
easternhealth
GREAT HEALTH AND WELLBEING
2014/2015
ANNUAL REPORT
2013&2014 Premier's Health Service of the Year

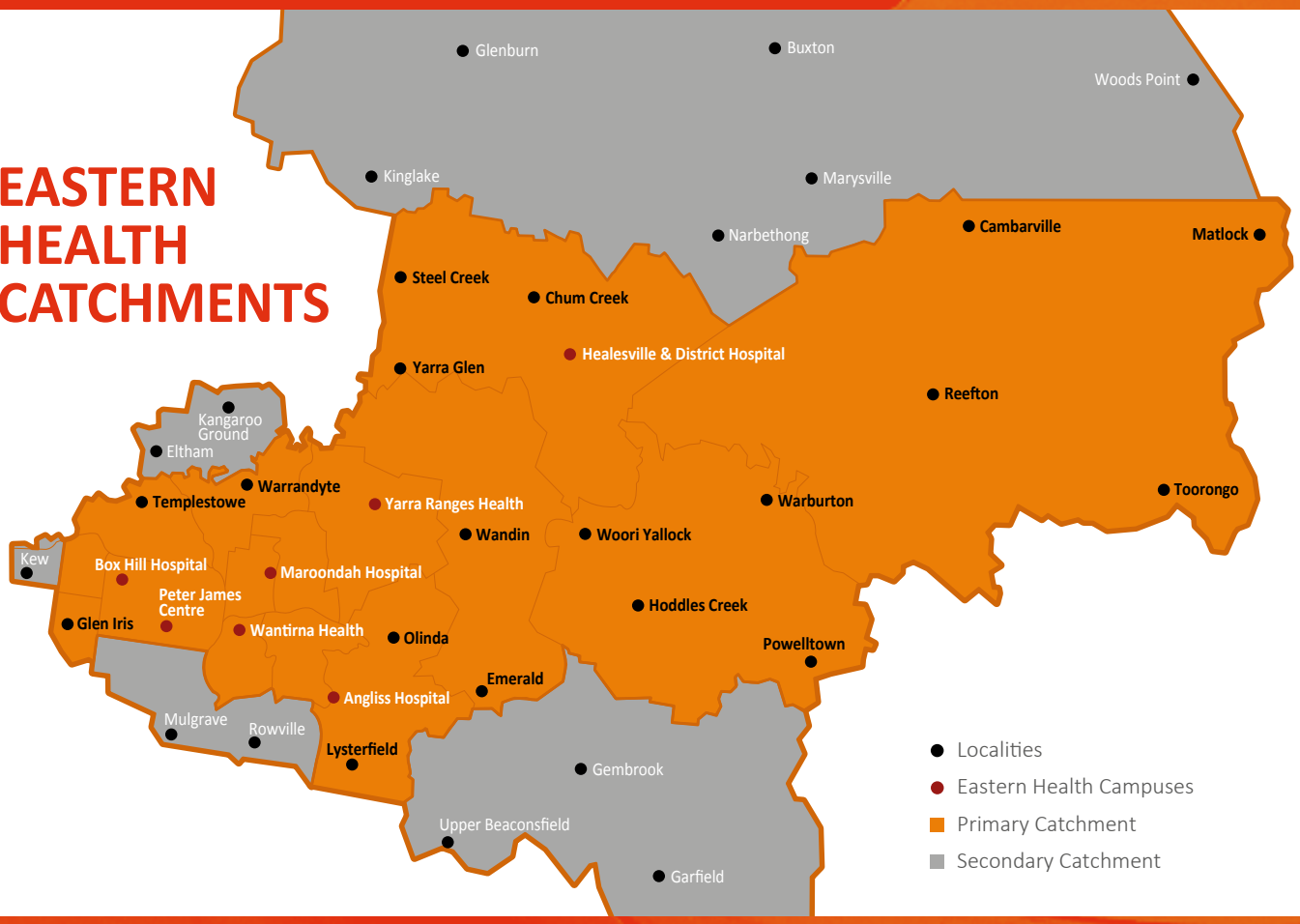
OUR VISION

Great health and wellbeing

OUR MISSION

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

EASTERN HEALTH CATCHMENTS



Eastern Health's *Annual Report 2013-14* received a **Silver Award** at the 2015 Australasian Reporting Awards. Primarily a benchmarking activity, the awards recognise organisations that are able to satisfy the ARA criteria after a comprehensive review by an expert panel of accounting, legal and communications professionals.

2013 & 2014 Premier's Health Service of the Year

Eastern Health was again named the *Premier's Health Service of the Year (Metropolitan)* at the 2014 Victorian Public Healthcare Awards. It was the first time in the awards' 10-year history that a health service had won consecutive or back-to-back titles. The award is the highest honour for a Victorian public health service, recognising excellence in the provision of publicly-funded healthcare.

The cover design for this report represents the many different programs and services that make up Eastern Health, blending together to serve the people and communities of Melbourne's east.

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 2014-15* 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 2015*, which details Eastern Health's progress and achievements in many clinical areas
- *Sustainability Report 2015*, which outlines Eastern Health's performance in the areas of environmental and economic sustainability, and social responsibility.
- *Research Report 2015*, which highlights research undertaken by Eastern Health clinicians and other health professionals
- *Turning Point 2015*, 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 9982 2492**.

The *Annual Report 2014-15* will be presented to the public at Eastern Health's annual meeting on 3 December 2015.

Manner of Establishment

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

CONTENTS

Eastern Health Chief Executive Alan Lilly and Board Chair Dr Joanna Flynn AM celebrate the organisation's second consecutive *Premier's Health Service of the Year (Metropolitan) Award* with the executive team and senior managers.

OUR BOARD CHAIR AND CHIEF EXECUTIVE

AS WE REFLECT ON THE PAST 12 MONTHS, IT IS CLEAR THAT EASTERN HEALTH HAS CONTINUED TO FOCUS ON ITS MISSION TO *"PROVIDE POSITIVE HEALTH EXPERIENCES FOR PEOPLE AND COMMUNITIES IN THE EAST".*

A sensational highlight during 2014-15 was to again be named the Premier's Metropolitan Health Service of the Year - the only health service to receive this prestigious award in two consecutive years. Reflecting the hard work and commitment of so many staff and volunteers, we are proud of this achievement in what has been a most exciting, challenging and rewarding year.

Ever-increasing demand

During 2014-15, we have experienced rapid growth in presentations at our three emergency departments but particularly at Box Hill Hospital since the new emergency department opened in September 2014.

Across all emergency departments, we have seen an average of 190 patients more each week. At the same time, we have performed record amounts of emergency and elective surgery and our waiting list is at its lowest for many years. This is a great outcome for our community.

It is also pleasing to note that across all emergency and elective key performance indicators, we have either maintained or improved our performance; again, a clear indication that patients are waiting less time for elective and emergency care.

This is a direct result of an organisation-wide commitment to improve community access which sees our ambulatory care, community health, continuing care, mental health and residential care services supporting the flow of patients throughout the Eastern Health system.

Building for the future

We have been fortunate during the past 12 months to realise the most significant building commitments in the history of Eastern Health. Then Minister for Health, the Hon David Davis, opened the new "state of the art" Intensive Care Unit at Maroondah Hospital in July 2014 and this was quickly followed by the opening of the new 10-storey clinical services building at Box Hill Hospital in August.

Officially opened by the then Premier of Victoria, the Hon Dr Denis Napthine, and Mr Davis, the formal ceremony created an air of excitement to herald in a new era of care in Melbourne's eastern suburbs. Patients moved into the new facility on September 30, 2014.

Wantirna Health Education Precinct (a joint venture between Eastern Health, Health Workforce Australia, Deakin University and Monash University) was opened by Parliamentary Secretary to the Prime Minister Alan Tudge MP in October 2014 and provides a large and contemporary facility in the centre of Eastern Health's catchment.

A total funding package of $8.8 million has been provided for the redevelopment of Healesville & District Hospital and Yarra Valley Community Health and we have continued to work closely with the community to ensure we are responsive to its needs and interests. The Healesville Redevelopment Liaison Group, which includes an independent chair, was established in 2014 to engage with the community. The project started in July 2015 and is expected to take 14-18 months to complete.

MORE THAN **1.17 MILLION** EPISODES OF PATIENT CARE – HIGHEST ON RECORD

"... we have performed record amounts of emergency and elective surgery and our waiting list is at its lowest for many years."

"We have been fortunate during the past 12 months to realise the most significant building commitments in the history of Eastern Health."

Other major projects underway include a Psychiatric Assessment & Planning Unit at Maroondah Hospital and following new commitments in the State Budget in May 2015, the expansion of breast care services at Maroondah Hospital and the establishment of new intensive care services and expanded short-stay bed capacity at Angliss Hospital. We are confident that this major investment in health facility capital development in the east will position us well for future service growth and expansion.

