easternhealth
GREAT HEALTH AND WELLBEING

ANNUAL REPORT 2013-2014

2013 Premier's Health Service of the Year

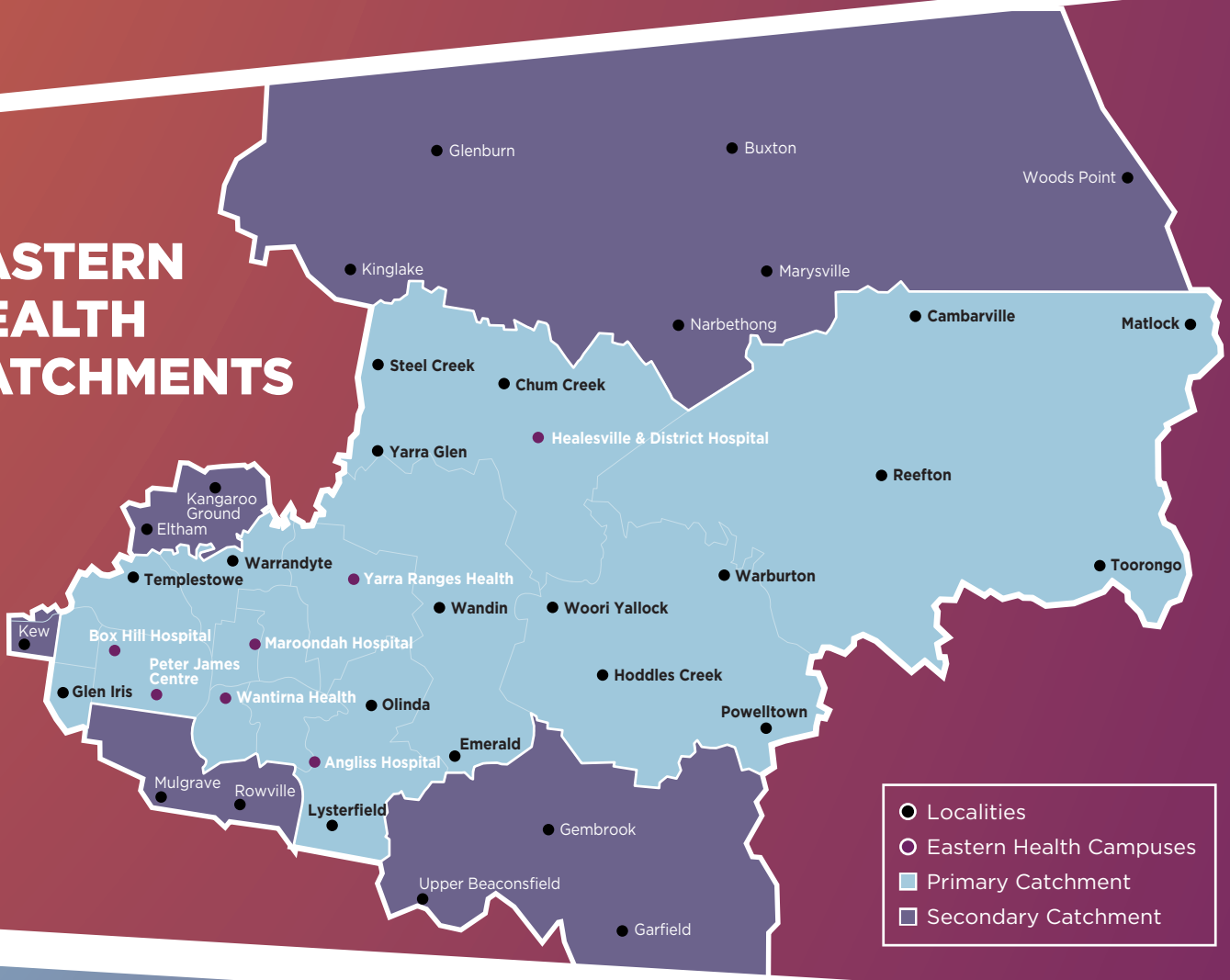
OUR VISION

Great health and wellbeing

OUR MISSION

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

EASTERN HEALTH CATCHMENTS



2013 Premier's Health Service of the Year

Eastern Health was named the *Premier's Health Service of the Year (Metropolitan)* at the 2013 Victorian Public Healthcare Awards. The award is the highest honour for a Victorian public health service, recognising excellence in the provision of publicly-funded healthcare. It is the first time Eastern Health has won this award.

Eastern Health celebrates after being named the Premier's Health Service of the Year (Metropolitan) at the 2013 Victorian Public Healthcare Awards. From left, Associate Program Director of Emergency and General Medicine John Ferraro, Director of Acute Health, Patient Experience & Consumer Participation Jo Gatehouse, Executive Director of Acute Health and Chief Nursing & Midwifery Officer David Plunkett, Chief Executive Alan Lilly, Board Director Kirby Clark, Board Chair Dr Joanna Flynn AM, Executive Director of Quality, Planning & Innovation Gayle Smith, Intensive Care Services Project and Research Co-ordinator Andrea Doric, Executive Director of Corporate Projects & Sustainability Zoltan Kokai and Manager of Consumer Participation & Patient Experience Tanya Hendry.

Since it was established in 2000, Eastern Health has played a key role in the provision of public health services in Melbourne's 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 2013-14* provides information about Eastern Health's sites, services, staff and operational achievements and challenges during this financial year.

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

- *Quality of Care Report 2014,* which details Eastern Health's progress and achievements in many clinical areas
- *Sustainability Report 2014,* which outlines Eastern Health's performance in the area of environmental and economic sustainability
- *Research Report 2014,* which highlights research undertaken by Eastern Health clinicians and other health professionals
- *Turning Point 2014,* 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**. A limited number of printed copies is also available. If you would like a printed copy, please call **03 9895 4879**.

The *Annual Report 2013-14* will be presented to the public at Eastern Health's annual meeting on 4 December 2014.

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 David Davis MP. 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.

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OUR BOARD CHAIR AND CHIEF EXECUTIVE

In a year of continuing and rising demand for our services, it is pleasing to reflect on many improvements across Eastern Health.

We have significantly improved timely access to services, while providing high quality care and living within our means. Being named the Premier's Health Service of the Year (Metropolitan) in November 2013 was the highlight of the year and is something in which we can all be proud.

We have experienced more stability than in the previous reporting period, enabling service development and innovation to flourish. This not only improves the care we provide but also ensures sustainability of our services.

The past 12 months have also been significant in terms of external recognition for our services. While this is terrific acknowledgment for our dedicated staff and volunteers, it is also an assurance to the community about the quality of the care and services provided to our patients and their families.

Our capital building program has continued to deliver new and improved facilities across the east. Consistent with the Eastern Health Strategic Clinical Service Plan, known as *Eastern Health 2022*, these works ensure we are able to provide services closer to where patients live.

ACCESS TO ELECTIVE AND EMERGENCY CARE

In the past 12 months we have again seen consistent improvements in access to both elective and emergency care.

With additional funding from the Victorian Government, our elective surgery waiting list has been reduced by 38.5 per cent, with record amounts of elective surgery being done across the health service. At the same time, we have seen consistent improvements in emergency access with patients waiting less time for ambulance transfer, assessment, triage and commencement of treatment.

We achieved an outstanding result with ambulance transfer times, often exceeding the target of 90 per cent of transfers occurring within 40 minutes of ambulance arrival. Our performance on the National Emergency Access Target (NEAT) and the Time to Treatment target have also shown improvements in the past 12 months.

SERVICE QUALITY AND INNOVATION

There have been numerous innovations during the year and many of these are highlighted in this report. Eastern Health has a sharp focus on managing risks, both clinical and non-clinical, within the organisation.

Our reporting and monitoring program extends from the ward right through to the Board. Our organisation-wide scorecard reports monthly on more than 80 key performance indicators, providing assurance to the Board on performance across Eastern Health. This comprehensive scorecard also enables us to monitor improvements in key focus areas.

We understand the importance of a healthy and productive culture. We now correlate organisation-wide performance with monthly staff satisfaction data in all of our inpatient wards. Our Executive team leads a program of leadership walk-rounds to observe and receive feedback on the frontline from our patients, their families and our staff.

This year, seven Professional Development Packages were provided for selected staff to undertake a tour of National Health Service hospitals in the UK and the King's Fund in London. These staff have returned enthused, passionate and committed to implementing new ways to continuously improve our services and care.

We have continued our commitment to Closing the Health Gap in the past 12 months. Our second annual Sports Day was held in March 2014. This commitment has been strengthened with the launch of our Aboriginal Employment Plan, *Kareeta Yirramboi.* We are resolute in our commitment to improve health status and outcomes for Aboriginal and Torres Strait Islander people.

> Our increasing international profile and requests to discuss our work provide two-way benefits and reflect positively on the work we do.

EXTERNAL RECOGNITION

In September 2013, Eastern Health welcomed a team of accreditation surveyors from the Australian Council on Healthcare Standards (ACHS) to assess our performance against the mandatory National Safety and Quality Health Service Standards, National Standards for Mental Health Services and Common Community Care Standards, as well as the optional non-clinical standards in the ACHS EQuIP National Program.

Preparation for assessment was an enormous challenge but proved worthwhile when Eastern Health was fully accredited against all mandatory standards as well as receiving 36 "Met with Merit" ratings, demonstrating sustainable performance higher than the required standard.

In November 2013, Eastern Health was delighted to be named the Premier's Health Service of the Year (Metropolitan) at the annual Victorian Public Healthcare Awards. This was the first year Eastern Health had made the shortlist of three finalists and it was a very exciting moment in the history of the organisation.

We were then further delighted to be named the winner of three awards from the Institute of Public Administration Australia (Victoria) in February 2014. Recognition included our leading work on the Eastern Health People Strategy, the *"In the Patient's Shoes"* patient experience of care program and the Great Risk Management improvement project.

While these are three significant and noteworthy achievements at a health service level, they reflect terrific work at many levels of the organisation and by many great people. Every staff member and volunteer can rightfully feel proud of these outstanding awards in the past 12 months.

Eastern Health is often consulted about its approach to service improvement. Our increasing international profile and requests to discuss our work provide two-way benefits and reflect positively on the work we do.

BUILDING FOR THE FUTURE

The past 12 months have delivered new building commitments in addition to the major capital program already underway. Minister for Mental Health, the Hon Mary Wooldridge, announced in August 2013 a $2 million commitment to build a Psychiatric Assessment and Planning Unit at Maroondah Hospital.

The Minister for Health, the Hon David Davis, announced in September 2013 a $7.8 million redevelopment of Healesville & District Hospital and Yarra Valley Community Health. This project has generated a high level of community interest and we are in the process of establishing a Redevelopment Liaison Group to provide more avenues for community feedback and engagement.

We are very close to completing and opening the major redevelopment of Box Hill Hospital and a new integrated learning and education centre at Wantirna Health, while a new Intensive Care Unit and wards have opened at Maroondah Hospital.

With almost half a billion dollars' worth of building projects underway, we are ensuring our services and infrastructure will be prepared for the future.

BOARD AND EXECUTIVE APPOINTMENTS

We welcomed Kelly Tropea to the Eastern Health Board in July 2013 and Kirby Clark was reappointed for a further three-year term.

In December 2013, we celebrated the excellent contribution of Executive Director Neth Hinton upon her retirement and subsequently welcomed Matt Sharp as Executive Director – Continuing Care, Ambulatory, Mental Health & Statewide Services in April 2014. Most recently, Karen Fox was appointed Executive Director – Access & Patient Support Services, effective from June 2014.

We value the leadership, commitment, support and stewardship of the Board and the Executive Management Team.

This past year has been highly successful and reflects years of good work building solid foundations for growth. None of this great work would be possible without the commitment of more than 9000 staff and volunteers and we wish to record our appreciation of each and every one of them.

As we look to the year ahead, there is plenty of important work to do. We know that we have the capacity to respond to the challenges we will face and it is with great pride and pleasure that we present Eastern Health's *2013-14 Annual Report* to you.

DR JOANNA FLYNN AM

Chair
Eastern Health Board of Directors

ALAN LILLY

Chief Executive
Eastern Health

OUR FINANCE COMMITTEE CHAIR AND CHIEF FINANCE OFFICER

Eastern Health's financial statements for 2013-14 represent a year of great capital development and delivery of sustainable planned outcomes.

Eastern Health's net result before capital and specific items is reporting an operating surplus of $0.79 million. This is a better outcome than the forecast target of $0.25 million at the beginning of the year.

This net result was an entity surplus of $164.68 million and relates to the indirect contribution of revenue from government for capital projects and in particular, the Box Hill Hospital redevelopment and the Maroondah Hospital critical care expansion. This is an outstanding result and provides a solid foundation for future growth of services across the Eastern Health catchment.

A comprehensive budgeting program was established at the start of the year for delivering the operating surplus of $0.25 million. The operating budget program was again supported by detailed economic sustainability strategies and a bed management plan. This result was achieved with increased inpatient services of nearly two per cent and a reduction in patient length of stay by 3.6 per cent. In addition, the number of elective surgery cases increased over the previous year by 14 per cent while the total waiting list fell by 38.5 per cent.

Containment of staffing costs is always a challenge, as demand for services across our catchment continues to rise.

Overall, the average annual EFT between years has increased by about 100 and this, in conjunction with mandated award increments, resulted in labour costs rising by 4.6 per cent. This increase, when discounted for the rise in staffing numbers, equates to government wages policy.

The close monitoring of supplies and consumables has limited growth in costs to only 3.7 per cent. Monitoring of contract pricing, in conjunction with a Health Purchasing Victoria and stock level imprest review, has made significant gains during the year.

There is an improvement in the current asset ratio by 30 per cent as a result of increased cash holdings now at $40.7 million and a rise in receivables.

Eastern Health had all land and buildings subjected to a revaluation on June 30, 2014 and this resulted in an increase to reserves of $84 million since the previous Valuer General's review five years ago.

Close scrutiny of employee provisions has delivered good outcomes with annual leave rising in line with staff numbers and award entitlements. Accrued days off reduced in value over the year, recognising the importance of managing leave.

The budget accounting area and information decision support services have again supported Eastern Health by enabling the planned outcomes to be measured, monitored and delivered.

Our Health Information Services department continues to provide great support for patient coding services and ongoing quality control for data integrity.

We are pleased to present the 2013-14 financial statements as part of Eastern Health's Annual Report and thank the financial accounting team for meeting the reporting deadline requirements. These statements provide a strong foundation for achieving our goals in 2014-15 and many years into the future.

STUART ALFORD
Chair
Finance Committee

PETER HUTCHINSON
Chief Finance Officer
Eastern Health

SUMMARY OF FINANCIAL RESULTS

	2013-14 $'000	2012-13 $'000	2011-12 $'000	2010-11 $'000	2009-10 $'000
Total revenue	986,530	868,373	766,262	712,169	659,606
Total expenses	821,846	788,877	763,743	733,802	687,727
NET RESULT SURPLUS/ (DEFICIT)	**164,684**	**79,496**	**2,519**	**(21,633)**	**(28,121)**
RETAINED SURPLUS/ (ACCUMULATED DEFICIT)	**241,202**	**77,746**	**3,634**	**2,442**	**23,335**
Total assets	918,797	653,936	565,245	545,909	560,196
Total liabilities	224,265	207,956	198,761	181,944	174,598
NET ASSETS	**694,532**	**445,980**	**366,484**	**363,965**	**385,598**
TOTAL EQUITY	**694,532**	**445,980**	**366,484**	**363,965**	**385,598**

DETAILS OF INDIVIDUAL CONSULTANCIES

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excluding GST)	Expenditure 2013-14 (excluding GST)	Future expenditure (excluding GST)
670 Mountian Hwy	Transition Printing Services to Tender	Nov-13	May-15	68,400	34,302	34,098
Capire Consulting	Stakeholder Engagement	Feb-14	Mar-14	27,467.54	27,467.54	-
Cogent Business Solutions	Support Services Tender Project	Oct-12	Sep-13	42,000	20,173.18	-
Monash University	Workforce Development Project	Apr-14	Apr-14	10,000	10,000	-
TOTAL				**147,867.54**	**91,942.72**	**34,098**

In 2013-14, Eastern Health engaged three consultancies where the total fees payable to the consultants were less than $10,000 with a total expenditure of $12,226 (excl. GST).

Top left: Box Hill Hospital stomal therapy clinical nurse consultant Wendy Sansom is one of almost 3000 staff who will be transitioning to the hospital's new 10-storey clinical services building later this year. For more information about this exciting $447.5 million redevelopment, see page 30.

Top right: Eastern Health upholds the World Health Organisation's statement of respect for "the uniqueness of each person and the need to respond to each individual's spiritual quest for meaning, purpose and belonging". Our Spiritual Care team supports patients, residents, their visitors and our staff. Pictured are Spiritual Care Manager Kate Eve, left, and Consultant Chaplain Sue Retschko.

Above: Mirko Mujica was first diagnosed with aggressive cancer at the age of 28. Following his gruelling treatment, Mirko and his wife Venessa hosted the Angel Gala Cocktail Party to raise $10,000 to purchase iPads for patients in Box Hill Hospital's oncology ward. Mirko is pictured with oncology nurse Anthony Guilfoyle, who cared for Mirko during his time in hospital. To find out more about Mirko's heart-warming story, see Eastern Health's Quality of Care Report at ***www.easternhealth.org.au/publications****.*

ABOUT US

Eastern Health is committed to preventing falls in hospitals and the home. In 2012, clinical nurse consultant Emma Davies (pictured) led the Falls Prevention and Patient Wellbeing research project at Peter James Centre in Burwood East. It involved involved a group of volunteers assisting high-risk patients with simple intervention strategies to help prevent falls and enhance wellbeing. Emma's project was so successful the program has since been rolled out across Eastern Health and won a Minister for Health Volunteer Award in May 2013.

OUR VALUES

EXCELLENCE
ACCOUNTABILITY
COMPASSION
RESPECT
INTEGRITY
TEAMWORK
COLLABORATION

- Caring for **750,003** people
- Services located across **2816** square kilometres – largest geographical area in Victoria
- **9501** staff and volunteers
- **986,125** episodes of patient care each year

WHO WE ARE

Eastern Health provides a comprehensive range of high-quality acute, sub-acute, 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 750,003 people who live in our catchment and depend on us for their public healthcare needs. We have 8514 staff, over 60 per cent of whom live within the community we primarily serve.

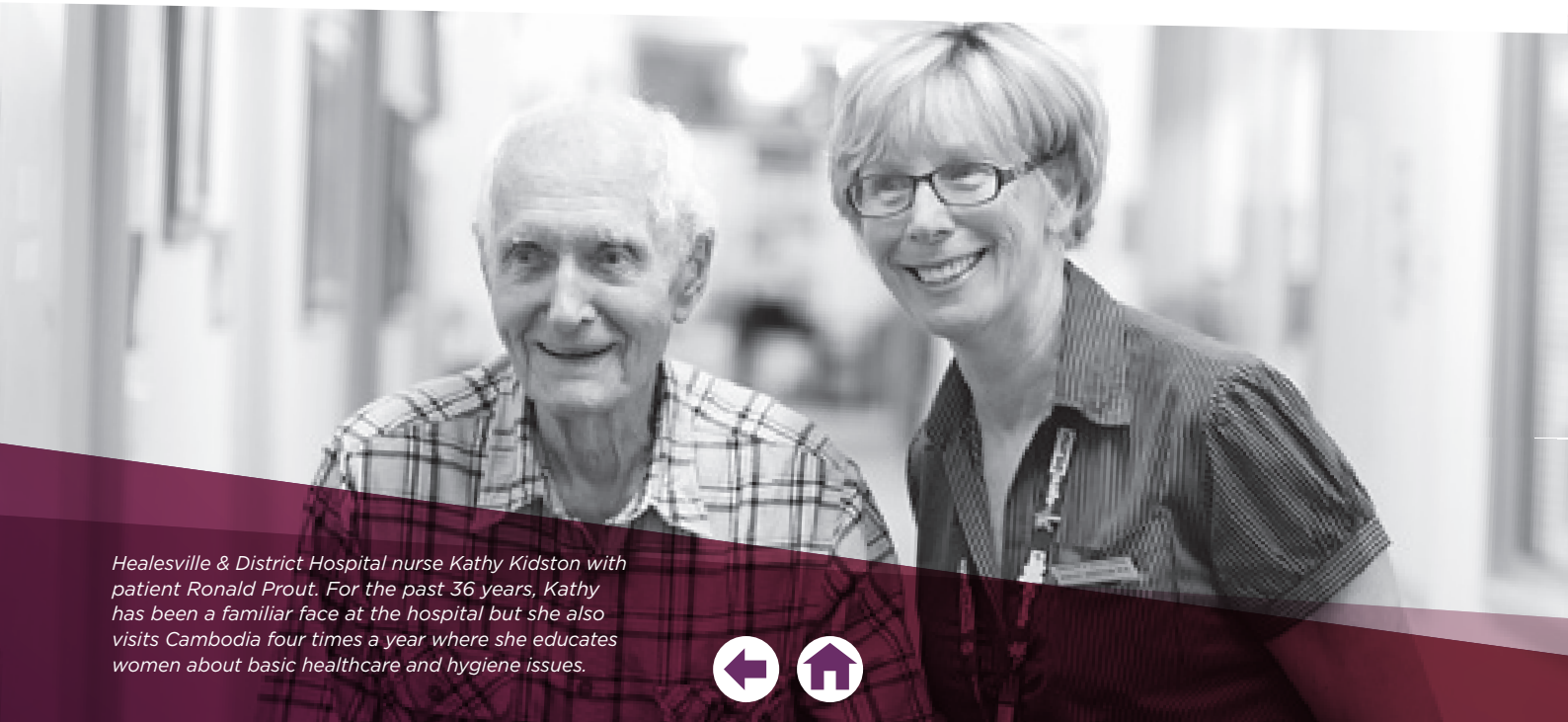
Almost one in four of our patients (24 per cent) originates from countries where English is not the predominant language. Accordingly, the top five languages spoken by our patients, other than English, are Mandarin, Greek, Cantonese, Italian, Arabic and Burmese.

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.

The Eastern Metropolitan Region of Melbourne is home to 2814 Aboriginal people, which is 8.4 per cent of the Victorian Aboriginal population. The fastest-growing Aboriginal populations in eastern Melbourne are the local government areas of Knox, Manningham and Whitehorse, within our catchment area. Eastern Health also launched its first Aboriginal Employment Plan in 2014 – *see page 44.*

EASTERN HEALTH ORGANISATIONAL PROFILE

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



Healesville & District Hospital nurse Kathy Kidston with patient Ronald Prout. For the past 36 years, Kathy has been a familiar face at the hospital but she also visits Cambodia four times a year where she educates women about basic healthcare and hygiene issues.

OUR CLINICAL PROGRAMS AND SERVICES

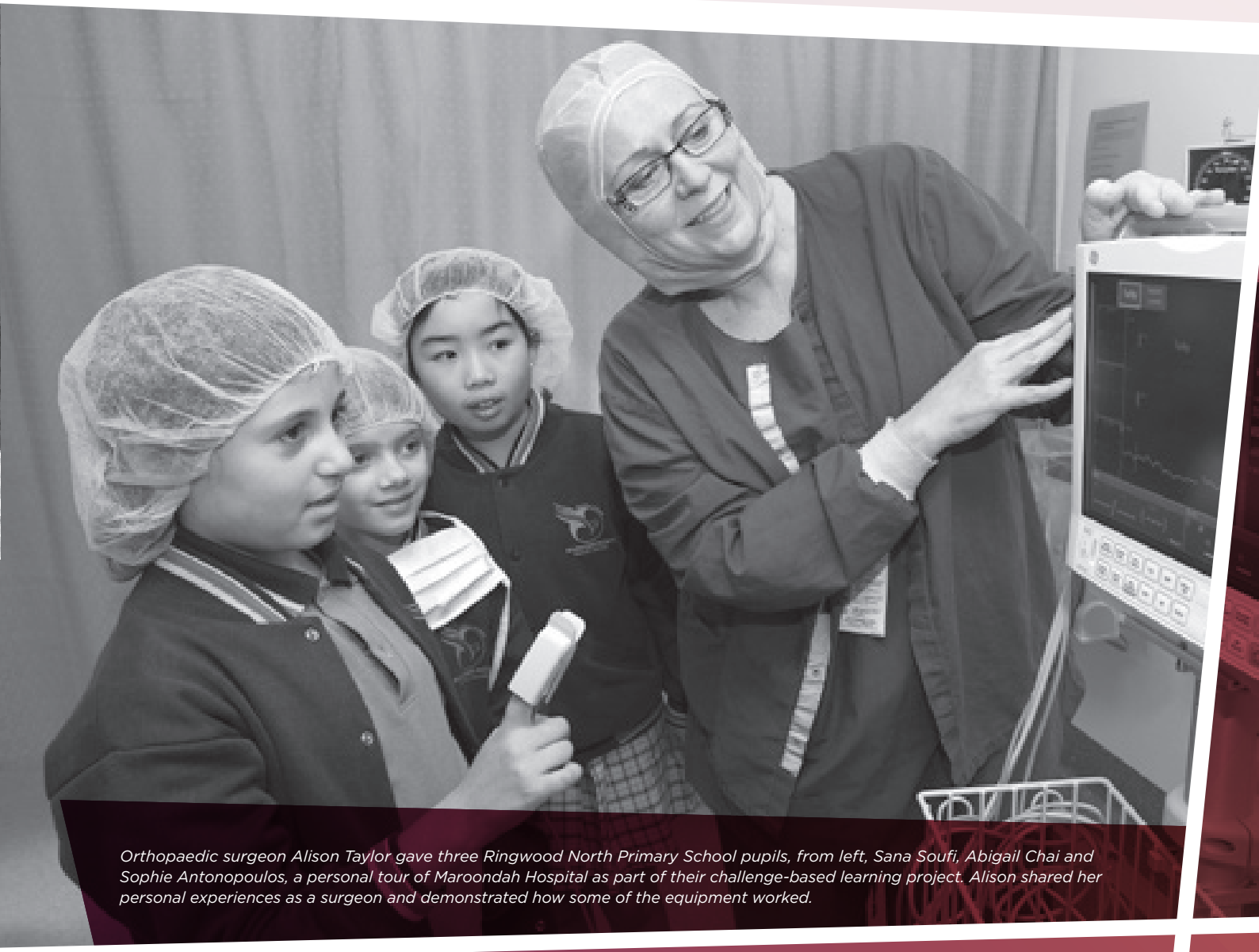
Directorate	Clinical Program	Clinical Service Group	Clinical Support
Acute Health	Emergency and General Medicine	**1** General medicine **2** Emergency services **3** Intensive care services	**Clinical Support Services** (Includes, but not limited to, pathology, medical imaging, pharmacy, allied health,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

Top left: Box Hill Hospital Associate Midwifery Unit Manager Melissa Andrew and baby Aurora in the Special Care Nursery, which cares for more than 500 babies each year.

