-stay units - Reduce the number of "did not wait" patients - Reduce presentations to the emergency department within 48 hours of discharge.

PERFORMANCE EXCELLENCE FRAMEWORK

Eastern Health is committed to achieving our strategic directions and organisational objectives, and utilises an agreed Performance Excellence Framework to ensure we remain focused on these strategic priorities.

Performance excellence occurs when individuals and teams understand and utilise all the elements of performance excellence in their everyday practice – organisational planning, enterprise risk management, performance standards, performance monitoring and performance improvement and innovation.

Improvement and innovation work occurs at the local (small), program (medium), site (medium), directorate (large) or organisation-wide (large) level and is undertaken using the Eastern Health Model for Improvement.

All improvements are documented on Improvement and Innovation Plans, which are monitored and reported on a quarterly basis. In 2016-17, Eastern Health established a Program Management Office which will support the organisation to improve the visibility, governance and delivery of improvement projects across the organisation.

DOMAIN	ACTION	DELIVERABLE	OUTCOME
	Identify opportunities and implement pathways to aid prevention and increase care outside hospital walls by optimising appropriate use of existing programs (i.e. the Health Independence Program or telemedicine).	Implement Year 1 of the Eastern Health "35,000 days" project to create well and healthy days within our community and build organisational capacity to offer the right care, in the right place, at the right time. These projects focus on the three key areas of: 1: Minimising deterioration in the community 2: Treating illness in the community wherever possible 3: Preventing readmission. Participate in the HealthLinks Chronic Care Initiative to enable development and implementation of an action plan to achieve diversion, along with secondary and primary prevention performance targets.	***In progress*** Eastern Health continues to make good progress against the HealthLinks Chronic Care Initiative, with a new model of care for patients with chronic conditions now finalised for implementation early in 2017-18. In addition, Eastern Health is currently implementing the first phase of a telemedicine project which, in time, will enable patients to more readily access healthcare services from outside the walls of Eastern Health hospitals.
	Increase the proportion of patients (locally and across the state) who receive treatment within the clinically recommended time for surgery and implement ongoing processes to ensure patients are treated in turn and within clinically recommended timeframes.	Review the operating theatre templates and address factors affecting optimal utilisation of theatre capacity to ensure patients are treated in turn, within clinically recommended timeframes, and that agreed performance targets continue to be met.	***Achieved*** Eastern Health has successfully met the waiting list target and improved other relevant performance targets relating to surgical treatment times. This was supported by a full review of theatre schedules to ensure these valuable resources were being optimally utilised. This also included the recommencement of surgical services at Healesville Hospital after the development of a new operating suite at the site.

DOMAIN	ACTION	DELIVERABLE	OUTCOME
	Develop and implement a strategy to ensure the preparedness of the organisation for the National Disability Insurance Scheme and Home and Community Care program transition and reform, with particular consideration to service access, service expectations, workforce and financial management.	Review systems and processes associated with the identification and management of NDIS-eligible clients and implement priority improvements to ensure Eastern Health is prepared for the adoption of the National Disability Insurance Scheme and reforms within the Home and Community Care program and eligible clients are best able to access the full range of disability support services.	***In progress*** A comprehensive project plan has been developed to ensure that Eastern Health is fully prepared for the rollout of the National Disability Insurance Scheme. This is expected to occur across the Eastern Metropolitan Region in November 2017 and will impact a broad range of clinical programs and services.
	Develop and implement strategies within their organisation to ensure identification of potential organ and tissue donors and partner with DonateLife Victoria to ensure that all possible donations are achieved.	Implement strategies to optimise organ and tissue donation, consistent with DonateLife Victoria and Eastern Health performance standards (policies) to ensure all potential donations are achieved. In addition, a reporting and monitoring mechanism will be established.	***In progress*** A dedicated Donation Specialist Team was established to support staff across the organisation in the development and implementation of a robust system and process to maximise organ and tissue donation. A project plan to increase donations is well progressed.

CONNECT WITH RESPECT

Now in its fifth year, Eastern Health's Closing the Gap Family Sports Day in Healesville plays an important role in breaking down cultural barriers and is a great way for Eastern Health to inform the local Aboriginal community about the range of services available. The event features some of the best Aboriginal sporting talent in the region challenging Eastern Health staff in a football match and netball tournament. Pictured are Aboriginal community and Eastern Health netballers and footballers linking arms in a show of solidarity. *For more information about Eastern Health's Closing the Health Gap initiatives, see page 21.*

DOMAIN	ACTION	DELIVERABLE	OUTCOME
SUPPORTING HEALTHY POPULATIONS	Support shared population health and wellbeing planning at a local level – aligning with the Local Government Municipal Public Health and Wellbeing plan and working with other local agencies and Primary Health Networks.	Actively participate in the newly established Eastern Melbourne Primary Health Care Collaborative through its embedded governance structure to develop a region-wide "Primary Health Care Plan" and implement identified system-based improvements to enhance care processes. Enhance primary healthcare services in community-based settings to support the management of chronic disease and complex conditions for people at risk of poor health outcomes across the catchment.	***Achieved*** In partnership with all members of the Eastern Melbourne Primary Health Care Collaborative, a new Primary Health Strategic Plan has been developed, receiving all the necessary endorsements and approvals. A stepped care model for health, which has been in place in the mental health sector for some time, has been adopted and this will be progressively implemented for other chronic conditions through the work of the collaborative. ***In progress*** In collaboration with the Eastern Melbourne Primary Health Network, Eastern Health has developed an Integrated Gateway project with primary care providers. The main aim of this project is to support patients to receive treatment within the primary care setting for as long as possible. This is a two-year project, with an established joint governance structure and a part-time project officer recruited to support the initiative.
	Focus on primary prevention, including suicide prevention activities, and aim to impact on large numbers of people in the places where they spend their time, adopting a place-based, whole-of-population approach to tackle the multiple risk factors of poor health.	Progress implementation of the suicide prevention plan. Identify other primary prevention priorities from the "Primary Health Care Plan" developed by the Eastern Melbourne Health Care Collaborative and commence implementation to address primary prevention.	***In progress*** As noted above, the Eastern Melbourne Primary Health Care Collaborative has recently developed a new Primary Health Strategic Plan. This plan includes mental health as a key priority and suicide prevention as a major initiative in this area. Funding for a new project under the banner "HOPE" has been received from the Department of Health and Human Services. This initiative will revise the model of care, in line with best practice for suicide prevention.

MEASURING OUR PERFORMANCE

One of the ways Eastern Health monitors its performance is through a scorecard. This scorecard tracks the achievement of

105

key performance indicators

that are each aligned to one of the five strategic directions *(see page 14)*. Results against a number of these indicators are also available at the frontline, where the data can be broken down into individual wards/ departments. It is also aggregated to single scores for each strategic initiative and an overall composite score which are reported at Board and Executive Committee level.

Each year, the measures and targets reported on the scorecard are reviewed to ensure they continue to be aligned with and drive continuous improvement.

Eastern's Health performance against key government service priorities can also be found on the Department of Health and Human Services website at **www.dhhs.vic.gov.au**.

DOMAIN	ACTION	DELIVERABLE	OUTCOME
	Develop and implement strategies that encourage cultural diversity such as partnering with culturally-diverse communities, reflecting the diversity of your community in the organisational governance and having culturally-sensitive, safe and inclusive practices.	Finalise and commence implementation of the Diversity Action Plan to ensure Eastern Health is responsive to the diversity of its population.	***In progress*** The Eastern Health diversity framework has been finalised and the Diversity Action Plan that ensures Eastern Health is responsive to the diverse needs of its communities is nearing completion. Consumers have participated in the development of the Diversity Action Plan to ensure it is representative of the needs of our communities. A number of actions have either commenced or been completed, including Eastern Health's participation in International Women's Day events in recognition of the 78 per cent of staff who are female, in addition to a continued focus on cultural diversity. Other areas of focus have been enhancing Eastern Health's responsiveness to the health and wellbeing of lesbian, gay, bisexual, transgender and intersex (LGBTI) individuals and communities, partnering with people with communication difficulties and the development of organisational capability to respond to people with disabilities.
	Improve the health outcomes of Aboriginal and Torres Strait Islander people by establishing culturally-safe practices which recognise and respect their cultural identities and safely meets their needs, expectations and rights.	Build on the successful implementation of the Closing Health Gap program of work to establish culturally-safe practices for Aboriginal and Torres Strait Islander patients, including welcoming environments, specialist Aboriginal and Torres Strait Islander training programs for all Eastern Health staff and progress the implementation, monitoring and reporting of the initiatives within the Closing the Health Gap improvement plan to address the four priority areas of the Koolin Balit Strategy.	***Achieved*** An annual plan to progress the range of initiatives from the Closing the Health Gap program was developed and implemented in 2016-17. This plan continued to focus on the key priority areas: - Engagement and partnership - Systems of care - Organisational development - Workforce development. Actions include the completion of a cultural safety audit of patient/service areas, reviewing governance, improving analysis and reporting of performance to inform improvement initiatives and monitoring the sustainability of the Asking the Question strategy.

Web-based technology could hold the key to improved treatment for people affected by multiple sclerosis (MS). A research project, led by Eastern Health's MS Service, is implementing clinic and home-based cognitive monitoring web-based technology that, over time, will lead to better treatment decisions and empower doctors and people with MS. Research co-ordinator Daniel Merlo, pictured, says the subtle and complex nature of cognitive impairments means routine assessment and monitoring in the clinic setting can be a challenge. "We have developed a set of tests that are self-administered, easy to use, repeatable and able to be performed on any internet-connected device. These tools can detect very early changes in areas of cognition, such as processing speed and working memory." This research project is one of hundreds underway across Eastern Health at any one time. To find out more about our research initiatives, please refer to the *2017 Research Report* at **www.easternhealth.org.au**.

DOMAIN	ACTION	DELIVERABLE	OUTCOME
	Drive improvements to Victoria's mental health system through focus and engagement in activity delivering on the 10 Year Plan for Mental Health and active input into consultations on the design, service and infrastructure plan for Victoria's clinical mental health system.	Develop and commence implementation of an action plan to progress the aims and initiatives of the Victorian 10 Year Mental Health Plan which includes participating in consultations on the design, service and infrastructure plan for Victoria's clinical mental health system and mapping the 10-year program of work to actively deliver on the 10 Year plan for Mental Health.	***Achieved*** Eastern Health staff undertook a gap analysis against the 10 Year Plan for Mental Health. This informed the development of a multi-year project to address opportunities to improve Eastern Health's performance and ensure alignment between organisational systems and processes, and the aim and intent of the 10 Year Plan. Eastern Health has now commenced implementation of a range of new initiatives and is currently working with the Department of Health and Human Services regarding those with long-term timeframes.
	Using the Government's Rainbow eQuality Guide, identify and adopt "actions for inclusive practices" and be more responsive to the health and wellbeing of lesbian, gay, bisexual, transgender and intersex (LGBTI) individuals and communities.	Review the Rainbow eQuality Guide to identify opportunities and associated action for Eastern Health to be more inclusive and responsive to the health and wellbeing of lesbian, gay, bisexual, transgender and intersex (LGBTI) individuals and communities and incorporate actions into the Eastern Health Diversity Action Plan.	***Achieved*** Eastern Health has undertaken a whole-of-organisation approach to review the new Rainbow eQuality Guide and agree on a range of actions. A working group has been established with broad representation from across Eastern Health and includes two consumers from the LGBTI community. The Rainbow eQuality Guide has been reviewed. This includes identification of a range of practices and actions that are currently in place to support Eastern Health to be more inclusive and responsive to the health and wellbeing of LGBTI individuals and communities. A number of priorities for further action have also been identified and they include education for staff, creating a welcoming environment, including distribution and display of posters and other information, and investigating a better way for LGBTI people to identify themselves and ensure their needs are addressed. This work has been incorporated into the Diversity Action Plan to support ongoing monitoring of its progress.
	Further engagement with relevant academic institutions and other partners to increase participation in clinical trials.	Develop and commence the implementation of a long-term plan for research to build on the success of the previous research strategy with a specific focus on strengthening Eastern Health's academic partnerships, including becoming a member of the Monash Partners Academic Health Science Centre Consortium and increasing participation in clinical trials over the next three years.	***In progress*** Eastern Health's new Strategic Plan lists research as one of its four fundamental pillars. This plan and Victoria's Health and Medical Research Strategy 2016-2020 will inform the finalisation of the new research strategy for Eastern Health. During 2016-17, Eastern Health joined the Monash Partners Academic Health Science Centre Consortium and has been exploring the possibilities afforded by gathering "big data" and how this is co-operatively governed to make sharing possible. Eastern Health's transition from paper records to an electronic platform will considerably enhance the organisation's capacity to collect and analyse data.

DOMAIN	ACTION	DELIVERABLE	OUTCOME
GOVERNANCE AND LEADERSHIP	Demonstrate implementation of the Victorian Clinical Governance Policy Framework: Governance for the provision of safe, quality healthcare at each level of the organisation, with clearly documented and understood roles and responsibilities. Ensure effective integrated systems, processes and leadership are in place to support the provision of safe, quality, accountable and person-centred healthcare. It is an expectation that health services implement to best meet their employees' and community's needs, and that clinical governance arrangements undergo frequent and formal review, evaluation and amendment to drive continuous improvement.	Complete the comprehensive evaluation of clinical governance and implement identified improvements to ensure all systems and processes comply with best practice and the requirements of the Victorian Clinical Governance Policy Framework. This will include continued focus on clinical leadership and engagement in clinical governance through further development of the Clinical Practice Committee, Clinical Review Committee, Appropriate and Effective Care program and the expert advisory committees, open disclosure training, improvements to the incident management system to ensure timely and comprehensive completion of incident investigation, addressing recommendations from the VAGO review of patient safety and developing an action plan to address recommendations from the review of quality and safety in Victorian healthcare services, commissioned by the Department of Health and Human Services.	***Achieved*** Eastern Health systems have been revised to ensure they align with the Victorian Clinical Governance Policy Framework at all levels of the organisation. Highlights of the revisions implemented: ■ The Clinical Governance Standard was revised to ensure full compliance with the framework. ■ Increased accountability and responsibility for quality and safety by medical leaders. ■ The Eastern Health clinical governance committee structure was reviewed and revised to ensure committees align with the new organisational structure. ■ Eastern Health's bedside and documentation audit program was reviewed. Clinical stream-level annual audits are now included on the audit schedule. ■ A new expert advisory committee structure and terms of reference are being implemented to support management of the highest organisational clinical risks. ■ The Incident Management Standard has been revised with new processes, tools and templates developed and implemented to ensure compliance with the DHHS policy. ■ Review of quality and safety key performance indicators in response to the "Targeting Zero" recommendations. This includes development of agreed thresholds and escalation processes, and access to and use of ward-level data. ■ A revised performance standard and policy framework, including templates and publishing processes, to ensure that only information relevant to clinical staff is on view, reducing the length and complexity of the documents. In addition, further review and realignment of the Clinical Governance Framework and Standard has commenced following the launch of the new Victorian Clinical Governance Policy Framework in May 2017.

RAINBOW TICK

In line with our requirements under the Statement of Priorities, Eastern Health is about to commence work using the Rainbow eQuality Guide to identify and adopt "actions for inclusive practices" to be more responsive to the health and wellbeing of lesbian, gay, bisexual, transgender and intersex (LGBTI) individuals and communities.
See page 22 for more information.

DOMAIN	ACTION	DELIVERABLE	OUTCOME
	Ensure that an anti-bullying and harassment policy exists and includes the identification of appropriate behaviour, internal and external support mechanisms for staff and a clear process for reporting, investigation, feedback, consequence and appeal, and the policy specifies a regular review schedule.	Review the Eastern Health anti-bullying and harassment performance standard (policy) to ensure it includes the identification of appropriate behaviour, internal and external support mechanisms for staff and a clear process for reporting, investigation, feedback, consequence and appeal, and that it specifies a regular review schedule.	***In progress*** Eastern Health's Workplace Bullying Prevention and Management Practice Guideline has been fully revised to include all elements of the organisation's capability framework and is currently awaiting final approval. In addition, the incident investigation and management standard has been revised to ensure all OHS incidents undergo the same level of rigorous investigation as clinical incidents. In support of Eastern Health's new values that have been developed and agreed as part of the new Strategic Plan, a range of positive behaviours associated with each value has been identified and will be promoted throughout the life of the new plan.
	Board and senior management ensure that an organisation-wide occupational health and safety risk management approach is in place which includes: (1) A focus on prevention and the strategies used to manage risks, including the regular review of these controls; (2) Strategies to improve reporting of occupational health and safety incidents, risks and controls, with a particular focus on prevention of occupational violence and bullying and harassment throughout all levels of the organisation, including to the board; and (3) Mechanisms for consulting with, debriefing and communicating with all staff regarding outcomes of investigations and controls following occupational violence and bullying and harassment incidents.	Eastern Health has a well-developed OHS management system which includes development, review and publication of a suite of policies and procedures; risk management, including regular risk review and reporting; incident reporting, investigation and remediation; staff training and education, staff counselling and return to work program; and OHS oversight at all levels of the organisation. The deliverables for the 2016-17 year will be enhancement of organisational systems and processes for the prevention, reporting and investigation of, and response to, workplace health and safety risks to maximise staff safety related to manual handling, aggression, bullying and harassment, and slips, trips and falls, as documented in Eastern Health's performance standards (policies), including any improvements from the WorkSafe hospital intervention program.	***Achieved*** Eastern Health ensures an organisational focus on key OHS risks via the organisation's Risk Register. Risks such as occupational violence and aggression, manual handling injury, bullying and harassment, and slips, trips and falls are all recorded on the risk register. These risks are reviewed and updated on a quarterly basis in consultation with relevant stakeholders and reported through the relevant governance committees. In addition to these risks, all OHS incidents are reported on a daily basis via Eastern Health's DOS (Daily Operating System) to the "Executive huddle" to ensure visibility of incidents, any immediate actions taken (as required) and appropriate follow-up, including investigation. During 2016-17, Eastern Health participated in the Workhealth Improvement Network project, which has now been implemented and an evaluation is currently being completed.

DOMAIN	ACTION	DELIVERABLE	OUTCOME
	Implement and monitor workforce plans that improve industrial relations, promote a learning culture, align with the Best Practice Clinical Learning Environment Framework, promote effective succession planning, increase employment opportunities for Aboriginal and Torres Strait Islander people, ensure the workforce is appropriately qualified and skilled, and support the delivery of high-quality and safe person-centred care.	Continue implementation of the industrial relations strategy, which includes establishment of effective working relationships with key industrial bodies, working with VHIA and utilisation of the Eastern Health "change management process" when organisational changes are undertaken. Develop and commence implementation of a long-term organisation-wide Education Plan to ensure Eastern Health has a skilled and capable workforce to support the achievement of operational and strategic priorities. This will include review and improvement of the clinical leadership training program and consideration of mechanisms to enhance education within an inter-disciplinary practice model.	***Achieved*** The Eastern Health Consultation on Major Change Practice Guideline has now been revised and updated to align with the requirements of the new enterprise bargaining agreements that were released in 2016-17. Strong relationships with relevant industrial bodies continue to be fostered through routine business practices and especially during the recent organisational restructure. ***Achieved*** In order to enhance the implementation of the new Strategic Plan, which is currently being finalised, the recent organisational restructure included the establishment of learning and teaching within a new directorate. In line with the introduction of this new directorate, a plan to deliver the learning and teaching strategy has been developed and approved. This plan details: ■ An inter-professional model for building staff capability through action learning ■ Restructure and realignment of existing resources ■ A governance system to deliver integration with internal and external key stakeholders ■ A staged investment plan to build the capacity and capability of the directorate into the future. The implementation of this plan has commenced, with realignment of existing resources currently underway.

Continued on page 26

LISTENING TO OUR CONSUMERS

Our patients play a significant role in shaping our programs and services. We are committed to listening and acting on their feedback, which we gather through a number of channels. Eastern Health's Centre for Patient Experience provides a framework, systems and support for effective community and patient participation and oversees the patient experience strategy, known as *In the Patient's Shoes*. Our strategic and annual planning processes also include consumers and we have increased consumer engagement, the use of information and data from incident reporting, patient feedback, audits and reviews to support our efforts to provide harm-free care. Pictured are Dr Dahlia Davidoff and patient Ralph Naylor. Dr Davidoff led a research project that highlighted the importance of individualised care, with a focus on quality of life when it comes to diabetes treatment.

DOMAIN	ACTION	DELIVERABLE	OUTCOME
		Progress the implementation of actions identified in the Eastern Health Aboriginal Employment Plan, including expansion of the Aboriginal apprenticeship and traineeship employment program, the Aboriginal cultural awareness training program and scholarships.	***Achieved*** The Aboriginal Employment Plan was refreshed in 2016-17, which included identification and implementation planning for priority initiatives over the next three years. Eastern Health has identified and created five Aboriginal roles, two of which provide those employees with an opportunity to undertake traineeships following successful applications for Koolin Balit funding for these roles. One is in Pharmacy and the other in Child and Youth Mental Health Services. Other roles include a number of nursing cadetship positions. The Aboriginal Employment Co-ordinator provided cultural support to the relevant teams, as required. A work experience program for Aboriginal students in secondary schools (Year 10) was also developed and delivered in 2017. Eastern Health's iLearn cultural awareness training package has been updated to include an assessment of staff understanding. In 2017-18, work will progress to develop staff guidelines for recruiting Aboriginal people.
	Create a workforce culture that: (1) Includes staff in decision-making; (2) Promotes and supports open communication, raising concerns and respectful behaviour across all levels of the organisation; and (3) Includes consumers and the community.	Build a positive workforce culture through a range of mechanisms, including building clinical leadership capacity, building capability for staff to speak up if they have concerns, continued focus on "kindness and courtesy", empowering staff decision-making through deployment of the performance improvement methodology and development of "local actions" and continued inclusion of consumers and the community in planning, development and clinical governance activities.	***In progress*** Eastern Health is finalising a new Strategic Plan that identifies a new set of values for the organisation, which includes "Patients First" and "Kindness". The development of a clearly-articulated set of accepted behaviours associated with each value has included input from staff, consumers and the community. Consumers are active members on the majority of governance committees across the organisation, including directorate and program quality and strategy commitees and expert advisory committees. The involvement of consumers and community members is also a focus for planning activities at all levels, with community representatives participating in the 2017 managers planning forum, as well as directorate planning events. In addition, local-level improvement training continues to be provided to individuals, wards and departments in a targeted manner to build capability and empower local-level decision-making. This training has now been provided to more than 200 staff across the organisation.

SAFE PATIENT CARE

Workforce management systems and processes ensure Eastern Health complies with the *Safe Patient Care (Nurse to Patient and Midwife to Patient Ratios) Act 2015*, which requires that minimum nurse-to-patient ratios are met when determining nurse and midwife staffing levels across those services and wards covered by this legislation.

DOMAIN	ACTION	DELIVERABLE	OUTCOME
	Ensure that the Victorian Child Safe Standards are embedded in everyday thinking and practice to better protect children from abuse, which includes the implementation of strategies to embed an organisational culture of child safety, a child safe policy or statement of commitment to child safety, a code of conduct that establishes clear expectations for appropriate behaviour with children, screening, supervision, training and other human resources practices that reduce the risk of child abuse, processes for responding to and reporting suspected abuse of children, strategies to identify and reduce or remove the risk of abuse and strategies to promote the participation and empowerment of children.	Implement the actions identified for 2016-17 in the Eastern Health Child Safety Action Plan to enhance organisation-wide compliance with the Victorian Child Safe Standards, including ensuring the following are in place: Effective leadership arrangements; a child safe policy including a code of conduct that establishes clear expectations for appropriate behaviour with children; screening; supervision; training and other human resources practices that reduce the risk of child abuse by any personnel; processes for responding to and reporting suspected child abuse; strategies to identify and reduce or remove the risk of child abuse; and strategies to promote the participation and empowerment of children.	***Achieved*** Eastern Health has implemented all relevant systems and processes required to comply with the *Children Legislation Amendment (Reportable Conduct) Bill 2016* by the due date of 1 July 2017. This work has included the review and update of a number of policy documents that contain key elements to guide practice, such as expected behaviours and practices for recognising and responding to suspected child abuse, as well as an education program and communication strategy that have been embedded into Eastern Health clinical practice.