Minimising patient harm and improving the patient experience

An organisation-wide focus to reduce patient harm was enhanced with a new approach to minimising the risk of patients falling within the hospital environment. This has been well received and for the first time in four years, the rate of injurious patient falls has declined.

We remain committed to improving the patient experience and this year we have reviewed and updated our *"In the Patient's Shoes"* program.

Eastern Health is the first Victorian health service to subscribe to Patient Opinion Australia, which allows patients and their families to share their healthcare stories and experiences on a moderated public online platform. In turn, the stories allow Eastern Health to reflect on what is working well and where we need to improve.

In a short period, there have been more than 30 stories shared and they have been read more than 10,000 times.

We were also actively engaged in the global Change Day social media movement in March 2015 and new Victorian Minister for Health, the Hon Jill Hennessy, made her own pledge at Box Hill Hospital as part of the campaign. Eastern Health received almost 2000 Change Day pledges from its staff and these commitments have underpinned many changes in the way we deliver care.

Living within our means

During the past year, we have experienced very significant fiscal challenges. Opening new and larger facilities puts more pressure on operating costs, so we have continued to focus on driving greater efficiency in the organisation. Notwithstanding the challenges of increasing demand, we have delivered a balanced budget with a modest surplus of $71,000.

Board appointments

In July 2014, we welcomed the Hon Fran Bailey to the Board and Mr James McAdam resigned in early 2015 following his appointment to a new role. We thank Mr McAdam for his enthusiastic contribution to Eastern Health.

Eastern Health will continue to deliver more health services in the east over the next 12 months and we will undergo an Australian Council on Healthcare Standards Accreditation Periodic Review in September 2015. There is much important work to be done.

We would like to take this opportunity to thank the Board Directors, Executive Directors, all our staff and volunteers, for their individual and collective contributions every hour, every day, across the organisation. We are proud of Eastern Health's achievements during the past 12 months, which would not have been possible without the leadership and dedication of so many committed people.

We are pleased and delighted to commend this Annual Report to you.

Dr Joanna Flynn AM
Chair
Eastern Health Board

Alan Lilly
Chief Executive
Eastern Health

OUR FINANCE COMMITTEE CHAIR AND CHIEF FINANCE OFFICER

EASTERN HEALTH'S FINANCIAL STATEMENTS FOR 2014-15 DEMONSTRATE A GREAT CONSOLIDATION OF COMMISSIONING NEW CAPITAL DEVELOPMENTS AND INCREASING PATIENT SERVICES AS A RESULT.

Eastern Health's net result before capital and specific items is a modest surplus of $71,000. This is better than the breakeven forecast planned for the year, as outlined in the *Statement of Priorities*.

The net result is a $1.9 million deficit which takes into account capital income and depreciation and amortisation expenses. The capital income for the year of $62.7 million is primarily related to funding for the continued refurbishment of existing sections of Box Hill Hospital. This year has seen a rise in depreciation to $61.7 million which reflects charges following the commissioning of the new Box Hill Hospital clinical services building, effective September 30, 2014.

The year presented significant challenges in respect of developing forecast plans for overall services with the commissioning of the new building at Box Hill Hospital. It was particularly difficult ensuring that demand was able to be met and monitoring the escalating costs due to the doubling of floor space and enhanced technology supporting the facility. Eastern Health's management team developed a comprehensive operations plan that included stringent bed management and economic sustainability strategies in order to target the breakeven outcome.

Monitoring staff costs is a critical part of achieving financial goals given they represent 69 per cent of the organisation's costs. During the year it became evident that staff costs were exceeding budget and this resulted in significant efforts to curtail this trend throughout the last quarter. Pleasingly with the overall costs increasing by seven per cent for the year, this left the employee expenses only 0.3 per cent over budget.

Management has continued monitoring employee provisions; in particular annual leave and accrued day off entitlements. The efforts of the Workforce Sustainability Unit, in collaboration with managers, have contained the increases in provisions to less than the overall percentage growth in employee costs.

Revenue grew by nearly six per cent and this was slightly better than forecast. The significant investment in facilities in recent years allows for considerably higher growth in future years and the delivery of 100 per cent of all government inpatient targets is a positive outcome. In addition, Eastern Health has been able to exceed all compensable targets, in particular those associated with Department of Veterans' Affairs and Transport Accident Commission services. The diligence of the Health Information Services team in addressing data quality and timely completion of all reporting requirements throughout the year is again acknowledged as making a great contribution to meeting these targets.

An increase during the year of fixed assets by $40 million has been in the areas of medical equipment, computer and communications infrastructure, as well as fittings in buildings. This investment in developing our facilities to be as technologically advanced as practical aligns with the strategic goals of Eastern Health.

The $27.7 million Maroondah Hospital critical care and sub-acute expansion began operations in July 2014 and has contributed significantly to Eastern Health's overall capacity.

These considerable investments resulted in a decline in cash over the year of $30 million. The cash flow from general operations was favourable and the decline in cash reflects funds received in advance from the previous year for investing in these assets to provide benefits for many years to come.

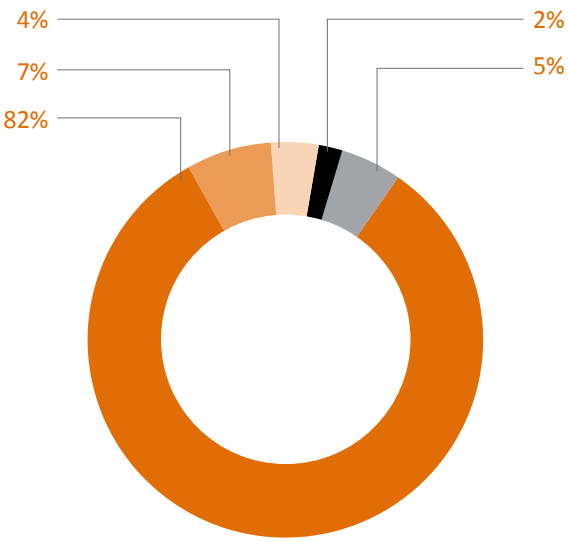
The support of the Executive and all our staff has enabled Eastern Health to deliver again on the target for this financial year. This 12-month period is most notable for consolidating the significant capital investments that assist in *"providing positive health experiences for people and communities in the east".*

We are pleased to present the 2014-15 financial statements as part of Eastern Health's *Annual Report.* The completion of the financial statements was undertaken promptly and efficiently by the financial accounting team to whom we extend our appreciation.

Stuart Alford
Chair
Finance Committee

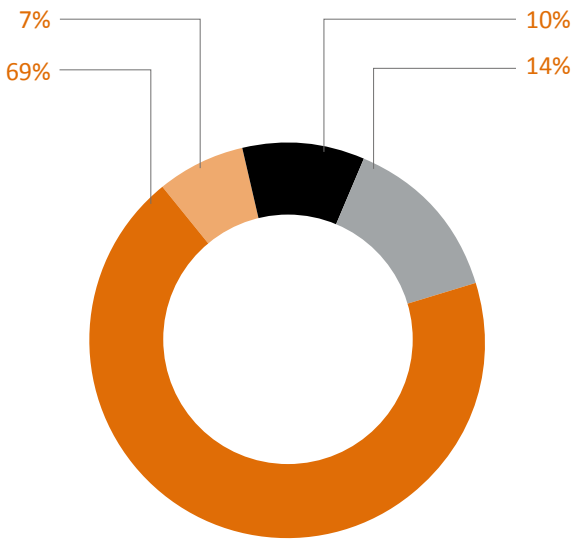
Peter Hutchinson
Chief Finance Officer
Eastern Health

SOURCES OF REVENUE 2014-15



Patient fees	5%
Recoupment of private practice fees	2%
Other operating revenue	4%
Capital purpose income	7%
Government grants	82%

OPERATING EXPENSES 2014-15



Supplies and consumables	14%
Other operating costs	10%
Depreciation and amortisation	7%
Employee expenses	69%

SUMMARY OF FINANCIAL RESULTS

	2014-15 $'000	2013-14 $'000	2012-13 $'000	2011-12 $'000	2010-11 $'000
Total revenue	880,049	986,530	868,373	766,262	712,169
Total expenses	881,954	821,846	788,877	763,743	733,802
NET RESULT SURPLUS/ (DEFICIT)	**(1,905)**	**164,684**	**79,496**	**2,519**	**(21,633)**
RETAINED SURPLUS/ (ACCUMULATED DEFICIT)	**237,803**	**241,202**	**77,746**	**3,634**	**2,442**
Total assets	931,240	918,797	653,936	565,245	545,909
Total liabilities	234,361	224,265	207,956	198,761	181,944
NET ASSETS	**696,879**	**694,532**	**445,980**	**366,484**	**363,965**
TOTAL EQUITY	**696,879**	**694,532**	**445,980**	**366,484**	**363,965**

"MONITORING STAFF COSTS IS A CRITICAL PART OF ACHIEVING FINANCIAL GOALS..."