Top right: Box Hill Hospital Social Work Associate Program Director Tass Kostopoulos says he was first attracted to the allied health profession because he wanted to make a difference in the lives of people who might be vulnerable and need assistance. Tass says Eastern Health provides many opportunities for social workers and other allied health professionals to extend their careers beyond their core discipline.

Above: Receptionist Kathryn Kretzschmar provides a warm welcome at Turning Point, an integral service within Eastern Health under our Statewide Services Program. However, the support it provides reaches far beyond Melbourne's eastern region. Turning Point is recognised and respected at state, national and international levels, and is a true leader across the alcohol, drug and gambling fields with expertise in treatment, research and education.

OUR PERFORMANCE



Orthopaedic surgeon Alison Taylor gave three Ringwood North Primary School pupils, from left, Sana Soufi, Abigail Chai and Sophie Antonopoulos, a personal tour of Maroondah Hospital as part of their challenge-based learning project. Alison shared her personal experiences as a surgeon and demonstrated how some of the equipment worked.

In 2013-14:

- A record total of **15,157** patients were admitted for elective surgery – up by 13.8 per cent
- Number of patients on the elective surgery waiting list was reduced by 38.5 per cent – from 4900 to 3006
- There were **143,375** emergency department presentations – up 0.4 per cent – that's one person every 3.7 minutes
- A total of **4559** babies were delivered at our hospitals

OUR PERFORMANCE AGAINST STRATEGIC PRIORITIES

Eastern Health's *Strategic Plan 2010-15* helps us to understand our vision and mission, as well as how we are going to deliver them. Eastern Health has five strategic directions *(below).* Each strategic direction is defined by four strategic goals.

1. A provider of **GREAT** healthcare
2. A **GREAT** patient experience
3. A **GREAT** place to learn and work
4. A **GREAT** partner with our communities
5. A **GREAT** achiever in sustainability.

Eastern Health's *Strategic Plan 2010-2015* is available on our website at **www.easternhealth.org.au**

Over the next 12-18 months, Eastern Health will be reviewing its Strategic Plan and developing another plan for 2015-20.

This planning process will continue to efficiently and effectively focus the operations of Eastern Health on agreed key priorities.

STRATEGIC PRIORITIES

The Strategic Priorities on the following pages represent key organisational improvement activities which are agreed between Eastern Health and the Victorian Minister for Health as a component of the *Statement of Priorities* each year. They align with Eastern Health priorities identified within the *Strategic Plan 2010-15* and the Victorian Government's priorities and policy directions outlined in the *Victorian Health Priorities Framework 2012-2022.*

The *Statement of Priorities* is a key accountability agreement that facilitates shared objectives of financial viability, improved access and quality of service provision.

Bunjil the Eagle, which stands 2.8 metres tall, creates a welcoming environment for Aboriginal patients, staff and their families inside Box Hill Hospital's new main entrance. Bunjil is one of Eastern Health's Closing the Health Gap initiatives. To find out more, see page 14.

Priority	Action	Deliverable	Outcome
DEVELOPING A SYSTEM THAT IS RESPONSIVE TO PEOPLE'S NEEDS	Implement formal advance care planning structures and processes that provide patients with opportunities to develop, review and have their expressed preferences for future treatment and care enacted.	Further develop the Advance Care Planning service into an efficient, effective and sustainable program with a focus on systems and processes for integrating patients' preferences for future medical treatment into their care.	This work has progressed significantly over the past year. Advance Care Planning (ACP) has been rolled out across a range of ambulatory and community service programs at Eastern Health. Further integration work has progressed with Medicare Local partners to ensure that information regarding Advance Care directives is co-ordinated across the continuum of care for our patients. ACP referrals increased from 50 over a seven-year period to 533 in 2012-13. In 2013 alone, 350 ACPs were completed and 1700 participants were trained in the ACP process. The recent establishment of an Expert Advisory Committee will support ongoing planning for and implementation of Advance Care Planning services across Eastern Health throughout 2014-15.
	Configure and distribute services to address the health needs of the local population.	Continue to orientate the delivery of inpatient (bed-based) services as close to home and in ambulatory settings as appropriate, including the integration of the newly-developed GEM@Home and Early Supported Stroke Discharge programs.	Ambulatory services have continued to expand, with the GEM@Home service now fully implemented and additional Health Independence Program funding received to further enhance service delivery. In addition, pilot funding has been received for a telehealth program to support residential aged care access to Inreach geriatricians. All of these services continue to actively support diversion from Eastern Health emergency departments and inpatient services, meaning our patients are receiving care in a location that is appropriate for their individual needs. Improved data management and analysis have demonstrated a range of significant achievements for this program during 2013-14. The recruitment of a full-time geriatrician to support a number of ambulatory services has resulted in greater medical input into the care and management of Eastern Health patients. Throughout 2014-15, Eastern Health will continue to consider and plan for further enhancements to home-based aged care diversion services.
		Develop and implement a deployment plan for *Eastern Health 2022: The Strategic Clinical Service Plan* to programs and clinical service groups.	All initiatives within Part B of *Eastern Health 2022* (500-plus) have been aligned with Eastern Health's five Strategic Directions. A deployment plan is still being finalised however, these initiatives continue to be aligned with both service and capital planning systems, and clinical service development processes. This will ensure that future capital developments are aligned with service developments identified within the plan. Service development priorities for 2014-15 have been identified as part of the annual planning process to work towards the 10-year vision detailed within the Strategic Clinical Service Plan. This work now ensures that Eastern Health has a robust mechanism to monitor and deliver the vision and specific actions set out in *Eastern Health 2022.*

Priority	Action	Deliverable	Outcome
IMPROVING EVERY VICTORIAN'S HEALTH STATUS AND EXPERIENCES	Improve 30-day unplanned readmission rates.	Investigate the major causes and contributors to reported unplanned readmission rates across the health service and improve Eastern Health performance, consistent with the performance improvement and innovation methodology.	This deliverable has been achieved. A specialist Unplanned Readmission Sub-Committee was established and includes senior medical staff. Detailed analyses of a number of unplanned readmissions were undertaken by the group during the year, using both in-house data and broader health system data sourced through the Dr Foster Intelligence Quality Investigator. This analysis indicated that the relative risk of unplanned readmission at Eastern Health was lower than for peer group hospitals and that it had also been improving since 2012. A number of diagnostic related groups were identified as requiring further investigation by the clinical teams. This is currently underway to identify the root causes of the unplanned readmission rate for these particular client groups. In 2013-14, Eastern Health's Ambulatory and Community Services Program was recognised in several state and national forums for significantly improving the unplanned readmission rate for Hospital in the Home patients at Eastern Health. Eastern Health will continue to work in collaboration with senior medical staff to identify and address the root causes of unplanned readmissions in 2014-15, with a particular focus on sustainable monitoring and auditing systems.
	Identify service users who are marginalised or vulnerable to poor health and develop interventions that improve their outcomes relative to other groups, for example, Aboriginal people, people affected by mental illness, people at risk of elder abuse, refugees and asylum seekers.	Actively work to close the gap in health status between Aboriginal and non-Aboriginal communities in the east through the development and commencement of a three-year action plan aligned with both Federal (Office of Aboriginal and Torres Strait Islander Health) and state (Koolin Balit) strategic directions for Aboriginal health.	Eastern Health achieved a number of significant milestones towards closing the health gap between Aboriginal and non-Aboriginal communities in 2013-14. A new Aboriginal Hospital Liaison Officer was appointed to complement the existing Senior Aboriginal Service Development Officer role. This has enabled the services delivered through this program to be enhanced and expanded. A Closing the Gap Sports Day was held in Healesville on March 2, 2014 which received very positive feedback from the community. Along with hosting sporting events, a range of health promotion activities were also delivered. The Eastern Health Aboriginal Employment Plan was developed and approved. Implementation of this plan has commenced following a successful grant application, with a project officer being appointed to implement the plan. Eastern Health continues to collaborate with local indigenous service providers to ensure that services develop and maintain strong links to other providers in the community and that the continuity of care is maximised for our clients. A significant program of work has been undertaken to develop a process to better enable frontline staff in all areas to ask consumers whether they are of Aboriginal and/or Torres Strait Islander origin. The Eastern Health Closing the Health Gap Committee held a successful planning workshop in June 2014, which confirmed further work is required to improve service delivery systems, cultural appropriateness of care areas and communication, as well as training and development of staff.

Priority	Action	Deliverable	Outcome
	Deliver care as close to home as possible, when it is safe and effective to do so.	Consistent with the 10-year Strategic Clinical Service Plan, known as *Eastern Health 2022,* progress service and capital planning for the Healesville site including consideration for renal dialysis, specialist clinics and additional surgical services.	In September 2013, the Victorian Minister for Health announced additional funding to a total of $7.8 million to redevelop Healesville & District Hospital and Yarra Valley Community Health. Since this time, work has progressed with the Department of Health to finalise the Healesville site service plan, functional brief and master plan. Detailed design work has now commenced. External consultants were engaged to advise Eastern Health on a community engagement strategy for the project. The Healesville Community Engagement Strategy has now been endorsed by Eastern Health and was officially launched in June 2014. The program of capital works is on track for the construction work to be finalised by early 2016. This development will result in enhanced and expanded services being delivered from purpose-built facilities to clients in Healesville and the surrounding districts.
	Use consumer feedback to improve person and family-centred care, and patient experience.	Continue to develop and refine internal and external reporting on the effectiveness of the *"In the Patient's Shoes"* Patient Experience of Care Program.	The Patient Experience of Care Program has been reviewed and revised during the past 12 months to ensure it best meets the needs of the target audience. It includes a summary of the key issues and recommendations, with a link to detailed data for those readers seeking additional information. The Family and Friends Test data is now included in the Patient Experience of Care Report, providing assurance about patient satisfaction over time. The Family and Friends Test score is also available on the Eastern Health website at **www.easternhealth.org.au**. The Eastern Health Quality of Care Report includes a comprehensive report on initiatives relating to the *"In the Patient's Shoes"* program, thus ensuring effective external reporting.
EXPANDING SERVICE, WORKFORCE AND SYSTEM CAPACITY	Build workforce capability and sustainability by supporting formal and informal clinical education and training for staff and health students, in particular inter-professional learning.	Develop an implementation plan and commence work to embed agreed priority items from the Eastern Health People Strategy, in line with *Eastern Health 2022: The Strategic Clinical Service Plan*.	Eastern Health has progressed with the implementation of the People Strategy since its endorsement in March 2013. Work is also underway to align the strategy's implementation with the implementation plan for *Eastern Health 2022.* Based around four strategic areas of focus (Attract and Retain, Develop and Engage, Align and Deploy, Strengthen Eastern Health Culture), a range of priority initiatives for 2013-14 were identified for immediate attention. In the area of Strategic Workforce Planning, significant consultation has supported the development of a range of tools to facilitate workforce planning at the program/department level. These have been rolled out across Eastern Health following a successful trial in our Women and Children program, and Human Resources – Shared Services unit. A significant focus during the past 12 months has been on the Box Hill Hospital redevelopment project and working to meet the immediate workforce requirements for the expanded and enhanced services set to be delivered from this new facility. Throughout 2014-15, the focus will turn towards the longer-term workforce planning requirements of the organisation and this work is already underway. It will help to ensure the right staff are employed in the right roles across Eastern Health.

Priority	Action	Deliverable	Outcome
	Optimise workforce productivity through identification and implementation of workforce models that enhance individual and team capacity, and support flexibility.	Improve management and clinical leadership capabilities based on national standards and the Performance Excellence Framework.	Further developing staff capabilities in the areas of management and clinical leadership continued to be a major focus for Eastern Health throughout 2013-14. A range of programs have been delivered to staff including: > Accredited Frontline Management courses, in collaboration with Box Hill Institute > Internally-run programs, including professional networking, supported work-based projects and competency-based training for leadership capabilities > Establishment of a Health Leadership Lounge program to facilitate both learning and networking among Eastern Health managers and senior staff from other health services > A Leadership Mentoring program supported 20 mentoring partnerships to develop over a nine-month period and support both mentor and mentee learning > Introduction of a National Health Service Study Tour Scholarship, which enabled seven employees to visit the United Kingdom in April 2014. Service improvement projects and information sessions about what these staff learnt on the tour were delivered following their return. > Establishment of a 1:1 coaching service which will roll out to senior leaders in the first instance during the second half of 2014. > As part of the Health Workforce Australia Clinical Training Reform initiatives, Eastern Health was successful in obtaining funding to establish a new learning management platform. Eastern Health's new iLearn e-learning platform, which has replaced the Learning Seat system, went live on March 3, 2014. A comprehensive Eastern Health-wide review of the current state of ongoing education, training and development across the organisation was scheduled to commence in June 2014. This review will identify recommendations to guide future training requirements to ensure that all Eastern Health staff, including managers and clinical leaders, have the appropriate skills and capabilities to succeed in their roles.
	Work collaboratively with the department on service and capital planning to develop service and system capacity.	Progress all funded capital developments in accordance with project timelines, including Box Hill Hospital redevelopment, Maroondah Hospital expansion, Healesville & District Hospital and Yarra Valley Community Health upgrade and the Eastern Health education precinct at Wantirna Health.	All funded capital developments across Eastern Health have progressed in accordance with project timelines. A program of works to relocate services into Building A at Box Hill Hospital is well progressed, as are all of the operational commissioning requirements to ensure a smooth and efficient transition to the new facility. This work will ensure there is no unnecessary disruption to patient care as a result of the move. It is currently anticipated that Eastern Health will move into Building A ahead of the original project schedule.

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Priority	Action	Deliverable	Outcome
			Capital works to expand Maroondah Hospital are well advanced with many services already occupying the new facilities. Hospital operational commissioning of Stage 2 (Intensive Care Unit) is complete. Stage 3 of the Commonwealth-funded sub-acute expansion is expected to be completed by September 2014. Capital planning for the upgrade of Healesville & District Hospital and Yarra Valley Community Health is progressing as anticipated. Capital planning for the development of a Psychiatric Assessment and Planning Unit, to be located adjacent to the Emergency Department at Maroondah Hospital, is well progressed with construction expected to commence in August 2014. The education precinct at Wantirna Health is progressing smoothly and expected to be completed by the end of July 2014. This precinct will facilitate additional and enhanced training for undergraduate and postgraduate students at Eastern Health.
INCREASING THE SYSTEM'S FINANCIAL SUSTAINABILITY AND PRODUCTIVITY	Reduce variation in health service administrative costs.	Participate in the Department of Health "Comparative analysis of administration costs" benchmarking project in order to identify and address areas of high expenditure.	During 2013-14, Eastern Health staff collaborated with a Victorian Department of Health working party focusing on administrative costs. A suite of five additional performance indicators were identified and agreed for addition to the Program Report for Integrated Service Monitoring. PRISM is a tool utilised by the Department of Health to monitor health service performance against a range of indicators and a component of the broader Victorian Health Service Performance Monitoring Framework. These administrative indicators are now reported quarterly. Eastern Health has reviewed its performance relative to other health services and no material variances to the average were identified. This will now form part of the organisation's routine performance monitoring processes.
	Identify opportunities for efficiency and better value service delivery.	Develop and achieve an Economic Sustainability Strategy which identifies specific, achievable initiatives for 2013-14.	Eastern Health's Economic Sustainability Strategy is now coming to the end of its fifth year. For the 2013-14 financial year, a total saving of $11 million was targeted across the organisation. For this period, a total saving of $10.32 million was achieved, representing 94 per cent of the budgeted savings. During the full five years of the program, a total of $90.5 million in savings has been realised.

Priority	Action	Deliverable	Outcome
IMPLEMENTING CONTINUOUS IMPROVEMENTS AND INNOVATION	Develop and implement improvement strategies that optimise access, patient flow, system co-ordination and the quality and safety of hospital services.	Develop and implement sustainable organisation-wide operating and information systems to enhance the transparent and effective monitoring, forecasting and management of patient access, discharge and flow.	This deliverable has been achieved in 2013-14 and is evidenced by the significant improvement in patient access performance across Eastern Health hospitals during the past year when compared with the previous year. Key achievements include: **1.** Development and implementation of an Eastern Health-wide Demand and Capacity Management Standard. This identifies the key principles for prioritisation of patient admission requests across Eastern Health, ensuring that those patients most in need of care are given highest priority. **2.** Implementation of Patient Flow Manager across all sites and multi-day wards at Eastern Health. This web-based application provides a consolidated graphical view of patient movement and activity in order to manage patient flow and identify any impediments to rapid discharge in a dynamic environment. It has led to the implementation of electronic journey boards in all wards and enhanced nursing handover tools. **3.** Improved daily reporting, monitoring and escalation systems associated with patient access. Improvements in Eastern Health access performance have included: a. Consistently exceeding the ambulance transfer performance target of 90 per cent within 40 minutes at all three emergency departments. Overall, Eastern Health improved its performance by 10 per cent during 2013-14 for this key indicator. Results were between 91 and 99 per cent with 94 per cent achieved overall for Eastern Health in the June 2014 quarter – six per cent above the metropolitan average. b. A 23 per cent improvement in our National Emergency Access Target (NEAT) performance overall during 2013-14. Of particular significance in the June 2014 quarter, the NEAT was achieved at Angliss Hospital for the first time since this indicator was introduced. c. An overall 15 per cent improvement in the number of patients treated within the recommended time in Eastern Health's three emergency departments during 2013-14. These improvements are even more significant within the context of an exceptional elective surgery performance during the year, with Eastern Health also meeting its elective surgery targets.

Priority	Action	Deliverable	Outcome
	Develop and implement strategies that support service innovation and redesign.	Develop and implement the Great Care Everywhere program of work and ensure its alignment with Eastern Health objectives.	The Great Care Everywhere (GCE) program of work continues to be implemented across Eastern Health. Its progress is routinely monitored by a GCE leadership group, including project milestones, key performance indicators and identification of actions to address any gaps in performance. Organisation-wide improvement projects monitored through the GCE program include: > One team, one plan, one direction > Productive series > Specialist clinics > Surgery 2015 > Getting it right up front > No unnecessary waits > Geriatric Evaluation & Management and rehabilitation models of care > Clinical pharmacy redesign. Some outcomes achieved to date include: **1.** New seven days a week service implemented on June 17, 2013 which has achieved the following results compared to the previous year: > Length of stay reduction of 0.9 days > Improvement in general medicine NEAT (National Emergency Access Target) admitted performance of 10 per cent > 476 additional separations > 18 fewer beds. **2.** Four projects implemented as part of the No Unnecessary Waits project, resulting in the following performance gains: > 8.44 per cent improvement in NEAT > 18 per cent improvement in admitted NEAT > 3.2 per cent improvement in time to treatment for all categories. **3.** New surgical theatre templates implemented across 17 theatres at five sites that separated elective and emergency streams, resulting in: > Eastern Health's elective surgery waiting list being reduced by 38.5 per cent during the 2013-14 financial year – from 4900 patients to 3006 patients > The number of patients receiving elective surgery increased by 13.8 per cent from 13,270 to 15,157 cases.

Priority	Action	Deliverable	Outcome
INCREASING ACCOUNTABILITY AND TRANSPARENCY	Prepare for commencement of proposed new mental health legislation in 2014 (applicable to health services administering mental health services).	Implement the new *Mental Health Act* in the context of the recovery model so as to support consumers in living meaningful lives and achieving their full potential.	A comprehensive project plan was developed and is being implemented to ensure that Eastern Health complies with the requirements of the new *Mental Health Act.* A proposal to work in partnership with Mind Australia is currently under consideration. Recruitment to key clinical engagement and clinical service delivery positions, in line with the new *Mental Health Act* has been completed to support adoption of the Recovery Model and therefore, support our mental health consumers to live meaningful lives and to achieve their full potential.
	Prepare for the National Safety and Quality Health Service Standards, as applicable.	Finalise implementation of EQuIP National Standards, National Standards for Mental Health and Community Care Common Standards and ensure organisational readiness for accreditation in September 2013.	EQuIP National Standards, National Standards for Mental Health Services and Community Care Common Standards were all fully implemented in readiness for an organisation-wide survey in September 2013. Eastern Health complied with all mandatory criteria and thus met the requirements for accreditation against the standards. Eastern Health also met all of the developmental criteria with the exception of five from Standard 9: Recognising and Responding to Clinical Deterioration. Work is underway to ensure compliance with this criteria.

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Angliss Hospital volunteer Reg Ryan provides support for staff and patients in the emergency department.

Priority	Action	Deliverable	Outcome
			In addition, Eastern Health received a rating of "met with merit" for 36 action items, indicating that for each of these items, robust systems and processes are evident as part of everyday business, they are apparent across all areas of the organisation, evaluated for effectiveness and seen as sustainable. Throughout 2014-15, Eastern Health will focus on ensuring the sustainability of accreditation readiness across the organisation.
	Increase transparency and accountability in reporting of accurate and relevant information about the organisation's performance.	Identify specific performance measures which can be easily reported externally and which will provide meaningful information for users of the health service.	Performance indicators are reported via a number of mechanisms, including Eastern Health publications (e.g. Annual Report, Quality of Care Report and Sustainability Report), the Eastern Health website (e.g. the Family and Friends Test, based on the Net Promoter Score, which is collected during leadership walk-rounds) and state and federal reporting avenues (e.g. the My Hospitals website). The reporting of performance measures has been reviewed across a number of areas at Eastern Health. On an individual ward basis, the implementation of standardised "Performance Boards" in all patient care areas has been completed. The performance measures reported using these boards is routinely updated and available to both staff and users of the health service. During 2013-14, a project has been established to further develop the reporting of performance measures at a local level. This work is expected to continue throughout 2014-15. An annual review of the Eastern Health Scorecard was undertaken in December 2013. This review supported the development of a robust system to embed routine review of this organisation-wide performance monitoring mechanism into standard business practice. This review aligns and strengthens both internal and external reporting of specific indicators which are utilised by the organisation. Eastern Health has compiled a list of more than 75 clinical indicators which are reported internally. Work will continue during 2014-15 to establish mechanisms through which health service users can be consulted on which performance measures they find meaningful (e.g. the Eastern Health Community Advisory Committee and Open Access Board Meeting) as well as options by which to report them.

Priority	Action	Deliverable	Outcome
IMPROVING UTILISATION OF E-HEALTH AND COMMUNICATIONS TECHNOLOGY	Maximise the use of health ICT infrastructure.	Progress the development and implementation of clinical information system requirements for the redeveloped Box Hill Hospital to be technologically-advanced and aligned with the principles of integration and interoperability.	Building A at Box Hill Hospital, which is nearing completion, includes a full and comprehensive suite of ICT infrastructure incorporated into its design. To support the utilisation of this infrastructure, in mid-November 2013, Eastern Health was advised by the Victorian Department of Health that the Ministerial Review Panel supported the progression of the application environment, contingent on Eastern Health complying with key recommendations. Since then, and consistent with the Review Panel recommendations, Eastern Health has progressed this work including the engagement of an external consultant to work with the organisation on refreshing its ICT strategy. This work will support the delivery of technologically-advanced healthcare services from Box Hill Hospital.
	Trial, implement and evaluate strategies that use e-health as an enabler of better patient care.	Progress integration of ehCare across Eastern Health.	Eastern Health has completed the deployment of the ehCare (Cerner Millennium) Release 2 project into its acute sites, including Box Hill and Maroondah hospitals. The implementation resulted in the deployment of pathology and radiology electronic orders and the creation of the Inpatient Medication Management environment. Consistent with the Victorian Auditor-General's Office Review on ICT in the Health Sector, Eastern Health has aligned the deployment of Inpatient Medication Management across acute services with the Box Hill Hospital redevelopment application environment to ensure the introduction of a single electronic medication chart across inpatient and complex care areas. Complex care and Inpatient Medication Management will be well progressed by mid-2015. Eastern Health continues to progress the utilisation of e-health systems to enable better patient care. A Clinical Advisory Group routinely meets to support ongoing integration of ehCare system functionality into Eastern Health clinical practice. This work will continue into 2014-15 to ensure that clinical care delivery is maximised through the integration of e-health systems.