Continued on page 28

MANAGING OUR RISKS

Eastern Health takes a balanced approach to risk management in order to ensure systematic identification, analysis, recording and reporting of risks and opportunities important to the achievement of strategic objectives, *as outlined on page 14.*

Eastern Health proactively and reactively addresses a broad range of risks that may impact or are impacting the organisation. The Eastern Health Risk and Audit Committee has oversight for risk management with a focus on the most significant risks facing Eastern Health, including strategic, operational, financial, reporting, compliance, statewide, inter-agency and project-based risks.

Risk management is embedded in day-to-day practice and all managers and staff routinely manage risks, including occupational health and safety *(see pages 10-11)* and quality of care matters, that have the potential to impact on the achievement of desired results and outcomes.

For more information about how Eastern Health manages key risks, including case studies, please refer to the *2016-17 Quality Account* at **www.easternhealth.org.au**

Box Hill Hospital midwife Breanna Kellock with Henry Abson, who was one of a record 5026 babies born at Eastern Health in 2016-17.

DOMAIN	ACTION	DELIVERABLE	OUTCOME
	Implement policies and procedures to ensure patient-facing staff have access to vaccination programs and are appropriately vaccinated and/or immunised to protect staff and prevent the transmission of infection to susceptible patients or people in their care.	Implement and embed into practice, an integrated staff health program that enables the management of workforce immunisation including pre-employment screening and immunisation assessment for staff working in clinical areas in order to align with Australian infection control and immunisation guidelines.	*In progress* A revised staff immunisation policy, together with an implementation plan for how the new policy will be embedded, has been developed and approved by the Eastern Health Executive Committee. The procedures and requirements outlined in the revised policy are in line with advice received from the Department of Health and Human Services. They include consideration of mandatory staff screening prior to employment, expectations in relation to screening for existing staff and guidance regarding compulsory blood-borne virus testing pre-employment and then annually for staff undertaking exposure-prone procedures. These new requirements will continue to be implemented progressively throughout 2017-18.

ACCREDITATION

As a progressive, responsive and innovative health service, Eastern Health demonstrates our commitment to excellence through external accreditation with a range of industry standards, including the National Safety and Quality Health Service Standards.

In March 2014, the Australian Council on Healthcare Standards (ACHS) awarded Eastern Health full accreditation for four years.

This followed an extensive organisation-wide survey in September 2013 when Eastern Health was assessed against the new National Safety and Quality Health Service Standards, ACHS Evaluation Quality Improvement Program (EQuIP) National Standards, National Standards for Mental Health Services and Department of Health and Human Services Standards.

Eastern Health met all core standards and also received 36 "Met with Merit" ratings – which is 14 per cent of all actions and the highest score used to recognise excellence for those actions. High-achieving areas included our partnerships with consumers, governance for safety and quality, information management, workforce management and falls prevention.

Accreditation was awarded until March 2018. In the pursuit of ongoing accreditation, Eastern Health participated in a periodic review in September 2015 where continued accreditation was confirmed. Eastern Health received the "Substantially Met" rating for all 133 actions and was awarded 28 "Met with Merit" ratings – 21 per cent of the actions included in the survey.

Eastern Health's pathology laboratories, medical imaging and cardiology service are accredited under the National Association of Testing Authorities.

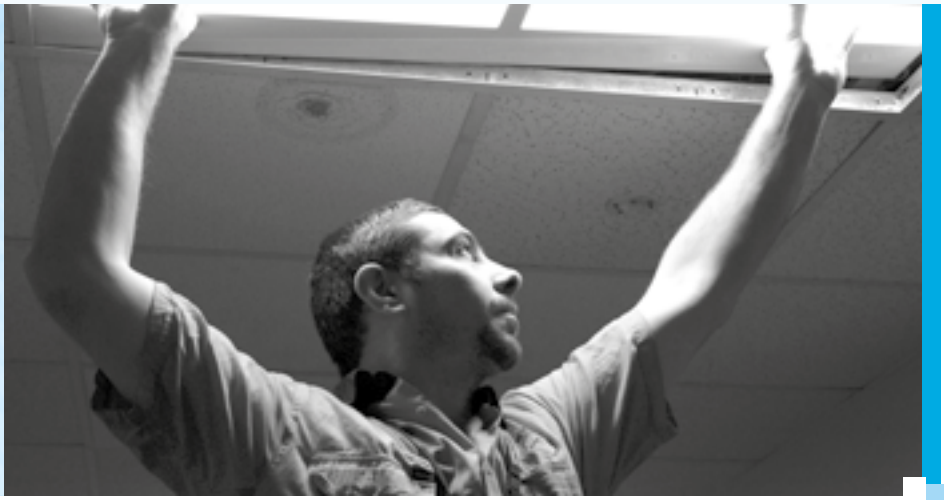
Our four residential aged care facilities – Edward Street in Upper Ferntree Gully, Monda Lodge in Healesville, Mooroolbark, and Northside in Burwood East are accredited by the Australian Aged Care Quality Agency and our palliative care service is accredited under the National Standards Assessment Program.

Yarra Valley Health's general practice clinic in Healesville also has full accreditation under the Royal Australian College of General Practitioners accreditation scheme.

Allied health assistant Bethany Lamb, left, joins carer Christine Johnston in the refurbished gym at the new Healesville Hospital and Yarra Valley Health, which opened in February 2017.

DOMAIN	ACTION	DELIVERABLE	OUTCOME
FINANCIAL SUSTAINABILITY	Further enhance cash management strategies to improve cash sustainability and meet financial obligations as they are due.	Progress the implementation of activities identified for Year 1 of the financial sustainability strategy, impacting across both operational revenue drivers (core and non-core) and cost drivers (direct and indirect).	***Not achieved*** Eastern Health identified $14.5 million in savings opportunities for 2016-17. All identified savings were allocated across the organisation, with clear plans to ensure they were achieved. Despite this, Eastern Health failed to meet its break-even financial position that was originally budgeted. As a result, Eastern Health will review the assurance and control mechanisms of our financial management system to enable the organisation to understand and respond to any future variations in financial performance.
	Actively contribute to the implementation of the Victorian Government's policy to be net zero carbon by 2050 and improve environmental sustainability by identifying and implementing projects, including workforce education, to reduce material environmental impacts with particular consideration of procurement and waste management, and publicly reporting environmental performance data, including measureable targets related to reduction of clinical, sharps and landfill waste, water and energy use and improved recycling.	Implement agreed actions for 2016-17 from the three-year environmental management plan and ensure all capital developments meet or exceed relevant environmental efficiency standards in relation to waste management, fleet management, water consumption, energy consumption and procurement.	***Achieved*** Water and energy performance met targets during 2016-17. All capital works have been completed within expected timeframes and met appropriate levels of sustainability performance for replacement items. Waste levels were slightly above expected performance but within acceptable levels of variance. Benchmarked performance data has been utilised for all Eastern Health sites to identify additional opportunities for improvement in the future.

Electrician Stephen McLaughlin fits an energy-efficient LED lighting system at Maroondah Hospital. This work has largely been completed in corridors and public areas across Eastern Health, with the replacement program now underway in ward areas. Eastern Health's commitment to sustainability extends beyond the environment to incorporate our workplace practices and social responsibility. *See page 34 for details about our environmental performance.*



QUALITY AND SAFETY

KEY PERFORMANCE INDICATOR	TARGET	2016-17 RESULT
ACCREDITATION		
Compliance with NSQHS Standards accreditation[1]	Full compliance	Achieved
Compliance with the Commonwealth's Aged Care Accreditation Standards	Full compliance	Achieved
INFECTION PREVENTION AND CONTROL		
Compliance with the Hand Hygiene Australia program	80%	87.4%
Percentage of healthcare workers immunised for influenza*	75%	78.8%
CLEANING STANDARDS		
Overall compliance with standards	Full compliance	Achieved
Very high risk (Category A)	90 points	95
High risk (Category B)	85 points	94.5
Moderate risk (Category C)	85 points	93.7
PATIENT EXPERIENCE		
Victorian Healthcare Experience Survey – data submission	Full compliance	Achieved
Victorian Healthcare Experience Survey – patient experience Quarter 1	95% positive experience	91%
Victorian Healthcare Experience Survey – patient experience Quarter 2	95% positive experience	91%
Victorian Healthcare Experience Survey – patient experience Quarter 3	95% positive experience	93%
Victorian Healthcare Experience Survey – discharge care Quarter 1	75% very positive response	72%
Victorian Healthcare Experience Survey – discharge care Quarter 2	75% very positive response	77%
Victorian Healthcare Experience Survey – discharge care Quarter 3	75% very positive response	76%
HEALTHCARE ASSOCIATED INFECTIONS		
Number of patients with surgical site infection	No outliers	Achieved
ICU central line-associated blood stream infection[2]	No outliers	Not achieved
SAB rate per occupied bed days[3]	<2/10,000	0.8
MATERNITY AND NEWBORN		
Percentage of women with pre-arranged postnatal home care	100%	100%
Rate of singleton term infants without birth anomalies with APGAR score <7 to 5 minutes	≤ 1.6%	1.81%
Rate of severe foetal growth restriction in singleton pregnancy undelivered by 40 weeks	≤ 28.6%	36%
MENTAL HEALTH[4]		
Percentage of adult inpatients who are readmitted within 28 days of discharge	14%	17%
Rate of seclusion events relating to an acute admission – composite seclusion rate	≤ 15/1,000	8
Rate of seclusion events relating to a child and adolescent acute admission	≤ 15/1,000	3
Rate of seclusion events relating to an adult acute admission	≤ 15/1,000	11
Rate of seclusion events relating to an aged acute admission	≤ 15/1,000	1
Percentage of child and adolescent patients who have post-discharge follow-up within seven days	75%	87%**
Percentage of adult patients who have post-discharge follow-up within seven days	75%	76%**
Percentage of aged patients who have post-discharge follow-up within seven days	75%	56%**

QUALITY AND SAFETY (CONTINUED)

KEY PERFORMANCE INDICATOR	TARGET	2016-17 RESULT
CONTINUING CARE		
Functional independence gain from admission to discharge, relative to length of stay	≥ 0.39 (GEM) and ≥ 0.645 (rehab)	0.56 (GEM) and 1.06 (rehab)

1: NSQHS is National Safety and Quality Health Service.

2: This relates to two infections in Box Hill Hospital's ICU during Quarter 3. While both infections met the surveillance definition, subsequent case reviews identified there were factors unrelated to the central line that may have been the cause of the bacteraemia.

3: SAB is staphylococcus aureus bacteraemia.

4: Average result across 2016-17.

* *This indicator covers the period 18 April 2016 to 19 August 2016.*

** *This data was affected by industrial activity during the financial year. The collection of non-clinical and administrative data was affected, with impacts on community mental health service activity and client outcome measures in Quarter 1 and Quarter 2. In Quarter 3 and Quarter 4, Eastern Health's performance averaged 87 per cent overall.*

ACCESS AND TIMELINESS

KEY PERFORMANCE INDICATOR	TARGET	2016-17 RESULT		
		ANGLISS HOSPITAL	BOX HILL HOSPITAL	MAROONDAH HOSPITAL
EMERGENCY CARE				
Percentage of ambulance patients transferred within 40 minutes	90%	100%	93%	93%
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%	84%	80%	81%
Percentage of emergency patients with a length of stay less than four hours[1]	81%	84%	72%	74%
Number of patients with a length of stay in the emergency department greater than 24 hours	0	0	0	0

KEY PERFORMANCE INDICATOR	TARGET	2016-17 RESULT
ELECTIVE SURGERY		
Percentage of urgency Category 1 elective patients admitted within 30 days	100%	100%
Percentage of urgency Category 1, 2 and 3 elective patients admitted within clinically recommended timeframes	94%	88.49%
20% longest waiting Category 2 and 3 removals from the elective surgery waiting list	100%	100%
Number of patients on the elective surgery waiting list[2]	2509	2302
Number of hospital-initiated postponements per 100 scheduled admissions	≤ 8/100	6.24
Number of patients admitted from the elective surgery waiting list – annual total*	16,830	16,959
SPECIALIST CLINICS		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days[3]	100%	82.65%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	92.88%

1: Box Hill Hospital and Maroondah Hospital results are due to a number of factors, including an increase in the number of patients presenting to the emergency department, as well as higher acuity and complexity, bed availability and seasonal trends. However, they are an improvement on their 2015-16 performance – by 12 per cent and seven per cent respectively. Angliss Hospital also improved its result by nine per cent on the previous year.

2: The target shown is the number of patients on the elective surgery waiting list as at 30 June 2017.

3: This result is a 20 per cent improvement on the previous year. There were 7300 new patients in 2016-17 and 7500 new referrals. *See page 17 for information about improvement initiatives.*

* *Eastern Health received additional funding from the Victorian Government to treat more patients.*

GOVERNANCE AND LEADERSHIP

KEY PERFORMANCE INDICATOR	TARGET	2016-17 RESULT
People Matter Survey – percentage of staff with a positive response to safety culture questions*	80%	75%

** Responses to eight individual safety items ranged from 66 per cent to 84 per cent. Result is from the People Matter Survey conducted in May 2017.*

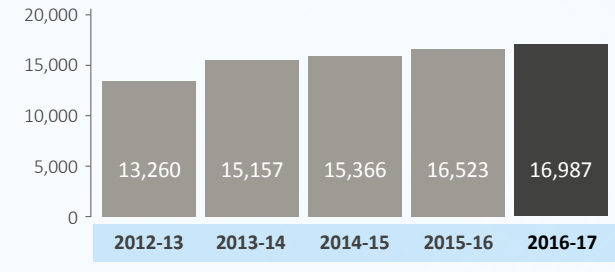
FINANCIAL SUSTAINABILITY

KEY PERFORMANCE INDICATOR	TARGET	2016-17 RESULT
FINANCE		
Operating result ($m)	0.00	($8.439)
Trade creditors	60 days	60
Patient fee debtors	60 days	59
Public and private WIES[1] performance to target	100%	103.73%
Adjusted current asset ratio	0.7	0.27
Number of days with available cash	14 days	1.53
ASSET MANAGEMENT		
Basic asset management plan	Full compliance	Achieved

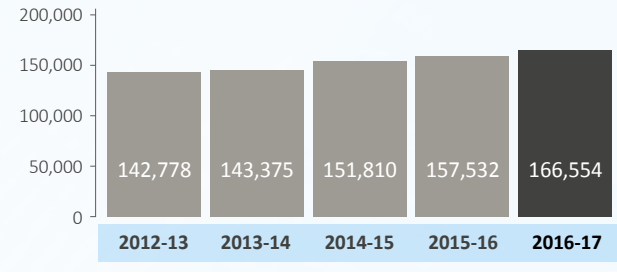
1: WIES is a Weighted Inlier Equivalent Separation.

Eastern Health's growth over the past five years is depicted in the tables below

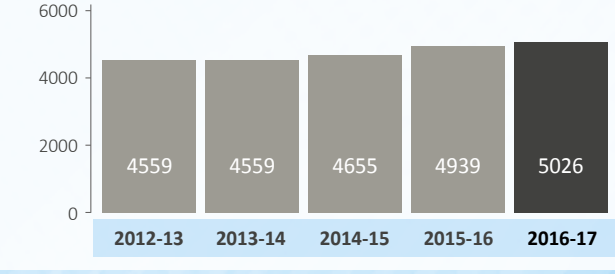
NUMBER OF ELECTIVE SURGERIES



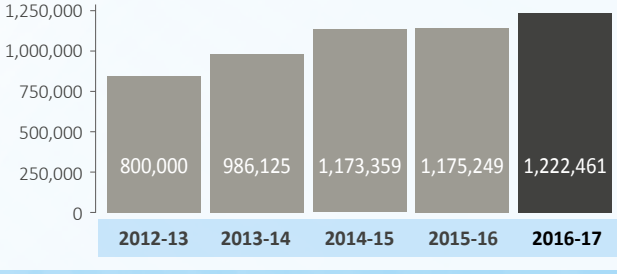
NUMBER OF EMERGENCY PRESENTATIONS



NUMBER OF BABIES BORN



EPISODES OF PATIENT CARE



ACTIVITY AND FUNDING

FUNDING TYPE	2016-17 ACTIVITY ACHIEVEMENT
ACUTE ADMITTED	
WIES DVA	875
WIES Private	17,512
WIES Public	80,848
WIES TAC	496
ACUTE NON-ADMITTED	
Home Renal Dialysis	70
Home Enteral Nutrition	472
AGED CARE	
HACC	7,566
Residential Aged Care	19,607
SUB-ACUTE AND NON-ACUTE ADMITTED	
Transition Care – Bed days	26,086
Transition Care – Home days	7,587
Sub-Acute WIES – GEM Private	874
Sub-Acute WIES – GEM Public	1,601
Sub-Acute WIES – Palliative Care Private	176
Sub-Acute WIES – Palliative Care Public	467
Sub-Acute WIES – Rehabilitation Private	601
Sub-Acute WIES – Rehabilitation Public	1,268
Sub-Acute WIES – DVA	176
SUB-ACUTE NON-ADMITTED	
Health Independence Program – Public	132,807
MENTAL HEALTH AND DRUG SERVICES	
Drug Services	5,070
Mental Health Ambulatory	117,918*
Mental Health Residential	31,522
Mental Health Sub-Acute	5,721
Mental Health Inpatient – Available bed days	44,176
PRIMARY HEALTH	
Community Health/Primary Care Programs	25,638
OTHER	
Health Workforce	309

WIES is a Weighted Inlier Equivalent Separation.

HACC is Home and Community Care.

GEM is Geriatric Evaluation and Management.

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

Environmental performance

Eastern Health has reinforced its commitment to environmental sustainability by maintaining and further developing an environmental management plan. Efficiencies in air-conditioning, water and wastewater recycling and system monitoring are now standard practice.

In 2016-17, we carried out a major refurbishment of the air-conditioning system at Angliss Hospital, which will enable us to better maintain comfort levels while lowering energy consumption and increasing reliability. Through our maintenance program we also continued to replace old lighting systems with low-energy LED lights.

We continue to plan for the future with recycled waste collection and management initiatives on the agenda. In 2018, we plan to implement a co-mingled waste compactor at Box Hill Hospital that will allow us to increase our monthly recycling capacity from 22,660 kilograms to more than 30,000 kilograms.

Our existing processes, such as PVC recycling, have recently been complemented by statewide partnerships with vendor-supported recycling programs. During 2016-17, we recycled 1065 kilograms of PVC and aim to increase this by 10 per cent over the next 12 months.

Other upcoming initiatives aim to reduce the amount of organic waste that is sent to landfill. This will be achieved through partnerships with organic waste receiving facilities, where it is estimated that Eastern Health will save 36,500 kilograms of organic waste from going to landfill each year.

Eastern Health's commitment to sustainability extends beyond the environment to incorporate our workplace practices and social responsibility. We look forward to bringing new initiatives to fruition.

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
ENERGY CONSUMPTION					
Total consumption of utilities					
Electricity (MWh)	28,162	26,692	41,674	40,530	39,289
Natural gas (GJ)	102,742	97,397	128,852	137,279	143,964
Total energy consumption by energy type (GJ)					
Electricity	101,384	96,092	157,256	137,972	141,439
Natural gas and LPG	102,742	97,397	128,852	137,279	143,964
Other energy types (e.g. steam, diesel)	759	2859	1,124	1,118	6,925
Total	204,885	196,348	287,232	276,369	292,328
Normalised energy consumption					
Energy per unit of floor space (GJ/m^2/year)	1.84	1.68	1.32	1.28	1.35
Energy per unit of activity (GJ/OBD)	0.532	0.505	0.62	0.58	0.66
GREENHOUSE GAS EMISSIONS					
Total greenhouse gas emissions (tonnes CO^2e)					
Stationary sources	39,806	38,018	58,159	50,567	50,729
Fleet	766	711	663	576	561
Total	40,572	38,729	58,822	51,143	51,290
Normalised greenhouse gas emissions					
Emissions per unit of floor space ($kgCO^2e/m^2$)	365	332	269.31	234.15	235.05
Emissions per unit of activity ($kgCO^2e$/OBD)	105	100	126.99	106.76	114.52
WATER CONSUMPTION					
Total water consumption by type (kL)					
Potable water	174,310	184,708	208,502	209,422	210,624
Reclaimed water	12,475	14,912	11,034	24,008	34,615
Total	186,785	199,620	219,536	233,430	245,239
Normalised water consumption					
Water per unit of floor space (kL/m^2)	1.7	1.7	1.0	1.0	1.0
Water per unit of activity (kL/OBD)	0.5	0.5	0.5	0.4	0.5
Reuse/recycling rate (percentage)	6.3	7	5.1	10.9	16.4
WASTE AND RECYCLING					
Total waste generation by type (tonnes)					
Clinical waste	295	288	296	327	289
General waste	860	946	1,006	1,157	1,591
Recycled waste	387	498	514	392	556
Total	1,542	1,732	1,816	1,876	2,436
Normalised waste generation					
Waste per activity (kg/OBD)	4.0	4.5	4.6	4.7	5.3
Waste recycling rate (percentage)	25.1	28.8	28.3	20.9	22.8

Results prior to 2014-15 do not reflect Eastern Health's total facility portfolio due to differing reporting standards.
The figures reported in the 2016-17 Annual Report are current, as at 17 July 2017.

STATUTORY COMPLIANCE

Freedom of information

Eastern Health complies with the Victorian *Freedom of Information Act 1982* which allows individuals to apply for access to government documents that are not available for public inspection.

In 2016-17, Eastern Health received 1262 requests under the *Freedom of Information Act 1982*. This total comprised of 1258 personal requests and four non-personal requests.

Full access to documents was provided in 708 requests. Partial access was granted for 410 requests, while eight requests were denied in full.

The most common reason for Eastern Health seeking to fully or partially exempt requested documents was the protection of personal privacy in relation to requests for information about persons other than the applicant.

There were seven requests either withdrawn by the applicant or not proceeded with. Most applications were received from patients, their legal or other representative, or surviving next of kin and most were for access to medical records.

Eastern Health collected $28,169 in application fees and waived $7040. Eastern Health collected $26,985 in charges to access documents and waived $18,119.

FREEDOM OF INFORMATION REQUESTS	2012-13	2013-14	2014-15	2015-16	2016-17
Number of requests	1141	1153	1173	1243	1262
Access provided in full	808	739	747	759	708
Access provided in part	251	337	307	376	410
No documents	29	30	36	44	38
Access denied	8	2	4	10	8
Request withdrawn by applicant	11	9	17	25	7
Transferred to another agency	0	0	0	0	1
Complaints lodged with FOI Commissioner*	0	4	7	6	6
Referred to FOI Commissioner for review*	4	6	6	6	6
Decisions deferred to VCAT	2**	0	0	1	1
Requests not finalised[1]	34	36	62	29	89
Requests processed outside the Act[2]	-	-	-	-	2

** Established on 1 December 2012* *** Prior to establishment of FOI Commissioner*

1. This increase was due to an unusually high number of requests received in May and June 2017.
2. This is a new indicator and therefore there is no comparative data.

Protected disclosures

Eastern Health complies with the *Protected Disclosure Act 2012* (Vic), which forms part of Victoria's anti-corruption laws. Neither "improper conduct" nor reprisal against a person for a "protected disclosure" is acceptable to us. We support the making of disclosures about such conduct to the Independent Broad-based Anti-corruption Commission (IBAC).

Any requests for information about our procedures for the protection of persons from unlawful reprisal for protected disclosures should be directed to the Executive Director of People and Culture at Eastern Health.

Protected disclosures are distinguished from complaints or grievances that would be dealt with under Eastern Health's usual complaint or grievance processes, such as a patient's healthcare complaint or an employee's industrial grievance.

For more information, visit **www.ibac.vic.gov.au**.

Car parking

Eastern Health complies with the Department of Health and Human Services hospital circular on car parking fees and details of car parking fees and concession benefits can be viewed at **www.easternhealth.org.au**.