ABOUT US

OUR VALUES

EXCELLENCE
ACCOUNTABILITY
COMPASSION
RESPECT
INTEGRITY
TEAMWORK
COLLABORATION

Caring for **750,003** people

Services located across **2816** square kilometres

9604 staff and volunteers

1,173,359 episodes of patient care – up 8.8 per cent

Annual operating budget of **$818 million**

Eastern Health has introduced pet therapy to enhance patient wellbeing and improve their hospital experience. Feedback from patients, their families and staff suggests there is a number of benefits. Poppy, who is a regular visitor at Wantirna Health, is pictured receiving cuddles from Ann-Marie Hinkley. Ann-Marie's daughter Emila Lentile said: *"Mum loved it when Poppy visited her. She always had a smile on her face."*

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 8683 staff, 67.9 per cent of whom live within the community we primarily serve.

More than one in five of our patients (22 per cent) originates from countries where English is not the predominant language. Accordingly, the top six languages spoken by our patients, other than English, are Mandarin, Cantonese, Greek, Italian, Albanian and Vietnamese.

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 ORGANISATIONAL PROFILE

LARGER SITES

- Angliss Hospital
- Box Hill Hospital
- Healesville & District Hospital
- Maroondah Hospital
- Peter James Centre
- Spectrum
- Turning Point
- Wantirna Health
- Yarra Ranges Health
- Yarra Valley Community Health

CORPORATE FUNCTIONS

- Access and Patient Support Services
- Corporate Projects and Sustainability
- Finance, Procurement and Information Services
- Fundraising, Legal Counsel and Corporate Governance
- Human Resources and Communications
- Quality, Planning and Innovation
- Research

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

Patients who need to have their blood plasma replaced now spend less time on dialysis thanks to the generosity of donors. Box Hill Hospital dialysis nurse Kristel Arcilla is pictured with a new apheresis machine, funded by donations to the Eastern Health Foundation, which allows more patients to be treated in less time. *For more information about the Eastern Health Foundation, see page 48.*

OUR CLINICAL PROGRAMS AND SERVICES

Eastern Health is divided into two main clinical areas – the Acute Health directorate and the Continuing Care, Ambulatory, Mental Health & Statewide Services directorate. There are eight programs within these areas that provide a range of services – ***as outlined in the table below. For more information about how these services are managed, please refer to the organisational structure on pages 44-45, which also outlines our non-clinical areas such as human resources, finance and support 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	

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

TOP: Hundreds of people gathered in Healesville to "connect with respect" at Eastern Health's Closing the Gap Sports Day on March 1, 2015. This annual event aims to celebrate the spirit of reconciliation and better inform the community about the dedicated Aboriginal health services available. Keilara Jessie Briggs from Aldara Consultancy is pictured performing during the opening ceremony.

ABOVE LEFT: Kirsty Cameron cradles baby Kaden at Angliss Hospital's Special Care Nursery. Kaden was one of the first babies to benefit from the introduction of Continuous Positive Airway Pressure (CPAP), which helps babies with respiratory illnesses. The introduction of CPAP to Box Hill and Angliss hospitals means babies needing this treatment no longer need to be transferred to other hospitals, allowing mothers and babies to stay together. Eastern Health cared for 921 babies in our two special care nurseries during 2014-15.

ABOVE RIGHT: Box Hill Hospital nurses Melissa Packer, Rebekah Marsh and Lauren Boxsell were in the thick of the action on "Move Day" when more than 200 patients were safely transferred from the existing hospital to the new 10-storey clinical services building in September 2014. Known as Building A, the site includes a much larger, more efficient emergency department and a new entrance on Rodgerson Road.

LEFT: Professor Julie Considine is Eastern Health's Chair in Nursing and Director of the Eastern Health/Deakin University Nursing and Midwifery Centre. Prof Considine is part of a research team trying to better understand which patients who need to be admitted to hospital via the emergency department are at risk of significant deterioration. *"If we know who may deteriorate, we can identify which patients may require a more intensive care management plan for their first few days in hospital."*

OUR PERFORMANCE

In 2014-15:

A record total of **15,366** patients were admitted for elective surgery

Number of patients on the elective surgery waiting list was reduced from **3006** to **2790**

There were **151,810** emergency department presentations – up 5.9 per cent – that's one person every 3.5 minutes

A total of **4655** babies were delivered at our hospitals – one baby every two hours

Eastern Health provides a range of paediatric care for residents living in Melbourne's eastern suburbs. All three of our emergency departments at Box Hill Hospital, Angliss Hospital and Maroondah Hospital have staff trained to care for and treat children. This complements a range of other paediatric services, including visiting paediatricians, paediatric registrars, midwives, neonatal nurses, paediatric nurses and allied health professionals. Zoe Butterworth, 5, pictured with nurse Yenni Yenni, was one of 2253 children treated in Box Hospital's paediatric ward in 2014-15.

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. 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 2016-20.

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.

Eastern Health is committed to developing a system that is responsive to people's needs. This includes further enhancing our capability regarding end of life care across the organisation. Nurse practitioner candidate Fiona McLeod is pictured discussing Advance Care Planning with a patient. *See page 12 for more information.*

PRIORITY	ACTION	DELIVERABLE	OUTCOME
Developing a system that is responsive to people's needs	Develop an organisational policy for the provision of safe, high-quality end of life care in acute and sub-acute settings, with clear guidance about the role of, and access to, specialist palliative care.	Review the policy for the provision of safe, high-quality end of life care and advance care planning in ambulatory, acute and sub-acute settings.	ACHIEVED A comprehensive organisation-wide performance standard on advance care planning has been developed and implemented across Eastern Health. It provides clear guidance for all staff on the processes, roles and responsibilities, skills and knowledge, tools and education required to provide high-quality advance care planning support. The End of Life Care Expert Advisory Committee is conducting a further review of practices at Eastern Health following publication of the *National Consensus Statement: Essential elements for safe and high-quality end of life care* by the Australian Commission on Safety and Quality in Healthcare in May 2015.
	Implement formal advance care planning structures and processes, including putting into place a system for preparing and/or receiving, and documenting advance care plans in partnership with patients, carers and substitute decision-makers.	Further enhance capability regarding end of life care across Eastern Health including compliance with the Advance Care Planning policy and overall monitoring of performance.	ACHIEVED Eastern Health operates a range of Expert Advisory Committees (EACs) that support the organisation to fulfil its governance responsibilities. One EAC focuses specifically on end of life care. This committee has supported the implementation of a new Advance Care Planning performance standard and the management of futile care in acute settings. Organisation-wide compliance with the requirements of the standard is being monitored by the EAC, with further action being undertaken to address any gaps.
	Develop opportunities for greater private sector collaboration, co-ordination and integration.	Partner with the Department of Health and Medibank to implement the Care Point model of care for patients with chronic conditions and complex needs.	IN PROGRESS During the past 12 months, representatives from Eastern Health have been working with colleagues from the Department of Health and Human Services and Medibank to refine the design of the Care Point model and determine the most appropriate structure for its implementation. Discussions regarding arrangements for funding and resourcing the delivery of this new model are continuing.
	Support the effective implementation of reforms to alcohol and other drug treatment services.	Lead and actively participate with consortium members to establish partnerships and models of care to deliver additional services awarded to Turning Point through the Alcohol and Drug Services recommissioning process.	ACHIEVED A range of systems and processes have been developed and implemented to support the consortium to operate efficiently and effectively. This has enabled Turning Point to collaborate with other organisations and successfully implement new models of care and service enhancements.

Continued on page 13

PRIORITY	ACTION	DELIVERABLE	OUTCOME
	Optimise timely access to specialist care through the implementation of the Access Policy for Specialist Clinics in Victorian Public Hospitals.	Implement the Specialist Clinics redesigning care project to better align with the Access Policy for Specialist Clinics in Victorian Public Hospitals.	IN PROGRESS Redesign work completed during the past 12 months has resulted in standardised processes and workflows within specialist clinics that are aligned with the government's expectations for service delivery, including indicative timeframes for the completion of key processes. This work has included the review and development of guidelines and supporting documents and tools, standardising workflows across all Eastern Health sites, updating data screens in the Patient Administration System to enable the capture of data to measure compliance and reviewing waiting lists to identify data errors and inaccuracies. A "go live" date for implementation of changed processes and HOMER fields is August 10, 2015. Additional projects underway that supplement and strengthen the above work include centralised booking and triage, patient-focused bookings and patient check-in. Once complete, this will support more efficient bookings for individual clients and more efficient utilisation of all specialist clinics across the organisation.