Priority	Action	Deliverable	Outcome
	Work with partners to better connect service providers and deliver appropriate and timely services to rural and regional Victorians.	Continue the implementation of Cerner Millennium Release 2 for electronic orders, medication administration (charting), fluid balance charting and immunisation recording with specific reference to integration and interoperability.	ehCare Release 2, incorporating electronic pathology and radiology ordering, has been implemented across Eastern Health's acute sites. The Inpatient Medication Management environment has also been established in preparation for the deployment of complex care and inpatient medication management into the Box Hill Hospital redevelopment ICT application environment. Eastern Health has developed the pathology e-orders interface between Cerner Millennium and PJAS Auscare (the preferred laboratory information system for Victoria) which is in the final stages of testing. This interface will be available for use by all Victorian health services. Eastern Health has completed a number of national initiatives relating to the Personally Controlled Electronic Health Record (PCHER), including the first successful Victorian upload of an electronic discharge summary from a Victorian health service to the National PCEHR repository in April 2014. Current activities underway and due for completion in 2014 include the viewing of the National PCEHR repository from the Electronic Medical Record and the eReferral Proof of Concept project to accept eReferrals from GPs while aligning with the Medicare Local Health Pathways initiative.

Eastern Health marks NAIDOC Week every year to acknowledge the history, culture and achievements of Aboriginal and Torres Strait Islander peoples. Pictured at the 2013 celebrations are guest speaker Dr Glenn Harrison from the Australian Indigenous Doctors Association and Vera Webber, Eastern Health's Senior Aboriginal Service Development Officer, with artwork by Aboriginal artist Mandy Nicholson that now hangs at Wellington House, Maroondah Hospital and Angliss Hospital.

OUR FINANCIAL PERFORMANCE

Financial performance	Target	Result
OPERATING RESULT		
Annual operating result ($m)	0.25	0.79
WIES [1] ACTIVITY PERFORMANCE		
Percentage of WIES (public and private) performance to target	100	99.29
CASH MANAGEMENT		
Creditors	< 60 days	59.7
Debtors	< 60 days	57.8

1: WIES is a Weighted Inlier Equivalent Separation.

Maroondah Hospital's new Intensive Care Unit has opened, marking another key chapter in the hospital's redevelopment. ICU nurses Katya Munro and David Cukierman are pictured inside the state-of-the-art unit which maximises the use of natural light and features 16 single rooms, improving privacy for patients and their families. The ICU is part of a broader redevelopment project, with a 22-bed ward providing specialty medicine services opening earlier in 2014 and a new sub-acute ward scheduled to open in the latter part of the year.

OUR ACCESS PERFORMANCE

Emergency care	Target	2013-14		
		Angliss Hospital	Box Hill Hospital	Maroondah Hospital
Percentage of operating time on hospital bypass	3	1	1.5	0.9
Percentage of ambulance transfers within 40 minutes*	90	98	87	92
NEAT – Percentage of emergency presentations to physically leave the emergency department for admissions to hospital, be referred to another hospital for treatment, or be discharged within four hours (July – December 2013) #	75	67	54	61
NEAT – Percentage of emergency presentations to physically leave the emergency department for admissions to hospital, be referred to another hospital for treatment, or be discharged within four hours (January – June 2014) #	81	77	59	67
Number of patients with length of stay in the emergency department greater than 24 hours	0	0	1	0
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	74	73	75

Elective surgery	Target	Result
Percentage of Urgency Category 1 elective patients treated within 30 days	100	100
NEST – Percentage of Urgency Category 2 elective surgery patients treated within 90 days (July – December 2013) #	80	62
NEST – Percentage of Urgency Category 2 elective surgery patients treated within 90 days (January – June 2014) #	88	66
NEST – Percentage of Urgency Category 3 elective surgery patients treated within 365 days (July – December 2013) #	94.5	80
NEST – Percentage of Urgency Category 3 elective surgery patients treated within 365 days (January – June 2014) #	97	82
Patients on elective surgery waiting list [1]	3,094	3,006
Number of Hospital Initiated Postponements per 100 scheduled admissions	8	7.82

* *Interim data for the 2013-14 year, as per report dated 11 July 2014.*

\# *Targets for indicators increment on 1 January 2014*

1: This target was varied during the year as additional funding was received for elective surgery activity.

NEAT - National Emergency Access Target

NEST - National Elective Surgery Target

OUR SERVICE PERFORMANCE

	Target	Result
ELECTIVE SURGERY		
Number of patients admitted from the elective surgery waiting list - quarter 1	3842	3,530
Number of patients admitted from the elective surgery waiting list - quarter 2	3603	3,519
Number of patients admitted from the elective surgery waiting list - quarter 3 [1]	3921	3,790
Number of patients admitted from the elective surgery waiting list - quarter 4 [1]	4004	4,318
CRITICAL CARE		
ICU Number of days below the agreed minimum operating capacity - Box Hill Hospital [2]	0	37
ICU Number of days below the agreed minimum operating capacity - Maroondah Hospital [3]	0	7
QUALITY AND SAFETY		
Health service accreditation	Full compliance	Full compliance
Residential aged care accreditation	Full compliance	Full compliance
Cleaning standards	Full compliance	Full compliance
Cleaning standards AQL-A	90	97.92
Cleaning standards AQL-B	85	95.67
Cleaning standards AQL-C	85	95.11
Health care worker immunisation - influenza *	60	59
Health acquired infection surveillance	No outliers	Achieved
Hand hygiene (rate)	70	78.9
SAB rate per occupied bed days [4]	<0.2/10,000	0.6
Victorian Patient Satisfaction Monitor: (OCI) [5] (July to December 2013)	73	Achieved
Consumer Participation Indicator: (CPI) [5] (July to December 2013)	75	Partly Achieved
Victorian Healthcare Experience Survey [5] (January to June 2014)	Full compliance	Full compliance
People Matter Survey	Full compliance	Full compliance
MATERNITY		
Percentage of women offered pre-arranged postnatal care	100	100
MENTAL HEALTH		
28-day readmission rate	14	18.3
Post-discharge follow-up rate	75	86
Seclusion rate per occupied bed days	< 15/1,000	5.3

** This indicator covers the 2013 influenza season.*

1: This target was varied during the year as additional funding was received for elective surgery activity.

2: The agreed minimum operating capacity is nine ICU equivalents.

3: The agreed minimum operating capacity is five ICU equivalents.

4: SAB is staphylococcus aureus bacteraemia.

5: The final Victorian Patient Satisfaction Monitor report contained results for the period January 2013 to June 2013, which were published in the July to December 2013 period.

OUR ACTIVITY AND FUNDING

Funding type	Activity Achievement
ACUTE ADMITTED	
WIES Public	65,722
WIES Private	13,341
WIES (Public and Private)	79,063
WIES DVA	893
WIES TAC	291
WIES TOTAL	**80,247**
SUB-ACUTE AND NON-ACUTE ADMITTED	
Rehab Public	25,975
Rehab Private	11,727
Rehab DVA	1,513
GEM Public	28,599
GEM Private	13,291
GEM DVA	2,663
Palliative Care Public	7,316
Palliative Care Private	4,287
Palliative Care DVA	695
Transition Care - Bed Days	25,885
Transition Care - Home Days	7,529
AGED CARE	
Residential Aged Care	10,300
HACC	47,664
MENTAL HEALTH AND DRUG SERVICES	
Mental Health Inpatient	35,751
Mental Health Ambulatory	109,046
Mental Health Residential	19,480
Mental Health Sub-Acute	16,244
Drug Services	2,518
PRIMARY HEALTH	
Community Health / Primary Care Programs	29,089

OUR CORPORATE PERFORMANCE

Eastern Health is committed to achieving its strategic directions and organisational objectives, and has an agreed performance excellence framework (see below) to ensure we remain focused on our strategic priorities.

Performance excellence occurs when individuals and teams understand and utilise the three elements of performance excellence in their everyday practice – performance standards, performance monitoring and performance improvement and innovation.

The ability to successfully embed performance excellence into everyday activities is a hallmark of a high-performing organisation.

Phase three of Eastern Health's performance excellence approach requires that organisational performance be continuously improved:

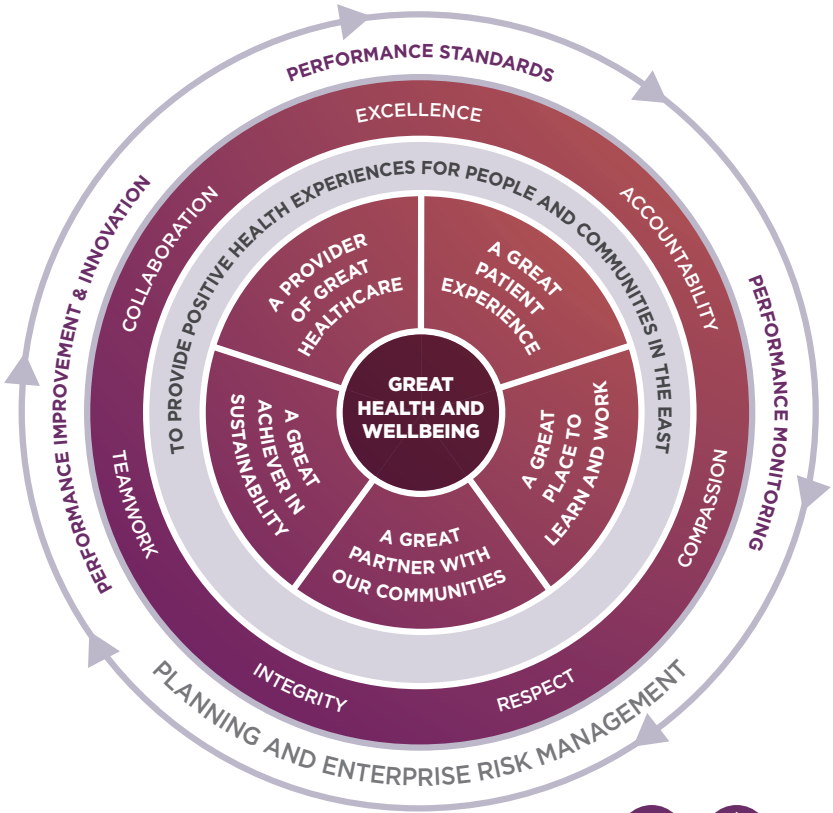
- To respond to risks, threats or opportunities
- When an opportunity for improvement arises
- When a performance standard is not being met.

Improving the work done each day is a core task for Eastern Health staff to ensure all performance standards are met.

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 Operations and Improvement Plans, which are monitored and reported on a quarterly basis.

PERFORMANCE EXCELLENCE FRAMEWORK



QUALITY, PLANNING AND RISK MANAGEMENT

The quality and safety of Eastern Health's services are underpinned by our governance framework, which encapsulates both clinical and corporate governance, and incorporates a comprehensive enterprise risk management system.

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

Eastern Health has a comprehensive clinical governance program, which ensures compliance with the National Standards for Safety and Quality in Health Services and incorporates the important elements of clinical risk management, clinical effectiveness, effective workforce and consumer participation.

Eastern Health's quality, safety and clinical governance is overseen by the Quality Committee.

Eastern Health has an enterprise risk management framework and standard that provides a co-ordinated, organisation-wide approach to risk management and it ensures we respond to changes in the healthcare environment in a timely manner.

Risk management is overseen by the Risk and Audit Committee. In 2013-14, we have continued to improve risk management systems to ensure they are the best they can be.

MANAGING OUR RISKS

Eastern Health identifies, monitors and reports risks using a Risk Register. This is an active process, with risks opened as they are identified and closed when they are addressed. As at 30 June 2014, there were 52 open risks. Since 1 July 2013, there have been 32 new risks added to the register and 14 risks closed.

Eastern Health's extreme risks and actions to address them:

- A high rate of patient falls, which may result in patient injuries and a poor patient experience. This is being addressed through training programs, reviewing and improving the range of equipment used for falls prevention and better understanding the relationship between restraints and falls.
- Clinical documentation which does not meet relevant standards and may contribute to preventable clinical deterioration or omissions and delays in treatment for some patients. This is being addressed through the implementation of discipline-specific documentation guidelines and a comprehensive audit program.
- Lack of an agreed resuscitation terminology aligned with electronic medical records (EMR) functionality, which may lead to misinformation and omissions in critical emergency care for some patients. This risk is being addressed through a review of the Eastern Health policy and alignment of EMR functionality to incorporate agreed "Limitation of Treatment" options within EMR systems.
- Risk of serious adverse events potentially resulting in preventable patient harm. This is being addressed by implementing systems to ensure appropriate standards and compliance monitoring mechanisms are in place and ensuring the effectiveness of professional development of staff including supervision and training and management and leadership capability.

Eastern Health's Great Enterprise Risk Management program was recognised with the Risk Management Award at the 2013 Institute of Public Administration Australia (Victoria) Leadership in the Public Sector Awards. This award acknowledged Eastern Health's risk-based approach towards compliance with National Standards that included 535 core actions.

STRATEGY

In 2013-14, Eastern Health began implementing a number of strategies from the Strategic Clinical Service Plan, known as *Eastern Health 2022*. This plan outlines the future service priorities for Eastern Health for the next 10 years. The plan aligns with the *Victorian Health Priorities Framework 2012-22: Metropolitan Health Plan.*

Eastern Health 2022 has underpinned a number of service changes across the organisation during the past 12 months, including the introduction of new models of care aligned with the redevelopment of Box Hill Hospital. It has also informed service developments at Maroondah Hospital and Healesville & District Hospital.

We will continue to work with our staff, our healthcare partners and the broader community to implement this plan.

Eastern Health 2022 was a finalist for the Policy Development Award at the 2013 Institute of Public Administration Australia (Victoria) Leadership in the Public Sector Awards. The nomination recognised Eastern Health's extensive consultation process when developing the organisation's first Strategic Clinical Service Plan.

ACCREDITATION

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 in Health Service Standards, ACHS Evaluation Quality Improvement Program National Standards, National Standards for Mental Health Services and Community Care Common Standards.

Eastern Health met all core standards and also received 36 "met with merit" ratings – 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.

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, formerly the Aged Care Standards and Accreditation Agency.

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

Eastern Health's *In the Patient's Shoes* strategy won the Service Delivery Award at the 2013 Institute of Public Administration Australia (Victoria) Leadership in the Public Sector Awards. This award commended the program that used more than 5000 pieces of feedback from patients to improve staff training processes, establish an Eastern Health-wide interpreter service, develop better communication protocols and introduce iPads to help patients select meals.

OUR CAPITAL WORKS PROGRAM

BOX HILL HOSPITAL REDEVELOPMENT

Box Hill Hospital's $447.5 million redevelopment is nearing completion and on track to open in late 2014. Managing contractor Baulderstone Pty Ltd is expected to complete the new 10-storey building prior to an official opening ceremony in August 2014.

Construction of an additional floor as a result of project cost-savings has been a major accomplishment of this substantial venture – the largest suburban health infrastructure project in Victoria.

Accommodating all of our acute beds and services within the new building will enable us to deliver more efficient healthcare and access to high-quality services and amenities for our patients.

Following the opening of the new building (to be known as Building A) refurbishment of the existing hospital (Building B) will commence and is scheduled to be completed in late 2015.

Improved amenities will include more space in some areas, such as specialist clinics, and a more contemporary environment for patients and staff.

Upon completion, the expanded Box Hill Hospital will deliver:

- An increase of more than 200 beds
- A larger emergency department supported by 20 short-stay beds
- A precinct for women and children's services
- 10 new operating theatres with an 11th for future expansion
- A new 18-bed intensive care unit
- More inpatient and day beds for cancer and renal services
- Two floors of basement parking to provide more than 200 spaces.

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

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

HEALESVILLE & DISTRICT HOSPITAL

Victorian Minister for Health, the Hon David Davis, announced in November 2013 that people living in the Yarra Ranges would benefit from more health services closer to home thanks to a $7.8 million expansion of Healesville & District Hospital and Yarra Valley Community Health.

Work is underway on delivering the project, which includes a new operating theatre, new renal dialysis unit and additional community services. As part of Eastern Health's commitment to keep the community informed about the redevelopment, a formal plan for community consultation was established.

Overall, the project will deliver a 30 per cent increase in services at Healesville & District Hospital and Yarra Valley Community Health.

OTHER CAPITAL WORKS AND IT PROJECTS

Eastern Health continued to progress its extensive capital works program (almost $500 million) during 2013-14 including:

- Maroondah Hospital expansion, which included completion of the second stage of the project, a new intensive care unit and ward development ($22 million)
- Expansion of sub-acute services ($5.2 million) at Maroondah Hospital progressed with the construction of a 20-bed sub-acute ward due to be completed in late 2014
- Expansion of the new education precinct at Wantirna Health commenced and is scheduled to finish in July 2014. This work is being undertaken in partnership with Deakin University and Monash University, with funding from Health Workforce Australia, an Australian Government initiative.
- ehCare@eastern was successfully implemented, allowing staff to order pathology and radiology tests and prescribe medications electronically, reducing the risk of medication errors and improving pathology and radiology ordering practices.

In April 2014, Eastern Health was the first Victorian public health service to successfully send discharge summaries electronically to the Personally Controlled Electronic Health Record system. This secure, voluntary system contains health records that can be accessed electronically by the patient and their treating healthcare providers.

By providing a centralised electronic location, GPs will have access to key health information including allergies and medications, enabling them to spend less time searching for information and more time with their patients. Eastern Health is a leader in eHealth record initiatives and will continue to provide guidance to other Victorian health services as they implement the system, which is part of the National Health Reforms.

BUILDINGS AND FACILITIES

Eastern Health complies with the building and maintenance provisions of the *Building Act 1993*, with all works completed in 2013-14 according to the *Building Code of Australia, Standard for Publicly Owned Buildings 1994* and relevant statutory regulations.

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

All building practitioners are required to show evidence of current registration and must maintain their registration status throughout the course of their work with us.

All contractors engaged by us in major construction projects are on the approved Department of Transport Construction Supplier Register.

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 that net competitive advantages which accrue to a government business are offset.

We understand the requirements of competitive neutrality and act accordingly.

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

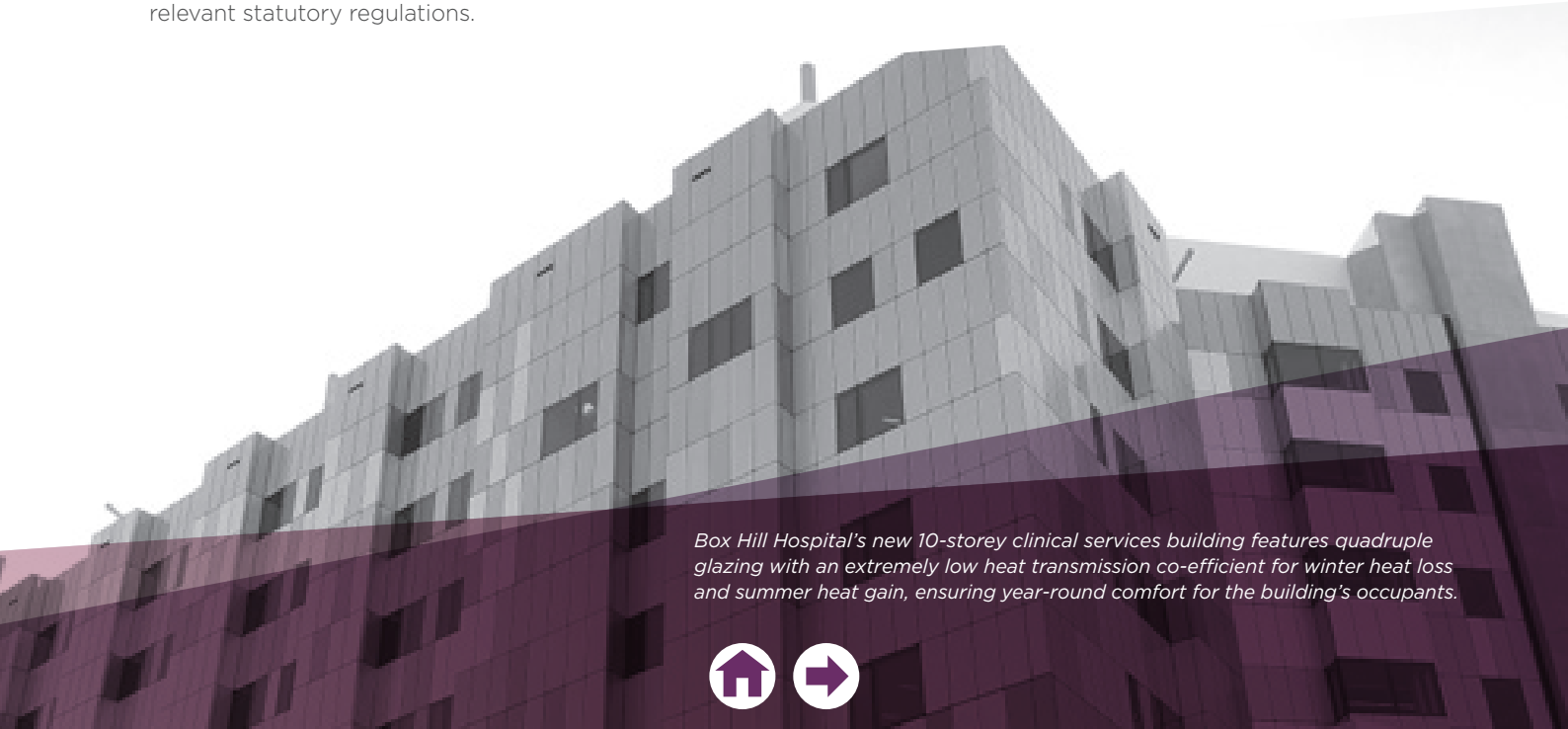
PROCUREMENT BENCHMARKING

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

OUR ENVIRONMENTAL PERFORMANCE

As a leading provider of healthcare in our region, Eastern Health continues to seek innovative ways to minimise our environmental impact and optimise the use of our resources while at the same time, delivering quality healthcare to our community. As one of our five strategic directions, we strive to achieve our sustainability goals, such as improving efficiency, reducing emissions and ensuring effective use of resources.

Eastern Health publishes an annual sustainability report, which outlines our performance in the area of environmental and economic sustainability – please refer to the back of this report for a CD version of the *2013-14 Sustainability Report*. All our publications are available electronically via the Eastern Health website at **www.easternhealth.org.au**



Box Hill Hospital's new 10-storey clinical services building features quadruple glazing with an extremely low heat transmission co-efficient for winter heat loss and summer heat gain, ensuring year-round comfort for the building's occupants.

VICTORIAN INDUSTRY PARTICIPATION POLICY

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

There was one contract in 2013-14 to supply non-clinical support services, at a total of $91 million, over three years - 98.9 per cent of the contract is provided locally. It also covers the employment of 224 staff, with a commitment to ongoing training opportunities.

CONFLICTS OF INTEREST

Eastern Health has a policy and process to assist staff to manage real or perceived conflicts of interest when dealing with suppliers.

As part of this, Eastern Health has developed a *Statement of Business Ethics*, which outlines what we expect from our suppliers and what they can expect from us in our business dealings.

FREEDOM OF INFORMATION

Eastern Health complies with the Victorian *Freedom of Information Act 1982* (FOI). During 2013-14, we received 1153 FOI requests as follows:

Freedom of information requests 2013-14	
Number of requests	1153
Access provided in full	739
Access provided in part	337
No documents	30
Access denied	2
Request withdrawn by applicant	9
Transferred to another agency	0
Requests not completed by 30 June 2013	36

PRIVACY

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

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

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 the taking of reprisals 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 reprisals for protected disclosures should be directed to the Executive Director of Human Resources & Communications 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.

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 2014.

W. KIRBY CLARK
Chair
Eastern Health Risk and Audit Committee
7 August 2014

ATTESTATION ON DATA INTEGRITY

I, Alan Lilly, certify that Eastern Health has put in place appropriate internal controls and processes to ensure that reported data reasonably reflects actual performance. Eastern Health has critically reviewed these controls and processes during the year.

ALAN LILLY
Chief Executive, Eastern Health
7 August 2014

ATTESTATION FOR COMPLIANCE WITH THE MINISTERIAL STANDING DIRECTION 4.5.5.1 – INSURANCE

I, Alan Lilly, certify that Eastern Health has complied with Ministerial Direction 4.5.5.1 – Insurance

ALAN LILLY
Chief Executive, Eastern Health
7 August 2014

ATTESTATION ON COMPLIANCE WITH THE AUSTRALIAN/ NEW ZEALAND RISK MANAGEMENT STANDARD

I, Alan Lilly, certify that Eastern Health has risk management processes in place consistent with *AS/NZS ISO 31000:2009 Risk management – principles and guidelines* and an internal control system is in place that enables the Executive to understand, manage and satisfactorily control risk exposures. The Risk and Audit Committee verifies this assurance and that the risk profile of Eastern Health has been critically reviewed within the last 12 months.