National Competition Policy

Eastern Health is committed to ensuring that services demonstrate both quality and efficiency. Competitive neutrality, which supports the Commonwealth Government's National Competition Policy, helps to ensure net competitive advantages that 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.

DETAILS OF INDIVIDUAL CONSULTANCIES (VALUED AT $10,000 OR GREATER)

In 2016-17, there were eight consultancies where the total fees payable to the consultant were greater than $10,000, with a total expenditure of $253,962. Details of individual consultancies can be viewed at **www.easternhealth.org.au**.

CONSULTANT	PURPOSE OF CONSULTANCY	START DATE	END DATE	TOTAL APPROVED PROJECT FEE (EXCLUDING GST)	EXPENDITURE 2016-17 (EXCLUDING GST)	FUTURE EXPENDITURE (EXCLUDING GST)
Dr Christine Bessell	On-site review of maternity service	Mar-17	May-17	16,000.00	16,000.00	-
HPA Consulting Pty Ltd	Preparation of Turning Point's strategic directions	Jul-16	Jan-17	32,287.30	32,287.30	-
KnowQuestion Pty Ltd	Knowledge strategy proposal	Dec-16	Feb-17	10,400.00	10,400.00	-
Meta PM Pty Ltd	Program management office	Nov-16	Jul-17	80,522.73	43,075.00	37,447.73
Paxon Consulting Group Pty Ltd	Joint review of sterilising services units, with Monash Health	Jul-06	Sep-17	79,630.00	79,630.00	-
Nicole Amsing Consulting	Eastern Health submission for supply of services to Melbourne Drug Court	Feb-17	Mar-17	13,200.00	13,200.00	-
Nicole Amsing Consulting	Ongoing training, education and development project	Mar-16	Sep-16	33,000.00	23,100.00	-
Nicole Amsing Consulting	Preparation of expression of interest for the Bouverie Centre transition	Feb-17	Mar-17	36,000.00	36,000.00	-
TOTAL				**301,040.03**	**253,692.30**	**37,447.73**

In 2016-17, Eastern Health engaged three consultancies where the total fees payable to the consultants were less than $10,000, with a total expenditure of $15,691 (excl. GST).

Additional information

Details in respect of the items listed below have been retained by Eastern Health and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the freedom of information requirements, if applicable):

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

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

(c) Details of publications produced by the entity about itself and how these can be obtained

(d) Details of changes in prices, fees, charges, rates and levies charged by the health service

(e) Details of any major external reviews carried out on the health service

(f) Details of major research and development activities undertaken by the health service that are not otherwise covered either in the report of operations or in a document that contains the financial statements and report of operations

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

(h) Details of major promotional, public relations and marketing activities undertaken by the health service to develop community awareness of the health service and its services

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

(j) General statement on industrial relations within the health service and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the report of operations

(k) A list of major committees sponsored by the health service, the purposes of each committee and the extent to which those purposes have been achieved

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

Buildings and facilities

Eastern Health complies with the building and maintenance provisions of the *Building Act 1993*, with all works completed in 2016-17 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.

Victorian Industry Participation Policy

Eastern Health complies with the *Victorian Industry Participation Policy (VIPP) Act 2003*, which requires local industry participation in supplies, taking into account the value for money principle and transparent tendering processes.

Eastern Health completed a VIPP Contestability Assessment for one project that commenced in 2016-17 however, a VIPP plan was not required.

There were no contracts awarded under this policy in 2016-17 and no conversations with the Industry Capability Network.

Attestation on Compliance with Health Purchasing Victoria (HPV) Health Purchasing Policies

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

Peter Hutchinson

Chief Procurement Officer
Eastern Health

10 August 2017

DETAILS OF ICT EXPENDITURE

Total Information and Communication Technology (ICT) expenditure (excluding GST) incurred during 2016-17 is $47.5 million, as per below:

BAU EXPENDITURE	NON-BAU EXPENDITURE	OPERATIONAL EXPENDITURE	CAPITAL EXPENDITURE
$29.5 million	$18 million	$3.7 million	$14.3 million

BAU – Business as usual

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

I, David Plunkett, certify that Eastern Health has complied with the Ministerial Direction 3.7.1 – Risk Management Framework and Processes. The Eastern Health Risk and Audit Committee has verified this.

Adjunct Professor David Plunkett

Chief Executive
Eastern Health

10 August 2017

Major digital projects

Eastern Health's core Electronic Medical Record (EMR) will transform clinical care, resulting in safer and improved quality of care. It will also allow staff more time to spend with their patients.

Eastern Health is recognised as a national leader in health information technology and a key component of this has been our *Great Digital Information Strategy 2015-2020*. This strategy highlights the importance of ensuring patients and clients have timely access to information.

The EMR system documents all administrative and clinical information relevant to a patient's hospital stay, from admission to discharge, on one accurate, electronic patient record rather than numerous manual and repetitive paper forms.

By providing fast, easy and secure access to critical patient information, the EMR will support clinical decision-making, reducing risk and the potential for clinical errors. Other benefits for patients include better care co-ordination, improved security and privacy, and enhanced early warning systems and alerts for at-risk patients.

Eastern Health has been on a journey to build an EMR since 2009 with the successful rollout of two releases. In July 2015, the Board approved a business case to implement an extended EMR at Box Hill Hospital, while designing and building additional EMR capability across the organisation.

The extended EMR at Box Hill Hospital is due to be implemented in October 2017, followed by the Angliss Hospital and Maroondah Hospital emergency departments. In 2016-17, we successfully rolled out Electronic Medications Management at Peter James Centre, Wantirna Health, Angliss Hospital and Box Hill Hospital in preparation for the core EMR.

Challenges and opportunities

Eastern Health operates within a healthcare system that is constantly evolving in response to a broad range of internal and external factors, including a growing, diverse and ageing population. These changes present a number of challenges and opportunities that must be considered and acted upon to ensure we continue to provide high-quality and safe healthcare.

During the past five years, Eastern Health has embedded a robust Performance Excellence Framework in order to manage these challenges and take advantage of opportunities.

Identifying and prioritising our efforts will deliver the greatest gains in health outcomes for individuals and the wider community. Our new Strategic Plan, that is currently being finalised, will guide us in the decisions we make to achieve great health outcomes for our community.

Every Minute Matters

Eastern Health is continuously striving to improve access to our services. Evidence shows that the time patients spend in the emergency department (ED) impacts on their length of stay and on hospital mortality rates.

Aiming for 86 per cent of patients to leave the ED in less than four hours is optimum. Overcrowding in the emergency department leads to a poor patient experience and addressing this challenge requires a whole-of-health service approach.

During the past 12 months, Eastern Health has achieved significant improvements in emergency access performance, as measured by the percentage of patients who are discharged, transferred or admitted to a ward in less than four hours *(see page 31)*. However, there is still an opportunity to improve this further.

In 2017, we developed an Emergency Access Improvement Plan, which sets an ambitious but achievable emergency access target of 86 per cent of patients to be moved from the ED in less than four hours for each of our three emergency departments by June 2018.

KEY CHALLENGES

- Minimising variation and limiting harm
- Equity of access in the face of changing demand
- Consumer health literacy and expectations of care
- Leadership and the workforce
- Delivering services sustainably
- Managing health information and organisational knowledge
- Utilising technology to enhance care delivery and outcomes.

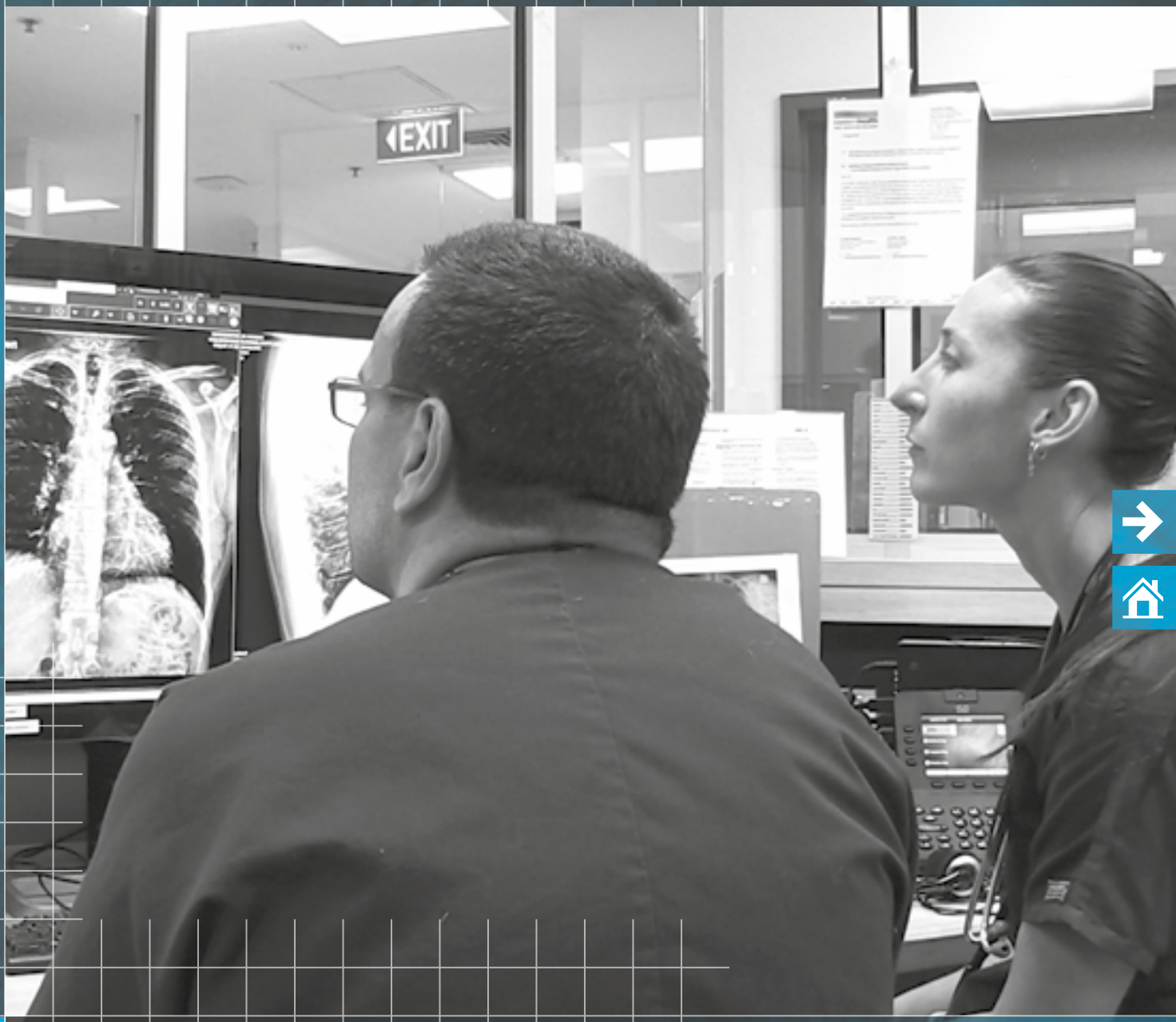
Our new *Strategic Plan 2017-2022* will guide us to respond effectively to these challenges and to continue to build our capability and reputation for *"great care, everywhere, every time"*. For more information, visit **www.easternhealth.org.au**.

The plan outlines a range of improvement initiatives, spread right across Eastern Health, that will achieve this target, with the majority of work occurring outside the emergency department. To reflect the notion that every space (cubicle, bed, consulting room) and every minute matters, these improvement initiatives are collectively known as the "Every Minute Matters" program of work.

Twenty-one improvement projects were prioritised to support timely access to services and reduce waiting times for our patients. Each project is being undertaken using the Eastern Health improvement methodology, with each initiative having a set of measures that are tracked to determine how the work is progressing.

At the time of publishing this report, eight improvement projects had been completed, eight projects had progressed and started to have an impact, and five projects were set to commence in 2017-18.

Work on the $20 million Angliss Hospital expansion is progressing well, as Eastern Health continues to meet the growing healthcare needs of our community. This major project includes the construction of a fourth level above the main hospital building, which will increase the capacity of the hospital's critical care services. It will also deliver a new intensive care unit and an expanded short-stay unit that will provide care for patients who are required to stay in hospital for up to 24 hours. In addition, the paediatric emergency and short-stay area will also be refurbished. The project is expected to be completed in 2018.



OUR GOVERNANCE

COMMITTEE STRUCTURE

- Board of Directors
- Community Advisory Committee
- Finance Committee
- Quality Committee
- Primary Care and Population Health Advisory Committee
- Risk and Audit Committee
- Strategy, Planning and Human Resources Advisory Committe
- Remuneration Committee
- Executive Committee

With one person arriving at our three emergency departments every 3.2 minutes, Eastern Health is continuously looking at ways to improve access and the patient experience. A number of initiatives are underway as part of the "Every Minute Matters" program of work *(see page 38)*. Pictured are Maroondah Hospital emergency department clinical director Dr Greg Mele and registered nurse Cathy Woods.

ORGANISATIONAL STRUCTURE

EASTERN HEALTH INTRODUCED A NEW ORGANISATIONAL STRUCTURE IN FEBRUARY 2017 FOLLOWING THE APPOINTMENT OF A NEW CHIEF EXECUTIVE IN SEPTEMBER 2016. THERE ARE EIGHT DIRECTORATES WITH DELEGATED RESPONSIBILITY FOR THE MANAGEMENT OF ORGANISATIONAL OPERATING SYSTEMS AND ORGANISATIONAL PERFORMANCE.

Our six clinical programs *(see page 9)* are backed by corporate and clinical support services. Clinical program and site responsibilities are combined and organised to promote maximum service integration and timely decision-making for local and program requirements.

See page 45 for information about our Executive Committee.

BOARD DIRECTORS

EASTERN HEALTH IS A PUBLIC HEALTH SERVICE AS DEFINED BY THE *HEALTH SERVICES ACT 1988* AND IS GOVERNED BY A BOARD OF DIRECTORS, CONSISTING OF UP TO NINE MEMBERS, 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 Minister for Health and subject to the principles contained within the *Health Services Act 1988* and *Public Administration Act 2004*.

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 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. The Board normally meets monthly and 12 meetings are scheduled each financial year.

Eastern Health welcomed Ms Jill Linklater as a Board Director in July 2016. Ms Linklater was a former member of the Community Advisory Committee.

The appointments of Hon Fran Bailey, Mr Stuart Alford, Professor Andrew Conway and Mr Denis Hogg AM expired on 30 June 2017. Hon Fran Bailey, Prof Andrew Conway and Mr Stuart Alford were reappointed for further terms.

During 2016-17, Eastern Health's Board Directors were:

Dr Joanna M Flynn AM

MBBS MPH HonDMedSc FRACGP FAICD

Appointed Chair of Eastern Health 1 July 2009

Current professional positions

- General Practitioner
- Chair of the Medical Board of Australia
- Chair of the Council of Health Service Board Chairs (Victoria)
- Board Director at Ambulance Victoria

Mr Stuart Alford

BEcon (Hons) FCA MAICD

Appointed 1 July 2009

Professional positions

- Director, Metropolitan Fire and Emergency Services Board
- Director, AMES Australia
- Deputy Chair and Director, Kilvington Grammar
- Director, Scoroband Pty Ltd
- Chair of Audit Committee, Office of the Australian Accounting Standards Board
- Chair of Audit Committee, Office of the Australian Auditing and Assurance Standards Board
- Deputy Chair of Audit and Risk Committee, Department of Education and Training
- Independent Member of Audit Committee, Victorian Curriculum and Assessment Authority
- Independent Chair, Pitcher Partners Network Audit Review Panel

Hon Fran Bailey

BAEd DipT (Secondary) GAICD

Appointed 1 July 2014

Current professional positions

- Chair, Animal Aid
- Chair, Goulburn River Valley Tourism
- Chair, National Emergency Honours
- Director, National Board, Restaurant & Catering
- Ambassador, Cascades National Heritage Project

Professor Andrew Conway

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

Appointed 1 July 2011 Reappointed 1 August 2017

Professional positions

- Chief Executive Officer, Institute of Public Accountants
- Professor of Accounting (honoris causa), Shanghai University of Finance and Economics
- Vice-Chancellor's Distinguished Fellow, Deakin University
- Adjunct Professor, Deakin University
- Adjunct Professor, Langzhou University of Technology

Mr Denis Hogg AM

BSc BCom MBA

Appointed 1 July 2011 Retired 30 June 2017

Professional positions

- Board Member, Victor Smorgon Institute at Epworth Pty Ltd
- Member of Advisory Board, Steritech Pty Ltd

Ms Jill Linklater

RN BScN MHA Grad Dip Health and Medical Law FACN GAICD

Appointed 1 July 2016

Professional positions

- Board Member, Chair of Community Advisory Committee, Member of Quality and Safety Committee, Member of Remuneration and Nominations Committee, Uniting AgeWell (Vic and Tas)
- Member, Institute of Community Directors Australia
- Member, Deakin University Centre for Quality and Patient Safety (QPS) Research External Advisory Committee
- Consultant, Health, Disability, Aged Care Services
- Member, Disability Services Board Victoria
- Management Systems Auditor and Accreditation Surveyor

Mr Tass Mousaferiadis

BEd Grad Dip HealthEd Grad Cert BusMgt

Appointed 8 December 2015

Professional position

- Consults to health and community agencies on policy, strategy and organisational development
- Board Member, Victorian Responsible Gambling Foundation
- Board Director, FoodBank Victoria
- Vice President, Star Health (formerly Inner South Community Health Service)
- Board Chair, Parenting Research Centre

Professor Pauline Nugent

BAppSc (Nursing Ed) MEd

Appointed 1 July 2009

Professional position

- Provost, Australian Catholic University

PURPOSE, 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:

- Provide high-quality health services to the community which aim to meet community needs effectively and efficiently
- 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
- 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
- Ensure that the health service strives to continuously improve quality and foster innovation
- Support a broad range of high-quality health research to contribute to new knowledge and take advantage of knowledge gained elsewhere
- Operate in a business-like manner which maximises efficiency, effectiveness and cost-effectiveness, and ensures the financial viability of the health service
- Ensure that mechanisms are available to inform consumers and protect their rights, and to facilitate consultation with the community
- Operate a public health service, as authorised by or under the Act
- 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.

For more information, please refer to our performance against strategic priorities on pages 15-29.

CLINICAL GOVERNANCE FRAMEWORK

Clinical governance is the system by which Eastern Health, including the Board and Executive Committee, managers, clinicians and staff, share responsibility and accountability for the quality of care delivered across our services.

This includes elements such as continuously improving services, minimising risks and fostering an environment of excellence in care for consumers, patients and residents. Eastern Health's Clinical Governance Framework is aligned with the Department of Health and Human Services framework under four domains – Consumer Participation, Clinical Effectiveness, Effective Workforce and Clinical Risk Management. Following a comprehensive review of its framework, the Department has recently released a new Clinical Governance Framework, which is currently informing our review of systems and processes for clinical governance. *See page 23 for more information.*

BOARD COMMITTEES

IN ACCORDANCE WITH THE *HEALTH SERVICES ACT 1988*, THE BOARD OF DIRECTORS IS SUPPORTED BY SEVERAL COMMITTEES AND ADVISORY COMMITTEES. THE RESPONSIBILITIES OF EACH COMMITTEE ARE SET OUT IN ITS TERMS OF REFERENCE.

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

Community Advisory Committee

Chair: **Prof Andrew Conway Conway (until August 2016)**

Mr Tass Mousaferiadis (from August 2016)

Members: Mr Tass Mousaferiadis, Hon Fran Bailey, Adj Prof David Plunkett

The role of the Community Advisory Committee is to provide direction and leadership in relation to the integration of consumer, carer and community views at all levels of health service operations, planning and policy development, and to advocate to the Board on behalf of the community, consumers and carers.

Members of the committee representing the community in which Eastern Health operates are Diane Fisher, Angela Fitzpatrick, Liz Flemming-Judge, Jeanette Kinahan (until August 2016), Tarnya McKenzie, Jane Oldham (until May 2017), Gloria Sleaby, Edward Thomson and Jan Wirth (until May 2017).

In 2016-17, some of the activities that members participated in included ongoing involvement in numerous expert advisory committees, governance committees and quality improvement projects, involvement in strategic planning and assisting with the preparation of the annual Quality Account.

Finance Committee

Chair: **Mr Stuart Alford**

Members: Dr Joanna Flynn AM, Prof Andrew Conway, Mr Denis Hogg AM, Mr Tass Mousaferiadis

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 makes recommendations to the Board regarding Eastern Health's financial performance, financial commitments and financial policy. The committee normally meets monthly and 11 meetings are scheduled each financial year.

The committee has assisted the Board to exercise its financial stewardship responsibility throughout the year.

Quality Committee

Chair: **Prof Pauline Nugent**

Members: Prof Andrew Conway (until August 2016), Mr Denis Hogg AM, Mr Tass Mousaferiadis, Ms Jill Linklater

Liz Flemming-Judge and Jan Wirth (until May 2017) are community representatives.

The Quality Committee is responsible to the Board for ensuring that 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 in a timely manner; Eastern Health strives to continuously improve quality and foster innovation; and that clinical risk and patient safety are managed effectively.

The committee has assisted the Board to exercise its clinical governance responsibility throughout the year.

Primary Care and Population Health Advisory Committee

Chair: **Mr Denis Hogg AM**

Members: Dr Joanna Flynn AM, Adj Prof David Plunkett

Ms Sandy Austin
Regional Director, Eastern Metro Health, Department of Health and Human Services

Mr John Ferraro
Program Director, Acute and Aged Medicine, Eastern Health (from April 2017)

Ms Ronda Jacobs
Chief Executive, Carrington Health

Ms Shannon Lang
Program Director, Ambulatory and Community Services, Eastern Health (until April 2017)

Prof Danielle Mazza
Head of the Department of General Practice, Monash University

Continued on page 44

Mr Matt Sharp
Executive Director, Clinical Operations (ASPPPA), Eastern Health

Ms Robin Whyte
Chief Executive, Eastern Melbourne Primary Health Network

The role of the Primary Care and Population Health Advisory Committee is to monitor and report to the Board on the effective implementation of the Primary Care and Population Health Plan and any barriers to its successful implementation.

In accordance with the requirements of section 65ZC 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 in the areas served by Eastern Health.

Activities in 2016-17 included developing the Eastern Melbourne Primary Healthcare Collaborative Primary Health Care Plan. Eastern Health is a founding partner of the Eastern Melbourne Primary Healthcare Collaborative.

Risk and Audit Committee

Chair: **Prof Andrew Conway**

Members: Mr Stuart Alford, Hon Fran Bailey, Mr Tass Mousaferiadis

The purpose of the Risk and Audit Committee is to assist the Board to discharge its responsibilities by having oversight of the:

- Integrity of the financial statements and financial reporting systems of Eastern Health
- Liaison with the Victorian Auditor-General or the Auditor-General's nominee, as required
- Internal auditor's qualifications, performance, independence and fees
- Financial reporting and statutory compliance obligations of Eastern Health.

The committee also assists the Board in relation to oversight and review of risk management, occupational health and safety and legislative compliance.

In accordance with the Standing Directions of the Minister for Finance under the *Financial Management Act 1994,* the committee is comprised of three or more Board Directors. All members are independent.

The committee has assisted the Board to exercise its financial and risk management responsibility throughout the year.

Strategy, Planning and Human Resources Advisory Committee

Chair: **Mr Denis Hogg AM**

Members: Hon Fran Bailey, Ms Jill Linklater, Adj Prof David Plunkett

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 and Human Services
- 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, agreed with the Victorian Minister for Health
- Monitoring implementation of the People Strategy and Research Strategy
- Planning and monitoring of major capital works and projects.

In 2016-17, the committee focused on the development of the *Strategic Plan 2017-2022*, implementation of the Great Digital Information Strategy and a number of other projects, including the development of service and capital planning, and master planning for various sites. The committee also monitored the implementation of the People Strategy.

Remuneration Committee

Chair: **Dr Joanna Flynn AM**

Members: Mr Stuart Alford, Prof Pauline Nugent

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 and members of the Executive Committee. The committee assisted the Board to fulfil its obligations with respect to Executive remuneration.