ABOVE: Tanya Hendry is Eastern Health's Manager of Consumer Participation and Patient Experience, based at Wantirna Health. While striving to provide great healthcare, listening to consumers, their relatives and carers is a valuable way to identify areas that need further improvements. A consumer who has not had a great experience is our greatest source of learning. In 2014-15, Eastern Health received 1109 formal compliments and 1262 formal complaints. *For more information, see page 14.*

ABOVE RIGHT: "The power to stop the flu begins with you!" This was the catch-cry of Eastern Health's Flu Fighter, aka Maroondah Hospital Human Resources Adviser Josh Humphreys, who spearheaded our staff influenza vaccination program. Josh is pictured with Katherine McKay and Bree Davies from Eastern Health's Infection Prevention and Control team. *For more information, see page 17.*

PRIORITY	ACTION	DELIVERABLE	OUTCOME
Improving every Victorian's health status and experiences	Use consumer feedback to improve person and family-centred care, health service practice and patient experience.	Utilising the data obtained from the *In the Patient's Shoes* performance monitoring strategies, identify areas for improvement related to provision of patient and family-centred care and implement initiatives to demonstrate improved patient experience.	IN PROGRESS In response to the data obtained from the Eastern Health *"In the Patient's Shoes"* performance monitoring strategies, a number of initiatives have been implemented to improve the provision of patient and family-centred care including: • Revision of the Complaints Resolution performance standard to more clearly articulate the process for complaints management and the escalation process to facilitate more timely responses to and resolution of complaints. • A training package for the Complaints Resolution standard has been developed and implemented across the organisation to specifically target performance gaps relating to this standard. • A pilot project for the Patient Experience of Care Program has been implemented. This program supports ward teams to develop skills in objectively understanding the patient experience they provide and undertake improvement work to deliver excellent levels of service that meet the Patient and Family Centred Care standard, using local improvement methodology.

Continued on page 15

ABOVE: Mothers and babies living in the Yarra Ranges can benefit from a number of maternity support services in Healesville and the surrounding area. Eastern Health provides midwife home visits following discharge from hospital, giving new mums like Jessi-Lee Rollfink, pictured with son Hunter and midwife Christine Hoare, additional support without the need to travel. Jessi-Lee attended antenatal clinics at Healesville & District Hospital during her pregnancy and enjoyed home visits in Healesville following Hunter's birth at Box Hill Hospital.

ABOVE RIGHT: Eastern Health's Executive Director of Acute Health and Chief Nursing & Midwifery Officer, Adjunct Professor David Plunkett, is pictured with Box Hill Hospital receptionists Kiah Dyer and Megan Brodersen on "Move Day". Box Hill Hospital's new 10-storey clinical services building opened on September 30, 2014. It was one of the most significant events in the hospital's 58-year history as more than 200 patients were safely moved from the existing hospital to the new hospital within seven hours. *For more information, see page 28.*

PRIORITY	ACTION	DELIVERABLE	OUTCOME

			• A project is well underway to transition the commissioning, development, approval and review of patient information brochures from a decentralised model to a more centralised management system. This includes consultation with consumers on the content and layout of consumer information. Patient information is now available to all staff via an electronic repository to facilitate dissemination to patients and families, as required.
			• The MENU (Meals are Enjoyable and NUtritious) redesign project was commissioned in response to consistently low scores related to Eastern Health's Patient Experience of Care Principle No.10: "Meals are enjoyable and nutritious". Initiatives that have been implemented or scheduled for implementation include:
			  • Implementation of laminated food tray information placemats to inform patients of meal times, how to access alternative meal options and who to speak to if there is an issue with their meal and to provide an identified place for the efficient delivery of their meal tray.
			  • Reviewing names of menu items to ensure they describe the food appropriately.
			  • Food service staff training in positive patient identification to ensure the right meal is provided to the right patient and effective patient communication at the point where meals are delivered and meal trays removed.
			  • Implementation of standard plating, tray appearance and appropriate garnishes on meals to improve appearance.
			  • Implementation of a quality assurance taste-testing program by food service staff.
			  • Development of a Food Immersion Program to enable frontline nursing staff to taste patient food and increase their understanding of food service processes and the options available to patients.
			  • Regular waste measurement of returned food to identify meal items that are unpopular with patients and removal of these items from the menu.
			The work undertaken so far has led to an 11 per cent improvement in patient satisfaction with meals across Eastern Health during the past 12 months.

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MEASURING OUR PERFORMANCE

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

91 KEY PERFORMANCE INDICATORS

that are aligned to one of our five strategic directions. Results against these indicators are also available at the frontline, where the data can be broken down into individual wards and departments. It is also aggregated to single scores for each strategic direction and an overall composite score when reported at Executive and Board level.

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

PRIORITY	ACTION	DELIVERABLE	OUTCOME
	Reduce unplanned readmissions.	Address identified root causes to improve organisational performance in relation to unplanned readmission rates, utilising the Eastern Health performance improvement and innovation methodology.	IN PROGRESS A steering group was established with senior clinical representatives from across Eastern Health to support this work. This group undertook in-depth analysis of unplanned, avoidable hospital readmissions. The analysis identified that: • From a systems perspective, the overall rate of unplanned readmission remains in line with peers and industry benchmarks. • A number of individual clients were at high risk of unplanned and frequent readmission. In response to this, specific case management strategies are being implemented to support these individuals to manage their care in their own home and minimise the risk of further hospitalisation. A research proposal titled *"Understanding factors associated with unplanned hospital readmissions"* has been developed. The planned research takes into account all available previous research and literature, and uses this to evaluate factors associated with unplanned readmission to hospital within 30 days of acute care discharge from Eastern Health – taking into consideration Eastern Health's particular environment and casemix.
	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, people with disability, homeless people, refugees and asylum seekers.	Implement the priority initiatives of the Closing the Health Gap Committee to improve service delivery systems, cultural appropriateness of care areas, communication, development of staff and implement *Koolin Balit (Healthy People)* initiatives.	ACHIEVED Organisational performance standards that specifically support the care of people of Aboriginal and/or Torres Strait Islander origin have been revised and developed, including: • Aboriginal Health Standard. • Asking the Question – Are you of Aboriginal and/or Torres Strait Islander origin? • Accessing the Aboriginal Hospital Liaison Officer and Senior Aboriginal Service Development Officer. Implementation of these performance standards particularly targeted priority areas including the emergency department and specialist clinics (outpatients) because these are often the first points of contact with the health service. Organisation-wide patient information management systems have been updated to support the requirements of this work and enable better capture of relevant information within these databases. Performance regarding patients who have identified as being of Aboriginal and/or Torres Strait Islander origin is monitored through an indicator on the Eastern Health Scorecard. This indicator was revised during the year to include all patients receiving care from a wider number of services. Results for the year have shown an improvement in performance. In addition, a number of Eastern Health staff participated in future planning for further *Koolin Balit* projects to Close the Health Gap.

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PRIORITY	ACTION	DELIVERABLE	OUTCOME
	Optimise alternatives to hospital admission.	Undertake a comprehensive evaluation of existing alternatives to bed-based services and develop an action plan to address any gaps identified.	IN PROGRESS Eastern Health completed a service-wide bed status audit to identify issues that were preventing medically-stable patients from being discharged home. A comprehensive action plan was developed and implemented. One of the findings of the audit supported the opening of a new Continuing Care ward at Box Hill Hospital in February 2015. In addition, scoping has commenced for a comprehensive planning project for Ambulatory and Community Services, which will be conducted during the 2015-16 financial year.
Expanding service, workforce and system capacity	Develop and implement a workforce immunisation plan that includes pre-employment screening and immunisation assessment for existing staff who work in high-risk areas in order to align with Australian infection control and immunisation guidelines.	Plan, develop and implement a comprehensive, integrated staff health system that enables the management of workforce immunisation including pre-employment screening and immunisation assessment for staff working in high-risk areas (e.g. Emergency, Intensive Care and Haematology / Oncology departments) in order to align with Australian infection control and immunisation guidelines.	IN PROGRESS A comprehensive project has been undertaken to identify existing barriers to staff immunisation and address them in preparation for the 2015 flu vaccination campaign. Eastern Health is aiming to vaccinate at least 75 per cent of its staff during the campaign which is a 15 per cent increase on last year's result. Staff have been involved in preparation for the campaign via a competition to develop the 2015 flu campaign slogan, to be used in all promotions. The winning entry resulted in life-size cardboard cut-outs of a "Flu Fighter" superhero promoting vaccination for staff with a range of messages. A flu vaccination co-ordinator has been supporting the campaign's implementation and performance reporting with positive early results. The campaign will run until the end of July 2015. While Eastern Health's systems for staff immunisation and screening fully comply with the National Safety and Quality Health Service Standards, a recent review has identified a number of improvements for implementation over the next 12 months, which will aim to further increase immunisation rates among Eastern Health staff.
	Build workforce capability and sustainability by supporting formal and informal clinical education and training for staff and health students, in particular inter-professional learning.	Continue to develop organisational capability and application of Eastern Health's new learning management platform with a particular focus on enhancing inter-professional learning across the organisation.	ACHIEVED Eastern Health recently migrated its online learning system to a new platform called iLearn. This system is now established with many multi-disciplinary online courses being developed and made available to staff. These include clinical training courses developed in consultation with multi-disciplinary subject matter experts, as well as a range of packages focusing on the National Standards and organisational accreditation requirements. A series of inter-professional learning programs has been embedded across Eastern Health, including Neonatal, Basic and Advanced Life Support and Delirium Management. There is now capability within the system for learning packages to be allocated to specific staff across all professional groups and this enables reporting of completion rates for each learning package.