ALAN LILLY
Chief Executive, Eastern Health
7 August 2014

COMPLIANCE WITH STANDARD DISCLOSURES

In compliance with the requirements of FRD 22D *Standard Disclosures in the Report of Operations*, details in respect of "additional information" 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).

OUR GOVERNANCE

Graduate nurses Tara Woods and Chris Nayna are pictured outside Box Hill Hospital's emergency department. They were among 139 graduates who completed their program in 2013. Eastern Health has a robust nursing and midwifery education program. For more information, see page 46.

COMMITTEE STRUCTURE

> Board 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 Committee
> Remuneration Committee

OUR 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 Victorian Minister for Health and subject to the principles contained within the *Health Services Act 1988* and the *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 executive and operational authority, enabling designated executives and staff to perform their duties through exercising specified authority.

The Directors contribute to the governance of Eastern Health collectively as a Board. The Board normally meets monthly and 11 meetings are scheduled each financial year.

All directors whose appointments expired on 30 June 2014 have been reappointed.

During 2013-14, Eastern Health's eight Board Directors were:

DR JOANNA M FLYNN AM

MBBS MPH DRANZCOG FRACGP

Appointed Chair of Eastern Health 1 July 2009

Current professional positions

> General Practitioner

> Chair, Medical Board of Australia

MR STUART ALFORD

BEcon(Hons) FCA MAICD

Appointed 1 July 2009

Professional positions

> Chairman and Director, Centre of Excellence in Intervention and Prevention Science Limited

> Director and Chair of Finance Committee, Kilvington Grammar

> Director, Scoroband Pty Ltd

> Chair of Finance and Audit Committee, Prince Henry's Institute of Medical Research

> Chair of Audit Committee, Australian Accounting Standards Board

> Chair of Audit Committee, Australian Auditing and Assurance Standards Board

> Member of Audit Committee, Victorian Curriculum and Assessment Authority

> Director, Melbourne Fire and Emergency Services Board

Eastern Health's Board of Directors, back row, from left, Kelly Tropea, James McAdam, Kirby Clark and Professor Andrew Conway; front row, from left, Denis Hogg AM, Board Chair Dr Joanna Flynn AM, Professor Pauline Nugent and Stuart Alford.

MR W. KIRBY CLARK

BCom CA (Australia) CA (Canada) FAICD

Appointed 1 July 2007

Professional positions

- Director, Clark Heilemann Pty Ltd
- Director, SB Leasing Pty Ltd
- Director, St Leonards Developments (Vic) Pty Ltd
- Director, Clark Properties (Aust) Pty Ltd
- Member of Advisory Board, Infradebt Pty Ltd
- Member of Advisory Board, Crivelli Fine Coffee Pty Ltd

PROFESSOR ANDREW CONWAY

FIPA FCPA (UK) MAICD FAIM

Appointed 1 July 2011

Professional positions

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

MR DENIS HOGG AM

BSc BCom MBA

Appointed 1 July 2011

Professional positions

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

MR JAMES MCADAM

BA DipH DipEd GAICD

Appointed 17 July 2012

Professional position

- Chief Executive, Royal Australasian College of Obstetricians & Gynaecologists

PROFESSOR PAULINE NUGENT

BAppSc (Nursing Education) MEd

Appointed 1 July 2009

Professional position

- Provost, Australian Catholic University

MS KELLY TROPEA

BCom(Hons) MFin

Appointed 30 July 2013

Professional positions

- Professional and academic background in human resource management in Australia and Asia

OUR 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. The Board, at its meetings, discusses the committee minutes that are introduced by the relevant Committee Chair.

COMMUNITY ADVISORY COMMITTEE

Chair:
Prof Andrew Conway

Member:
Ms Kelly Tropea

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 Sue Downes, Diane Fisher, Liz Flemming-Judge, Jeanette Kinahan, Jill Linklater, Tarnya McKenzie, Jane Oldham, Edward Thomson and Jan Wirth.

FINANCE COMMITTEE

Chair:
Mr Stuart Alford

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

The primary function of the Finance Committee is to assist the Board in fulfilling its responsibilities to oversee Eastern Health's assets and resources.

It reviews and monitors the financial performance of Eastern Health in accordance with approved strategies, initiatives and goals.

The committee 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.

QUALITY COMMITTEE

Chair:
Prof Pauline Nugent

Members:
Prof Andrew Conway
Mr Denis Hogg AM
Ms Kelly Tropea

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 ensure that clinical risk and patient safety are managed effectively.

Jeanette Kinahan, Jill Linklater and Jan Wirth are community representatives on the Quality Committee.

PRIMARY CARE AND POPULATION HEALTH ADVISORY COMMITTEE

Chair:
Mr James McAdam

Member:
Mr Denis Hogg AM

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

In accordance with the requirements of section 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.

RISK AND AUDIT COMMITTEE

Chair:

Mr W. Kirby Clark

Members:

Mr Stuart Alford
Prof Andrew Conway

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*, members of the committee are all independent directors.

STRATEGY, PLANNING AND HUMAN RESOURCES ADVISORY COMMITTEE

Chair:

Mr Denis Hogg AM

Members:

Mr W. Kirby Clark
Mr James McAdam
Ms Kelly Tropea

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

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

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.

OBJECTIVES, FUNCTIONS, POWERS AND DUTIES

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

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

- 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 12-23.

Top left: Angliss Hospital emergency department nurses Kim Marruso and Sue Brown. Angliss Hospital achieved the National Emergency Access Target (NEAT) of admitting or discharging patients within four hours for the first time in the June 2014 quarter. This excellent result contributed to a 5.4 per cent improvement in Eastern Health's NEAT performance overall during 2013-14.

Top right: Joanne Voce joined Eastern Health in early 2014 as an Aboriginal Hospital Liaison Officer to provide Aboriginal and Torres Strait Islander patients with culturally-appropriate guidance when they present to any area of our health service.

Above: Healesville & District Hospital radiographer Karen Boyd. Work is underway on a $7.8 million redevelopment of Healesville & District Hospital and Yarra Valley Community Health which includes a new operating theatre, new renal dialysis unit and a refurbished community health centre.

OUR PEOPLE

A recipe for good health. Yarra Valley Community Health dietitian Carla Johnson, pictured with Launching Place resident David Bairstow, helps local residents improve their skills and prepare healthier, more varied meals as part of a cooking program in Yarra Junction.

- Listening to what our staff tell us – and incorporating change
- Focus on health and wellbeing
- Aspire to Inspire – recognising our outstanding staff and volunteers
- Developing our healthcare professionals
- New Aboriginal Employment Plan

WORKING AT EASTERN HEALTH

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

ORGANISATIONAL DEVELOPMENT

Eastern Health has taken a holistic, strategic and structured approach to building organisational and people capability, which is firmly aligned with our values and strategic directions.

Our Organisational Development and Workforce Planning Framework established in 2009 responded to a number of healthcare workforce challenges by providing direction for the attraction, development and retention of staff, and for building a high-performing, learning, diverse and positive culture.

With the successful implementation of the 2009-12 framework, the *Eastern Health People Strategy 2013-16* was developed to enhance our agenda in line with our vision of *great health and wellbeing*.

The new strategy is fully aligned with Eastern Health's strategic direction of "a great place to learn and work" and is fully integrated with *Eastern Health 2022* and Eastern Health's Performance Excellence Framework *(see page 28)*.

PEOPLE MATTER SURVEY

Eastern Health staff participated in the People Matter Survey conducted by the Victorian Public Sector Commission (previously known as the State Services Authority) in May 2014.

While the results of this survey are still being collated, Eastern Health implemented a number of changes during 2013-14 based on feedback from more than 3000 staff who completed the previous survey in 2012.

These included:

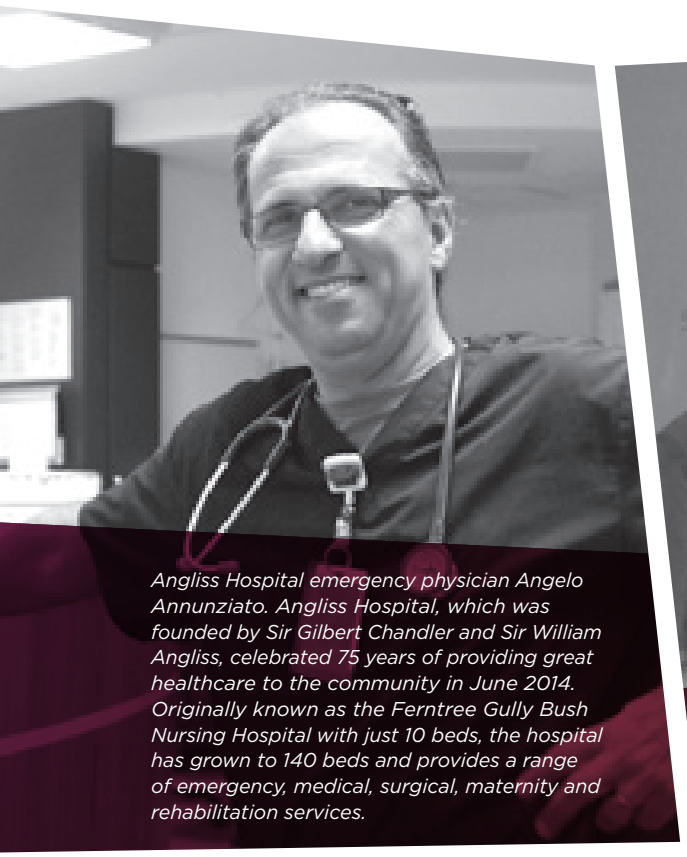
- Development of change management capabilities
- Establishing career development pathways
- Establishing staff support mechanisms
- Providing health and wellbeing programs for staff
- Increasing participation in formal and informal performance feedback
- Improving local level recognition and acknowledgments
- Analysing entry, exit and staff surveys to inform retention strategies

Continued on page 41.

Eastern Health's People Strategy won the People Development Award at the 2013 Institute of Public Administration Australia (Victoria) Leadership in the Public Sector Awards.

This award recognised our work in building organisational capacity, which included reducing staff turnover in a workforce of more than 8300 people by over a third in four years.

From left, Eastern Health's Executive Director of Human Resources & Communications Christos Roussos and Director of Organisational Development and Workforce Planning Benaifer Sabavala, with Andrew Tongue, Secretary of the Department of Premier and Cabinet, and Institute of Public Administration Australia President Gill Callister at the 2013 Leadership in the Public Sector Awards.



Angliss Hospital emergency physician Angelo Annunziato. Angliss Hospital, which was founded by Sir Gilbert Chandler and Sir William Angliss, celebrated 75 years of providing great healthcare to the community in June 2014. Originally known as the Ferntree Gully Bush Nursing Hospital with just 10 beds, the hospital has grown to 140 beds and provides a range of emergency, medical, surgical, maternity and rehabilitation services.

Eastern Health's Director of Cardiology, Professor Gish New, is pictured in Box Hill Hospital's cardiac catheter laboratory. There will be two "cath labs" in the redeveloped hospital's new 10-storey clinical services building.

- Enhancing collaborative leadership and decision-making
- Embedding the Eastern Health values and code of conduct through training and HR processes to increase accountability and build a values-based high-performing culture
- Building two-way staff feedback and change evaluation mechanisms
- Promoting diversity and inclusion
- Improving collaborative multi-disciplinary teamwork and learning
- Assisting managers to plan priorities, organise workloads and build resilience
- Retaining essential knowledge through mentoring, coaching and action learning.

FOCUS ON HEALTH AND WELLBEING

Eastern Health puts great emphasis on staff health and wellbeing, and recognises the challenge of the high-pressure environments in which they work. Regular immunisation and health check programs, site gyms and social clubs provide for good health.

Eastern Health has invested significantly in workforce sustainability with the aim of improving the management of our workforce through initiatives that address vacancy and unplanned absence rates, and target work-life balance by encouraging increases in annual leave uptake.

We are reducing the number of casual staff to enhance continuity of care and recorded the lowest level of agency use across metropolitan health services in 2013 at just 0.4 per cent of the total nursing workforce. This is a decrease from 4.2 per cent in 2008-09. At the end of the 2013-14 financial year, it was 0.2 per cent.

HIGHLIGHTS

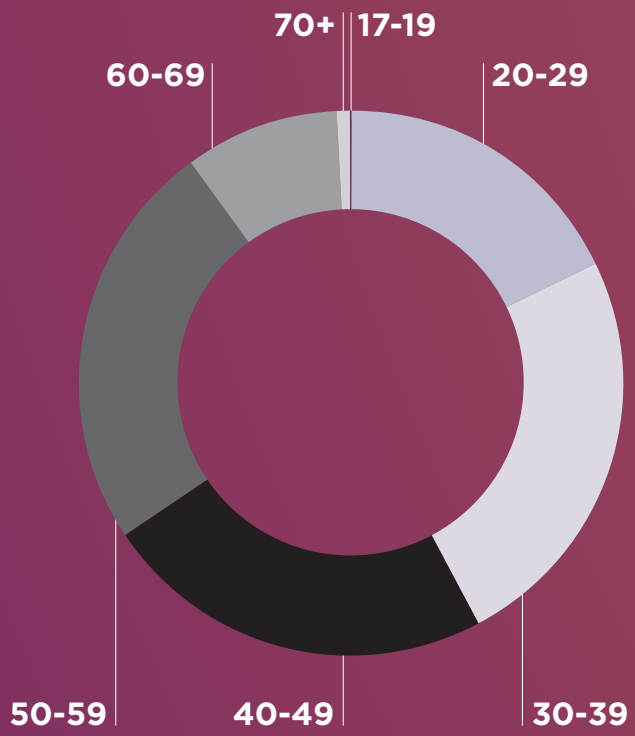
Taste of Harmony events held across all sites to celebrate the cultural diversity of our staff – the Eastern Health workforce is made up of **85** nationalities

70 mature-aged employees attended Eastern Health forums in 2013-14 to assist in planning for their future health, wealth and wellbeing

663 employees attended Aboriginal cultural competency training – part of Eastern Health's commitment to closing the health gap between Aboriginal and Torres Strait Islander people and non-indigenous Australians

Launch of iLearn – Eastern Health's new e-learning system, which will enhance our capabilities to provide clinical and organisational training opportunities

WORKFORCE AGE BREAKDOWN 2013-14



Age group (years)	Number of staff	Percentage
17-19	7	0
20-29	1512	18
30-39	2088	25
40-49	1991	23
50-59	2068	24
60-69	791	9
70+	57	1
TOTAL	**8514**	**100**

78.47 per cent of our workforce is female

Eastern Health organ and tissue donation specialists Dr Joseph Vetro and Erin East with liver recipient Norm Lewis, centre, at Maroondah Hospital. Norm's "amazing gift" from a stranger allowed him to meet his first grandchild.

WORKFORCE DATA

	2009-10	2010-11	2011-12	2012-13	2013-14
Full-Time	2484	2599	2694	2736	2675
Part-Time	4093	4256	4317	4433	4720
Casual	1629	1518	1338	1138	1119
TOTAL	**8206**	**8373**	**8349**	**8307**	**8514**

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

Labour category	June Current month FTE		June YTD FTE	
	2013	2014	2013	2014
Nursing	2482.5	2654.9	2482.3	2517.8
Administrative and clerical	783.7	842.1	794.3	812.2
Medical support*	477.5	516.5	477.7	497.5
Hotel and allied services	287.7	284.1	290.3	284.1
Medical officers	109.8	112.7	109.6	109.7
Hospital medical officers	498	513.4	481.9	491.7
Sessional clinicians	137.8	150.2	125.9	142.1
Ancillary staff (allied health)	552.2	578.3	555.5	556.8

BREAKDOWN OF WORKFORCE - EQUIVALENT FULL-TIME STAFF

Labour category	2009-10	2010-11	2011-12	2012-13	2013-14
Nursing	2416.1	2449.6	2462	2482.5	2564.9
Administrative and clerical	727.3	775.6	790.1	783.7	842.1
Medical support*	418.1	433.1	435	477.5	516.5
Hotel and allied services	281.1	291.6	286.3	287.7	284.1
Medical officers	100.2	108.2	105.7	109.8	112.7
Hospital medical officers	392.5	439.6	482.5	498	513.4
Sessional clinicians	111.1	121.8	118.3	137.8	150.2
Ancillary staff (allied health)	605.3	598.4	618.7	552.2	578.3
TOTAL	**5051.7**	**5217.9**	**5298.6**	**5329.2**	**5562.2**

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

Average age of our staff is **43**, with **34 per cent** of our workforce over **50 years old**

RECRUITMENT

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

During 2013-14, the team increased training opportunities for new and existing managers on best-practice recruitment processes. They also provided information, including guides and templates, on the intranet for easy access to further support their recruitment endeavours. A comprehensive Eastern Health Recruitment Standard (policy) was finalised and published to provide guidelines for managers to ensure consistency and reduce risk.

Recruitment advertising was reviewed and revised to include an increased presence online to assist with building the organisation's reputation and confirming Eastern Health as an employer of choice. An online cessation form was also introduced to reduce paperwork and improve timeframes and efficiencies for staff and managers.

ABORIGINAL EMPLOYMENT PLAN

Eastern Health developed its first *Aboriginal Employment Plan 2012-15* to increase employment participation of Aboriginal people. Eastern Health is an equal opportunity employer and recognises the importance of diversity and inclusion.

This plan focuses on creating an Aboriginal Apprenticeship and Traineeship Employment Program, including school-based placements, and providing indigenous scholarships. This is in response to Eastern Health's commitment to achieving health equality for Aboriginal and Torres Strait Islander people.

Comprehensive long-term plans of action for improved access to and outcomes from mainstream services have also been developed. One of the priority areas was to look for employment and career development opportunities wherever possible within our large organisation for Aboriginal and Torres Strait Islander people. Through this process of increasing employment participation, greater understanding of cultural responsiveness requirements will be acquired to help develop an environment that encourages Aboriginal and Torres Strait Islander people to seek health treatment and services.

To view the plan, visit **www.easternhealth.org.au/careers**

APPLICATION OF MERIT AND EQUITY PRINCIPLES

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

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

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

Our people policies and procedures support:

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

INDUSTRIAL RELATIONS

Industrial relations negotiations for workplace agreements across the Victorian public health sector continued in 2013-14.

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

There was no time lost as a result of these negotiations during the past financial year.

Darren Wilson has not looked back since he made the decision to leave his job as a warehouse manager and pursue his passion for alcohol and drug work. Darren successfully applied for a traineeship at Eastern Health as a community development officer. His position is partly funded by the Victorian Department of Health's Koolin Balit (Healthy People) training grants program, which aims to assist health services to increase their capacity to provide training and workforce opportunities for Aboriginal people.

STAFF REWARD AND RECOGNITION

Eastern Health's annual Aspire to Inspire (A2i) Awards is an important event where we reflect upon, acknowledge and celebrate the achievements of our staff and volunteers. The A2i awards recognise and reward staff who have made an outstanding contribution to Eastern Health and our community through their exemplary expression of our core values – Excellence, Accountability, Compassion, Respect, Integrity, Teamwork and Collaboration.

Now in its fourth year, the awards program has evolved to include excellence in volunteering, workplace safety and wellbeing, sustainability and for the first time this year, consumer participation, as well as an award that recognises staff who demonstrate a commitment to "closing the health gap".

Staff members are also acknowledged for their long-term commitment to Eastern Health and the community, with awards marking 25, 30, 35, 40 and even 45 years of service.

NURSING AND MIDWIFERY AWARDS

Eastern Health hosted the annual Nursing and Midwifery Awards and Graduation Ceremony in May 2014. At this event we celebrated the achievements of our graduate and postgraduate nurses and midwives. In addition, we acknowledged individual excellence and leadership through the following five categories:

Penny Newsome Medal for clinical excellence by a graduate nurse/midwife:

Teddy Sikali, Mental Health

De Voile Medal for clinical excellence and leadership by a postgraduate nurse/midwife:

Eva Kovassy, perioperative (theatre) nurse, Box Hill Hospital

Preceptor Award, recognising excellence in mentorship and clinical support for the novice nurse/midwife:

Melissa Njoku, Critical Care Unit, Maroondah Hospital

Deakin University Chair of Nursing Award, recognising a significant contribution to research:

Catherine Hunkin, Ward 2 West, Angliss Hospital

Chief Nursing and Midwifery Officer Award for outstanding excellence and leadership in nursing/midwifery:

Nicole Davies, Associate Director of Nursing, Maroondah Hospital

Eastern Health's Chief Executive Alan Lilly congratulates Box Hill Hospital theatre nurse Lorraine Casey on her 40 years of service – 38 of which were on night shift – at the 2013 Aspire to Inspire (A2i) Awards, the marquee event in our staff reward and recognition program.

Angliss Hospital midwifery graduates, from left, Gillian Fernando, Belinda Wong, Ashleigh Meade, Ektaa Bali, Michelle Cambrey and Rebecca Ganesan at the 2014 Nursing and Midwifery Awards, which celebrate the achievements of our graduate and postgraduate nurses and midwives.

DEVELOPING OUR HEALTHCARE PROFESSIONALS

Eastern Health continues to invest in clinical education and training, with a number of learning opportunities available for staff across all professional groups and disciplines.

Innovative inter-professional research and learning has been well received by medical and nursing students in a first between Eastern Health and Monash University. Close partnerships with Monash, La Trobe and Deakin universities enable educational support for our health professionals and assist in the development of our clinicians and health workforce.

Study scholarships were provided in 2013-14, with more than 100 employees benefiting from this scheme. Eastern Health also introduced a National Health Service Study Tour Scholarship, in which seven talented employees visited the United Kingdom in April 2014 to enhance their knowledge and skills in various areas.

POSTGRADUATE MEDICAL EDUCATION

During 2013-14, medical education initiatives and highlights included:

- Ongoing accreditation for three years for intern and postgraduate year two programs from the Postgraduate Medical Council of Victoria (PMCV)
- Introduction of the new National Intern Assessment form and improved processes for oversight of intern assessments and progress
- Poster presentation titled *Discharge Summaries – the intern perspective* at the 18th National Prevocational Medical Education Forum in Adelaide
- Introduction of a pilot pre-employment survey of all new interns, including self-assessment of skills and exploring their experience with Eastern Health's recruitment process, to better inform planning for recruitment and education
- Appointment of Dr Wilson Phiri as supervisor of intern training at Angliss Hospital. Dr Phiri is an emergency physician with a keen interest in education, including simulation training.
- Restructuring of the Junior Medical Officer (JMO) intranet portal to better reflect the requirements of PMCV, AHPRA and ACHS accreditation for the orientation and professional development of JMOs
- Introduction of the mobile simulation van or "Sim Van" to enhance resuscitation training, including simulation education across Eastern Health sites.

NURSING AND MIDWIFERY PRACTICE DEVELOPMENT

Eastern Health's Practice Development Unit is integrated across all clinical program streams, ensuring education initiatives are aligned with the quality and strategy frameworks of each program.

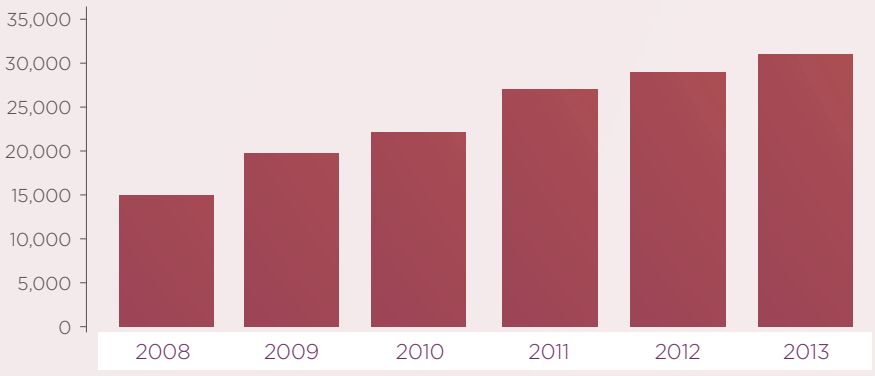
Simulation-based learning, e-learning and enhanced use of technologies are supporting learning outcomes for participants and we are continuously improving access to learning opportunities for nurses and midwives.

Integrating the National Standards across all learning programs was a major focus in 2013 and this work will continue throughout the next financial year.

KEY HIGHLIGHTS IN 2013-14:

- A total of 30,760 clinical placement days were undertaken by pre-registration nursing and midwifery students in the 2013 academic year, which equated to 3900 students. The most significant growth was in the community and ambulatory settings, with 1080 clinical placement days, up from 50 in 2011.

Growth in clinical placement days



Junior doctors Petrus Weenink, front, and Simon Landes participate in cannulation simulation as part of their medical training. Eastern Health's intern and postgraduate year two programs are fully accredited by the Postgraduate Medical Council of Victoria.