EXECUTIVE COMMITTEE

Adjunct Professor David Plunkett

Chief Executive

David has worked at Eastern Health for 15 years and was appointed Chief Executive in September 2016. David is responsible to the Board of Directors for the overall management and performance of Eastern Health. Prior to this appointment, David was the Executive Director of Acute Health/Chief Nursing and Midwifery Officer, along with a number of other roles. David's focus on people, patients, performance and process has led to improved leadership, patient outcomes and experiences, as well as staff engagement. His particular focus on the patient and outcomes has been enhanced by his work as a surveyor with the Australian Council on Healthcare Standards. Prior to joining Eastern Health, David held senior roles at Epworth Richmond and Latrobe Regional Hospital. He holds a Master of Business Administration and is a fully qualified perioperative (theatre) nurse.

Adjunct Clinical Associate Professor Colin Feekery

MBBS, FRACP, MHA, FRACMA

Executive Director
Research and Medical Services
(Chief Medical Officer and Chief Medical Informatics Officer)

Colin was appointed to the position of Chief Medical Officer at Eastern Health in July 2008. In February 2017, Colin's role changed to emphasise the organisation's commitment to research. Colin is currently mandated to grow and develop research and has ongoing responsibility for the management and future planning of the medical workforce. He also manages Eastern Health's medico-legal service and as the Chief Medical Informatics Officer, is working to introduce an Electronic Medical Record *(see page 37)*. By training, Colin is a paediatrician who entered management after successfully completing a Master of Health Administration. He has previously held senior medical and management positions at the Royal Children's Hospital (Melbourne) and Western Health. He is a fellow and Censor of the Royal Australasian College of Physicians and the Royal Australasian College of Medical Administrators.

Karen Fox

Executive Director
Clinical Operations (SWMMS) – Surgery, Women and Children and Acute Specialist Clinics, Mental Health, Medical Imaging and Statewide Services

Karen commenced at Eastern Health in 2006 and was appointed to her current role in February 2017. Prior to this, she held the position of Executive Director of Access and Patient Support Services since May 2013. Karen is responsible for the management and performance of surgery, women and children's services, acute specialist clinics, mental health, medical imaging and statewide services. She is committed to listening to staff, patients, clients and consumers to ensure Eastern Health is providing reliable, safe, high-quality care and positive experiences. Karen's previous roles at Eastern Health have included capital project management, corporate governance, strategy, planning and risk management. She has also worked in country Victoria and at Bayside Health. Karen has a Bachelor of Applied Science (Health Information Management), a Master of Public Health and a Diploma of Management.

Peter Hutchinson

Executive Director
Finance, Procurement and Corporate Services
(Chief Finance Officer and Chief Procurement Officer)

Peter commenced at Eastern Health in 2000. Appointed to his current role in February 2017, he is responsible for Eastern Health's financial services, management accountant services, procurement and supply, facilities and infrastructure, property and retail. Peter has held a variety of roles in the public health system during the past 20 years. As Eastern Health's Chief Finance Officer and Chief Procurement Officer, he oversees a number of corporate and information service areas. Prior to Eastern Health, Peter was a management accountant at Austin Health. He holds a Bachelor of Commerce (Accounting, Economics) and is a fellow of the Australian Health Services Financial Management Association.

Zoltan Kokai

Executive Director
Information, Technology and Capital Projects

Zoltan commenced at Eastern Health in July 2004. He was appointed to his current role in February 2017 to lead the information and technology functions, including information and communication technology, health information services, biomedical engineering, library and the introduction of an Electronic Medical Record under a broad digital transformation strategy *(see page 37)*. Zoltan is also responsible for the delivery of major capital projects such as the Angliss Hospital expansion and Maroondah Breast Cancer Centre and car park developments. He previously managed Maroondah Hospital and Eastern Health's acute and community health services. Prior to Eastern Health, Zoltan held several executive and senior roles at Dental Health Services Victoria, the former Inner and Eastern Health Care Network and Alfred Healthcare Group. He has undergraduate degrees in business and information systems, and a Master of Business Administration.

Katherine MacHutchison

Executive Director
People and Culture

Katherine commenced at Eastern Health in March 2017. She is responsible for Eastern Health's human resources services, workforce sustainability and wellbeing, occupational health and safety and emergency management, organisational development, communications and volunteer services. Katherine was previously Group Manager of Organisational Development at Epworth Healthcare since 2012 and brings to Eastern Health extensive expertise in human resources and organisational development strategies, programs and operations. She holds a Graduate Diploma in Human Resources Management and Industrial Relations, and a Bachelor of Arts. Katherine has also worked at the Department of Business and Innovation, Cancer Institute NSW, Mayne Health, Australian Hospital Care and Coles Myer Limited.

Clinical Associate Professor Kath Riddell

Executive Director
Learning and Teaching, Nursing and Midwifery
(Chief Nursing and Midwifery Officer)

Kath commenced at Eastern Health in 2008 and was appointed to her current role in February 2017. This role encompasses two portfolios – learning and teaching for all clinical staff and professional lead for the nursing and midwifery workforce. Kath has always been committed to developing and supporting clinicians with first-class learning opportunities, so patients receive the highest standard of clinical care and outcomes. She believes this role is a truly unique opportunity to create a new inter-professional learning culture at Eastern Health. Prior to her appointment, Kath was the Director of Practice Development and Workforce at Eastern Health since 2011 and Deputy Chief Nursing and Midwifery Officer since 2014.

Matt Sharp

Executive Director
Clinical Operations (ASPPPA) – Acute and Aged Medicine, Specialty Medicine and Ambulatory Care, Pathology, Pharmacy, Patient Access and Allied Health

Matt commenced at Eastern Health in 2014 as the Executive Director of Continuing Care, Ambulatory, Mental Health and Statewide Services and commenced his current role in February 2017. The Clinical Operations (ASPPPA) directorate comprises acute (emergency and general medicine) and aged (sub-acute, transition care, residential aged care, chronic disease) medicine, specialty medicine and ambulatory care, pathology, pharmacy, patient access and allied health. The focus of this role is to ensure patients move seamlessly between different services across Eastern Health. A registered nurse by profession, Matt was previously the Chief Executive of Rochester and Elmore District Health Service. He has considerable leadership, management and clinical experience in both regional and rural Victoria.

Gayle Smith

Executive Director
Quality, Planning and Innovation
(Chief Allied Health Officer)

Gayle commenced at Eastern Health in February 2010. Her role includes responsibility for Eastern Health's performance in risk management, quality and safety, consumer participation and consultation, strategy and planning, clinical governance and continuous improvement of processes and services. 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.

EASTERN HEALTH FOUNDATION

Great care is made possible by a great community and the Eastern Health Foundation appreciates the generosity of individuals, local businesses, community groups and auxiliaries who make a real difference to our patients, their families and our staff.

Boost to palliative care

It was with much pleasure that we announced the appointment of Professor Claire Johnson as the Vivian Bullwinkel Chair in Palliative Care Nursing and End of Life Care. Prof Johnson's appointment was made possible by the generosity of the philanthropic community, which recognised that as our population gets older, demand for palliative and end of life care will increase. More than $180,000 was raised from donors, including Box Hill RSL and the Australia Macau Business Council, and the inaugural Searchlight Dinner in 2016, to support the establishment of this Chair.

Coolheads for breast cancer patients

Spearheaded by Ringwood East and Heathmont Bendigo Community Bank branches, and with support from the community, we raised $145,000 for the Coolheads campaign, which introduced a scalp-cooling service to reduce hair loss for cancer patients at Maroondah Hospital. Additional money that has since been raised will go towards the purchase of a second machine for Yarra Ranges Health in Lilydale.

Better care through research

Research is integral to providing great healthcare. Many Eastern Health research projects are supported by donors who recognise that research can maximise patient wellbeing, improve healthcare practices and policies, and enhance quality of care for patients. This year, 12 donors contributed $280,000 towards 21 research projects. Grant recipients represent a range of disciplines, including surgery, cardiology, oncology and mental health.

Our invaluable auxiliaries

Our dedicated auxiliaries have helped Eastern Health provide even better care for our patients. In 2016-17, they raised $311,554 to purchase additional equipment at Angliss, Box Hill and Maroondah hospitals, including an endoscopy sink, four oncology day chairs and neonatal monitors. Mitcham Maroondah Hospital Auxiliary celebrated its final year with a donation to the hospital's Coolheads campaign. Former members have now joined the Maroondah Hospital Kiosk Auxiliary, which raised a massive $213,328 this financial year.

i ***To find out more about the Eastern Health Foundation, visit its website at www.easternhealth.org.au/foundation***

OUR PEOPLE

- **Fostering a workplace that values and supports our staff**
- **Listening to what our staff tell us**
- **Enhancing leadership capabilities**
- **Providing a dynamic learning environment**
- **Rewarding and recognising outstanding and loyal employees**

Wound care specialist nurse Bataa El-Erakey shares a warm moment with one of her patients at Peter James Centre. Pressure wounds are a major risk for patients because they increase their susceptibility for infection. Upon admission, all patients are reviewed for evidence of existing pressure injuries and assessed for pressure injury risk. Strategies for prevention of pressure injuries include adequate fluid intake to support skin hydration, regular skin checks by nursing staff, provision of beds that have pressure-relieving mattresses, staff ensuring there is regular movement to relieve pressure on high-risk sites and early and prompt treatment of pressure injuries.

WORKING AT EASTERN HEALTH

EASTERN HEALTH IS COMMITTED TO PROVIDING A SAFE, VALUES-BASED AND POSITIVE CULTURE, WHERE OUR STAFF ARE EMPOWERED TO DELIVER GREAT CARE. WE ARE ALSO COMMITTED TO DEVELOPING THE STRENGTHS OF OUR DIVERSE AND CAPABLE WORKFORCE.

Healthcare is becoming an increasingly challenging environment, with escalating demand for care and services, an ageing workforce and constant budget pressures. Eastern Health's People Strategy, along with the research plan, education plans and annual improvement and innovation plans, has been instrumental in helping us to provide a workplace that retains engaged and connected staff and attracts new and skilled employees.

We celebrated the success of our People Strategy through the implementation of a range of people-focused initiatives that assisted Eastern Health to attract, develop and retain employees, while strengthening our culture and reputation in the community. Eastern Health is currently developing its next People Strategy, in line with our new Strategic Plan, which will enable an integrated and sustainable approach to all aspects of the employee lifecycle and the creation of a positive, inclusive and high-performing organisational culture.

Our aim is to be an employer of choice through the provision of high-quality care to our diverse communities, within an environment that values and supports our people.

Employee wellbeing and staff support

Following the establishment of a Wellbeing Leadership Group in 2016, many new initiatives to improve the way Eastern Health supports staff are either underway or in the planning phase.

In September 2016, domestic violence campaigner Rosie Batty spent time at Eastern Health, helping shape our response to the Royal Commission into Family Violence, as part of the *Strengthening Hospital Responses for Family Violence* initiative. As a public health service, we have a crucial role to play in preventing, identifying and responding to people experiencing family violence. This includes understanding referral pathways, the role of workplace family violence champions, seeking ways to improve reporting, learning how to support staff who are affected by family violence and implementing best-practice initiatives to support consumers across all of our programs.

One of the key outcomes of this work was the engagement of a specialist family violence advocate for staff. In partnership with the Eastern Domestic Violence Service (EDVOS), Eastern Health now provides access to an EDVOS social worker for staff to connect with and receive confidential support, assistance and referral. Eastern Health is the first public health service in Victoria to broaden this service to include all staff, not just nurses and midwives.

A number of wellbeing workshops, including time management, managing change and building resilience, were held throughout 2016-17, with more sessions planned.

There is also a range of other services available to support staff with personal and/or work-related issues. These include the employee assistance program, Nurse and Midwife Support telephone line (operated by Turning Point) and access to our Spiritual Care team and sacred spaces.

Leadership and development

In addition to a suite of existing leadership programs, a recruitment and selection workshop was designed to help ensure Eastern Health recruits the right person for the right position, at the right time. This practical workshop was open to managers and team leaders from all professions, with nine sessions during 2016-17 and a further five planned to meet demand.

HIGHLIGHTS

42.7
AVERAGE AGE OF EMPLOYEES

15
AGE OF YOUNGEST EMPLOYEE
** filing clerk*

84
AGE OF OLDEST EMPLOYEE
** Visiting medical officer*

78
PERCENTAGE OF WORKFORCE THAT IS FEMALE

80
NUMBER OF NATIONALITIES THAT MAKE UP THE EASTERN HEALTH WORKFORCE

There were no staff who identified as other than male or female.

Eastern Health also utilises a 360-degree feedback process to promote professional development for managers, with a primary focus on developing their leadership capabilities and career advancement. More than 185 managers have participated in the program since it was introduced in May 2015.

A Leadership Mentoring Program continued in 2016-17, enabling formal links to be established between 25 experienced leaders and 25 employees seeking opportunities for further learning and development. Participant feedback has been positive with many sharing their learnings, reflecting on personal needs and growth areas, and broadening their connections throughout the organisation.

Eastern Health's annual staff scholarship program provided 84 staff with financial assistance towards study fees. This program encourages employees to undertake relevant accredited undergraduate or postgraduate programs to further develop their knowledge and skills. Enhancing staff capabilities contributes to continuous improvement of the quality and safety of patient care and service delivery.

Matured-aged workforce

Following our participation in the Department of Health and Human Services' "Mature-Aged Workers Add Value" project, Eastern Health approved a *Mature-Aged Employee Charter* and a number of proposed initiatives to support, engage and retain our mature-aged workforce. The charter proves clear avenues of support for mature-aged employees to explore options that might assist them to achieve a balance between personal needs and work aspirations and commitments, as they transition through their later working years. Many employees are already exploring their options to "transition to retirement", in partnership with their human resources adviser and line manager.

Two "Your health, wealth and wellbeing" forums were also held to assist employees to learn more about strategies for healthy ageing, financial planning, community activities and social engagement opportunities.

OUR VOLUNTEERS

In 2016-17, 860 volunteers supported 105 programs, contributing 206,400 hours of service. While the dollar value to Eastern Health equates to $5.02 million, the qualitative value is immeasurable in terms of the difference this workforce makes to the lives of our patients, carers, staff and the community. Our volunteers provide support for a range of services and programs across Eastern Health. These include acting as welcome ambassadors, assisting staff and patients in the emergency department, cancer services, palliative care, falls prevention and wellbeing program, rehabilitation, mental health, spiritual care, medical imaging, respiratory laboratory, BreastScreen and nutrition services, and helping out with patient transport, the patient library, pet therapy visits, aged care activities and hospital in the home.

For five years, Pam Redcliffe has been among the hard-working volunteers at Wantirna Health. As Volunteer Team Leader on East Ward, which is a palliative care ward, her role includes heading up a team of more than 20 volunteers. Pam alone, dedicates around 70 to 80 hours of her time each month to the ward. Pam is pictured with patient Barbara Brennan.

Aboriginal Employment Plan

Eastern Health successfully recruited seven Aboriginal employees in 2016-17, taking the total number of staff who have identified as Aboriginal and/or Torres Strait Islander to 24. Eastern Health is committed to further developing strong relationships with the Aboriginal community and developing our Aboriginal workforce, with the Aboriginal Employment Plan renewed for another three-year period. *See page 26 for more information.*

Health support for nurses and midwives is only a phone call or click away, thanks to a new national service run by Turning Point. Nurse and Midwife Support (NM Support) is the first national dedicated telephone and online service that provides 24-hour confidential advice and referral to nurses and midwives about their health and wellbeing. NM Support is a Nursing and Midwifery Board of Australia initiative and is run independently by Turning Point, part of Eastern Health's Statewide Services program. For more information about Turning Point, visit **www.turningpoint.org.au**.

WORKFORCE DATA

	2012-13	2013-14	2014-15	2015-16	2016-17
Full-Time	2736	2675	2628	2681	2726
Part-Time	4433	4720	4854	4982	5249
Casual	1138	1119	1201	1393	1462
TOTAL	**8307**	**8514**	**8683**	**9056**	**9437**

Most of our staff members work in the areas of nursing, medical, allied health and clinical support services, such as physiotherapy, occupational therapy, medical imaging and pathology. They are complemented by corporate, administrative and clerical staff. There has been a steady rise in the number of staff during the past three years as a result of increased demand, expanding programs and services, and the opening of new facilities and beds.

	JUNE CURRENT MONTH FTE		JUNE YEAR TO DATE FTE	
LABOUR CATEGORY	2016	2017	2016	2017
Nursing	2697.2	2822.9	2621.1	2741.5
Administration and clerical	857.0	905.6	845.9	889.8
Medical support*	549.6	574.1	534.6	558.5
Hotel and allied services	297.7	315.4	293.2	310.1
Medical officers	115.0	124.7	116.1	117.1
Hospital medical officers	562.5	595.3	548.9	578.4
Sessional clinicians	176.7	180.5	162.3	177.7
Ancillary staff (allied health)	557.7	597.9	554.8	578.6

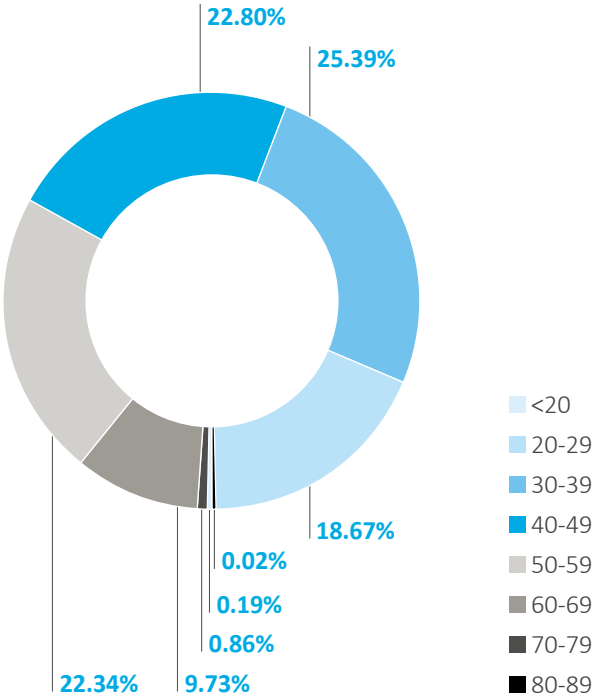
These figures exclude overtime. They do not include contracted staff i.e. agency nurses or fee-for-service visiting medical officers who are not regarded as employees for this purpose.

BREAKDOWN OF WORKFORCE – FULL-TIME EQUIVALENT STAFF

LABOUR CATEGORY	2012-13	2013-14	2014-15	2015-16	2016-17
Nursing	2482.5	2564.9	2611.5	2697.2	2822.9
Administration and clerical	783.7	842.1	851.2	857.0	905.6
Medical support*	477.5	516.5	499.5	549.6	574.1
Hotel and allied services	287.7	284.1	293.1	297.7	315.4
Medical officers	109.8	112.7	120.0	115.0	124.7
Hospital medical officers	498.0	513.4	526.3	562.5	595.30
Sessional clinicians	137.8	150.2	155.1	176.7	180.5
Ancillary staff (allied health)	552.2	578.3	549.6	557.7	597.9
TOTAL	**5329.2**	**5562.2**	**5603.2**	**5813.4**	**6116.4**

** The medical support services category includes health professionals such as physiotherapists, speech pathologists, radiographers and medical scientists. Employees have been correctly classified in workforce data collections.*

WORKFORCE AGE BREAKDOWN 2016-17



AGE GROUP (YEARS)	NUMBER OF STAFF	PERCENTAGE
<20	18	0.19
20-29	1762	18.67
30-39	2396	25.39
40-49	2152	22.80
50-59	2108	22.34
60-69	918	9.73
70-79	81	0.86
80-89	2	0.02
TOTAL	**9437**	**100**

Industrial relations

The Fair Work Commission approved the following enterprise agreements during 2016-17:

- *Victorian Public Health Sector (Health and Allied Services, Managers and Administrative Workers) Single Interest Enterprise Agreement 2016-2020*
- *Nurses and Midwives (Victorian Public Sector) (Single Interest Employers) Enterprise Agreement 2016-2020*
- *Allied Health Professionals (Victorian Public Health Sector) Single Interest Enterprise Agreement 2016-2020*
- *Victorian Public Mental Health Services Enterprise Agreement 2016-2020.*

Industrial bans during the course of these negotiations were limited and caused minimal disruption, with the collection of some non-clinical and administrative data in the mental health program affected.

Negotiations for the Public Health Sector *(Medical Scientists, Pharmacists and Psychologists), Doctors in Training, Medical Specialists, Biomedical Engineers and Maintenance Workers* enterprise agreements will continue during the latter half of 2017.

Employment and conduct principles

Eastern Health is an equal opportunity employer and treats all our staff 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 policy.

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.

Our reward and recognition framework, incorporating the annual Aspire to Inspire (A2i) Awards, Nursing and Midwifery Awards, and site/program employee awards, as well as the provision of guidelines for local everyday reward and recognition, helps us to build a values-based, high-performing culture at Eastern Health.

Nursing and Midwifery Awards

Eastern Health is committed to recognising and rewarding our exceptional nurses and midwives, and holds the Nursing and Midwifery Awards and Graduation Ceremony every year in between International Day of the Midwife and International Nurses Day celebrations. In 2017, the award recipients were:

Chief Nursing and Midwifery Officer Award:

Patrick McCrohan
Nurse Unit Manager, Ward 6.2, Box Hill Hospital

Chair in Nursing Research Award:

Jo Clayton
Clinical Nurse Educator, Practice Development Team, Mental Health Program

Graduate Nurse/Midwife of the Year (Penny Newsome Medal):

Liliana Sousa
Graduate Midwife, Maternity Ward, Angliss Hospital

Postgraduate Nurse/Midwife of the Year (DeVoil Medal):

Kristine Logan
Registered Nurse, Emergency Department, Angliss Hospital

Preceptor of the Year (Heather Beanland Award):

Hayley van den Driesen
Associate Nurse Unit Manager, Ward 2 North, Maroondah Hospital

Eastern Health's HR Connect received the Institute of Public Affairs Australia (Victoria) People Development Award in February 2017. This award recognises initiatives that build the capacity of staff, including talent development, performance management and becoming an employer of choice.

Eastern Health established HR Connect, a human resources contact centre, to provide access to accurate, consistent HR information in a timely manner to all our managers and staff. With 65 sites across 21 locations and 9437 employees, the service is a central point for information. In 2016-17, HR Connect managed 5755 inquiries, with 92 per cent of these answered on the same day.

Pictured at the awards ceremony are, back row from left, Amy Huynh, Fulvia De Souza and Amy Cusack; front row, from left, Stuart Gilson, Lauren Deeth and Kathy Giannakoudakis.

A2i Awards

About 400 staff and guests attended Eastern Health's sixth annual Aspire to Inspire (A2i) Awards where the outstanding contributions of our staff and volunteers were acknowledged. Long-time staff members who marked 25, 30 and 35 years of service were also recognised at the red carpet event.

Nominees from across all sites and programs were acknowledged for their commitment to exemplifying the Eastern Health values and key strategic priorities. Eastern Health Chief Executive David Plunkett congratulated all staff and volunteers on their achievements and thanked event sponsors for their ongoing support. *See winners' photo below.*

Winners of the 2016 Aspire to Inspire (A2i) Awards are, from left, Brendan Moon (Sustainability); Cameron Bowden (Workplace Safety and Wellbeing); Chris Bruce, representing the Speech Pathology Team (Consumer Participation); Noah Symons (Volunteer); Rebecca Donald (Integrity); Chris Augulewicz (Accountability); Dr Richard Kane (Respect); Kate Lumsden, representing the Upton House Inpatient Team (Teamwork); Geoffery Dick (Excellence); Dr Daniel Clayton-Chubb (Compassion); Theresa Busler (Collaboration); and Gabrielle Bruning (Closing the Health Gap).

DISCLOSURE INDEX

THE *EASTERN HEALTH ANNUAL REPORT 2016-17* IS PREPARED IN ACCORDANCE WITH ALL RELEVANT VICTORIAN LEGISLATION. THIS INDEX HAS BEEN PREPARED TO FACILITATE IDENTIFICATION OF EASTERN HEALTH'S COMPLIANCE WITH STATUTORY DISCLOSURE REQUIREMENTS.