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PRIORITY	ACTION	DELIVERABLE	OUTCOME
	Optimise workforce productivity through identification and implementation of workforce models that enhance individual and team capacity and support flexibility.	Develop and commence the implementation of a strategic workforce plan to meet the organisation's changing service requirements and align with *Eastern Health 2022: The Strategic Clinical Service Plan.*	IN PROGRESS Work to develop a strategic workforce plan was supported during the year through a workshop attended by senior leaders and executive directors. This workshop enhanced organisational understanding of current initiatives being undertaken within clinical programs and key professional groups, as well as identifying priorities for the future. Some of the current initiatives include: • A comprehensive review of allied health services, including the utilisation of allied health assistants. • Aboriginal health workforce traineeships and employment. • Development of advanced practice roles (e.g. nursing and allied health). • Increasing undergraduate placements across the health service in all fields. • Enhancements to management training opportunities and programs. • An ageing workforce project. A number of key challenges were also identified and further investigation into these is underway in order to address them effectively. This work will continue to ensure Eastern Health's workforce is capable of meeting the organisation's changing service requirements. Eastern Health implemented the new workforce role of "Health Assistants in Nursing" with the evaluation providing very positive results. An expansion and sustainability plan is now being developed for this role.
		Investigate, develop and implement action plans to address opportunities for improvement identified in the Eastern Health *People Matter Survey.*	IN PROGRESS The People Matter Survey results were very positive for Eastern Health. They were widely communicated to staff and program leaders via a range of mechanisms, including presentations at a forum for all managers and the Eastern Health Board's Strategy, Planning and Human Resources Advisory Committee. Results for each program have been provided to the respective director and other senior staff, who have identified a range of improvements based on the feedback received. These improvements are progressively being implemented across the organisation and reported to staff via a range of channels, including a weekly newsletter.

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PRIORITY	ACTION	DELIVERABLE	OUTCOME
	Increase employment of Aboriginal people in mainstream health services in line with the strategic objectives of Koolin Balit: Victorian Government Strategic Directions for Aboriginal Health 2012–2022 and *Karreeta Yirramboi* workforce participation targets.	Develop and implement an action plan to address recommendations of the Eastern Health Aboriginal Employment Plan.	ACHIEVED Implementation of the Aboriginal Employment Plan is well underway and routinely monitored and reported to the Eastern Health Executive Committee. Initiatives introduced during the year include: • Establishment of a work experience program for Aboriginal secondary school students. • Successful training grant applications for four traineeship positions. These trainee roles include alcohol and other drug workers, a theatre technician and an allied health assistant. • Development of an Aboriginal cultural awareness online course to build organisation-wide capability. • Building community relationships through various Closing the Health Gap events. This included another successful Closing the Gap Sports Day in March 2015.
	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.	IN PROGRESS All funded capital development projects have progressed over the past 12 months. Project timelines were met across the majority of projects, with any over-runs managed in collaboration with the Department of Health and Human Services. Projects completed and significantly progressed include: • Box Hill Hospital – Building A construction completed, opened and services relocated. • Box Hill Hospital – Building B refurbishment is on schedule. • Maroondah Hospital – Intensive Care Unit construction completed, opened and services relocated. • Maroondah Hospital – Sub-acute ward completed. • Maroondah Hospital – Psychiatric Assessment and Planning Unit construction is progressing according to schedule. • Maroondah Hospital – Magnetic Resonance Imaging (MRI) facility is in the final stages of planning. • Maroondah Hospital – Breast Care Centre is in the planning stage. • Angliss Hospital – Emergency Department and Intensive Care Unit development is progressing through the planning stage. • Healesville & District Hospital and Yarra Valley Community Health planning is complete and construction expected to commence in July 2015.

NEW MRI FACILITY IS IN THE FINAL STAGES OF PLANNING

PRIORITY	ACTION	DELIVERABLE	OUTCOME
Increasing the system's financial sustainability and productivity	Identify and implement practice change to enhance asset management. Reduce health service administrative costs.	Develop comprehensive mechanisms to embed "Return on Investment" considerations within business decision-making including Performance Improvement and Innovation, Major Projects and Business Case Review.	IN PROGRESS Return on Investment is a major factor in business decision-making to ensure the ongoing financial sustainability of the health service. This is a key consideration in: • The improvement and innovation methodology where all projects have to identify the quality, cost and flow benefits. In addition, the Great Care Everywhere Program continues to focus on length of stay and removing waste to support organisational financial performance. • Economic implications of service and capital development incorporated into a range of current works, including the Angliss Hospital master planning process, and will be included in Maroondah Hospital service planning as this work continues to progress. • Business case development including the Car Park Strategy and recent development of the Information Management and Transformation Strategy 2015-2020 or *"Great Digital Information – Transforming Health Care into Great Health and Wellbeing".*
	Reduce health service administrative costs.	Continue to collaborate with the Department of Health and Human Services on the "Comparative analysis of administration costs" benchmarking project in order to identify and address areas of high expenditure.	ACHIEVED Administrative indicators including costs are now reported on a routine basis to the Department of Health and Human Services which analyses them across the sector and by hospital type. This analysis has identified that Eastern Health administrative costs do not materially differ from the statewide average. Notwithstanding these results, Eastern Health is continuing to collaborate with other health organisations that are undertaking significant reforms in this area to ensure opportunities for improvement and efficiency are identified and actions implemented.

ABOVE: As part of our strong commitment to Closing the Gap between Aboriginal and Torres Strait Islander people and non-indigenous Australians, Eastern Health celebrated NAIDOC Week. Pictured is Graham Briggs from Aldara Consultancy performing during a ceremony at Box Hill Hospital in July 2014. A dedicated group of staff members is on the Eastern Health Closing the Health Gap Committee, which provides leadership for all staff on a range of initiatives. *For more information, see page 16.*

ABOVE RIGHT: Research Fellow Dr Anne-Marie Laslett is a member of the Turning Point team that has undertaken a significant amount of research on alcohol's harm to others. Their work, which began in 2008 and is recognised globally, has found that a majority of Australians experience at least some harm from other people's drinking. As one of Eastern Health's two statewide services, Turning Point is a national leader in the field of alcohol, other drugs and gambling research, treatment and education. *For more information about Turning Point, visit* ***www.turningpoint.org.au***

PRIORITY	ACTION	DELIVERABLE	OUTCOME
Implementing continuous improvements and innovation	Develop a focus on 'systems thinking' to drive improved integration and networking across health care settings.	Develop next phase of the implementation and evaluation of the Eastern Health Performance Excellence Framework and Eastern Health "House" including performance standards, performance monitoring and performance improvement and innovation, and incorporating learning and development, organisational planning and enterprise risk management.	IN PROGRESS There has been a significant program of work in performance excellence including: • Development and implementation of *"Standard Work for Leaders"* across the organisation to support staff to meet their responsibilities for all systems, using a performance excellence approach. An audit will also be used in the lead-up to the accreditation periodic review in September 2015 to support "accreditation readiness". • A review of the Performance Excellence Framework was undertaken. The review focused on enhancing the system for commissioning and approving performance standards, incorporating performance standards implementation, as well as more effectively linking risk management and organisational planning processes into the framework. A Clinical Practice Committee has been established with responsibility for the commissioning and approval of clinical performance standards to ensure consistency and continuity across the organisation. • Capability training for the Model for Improvement continues at both the organisation and individual level, including the establishment of a Project Officers Network to build connections and supports across sites and programs.

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PERFORMANCE EXCELLENCE FRAMEWORK

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

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.