Simulation training is a major part of post-graduate medical education at Eastern Health. Pictured, from left, are junior doctors Victoria Holmes performing CPR and Fei Fan Lui doing "bag and mask".

ALLIED HEALTH EDUCATION SERVICES

During 2013-14, allied health initiatives and activities included:

- Participation in the *Allied Health Assistants Implementation Project*, which was made possible due to funding from the Victorian Department of Health
- Development of an allied health student orientation program, including hand hygiene courses and online orientation resources made available to students before they commenced their placement. This program has resulted in improved standards of care by allied health students, as evidenced by audits of hand hygiene practices.
- Participation in the Victorian Department of Health *Best Practice Clinical Learning Environments* (BPCLE) implementation project using the online BPCLE tool.
- Creation of a new project officer role to implement workforce strategies and programs, including the development of an Allied Health New Graduate Support Program to assist new allied health professionals during their transition from student to working professional
- Introducing viCPlace, a web-based information system created by the Victorian Department of Health to plan clinical placement activities with partner education providers for eight disciplines – allied health assistance, dietetics and nutrition, exercise physiology, occupational therapy, physiotherapy, podiatry, social work and speech pathology
- Working collaboratively with the nursing education team to review Student Placement Agreements with all education provider partners.

DEVELOPING OUR FUTURE LEADERS

Eastern Health has a formal *Management Development Pathway* for staff within or aspiring towards a health management career. Regular training in people, resources, quality and risk management is provided for new managers who have been promoted from clinical backgrounds to orientate them to their new roles.

Aspiring and potential clinicians are also offered an opportunity to determine their suitability for a management career. Feedback on these programs, in which more than 400 managers and team leaders have participated since 2010, has been very positive.

As part of our commitment to retain knowledge, develop talent and enhance leadership capabilities, the *Leadership Mentoring Program* was also introduced in 2012. Its aim is to facilitate structured mentoring relationships for experienced executives and senior leaders to share advice, knowledge and experiences with interested middle managers and leaders seeking opportunities for career development. Forty middle and senior clinical managers participated in the 2013-14 mentoring program as mentors or mentees.

Continued from page 46.

- Students are now supported by a new e-learning program, which facilitates completion of all orientation requirements before they arrive, thereby maximising clinical placement time
- There were 139 graduates who completed their program in 2013 (106 general, 19 mental health and 14 midwifery)
- Our graduate nurse/midwife study program was enhanced with a greater focus on the deteriorating patient and simulation-based learning. Graduates reported improved levels of confidence in identifying the patient who deteriorates and in their role to escalate care and manage clinical priorities.
- Retention rate of 86 per cent from the postgraduate program, with 22 per cent taking up positions within Transition to Specialty programs.
- 65 students completed the Transition to Specialty Program and 67 students completed postgraduate studies in clinical specialties in the 2013 academic year.

OUR ORGANISATIONAL STRUCTURE

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

Chief of Clinical & Site Operations
Angliss Hospital
Program Director Emergency & General Medicine
Ben Kelly

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

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

Chief of Clinical & Site Operations
Yarra Ranges
Program Director Women & Children
Lisa Lynch

Executive Clinical Director
Emergency & General Medicine
Dr David Charlesworth

Executive Clinical Director
Surgery
Prof Michael Grigg

Executive Clinical Director
Specialty Medicine
Prof Lawrie McMahon

Executive Clinical Director
Women & Children
Dr Malcolm Barnett

Associate Director
Infection Prevention & Control
Leanne Houston

Professional Nursing Services Portfolio

Director
Nursing & Midwifery Workforce
Practice Development
(Deputy Chief Nursing & Midwifery Officer)
Kath Riddell

Chair of Nursing
Prof Julie Considine

Project Lead
Commissioning
Box Hill Hospital
Lisa Shaw-Stuart

Executive Director
Corporate Projects & Sustainability
Zoltan Kokai

Project Lead
Box Hill Hospital Redevelopment
Allison Harle

Director
Infrastructure Services
Bruce Leslie

Operational Lead
ehCare
Samantha Alabaster

Manager
Capital Projects
Mark Hoffman

Manager
Facilities, Property & Retail
Shane Macfarlane

Eastern Health Project Managers

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

Director
Financial Services
Craig Trenfield

Director
Management Accounting Services
Wendy McArthur

Director
Supply Chain
Rohan Pal

Chief Information Officer
Carlos Arribas

Acting Director
Business Performance Analysis & Health Information Services
Andrea Wecke

Executive Director
Quality, Planning & Innovation
Gayle Smith
(Chief Allied Health Officer)

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

Director
Strategy, Planning & Risk Management
Corporate & Clinical Services
Greg Turnham

Director
Acute Health Patient Experience & Consumer Participation
Jo Gatehouse

Director
Organisational Redesign & Performance Excellence
Jane Evans

BOARD OF DIRECTORS

CHIEF EXECUTIVE
Alan Lilly

OFFICE OF THE CHIEF EXECUTIVE

Director
Eastern Health Foundation
Anne Gribbin

Chief Counsel
Sue Allen

Director
Corporate Governance Support
Alison Duncan-Marr

Executive Director
Human Resources & Communications
Christos Roussos

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

Executive Director
Access & Patient Support Services
Karen Fox

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

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

Professional Medical Services Portfolio

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

Executive Director
Continuing Care, Ambulatory, Mental Health & Statewide Services
Matt Sharp

Professional Allied Health Services Portfolio

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

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

OUR EXECUTIVE

ALAN LILLY

Chief Executive

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

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

ADJ CLINICAL A/PROF COLIN FEEKERY

Executive Director – Medical Services & Research

Chief Medical Officer

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

KAREN FOX

Executive Director – Access & Patient Support Services

Karen Fox was appointed to the Executive in May 2013. Karen has held various roles at Eastern Health since 2006 including capital project management, corporate governance, strategic and service planning, and risk management. Karen has wide experience in both metropolitan and regional health settings. She 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 & Information Services

Chief Finance Officer

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

ZOLTAN KOKAI

Executive Director – Corporate Projects & Sustainability

Zoltan Kokai commenced at Eastern Health in July 2004. He is responsible for delivering major capital infrastructure and information system projects and leads the organisation's economic sustainability program. Zoltan previously led Maroondah Hospital and Eastern Health's acute and community health services. Prior to Eastern Health, he held several executive and senior roles at Dental Health Services Victoria, the former Inner & Eastern Health Care Network and Alfred Health.

ADJ PROF DAVID PLUNKETT

Executive Director – Acute Health

Chief Nursing & Midwifery Officer

David Plunkett commenced at Eastern Health in 2002. He held the position of Executive Director of Nursing, Access and Patient Support Services/Chief Nursing & Midwifery Officer from February 2010 and was appointed to his current role in May 2013. Previously, David held senior roles at Epworth Richmond and La Trobe Regional Hospital. He holds a Master of Business Administration and is a surveyor with the Australian Council on Healthcare Standards. He is also a fully qualified perioperative (theatre) nurse.

CHRISTOS ROUSSOS

Executive Director – Human Resources & Communications

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

MATT SHARP

Executive Director – Continuing Care, Ambulatory, Mental Health & Statewide Services

Matt Sharp commenced at Eastern Health in April 2014. He was previously the Chief Executive of Rochester & Elmore District Health Service and has considerable leadership, management and clinical experience in both regional and rural Victoria. A registered nurse by background, Matt has postgraduate qualifications in Critical Care Nursing and a Master of Business Management from La Trobe University. He has also completed the Australian Institute of Company Directors course, is an ACHS surveyor and undertaken the Williamson Community Leadership Program in 2013.

GAYLE SMITH

Executive Director – Quality, Planning & Innovation, Chief Allied Health Officer

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

OCCUPATIONAL HEALTH AND SAFETY

Eastern Health's focus in 2013-14 remained on our key organisational OHS risks related to manual handling, slips, trips and falls, and aggression management.

A number of initiatives were completed including the development of a business case to increase the number of bed movers across Eastern Health, improved online training for staff in occupational health and safety, improved aggression management training for mental health staff and customised aggression management training for emergency department staff.

In 2013, OHS was accredited under the EQuIP National Standards with an Extensive Achievement (EA) awarded to our emergency management system. OHS was also audited by the Victorian Auditor-General's Office, with the surveyors commenting favourably on Eastern Health's OHS management system, as well as signposting areas that could be improved across the Victorian health system.

MANUAL HANDLING

Manual handling continues to be a major hazard for Eastern Health staff working in patient care areas. In order to reduce the number of injuries resulting from manual handling, a comprehensive review of two years of injuries that resulted in WorkCover claims began in April 2014. Causation is being analysed and controls will be developed or improved where practical.

SLIPS, TRIPS AND FALLS

Lost-time injury WorkCover claims relating to slips, trips and falls have trended over target during 2013-14. Slips, trips and falls incidents often occur due to substances on floors, uneven surfaces, staff buffering patient falls and ad hoc incidents relating to individuals losing balance. Work continues on improving cleaning practices across Eastern Health, promoting the importance of immediate clean-up of spills and improved walking surfaces.

AGGRESSION MANAGEMENT

During the 2013-14 financial period there was a two-fold increase in the number of WorkCover claims relating to aggression (from 17 claims in 2012-13 to 32 claims in 2013-14). These claims related to physical assaults on staff by either patients or visitors and occurred during situations such as when a patient required restraint, code grey (personal threat) emergencies and day-to-day patient care.

An Expert Advisory Committee has been established to develop a comprehensive aggression prevention standard. Training in aggression prevention has been increased, as well as the development of additional safe operating procedures to improve staff and patient safety.

FATALITIES OR SERIOUS INJURIES

In the reporting year, there were no fatalities. There were eight "notifiable" incidents reported to WorkSafe Victoria in that involved six injuries to staff members, one to a volunteer and one to a patient.

CONTRAVENTION OF OHS LAWS

During the reporting period, there were two contraventions of the *OHS Act 2004 (Vic)* and *OHS Regulations 2007 (Vic)* involving improvement notices being issued by WorkSafe Victoria. These related to the safety of a manhole in the ceiling, a faulty bed rail and the unsafe use of a lubricant spray causing a slip hazard on the floor. All issues were rectified to the satisfaction of WorkSafe Victoria within the appropriate timeframe.

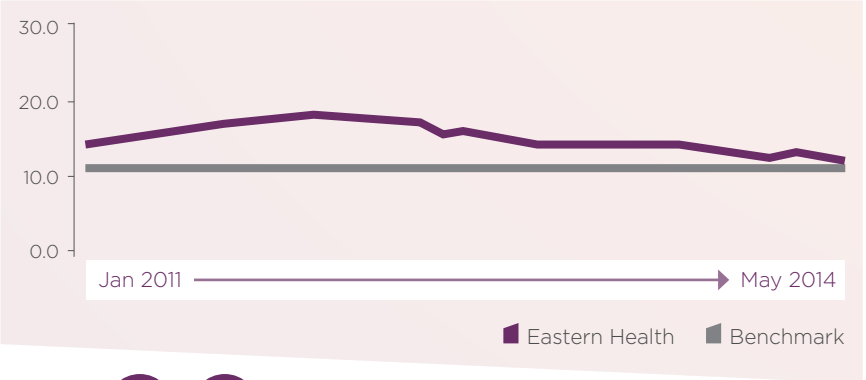
POLICIES AND PROCEDURES

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)*.

LOST-TIME INJURIES CLAIMS FREQUENCY RATE

From July 2013, Eastern Health's lost-time injury workers' compensation claims frequency rate (i.e. number of lost-time injury workers' compensation claims as a percentage of total productive working hours per million hours worked) showed a continued downward trend.

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



Top left: Eastern Health's Manager of Telephony Services Avryl Zangalis is pictured in the Contact Centre at Burwood East, which opened in December 2013. Eastern Health now uses a 1300 number (1300 342 255) to centralise our major call traffic into one customer service centre, thus improving the service for our patients and consumers. At 30 June 2014, the centre had received 384,135 calls in the six months since it opened.

Top right: Graduate midwife Megan Dunstone with one of the 4559 babies delivered at Eastern Health in 2013-14 – that's one baby every one hour and 55 minutes in our birthing suites at Angliss Hospital and Box Hill Hospital.

Above: Turning Point counsellor Rohan Walsh. Turning Point recorded more than 85,000 contacts to their telephone and online counselling services in 2013, as well as over 440,000 visits to their website at ***www.turningpoint.org.au***

OUR FOUNDATION

Thanks for bearing with us. A dedicated band of volunteers knitted more than 250 "welcome bears" for the first patients in the redeveloped Box Hill Hospital which will open in 2014. Pictured from left, are Box Hill Hospital volunteers Gladis Kruger, Julie Wills and Val Pell.

- Developed genuine relationships with donors, volunteers, community groups and businesses
- **987** volunteers supporting **50** programs – contributing **197,000** hours of service
- Expanded bequest program by **200 per cent**, with **30** new bequests confirmed
- Raised **$1.7 million** through philanthropic support
- Network of auxiliaries raised **$550,000** to directly benefit patients and their families

EASTERN HEALTH FOUNDATION

In 2013-14, the Eastern Health Foundation focused on connecting with donors, auxiliaries, community groups and corporate partners to strengthen its relationship with supporters.

GETTING TO KNOW OUR DONORS

We created eight new events to thank donors and volunteers for their support during 2013-14. We also developed the "Gift of Giving" concept, an innovative story board to publicly acknowledge supporters, with the first board due to be installed at Peter James Centre in Burwood East during the second half of 2014.

A third-party fundraising program was also established, with six events during the past 12 months raising $22,000.

FUNDRAISING PROGRAMS

Our fundraising programs were expanded in 2013-14, including:

- Establishment of a Major Gifts Program to raise funds for several projects at Angliss, Maroondah and Box Hill hospitals
- Creation of a Direct Marketing Program that complements donors' giving patterns, interests and preferences
- Collaboration with Eastern Health's Office of Research and Ethics to increase funding for specific projects
- Introduction of a process to attract new bequests.

GROWING RESEARCH

Eastern Health Foundation provided $70,000 towards the annual Research Grants Award program in 2013-14. A record number of 21 applications were received.

Three grants were announced. They were:

Young adults' perception of their wellbeing in mental health

Peter Brann
Director of Research and Evaluation, Child Youth Mental Health Service

Biology and functional significance of prostate cancer basal-like and luminal-like cellular subsets

Ian Davis
Professor of Medicine, Eastern Health Clinical School

Identification of novel molecular markers predictive of early epigenetic treatment response in myelodysplasia

Dr Anthony Dear
Head of Eastern Clinical Research Unit, Translational Research Division

ACKNOWLEDGING OUR VOLUNTEERS

The generous support of our auxiliaries and volunteers continues to help us provide excellent care to our communities. We have 987 volunteers working across 50 programs, contributing 197,000 hours of loyal service. An exciting development in 2013-14 involved Hewlett Packard participating in a staff volunteer program at Peter James Centre.

Eastern Health Foundation Patron and Channel Nine Newsreader Peter Hitchener was front and centre when he dropped in on the Box Hill Hospital volunteers who spent months knitting more than 250 bears for the hospital's new clinical services building, which will open in 2014.

Box Hill Hospital clinical biochemist Ed Smith is pictured using a new fluorescent microscope that could hold the key to better outcomes for patients with renal failure. Funded by ANZ Trustees Medical Research & Technology through an Eastern Health Foundation submission, the $25,000 microscope is a vital piece of equipment for an Australian-first research project at Eastern Health.

DISCLOSURE INDEX

The *Eastern Health Annual Report 2013-14* is prepared in accordance with relevant Victorian legislation. This index has been prepared to facilitate identification of Eastern Health's compliance with statutory disclosure requirements.

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OUR FINANCIAL STATEMENTS 2013-2014

Box Hill Hospital's new emergency department, accessed via Rodgerson Road, will be much larger and more efficient than the current department. Box Hill Hospital's ED currently treats about 45,000 patients a year. However, the new department will be more than double the size and have the capacity to treat significantly more patients.

CONTENTS

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

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

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2014 and financial position of Eastern Health as at 30 June 2014.

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

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

DR JOANNA FLYNN AM
Chair (on behalf of the Board)

ALAN LILLY
Chief Executive

PETER HUTCHINSON
Chief Finance Officer

Dated 7 August 2014
(Box Hill – Melbourne)

EASTERN HEALTH
COMPREHENSIVE OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 $'000	2013 $'000
Revenue from Operating Activities	2	771,875	740,646
Revenue from Non-Operating Activities	2	3,263	2,919
		775,138	**743,565**
Employee Benefits	3	(566,271)	(537,471)
Fee for Service Medical Officers	3	(4,219)	(7,801)
Non Salary Labour Costs	3	(2,686)	(2,725)
Supplies & Consumables	3	(119,565)	(114,063)
Finance Costs	5	(927)	(958)
Other Expenses From Continuing Operations	3	(80,678)	(78,770)
		(774,346)	**(741,788)**
NET RESULT BEFORE CAPITAL & SPECIFIC ITEMS		**792**	**1,777**
Capital Purpose Income	2	211,904	125,419
Gain/(loss) on Disposal of Non-Current Assets	2	(512)	(636)
Specific Income	2d	-	25
Specific Expense	3c	-	(1,346)
Depreciation & Amortisation	4	(47,500)	(45,743)
NET RESULT FOR THE YEAR		**164,684**	**79,496**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to net result			
Changes in asset revaluation surplus	17	83,868	-
TOTAL COMPREHENSIVE RESULT FOR THE YEAR		**248,552**	**79,496**

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

EASTERN HEALTH BALANCE SHEET
AS AT 30 JUNE 2014

	Note	2014 $'000	2013 $'000
ASSETS			
Current Assets			
Cash and Cash Equivalents	6	40,741	23,628
Receivables	7	19,438	14,923
Other Financial Assets	8	3,402	3,520
Inventories	9	3,807	3,609
Prepayments	10	1,489	1,095
TOTAL CURRENT ASSETS		**68,877**	**46,775**
Non-Current Assets			
Receivables	7	20,204	18,295
Land	11	79,576	63,886
Buildings	11	698,807	472,498
Plant, Equipment & Motor Vehicles	11	34,303	35,590
Furniture & Fittings	11	6,847	8,019
Leasehold Improvements	11	1,861	1,023
Intangible Assets	12	8,322	7,850
TOTAL NON-CURRENT ASSETS		**849,920**	**607,161**
TOTAL ASSETS		**918,797**	**653,936**
LIABILITIES			
Current Liabilities			
Payables	13	55,747	47,285
Borrowings	14	543	509
Provisions	15	130,878	122,861
Other Liabilities	16	4,441	5,792
TOTAL CURRENT LIABILITIES		**191,609**	**176,447**
Non-Current Liabilities			
Provisions	15	18,937	17,247
Borrowings	14	13,719	14,262
TOTAL NON-CURRENT LIABILITIES		**32,656**	**31,509**
TOTAL LIABILITIES		**224,265**	**207,956**
NET ASSETS		**694,532**	**445,980**
EQUITY			
Asset Revaluation Surplus	17a	197,873	114,005
Restricted Specific Purpose Surplus	17a	23,947	22,719
Contributed Capital	17b	231,510	231,510
Accumulated Surpluses/(Deficits)	17c	241,202	77,746
TOTAL EQUITY		**694,532**	**445,980**
Contingent Assets & Contingent Liabilities	21		
Commitments	20		

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

EASTERN HEALTH
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

2014	Note	Equity at 1 July 2013 $'000	Comprehensive Result $'000	Equity at 30 June 2014 $'000
Accumulated Surpluses/(Deficits)	17c	**77,746**	**164,684**	**242,430**
Transfer (To)/ From Restricted Specific Purpose Reserve		-	(1,228)	(1,228)
		77,746	**163,456**	**241,202**
Contribution by Owners	17b	**231,510**	**-**	**231,510**
		231,510	**-**	**231,510**
Reserves				
Asset Revaluation Reserve	17a	114,005	83,868	197,873
Restricted Specific Purpose Reserve	17a	22,719	1,228	23,947
		136,724	**85,096**	**221,820**
TOTAL EQUITY AT THE END OF THE FINANCIAL YEAR		**445,980**	**248,552**	**694,532**

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

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

EASTERN HEALTH CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 $'000	2013 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		672,810	645,026
Patient and Resident Fees Received		39,084	39,241
Donations and Bequests Received	2	1,701	2,448
Recoupment from Private Practice for use of Hospital Facilities		25,254	24,978
GST Received from ATO		21,941	19,144
Interest Received		1,987	1,887
Other Receipts		31,978	28,286
TOTAL RECEIPTS		**794,755**	**761,010**
Employee Benefits Paid		(558,457)	(533,728)
Fee for Service Medical Officers	3	(4,219)	(7,801)
Payments for Supplies & Consumables		(137,939)	(132,105)
Finance Costs	5	(927)	(958)
Other Payments		(82,502)	(78,214)
TOTAL PAYMENTS		**(784,044)**	**(752,806)**
Cash Generated from Operations		**10,711**	**8,204**
Capital Grants - Government	2	54,096	19,057
NET CASH INFLOW FROM OPERATING ACTIVITIES	18	**64,807**	**27,261**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Properties, Plant & Equipment		(47,299)	(28,602)
Proceeds from Sale of Properties, Plant & Equipment	2c	115	1,725
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(47,184)**	**(26,877)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Loan from Treasury Corporation of Victoria		(510)	(477)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		**(510)**	**(477)**
NET INCREASE/(DECREASE) IN CASH HELD		**17,113**	**(93)**
CASH AND CASH EQUIVALENTS AT 1 JULY 2013		**23,628**	**23,721**
CASH AND CASH EQUIVALENTS AT 30 JUNE 2014	**6**	**40,741**	**23,628**
Non-cash financing and investing activities	25		

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These annual financial statements represent the audited general purpose financial statements for Eastern Health for the period ending 30 June 2014. The purpose of the report is to provide users with information about the Health Services' stewardship of resources entrusted to it.

(A) STATEMENT OF COMPLIANCE

These financial statements are general purpose financial reports which have been prepared in accordance with the Financial Management Act 1994 and applicable Australian Accounting Standards (AASs), 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 Health Service is a not-for-profit entity and therefore applies the additional Aus paragraphs applicable to "not-for-profit" Health Services under the AAS's.

The annual financial statements were authorised for issue by the Board of Eastern Health on 7 August 2014.

(B) BASIS OF ACCOUNTING PREPARATION AND MEASUREMENT

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

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

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

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

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

The financial statements are prepared in accordance with the historical cost convention, except 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 with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair values;
- Derivative financial instruments, managed investment schemes, certain debt securities, and investment properties after initial recognition, which are measured at fair value with changes reflected in the comprehensive operating statement (fair value through profit and loss);
- Available-for-sale investments which are measured at fair value with movements reflected in equity until the asset is derecognised (i.e. other comprehensive income – items that may be reclassified subsequent to net result); and
- 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 values 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, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

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.

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

- The fair value of land, buildings, plant and equipment (refer note 1(j));
- Actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer note 1(k)).

(C) 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 to Victorians.

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

Manner of Establishment

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

(D) SCOPE AND PRESENTATION OF FINANCIAL STATEMENTS

Fund Accounting

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

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

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

Residential Aged Care Service

The Mooroolbark, Northside and Edward Street Nursing Homes and Monda Lodge Hostel Residential Aged Care Service operations are an integral part of the Health Service and share its resources. An apportionment of land and buildings has been made based on floor space. The results of the four operations have been segregated based on actual revenue earned and expenditure incurred by each operation in Note 2b to the financial statements.

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

Comprehensive Operating Statement

The comprehensive operating statement includes the subtotal entitled "Net Result before Capital & Specific Items" to enhance the understanding of the financial performance of the Health Service. This subtotal reports the result excluding items such as capital grants, depreciation, and items of an unusual nature and amount such as specific income and expenses.

The exclusion of these items is made to enhance matching of income and expenses so as to facilitate the comparability and consistency of results between years and Victorian Public Health Services. The Net Result before Capital & Specific Items is used by the management of the Health Service, the Department of Health and the Victorian Government to measure the on-going performance of Health Services in operating hospital services.

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

- Capital purpose income, which comprises all tied grants, donations and bequests received for the purpose of acquiring non-current assets, such as capital works, plant and equipment or intangible assets. It also includes donations of plant and equipment (refer Note 1 (f)). Consequently, the recognition of revenue as capital purpose income is based on the intention of the provider of the revenue at the time the revenue is provided.
- Specific income/expense, comprises the following items, where material:
  - Voluntary departure packages
  - Write-down of inventories
  - Non-current asset revaluation increments/decrements
  - Litigation settlements
  - Reversals of provisions
- Impairment of financial and non-financial assets, includes all impairment losses (and reversal of previous impairment losses), which have been recognised in accordance with Note 1 (j).
- Depreciation and amortisation, as described in Note 1 (g)
- Assets provided or received free of charge (refer to Note 1 (f) and (g)
- Expenditure using capital purpose income, comprises expenditure which either falls below the asset capitalisation threshold set at $1,000 (2013: $1,000), or does not meet asset recognition criteria and therefore does not result in the recognition of an asset in the balance sheet, where funding for that expenditure is from capital purpose income.

Balance sheet

Assets and liabilities categorised either as current or non-current (non-current being those assets or liabilities expected to be recovered/settled more than 12 months after the reporting period), are disclosed in the notes where relevant.