LEGISLATION	REQUIREMENT	PAGE REFERENCE
MINISTERIAL DIRECTIONS		
REPORT OF OPERATIONS		
Charter and purpose		
FRD 22H	Manner of establishment and the relevant Ministers	1
FRD 22H	Purpose, functions, powers and duties	42
FRD 22H	Initiatives and key achievements	15-29
FRD 22H	Nature and range of services provided	8-9
Management and structure		
FRD 22H	Organisational structure	40
Financial and other information		
FRD 10A	Disclosure index	53-54
FRD 11A	Disclosure of ex-gratia expenses	N/A
FRD 21C	Responsible person and executive officer disclosures	113-114
FRD 22H	Application and operation of *Protected Disclosure Act 2012*	35
FRD 22H	Application and operation of *Carers Recognition Act 2012*	N/A
FRD 22H	Application and operation of *Freedom of Information Act 1982*	35
FRD 22H	Compliance with building and maintenance provisions of *Building Act 1993*	37
FRD 22H	Details of consultancies over $10,000	36
FRD 22H	Details of consultancies under $10,000	36
FRD 22H	Employment and conduct principles	50
FRD 22H	Information and communication technology expenditure	37
FRD 22H	Major changes or factors affecting performance	4
FRD 22H	Occupational violence	10
FRD 22H	Operational and budgetary objectives and performance against objectives	4
FRD 24C	Reporting of office-based environmental impacts	34
FRD 22H	Significant changes in financial position during the year	4
FRD 22H	Statement on National Competition Policy	35

DISCLOSURE INDEX

LEGISLATION	REQUIREMENT	PAGE REFERENCE
FRD 22H	Subsequent events	118
FRD 22H	Summary of the financial results for the year	5
FRD 22H	Additional information available on request	36
FRD 22H	Workforce data disclosures including a statement on the application of employment and conduct principles	50-51
FRD 25C	Victorian Industry Participation Policy disclosures	37
FRD 29B	Workforce data disclosures	50-51
FRD 103F	Non-financial physical assets	79-87
FRD 110A	Cash flow statements	63
FRD 112D	Defined benefit superannuation obligations	76
SD 5.2.3	Declaration in report of operations	1
SD 3.7.1	Risk management framework and processes	37
Other requirements under Standing Directions 5.2		
SD 5.2.2	Declaration in financial statements	57
SD 5.2.1(a)	Compliance with Australian Accounting Standards and other authoritative pronouncements	65
SD 5.2.1(a)	Compliance with Ministerial Directions	65
LEGISLATION		
Freedom of Information Act 1982		35
Protected Disclosure Act 2012		35
Carers Recognition Act 2012		N/A
Victorian Industry Participation Policy Act 2003		37
Building Act 1993		37
Financial Management Act 1994		57
Safe Patient Care Act 2015		26

OUR FINANCIAL STATEMENTS

2016-2017

Patients who present to Eastern Health's three emergency departments can be confident they are not being subjected to unnecessary tests to inform their care and treatment plans. A dynamic team of emergency department staff at Box Hill Hospital investigated the factors that influence clinicians to order unnecessary tests and introduced a range of measures to counter these and support the provision of safe, quality care. They call it NUTS – No Unnecessary Tests. Pictured is Box Hill Hospital emergency department consultant Dr Paul Buntine helping junior medical officer Dr Joshua Chung to make good decisions when assessing patient conditions and ordering diagnostic clinical tests. NUTS also won a Victorian Public Healthcare Award in 2016 – *see page 3.*

CONTENTS

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

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 2017 and financial position of Eastern Health as at 30 June 2017.

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

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

Dr Joanna Flynn AM
Chair (on behalf of the board)

Adjunct Professor
David Plunkett
Chief Executive
Eastern Health

Peter Hutchinson
Chief Finance Officer
Eastern Health

10 August 2017
(Box Hill – Melbourne)

VAGO

Victorian Auditor-General's Office

Independent Auditor's Report

To the Board of Eastern Health

Opinion

I have audited the financial report of Eastern Health (the health service) which comprises the:

- balance sheet as at 30 June 2017
- comprehensive operating statement for the year then ended
- statement of changes in equity for the year then ended
- cash flow statement for the year then ended
- notes to the financial statements, including a summary of significant accounting policies
- Board member's, accountable officer's and chief finance & accounting officer's declaration.

In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2017 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

Basis for Opinion

I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. My responsibilities under the Act are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975*. My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Board's responsibilities for the financial report

The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, and using the going concern basis of accounting unless it is inappropriate to do so.

Level 31 / 35 Collins Street, Melbourne Vic 3000
T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

Auditor's responsibilities for the audit of the financial report

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

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

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

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

MELBOURNE
21 August 2017

Ron Mak
as delegate for the Auditor-General of Victoria

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EASTERN HEALTH

COMPREHENSIVE OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2017

	NOTE	2017 $'000	2016 $'000
Revenue from Operating Activities	2.1	958,134	886,770
Revenue from Non-Operating Activities	2.1	2,263	4,103
		960,397	**890,873**
Employee Expenses	3.1	(700,463)	(639,033)
Non Salary Labour Costs	3.1	(6,084)	(5,899)
Supplies & Consumables	3.1	(167,875)	(155,439)
Finance Costs	3.3	(819)	(857)
Other Expenses From Continuing Operations	3.1	(93,595)	(89,346)
		(968,836)	**(889,847)**
NET RESULT BEFORE CAPITAL & SPECIFIC ITEMS		**(8,439)**	**1,026**
Capital Purpose Income	2.1	48,382	42,505
Gain/(loss) on Disposal of Non-Current Assets	7.2	(349)	(179)
Depreciation & Amortisation	4.3	(69,362)	(65,282)
NET RESULT AFTER CAPITAL & SPECIFIC ITEMS		**(29,768)**	**(21,930)**
Other Economic Flows included in net result			
Revaluation of Long Service Leave	3.4	1,246	(727)
NET RESULT FOR THE YEAR		**(28,522)**	**(22,657)**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to net result			
Changes in asset revaluation surplus/(loss)	8.1	1,429	17,767
TOTAL COMPREHENSIVE RESULT FOR THE YEAR		**(27,093)**	**(4,890)**

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

EASTERN HEALTH

BALANCE SHEET AS AT 30 JUNE 2017

	NOTE	2017 $'000	2016 $'000
ASSETS			
Current Assets			
Cash and Cash Equivalents	6.3	4,542	2,691
Receivables	5.1	24,568	25,778
Investments and Other Financial Assets	4.1	6,746	5,992
Inventories	5.2	4,701	5,409
Prepayments	5.4	1,825	1,943
TOTAL CURRENT ASSETS		**42,382**	**41,813**
Non-Current Assets			
Receivables	5.1	41,947	32,997
Land	4.2	108,989	97,343
Buildings	4.2	680,460	696,080
Plant, Equipment & Motor Vehicles	4.2	56,314	62,229
Furniture & Fittings	4.2	9,268	10,749
Leasehold Improvements	4.2	155	459
Intangible Assets	4.4	10,707	3,355
TOTAL NON-CURRENT ASSETS		**907,840**	**903,212**
TOTAL ASSETS		**950,222**	**945,025**
LIABILITIES			
Current Liabilities			
Payables	5.5	63,318	62,977
Borrowings	6.1	658	617
Provisions	3.4	158,571	147,720
Other Current Liabilities	5.3	7,807	7,124
TOTAL CURRENT LIABILITIES		**230,354**	**218,438**
Non-Current Liabilities			
Borrowings	6.1	14,179	12,523
Provisions	3.4	29,009	20,873
TOTAL NON-CURRENT LIABILITIES		**43,188**	**33,396**
TOTAL LIABILITIES		**273,542**	**251,834**
NET ASSETS		**676,680**	**693,191**
EQUITY			
Asset Revaluation Surplus	8.1	217,069	215,640
Restricted Specific Purpose Surplus	8.1	30,553	27,920
Contributed Capital	8.1	247,546	236,964
Accumulated Surpluses/(Deficits)	8.1	181,512	212,667
TOTAL EQUITY		**676,680**	**693,191**
Commitments	6.4		
Contingent Assets & Contingent Liabilities	7.3		

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

EASTERN HEALTH

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

2017	NOTE	EQUITY AT 1 JULY 2016 $'000	COMPREHENSIVE RESULT $'000	OTHER COMPREHENSIVE RESULT $'000	EQUITY AT 30 JUNE 2017 $'000
Accumulated Surplus/ (Deficit)	**8.1**	**212,667**	**(28,522)**	**-**	**184,145**
Transfer (To)/ From Restricted Specific Purpose Reserve		-	(2,633)	-	(2,633)
		212,667	**(31,155)**	**-**	**181,512**
Contribution by Owners	**8.1**	**236,964**	**10,582**	**-**	**247,546**
		236,964	**10,582**	**-**	**247,546**
Reserves					
Asset Revaluation Reserve	8.1	215,640	-	1,429	217,069
Restricted Specific Purpose Reserve	8.1	27,920	2,633	-	30,553
		243,560	**2,633**	**1,429**	**247,622**
TOTAL EQUITY AT THE END OF THE FINANCIAL YEAR		**693,191**	**(17,940)**	**1,429**	**676,680**

2016	NOTE	EQUITY AT 1 JULY 2015 $'000	COMPREHENSIVE RESULT $'000	OTHER COMPREHENSIVE RESULT $'000	EQUITY AT 30 JUNE 2016 $'000
Accumulated Surplus/ (Deficit)	**8.1**	**237,803**	**(22,657)**	**-**	**215,146**
Transfer (To)/ From Restricted Specific Purpose Reserve		-	(2,479)	-	(2,479)
		237,803	**(25,136)**	**-**	**212,667**
Contribution by Owners	**8.1**	**235,762**	**1,202**	**-**	**236,964**
		235,762	**1,202**	**-**	**236,964**
Reserves					
Asset Revaluation Reserve	8.1	197,873	-	17,767	215,640
Restricted Specific Purpose Reserve	8.1	25,441	2,479	-	27,920
		223,314	**2,479**	**17,767**	**243,560**
TOTAL EQUITY AT THE END OF THE FINANCIAL YEAR		**696,879**	**(21,455)**	**17,767**	**693,191**

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

EASTERN HEALTH

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2017

	NOTE	2017 $'000	2016 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		831,464	772,986
Capital Grants from Government		43,091	22,124
Patient and Resident Fees Received		50,686	45,234
Recoupment from Private Practice for use of Hospital Facilities		25,247	22,494
GST Received from ATO		26,268	25,511
Interest Received		630	1,144
Other Receipts		46,505	39,177
TOTAL RECEIPTS		**1,023,891**	**928,670**
Employee Benefits Paid		(682,986)	(634,859)
Fee for Service Medical Officers		(2,654)	(2,257)
Payments for Supplies & Consumables		(196,863)	(175,426)
Finance Costs		(819)	(857)
Other Payments		(92,513)	(91,912)
TOTAL PAYMENTS		**(975,835)**	**(905,311)**
NET CASH INFLOW FROM OPERATING ACTIVITIES	**8.2**	**48,056**	**23,359**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Properties, Plant & Equipment		(48,611)	(31,389)
Proceeds from Sale of Properties, Plant & Equipment		523	610
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(48,088)**	**(30,779)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Loan from Treasury Corporation of Victoria		(617)	(579)
Loan from Department of Health and Human Services		2,500	-
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		**1,883**	**(579)**
NET INCREASE/(DECREASE) IN CASH HELD		**1,851**	**(7,999)**
CASH AND CASH EQUIVALENTS AT 1 JULY 2016		**2,691**	**10,690**
CASH AND CASH EQUIVALENTS AT 30 JUNE 2017	**6.3**	**4,542**	**2,691**
Non-cash financing and investing activities	6.2		

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

BASIS OF PRESENTATION

THESE FINANCIAL STATEMENTS ARE PRESENTED IN AUSTRALIAN DOLLARS AND THE HISTORICAL COST CONVENTION IS USED UNLESS A DIFFERENT MEASUREMENT BASIS IS SPECIFICALLY DISCLOSED IN THE NOTE ASSOCIATED WITH THE ITEM MEASURED ON A DIFFERENT BASIS.

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Consistent with the requirements of AASB 1004 Contributions (that is contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the hospital.

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners have also been designated as contributions by owners.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contribution by owners. Transfer of net liabilities arising from administrative restructurings are treated as distribution to owners.

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed.

Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also future periods that are affected by the revision.

Judgements and assumptions made by management in applying the application of AASB that have significant effect on the financial statements and estimates are disclosed in the notes under the heading: 'Significant judgement or estimates'.

NOTE 1:
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

THESE ANNUAL FINANCIAL STATEMENTS REPRESENT THE AUDITED GENERAL PURPOSE FINANCIAL STATEMENTS FOR EASTERN HEALTH FOR THE PERIOD ENDED 30 JUNE 2017. THE REPORT PROVIDES USERS WITH INFORMATION ABOUT THE EASTERN HEALTH' 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), which include interpretations issued by the Australian Accounting Standards Board (AASB). They are presented in a manner consistent with the requirements of *AASB 101 Presentation of Financial Statements.*

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

The Eastern Health 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 10 August 2017.

(B) REPORTING ENTITY

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

The 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 Melbourne's east as well as improve the quality of life for Victorians.

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

Manner of Establishment

Eastern Health was established under section 181 of the Victorian Health Services Act 1988 as a body corporate.

(C) BASIS OF ACCOUNTING PREPARATION AND MEASUREMENT

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

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

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

As a result of the financial performance and position, Eastern Health has obtained a letter of support from the State Government and in particular, the Department of Health and Human Services (DHHS), confirming that the DHHS will continue to provide Eastern Health adequate cash flow to meet its current and future obligations up to 30 September 2018. (A letter was also obtained for the previous financial year). On that basis, the financial statements have been prepared on a going concern basis.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis.

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

- the fair value of land, buildings, infrastructure, plant and equipment, (refer to Note 4.2 and
- Actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates *(refer to Note 3.4).*

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

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

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

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

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

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

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

NOTE 2:
FUNDING DELIVERY OF OUR SERVICES

The hospital's overall objective is to deliver programs and services that support and enhance the wellbeing of all Victorians.

To enable the hospital to fulfil its objective it receives income based on parliamentary appropriations. The hospital also receives income from the supply of services.

Structure

2.1: Analysis of revenue by source

NOTE 2.1: ANALYSIS OF REVENUE BY SOURCE

	NOTE	ADMITTED PATIENTS 2017 $'000	NON - ADMITTED 2017 $'000	EDS 2017 $'000	MENTAL HEALTH 2017 $'000	RAC INCLUDING MENTAL HEALTH 2017 $'000	AGED CARE 2017 $'000	PRIMARY HEALTH 2017 $'000	OTHER 2017 $'000	TOTAL 2017 $'000
Government Grants		646,993	-	57,370	98,201	3,433	9,575	8,560	12,741	836,873
Indirect Contributions by Department of Health and Human Services**										
■ Insurance		556	-	-	-	-	-	-	-	556
■ Long Service Leave		8,949	-	-	-	-	-	-	-	8,949
Patient and Resident Fees		37,757	1,386	-	1,862	7,617	12	64	-	48,698
Recoupment from Private Practice for use of Hospital Facilities		19,997	4,316	-	-	-	-	1,163	161	25,637
Other Revenue from Operating Activities		4,451	95	-	275	-	75	199	32,326	37,421
TOTAL REVENUE FROM OPERATING ACTIVITIES		**718,703**	**5,797**	**57,370**	**100,338**	**11,050**	**9,662**	**9,986**	**45,228**	**958,134**
Investment Income - Interest		-	-	-	-	143	-	-	802	945
Property Income		-	-	-	-	-	-	-	1,318	1,318
TOTAL REVENUE FROM NON-OPERATING ACTIVITIES		**-**	**-**	**-**	**-**	**143**	**-**	**-**	**2,120**	**2,263**
Capital Purpose Income		-	-	-	-	-	-	-	48,033	48,033
TOTAL CAPITAL PURPOSE INCOME		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**48,033**	**48,033**
TOTAL REVENUE		**718,703**	**5,797**	**57,370**	**100,338**	**11,193**	**9,662**	**9,986**	**95,381**	**1,008,430**

** *Department of Health and Human Services 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 2.1: ANALYSIS OF REVENUE BY SOURCE (CONTINUED)

	NOTE	ADMITTED PATIENTS 2016 $'000	NON - ADMITTED 2016 $'000	EDS 2016 $'000	MENTAL HEALTH 2016 $'000	RAC INCLUDING MENTAL HEALTH 2016 $'000	AGED CARE 2016 $'000	PRIMARY HEALTH 2016 $'000	OTHER 2016 $'000	TOTAL 2016 $'000
Government Grants		585,529	-	60,521	91,885	3,306	9,842	7,809	11,817	770,709
Indirect Contributions by Department of Health and Human Services**										
■ Insurance		580	-	-	-	-	-	-	-	580
■ Long Service Leave		8,172	-	-	-	-	-	-	-	8,172
Patient and Resident Fees		34,825	1,104	-	2,078	7,743	19	55	-	45,824
Recoupment from Private Practice for use of Hospital Facilities		18,556	3,163	-	-	-	-	921	69	22,709
Other Revenue from Operating Activities		5,680	29	5	355	-	6	57	32,644	38,776
TOTAL REVENUE FROM OPERATING ACTIVITIES		**653,342**	**4,296**	**60,526**	**94,318**	**11,049**	**9,867**	**8,842**	**44,530**	**886,770**
Investment Income - Interest		-	-	-	-	66	-	-	920	986
Property Income		-	-	-	-	-	-	-	3,117	3,117
TOTAL REVENUE FROM NON-OPERATING ACTIVITIES		**-**	**-**	**-**	**-**	**66**	**-**	**-**	**4,037**	**4,103**
Capital Purpose Income		-	-	-	-	-	-	-	42,326	42,326
TOTAL CAPITAL PURPOSE INCOME		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**42,326**	**42,326**
TOTAL REVENUE		**653,342**	**4,296**	**60,526**	**94,318**	**11,115**	**9,867**	**8,842**	**90,893**	**933,199**

** *Department of Health and Human Services 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 2.1: ANALYSIS OF REVENUE BY SOURCE (CONTINUED)

Income

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 at fair value. Unearned income at reporting date is reported as income received in advance.

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

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

In accordance with AASB 1004 Contributions, government grants and other transfers of income (other than contributions by owners) are recognised as income when the health service gains control of the underlying assets irrespective of whether conditions are imposed on the Health Service's use of the contributions.

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

Indirect Contributions from the Department of Health and Human Services

- Insurance is recognised as revenue following advice from the Department of Health and Human Services.
- Long Service Leave (LSL) – Revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Metropolitan Health and Aged Care Services Division Hospital Circular 04/2017 (update for 2016/17).

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, which allocates interest over the relevant period.

Sale of investments

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

Other Income

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

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 acute and subacute admitted patient services, where services are delivered in public hospitals.

Mental Health Services (Mental Health) comprises all specialised mental health services providing a range of inpatient, community based residential, rehabilitation and ambulatory services which treat and support people with a mental illness and their families and carers. These services aim to identify mental illness early, and seek to reduce its impact through providing timely acute care services and appropriate longer-term accommodation and support for those living with a mental illness.

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

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

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

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

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 the department 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 not reported elsewhere – (Other) comprises services not separately classified above, including: Public health services including Laboratory testing, blood borne viruses / sexually transmitted infections clinical services, Koori liaison officers, immunisation and screening services, drugs services including drug withdrawal, counselling and the needle and syringe program, Disability services including aids and equipment and flexible support packages to people with a disability, Community Care programs including sexual assault support, early parenting services, parenting assessment and skills development, and various support services. Health and Community Initiatives also falls in this category group.

NOTE 3:
THE COST OF DELIVERING OUR SERVICES

This section provides an account of the expenses incurred by the hospital in delivering services and outputs. In Section 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are recorded.

Structure

NOTE 3.1: ANALYSIS OF EXPENSES BY SOURCE

	NOTE	ADMITTED PATIENTS 2017 $'000	NON - ADMITTED 2017 $'000	EDS 2017 $'000	MENTAL HEALTH 2017 $'000	RAC INCLUDING MENTAL HEALTH 2017 $'000	AGED CARE 2017 $'000	PRIMARY HEALTH 2017 $'000	OTHER 2017 $'000	TOTAL 2017 $'000
Services Supported by Health Services Agreement										
Employee Expenses		500,724	10,851	67,850	76,728	9,484	5,616	5,775	23,435	700,463
Non Salary Labour Costs		4,372	-	100	664	63	-	606	279	6,084
Supplies & Consumables		160,447	414	2,974	2,957	362	3	43	675	167,875
Other Expenses		57,471	817	3,456	20,126	1,083	1,238	2,382	6,664	93,231
Audit Fees										
■ Auditor-General	8.7	120	-	-	-	-	-	-	-	120
■ Other		223	-	-	-	2	-	1	12	238
TOTAL EXPENSES FROM OPERATING ACTIVITIES		**723,357**	**12,082**	**74,380**	**100,475**	**10,994**	**6,857**	**8,807**	**31,065**	**968,017**
Depreciation & Amortisation	4.3	-	-	-	-	-	-	-	69,362	69,362
Revaluation of Long Service Leave		-	-	-	-	-	-	-	(1,246)	(1,246)
Finance Costs	3.3	-	-	-	-	-	-	-	819	819
TOTAL OTHER EXPENSES		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**68,935**	**68,935**
TOTAL EXPENSES		**723,357**	**12,082**	**74,380**	**100,475**	**10,994**	**6,857**	**8,807**	**100,000**	**1,036,952**

RAC = Residential Aged Care

EDS = Emergency Department Services

NOTE 3.1: ANALYSIS OF EXPENSES BY SOURCE (CONTINUED)

	NOTE	ADMITTED PATIENTS 2016 $'000	NON - ADMITTED 2016 $'000	EDS 2016 $'000	MENTAL HEALTH 2016 $'000	RAC INCLUDING MENTAL HEALTH 2016 $'000	AGED CARE 2016 $'000	PRIMARY HEALTH 2016 $'000	OTHER 2016 $'000	TOTAL 2016 $'000
Services Supported by Health Services Agreement										
Employee Expenses		457,879	8,284	59,066	72,707	9,045	5,243	5,025	21,057	638,306
Non Salary Labour Costs		4,129	-	172	341	132	-	581	544	5,899
Supplies & Consumables		147,726	424	2,865	2,797	397	8	39	1,183	155,439
Other Expenses		54,231	618	3,212	19,074	1,074	1,489	2,686	6,659	89,043
Audit Fees										
■ Auditor-General	8.7	123	-	-	-	-	-	-	-	123
■ Other		171	-	-	-	2	-	-	7	180
TOTAL EXPENSES FROM OPERATING ACTIVITIES		**664,259**	**9,326**	**65,315**	**94,919**	**10,650**	**6,740**	**8,331**	**29,450**	**888,990**
Depreciation & Amortisation	4.3	-	-	-	-	-	-	-	65,282	65,282
Revaluation of Long Service Leave		-	-	-	-	-	-	-	727	727
Finance Costs	3.3	-	-	-	-	-	-	-	857	857
TOTAL OTHER EXPENSES		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**66,866**	**66,866**
TOTAL EXPENSES		**664,259**	**9,326**	**65,315**	**94,919**	**10,650**	**6,740**	**8,331**	**96,316**	**955,856**

RAC = Residential Aged Care

EDS = Emergency Department Services

NOTE 3.1: ANALYSIS OF EXPENSES BY SOURCE (CONTINUED)

Expenses

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

Employee expenses

Employee expenses include:

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

Other operating expenses

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

Supplies and consumables

Supplies and services costs are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.

Bad & doubtful debts

Refer to Note 5.1 Receivables.

Other economic flows are changes in the volume or value of assets or liabilities that do not result from transactions

Net gain/(loss) on non-financial assets

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

Revaluation gains/(losses) of non-financial physical assets

Refer to Note 4.2 Property plant and equipment.