PRIORITY	ACTION	DELIVERABLE	OUTCOME
	Drive improved health outcomes through a strong focus on patient-centred care in the planning, delivery and evaluation of services, and the development of new models for putting patients first.	Continue the implementation of the *Great Care Everywhere* program of work and ensure its alignment with Eastern Health objectives with specific focus on patient-centred care.	ACHIEVED Implementation of the Great Care Everywhere Program continued to focus on process improvement for service delivery across Eastern Health throughout 2014-15. Much of this work has been undertaken in broad collaboration with consumers to ensure improvements specifically focus on patient and family-centred care. Specific achievements include: • Enhancement of the standard daily work program to establish minimum routine work practices across all acute inpatient wards. • A review of the General Medicine and Continuing Care models of care. • Substantial progress in "No unnecessary tests", "No unnecessary waits" and the "Meals are Enjoyable and NUtritious" (MENU) projects. Eastern Health's seven-days-a-week service model continues to be recognised as an exemplar for process improvement and has delivered substantial productivity gains for the organisation. Numerous other health services and non health-based organisations have visited Eastern Health to learn about this work.
Increasing accountability and transparency	Undertake an annual board assessment to identify and develop board capability to ensure all board members are well equipped to effectively discharge their responsibilities.	Utilising the outcomes of the Eastern Health Board self-assessment on the Australian Centre for Healthcare Governance – Board Evaluation and Development Tool, review and revise the annual orientation program for new and existing board members to ensure it addresses all requirements.	ACHIEVED The Board orientation program was revised in 2014-15 in response to feedback from Board Directors, utilising the Australian Centre for Healthcare Governance – Board Evaluation and Development Tool. A revised version of the orientation program is now available for all Board Directors. Eastern Health provides a comprehensive orientation for all new Board Directors via a range of mechanisms, including an online orientation package and face-to-face presentations on specific topics. This orientation is aligned with the Department of Health and Human Services' New Board Director Induction Program guidelines and checklist to ensure all relevant topics are included. Existing Board Directors are invited to all presentations and routinely access the online resources.
	Demonstrate a strategic focus and commitment to aged care by responding to community need as well as the Commonwealth *Living Longer Living Better* reforms.	Implement relevant systems and practice to ensure compliance with the Commonwealth Department of Social Services' Residential Aged Care Reforms effective from July 1, 2014.	ACHIEVED A review of the system and processes to assess the financial situation of aged care residents has been undertaken. A range of changes have now been implemented and resulted in a more streamlined process for staff, residents and their families. Eastern Health is continuing to monitor the impact of the new requirements for all residents to have a financial assessment. Feedback has been provided to external stakeholders about such impacts to inform any further reforms to this legislation.

PRIORITY	ACTION	DELIVERABLE	OUTCOME
Improving utilisation of e-health and communications technology	Trial, implement and evaluate strategies that use e-health as an enabler of better patient care.	Continue the implementation of Cerner Millennium Release 2 for electronic orders, medication administration (charting), fluid balance charting and immunisation recording with specific reference to both clinical and technical integration and interoperability to ensure Eastern Health can maximise benefits from this system.	IN PROGRESS A range of new electronic systems was implemented with the commissioning of Building A at Box Hill Hospital. These systems have now been integrated with existing information systems in regard to their technical and operational interfaces. This has ensured that Eastern Health's services derive the maximum benefit from these new systems. Further planning and system development has progressed to support the introduction of electronic medication management, including prescribing and administration within acute care settings. This will continue to be a focus in 2015-16. Preparations are underway to expand the scope of the existing Electronic Medical Record across Eastern Health, consistent with the Ministerial Review Panel recommendations and relevant state ICT framework. The introduction of streamlined electronic systems access technology, referred to as "Tap On-Tap Off", replacement of the Patient Administration System and other priorities are in the planning stage. These will continue to enhance the operational efficiencies already realised through the use of e-health and communication technology.
	Ensure local ICT strategic plans are in place.	Develop and promulgate a new ICT Strategic Plan, associated goals and actions including progressive adoption of a fully electronic medical record and seamless interoperability across network platforms.	ACHIEVED A new long-term ICT strategy has been developed and approved. This work was completed in collaboration with a range of stakeholders, both within and outside Eastern Health. The Information Management and Transformation Strategy 2015-2020, or *"Great Digital Information – Transforming Health Care into Great Health and Wellbeing"* includes a comprehensive implementation plan that will be progressed through 2015-2020, including annual activities as part of the broader work program.

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. In the pursuit of ongoing accreditation, Eastern Health will participate in a periodic review in September 2015.

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.

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 2015, there were 50 open risks. Since 1 July 2014, there have been 13 new risks added to the register and 15 risks closed.

For more information about how Eastern Health manages our key risks, including case studies, please refer to the *2014-15 Quality of Care Report* at **www.easternhealth.org.au**

OUR FINANCIAL SUSTAINABILITY PERFORMANCE

	TARGET	2014-15 RESULT
FINANCE		
Annual operating result ($m)	0	0.07
Creditors	< 60 days	58.4
Debtors	< 60 days	51.7
Percentage of WIES [1] (public and private) performance to target	100	100
ASSET MANAGEMENT		
Basic asset management plan	Full compliance	Full compliance

1: WIES is a Weighted Inlier Equivalent Separation.

Kathleen Corbett, 75, is pictured with physiotherapist Claire Longden as she recovers from a fracture in her left ankle following a fall at home. Kathleen's fracture was stabilised with surgery at Box Hill Hospital before she was admitted to Peter James Centre for rehabilitation.

OUR ACCESS PERFORMANCE

EMERGENCY CARE	TARGET	2014-15 RESULT		
		ANGLISS HOSPITAL	BOX HILL HOSPITAL	MAROONDAH HOSPITAL
Percentage of operating time on hospital bypass	3	1.3	2.3	1.5
Percentage of ambulance transfers within 40 minutes	90	99	90	94
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	80	72	82
NEAT - Percentage of emergency presentations to physically leave the emergency department for admission to hospital, be referred to another hospital for treatment or be discharged within four hours	81	79	60	65
Number of patients with a length of stay in the emergency department greater than 24 hours	0	0	1	0

ELECTIVE SURGERY	TARGET	2014-15 RESULT
NEST - 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	88	74.8
NEST - Percentage of Urgency Category 3 elective surgery patients treated within 365 days	97	84.9
Number of patients on the elective surgery waiting list [1]	3,021	2,790
Number of Hospital Initiated Postponements per 100 scheduled admissions	8	7.5
Number of patients admitted from the elective surgery waiting list – quarter 1	3,874	4,043
Number of patients admitted from the elective surgery waiting list – quarter 2	3,445	3,501
Number of patients admitted from the elective surgery waiting list – quarter 3	3,934	3,650
Number of patients admitted from the elective surgery waiting list – quarter 4	4,067	4,172
Number of patients admitted from the elective surgery waiting list – annual total	15,320	15,366

CRITICAL CARE	TARGET	2014-15 RESULT
Adult ICU number of days below the agreed minimum operating capacity – Box Hill [2]	0	6
Adult ICU number of days below the agreed minimum operating capacity – Maroondah [3]	0	5

1: The target shown is the number of patients on the elective surgery waiting list as at 30 June 2015.

2: The agreed minimum operating capacity is 9 ICU equivalents from July to February and 10 ICU equivalents from March to June.

3: The agreed minimum operating capacity is 5 ICU equivalents from July to September and 6 ICU equivalents from October to June.

NEAT - National Emergency Access Target

NEST - National Elective Surgery Target

OUR SAFETY AND QUALITY PERFORMANCE

	TARGET	2014-15 RESULT
PATIENT EXPERIENCE AND OUTCOMES		
Victorian Healthcare Experience Survey [1]	Full compliance	Full compliance
Healthcare associated infection surveillance	No outliers	Achieved
ICU central line associated blood stream infections [2]	No outliers	Not Achieved
SAB rate per occupied bed days [3]	< 2/10,000	0.9
Maternity - Percentage of women with pre-arranged postnatal home care	100	100
Mental health - 28 day readmission rate	14	17.9
Mental health - Post-discharge follow up rate	75	87.6
Mental health - Seclusion rate per occupied bed days	< 15/1,000	3.8
GOVERNANCE, LEADERSHIP AND CULTURE		
Patient safety culture	80	96
SAFETY AND QUALITY		
Health service accreditation	Full compliance	Full compliance
Residential aged care accreditation	Full compliance	Full compliance
Cleaning standards (overall)	Full compliance	Full compliance
Cleaning standards AQL-A	90	Achieved
Cleaning standards AQL-B	85	Achieved
Cleaning standards AQL-C	85	Achieved
Hand hygiene (rate) – quarter 2	75	80.6
Hand hygiene (rate) – quarter 3	77	80.4
Hand hygiene (rate) – quarter 4	80	80.3
Healthcare worker immunisation - influenza*	75	65

**This indicator covers the 2014 influenza season.*

1: The Victorian Healthcare Experience Survey was formerly known as the Victorian Health Experience Measurement Instrument.