Statement of changes in equity

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

Cash flow statement

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

Rounding

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

Minor discrepancies in tables between totals and sum of components are due to rounding.

Comparative Information

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

(E) CHANGE IN ACCOUNTING POLICY

AASB 13 Fair Value Measurement

AASB 13 establishes a single source of guidance for all fair value measurements. AASB 13 does not change when a health service is required to use fair value, but rather provides guidance on how to measure fair value under Australian Accounting Standards when fair value is required or permitted.

The health service has considered the specific requirements relating to highest and best use, valuation premise, and principal (or most advantageous) market. The methods, assumptions, processes and procedures for determining fair value were revised and adjusted where applicable. In light of AASB 13, the health service has reviewed the fair value principles as well as its current valuation methodologies in assessing the fair value, and the assessment has not materially changed the fair values recognised.

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

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

AASB 119 Employee Benefits

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

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

The revised standard also changes the definition of short-term employee benefits. These were previously benefits that were expected to be settled within 12 months after the end of the reporting period in which the employees render the related service, however, short-term employee benefits are now defined as benefits expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service.

As a result, accrued annual leave balances which were previously classified as short-term employee benefits no longer meet this definition and are now classified as long-term employee benefits. This has resulted in a change of measurement for the annual leave provision from an undiscounted to discounted basis.

The change in classification has not materially altered its measurement of the annual leave provision and no adjustments to the comparative year 2012/13 were considered necessary.

(F) INCOME FROM TRANSACTIONS

Income is recognised in accordance with AASB 118 Revenue and is recognised as to the extent that it is probable that the economic benefits will flow to Eastern Health and the income can be reliably measured 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

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

> Long Service Leave (LSL) – Revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Metropolitan Health and Aged Care Division Hospital Circular 05/2013.

Patient and Resident Fees

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

Private Practice Fees

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

Revenue from Commercial Activities

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

Donations and Other Bequests

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

Interest Revenue

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

Fair value of assets and services received free of charge or for nominal consideration

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

(G) EXPENSE RECOGNITION

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

Costs of Goods Sold

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

Employee expenses

Employee expenses include:

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

Defined contribution plans

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

Defined benefit plans

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

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

The name and details of the major employee superannuation funds and contributions made by the Health Service are disclosed in Note 26 Superannuation.

Depreciation

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets that have finite useful lives are depreciated (i.e. excludes land assets held for sale, and investment properties). 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.

Intangible produced assets with finite lives are depreciated as an expense from transactions on a systematic basis over the asset's useful life. Depreciation is 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. 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.

	2013-14	2012-13
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.

Amortisation

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

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

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually or whenever there is an indication that the asset may be impaired. The useful lives of intangible assets that are not being amortised are reviewed each period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset.

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

> Annually; and

> Whenever there is an indication that the intangible asset may be impaired.

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

Intangible assets with finite useful lives are amortised over a 3 year period.

Finance Costs

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

Finance costs include:

> Interest on short-term and long-term borrowings; and

> Amortisation of ancillary costs incurred in connection with the arrangement of borrowings;

(H) OTHER COMPREHENSIVE INCOME

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

Net gain/ (loss) on non-financial assets

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

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

Refer to Note 1(j) *Revaluations of non-financial physical assets.*

Net gain/ (loss) on financial instruments

Net gain/ (loss) on financial instruments includes:

> realised and unrealised gains and losses from revaluations of financial instruments at fair value;

> impairment and reversal of impairment for financial instruments at amortised cost (refer to Note 1 (j)); and

> disposals of financial assets and derecognition of financial liabilities

Amortisation of non-produced intangible assets

Intangible non-produced assets with finite lives are amortised as another economic flow on a systematic basis over the asset's useful life. Amortisation begins when the asset is available for use that is when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Impairment of non-financial assets

Goodwill and intangible assets with indefinite useful lives (and intangible assets not available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired. Refer to Note 1 (j) Assets.

Revaluations of financial instrument at fair value

Refer to Note 1 (i) Financial instruments.

Other gains/ (losses) from other comprehensive income

Other gains/ (losses) include:

> the revaluation of the present value of the long service leave liability due to changes in the bond interest rates; and

> transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

(I) FINANCIAL INSTRUMENTS

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the 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

Financial assets and liabilities at fair value through profit or loss

Financial assets are categorised as fair value through profit or loss at trade date if they are classified as held for trading or designated as such upon initial recognition. Financial instrument assets are designated at fair value through profit or loss on the basis that the financial assets form part of a group of financial assets that are managed by the Health Service concerned based on their fair values, and have their performance evaluated in accordance with documented risk management and investment strategies.

Financial instruments at fair value through profit or loss are initially measured at fair value and attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as other comprehensive income. Any dividend or interest on a financial asset is recognised in the net result for the year.

Reclassification of financial instruments at fair value through profit or loss

Financial instrument assets that meet the definition of loans and receivables may be reclassified out of the fair value through profit and loss category into the loans and receivables category, where they would have met the definition of loans and receivables had they not been required to be classified as fair value through profit and loss.

In these cases, the financial instrument assets may be reclassified out of the fair value through profit and loss category, if there is the intention and ability to hold them for the foreseeable future or until maturity.

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 1(j)), term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

Held-to-maturity investments

If the Health Service has the positive intent and ability to hold nominated investments to maturity, then such financial assets may be classified as held to maturity. Held to maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held to maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

The Health Service makes limited use of this classification because any sale or reclassification of more than an insignificant amount of held to maturity investments not close to their maturity, would result in the whole category being reclassified as available for sale. The Health Service would also be prevented from classifying investment securities as held to maturity for the current and the following two financial years.

The held to maturity category includes certain term deposits and debt securities for which the Health Service concerned intends to hold to maturity.

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.

(J) ASSETS

Cash and Cash Equivalents

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 and are subject to insignificant risk of changes in value.

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

Receivables

Receivables consist of:

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

Trade debtors are carried at nominal amounts due and are due for settlement within 60 days from the date of recognition. Collectability of debts is reviewed on an ongoing basis and debts which are known to be uncollectable are written off. A provision for doubtful debts is recognised when there is objective evidence that an impairment loss has occurred. Bad debts are written off when identified.

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

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

Investments and Other Financial Assets

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

Investments are classified in the following categories:

- Financial assets at fair value through profit or loss;
- Loans and receivables; and
- Available-for-sale financial assets.

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

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

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

Inventories

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

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

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

Cost is determined principally on the basis of the weighted average cost method.

Property, Plant and Equipment

All non-current physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. 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 11 *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 constructive restrictions imposed on the land, public announcements or commitments made in relation to the intended use of the land. Theoretical opportunities that may be available in relation to the asset(s) are not taken into account until it is virtually certain that any restrictions will no longer apply.

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

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

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

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

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

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

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

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

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

Intangible Assets

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

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

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

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

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

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

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

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

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

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

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

Prepayments

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

Disposal of Non-Financial Assets

Any gain or loss on the sale of non-financial assets is recognised 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

Goodwill and intangible assets with indefinite lives (and intangible assets not yet available for use) are tested annually for impairment (as described below) and whenever there is an indication that the asset is impaired.

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

> Inventories and

> Assets arising from construction contracts

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

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

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

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

Impairment of financial assets

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

Receivables are assessed for bad and doubtful debts on a regular basis. Bad debts considered as written off and allowances for doubtful receivables are expensed. Bad debts written off by mutual consent and the allowance for doubtful debts are classified as 'other comprehensive income' in the net result.

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

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

(K) LIABILITIES

Payables

Payables consist of:

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

Borrowings

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs (refer also to note 1(l) Leases) The measurement basis subsequent to initial recognition depends on whether the Health Service has categorised its borrowings as either, financial liabilities designated at fair value through profit or loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowings using the effective interest method.

The classification depends on the nature and purpose of the borrowing. The Health Service determines the classification of its borrowing at initial recognition.

Provisions

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

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

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

Employee Benefits

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

The liability for long service leave (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.

The components of this current LSL are measured at:

- **Present value** – component that the Health Service does not expect to settle within 12 months; and
- **Undiscounted value** – component that the Health Service expects to 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. Conditional LSL is required to be measured at present value.

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

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

Termination Benefits

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

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

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

Superannuation liabilities

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

(L) LEASES

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

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

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

All other leases are classified as operating leases.

Finance Leases

The Health Service does not hold any financial lease arrangements with other parties.

Operating Leases

Entity as lessor

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

Entity as lessee

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

Leasehold Improvements

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

(M) EQUITY

Contributed Capital

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

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.

Asset Revaluation Reserve

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

Specific Restricted Purpose Reserve

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

(N) COMMITMENTS

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to note 20) 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

(O) CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

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

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

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

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

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

(Q) CATEGORY GROUPS

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

Admitted Patient Services (Admitted Patients) comprises all recurrent health revenue/expenditure on admitted patient services, where services are delivered in public hospitals, or free standing day hospital facilities, or palliative care facilities, or rehabilitation facilities, or alcohol and drug treatment.

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

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

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

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

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

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

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

Other Services excluded from Australian Health Care Agreement (AHCA) (Other) comprises revenue/expenditure for services not separately classified above, including: Public health services including Laboratory testing, Koori liaison officers, immunisation and screening services, Drugs services including drug withdrawal, counselling and the needle and syringe program, and clinical education, Disability services including aids and equipment and flexible support packages to people with a disability, Community Care programs including sexual assault support, early parenting services, parenting assessment and skills development, and various support services. Health and Community Initiatives also falls in this category group.

(R) ECONOMIC DEPENDENCY

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

(S) GOING CONCERN

The financial statements are prepared on a going concern basis.

The Health Service has:

- a net result from continuing activities of $164.684 million for the year ended 30 June 2014 (30 June 2013 $79.496 million result) including net capital income of $163.892 million (30 June 2013 $79.065 million net capital income);
- a working capital deficiency of $65.544 million at 30 June 2014 ($76.722 million deficiency as at 30 June 2013). This is derived by current assets ($68.877 million) less current liabilities ($191.609 million) plus employee benefits not expected to be settled in the next 12 months ($57.188 million);
- net cash inflows generated from operating activities of $64.807 million for the year ended 30 June 2014 including capital income of $54.096 million ($27.261 million for the year ended 30 June 2013 including capital income of $19.057 million).

The Department of Health has indicated that it will provide Eastern Health adequate cash flow support to enable it to meet its current and future obligations as and when they fall due for a period up to September 2015. Department of Health monitors the Health Service's monthly financial operating performance, liquidity and cash position, its annual budget and compares actual results against those budgeted.

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

(T) FUNCTIONAL AND PRESENTATION CURRENCY

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

(U) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

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

As at 30 June 2014, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. 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 1031 *Materiality*	This Standard establishes a Guideance for materiality to be used for framework in preparation and presentation of financial reporting.	1 January 2014	Early adoption of this Standard is not permitted.
AASB 1055 *Budgetary Reporting*	AASB 1055 extends the scope of budgetary reporting that is currently applicable for the whole of government and general government sector (GGS) to Not for Profit entities within GGS, provided that these entities present separate budget to parliament.	1 July 2014	This Standard is not applicable as no budget disclosure is required.
AASB 9 *Financial Instruments*	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).	1 Jan 2017	The preliminary assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored assessed.

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

The AASB Interpretation in the list to the right are also not effective for the 2013-14 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 2011-7** *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards.*
- **2013-1** *Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements.*
- **2013-4** *Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting.*
- **2013-3** *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets.*
- **2013-5** *Amendments to Australian Accounting Standards – Investment Entities.*
- **2013-6** *Amendments to AASB 136 arising from Reduced Disclosure Requirements.*
- **2013-7** *Amendments to AASB 1038 arising from AASB 10 in relation to consolidation and interests of policy holders.*
- **2013-9** *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments.*
- **AASB** Interpretation 21 *Levies.*

NOTE 2: REVENUE

	Note	HSA 2014 $'000	HSA 2013 $'000	H&CI 2014 $'000	H&CI 2013 $'000	Total 2014 $'000	Total 2013 $'000
REVENUE FROM OPERATING ACTIVITIES							
Government Grants							
> Department of Health		115,592	338,818	-	-	115,592	338,818
> Victorian Health Funding Pool		526,579	275,771	-	-	526,579	275,771
> State Government - Other		2,593	2,599	-	-	2,593	2,599
> Commonwealth Government		28,899	26,210	-	-	28,899	26,210
TOTAL GOVERNMENT GRANTS		**673,663**	**643,398**	**-**	**-**	**673,663**	**643,398**
Indirect Contributions by Department of Health**							
> Insurance		492	890	-	-	492	890
> Long Service Leave		1,909	3,253	-	-	1,909	3,253
TOTAL INDIRECT CONTRIBUTIONS BY DEPARTMENT OF HEALTH		**2,401**	**4,143**	**-**	**-**	**2,401**	**4,143**
Patient and Resident Fees							
> Patient and Resident Fees	2b	32,244	31,946	-	-	32,244	31,946
> Residential Aged Care	2b	7,772	7,493	106	148	7,878	7,641
TOTAL PATIENT AND RESIDENT FEES		**40,016**	**39,439**	**106**	**148**	**40,122**	**39,587**
Commercial Activities & Specific Purpose Funds							
> Recoupment for use of Hospital Facilities		-	-	4,411	4,828	4,411	4,828
> Donations & Bequests		-	-	1,701	2,448	1,701	2,448
> Car Park		-	-	3,024	2,782	3,024	2,782
> Education & Training		-	-	77	126	77	126
> Catering		-	-	661	675	661	675
> Pharmacy Services		-	-	151	139	151	139
> Research		-	-	995	1,025	995	1,025
> Commissions		-	-	3,828	3,464	3,828	3,464
> Other		-	-	4,729	4,408	4,729	4,408
TOTAL COMMERICAL ACTIVITIES & SPECIFIC PURPOSE FUNDS		**-**	**-**	**19,577**	**19,895**	**19,577**	**19,895**
Recoupment from Private Practice for use of Hospital Facilities		20,477	19,775	-	-	20,477	19,775
Other Revenue from Operating Activities		14,082	10,851	1,553	2,997	15,635	13,848
SUB-TOTAL REVENUE FROM OPERATING ACTIVITIES		**750,639**	**717,606**	**21,236**	**23,040**	**771,875**	**740,646**

Continued on page 79.

	Note	HSA 2014 $'000	HSA 2013 $'000	H&CI 2014 $'000	H&CI 2013 $'000	Total 2014 $'000	Total 2013 $'000
REVENUE FROM NON-OPERATING ACTIVITIES							
Interest		14	28	2,291	2,367	2,305	2,395
Property Income		622	470	336	54	958	524
SUB-TOTAL REVENUE FROM NON-OPERATING ACTIVITIES		**636**	**498**	**2,627**	**2,421**	**3,263**	**2,919**
REVENUE FROM CAPITAL PURPOSE INCOME							
State Government Capital Grants							
> Capital Works and Equipment		-	-	786	1,375	786	1,375
> Redevelopment Grant		-	-	53,310	17,682	53,310	17,682
> Indirect Contribution by Department of Health		-	-	157,808	106,362	157,808	106,362
Net Assets Received Free of Charge	2d	-	-	-	25	-	25
Net Gain/(Loss) on Disposal of Non-Financial Assets	2c	-	-	(512)	(636)	(512)	(636)
SUB-TOTAL REVENUE FROM CAPITAL PURPOSE INCOME		**-**	**-**	**211,392**	**124,808**	**211,392**	**124,808**
TOTAL REVENUE	**2a**	**751,275**	**718,104**	**235,255**	**150,269**	**986,530**	**868,373**

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

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

NOTE 2A: ANALYSIS OF REVENUE BY SOURCE

	Note	Admitted Patients 2014 $'000	Outpatients 2014 $'000	EDS 2014 $'000	Ambulatory 2014 $'000	Mental Health 2014 $'000	RAC including Mental Health 2014 $'000	Aged Care 2014 $'000	Primary Health 2014 $'000	Other 2014 $'000	Total 2014 $'000
REVENUE FROM SERVICES SUPPORTED BY HEALTH SERVICES AGREEMENT											
Government Grants		418,818	-	56,183	82,707	84,071	3,199	9,520	7,085	12,080	673,663
Indirect Contributions by Department of Health**		2,401	-	-	-	-	-	-	-	-	2,401
Patient and Resident Fees	2b	19,021	975	-	9,982	2,154	7,772	58	54	-	40,016
Recoupment from Private Practice for use of Hospital Facilities		16,842	1,910	-	801	-	-	-	839	85	20,477
Education & Training		962	-	-	-	-	-	-	10	31	1,003
Other Revenue		3,978	91	154	121	455	1	263	86	8,566	13,715
SUB-TOTAL REVENUE FROM SERVICES SUPPORTED BY HEALTH SERVICES AGREEMENT		**462,022**	**2,976**	**56,337**	**93,611**	**86,680**	**10,972**	**9,841**	**8,074**	**20,762**	**751,275**
REVENUE FROM SERVICES SUPPORTED BY HOSPITAL & COMMUNITY INITIATIVES											
Patient and Resident fees		-	-	-	-	-	-	-	-	106	106
Business Units		-	-	-	-	-	-	-	-	19,577	19,577
Investment Income		-	-	-	-	-	-	-	-	2,291	2,291
Property Income		-	-	-	-	-	-	-	-	336	336
Other Income		-	-	-	-	-	-	-	-	1,553	1,553
Capital Purpose Income	2	-	-	-	-	-	-	-	-	211,392	211,392
SUB-TOTAL REVENUE FROM SERVICES SUPPORTED BY HOSPITAL & COMMUNITY INITIATIVES		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**235,255**	**235,255**
TOTAL REVENUE		**462,022**	**2,976**	**56,337**	**93,611**	**86,680**	**10,972**	**9,841**	**8,074**	**256,017**	**986,530**

** *Indirect contributions by Department of Health*

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

RAC = Residential Aged Care

EDS = Emergency Department Services

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

	Note	Admitted Patients 2013 $'000	Outpatients 2013 $'000	EDS 2013 $'000	Ambulatory 2013 $'000	Mental Health 2013 $'000	RAC including Mental Health 2013 $'000	Aged Care 2013 $'000	Primary Health 2013 $'000	Other 2013 $'000	Total 2013 $'000
REVENUE FROM SERVICES SUPPORTED BY HEALTH SERVICES AGREEMENT											
Government Grants		395,511	-	55,135	79,848	82,113	3,136	8,640	7,000	12,015	643,398
Indirect Contributions by Department of Health**		4,143	-	-	-	-	-	-	-	-	4,143
Patient and Resident Fees	2b	19,377	607	-	9,881	1,917	7,492	58	100	7	39,439
Recoupment from Private Practice for use of Hospital Facilities		16,633	2,031	-	369	-	-	-	702	40	19,775
Education & Training		277	-	-	42	3	-	-	-	95	417
Other Revenue		4,267	33	-	189	437	-	83	51	5,872	10,932
SUB-TOTAL REVENUE FROM SERVICES SUPPORTED BY HEALTH SERVICES AGREEMENT		**440,208**	**2,671**	**55,135**	**90,329**	**84,470**	**10,628**	**8,781**	**7,853**	**18,029**	**718,104**
REVENUE FROM SERVICES SUPPORTED BY HOSPITAL & COMMUNITY INITIATIVES											
Patient and Resident fees		-	-	-	-	-	-	-	-	148	148
Business Units		-	-	-	-	-	-	-	-	19,895	19,895
Investment Income		-	-	-	-	-	-	-	-	2,367	2,367
Property Income		-	-	-	-	-	-	-	-	54	54
Other Income		-	-	-	-	-	-	-	-	3,022	3,022
Capital Purpose Income	2	-	-	-	-	-	-	-	-	124,783	124,783
SUB-TOTAL REVENUE FROM SERVICES SUPPORTED BY HOSPITAL & COMMUNITY INITIATIVES		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**150,269**	**150,269**
TOTAL REVENUE		**440,208**	**2,671**	**55,135**	**90,329**	**84,470**	**10,628**	**8,781**	**7,853**	**168,298**	**868,373**

** *Indirect contributions by Department of Health*

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

RAC = Residential Aged Care

EDS = Emergency Department Services

NOTE 2B: PATIENT AND RESIDENT FEES^

	2014 $'000	2013 $'000
PATIENT AND RESIDENT FEES RAISED		
RECURRENT:		
Acute (Admitted/Outpatients/EDS/Ambulatory)		
> Inpatients (*)	29,089	29,364
> Outpatients	943	607
Aged		
> Outpatients	58	58
Residential Aged Care (RAC)		
> Aged Care	3,304	3,233
> Mental Health	4,404	4,197
> Residential Accommodation Payments (**)	170	211
Mental Health	2,154	1,917
TOTAL RECURRENT	**40,122**	**39,587**
Capital Purpose:		
Residential Accommodation Payments (**)	-	-
TOTAL CAPITAL	**-**	**-**

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

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

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

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

	2014 $'000	2013 $'000
PROCEEDS FROM DISPOSAL OF NON-CURRENT ASSETS		
Plant & Equipment		
> Major Medical Equipment	-	-
Furniture & Fittings	-	-
Motor Vehicles	115	1,725
TOTAL PROCEEDS FROM DISPOSAL OF NON-CURRENT ASSETS	**115**	**1,725**
LESS: WRITTEN DOWN VALUE OF NON-CURRENT ASSETS SOLD OR DISPOSED		
Plant & Equipment		
> Major Medical Equipment	91	1,728
> Computers & Communication	4	14
Furniture & Fittings	11	2
Motor Vehicles	521	617
TOTAL WRITTEN DOWN VALUE OF NON CURRENT ASSETS SOLD	**627**	**2,361**
NET GAINS/(LOSSES) ON DISPOSAL OF NON-CURRENT ASSETS	**(512)**	**(636)**

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

	2014 $'000	2013 $'000
DURING THE REPORTING PERIOD, THE FAIR VALUE OF ASSETS RECEIVED FREE OF CHARGE WAS:		
Motor Vehicle donated	-	25
TOTAL	**-**	**25**

NOTE 3: EXPENSES

	Note	HSA 2014 $'000	HSA 2013 $'000	H&CI 2014 $'000	H&CI 2013 $'000	Total 2014 $'000	Total 2013 $'000
EMPLOYEE EXPENSES							
Salaries and Wages		495,212	468,549	5,582	5,827	500,794	474,376
Workcover Premium		6,354	5,511	63	77	6,417	5,588
Long Service Leave		14,037	14,869	131	154	14,168	15,023
Superannuation		44,455	41,959	437	525	44,892	42,484
TOTAL EMPLOYEE EXPENSES		**560,058**	**530,888**	**6,213**	**6,583**	**566,271**	**537,471**
NON SALARY LABOUR COSTS							
Fees for Visiting Medical Officers		4,005	7,634	214	167	4,219	7,801
Agency Costs - Nursing		940	1,582	-	-	940	1,582
Agency Costs - Other		1,685	1,143	61	-	1,746	1,143
TOTAL NON SALARY LABOUR COSTS		**6,630**	**10,359**	**275**	**167**	**6,905**	**10,526**
SUPPLIES & CONSUMABLES							
Drug Supplies		32,145	31,173	3	3	32,148	31,176
Medical, Surgical Supplies and Prosthesis		66,248	63,231	216	235	66,464	63,466
Pathology Supplies		4,947	5,006	(12)	-	4,935	5,006
Food Supplies		15,668	14,049	350	366	16,018	14,415
TOTAL SUPPLIES & CONSUMABLES		**119,008**	**113,459**	**557**	**604**	**119,565**	**114,063**

Continued on page 85.