Amortisation of non-produced intangible assets

Intangible non-produced assets with finite lives are amortised as an 'other economic flow' on a systematic basis over the assets'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.

Revaluations of financial instrument at fair value

Refer to Note 7.1 Financial Instruments.

Other gains/(losses) from other economic flows

Other gains/ (losses) include:

- the revaluation of the present value of the long service leave liability due to changes in the bond rate movements, inflation rate movements and the impact of changes in probability factors and;
- transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

Derecognition of financial liabilities

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such as an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an expense in the comprehensive operating statement.

Services supported by health services agreement and services supported by hospital and community initiatives

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

Residential aged care service (RACS)

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 8.3 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.

Internally managed specific purpose funds

Internally managed specific purpose funds are funds established, managed and controlled by the Board of Management. The Board has control over every aspect of these funds including the specific purposes for which these funds are established. Internally managed specific funds include fund-raising activities, commercial ventures (e.g. Car Parks), departmental fund and specific projects.

Restricted specific purpose funds

These funds are established for a particular or specific purpose (that is, a restriction or condition) through some forms of legal instrument such as a trust or legal undertaking to comply with the condition or purpose for which the fund is established. The common types would be donation provided to purchase a specified equipment and research grant provided for particular field of interest.

NOTE 3.2: ANALYSIS OF EXPENSE & REVENUE BY INTERNALLY MANAGED AND RESTRICTED SPECIFIC PURPOSE FUNDS FOR SERVICES SUPPORTED BY HOSPITAL AND COMMUNITY INITIATIVES (H&CI)

	EXPENSES		REVENUE	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Private Practice and Other Patient Activities	2,166	1,682	4,100	3,904
Car Park	2,431	2,648	5,970	4,987
Education & Training	1,012	1,051	73	52
Catering	574	537	493	542
Other	4,002	2,176	3,572	3,979
Equipment Funds Transfer	-	-	5,680	4,848
Commissions	1,006	1,442	3,496	4,983
Interest	-	-	946	986
Property Income	1,054	1,562	1,814	3,517
Other Activities				
Fundraising and Community Support	1,608	1,921	2,118	1,907
Research and Scholarship	931	994	1,898	2,116
TOTAL	**14,784**	**14,013**	**30,160**	**31,821**

NOTE 3.3: FINANCE COSTS

	2017 $'000	2016 $'000
Interest on Long Term Borrowings	819	857
TOTAL	**819**	**857**

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

Finance costs include:

- interest on bank overdrafts and short-term and long-term borrowings (Interest expense is recognised in the period in which it is incurred);
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
- finance charges in respect of finance leases recognised in accordance with AASB 117 Leases.

NOTE 3.4: EMPLOYEE BENEFITS IN THE BALANCE SHEET

	2017 $'000	2016 $'000
CURRENT PROVISIONS		
Employee Benefits (Note 3.4(a))		
Annual leave (Note 3.4(a))		
■ Unconditional and Expected to be settled within 12 months	37,269	34,302
■ Unconditional and Expected to be settled after 12 months	6,148	5,628
Long service leave (Note 3.4(a))		
■ Unconditional and Expected to be settled within 12 months	10,479	9,207
■ Unconditional and Expected to be settled after 12 months	70,522	67,432
SUB-TOTAL	**124,418**	**116,569**
Accrued Salaries and Accrued Days Off		
■ Unconditional and Expected to be settled within 12 months	21,012	18,839
Provisions related to employee benefit on-costs		
■ Unconditional and Expected to be settled within 12 months	5,023	4,577
■ Unconditional and Expected to be settled after 12 months	8,118	7,735
	13,141	**12,312**
TOTAL CURRENT PROVISIONS	**158,571**	**147,720**
NON CURRENT PROVISIONS		
Employee Benefits (i) (Note 3.4(a))	26,230	18,873
Provisions related to employee benefit on-costs	2,779	2,000
TOTAL NON-CURRENT PROVISIONS	**29,009**	**20,873**
TOTAL PROVISIONS	**187,580**	**168,593**
(a) Current employee benefits and related on-costs		
Unconditional Long Service Leave Entitlements	81,001	76,639
Annual Leave Entitlements	43,417	39,930
Accrued Salaries and Wages	19,904	17,009
Accrued Days Off	1,108	944
Sabbatical Leave	-	886
Current On-Costs	13,141	12,312
NON CURRENT EMPLOYEE BENEFITS AND RELATED ON-COSTS		
Conditional long service leave entitlements	26,230	18,873
Non-Current On-Costs	2,779	2,000
TOTAL EMPLOYEE BENEFITS AND RELATED ON-COSTS	**187,580**	**168,593**
(b) Movement in provisions		
Movement in Long Service Leave:		
Balance at start of year	105,631	93,519
Provision recognising employee service made during the year	23,854	20,981
Revaluations	(1,246)	727
Settlement made during the year	(9,647)	(9,596)
BALANCE AT THE END OF THE YEAR	**118,592**	**105,631**

NOTES:

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

NOTE 3.4: EMPLOYEE BENEFITS IN THE BALANCE SHEET (CONTINUED)

Provisions

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

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

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

Employee benefits

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

Wages and salaries, annual leave, and accrued days off

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

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

- Undiscounted value – if the health service expects to wholly settle within12 months; or
- Present value – if the health service does not expect to wholly settle within 12 months.

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 the employees have rendered services to the Health Service and are expected to be paid in exchange for that service.

Long service leave (LSL)

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

Unconditional LSL (representing 10 or more years of continuous service) is disclosed in notes to the financial statements as a current liability even where the health service does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement should an employee take leave within 12 months. An unconditional right arises after a qualifying period.

The components of this current LSL liability are measured at:

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

Conditional LSL (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. This non-current LSL liability is 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.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in estimations, e.g. bond rate movements and changes in probability factors, which are then recognised as an other economic flow.

Termination benefits

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

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

On-Costs related to employee expense

Provisions for on-costs such as workers compensation and superannuation are recognised together with the provisions for employee benefits.

NOTE 3.5: SUPERANNUATION

	PAID CONTRIBUTION FOR THE YEAR		CONTRIBUTION OUTSTANDING AT YEAR END	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Defined benefit plans: (i)				
First State Superannuation Fund	687	744	15	14
Defined contribution plans:				
First State Superannuation Fund	34,252	31,745	706	586
HESTA Superannuation Fund	17,005	14,825	456	347
TOTAL	**51,944**	**47,314**	**1,177**	**947**

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

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 provides benefits based on years of service and final average salary.

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

However superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of the Health Service.

The name, details and amounts expense in relation to the major employee superannuation funds and contributions made by the Eastern Health are as follows:

Defined contribution superannuation plans

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

Defined benefit superannuation plans

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

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

Superannuation liabilities

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

NOTE 4:
KEY ASSETS TO SUPPORT SERVICE DELIVERY

The hospital controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to the hospital to be utilised for delivery of those outputs.

Structure

NOTE 4.1: INVESTMENTS AND OTHER FINANCIAL ASSETS

	NOTE	OPERATING FUND 2017 $'000	OPERATING FUND 2016 $'000	SPECIFIC PURPOSE FUND 2017 $'000	SPECIFIC PURPOSE FUND 2016 $'000	CAPITAL FUND 2017 $'000	CAPITAL FUND 2016 $'000	TOTAL 2017 $'000	TOTAL 2016 $'000
CURRENT									
Loans and receivables									
Australian Dollar Term Deposits >= 3 months (i)		-	-	6,746	5,992	-	-	6,746	5,992
TOTAL		**-**	**-**	**6,746**	**5,992**	**-**	**-**	**6,746**	**5,992**
Represented by:									
Monies Held in Trust									
■ Accommodation Bonds (Refundable Entrance Fees) (ii)		-	-	6,746	5,992	-	-	6,746	5,992
TOTAL		**-**	**-**	**6,746**	**5,992**	**-**	**-**	**6,746**	**5,992**

NOTES:

(i) *Term deposits under "investments and other financial assets class includes only term deposits with maturity greater than or equal to 90 days".*

(ii) *Eastern Health has invested this amount in short term deposits with the National Australia Bank. These bonds are invested pursuant to the Aged Care (Living Longer Living Better) Act and held on trust for aged care residents. Eastern Health considers the Accommodation Bond investment satisfies the exemption in Standing Direction 4.5.6 Treasury Risk Management providing that " where the public sector agency holds money, other than money on trust for the State or a public body, invested pursuant to a statutory function to hold on trust for known beneficiary."*

(a) Ageing analysis of investments and other financial assets

Please refer to note 7.1 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 7.1 for the nature and extent of credit risk arising from investments and other financial assets.

NOTE 4.1: INVESTMENTS AND OTHER FINANCIAL ASSETS (CONTINUED)

Investments and other financial assets

Hospital investments must be in accordance in Standing Direction 3.7.2 – Treasury and Investment Risk Management. 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 as held-to-maturity.

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

Impairment of financial assets

At the end of each reporting period, the Health Service assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets are subject to annual review for impairment.

The allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 Impairment of Assets.

NOTE 4.2: PROPERTY, PLANT & EQUIPMENT

(a) Gross carrying amount and accummulated depreciation

	2017 $'000	2016 $'000
Land		
Land at Fair Value	108,989	97,343
■ Less Impairment	-	-
TOTAL LAND	**108,989**	**97,343**
Buildings		
Buildings at Cost	419,070	397,031
■ Less Accumulated Depreciation	(42,684)	(26,004)
	376,386	**371,027**
Buildings Under Construction at cost	25,594	22,216
Buildings at Fair Value	351,678	351,641
■ Less Accumulated Depreciation	(73,198)	(48,804)
	278,480	**302,837**
TOTAL BUILDINGS	**680,460**	**696,080**
Leasehold Improvements		
Leasehold Improvements	5,348	5,284
■ Less Accumulated Depreciation	(5,193)	(4,825)
TOTAL LEASEHOLD IMPROVEMENTS	**155**	**459**
Plant and Equipment		
Medical Equipment at Fair Value	109,674	103,449
■ Less Accumulated Depreciation	(67,186)	(59,187)
	42,488	**44,262**
Computers and Communication at Fair Value	47,063	44,780
■ Less Accumulated Depreciation	(36,822)	(31,323)
	10,241	**13,457**
Assets Under Construction	1,835	2,232
TOTAL PLANT AND EQUIPMENT	**54,564**	**59,951**
Motor Vehicles		
Motor Vehicles at Fair Value	6,649	6,956
■ Less Accumulated Depreciation	(4,899)	(4,678)
TOTAL MOTOR VEHICLES	**1,750**	**2,278**
TOTAL PLANT, EQUIPMENT AND MOTOR VEHICLES	**56,314**	**62,229**
Furniture and Fittings		
Furniture and Fittings at Fair Value	25,782	24,995
■ Less Accumulated Depreciation	(16,514)	(14,246)
TOTAL FURNITURE AND FITTINGS	**9,268**	**10,749**
TOTAL	**855,186**	**866,860**

NOTE 4.2: PROPERTY, PLANT & EQUIPMENT (CONTINUED)

(b) 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 2015	**79,576**	**664,143**	**34,917**	**67,440**	**11,675**	**2,631**	**860,382**
Additions	-	3,786	40,284	5,006	430	932	50,438
Assets transferred as Capital Contributions	-	-	-	-	-	-	-
Net transfers between classes	-	46,451	(52,985)	4,262	894	-	(1,378)
Disposals	-	-	-	(429)	(33)	(327)	(789)
Depreciation (note 4.3)	-	(40,057)	-	(16,328)	(2,217)	(958)	(59,560)
Revaluation increments/ (decrements)	17,767	-	-	-	-	-	17,767
BALANCE AS AT 1 JULY 2016	**97,343**	**674,323**	**22,216**	**59,951**	**10,749**	**2,278**	**866,860**
Additions	-	3,744	38,988	6,693	522	566	50,513
Assets transferred as Capital Contributions	10,217	364	-	-	-	-	10,581
Net transfers between classes	-	18,203	(35,610)	5,010	267		(12,130)
Disposals	-	(161)	-	(406)	-	(305)	(872)
Depreciation (note 4.3)	-	(41,452)	-	(16,684)	(2,270)	(789)	(61,195)
Revaluation increments/ decrements	1,429	-	-	-	-	-	1,429
BALANCE AS AT 30 JUNE 2017	**108,989**	**655,021**	**25,594**	**54,564**	**9,268**	**1,750**	**855,186**

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 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 assesments. The effective date of the valuation was 30 June 2014.

Land carried at Valuation

Land has been revalued as at 30 June 2017 based on a managerial valuation using a change in type of land from commercial to englobo for the main hospital sites. This managerial valuation is determined from the original independent valuation at 30 June 2014 uplifted by Valuer Generals land indices between 30th June 2014 and 30th June 2017.This reulted in an overall 24% increase in Land valuation.

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

NOTE 4.2: PROPERTY, PLANT & EQUIPMENT (CONTINUED)

(c) Fair value measurement hierarchy for assets

	CARRYING AMOUNT AS AT 30 JUNE 2017	FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING:		
		LEVEL 1 (1)	LEVEL 2 (1)	LEVEL 3 (1)
Land at fair value				
Non-specialised land	686	-	686	-
Specialised land	108,303	-	-	108,303
TOTAL OF LAND AT FAIR VALUE	**108,989**	**-**	**686**	**108,303**
Buildings at fair value				
Non-specialised buildings	22,864	-	22,864	-
Specialised buildings	255,616	-	-	255,616
TOTAL OF BUILDING AT FAIR VALUE	**278,480**	**-**	**22,864**	**255,616**
Plant and equipment at fair value				
Plant equipment and vehicles at fair value				
■ Vehicles (ii)	1,750	-	-	1,750
■ Plant and equipment	52,729	-	-	52,729
TOTAL OF PLANT, EQUIPMENT AND VEHICLES AT FAIR VALUE	**54,479**	**-**	**-**	**54,479**
Furniture & Fittings at fair value	**9,269**	**-**	**-**	**9,269**
TOTAL FURNITURE & FITTINGS AT FAIR VALUE	**9,269**	**-**	**-**	**9,269**
	451,217	**-**	**23,550**	**427,667**

NOTES:

(i) *Classified in accordance with the fair value hierarchy.*

(ii) *Vehicles are categorised to Level 3 assets if the depreciated replacement cost is used in estimating the fair value.*

NOTE 4.2: PROPERTY, PLANT & EQUIPMENT (CONTINUED)

(c) Fair value measurement hierarchy for assets (continued)

	CARRYING AMOUNT AS AT 30 JUNE 2016	FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING:		
		LEVEL 1 (1)	LEVEL 2 (1)	LEVEL 3 (1)
Land at fair value				
Non-specialised land	686	-	686	-
Specialised land	96,657	-	-	96,657
TOTAL OF LAND AT FAIR VALUE	**97,343**	**-**	**686**	**96,657**
Buildings at fair value				
Non-specialised buildings	23,817	-	23,817	-
Specialised buildings	279,020	-	-	279,020
TOTAL OF BUILDING AT FAIR VALUE	**302,837**	**-**	**23,817**	**279,020**
Plant and equipment at fair value				
Plant equipment and vehicles at fair value				
■ Vehicles (ii)	2,278	-	-	2,278
■ Plant and equipment	57,719	-	-	57,719
TOTAL OF PLANT, EQUIPMENT AND VEHICLES AT FAIR VALUE	**59,997**	**-**	**-**	**59,997**
Furniture & Fittings at fair value	**10,749**	**-**	**-**	**10,749**
TOTAL FURNITURE & FITTINGS AT FAIR VALUE	**10,749**	**-**	**-**	**10,749**
	470,926	**-**	**24,503**	**446,423**

NOTES:

(i) *Classified in accordance with the fair value hierarchy.*

(ii) *Vehicles are categorised to Level 3 assets if the depreciated replacement cost is used in estimating the fair value.*

NOTE 4.2: PROPERTY, PLANT & EQUIPMENT (CONTINUED)

Land at 12 Grey Street was valued by the independent valuer at market value without allowance for Community Service Obligation (CSO) adjustment at 30 June 2014. This land has been subsequently revalued as at 30 June 2017 based on a managerial valuation.

The building at 5 Arnold Street was valued by the independent valuer at market value at 30 June 2014 and not at Depreciated Replacement Cost. This is the first time that this building has been valued given that in 2009 (last independent valuation), the building had only just been commissioned.

Non-specialised land and non-specialised buildings

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

For non-specialised land and non-specialised buildings an independent valuation was performed by Urbis Pty Ltd to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the Valuation is 30 June 2014.

A managerial valuation of land has been undertaken based on the original independent valuation as at 30 June 2014 uplifted by Valuer-General's land indices between 30 June 2014 and 30 June 2017.

Specialised land and Specialised buildings

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

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

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

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

A managerial valuation of land has been undertaken based on the original independent valuation as at 30 June 2014 uplifted by Valuer-General's land indices between 30 June 2014 and 30 June 2017.

Vehicles

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

Plant and Equipment

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

There are no changes in valuation techniques throughout the period to 30 June 2017. For all assets measured at fair value, the current use is considered the highest and best use.

NOTE 4.2: PROPERTY, PLANT & EQUIPMENT (CONTINUED)

(d) Reconciliation of Level 3 fair value

30 JUNE 2017	LAND	BUILDINGS	PLANT AND EQUIPMENT	FURNITURE & FITTINGS
Opening Balance	**96,657**	**279,020**	**59,997**	**10,749**
Purchases (sales)	10,217	46	11,955	790
Transfers in (out) of Level 3	-	-	-	-
Gains or losses recognised in net result				
■ Depreciation	-	(23,450)	(17,473)	(2,270)
■ Impairment loss	-	-	-	-
SUBTOTAL	**10,217**	**(23,404)**	**(5,518)**	**(1,480)**
Items recognised in other comprehensive income				
■ Revaluation	1,429	-	-	-
SUBTOTAL	**1,429**	**-**	**-**	**-**
CLOSING BALANCE	**108,303**	**255,616**	**54,479**	**9,269**

30 JUNE 2016	LAND	BUILDINGS	PLANT AND EQUIPMENT	FURNITURE & FITTINGS
Opening Balance	**78,987**	**267,587**	**66,677**	**11,675**
Purchases (sales)	-	50,237	10,606	1,291
Transfers in (out) of Level 3	-	-	-	-
Gains or losses recognised in net result				
■ Depreciation	-	(38,804)	(17,286)	(2,217)
■ Impairment loss	-	-	-	-
SUBTOTAL	**-**	**11,433**	**(6,680)**	**(926)**
Items recognised in other comprehensive income				
■ Revaluation	17,670	-	-	-
SUBTOTAL	**17,670**	**-**	**-**	**-**
CLOSING BALANCE	**96,657**	**279,020**	**59,997**	**10,749**

NOTE 4.2: PROPERTY, PLANT & EQUIPMENT (CONTINUED)

(e) Description of significant unobservable inputs to Level 3 valuations

	EXPECTED FAIR VALUE LEVEL	EXAMPLES OF TYPES OF ASSETS	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS	RANGE (WEIGHTED AVERAGE)	SENSITIVITY OF FAIR VALUE MEASUREMENT TO CHANGES IN SIGNIFICANT UNOBSERVABLE INPUTS
Non-specialised land 12 Grey Street East Ringwood	Level 2	In areas where there is an active market ■ vacant land ■ land not subject to restrictions as to use or sale	Market approach	N/A	N/A	N/A
Specialised land All Land held by Eastern Health except for Maroondah Hospital Car Park 12 Grey Street East Ringwood	Level 3	■ Land subject to restrictions as to use and/or sale ■ Land in areas where there is not an active market	Market approach	Community Service Obligation (CSO) adjustment	20%	A significant increase or decrease in the CSO adjustment would result in a significantly lower (higher) fair value
Non Specialised Buildings 5 Arnold Street Box Hill	Level 2	For general/ commercial buildings that are just built	Market approach	N/A	N/A	N/A
Specialised buildings All Buildings held by Eastern Health except for 5 Arnold Street Box Hill	Level 3	Specialised buildings with limited alternative uses and/or substantial customisation	Depreciated replacement cost	■ Direct cost per square metre ■ Useful life of specialised buildings	■ $500 – $5,254/m^2 ($1,679) ■ 30 - 60 years (45 years)	■ A significant increase or decrease in direct cost per square metre adjustment would result in a significantly higher or lower fair value ■ A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation

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NOTE 4.2: PROPERTY, PLANT & EQUIPMENT (CONTINUED)

(e) Description of significant unobservable inputs to Level 3 valuations (continued)

	EXPECTED FAIR VALUE LEVEL	EXAMPLES OF TYPES OF ASSETS	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS	RANGE (WEIGHTED AVERAGE)	SENSITIVITY OF FAIR VALUE MEASUREMENT TO CHANGES IN SIGNIFICANT UNOBSERVABLE INPUTS
Plant and equipment at fair value All plant & equipment owned by Eastern Health	Level 3	Specialised items with limited alternative uses and/or substantial customisation	Depreciated replacement cost	■ Cost per unit ■ Useful life of PPE	■ $1,000 – $1,878,537 ($2,324) ■ 8-20 years (11 years)	■ A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value ■ A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation
Vehicles All vehicles owned by Eastern Health	Level 3	If there is no active resale market available	Depreciated replacement cost	■ Cost per unit ■ Useful life of vehicles ■ Useful life of Furniture & fittings	■ $1,000 – $49,928 per unit ($6,729 per unit) ■ 5 years ■ 3-10 years (6 Years)	■ A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value ■ A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation ■ Increase (decrease) in useful life would result in a significantly higher (lower) fair value

NOTE 4.2: PROPERTY, PLANT & EQUIPMENT (CONTINUED)

(e) Description of significant unobservable inputs to Level 3 valuations (continued)

Property, plant and equipment

All non-current physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and accumulated impairment loss. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a merger/machinery of government are transferred at their carrying amount.

More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 4.2 *Property, plant and equipment.*

The initial cost for non-financial physical assets under finance lease is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

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 physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the asset(s) are not taken into account until it is virtually certain that any restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best uses.

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

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

Leasehold improvements

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

Revaluations of non-current physical assets

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

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

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

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

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

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

NOTE 4.3: DEPRECIATION AND AMORTISATION

	2017 $'000	2016 $'000
Depreciation		
Buildings	41,085	39,373
Plant & Equipmen		
■ Major Medical	9,814	9,650
■ Computers and Communications	6,870	6,678
Furniture and Fittings	2,270	2,217
Motor Vehicles	789	958
Leasehold Improvements	368	684
TOTAL DEPRECIATION	**61,196**	**59,560**
Amortisation		
Software	8,166	5,722
TOTAL AMORTISATION	**8,166**	**5,722**
TOTAL DEPRECIATION & AMORTISATION	**69,362**	**65,282**

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

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

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

	2016-17	2015-16
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

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

NOTE 4.4: INTANGIBLE ASSETS

	2017 $'000	2016 $'000
Intangibles		
Software	49,818	35,470
Less Accumulated Amortisation	(39,111)	(32,115)
	10,707	**3,355**
TOTAL WRITTEN DOWN VALUE	**10,707**	**3,355**

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 2015	**5,165**	**5,165**
Additions	2,534	2,534
Net transfers between classes	1,378	1,378
Disposals	-	-
Amortisation (note 4.3)	(5,722)	(5,722)
BALANCE AS AT 1 JULY 2016	**3,355**	**3,355**
Additions	3,388	3,388
Net transfers between classes	12,130	12,130
Disposals	-	-
Amortisation (note 4.3)	(8,166)	(8,166)
BALANCE AS AT 30 JUNE 2017	**10,707**	**10,707**

Intangible assets represent identifiable computer software.

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.

Amortisation

Amortisation is allocated to intangible non-produced assets with finite useful lives on a 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 amount exceeds its recoverable amount.

NOTE 5:
OTHER ASSETS AND LIABILITIES

This section sets out those assets and liabilities that arose from the hospital's operations.