2: *Interim data for 2014-15 year, as per VICNISS report dated 20 July 2015.*

3: SAB is staphylococcus aureus bacteraemia. *Interim data for 2014-15 year, as per VICNISS report dated 20 July 2015.*

OUR ACTIVITY AND FUNDING

FUNDING TYPE	2014-15 ACTIVITY ACHIEVEMENT
ACUTE ADMITTED	
WIES Public	69,300
WIES Private	14,761
WIES (Public and Private)	**84,061**
WIES DVA	923
WIES TAC	353
WIES TOTAL	**85,337**
SUB-ACUTE AND NON-ACUTE ADMITTED	
Rehab Public	23,811
Rehab Private	11,179
Rehab DVA	1,642
GEM Public	32,724
GEM Private	14,467
GEM DVA	3,303
Palliative Care Public	9,149
Palliative Care Private	3,630
Palliative Care DVA	519
Transition Care - Bed Days	25,995
Transition Care - Home Days	7,582
SUB-ACUTE NON-ADMITTED	
Health Independence Program	135,050
AGED CARE	
Aged Care Assessment Service	8,300
Residential Aged Care	20,744
HACC	37,959
MENTAL HEALTH AND DRUG SERVICES	
Mental Health Inpatient - WOt*	35,778
Mental Health Ambulatory	111,507
Mental Health Residential	19,991
Mental Health Sub-Acute	17,751
Drug Services	944
PRIMARY HEALTH	
Community Health / Primary Care Programs	27,896

* WOt - Weighted Occupancy target.

OUR CAPITAL WORKS PROGRAM

Box Hill Hospital redevelopment

Box Hill Hospital's $447.5 million redevelopment reached a significant milestone in 2014, with the new 10-storey clinical services block, known as Building A, officially opened by the then Premier of Victoria, the Hon Dr Denis Napthine, and Minister for Health, the Hon David Davis, on August 12, 2014.

Accommodating all of Box Hill Hospital's acute beds and services, Building A provides Eastern Health with a contemporary facility allowing us to deliver more efficient healthcare and access to high-quality services and amenities for our patients, staff and volunteers.

Following an extensive commissioning process, more than 200 patients were moved to Building A on September 30, 2014. This extremely complex task was a success, with all patients safely moved to the new facility within seven hours.

Refurbishment of the original building (Building B) continues to progress exceptionally well, with some areas close to completion. It is expected that the entire redevelopment will be finished by the end of 2015.

Box Hill Hospital now has the capacity to deliver:

- An increase of more than 200 beds
- A larger emergency department supported by 20 short-stay beds
- A precinct for women's 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.

Healesville & District Hospital and Yarra Valley Community Health redevelopment

Already funded for a total of $7.8 million, new Victorian Minister for Health, the Hon Jill Hennessy, announced an additional $1 million boost to the project on June 24, 2015. This extra funding will ensure the project delivers the high-quality facility that has been promised to the community.

Construction is due to commence in July 2015 and expected to take 14-18 months to complete.

Following the completion of the redevelopment, Healesville & District Hospital and Yarra Valley Community Health will be larger to support new services, with improved facilities and equipment. A new operating theatre, new renal dialysis unit, specialist outpatient clinics and a redeveloped community health centre are some of the features. The interior will also be refurbished and modernised while open spaces and parking are improved.

Other capital works

Eastern Health continued to progress its extensive capital works program (almost $500 million) in 2014-15 including:

- Wantirna Health Education Precinct, which officially opened in October 2014. This new facility features a 50-seat seminar room, tutorial rooms, meeting rooms and offices, which adjoin the Wantirna Health Lecture Theatre and Clinical Simulation Centre. This work was undertaken in partnership with Deakin University and Monash University, with funding from Health Workforce Australia, an Australian Government initiative ($2.1 million).

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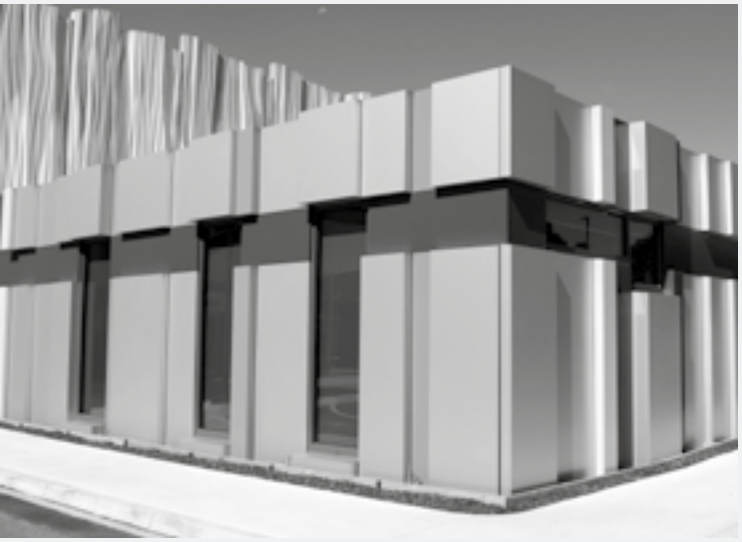


ABOVE: Eastern Health opened its new education precinct, in collaboration with Health Workforce Australia and Deakin and Monash universities, at Wantirna Health in October 2014. This $2.1 million modular building, which includes a clinical simulation area, 50-seat lecture room, tutorial rooms and offices, is now a central hub for teaching and learning.

ABOVE RIGHT: Box Hill Hospital's new state-of-the-art building opened in September 2014. With almost 100 new clinical and non-clinical systems installed, it was an enormous task to ensure 3000 staff were fully prepared before the first patients arrived. The hospital's new main entrance is at 8 Arnold Street.

- Maroondah Hospital expansion, which included the completion of a 20-bed sub-acute ward to increase sub-acute services ($5.2 million).
- Plans for the new Psychiatric Assessment and Planning Unit at Maroondah Hospital were unveiled on October 24, 2014. This $2.3 million project is expected to be completed in late 2015.
- Commencement and planning for a new MRI facility at Maroondah Hospital.

Major IT projects

Eastern Health launched its *Great Digital Information Strategy 2015-2020* in June 2015. In an industry where timely access to information is vital to great clinical outcomes for patients, this strategy will allow Eastern Health to improve its data collection and access to information.

When our patients and clients return to us for care, they expect us to know who they are, what tests they have had and what medications they are taking. They expect that we will provide safe, sustainable and reliable healthcare.

We can only do this by managing the data and information we have about our patients and clients appropriately.

While we have a strong base to build on, we need to transform our clinical environment by harnessing and improving access to the information we capture every day. We need access to the right information, at the right time, in a secure manner.

The G*reat Digital Information Strategy 2015-2020* recognises Eastern Health's efforts and investments to date and provides a roadmap for developing our information system capability. Implementation of the roadmap will be based on sound business cases, clinician engagement and the delivery of benefits within key priority areas.

This strategy is supported by a range of initiatives, including Eastern Health's move towards a core electronic medical record.

Four wards at Wantirna Health and Peter James Centre successfully introduced an electronic medication management system, which is reducing the risk of errors and improving patient safety. This system has allowed doctors, nurses and pharmacists to manage medications electronically, from prescribing and supplying medications to recording when doses have been given. Eastern Health plans to extend the system to other sites in the future.

Buildings and facilities

Eastern Health complies with the building and maintenance provisions of the *Building Act 1993*, with all works completed in 2014-15 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.

Box Hill Hospital's oncology patients and their families can now enjoy sweeping views from the purpose-built courtyard on the fourth floor of Box Hill Hospital's new 10-storey clinical services building. The courtyard features some of the 17 intricate "healing" tree sculptures by local artist Rudi Jass.

DETAILS OF INDIVIDUAL CONSULTANCIES

CONSULTANT	PURPOSE OF CONSULTANCY	START DATE	END DATE	TOTAL APPROVED PROJECT FEE (EXCLUDING GST)	EXPENDITURE 2013-14 (EXCLUDING GST)	EXPENDITURE 2014-15 (EXCLUDING GST)	FUTURE EXPENDITURE (EXCLUDING GST)
670 Mountain Hwy Pty Ltd	Transition Printing Services to Tender	Nov-13	May-15	68,400.00	34,302.00	34,755.00	-
Deb Ellks Consulting	Assessment of Residential Aged Care Services	Sep-14	Oct-14	11,454.55	-	11,454.55	-
Nicole Amsing Consulting	Comprehensive Assessment of Allied Health	Jan-15	Jun-15	26,400.00	-	26,400.00	-
Deloitte	ICT Strategy and Business Case	Mar-15	Jun-15	249,091.00	-	249,091.00	-
TOTAL				**349,345.55**	**34,302.00**	**312,720.55**	**-**

In 2014-15, Eastern Health engaged 10 consultancies where the total fees payable to the consultants were less than $10,000 with a total expenditure of $31,027 (excl. GST). Details of individual consultancies can be viewed at ***www.easternhealth.org.au***

For the first time, medical staff at Eastern Health successfully performed organ donation through the Donation after Circulatory Death pathway, or DCD. DCD is the donation of organs from patients whose heart is no longer beating. Previously, the only way organ donation could proceed was when a patient was declared brain dead but still had a beating heart. Involving a large team of staff from a range of departments, the DCD was completed at Maroondah Hospital in early 2015. This successful DCD followed extensive planning and training for staff at both Maroondah and Box Hill hospitals. Pictured during a mock organ donation at Box Hill Hospital are Director of Anaesthetics David Beilby, left, and Theatre Acting Associate Nurse Unit Manager Kelly Jenkinson.