NOTE 3: EXPENSES (CONTINUED)

	Note	HSA 2014 $'000	HSA 2013 $'000	H&CI 2014 $'000	H&CI 2013 $'000	Total 2014 $'000	Total 2013 $'000
OTHER EXPENSES FROM CONTINUING OPERATIONS							
Domestic Services and Supplies		13,044	12,171	234	220	13,278	12,391
Fuel, Light, Power & Water		6,024	5,442	40	37	6,064	5,479
Insurance costs		13,177	11,386	30	36	13,207	11,422
Motor Vehicle Expenses		2,038	1,848	31	29	2,069	1,877
Postal & Telephone		2,021	1,849	68	62	2,089	1,911
Repairs and Maintenance		7,285	5,987	414	483	7,699	6,470
Maintenance Contracts		6,265	5,837	3	32	6,268	5,869
Patient Transport		6,883	5,801	-	-	6,883	5,801
Administrative Expenses		4,488	2,981	1,079	758	5,567	3,739
Security and Storage		3,096	2,707	12	9	3,108	2,716
Brokerage of Clinical Services and Contractors		503	2,326	137	70	640	2,396
Freight & Transport		615	745	12	8	627	753
Computers & Communications		1,078	1,098	36	57	1,114	1,155
Printing & Stationery		2,658	2,468	196	219	2,854	2,687
Recruitment & Advertising		286	280	1	-	287	280
Training & Development		5,679	4,552	601	662	6,280	5,214
Bad & Doubtful Debts		463	1,072	25	-	488	1,072
Lease Expenses		1,698	3,239	(228)	198	1,470	3,437
AUDIT FEES							
> VAGO - Audit of Financial Statements	24	118	115	-	-	118	115
> Other		193	143	4	-	197	143
Other Expenses		1,298	4,801	-	-	1,298	4,801
TOTAL OTHER EXPENSES FROM CONTINUING OPERATIONS		**78,910**	**76,848**	**2,695**	**2,880**	**81,605**	**79,728**
Depreciation & Amortisation	4	-	-	47,500	45,743	47,500	45,743
Specific Expenses	3c	-	1,278	-	68	-	1,346
TOTAL EXPENSES		**764,606**	**732,832**	**57,240**	**56,045**	**821,846**	**788,877**

NOTE 3A: ANALYSIS OF EXPENSES BY SOURCE

	Note	Admitted Patients 2014 $'000	Outpatients 2014 $'000	EDS 2014 $'000	Ambulatory 2014 $'000	Mental Health 2014 $'000	RAC including Mental Health 2014 $'000	Aged Care 2014 $'000	Primary Health 2014 $'000	Other 2014 $'000	Total 2014 $'000
SERVICES SUPPORTED BY HEALTH SERVICES AGREEMENT											
Employee Expenses		349,494	6,266	52,326	51,493	68,170	8,719	5,247	4,841	13,502	560,058
Non Salary Labour Costs		4,877	-	62	205	128	174	-	593	591	6,630
Supplies & Consumables		105,807	399	2,688	8,731	723	392	14	52	202	119,008
Other Expenses from Continuing Operations		25,615	409	2,904	20,375	19,824	1,097	1,375	2,038	4,956	78,593
SUB-TOTAL EXPENSES FROM SERVICES SUPPORTED BY HEALTH SERVICES AGREEMENT		**485,793**	**7,074**	**57,980**	**80,804**	**88,845**	**10,382**	**6,636**	**7,524**	**19,251**	**764,289**
SERVICES SUPPORTED BY HOSPITAL & COMMUNITY INITIATIVES											
Employee Expenses		-	-	-	-	-	-	-	-	6,213	6,213
Non Salary Labour Costs		-	-	-	-	-	-	-	-	275	275
Supplies & Consumables		-	-	-	-	-	-	-	-	556	556
Other Expenses from Continuing Operations		-	-	-	-	-	-	-	-	2,696	2,696
SUB-TOTAL EXPENSES FROM SERVICES SUPPORTED BY HOSPITAL AND COMMUNITY INITIATIVES		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**9,740**	**9,740**
Depreciation & Amortisation	4	-	-	-	-	-	-	-	-	47,500	47,500
Specific Expenses	3c	-	-	-	-	-	-	-	-	-	-
AUDIT FEES											
> Auditor General	24	118	-	-	-	-	-	-	-	-	118
> Other		179	-	-	-	-	-	-	2	18	199
TOTAL EXPENSES		**486,090**	**7,074**	**57,980**	**80,804**	**88,845**	**10,382**	**6,636**	**7,526**	**76,509**	**821,846**

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

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

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

	2014 $'000	2013 $'000
Private Practice and Other Patient Activities	4,384	3,372
Car Park	1,675	1,742
Education & Training	670	405
Catering	551	626
Others	543	2,990
OTHER ACTIVITIES		
Fundraising and Community Support	1,247	650
Research and Scholarship	670	449
Specific Expenses	-	68
TOTAL	**9,740**	**10,302**

NOTE 3C: SPECIFIC EXPENSE

	2014 $'000	2013 $'000
Costs Associated with Restructure	-	1,346
TOTAL	**-**	**1,346**

NOTE 4: DEPRECIATION AND AMORTISATION

	2014 $'000	2013 $'000
DEPRECIATION		
Buildings	26,947	26,710
Plant & Equipment		
> Other Plant & Equipment	-	-
> Major Medical	7,006	7,155
> Computers and Communication	2,836	2,725
Furniture and Fittings	1,537	1,533
Motor Vehicles	1,311	1,448
TOTAL DEPRECIATION	**39,637**	**39,571**
Amortisation		
Leasehold Improvements	1,210	327
Software	6,653	5,845
TOTAL AMORTISATION	**7,863**	**6,172**
TOTAL DEPRECIATION & AMORTISATION	**47,500**	**45,743**

NOTE 5: FINANCE COSTS

	2014 $'000	2013 $'000
Interest on Long Term Borrowings	927	958
TOTAL	**927**	**958**

NOTE 6: CASH AND CASH EQUIVALENTS

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

	2014 $'000	2013 $'000
Cash on Hand	27	27
Cash at Bank	13,607	5,876
Short Term Money Market	27,107	17,725
TOTAL CASH AND CASH EQUIVALENTS	**40,741**	**23,628**
Represented by:		
Cash for Health Service Operations (as per Cash Flow Statement)	40,741	23,628
TOTAL CASH AND CASH EQUIVALENTS	**40,741**	**23,628**

NOTE 7: RECEIVABLES

	2014 $'000	2013 $'000
CURRENT		
Contractual		
Trade Debtors	6,041	5,872
Patient Fees	9,942	8,904
Accrued Investment Income	328	260
Accrued Income	832	582
Less Allowance for Doubtful Debts		
Trade Debtors	(427)	(417)
Patient Fees	(1,585)	(1,409)
	15,131	**13,792**
Statutory		
GST Receivable	1,734	1,131
Accrued Revenue - Department of Health and Ageing	2,573	-
	4,307	**1,131**
TOTAL CURRENT RECEIVABLES	**19,438**	**14,923**
NON CURRENT		
Statutory		
Long Service Leave - Department of Health	49,373	47,464
Less: Contribution received from Department of Health	(29,169)	(29,169)
TOTAL NON CURRENT RECEIVABLES	**20,204**	**18,295**
TOTAL RECEIVABLES	**39,642**	**33,218**
(a) Movement in the Allowance for Doubtful Contractual Receivables		
Balance at the beginning of the year	1,826	1,201
Amounts written off during the year	-	-
Amounts recovered during the year	-	-
Increase/(decrease) in allowance recognised in net result	186	625
BALANCE AT THE END OF THE YEAR	**2,012**	**1,826**

(b) Ageing analysis of receivables

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

(c) Nature and extent of risk arising from receivables

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

NOTE 8: OTHER FINANCIAL ASSETS

	Note	Operating Fund 2014 $'000	Operating Fund 2013 $'000	Specific Purpose Fund 2014 $'000	Specific Purpose Fund 2013 $'000	Capital Fund 2014 $'000	Capital Fund 2013 $'000	Total 2014 $'000	Total 2013 $'000
CURRENT									
Australian Dollar Term Deposits		-	-	3,402	3,520	-	-	3,402	3,520
TOTAL		**-**	**-**	**3,402**	**3,520**	**-**	**-**	**3,402**	**3,520**
REPRESENTED BY:									
Monies Held in Trust									
Accommodation Bonds (Refundable Entrance Fees)		-	-	3,402	3,520	-	-	3,402	3,520
TOTAL		**-**	**-**	**3,402**	**3,520**	**-**	**-**	**3,402**	**3,520**

(a) Ageing analysis of investments and other financial assets

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

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

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

NOTE 9: INVENTORIES

	2014 $'000	2013 $'000
Pharmaceuticals - at cost	2,206	2,059
Medical and Surgical Lines - at cost	627	742
Allied Health and Diagnostics - at cost	974	808
TOTAL INVENTORIES	**3,807**	**3,609**

NOTE 10: PREPAYMENTS

	2014 $'000	2013 $'000
CURRENT		
Prepayments		
Maintenance Contracts	1,121	793
Rental, Licences & Memberships	368	302
TOTAL PREPAYMENTS	**1,489**	**1,095**

NOTE 11: PROPERTY, PLANT & EQUIPMENT

(a) Gross carrying ammount and accummulated depreciation

	2014 $'000	2013 $'000
LAND		
Land at Fair Value	79,576	63,886
Less Impairment	-	-
TOTAL LAND	**79,576**	**63,886**
BUILDINGS		
Buildings at Cost	5,005	92,137
Less Accumulated Depreciation	(52)	(13,269)
	4,953	**78,868**
Buildings Under Construction at cost	342,213	163,652
Buildings at Fair Value	351,641	323,320
Less Accumulated Depreciation	-	(93,342)
	351,641	**229,978**
TOTAL BUILDINGS	**698,807**	**472,498**
LEASEHOLD IMPROVEMENTS		
Leasehold Improvements	5,219	2,926
Less Accumulated Depreciation	(3,358)	(1,903)
TOTAL LEASEHOLD IMPROVEMENTS	**1,861**	**1,023**
PLANT AND EQUIPMENT		
Minor Plant at Fair Value	27	27
Less Accumulated Depreciation	(1)	-
	26	**27**
Medical Equipment at Fair Value	80,094	74,706
Less Accumulated Depreciation	(54,427)	(48,602)
	25,667	**26,104**
Computers and Communication at Fair Value	25,205	22,670
Less Accumulated Depreciation	(21,464)	(19,513)
	3,741	**3,157**
Assets Under Construction	1,747	2,845
TOTAL PLANT AND EQUIPMENT	**31,181**	**32,133**
MOTOR VEHICLES		
Motor Vehicles at Fair Value	7,464	7,444
Less Accumulated Depreciation	(4,342)	(3,987)
TOTAL MOTOR VEHICLES	**3,122**	**3,457**
TOTAL PLANT, EQUIPMENT AND MOTOR VEHICLES	**34,303**	**35,590**
FURNITURE AND FITTINGS		
Furniture and Fittings at Fair Value	17,614	17,259
Less Accumulated Depreciation	(10,767)	(9,240)
TOTAL FURNITURE AND FITTINGS	**6,847**	**8,019**
TOTAL	**821,394**	**581,016**

NOTE 11: 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 2012	**63,886**	**329,539**	**54,117**	**34,459**	**8,816**	**4,667**	**495,484**
Additions	-	7,367	109,535	9,296	738	830	127,766
Assets Received Free of Charge	-	-	-	-	-	25	25
Disposals	-	-	-	(1,742)	(2)	(617)	(2,361)
Depreciation and Amortisation (note 4)	-	(27,037)	-	(9,880)	(1,533)	(1,448)	(39,898)
Revaluation increments/ decrements	-	-	-	-	-	-	-
BALANCE AS AT 1 JULY 2013	**63,886**	**309,869**	**163,652**	**32,133**	**8,019**	**3,457**	**581,016**
Additions	-	3,935	183,191	8,983	377	1,496	197,982
Assets Received Free of Charge	-	-	-	-	-	-	-
Net transfers between classes	-	4,630	(4,630)	-	-	-	-
Disposals	-	-	-	(94)	(11)	(521)	(626)
Depreciation and Amortisation (note 4)	-	(28,157)	-	(9,841)	(1,538)	(1,310)	(40,846)
Revaluation increments/ decrements	15,690	68,178	-	-	-	-	83,868
BALANCE AS AT 30 JUNE 2014	**79,576**	**358,455**	**342,213**	**31,181**	**6,847**	**3,122**	**821,394**

Land and Buildings carried at valuation

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

The effective date of the valuation was 30 June 2014.

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

NOTE 11: PROPERTY, PLANT & EQUIPMENT (CONTINUED)

(c) Fair value measurement hierarchy for assets as at 30 June 2014

	Carrying amount as at 30 June 2014	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	589	-	589	-
Specialised land	78,987	-	-	78,987
TOTAL OF LAND AT FAIR VALUE	**79,576**	**-**	**589**	**78,987**
BUILDINGS AT FAIR VALUE				
Non-specialised land	25,070	-	25,070	-
Specialised land	333,385	-	-	333,385
TOTAL OF BUILDING AT FAIR VALUE	**358,455**	**-**	**25,070**	**333,385**
PLANT AND EQUIPMENT AT FAIR VALUE				
Plant equipment and vehicles at fair value				
Vehicles (ii)	3,122	-	-	3,122
Plant and equipment	29,434	-	-	29,434
TOTAL OF PLANT, EQUIPMENT AND VEHICLES AT FAIR VALUE	**32,556**	**-**	**-**	**32,556**
FURNITURE & FITTINGS AT FAIR VALUE	**6,847**	**-**	**-**	**6,847**
TOTAL FURNITURE & FITTINGS AT FAIR VALUE	**6,847**	**-**	**-**	**6,847**
ASSETS UNDER CONSTRUCTION AT FAIR VALUE	**343,960**	**-**	**-**	**343,960**
TOTAL ASSETS UNDER CONSTRUCTION AT FAIR VALUE	**343,960**	**-**	**-**	**343,960**
	821,394	**-**	**25,659**	**795,735**

Note

(i) *Classified in accordance with the fair value hierarchy, see Note 1*

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

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.

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 Health Services, the depreciated replacement cost method is used for the majority of specialised buildings, adjusting for the associated depreciation. As depreciation adjustments are considered as significant and unobservable 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 efective date of the valuation is 30 June 2014.

Vehicles

The Health Services 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 who set 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 2014. For all assets measured at fair value, the current use is considered the highest and best use.

NOTE 11: PROPERTY, PLANT & EQUIPMENT (CONTINUED)

(d) Reconciliation of Level 3 fair value

2014	Land	Buildings	Plant and equipment	Furniture & fittings	Assets under construction
OPENING BALANCE	**63,886**	**309,869**	**32,745**	**8,019**	**166,497**
Purchases (sales)	-	8,565	10,962	366	177,463
Transfers in (out) of Level 3	(589)	(25,070)	-	-	-
Gains or losses recognised in net result					
Depreciation	-	(28,157)	(11,151)	(1,538)	-
Impairment loss	-	-	-	-	-
SUBTOTAL	**(589)**	**(44,662)**	**(189)**	**(1,172)**	**177,463**
Items recognised in other comprehensive income					
Revaluation	15,690	68,178	-	-	-
SUBTOTAL	**15,690**	**68,178**	**-**	**-**	**-**
CLOSING BALANCE	**78,987**	**333,385**	**32,556**	**6,847**	**343,960**
Unrealised gains/(losses) on non-financial assets	-	-	-	-	-
	78,987	**333,385**	**32,556**	**6,847**	**343,960**

Note

(i) Classified in accordance with the fair value hierarchy, see Note 1

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. The previous independent valuation in 2009 on this land included a CSO adjustment thus being classified as a level 3 basis.

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.

NOTE 11: PROPERTY, PLANT & EQUIPMENT (CONTINUED)

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

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
SPECIALISED LAND				
All Land held by Eastern Health except for Maroondah Hospital Car park 12 Grey Street East Ringwood	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.
SPECIALISED BUILDINGS				
All Buildings held by Eastern Health except for 5 Arnold Street Box Hill	Depreciated replacement cost	Direct cost per square metre	$500 - $5,254/m2 ($1,679)	A significant increase or decrease in direct cost per square metre adjustment would result in a significantly higher or lower fair value.
		Useful life of specialised buildings	30 - 60 years (45 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
PLANT AND EQUIPMENT AT FAIR VALUE				
All plant & equipment owned by Eastern Health	Depreciated replacement cost	Cost per unit	$1,000 - $930,400 ($1,692)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life of PPE	8-20 years (11 years)	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	Depreciated replacement cost	Cost per unit	$1,000- $53,809 per unit ($10,500 per unit)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life of vehicles	5 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
FURNITURE & FITTINGS AT FAIR VALUE				
All furniture and fittings owned by Eastern Health	Depreciated replacement cost	Cost per unit	$1,000 - $658,263 ($2,225)	Increase (decrease) in gross replacement cost would result in a significantly higher (lower) fair value.
		Useful life of Furniture & fittings	3-10 years (6 Years)	Increase (decrease) in useful life would result in a significantly higher (lower) fair value.
ASSETS UNDER CONSTRUCTION AT FAIR VALUE				
All buildings and equipment under construction	Depreciated replacement cost	Cost per unit	$1,000 - $1,193,000 ($48,000)	A significant increase or decrease in direct cost per unit adjustment would result in a significantly higher or lower fair value.

NOTE 12: INTANGIBLE ASSETS

	2014 $'000	2013 $'000
INTANGIBLES		
Software	32,499	25,369
Less Accumulated Amortisation	(24,177)	(17,519)
	8,322	**7,850**
TOTAL WRITTEN DOWN VALUE	**8,322**	**7,850**

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 2012	**6,497**	**6,497**
Additions	7,198	7,198
Disposals	-	-
Amortisation (note 4)	(5,845)	(5,845)
BALANCE AS AT 1 JULY 2013	**7,850**	**7,850**
Additions	7,125	7,125
Disposals	-	-
Amortisation (note 4)	(6,653)	(6,653)
BALANCE AS AT 30 JUNE 2014	**8,322**	**8,322**

NOTE 13: PAYABLES

	Total 2014 $'000	Total 2013 $'000
CURRENT		
Contractual		
Trade Creditors	26,800	20,506
Accrued Expenses	14,679	16,257
Superannuation	5,061	4,610
Work Cover	1,842	1,656
	48,382	**43,029**
Statutory		
Department of Health	5,699	2,746
PAYG Payable	1,666	1,510
	7,365	**4,256**
TOTAL CURRENT	**55,747**	**47,285**

(a) Maturity analysis of payables

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

(b) Nature and extent of risk arising from payables

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

NOTE 14: BORROWINGS

	Note	2014 $'000	2013 $'000
CURRENT			
Australian Dollar Borrowings		543	509
TOTAL AUSTRALIAN DOLLARS BORROWINGS		**543**	**509**
TOTAL CURRENT		**543**	**509**
NON CURRENT			
Australian Dollar Borrowings		13,719	14,262
TOTAL AUSTRALIAN DOLLARS BORROWINGS		**13,719**	**14,262**
TOTAL NON-CURRENT		**13,719**	**14,262**
TOTAL BORROWINGS		**14,262**	**14,771**

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, $2.790 million (2012/13 $2.957 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, $0.934 million (2012/13 $1.046 million) was still owed. The loan is repayable over 14 years. The repayments commenced a month after final draw down being 28 June 2008. The interest rate applicable is fixed at 7.23% pa for the life of the loan.

A loan facility of $11.25 million from Treasury Corporation of Victoria (TCV) to finance the construction of the car park facility at the Box Hill Hospital. As at year end $10.538 million (2012/13 $10.768 million) was still owing. The loan is repayable over 23 years. The repayments commenced in 4th March 2011 after final drawdown. The interest rate applicable is fixed at 6.435% pa for the life of the loan

(a) Maturity analysis of interest bearing liabilities

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

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

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

(c) Defaults and breaches

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

NOTE 15: PROVISIONS

	2014 $'000	2013 $'000
CURRENT PROVISIONS		
Employee Benefits (Note 15(a))		
Annual leave (Note 15(a))		
> Unconditional and Expected to be settled within 12 months (ii)	32,967	35,933
> Unconditional and Expected to be settled after 12 months (ii)	5,398	-
Long service leave (Note 15(a))		
> Unconditional and Expected to be settled within 12 months (ii)	6,582	7,123
> Unconditional and Expected to be settled after 12 months (ii)	51,790	47,478
SUB-TOTAL	**96,737**	**90,534**
Other benefits		
> Unconditional and Expected to be settled within 12 months (ii)	23,264	21,859
Provisions related to employee benefit on-costs		
> Unconditional and Expected to be settled within 12 months (ii)	4,234	5,046
> Unconditional and Expected to be settled after 12 months (ii)	6,643	5,422
	10,877	**10,468**
TOTAL CURRENT PROVISIONS	**130,878**	**122,861**
NON CURRENT PROVISIONS		
Employee Benefits (i) (Note 15(a))	16,949	15,480
Provisions related to employee benefit on-costs	1,988	1,767
TOTAL NON-CURRENT PROVISIONS	**18,937**	**17,247**
TOTAL PROVISIONS	**149,815**	**140,108**
(a) CURRENT EMPLOYEE BENEFITS AND RELATED ON-COSTS		
Unconditional Long Service Leave Entitlements	58,372	54,601
Annual Leave Entitlements	38,365	35,933
Accrued Salaries and Wages	21,612	20,097
Accrued Days Off	1,021	1,131
Sabbatical Leave	631	631
Current On-Costs	10,877	10,468
NON CURRENT EMPLOYEE BENEFITS AND RELATED ON-COSTS		
Conditional long service leave entitlements (ii)	16,949	15,480
Non-Current On-Costs	1,988	1,767
TOTAL EMPLOYEE BENEFITS AND RELATED ON-COSTS	**149,815**	**140,108**
(b) MOVEMENT IN PROVISIONS		
Movement in Long Service Leave:		
Balance at start of year	78,085	70,983
Provision recognising employee service made during the year	14,168	15,039
Settlement made during the year	(8,096)	(7,937)
BALANCE AT END OF YEAR	**84,157**	**78,085**

Notes:

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

(ii) The amounts disclosed are in accordance with note 1(k)

NOTE 16: OTHER LIABILITIES

	Note	2014 $'000	2013 $'000
CURRENT			
Income in Advance			
Other		998	2,231
Other Liabilities		41	41
		1,039	**2,272**
Monies Held in Trust			
Accomodation Bonds (Refundable Entrance Fees)		3,402	3,520
TOTAL		**4,441**	**5,792**
TOTAL MONIES HELD IN TRUST REPRESENTED BY THE FOLLOWING ASSETS:			
Other Financial Assets	8	3,402	3,520
TOTAL		**3,402**	**3,520**

NOTE 17: EQUITIES

	2014 $'000	2013 $'000
(A) RESERVES		
Asset Revaluation Surplus		
Balance at the beginning of the reporting period	114,005	114,005
Revaluation Increments/(Decrements)		
> Land	15,690	-
> Buildings	68,178	-
BALANCE AT THE END OF THE REPORTING PERIOD	**197,873**	**114,005**
Represented by:		
> Land	50,390	34,700
> Buildings	147,483	79,305
BALANCE AT THE END OF THE REPORTING PERIOD	**197,873**	**114,005**
RESTRICTED SPECIFIC PURPOSE RESERVE		
Balance at the beginning of the reporting period	22,719	17,335
Transfer (to) / from Restricted Specific Purpose Reserve	1,228	5,384
BALANCE AT THE END OF THE REPORTING PERIOD	**23,947**	**22,719**
TOTAL RESERVES	**221,820**	**136,724**
(B) CONTRIBUTED CAPITAL		
Balance at the beginning of the reporting period	231,510	231,510
Capital contribution received from Victorian Government	-	-
BALANCE AT THE END OF THE REPORTING PERIOD	**231,510**	**231,510**
(C) ACCUMULATED SURPLUSES/(DEFICITS)		
Balance at the beginning of the reporting period	77,746	3,634
Net Result for the Year	164,684	79,496
Transfer (to) / from Restricted Specific Purpose Reserve	(1,228)	(5,384)
BALANCE AT THE END OF THE REPORTING PERIOD	**241,202**	**77,746**
(D) TOTAL EQUITY AT THE END OF FINANCIAL YEAR	**694,532**	**445,980**

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

	2014 $'000	2013 $'000
NET RESULT FOR THE YEAR	**164,684**	**79,496**
Depreciation & Amortisation	47,500	45,743
Net (Gain)/Loss from Sale of Plant & Equipment	512	636
Asset Received Free of Charge	-	(25)
Capital Grant - Indirect Contribution by Department of Health	(157,808)	(106,362)
Grant - Indirect Contribution by Department of Health	(1,909)	(3,253)
(Increase)/Decrease in Receivables	(4,702)	1,049
(Increase)/Decrease in Other Current Assets	(592)	(70)
Increase/(Decrease) in Provision for Doubtful Debts	186	625
Increase/(Decrease) in Other Current Liabilities	(1,233)	1,628
Increase/(Decrease) in Payables	8,462	887
Increase/(Decrease) in Employee Benefits	9,707	6,907
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	**64,807**	**27,261**

NOTE 19: FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Health Service's principal financial instruments comprise of:

> Cash Assets

> Term Deposits

> Receivables (excluding statutory receivables)

> Payables (excluding statutory payables)

> Accommodation Bonds

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

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

Categorisation of financial instruments

	Contractual Financial assets/ Liabilities designated at fair value through profit/loss $'000	Contractual Financial assets/ Liabilities held-for-trading at fair value through profit/loss $'000	Contractual Financial assets - Loans and Receivables $'000	Contractual Financial assets - available for sale $'000	Contractual Financial Liabilities at Amortised Cost $'000	Total $'000
2014						
CONTRACTUAL FINANCIAL ASSETS						
Cash and cash equivalents	-	-	40,741	-	-	40,741
Receivables	-	-	6,041	-	-	6,041
Other debtors	-	-	9,942	-	-	9,942
Other Financial assets	-	-	3,402	-	-	3,402
TOTAL FINANCIAL ASSETS (I)	**-**	**-**	**60,126**	**-**	**-**	**60,126**
FINANCIAL LIABILITIES						
Payables	-	-	-	-	48,382	48,382
Interest Bearing Liabilities	-	-	-	-	14,262	14,262
Other Liabilities	-	-	-	-	3,443	3,443
TOTAL FINANCIAL LIABILITIES (II)	**-**	**-**	**-**	**-**	**66,087**	**66,087**

NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

	Contractual Financial assets/ Liabilities designated at fair value through profit/loss $'000	Contractual Financial assets/ Liabilities held-for-trading at fair value through profit/loss $'000	Contractual Financial assets - Loans and Receivables $'000	Contractual Financial assets - available for sale $'000	Contractual Financial Liabilities at Amortised Cost $'000	Total $'000
2013						
CONTRACTUAL FINANCIAL ASSETS						
Cash and cash equivalents	-	-	23,628	-	-	23,628
Receivables	-	-	5,872	-	-	5,872
Other debtors	-	-	9,746	-	-	9,746
Other Financial assets	-	-	3,520	-	-	3,520
TOTAL FINANCIAL ASSETS (I)	**-**	**-**	**42,766**	**-**	**-**	**42,766**
FINANCIAL LIABILITIES						
Payables	-	-	-	-	43,029	43,029
Interest Bearing Liabilities	-	-	-	-	14,771	14,771
Other Liabilities	-	-	-	-	3,561	3,561
TOTAL FINANCIAL LIABILITIES (II)	**-**	**-**	**-**	**-**	**61,361**	**61,361**

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

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

NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

	Net holding gain/loss $'000	Total interest income/ (expense) $'000	Fee income/ (expense) $'000	Impairment losses $'000	Total $'000
2014					
FINANCIAL ASSETS					
Cash and cash equivalents^	-	2,305	-	-	2,305
Receivables^	-	-	-	-	-
Other debtors^	-	-	-	-	-
Other Financial assets^	-	106	-	-	106
TOTAL FINANCIAL ASSETS	**-**	**2,411**	**-**	**-**	**2,411**
Financial Liabilities					
Payables*	-	-	-	-	-
Interest Bearing Liabilities*	-	927	-	-	927
Other Liabilities*	-	-	-	-	-
TOTAL CURRENT	**-**	**927**	**-**	**-**	**927**

2013					
FINANCIAL ASSETS					
Cash and cash equivalents^	-	2,367	-	-	2,367
Receivables^	-	-	-	-	-
Other debtors^	-	-	-	-	-
Other Financial assets^	-	148	-	-	148
TOTAL FINANCIAL ASSETS	**-**	**2,515**	**-**	**-**	**2,515**
Financial Liabilities					
Payables*	-	-	-	-	-
Interest Bearing Liabilities*	-	958	-	-	958
Other Liabilities*	-	-	-	-	-
TOTAL CURRENT	**-**	**958**	**-**	**-**	**958**

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

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

NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

(b) Credit Risk

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

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

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

Provision of impairment for contractual financial assets is recognised when there is objective evidence that the Health Service will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 90 days overdue and changes in debtor credit ratings.