Structure

NOTE 5.1: RECEIVABLES

	TOTAL 2017 $'000	TOTAL 2016 $'000
CURRENT		
Contractual		
Trade Debtors	9,944	13,755
Patient Fees	11,905	10,772
Accrued Income	739	424
Less Allowance for Doubtful Debts		
Trade Debtors	(1,064)	(617)
Patient Fees	(1,966)	(1,700)
	19,558	**22,634**
Statutory		
GST Receivable	2,183	2,517
Accrued Revenue - Department of Health / Department of Health and Human Services	2,827	627
	5,010	**3,144**
TOTAL CURRENT RECEIVABLES	**24,568**	**25,778**
NON CURRENT		
Statutory		
Long Service Leave - Department of Health / Department of Health and Human Services	41,947	32,997
TOTAL NON CURRENT RECEIVABLES	**41,947**	**32,997**
TOTAL RECEIVABLES	**66,515**	**58,775**
(a) Movement in the allowance for doubtful contractual receivables		
Balance at the beginning of the year	2,317	2,200
Amounts written off during the year	-	-
Amounts recovered during the year	-	-
Increase/(decrease) in allowance recognised in net result	713	117
BALANCE AT THE END OF THE YEAR	**3,030**	**2,317**

(b) Ageing analysis of receivables

Please refer to note 7.1(c) for the ageing analysis of contractual receivables.

(c) Nature and extent of risk arising from receivables

Please refer to note 7.1(c) for the nature and extent of credit risk arising from contractual receivables.

NOTE 5.1: RECEIVABLES (CONTINUED)

Receivables consist of:

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

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

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

Trade debtors are carried at nominal amounts due and are due for settlement within 60 days from the date of recognition. Collectability of debts is reviewed on an ongoing basis and debts which are known to be uncollectible are written off. A provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified.

Doubtful debts

Receivables are assessed for bad and doubtful debts on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off by mutual consent and the allowance for doubtful debts are classified as other economic flows in the net result. current physical assets was required.

NOTE 5.2: INVENTORIES

	2017 $'000	2016 $'000
Pharmaceuticals - at cost	2,835	3,262
Medical and Surgical Lines - at cost	878	1,113
Allied Health and Diagnostics - at cost	988	1,034
TOTAL INVENTORIES	**4,701**	**5,409**

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

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

Cost for all other inventory is determined principally on the basis of the weighted average cost method.

NOTE 5.3: OTHER LIABILITIES

	NOTE	2017 $'000	2016 $'000
CURRENT			
Income in Advance			
■ Other		1,020	1,091
Other Liabilities		41	41
		1,061	**1,132**
Monies Held in Trust			
■ Accommodation Bonds (Refundable Entrance Fees)		6,746	5,992
TOTAL		**7,807**	**7,124**
Total Monies held in trust represented by the following assets:			
Other Financial Assets	4.1	6,746	5,992
TOTAL		**6,746**	**5,992**

NOTE 5.4: PREPAYMENTS AND OTHER NON-FINANCIAL ASSETS

	2017 $'000	2016 $'000
CURRENT		
Prepayments		
■ Maintenance Contracts	1,218	1,241
■ Rental, Licences & Memberships	607	702
TOTAL INVENTORIES	**1,825**	**1,943**

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.

NOTE 5.5: PAYABLES

	2017 $'000	2016 $'000
CURRENT		
Contractual		
Trade Creditors	29,491	35,412
Accrued Expenses	24,280	18,675
Superannuation	5,889	5,611
Work Cover	-	-
	59,660	**59,698**
Statutory		
Department of Health and Human Services	53	70
PAYG Payable	3,605	3,209
	3,658	**3,279**
TOTAL CURRENT	**63,318**	**62,977**

(a) Maturity analysis of payables

Please refer to note 7.1(d) for the ageing analysis of payables.

(b) Nature and extent of risk arising from payables

Please refer to note 7.1(d) for the nature and extent of credit risk arising from payables.

Payables consist of:

- Contractual payables which consist predominantly of accounts payable representing liabilities for goods and services provided to the Health Service prior to the end of the financial year that are unpaid, and arise when the Health Service becomes obliged to make future payments in respect of the purchase of those goods and services. The normal credit terms for accounts payable are usually Net 45 days from the end of the month of invoice.
- Statutory payables, such as goods and services tax and fringe benefits tax payables.

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

NOTE 6:
HOW WE FINANCE OUR OPERATIONS

This section provides information on the sources of finance utilised by the hospital during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of the hospital.

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Note: 7.1 provides additional, specific financial instrument disclosures.

Structure

NOTE 6.1: BORROWINGS

	2017 $'000	2016 $'000
CURRENT		
Australian Dollar Borrowings -TCV Loan	658	617
TOTAL AUSTRALIAN DOLLARS BORROWINGS	**658**	**617**
TOTAL CURRENT	**658**	**617**
NON CURRENT		
Australian Dollar Borrowings - TCV Loan	11,865	12,523
Australian Dollar Borrowings - Department of Health and Human Services	2,314	-
TOTAL AUSTRALIAN DOLLARS BORROWINGS	**14,179**	**12,523**
TOTAL NON-CURRENT	**14,179**	**12,523**
TOTAL BORROWINGS	**14,837**	**13,140**

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, $2.227 million (2015/16 $2.426 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, $0.544 million (2015/16 $0.683 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 $9.752 million (2015/16 $10.031 million) was still owing. The loan is repayable over 23 years. The repayments commenced in 4 March 2011 after final drawdown. The interest rate applicable is fixed at 6.435% pa for the life of the loan.

A loan facility of $2.5 million from the Department of Health and Human Services (DHHS) is for implementation of a new Payroll rostering system was received in June 2017. As at year end, $2.5 million is still owed. The Loan is repayable over 6 years with the first repayment commencing June 2019 and is an interest free loan.

NOTE 6.1: BORROWINGS (CONTINUED)

(a) Maturity analysis of interest bearing liabilities

Please refer to note 7.1(d) for the ageing analysis of interest bearing liabilities.

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

Please refer to note 7.1(d) 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 6.2: NON-CASH FINANCING AND INVESTING ACTIVITIES

	2017 $'000	2016 $'000
Acquisition of Assets by means of indirect contribution by Department of Health & Human Services	5,291	20,381
TOTAL NON-CASH FINANCING AND INVESTING ACTIVITIES	**5,291**	**20,381**

NOTE 6.3: CASH AND CASH EQUIVALENTS

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

	2017 $'000	2016 $'000
Cash on Hand	36	31
Cash at Bank	3,990	2,063
Short Term Money Market	516	597
TOTAL CASH AND CASH EQUIVALENTS	**4,542**	**2,691**
Represented by:		
Cash for Health Service Operations (as per Cash Flow Statement)	4,542	2,691
TOTAL CASH AND CASH EQUIVALENTS	**4,542**	**2,691**

Cash and cash equivalents recognised on the balance sheet 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 with an insignificant risk of changes in value.

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

NOTE 6.4: COMMITMENTS FOR EXPENDITURE

	2017 $'000	2016 $'000
CAPITAL COMMITMENTS: ***(Commitments* for the acquisition of fixed assets.)***		
Payable		
Land and Buildings	14,182	29,387
Plant & Equipment		
■ Medical Equipment	2,253	9,747
■ Computer Equipment	16,275	17,355
■ Other Equipment	2,140	4,392
■ Motor Vehicles	-	102
TOTAL CAPITAL COMMITMENTS	**34,850**	**60,983**
Payable		
Not later than one year	32,066	44,327
Later than one year but not later than 5 years	2,784	16,656
Later than 5 Years	-	-
TOTAL	**34,850**	**60,983**
OPERATING COMMITMENTS: ***(Commitments* for operating expenditure under contracts for the supply of services, materials and other but not recognised as liabilities)***		
Supplies & Consumables		
■ Medical	122,557	150,334
■ Other	51,091	67,559
Maintenance Contracts		
■ Medical	6,817	3,992
■ Non-Medical	431	481
■ Information Technology	12,068	13,370
TOTAL OPERATING COMMITMENTS	**192,964**	**235,736**
Payable		
■ Not later than one year	65,300	83,341
■ Later than one year but not later than 5 years	108,092	105,562
■ Later than 5 Years	19,572	46,833
TOTAL	**192,964**	**235,736**
Lease Commitments:		
Commitments in relation to leases contracted for at the reporting date:		
Operating Lease	17,180	5,758
TOTAL LEASE COMMITMENTS	**17,180**	**5,758**
Payable		
■ Not later than one year	1,721	2,200
■ Later than one year but not later than 5 years	7,291	3,558
■ Later than 5 Years	8,168	-
TOTAL LEASE COMMITMENTS	**17,180**	**5,758**
TOTAL COMMITMENTS (INCLUSIVE OF GST)	**244,994**	**302,477**
Less GST recoverable from Australian Tax Office	22,272	27,498
TOTAL COMMITMENTS (EXCLUSIVE OF GST)	**222,722**	**274,979**

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

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed at their nominal value are not recognised and are inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

NOTE 7:
RISKS, CONTINGENCIES & VALUATION UNCERTAINTIES

The hospital is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for the hospital is related mainly to fair value determination.

Structure

NOTE 7.1: FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

Eastern Health's principal financial instruments comprise of:

- Cash Assets
- Term Deposits
- Receivable (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 Health Service's main financial risks include credit risk, liquidity risk and interest rate risk. The Health Service manages these financial risks in accordance with its Investment risk and credit risk practice guidelines.

The Health Service uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with Board with advise from the Finance Committee of the Health Service.

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

NOTE 7.1: FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categorisation of financial instruments

2017	CONTRACTUAL FINANCIAL ASSETS – LOANS AND RECEIVABLES $'000	CONTRACTUAL FINANCIAL LIABILITIES AT AMORTISED COST $'000	TOTAL $'000
Contractual Financial Assets			
Cash and cash equivalents	4,542	-	4,542
Receivables	9,944	-	9,944
Other debtors	11,905	-	11,905
Other Financial assets	6,746	-	6,746
TOTAL FINANCIAL ASSETS (I)	**33,137**	**-**	**33,137**
Financial Liabilities			
Payables	-	59,660	59,660
Interest Bearing Liabilities	-	14,837	14,837
Other Liabilities	-	6,787	6,787
TOTAL FINANCIAL LIABILITIES (II)	**-**	**81,284**	**81,284**

2016	CONTRACTUAL FINANCIAL ASSETS – LOANS AND RECEIVABLES $'000	CONTRACTUAL FINANCIAL LIABILITIES AT AMORTISED COST $'000	TOTAL $'000
Contractual Financial Assets			
Cash and cash equivalents	2,691	-	2,691
Receivables	13,755	-	13,755
Other debtors	10,772	-	10,772
Other Financial assets	5,992	-	5,992
TOTAL FINANCIAL ASSETS (I)	**33,210**	**-**	**33,210**
Financial Liabilities			
Payables	-	59,698	59,698
Interest Bearing Liabilities	-	13,140	13,140
Other Liabilities	-	6,033	6,033
TOTAL FINANCIAL LIABILITIES (II)	**-**	**78,871**	**78,871**

NOTES:

(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 7.1: FINANCIAL INSTRUMENTS (CONTINUED)

(b) Net holding gain/loss on financial instruments by category

2017	TOTAL INTEREST INCOME/ (EXPENSE) $'000	IMPAIRMENT LOSSES $'000	TOTAL $'000
Financial Assets			
Cash and Cash Equivalent^	945	-	945
■ Receivables - Trade Debtors^	-	-	-
■ Receivables - Other Debtors^	-	-	-
Other Financial Assets^	-	-	-
TOTAL FINANCIAL ASSETS	**945**	**-**	**945**
Financial Liabilities			
Payables*	-	-	-
Interest Bearing Liabilities*	819	-	819
Other Liabilities*	-	-	-
TOTAL CURRENT	**819**	**-**	**819**

2016	TOTAL INTEREST INCOME/ (EXPENSE) $'000	IMPAIRMENT LOSSES $'000	TOTAL $'000
Financial Assets			
Cash and Cash Equivalent^	989	-	989
■ Receivables - Trade Debtors^	-	-	-
■ Receivables - Other Debtors^	-	-	-
Other Financial Assets^	-	-	-
TOTAL FINANCIAL ASSETS	**989**	**-**	**989**
Financial Liabilities			
Payables*	-	-	-
Interest Bearing Liabilities*	857	-	857
Other Liabilities*	-	-	-
TOTAL CURRENT	**857**	**-**	**857**

^ *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 7.1: FINANCIAL INSTRUMENTS (CONTINUED)

(c) Credit risk

Credit risk arises from the contractual financial assets of the Health Service, which comprise cash and deposits and non statutory receivables. 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 B rating and to obtain sufficient collateral or credit enhancements, where appropriate.

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

Provision of impairment for contractual financial assets is recognised when there is objective evidence that the Health Service will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue and changes in debtor credit ratings.

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

2017	FINANCIAL INSTITUTIONS (AAA CREDIT RATING) $'000	GOVERNMENT AGENCIES (AAA CREDIT RATING) $'000	GOVERNMENT AGENCIES (BBB CREDIT RATING) $'000	OTHER $'000	TOTAL $'000
Financial Assets					
Cash and cash equivalents	4,542	-	-	-	4,542
■ Receivables - Trade Debtors	-	-	-	7,506	7,506
■ Receivables - Other Debtors	-	-	-	2,305	2,305
Other Financial assets	6,746	-	-	-	6,746
TOTAL FINANCIAL ASSETS (I)	**11,288**	**-**	**-**	**9,811**	**21,099**

2016	FINANCIAL INSTITUTIONS (AAA CREDIT RATING) $'000	GOVERNMENT AGENCIES (AAA CREDIT RATING) $'000	GOVERNMENT AGENCIES (BBB CREDIT RATING) $'000	OTHER $'000	TOTAL $'000
Financial Assets					
Cash and cash equivalents	2,691	-	-	-	2,691
■ Receivables - Trade Debtors	-	-	-	10,535	10,535
■ Receivables - Other Debtors	-	-	-	2,230	2,230
Other Financial assets	5,992	-	-	-	5,992
TOTAL FINANCIAL ASSETS (I)	**8,683**	**-**	**-**	**12,765**	**21,448**

NOTE:

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

NOTE 7.1: FINANCIAL INSTRUMENTS (CONTINUED)

(c) Credit risk (continued)

Ageing analysis of Financial Assets

2017	CONSOLIDATED 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	3 MONTHS - 1 YEAR $'000	OVER 5 YEARS $'000
Financial Assets							
Cash and Cash Equivalents	4,542	4,542	-	-	-	-	-	-
■ Receivables - Trade Debtors	9,944	7,506	338	513	840	747	-	(1,064)
■ Receivables - Other Debtors	11,905	2,305	3,892	3,059	1,939	710	-	(1,966)
Other Financial Assets	6,746	6,746	-	-	-	-	-	-
TOTAL FINANCIAL ASSETS	**33,137**	**21,099**	**4,230**	**3,572**	**2,779**	**1,457**	**-**	**(3,030)**

2016	CONSOLIDATED 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	3 MONTHS - 1 YEAR $'000	OVER 5 YEARS $'000
Financial Assets							
Cash and Cash Equivalents	2,691	2,691	-	-	-	-	-	-
■ Receivables - Trade Debtors	13,755	10,535	1,509	854	508	349	-	(617)
■ Receivables - Other Debtors	10,772	2,230	3,490	2,756	1,747	549	-	(1,700)
Other Financial Assets	5,992	5,992	-	-	-	-	-	-
TOTAL FINANCIAL ASSETS	**33,210**	**21,448**	**4,999**	**3,610**	**2,255**	**898**	**-**	**(2,317)**

NOTE:

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

Contractual financial assets that are either past due or impaired

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

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

NOTE 7.1: FINANCIAL INSTRUMENTS (CONTINUED)

(d) Liquidity risk

Liquidity risk is the risk that the Health Service would be unable to meet its financial obligations as and when they fall due.

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 its liquidity risk through regular cash forecasts and ensuring sufficient available cash is held to meets its obligations.

The interest bearing liabilities relate to four loans which are detailed on note 6.1.

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 June

2017	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
Financial Liabilities							
At amortised cost							
■ Trade Creditors and Accruals	59,660	59,660	38,779	20,881	-	-	-
Other Financial Liabilities (i)							
■ Interest Bearing Liabilities	14,837	14,837	53	106	499	4,647	9,532
■ Other Liabilities	6,787	-	-	-	6,787	-	-
TOTAL FINANCIAL LIABILITIES	**81,284**	**74,497**	**38,832**	**20,987**	**7,286**	**4,647**	**9,532**

2016	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
Financial Liabilities							
At amortised cost							
■ Trade Creditors and Accruals	59,698	59,698	38,804	20,894	-	-	-
Other Financial Liabilities (i)							
■ Interest Bearing Liabilities	13,140	13,140	50	100	467	2,687	9,836
■ Other Liabilities	6,033	-	-	-	6,033	-	-
TOTAL FINANCIAL LIABILITIES	**78,871**	**72,838**	**38,854**	**20,994**	**6,500**	**2,687**	**9,836**

NOTE:

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

NOTE 7.1: FINANCIAL INSTRUMENTS (CONTINUED)

(e) Market Risk

Eastern Health's exposures to market risk are primarily through interest rate risk as disclosed in the paragraph below.

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.

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

The Health Service has minimal exposure to cash flow interest rate risks through its cash and deposits, term deposits and bank overdrafts that are at floating rate.

The Health Service manages this risk by mainly undertaking fixed rate or non-interest bearing financial instruments with relatively even maturity profiles, with only insignificant amounts of financial instruments at floating rate. Management has concluded for cash at bank and bank overdraft, as financial assets that can be left at floating rate without necessarily exposing the Health Service to significant bad risk, management monitors movement in interest rates on a daily basis.

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

2017	WEIGHTED AVERAGE EFFECTIVE INTEREST RATES (%)	CARRYING AMOUNT $'000	INTEREST RATE EXPOSURE		
			FIXED INTEREST RATE $'000	VARIABLE INTEREST RATE $'000	NON INTEREST BEARING $'000
Financial Assets					
■ Cash and Cash Equivalents	2.00%	4,542	-	4,506	36
Loans and Receivables (i)					
■ Trade Debtors	-	9,944	-	-	9,944
■ Other Receivables	-	11,905	-	-	11,905
■ Other Financial Assets	2.44%	6,746	6,746	-	-
		33,137	**6,746**	**4,506**	**21,885**
Financial Liabilities					
At amortised cost					
■ Trade Creditors and Accruals	-	59,660	-	-	59,660
■ Interest Bearing Liabilities	6.37%	14,837	12,523	-	2,314
■ Other Liabilities	-	41	-	-	41
Other Financial Liabilities					
■ Accommodation Bonds	-	6,746	-	-	6,746
		81,284	**12,523**	**-**	**68,761**

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NOTE 7.1: FINANCIAL INSTRUMENTS (CONTINUED)

(e) Market Risk (continued)

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

2016	WEIGHTED AVERAGE EFFECTIVE INTEREST RATES (%)	CARRYING AMOUNT $'000	INTEREST RATE EXPOSURE		
			FIXED INTEREST RATE $'000	VARIABLE INTEREST RATE $'000	NON INTEREST BEARING $'000
Financial Assets					
■ Cash and Cash Equivalents	2.25%	2,691	-	2,660	31
Loans and Receivables (i)					
■ Receivables - Trade Debtors	-	13,755	-	-	13,755
■ Receivables - Other Debtors	-	10,772	-	-	10,772
■ Other Financial Assets	2.91%	5,992	5,992	-	-
		33,210	**5,992**	**2,660**	**24,558**
Financial Liabilities					
At amortised cost					
■ Trade Creditors and Accruals	-	59,698	-	-	59,698
■ Interest Bearing Liabilities	6.50%	13,140	13,140	-	-
■ Other Liabilities	-	41	-	-	41
Other Financial Liabilities					
■ Accommodation Bonds	-	5,992	-	-	5,992
		78,871	**13,140**	**-**	**65,731**

NOTE:

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

NOTE 7.1: FINANCIAL INSTRUMENTS (CONTINUED)

(e) Market Risk (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 rate (AUD) from year end rates of 1.50%

The following table discloses the impact on 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.

		INTEREST RATE EXPOSURE			
		-0.5%		+0.5%	
2017	CARRYING AMOUNT $'000	PROFIT $'000	EQUITY $'000	PROFIT $'000	EQUITY $'000
Financial Assets					
Cash and cash equivalents (i)	4,542	(23)	(23)	23	23
Loans and Receivables (ii)					
■ Trade Debtors	9,944	-	-	-	-
■ Other Receivables	11,905	-	-	-	-
Other Financial assets	6,746	(34)	(34)	34	34
Financial Liabilities					
At amortised cost					
■ Payables	59,660	-	-	-	-
■ Interest Bearing Liabilities	14,837	-	-	-	-
■ Other Liabilities	41	-	-	-	-
Other Financial Liabilities (ii)					
■ Accommodation Bonds	6,746	-	-	-	-
		(57)	**(57)**	**57**	**57**

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NOTE 7.1: FINANCIAL INSTRUMENTS (CONTINUED)

(e) Market Risk (continued)

Sensitivity disclosure analysis (continued)

2016	CARRYING AMOUNT $'000	INTEREST RATE EXPOSURE			
		-0.5%		+0.5%	
		PROFIT $'000	EQUITY $'000	PROFIT $'000	EQUITY $'000
Financial Assets					
Cash and cash equivalents (i)	2,691	(13)	(13)	13	13
Loans and Receivables (ii)					
■ Trade Debtors	13,755	-	-	-	-
■ Other Receivables	10,772	-	-	-	-
Other Financial assets	5,992	(30)	(30)	30	30
Financial Liabilities					
At amortised cost					
■ Payables	59,698	-	-	-	-
■ Interest Bearing Liabilities	13,140	-	-	-	-
■ Other Liabilities	41	-	-	-	-
Other Financial Liabilities (ii)					
■ Accommodation Bonds	5,992	-	-	-	-
		(43)	**(43)**	**43**	**43**

NOTES:

(i) *Sensitivity of cash and cash equivalents to a 0.5% movement in interest rates.*

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

NOTE 7.1: FINANCIAL INSTRUMENTS (CONTINUED)

(f) Fair value

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

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

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

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

Comparison between carrying amount and fair value

	CARRYING AMOUNT 2017 $'000	FAIR VALUE 2017 $'000	CARRYING AMOUNT 2016 $'000	FAIR VALUE 2016 $'000
Financial Assets				
Cash and cash equivalents	4,542	4,542	2,691	2,691
Loans and Receivables (i)				
■ Trade Debtors	9,944	8,880	13,755	13,138
■ Other Receivables	11,905	9,939	10,772	9,072
Other Financial assets	6,746	6,746	5,992	5,992
TOTAL FINANCIAL ASSETS	**33,137**	**30,107**	**33,210**	**30,893**
Financial Liabilities				
At amortised cost				
■ Payables (i)	59,660	59,660	59,698	59,698
■ Interest Bearing Liabilities	14,837	14,837	13,140	13,140
■ Other Liabilities	41	41	41	41
Other Financial Liabilities				
■ Accommodation Bonds	6,746	6,746	5,992	5,992
TOTAL FINANCIAL LIABILITIES	**81,284**	**81,284**	**78,871**	**78,871**

NOTE:

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

NOTE 7.1: FINANCIAL INSTRUMENTS (CONTINUED)

(f) Fair value (continued)

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

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

The following refers to financial instruments unless otherwise stated.

Categories of non-derivative financial instruments

Loans and receivables

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

Loans and receivables category includes cash and deposits *(refer to Note 4.1 and Note 6.1)*, term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

Financial liabilities at amortised cost

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

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

NOTE 7.2: NET GAIN/(LOSS) ON DISPOSAL OF NON FINANCIAL ASSETS

	2017 $'000	2016 $'000
Proceeds from Disposals of Non-Current Assets		
Plant & Equipment		
■ Major Medical Equipment	-	-
■ Computers & Communications	-	-
Buildings	-	-
Furniture & Fittings	56	8
Motor Vehicles	467	602
TOTAL PROCEEDS FROM DISPOSAL OF NON-CURRENT ASSETS	**523**	**610**
Less: Written Down Value of Non-Current Assets Sold or Disposed		
Plant & Equipment		
■ Major Medical Equipment	403	427
■ Computers & Communications	4	3
Buildings	160	-
Furniture & Fittings	-	32
Motor Vehicles	305	327
TOTAL WRITTEN DOWN VALUE OF NON CURRENT ASSETS SOLD	**872**	**789**
NET GAIN/(LOSS) ON DISPOSAL OF NON-CURRENT ASSETS	**(349)**	**(179)**

Any gain or loss on the sale of non-financial assets is recognised in the comprehensive operating statement. Any gain or loss is recognised at the date of disposal and is the difference between the proceeds and the carrying value of the asset at the time that control of the asset is passed to the buyer.