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

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

	Financial institutions (AA credit rating) $'000	Government agencies (AAA credit rating) $'000	Financial institutions (BBB credit rating) $'000	Government agencies (BBB credit rating) $'000	Total $'000
2014					
FINANCIAL ASSETS					
Cash and cash equivalents	40,741	-	-	-	40,741
Other Financial assets	3,402	-	-	-	3,402
TOTAL FINANCIAL ASSETS (I)	**44,143**	**-**	**-**	**-**	**44,143**
2013					
FINANCIAL ASSETS					
Cash and cash equivalents	23,628	-	-	-	23,628
Other Financial assets	3,520	-	-	-	3,520
TOTAL FINANCIAL ASSETS (I)	**27,148**	**-**	**-**	**-**	**27,148**

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

NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

Ageing analysis of financial asset as at 30/06/2014

	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	1 - 5 Years $'000	Over 5 Years $'000	
INTEREST RATE EXPOSURE AS AT 30 JUNE 2014								
FINANCIAL ASSETS								
Cash and Cash Equivalents	40,741	40,741	-	-	-	-	-	-
Receivables - Trade Debtors	6,041	3,653	1,434	245	605	104	-	(427)
Receivables - Other Debtors	9,942	2,353	2,671	2,769	1,860	289	-	(1,585)
Other Financial Assets	3,402	3,402	-	-	-	-	-	-
TOTAL FINANCIAL ASSETS	**60,126**	**50,149**	**4,105**	**3,014**	**2,465**	**393**	**-**	**(2,012)**

INTEREST RATE EXPOSURE AS AT 30 JUNE 2013								
FINANCIAL ASSETS								
Cash and Cash Equivalents	23,628	23,628	-	-	-	-	-	-
Receivables - Trade Debtors	5,872	4,529	441	467	324	111	-	(417)
Receivables - Other Debtors	9,746	3,032	2,628	2,186	1,608	292	-	(1,409)
Other Financial Assets	3,520	3,520	-	-	-	-	-	-
TOTAL FINANCIAL ASSETS	**42,766**	**34,709**	**3,069**	**2,653**	**1,932**	**403**	**-**	**(1,826)**

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

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 the carrying amounts as indicated. The ageing analysis table above discloses the ageing only of contractual financial assets that are past due but not impaired.

NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity risk

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

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

The interest bearing liabilities relate to three loans.

A loan facility of $4.7 million from Treasury Corporation of Victoria (TCV) to finance the construction of the car park facility at Maroondah Hospital. As at the year end, $2.790 million(2012-13 $2.957 million) was still owed. The loan is repayable over 20 years. The repayments commenced a month after the final draw down being 15 December 2005. The interest rate applicable is fixed at 5.8628% pa for the life of the loan.

A loan facility of $1.5 million from Treasury Corporation of Victoria (TCV) to finance the construction of the car park facility at the Angliss Hospital. As at the year end $0.934 million (2012-13 $1.046 million) had been drawn to finance the disbursement to the contractors. The loan is repayable over 14 years commencing a month after the final draw down. The repayments commenced on the month after the final draw down being 28 June 2008. The interest rate applicable is 7.23% pa for the life of the loan.

A loan facility of $11.25 million from Treasury Corporation of Victoria (TCV) to finance the construction of the car park facility at the Box Hill Hospital. As at the year end $10.538 million (2012-13 $10.768 million) had been drawn to finance the disbursement to the contractors. The loan is repayable over 23 years. The repayments commenced on 4th March 2011 after final draw down . The interest rate applicable is 6.435% pa for the life of the loan.

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

	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
2014							
FINANCIAL LIABILITIES							
Trade Creditors and Accruals	48,382	48,382	31,448	16,934	-	-	-
Interest Bearing Liabilities	14,262	14,262	47	95	437	2,552	11,131
Other Liabilities	3,443	3,402	-	-	3,402	-	-
TOTAL FINANCIAL LIABILITIES	**66,087**	**66,046**	**31,495**	**17,029**	**3,839**	**2,552**	**11,131**
2013							
FINANCIAL LIABILITIES							
Trade Creditors and Accruals	43,029	43,029	27,969	15,060	-	-	-
Interest Bearing Liabilities	14,771	14,771	41	83	385	2,396	11,866
Other Liabilities	3,561	3,520	-	-	3,520	-	-
TOTAL FINANCIAL LIABILITIES	**61,361**	**61,320**	**28,010**	**15,143**	**3,905**	**2,396**	**11,866**

NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

(d) Market Risk

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

Currency risk

Eastern Health is exposed to insignificant foreign currency risk through its payables relating to purchases of supplies and consumables from overseas.

This is because of a limited amount of purchases denominated in foreign currencies and a short timeframe between commitment and settlement.

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

	Weighted Average Effective Interest Rates (%)	Carrying Amount $'000	Interest Rate Exposure		
			Fixed Interest Rate $'000	Variable Interest Rate $'000	Non Interest Bearing $'000
INTEREST RATE EXPOSURE AS AT 30 JUNE 2014					
FINANCIAL ASSETS					
Cash and Cash Equivalents	3.65%	40,741	27,107	13,607	27
Receivables - Trade Debtors	-	6,041	-	-	6,041
Receivables - Other Debtors	-	9,942	-	-	9,942
Other Financial Assets	3.15%	3,402	3,402	-	-
		60,126	**30,509**	**13,607**	**16,010**
FINANCIAL LIABILITIES					
Trade Creditors and Accruals	-	48,382	-	-	48,382
Interest Bearing Liabilities	6.50%	14,262	14,262	-	-
Other Liabilities	-	3,443	-	3,443	-
		66,087	**14,262**	**3,443**	**48,382**

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

Continued on page 114.

NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

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

	Weighted Average Effective Interest Rates (%)	Carrying Amount $'000	Interest Rate Exposure		
			Fixed Interest Rate $'000	Variable Interest Rate $'000	Non Interest Bearing $'000
INTEREST RATE EXPOSURE AS AT 30 JUNE 2013					
FINANCIAL ASSETS					
Cash and Cash Equivalents	4.64%	23,628	17,725	5,876	27
Receivables - Trade Debtors	-	5,872	-	-	5,872
Receivables - Other Debtors	-	9,746	-	-	9,746
Other Financial Assets	3.80%	3,520	3,520	-	-
		42,766	**21,245**	**5,876**	**15,645**
FINANCIAL LIABILITIES					
Trade Creditors and Accruals	-	43,029	-	-	43,029
Interest Bearing Liabilities	6.50%	14,771	14,771	-	-
Other Liabilities	-	3,561	-	3,561	-
		61,361	**14,771**	**3,561**	**43,029**

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

Sensitivity Disclosure Analysis

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

> A shift of +0.5% and -0.5% in market interest rates (AUD) from year end of 5%

> A parallel shift of +0.5% and -0.5% in inflation rate from year end rates of 2%

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

NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

	Carrying Amount $'000	Interest Rate Exposure				Other Price Risk			
		-0.5%		+0.5%		-0.5%		+0.5%	
		Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
2014									
FINANCIAL ASSETS									
Cash and cash equivalents	40,741	(204)	(204)	204	204	-	-	-	-
> Receivables - Trade Debtors	6,041	-	-	-	-	-	-	-	-
> Receivables - Other Debtors	9,942	-	-	-	-	-	-	-	-
Other Financial assets	3,402	(17)	(17)	17	17	-	-	-	-
FINANCIAL LIABILITIES									
Payables	48,382	-	-	-	-	-	-	-	-
Interest Bearing Liabilities	14,262	-	-	-	-	-	-	-	-
Other Liabilities	3,443	-	-	-	-	-	-	-	-
2013									
FINANCIAL ASSETS									
Cash and cash equivalents	23,628	(118)	(118)	118	118	-	-	-	-
> Receivables - Trade Debtors	5,782	-	-	-	-	-	-	-	-
> Receivables - Other Debtors	9,746	-	-	-	-	-	-	-	-
Other Financial assets	3,520	(18)	(18)	18	18	-	-	-	-
FINANCIAL LIABILITIES									
Payables	43,029	-	-	-	-	-	-	-	-
Interest Bearing Liabilities	14,771	-	-	-	-	-	-	-	-
Other Liabilities	3,561	-	-	-	-	-	-	-	-

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

NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

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

Comparison between carrying amount and fair value

	Carrying Amount 2014 $'000	Fair value 2014 $'000	Carrying Amount 2013 $'000	Fair value 2013 $'000
FINANCIAL ASSETS				
Cash and cash equivalents	40,741	40,741	23,628	23,628
Receivables -Trade Debtors	6,041	5,614	5,872	5,455
Receivables - Other Debtors	9,942	8,357	9,746	7,495
Other Financial assets	3,402	3,402	3,520	3,520
TOTAL FINANCIAL ASSETS	**60,126**	**58,114**	**42,766**	**40,098**
FINANCIAL LIABILITIES				
Payables	48,382	48,382	43,029	43,029
Interest Bearing Liabilities	14,262	14,262	14,771	14,771
Other Liabilities	3,443	3,443	3,561	3,561
TOTAL FINANCIAL LIABILITIES	**66,087**	**66,087**	**61,361**	**61,361**

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

NOTE 20: COMMITMENTS FOR EXPENDITURE

	2014 $'000	2013 $'000
CAPITAL COMMITMENTS: (Commitments* for the acquisition of fixed assets.)		
Payable		
Land and Buildings	13,457	17,447
Plant & Equipment		
> Medical Equipment	17,023	45,001
> Computer Equipment	5,149	21,133
> Other Equipment	2,632	18,492
> Motor Vehicles	283	221
TOTAL CAPITAL COMMITMENTS	**38,544**	**102,294**
Payable		
Not later than one year	34,263	87,994
Later than one year but not later than 5 years	4,281	14,300
Later than 5 Years	-	-
TOTAL	**38,544**	**102,294**
OPERATING COMMITMENTS: (Commitments* for operating expenditure under contracts for the supply of services, materials and other but not recognised as liabilities)		
Supplies & Consumables		
> Medical	86,116	105,999
> Other	148,259	142,298
Maintenance Contracts		
> Medical	3,178	3,727
> Non-Medical	823	991
> Information Technology	13,464	11,836
TOTAL OPERATING COMMITMENTS	**251,840**	**264,851**
Payable		
Not later than one year	82,550	69,730
Later than one year but not later than 5 years	169,290	195,121
Later than 5 Years	-	-
TOTAL	**251,840**	**264,851**
Lease Commitments:		
Commitments in relation to leases contracted for at the reporting date:		
Operating Lease	10,590	13,819
TOTAL LEASE COMMITMENTS	**10,590**	**13,819**
Payable		
Not later than one year	3,266	3,233
Later than one year but not later than 5 years	6,188	10,586
Later than 5 Years	1,136	-
TOTAL LEASE COMMITMENTS	**10,590**	**13,819**
TOTAL COMMITMENTS (INCLUSIVE OF GST)	**300,974**	**380,964**
Less GST recoverable from Australian Tax Office	27,362	34,633
TOTAL COMMITMENTS (EXCLUSIVE OF GST)	**273,612**	**346,331**

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

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

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

NOTE 21: CONTINGENT ASSETS & CONTINGENT LIABILITIES

	Total 2014 $'000	Total 2013 $'000
Capital Grant from DH - Medical Records Scanning System	-	(500)
TOTAL CONTINGENT ASSETS & CONTINGENT LIABILITIES	**-**	**(500)**

NOTE 22: OPERATING SEGMENTS

	Segment Revenue $'000	Segment Expenditure $'000	Net Result from Ordinary Activities $'000	Segment Assets $'000	Segment Liabilities $'000	Segment Equity $'000	Acquisition of Property Plant & Equipment $'000	Depreciation & Amortisation $'000	Non Cash Expenses Other Than Depreciation $'000
2014									
Segment									
Hospital	975,452	811,464	163,988	903,112	218,945	684,167	205,062	47,368	698
Nursing Homes	9,724	8,956	768	9,595	1,934	7,661	37	121	-
Hostel	1,354	1,426	(72)	6,090	3,386	2,704	8	11	-
TOTAL	**986,530**	**821,846**	**164,684**	**918,797**	**224,265**	**694,532**	**205,107**	**47,500**	**698**

2013									
Segment									
Hospital	857,597	778,645	78,952	637,682	202,630	435,052	134,898	45,313	1,261
Nursing Homes	9,382	8,830	552	9,964	2,211	7,753	66	369	-
Hostel	1,394	1,402	(8)	6,290	3,115	3,175	-	61	-
TOTAL	**868,373**	**788,877**	**79,496**	**653,936**	**207,956**	**445,980**	**134,964**	**45,743**	**1,261**

Geographical Segment

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

Business Segments

Hospital

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

> **Nursing Homes / Hostels**

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

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

> **Nursing Home**

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

> **Hostel**

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

NOTE 23A: RESPONSIBLE PERSONS DISCLOSURES

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

	Period
RESPONSIBLE MINISTER	
The Honourable David Davis, MLC, Minister for Health and Ageing	1/7/2013 - 30/06/2014
The Honourable Mary Wooldridge, MLA, Minister for Mental Health	1/7/2013 - 30/06/2014
GOVERNING BOARDS	
Dr Joanna Flynn AM	1/7/2013 - 30/06/2014
Mr Denis Hogg AM (Appointment expired on 30 June 2014)	1/7/2013 - 30/06/2014
Mr Stuart Alford (Appointment expired on 30 June 2014)	1/7/2013 - 30/06/2014
Professor Andrew Conway (Appointment expired on 30 June 2014)	1/7/2013 - 30/06/2014
Ms Kelly Tropea	1/7/2013 - 30/06/2014
Mr W Kirby Clark	1/7/2013 - 30/06/2014
Professor Pauline Nugent	1/7/2013 - 30/06/2014
Mr James McAdam	1/7/2013 - 30/06/2014
ACCOUNTABLE OFFICER:	
Mr Alan Lilly	1/7/2013 - 30/06/2014

Remuneration of Responsible Persons

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

Income Band	No of Directors & Accountable Officer 2014	No of Directors & Accountable Officer 2013
$20,001 - $30,000	1	-
$30,001 - $40,000	6	8
$60,001 - $70,000	1	1
$400,001 - $410,000	-	-
$440,001 - $450,000	-	1
$450,001 - $460,000	1	-
TOTAL REMUNERATION RECEIVED OR DUE AND RECEIVABLE BY RESPONSIBLE PERSONS FROM EASTERN HEALTH AMOUNTED TO:	**$754,596**	**$773,140**

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

Other Transactions of Responsible Persons and their Related Parties

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

Board Member	Related Entities	Description of Transactions	Year to 30 June 2014		At 30 June 2014	
			Sales	Purchases	Receivable	Payable
Denis Hogg AM	Device Technologies Pty Ltd	Purchase of Equipment and servicing of Equipment	-	731,223	-	59,758
Stuart Alford	Metropolitan Fire and Emergency	Fire Service call outs	-	34,404	-	3,006
Professor Pauline Nugent	Australian Catholic Univerisity	Teaching services	290,064	-	183,303	-
James McAdam	Royal Australian & New Zealand College of Obstetricians & Gynaecologists RANZCOG	Training and education	-	4,214	-	1,959

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

NOTE 23B: EXECUTIVE OFFICER DISCLOSURES

Executive Officers' Remuneration

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

	Total Remuneration 2014 No.	Total Remuneration 2013 No.	Base Remuneration 2014 No.	Base Remuneration 2013 No.
$30,001 - $40,000	1	1	1	1
$60,001 - $70,000	1	-	1	-
$130,001 - $140,000	-	-	1	-
$150,001 - $160,000	1	-	-	-
$200,001 - $210,000	1	-	1	1
$210,001 - $220,000	-	-	-	2
$220,001 - $230,000	-	2	1	2
$230,001 - $240,000	1	1	1	1
$240,001 - $250,000	-	3	1	-
$250,001 - $260,000	-	-	-	1
$260,001 - $270,000	2	1	2	-
$280,001 - $290,000	2	-	-	-
$320,001 - $330,000	-	-	-	-
$340,001 - $350,000	-	1	-	1
$360,001 - $370,000	1	-	1	-
TOTAL NUMBER OF EXECUTIVES	**10**	**9**	**10**	**9**
TOTAL ANNUALISED EMPLOYEE EQUIVALENT (AEE)*	**8**	**8**	**8**	**8**
TOTAL REMUNERATION FOR THE REPORTING PERIOD FOR EXECUTIVE OFFICERS INCLUDED ABOVE AMOUNTED TO:	**$2,139,911**	**$2,056,870**	**$2,018,801**	**$1,936,072**

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

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

NOTE 24: REMUNERATION OF AUDITORS

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

	2014 $'000	2013 $'000
Audit fees paid or payable to the Victorian Auditor-General's		
Office for the audit of Eastern Health current financial report	118	115
TOTAL PAID OR PAYABLE	**118**	**115**

NOTE 25: NON-CASH FINANCING AND INVESTING ACTIVITIES

	2014 $'000	2013 $'000
Acquisition of Assets by means of indirect contribution by Department of Health	157,808	106,362
TOTAL NON-CASH FINANCING AND INVESTING ACTIVITIES	**157,808**	**106,362**

NOTE 26: SUPERANNUATION

Employees of the Health Service are entitled to receive superannuation benefits and the Health Services contributes to both defined benefit and defined contribution plans. The defined benefit plan(s) provides benefits based on years of service and final average salary. The Health Service does not recognise any defined benefit liability in respect of the plan(s) because the entity has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance discloses the State's defined benefits liabilities in its disclosure for administered items.

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

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

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
DEFINED BENEFIT PLANS:				
Health Superannuation Fund	939	1,031	78	84
DEFINED BENEFIT PLANS:				
Health Superannuation Fund	30,481	29,748	2,559	2,599
HESTA Superannuation Fund	11,999	10,381	1,076	930
TOTAL	**43,419**	**41,160**	**3,713**	**3,613**

NOTE 27: EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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

NOTE 28: GLOSSARY OF TERMS AND STYLE CONVENTIONS

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.

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 favourable 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 unfavourable 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) A statement of financial position as at the end of the period;

(b) A statement of profit or loss and other comprehensive income for the period;

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

(d) A statement of cash flows 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.

Grants and other transfers

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature.

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers.

Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes. Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

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.

Intangible non-produced assets

Refer to non-produced asset 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.

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, payables, provisions for employee benefits and other provisions.

NOTE 28: GLOSSARY OF TERMS AND STYLE CONVENTIONS (CONTINUED)

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.

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 include the start up costs associated with capital projects).

Public financial corporation sector

Public financial corporations (PFCs) are bodies primarily engaged in the provision of financial intermediation services or auxiliary financial services. They are able to incur financial liabilities on their own account (e.g. taking deposits, issuing securities or providing insurance services).

Estimates are not published for the public financial corporation sector.

Public non-financial corporation sector

The public non-financial corporation (PNFC) sector comprises bodies mainly engaged in the production of goods and services (of a non-financial nature) for sale in the market place at prices that aim to recover most of the costs involved (e.g. water and port authorities). In general, PNFCs are legally distinguishable from the governments which own them.

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.

Taxation income

Taxation income represents income received from the State's taxpayers and includes:

- payroll tax; land tax; duties levied principally on conveyances and land transfers;
- gambling taxes levied mainly on private lotteries, electronic gaming machines, casino operations and racing;
- insurance duty relating to compulsory third party, life and non-life policies;
- insurance company contributions to fire brigades;
- motor vehicle taxes, including registration fees and duty on registrations and transfers;
- levies (including the environmental levy) on statutory corporations in other sectors of government; and
- other taxes, including landfill levies, license and concession fees.

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) negative numbers
- 201x year period
- 201x-1x year period

VAGO

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INDEPENDENT AUDITOR'S REPORT

To the Board Members, Eastern Health

The Financial Report

The accompanying financial report for the year ended 30 June 2014 of Eastern Health which comprises comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information and the Board Member's, Accountable Officer's and Chief Finance and Accounting Officer's Declaration has been audited.

The Board Members' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independent Auditor's Report (continued)

Independence

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

Opinion

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

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of Eastern Health for the year ended 30 June 2014 included both in Eastern Health's annual report and on the website. The Board Members of Eastern Health are responsible for the integrity of Eastern Health's website. I have not been engaged to report on the integrity of Eastern Health's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE
11 August 2014

John Doyle
Auditor-General

GLOSSARY

ACHS	Australian Council on Healthcare Standards
ACP	Advance Care Planning
ACUTE EPISODE	A rapid onset and/or short course of illness
ACUTE HOSPITAL	Short-term medical and/or surgical treatment and care facility
AHPRA	Australian Health Practitioner Regulation Agency
ALLIED HEALTH	Allied health professionals provide clinical healthcare, such as audiology, psychology, nutrition and dietetics, occupational therapy, orthotics and prosthetics, physical therapies including physiotherapy, speech pathology and social work
AMBULATORY CARE	Care given to a person who is not confined to a hospital/requiring hospital admission but rather is ambulatory and literally able to "ambulate" or walk around
CHRONIC CONDITION	An illness of at least six months' duration that can have a significant impact on a person's life and requires ongoing supervision by a healthcare professional
DR FOSTER INTELLIGENCE QUALITY INVESTIGATOR	A real-time online monitoring tool for benchmarking quality outcomes and patient safety.
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

FOI	Freedom of information
FTE	Full-time equivalent
GCE	Great Care improvement initiative
GEM@Home	A program that provides the care of a geriatrician and multi-disciplinary team, including nurses and allied health staff, in a client's home. Its aim is to manage the complex conditions associated with ageing, cognitive dysfunction, chronic illness and/or disability.
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
NATA	National Association of Testing Authorities
NEAT	National Emergency Access Target
NEST	National Elective Surgery Target
OCCASIONS OF SERVICE	Hospital contact for an outpatient, either through an on-site clinic or home visit
OHS	Occupational health and safety
OUTLIER	Outlier is when a hospital is identified as statistically significant for two successive quarters. Testing for statistical significance is performed each quarter but is based on data from the most recent two quarters for all surgeries (except for joint replacements where comparisons are made on the most recent four quarters). Infection rates for the most recent two quarters are compared against the VICNISS aggregate rate.
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
PCEHR	Personally controlled electronic health record
PMCV	Postgraduate Medical Council of Victoria
RESIDENTIAL INREACH	A service that provides expert advice and care to residents and staff at Residential Care Facilities to prevent avoidable hospital presentations. This service includes consultation, complex care planning, education and support for clients and staff to manage acute or complex health issues.
SAB	Staphylococcus aureus bacteraemia
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
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.
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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A GREAT ACHIEVER IN SUSTAINABILITY

Eastern Health is committed to reducing our environmental footprint and living within our means.

Read about our performance in the area of environmental and economic sustainability in the 20**13**-20**14** Sustainability Report.

Available on our website at **www.easternhealth.org.au/publications**

easternhealth
GREAT HEALTH AND WELLBEING

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