Impairment of non-financial assets

All non-financial assets are assessed annually for indications of impairment, except for inventories.

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 reversal 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 of disposal. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs of disposal.

NOTE 7.3: CONTINGENT ASSETS & CONTINGENT LIABILITIES

The Health Service has no quantifiable or non-quantifiable contingent assets or liabilities to report as at 30 June 2017 (2015-16 Nil).

NOTE 8:
OTHER DISCLOSURES

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

Structure

NOTE 8.1: EQUITY

	2017 $'000	2016 $'000
(a) Surpluses		
Property, Plant & Equipment Revaluation Surplus		
Balance at the beginning of the reporting period	215,640	197,873
Revaluation Increments/(Decrements)		
▪ Land	1,429	17,767
BALANCE AT THE END OF THE REPORTING PERIOD	**217,069**	**215,640**
Represented by:		
▪ Land	69,586	68,157
▪ Buildings	147,483	147,483
BALANCE AT THE END OF THE REPORTING PERIOD	**217,069**	**215,640**
Restricted Specific Purpose Reserve		
Balance at the beginning of the reporting period	27,920	25,441
Transfer (to) / from Restricted Specific Purpose Reserve	2,633	2,479
BALANCE AT THE END OF THE REPORTING PERIOD	**30,553**	**27,920**
TOTAL SURPLUSES	**247,622**	**243,560**
(b) Contributed Capital		
Balance at the beginning of the reporting period	236,964	235,762
Capital contribution received from Victorian Government	10,582	1,202
BALANCE AT THE END OF THE REPORTING PERIOD	**247,546**	**236,964**
(c) Accumulated Surpluses/(Deficits)		
Balance at the beginning of the reporting period	212,667	237,803
Net Result for the Year	(28,522)	(22,657)
Transfer (to) / from Restricted Specific Purpose Reserve	(2,633)	(2,479)
BALANCE AT THE END OF THE REPORTING PERIOD	**181,512**	**212,667**
(D) TOTAL EQUITY AT THE END OF FINANCIAL YEAR	**676,680**	**693,191**

NOTE:

(i) *The property, plant & equipment asset revaluation surplus arises on the revaluation of property, plant and equipment.*

NOTE 8.1: EQUITY (CONTINUED)

Contributed Capital

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

Transfers of net assets arising from administrative restructurings are treated as contributions by owners. Transfers of net liabilities arising from administrative restructures are to go through the comprehensive operating statement.

Property, plant & equipment revaluation surplus

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

Restricted specific purpose surplus

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

NOTE 8.2: RECONCILIATION OF NET RESULT FOR THE YEAR TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2017 $'000	2016 $'000
Net Result for the period	**(28,522)**	**(22,657)**
Non-cash movements		
Depreciation & Amortisation	69,362	65,282
Movements included in investing and financing activities		
Net (Gain)/Loss from disposal of non financial physical assets	349	179
Capital Grant - Indirect Contribution by Department of Health & Human Services	(5,291)	(20,381)
Grant - Indirect Contribution by Department of Health & Human Services	(8,949)	(8,172)
Discount interest expense / (revenue) on Financial instrument	(186)	-
Movements in assets and liabilities		
(Increase)/Decrease in receivables	497	(4,513)
(Increase)/Decrease in other assets	826	(1,859)
Increase/(Decrease) in provision for doubtful debts	713	117
Increase/(Decrease) in other liabilities	(71)	183
Increase/(Decrease) in payables	341	7,678
Increase/(Decrease) in employee benefits	18,987	7,502
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	**48,056**	**23,359**

NOTE 8.3: OPERATING SEGMENTS

2017	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
Segment									
Hospital	997,237	1,025,958	(28,721)	931,379	264,763	666,616	53,745	69,048	1,062
Nursing Homes	9,799	9,425	374	13,715	6,263	7,452	135	207	-
Hostel	1,394	1,569	(175)	5,128	2,516	2,612	21	107	-
TOTAL	**1,008,430**	**1,036,952**	**(28,522)**	**950,222**	**273,542**	**676,680**	**53,901**	**69,362**	**1,062**

2016	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
Segment									
Hospital	922,084	945,206	(23,122)	926,742	243,913	682,829	52,903	64,962	296
Nursing Homes	9,574	9,161	413	12,812	5,162	7,650	45	212	-
Hostel	1,541	1,489	52	5,471	2,759	2,712	24	108	-
TOTAL	**933,199**	**955,856**	**(22,657)**	**945,025**	**251,834**	**693,191**	**52,972**	**65,282**	**296**

Geographical Segment

The Health Service operates predominantly in Melbourne (Eastern suburbs and the Yarra Valley), Victoria. More than 90% of revenue, net result from ordinary activities and segment assets, relates to operations in Melbourne (Eastern suburbs and the Yarra Valley), 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 8.4: RESPONSIBLE PERSONS DISCLOSURES

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

	PERIOD
RESPONSIBLE MINISTERS	
The Honourable Jill Hennessy, Minister for Health, Minister for Ambulance Services	1/07/2016 - 30/06/2017
The Honourable Martin Foley, Minister for Housing, Disability and Ageing, Minister for Mental Health	1/07/2016 - 30/06/2017
GOVERNING BOARD	
Dr Joanna Flynn AM	1/07/2016 - 30/06/2017
Mr Denis Hogg AM (appointment expired 30/06/2017)	1/07/2016 - 30/06/2017
Mr Stuart Alford	1/07/2016 - 30/06/2017
Professor Andrew Conway (appointment expired 30/06/2017) (appointment commenced 1/07/2017)	1/07/2016 - 30/06/2017
Ms Jill Linklater	1/07/2016 - 30/06/2017
Professor Pauline Nugent	1/07/2016 - 30/06/2017
Mr Anastasios Mousaferiadis	1/07/2016 - 30/06/2017
Hon Fran Bailey	1/07/2016 - 30/06/2017
ACCOUNTABLE OFFICER	
Mr Alan Lilly	1/07/2016 - 4/09/2016
Mr David Plunkett	4/09/2016 - 30/06/2017

Remuneration of Responsible Persons

The number of Responsible persons are shown in their relevant income bands. The total remuneration of Responsible Persons includes superannuation and bonuses.

	NO OF DIRECTORS & ACCOUNTABLE OFFICER 2017	NO OF DIRECTORS & ACCOUNTABLE OFFICER 2016
$20,001 - $30,000	-	1
$30,001 - $40,000	7	7
$70,001 - $80,000	1	1
$130,001 - $140,000	1	-
$290,001 - $300,000	1	-
$510,001 - $520,000	-	1
TOTAL NUMBERS	**10**	**10**
TOTAL REMUNERATION RECEIVED OR DUE AND RECEIVABLE BY RESPONSIBLE PERSONS FROM EASTERN HEALTH AMOUNTED TO:	**$765,164**	**$875,928**

Amounts relating to Responsible Ministers are reported in the financial statements of the Department of Premier and Cabinet. For information regarding related party transaction of ministers, the register of members interests is publicly available from **www,parliament.vic.gov.au/publications/register** of interests.

NOTE 8.5: 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 table under the different remuneration categories.

	2016-17 $
Remuneration	
Short-term benefits**	1,897,891
Other long-term benefits	63,189
TOTAL REMUNERATION	**2,194,775**
TOTAL ANNUALISED EMPLOYEE EQUIVALENT (AEE)*	**8**
TOTAL NUMBER OF EXECUTIVES	**10**

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

** *The short term benefits excludes any Long Service Leave paid during the year.*

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

NOTE 8.6: RELATED PARTIES

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

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

All related party transactions have been entered into on an arm's length basis.

Significant transactions with government-related entities.

Eastern Health received or has receivable funding from the Department of Health and Human Services of $819 million (2016: $761 million).

Key management personnel (KMP) of the hospital include the Portfolio Ministers and Cabinet Ministers and Responsible persons and executive officers as identified in Note 8.4 and Note 8.5 and KMP as determined by the hospital. The compensation detailed below excludes the salaries and benefits the Portfolio Ministers receive. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968*, and is reported within the Department of Parliamentary Services' Financial Report.

NOTE 8.6: RELATED PARTIES (CONTINUED)

	2017 $'000
Short term employee benefits	2,593
Post-employment benefits	304
Other long-term benefits	76
Termination benefits	-
Share based payments	-
TOTAL	**2,973**

Transactions with key management personnel and other related parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements. Outside of normal citizen type transactions with the department, there were no related party transactions that involved key management personnel and their close family members. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

All other transactions that have occurred with KMP and their related parties have been trivial or domestic in nature. In this context, transactions are only disclosed when they are considered of interest to users of the financial report in making and evaluation decisions about the allocation of scare resources.

NOTE 8.7: REMUNERATION OF AUDITORS

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

	2017 $'000	2016 $'000
Audit fees paid or payable to the Victorian Auditor-General's		
Office for the audit of Eastern Health's current financial report	120	123
TOTAL PAID OR PAYABLE	**120**	**123**

NOTE 8.8: AASBS ISSUED THAT ARE NOT EFFECTIVE YET

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting period. DTF assesses the impact of these new standards and advises the Eastern Health of their applicability and early adoption where applicable.

As at 30 June 2017, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. Eastern Health has not and does not intend to adopt these standards early.

STANDARD/ INTERPRETATION	SUMMARY	APPLICABLE FOR REPORTING PERIODS BEGINNING AFTER	IMPACT ON HEALTH SERVICE'S ANNUAL STATEMENTS
AASB 16 *Leases*	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	1 January 2019	The preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 9 *Financial Instruments*	The key changes introduced by AASB 9 include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 January 2018	The preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 1058 *Income for Not-for-Profit Entities*	This Standard clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15 Revenue from Contracts with Customers. These Standards supersede all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions. The requirements of this Standard more closely reflect the economic reality of NFP entity transactions that are not contracts with customers. The timing of income recognition depends on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity.	1 January 2019	The preliminary assessment has not identified any material impact arising from AASB 1058, it will continue to be monitored and assessed.
AASB 15 *Revenue from Contracts with Customers*	The objective of this Standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.	1 January 2017	The preliminary assessment has not identified any material impact arising from AASB 15, it will continue to be monitored and assessed.

STANDARD/ INTERPRETATION	SUMMARY	APPLICABLE FOR REPORTING PERIODS BEGINNING AFTER	IMPACT ON HEALTH SERVICE'S ANNUAL STATEMENTS
AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*	This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events. The amendments: ■ require non-contractual receivables arising from statutory requirements (i.e. taxes, rates and fines) to be initially measured and recognised in accordance with AASB 9 as if those receivables are financial instruments; and ■ clarifies circumstances when a contract with a customer is within the scope of AASB 15.	1 January 2019	The assessment has indicated that there will be no significant impact for the public sector, other than the impacts identified for AASB 9 and AASB 15 above.
AASB 2016-4 *Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities*	The standard amends AASB 136 Impairment of Assets to remove references to using depreciated replacement cost (DRC) as a measure of value in use for not-for-profit entities.	1 January 2017	The assessment has indicated that there is minimal impact. Given the specialised nature and restrictions of public sector assets, the existing use is presumed to be the highest and best use (HBU), hence current replacement cost under AASB 13 Fair Value Measurement is the same as the depreciated replacement cost concept under AASB 136.

In addition to the new standards above, the AASB has issued a list of amending standards that are not effective for the 2016-17 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 Interpretations in the list below are also not effective for the 2016-17 reporting period and considered to have insignificant impacts on public sector reporting.

- AASB 2010-7
  Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).
- AASB 2013-9
  Amendments to Australian Accounting Standards [PART C Financial Instruments].
- AASB 2014-1
  Amendments to Australian Accounting Standards [PART E Financial Instruments].
- AASB 2014-7
  Amendments to Australian Accounting Standards arising from AASB 9 (December 2014).
- AASB 2015 2
  Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049]
- AASB 2015 3
  Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality
- AASB 2014 5
  Amendments to Australian Accounting Standards arising from AASB 15
- AASB2014-9
  Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements [AASB 1, 127 & 128]
- AASB2014-10
  Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & AASB 1028]

NOTE 8.9: EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the Health Service and other parties, the transactions are only recognised when the agreement is irrevocable at or before the end of the reporting period.

Adjustments are made to amounts recognised in the financial statements for events which occur between the end of the reporting period and the date when the financial statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate to conditions which arose after the end of the reporting period that are considered to be of material interest.

At the time the report was being prepared and signed the Board is not aware of any events that could have a material impact on the financial statements.

NOTE 8.10: ECONOMIC DEPENDENCY

The financial performance and position of Eastern Health has declined since the prior year, with the health service reporting a deficit net result before capital and specific items of $8.439 million (2016: $1.026 million surplus), a working capital deficiency of $103.184 million (2016: 95.830 million) and a (continued) cash outflow from operations of $48.056 million (2016: $23.359 million) including capital income of $43.091million (2016: 22.124 million).

As a result of the financial performance and position, Eastern Health has obtained a letter of support from the State Government and in particular, the Department of Health and Human Services (DHHS), confirming that the department will continue to provide Eastern Health adequate cash flow to meet its current and future obligations up to 30 September 2018. (A letter was also obtained for the previous financial year). On that basis, the financial statements have been prepared on a going concern basis.

NOTE 8.11: GLOSSARY OF TERMS AND STYLE CONVENTIONS

Actuarial gains or losses on superannuation defined benefit plans

Actuarial gains or losses are changes in the present value of the superannuation defined benefit liability resulting from

(a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and

(b) the effects of changes in actuarial assumptions.

Amortisation

Amortisation is the expense which results from the consumption, extraction or use over time of a non-produced physical or intangible asset.

Comprehensive result

The net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other comprehensive income.

Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

Current grants

Amounts payable or receivable for current purposes for which no economic benefits of equal value are receivable or payable in return.

Depreciation

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense reduces the 'net result for the year'.

Effective interest method

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

Employee benefits expenses

Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments, defined benefits superannuation plans, and defined contribution superannuation plans.

Ex gratia expenses

Ex-gratia expenses mean the voluntary payment of money or other non-monetary benefit (e.g. a write off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability, or claim against the entity.

NOTE 8.11: GLOSSARY OF TERMS AND STYLE CONVENTIONS (CONTINUED)

Financial asset

A financial asset is any asset that is:

(a) cash;

(b) an equity instrument of another entity;

(c) a contractual or statutory right:

- to receive cash or another financial asset from another entity; or
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity; or

(d) a contract that will or may be settled in the entity's own equity instruments and is:

- a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
- a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

Financial liability

A financial liability is any liability that is:

(a) A contractual obligation:

(i) to deliver cash or another financial asset to another entity; or

(ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or

(b) A contract that will or may be settled in the entity's own equity instruments and is:

(i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or

(ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial statements

A complete set of financial statements comprises:

(a) Balance sheet as at the end of the period;

(b) Comprehensive operating statement for the period;

(c) A statement of changes in equity for the period;

(d) Cash flow statement for the period;

(e) Notes, comprising a summary of significant accounting policies and other explanatory information;

(f) Comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 Presentation of Financial Statements; and

(g) A statement of financial position at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 41 of AASB 101.

General government sector

The general government sector comprises all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. General government services include those which are mainly non-market in nature, those which are largely for collective consumption by the community and those which involve the transfer or redistribution of income. These services are financed mainly through taxes, or other compulsory levies and user charges.

Intangible produced assets

Refer to produced assets in this glossary.

Interest expense

Costs incurred in connection with the borrowing of funds includes interest on bank overdrafts and short-term and long-term liabilities, amortisation of discounts or premiums relating to liabilities, interest component of finance leases repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

Interest income

Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

Investment properties

Investment properties represent properties held to earn rentals or for capital appreciation or both. Investment properties exclude properties held to meet service delivery objectives of the State of Victoria.

NOTE 8.11: GLOSSARY OF TERMS AND STYLE CONVENTIONS (CONTINUED)

Liabilities

Liabilities refers to interest-bearing liabilities mainly raised from public liabilities raised through the Treasury Corporation of Victoria, finance leases and other interest-bearing arrangements. Liabilities also include non-interest-bearing advances from government that are acquired for policy purposes.

Net acquisition of non-financial assets (from transactions)

Purchases (and other acquisitions) of non-financial assets less sales (or disposals) of non-financial assets less depreciation plus changes in inventories and other movements in non-financial assets. It includes only those increases or decreases in non-financial assets resulting from transactions and therefore excludes write-offs, impairment write-downs and revaluations.

Net result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of income, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other comprehensive income'.

Net result from transactions/net operating balance Net result from transactions or net operating balance is a key fiscal aggregate and is income from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets.

Net worth

Assets less liabilities, which is an economic measure of wealth.

Non-financial assets

Non-financial assets are all assets that are not 'financial assets'. It includes inventories, land, buildings, infrastructure, road networks, land under roads, plant and equipment, investment properties, cultural and heritage assets, intangible and biological assets.

Non-produced assets

Non-produced assets are assets needed for production that have not themselves been produced. They include land, subsoil assets, and certain intangible assets. Non-produced intangibles are intangible assets needed for production that have not themselves been produced. They include constructs of society such as patents.

Non-profit institution

A legal or social entity that is created for the purpose of producing or distributing goods and services but is not permitted to be a source of income, profit or other financial gain for the units that establish, control or finance it.

Payables

Includes short and long term trade debt and accounts payable, grants, taxes and interest payable.

Produced assets

Produced assets include buildings, plant and equipment, inventories, cultivated assets and certain intangible assets. Intangible produced assets may include computer software, motion picture films, and research and development costs (which does not nclude the startup costs associated with capital projects).

Receivables

Includes amounts owing from government through appropriation receivable, short and long term trade credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

Sales of goods and services

Refers to income from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services and work done as an agent for private enterprises. It also includes rental income under operating leases and on produced assets such as buildings and entertainment, but excludes rent income from the use of non-produced assets such as land. User charges includes sale of goods and services income.

Supplies and services

Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of the Department.

Transactions

Revised Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows in an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset.

Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash.

Style conventions

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts. The notation used in the tables is as follows:

- zero, or rounded to zero
- (xxx.x) negative numbers
- 201x year period
- 201x-1x year period

GLOSSARY, INDEX AND CONTACTS

From Mandarin to Greek, Eastern Health is ensuring language is no barrier when it comes to providing quality healthcare. Eastern Health currently employs four full-time Chinese interpreters who speak Cantonese and Mandarin and one full-time Greek interpreter, as well as part-time staff for Chinese, Greek and Chin Hakha. The Language Services team also has a casual bank of accredited interpreters for Arabic, Persian, Korean and Spanish. They work across all sites and services, including home visits, community rehabilitation and mental health, with specialist clinics (outpatients) the busiest department. In 2016-17, the in-house interpreter team registered a record 23,017 occasions of service – which is a 19 per cent increase, or 3601 more occasions. Pictured are Arthur Zantidis, Qiangyao Chen and Billiang Rahtin. *See page 8 for more information.*

GLOSSARY

ACAS	Aged Care Assessment Service
ACHS	Australian Council on Healthcare Standards
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
Amortisation	Reduction in the value of an intangible asset pro-rating its cover over a period of years
BAU	Business as usual
CCTV	Closed circuit television
Code Black	Serious personal threat in which police assistance is required
Code Grey	Personal threat
DHHS	Department of Health and Human Services
Discharge	Discharge is the point at which a patient leaves the health service and either returns home or is transferred to another facility, such as a nursing home
DVA	Department of Veterans' Affairs
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
Eastern@Home	Service that provides care in the comfort of a patient's home or other suitable location. Clients are still regarded as hospital inpatients and remain under the care of a hospital clinician. Care may be provided by nurses, doctors or allied health professionals.
EDVOS	Eastern Domestic Violence Service
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
EMR	Electronic medical record
EQuIP National Standards	Four-year accreditation program for health services that ensures a continuing focus on quality across the whole organisation
Every Minute Matters	This is the name given to a program of improvement initiatives
FOI	Freedom of information
FTE	Full-time equivalent
GEM	Geriatric evaluation and management

GJ	Gigajoule
GST	Goods and services tax
ICT	Information and communication technology
ICU	Intensive care unit
Inpatient	A patient whose treatment needs at least one night's admission in an acute or sub-acute hospital setting
Kg	Kilogram
KgCO²e	Equivalent kilograms of carbon dioxide
Kl	Kilolitre
LED	Light emitting diode
LGBTI	Lesbian, gay, bisexual, transgender and intersex
m²	Square metres
MWh	Megawatt hour
NDIS	National Disability Insurance Scheme
Koolin Balit	The name of the Victorian Government's strategy for Aboriginal health. *Koolin balit* means healthy people in the Boonwurrung language
NAATI	National Accreditation Authority for Translators and Interpreters
NSQHS Standards	National Safety and Quality Health Service Standards
OBD	Occupied bed day
Occasions of service	Hospital contact for an outpatient, either through an on-site clinic or home visit
OHS	Occupational health and safety
Outlier	A hospital that has a statistically significantly higher infection rate for a particular surgical procedure group compared to the VICNISS five-year aggregate for that procedure (includes all contributing hospitals in Victoria). Testing for statistical significance is performed each quarter but is based on data from the most recent two quarters (six months).
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
PVC	Polymerising vinyl chloride
Residential in-reach	Service that provides an alternative to emergency department presentations for clients in residential aged care facilities. It aims to support clients and staff to manage acute health issues when general practitioners or locums are unavailable.
SAB	Staphylococcus aureus bacteraemia
Seclusion event	This is the sole confinement of a person to a room or other enclosed space from which it is not within the control of the person confined to leave
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
TAC	Traffic Accident Commission
Terms of reference	Describes the purpose and structure of a committee, or any similar collection of people, who have agreed to work together to accomplish a shared goal
VAGO	Victorian Auditor-General's Office
VHIA	Victorian Hospitals' Industrial Association
VHIMS	Victorian Health Incident Management System
VICNISS	Victorian Healthcare Associated Infection Surveillance System. The "N" stands for a word derived from Greek "nosocomial" meaning "originating in a hospital".
VINAH	Victorian Integrated Non-Admitted Health data set
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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LOCATION

5 Arnold Street, Box Hill, Victoria

POSTAL ADDRESS

PO Box 94, Box Hill, Victoria 3128

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www.easternhealth.org.au

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FEEDBACK

Eastern Health values feedback and uses it to continuously improve the services we provide.

There are a number of ways to provide your feedback:

Fill in our online feedback form at www.easternhealth.org.au

Contact one of our Patient Relations Advisers on 1800 327 837. Patient Relations Advisers are available Monday to Friday from 9am to 5pm

Send an email to feedback@easternhealth.org.au

Write to us at:
The Centre for Patient Experience
Wantirna Health
251 Mountain Highway
Wantirna South, Victoria 3152

Via the Patient Opinion website at www.patientopinion.org.au

TELEPHONE INTERPRETER SERVICE

خدمات الترجمة

傳譯服務

Υπηρεσίες Διερμηνέων

Servizi Interpreti

131 450

PUBLICATIONS

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EASTERN HEALTH FOUNDATION

03 9895 4608

fundraising@easternhealth.org.au

www.easternhealth.org.au/foundation

Eastern Health's *Annual Report 2015-16* received a **Gold Award** at the 2017 Australasian Reporting Awards and was selected as one of five finalists for the ARA's Report of the Year Award. 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. To receive a Gold Award, the report must "demonstrate overall excellence in annual reporting and provide high-quality coverage of most aspects of the ARA criteria; full disclosure of key aspects of the core business and outstanding disclosures in major areas. A report that achieves a Gold Award is a model for other organisations to follow".

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DYNAMIC CREATIONS

easternhealth