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

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.

Eastern Health has until June 2016 to comply with legislation relating to HPV health purchasing policy. A Procurement Reform Steering Committee, chaired by Eastern Health's Chief Procurement Officer, was established in 2014-15. The new policies will require implementation of changes across the health service for all areas undertaking procurement, not just the Supply Department.

A key role of the steering committee is to ensure all managers across Eastern Health are aware of and understand the new policies so they will be able to consider procurement as part of their standard work as a manager. The Eastern Health Board has approved a Project Transition Plan developed by the steering committee.

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 were no contracts awarded under this policy in 2014-15.

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.

Our environmental performance

From individual achievements to collaborative projects, Eastern Health staff from all levels of the organisation play a role when it comes to environmental and economic sustainability.

Eastern Health is a member of the Environmental Data Management System Project Advisory Group, which is involved with many healthcare organisations. This group shares initiatives and data to monitor and improve the way the Victorian health sector uses and purchases resources that contribute to our environmental footprint.

Many products in our theatres have been reviewed and streamlined for use, as part of the Productive Operating Theatre initiative, which has brought economic savings in excess of $200,000. We have also switched to a more cost-effective and environmentally-friendly paper that is certified by the Forest Stewardship Council Australia.

Eastern Health has had significant input into the planning and design of a new Magnetic Resonance Imaging facility at Maroondah Hospital. The building will contain state-of-the-art LED lighting, which will produce significant lighting efficiencies, and with effective cooling bins, we will further enhance our commitment to sustainability.

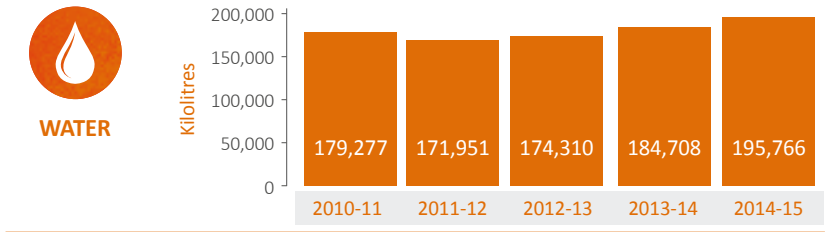
From green thinking initiatives as part of major infrastructure projects to something as simple as using recyclable cups in a tearoom, our staff are increasingly making a difference.

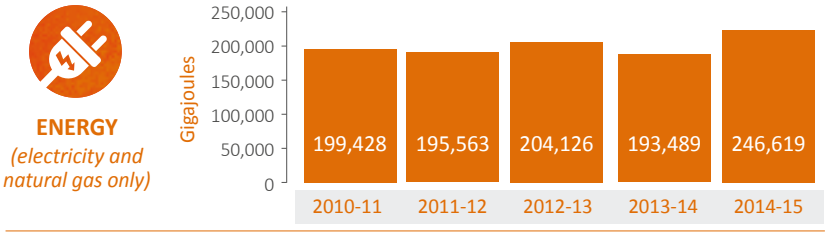
Several of our wards and departments at various sites have implemented better waste management initiatives through the introduction of co-mingling waste bins and educated staff about the correct way to recycle. With waste being distributed into appropriate receptacles, we have also seen cost-savings in this area.

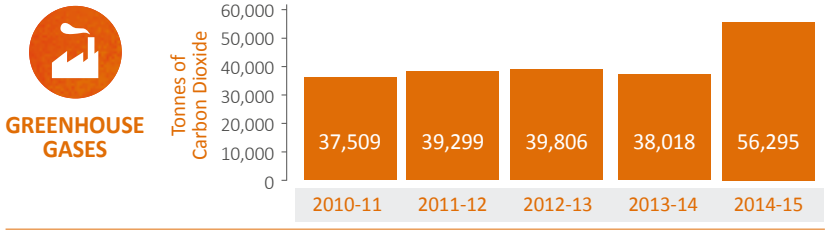
We are also very proud of our sustainability champions who, through their initiatives, have inspired their colleagues to create a more sustainable workplace.

Eastern Health publishes an annual sustainability report, which outlines our performance in the areas of environmental and economic sustainability, and social responsibility. This report is available online via the Eastern Health website at **www.easternhealth.org.au**

Eastern Health's performance over the past five years in the areas of water, energy and greenhouse gases.







These tables may contain amended numbers from those originally published in Eastern Health's Sustainability Report. All numbers were correct at the time of publication, based on the information available.

FREEDOM OF INFORMATION

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

FREEDOM OF INFORMATION REQUESTS	2014-15	2013-14	2012-13	2011-12	2010-11
Number of requests	1173	1153	1141	1224	1183
Access provided in full	747	739	808	999	1037
Access provided in part	307	337	251	163	66
No documents	36	30	29	17	0
Access denied	4	2	8	1	3
Request withdrawn by applicant	17	9	11	5	14
Transferred to another agency	0	0	0	1	3
Complaints lodged with FOI Commissioner*	4	6	1	N/A	N/A
Referred to FOI Commissioner for review*	7	6	4	N/A	N/A
Decisions deferred to VCAT	0	0	2**	1	4
Requests not completed	62	36	34	38	60

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

Privacy

Eastern Health respects 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 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.

Eastern Health had no disclosures under the Act during 2014-15.

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 2015.

W. Kirby Clark
Chair
Eastern Health Risk and Audit Committee
6 August 2015

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
6 August 2015

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
6 August 2015

Attestation on Compliance with the Australian/ New Zealand Risk Management Standard

I, Alan Lilly, certify that Eastern Health has complied with the Ministerial Standing Direction 4.5.5 – *Risk Management Framework and Processes.* The Eastern Health Risk and Audit Committee verifies this assurance.

Alan Lilly
Chief Executive
Eastern Health
6 August 2015

TOP LEFT: Betty Hand, centre, hopes to help others by participating in an Eastern Health clinical trial that aims to unlock the mysteries of Alzheimer's disease, a condition affecting an increasing number of Australians. Betty is pictured with husband Derrick and study co-ordinator Claire McCarthy.

TOP RIGHT: Eastern Health dietitians, including Jackie O'Connor, were on a mission during Healthy Weight Week in February to boost the fruit and vegetable intake of people living in the east.

ABOVE: Joy Blackwell is part of a dedicated group of volunteers at Angliss Hospital, who help patients participate in rehabilitation sessions, including water exercise classes. Community Rehabilitation Program team leader Diane Robinson said busy swimming pools could be a daunting prospect for some clients. However, the volunteers helped calm clients who felt anxious, while providing guidance in the water.

LEFT: When podiatrist Anna Stybowski was asked to make a pledge as part of the Change Day movement, she jumped at the chance to ignite her passion to make a difference in Aboriginal health. Anna, who is pictured with Eastern Health's Senior Aboriginal Service Development Officer Vera Webber, said she was determined to do more to help close the health gap between indigenous and non-indigenous Australians. *"This is something that has been burning inside of me for such a long time. I am thrilled that I have finally taken some positive steps forward and made this commitment."*

OUR GOVERNANCE

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

Kathleen Tester is a practice nurse at Eastern Health's Yarra Valley Community Medical Service, a bulk-billing GP clinic in Healesville.

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 were reappointed.

During 2014-15, Eastern Health's 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 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

The Hon Fran Bailey

DipT (Secondary) GAICD

Appointed 1 July 2014

Current professional positions

- Strategic Consultant to the SME sector
- Chairman, Animal Aid Foundation
- Member, National Health and Medical Research Council
- Chairman, Goulburn River Valley Tourism
- Chair, National Honours Committee
- Director, National Board of Restaurant and Catering

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
- Director, Newcastle Airport

Professor Andrew Conway

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

Appointed 1 July 2011

Professional positions

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

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 (until it disbanded)
- 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

Resigned February 2015

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. *See below for more information.*

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: Hon Fran Bailey
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.

Pictured, from left, are Jan Wirth, Jill Linklater, Diane Fisher, Jane Oldham, Liz Flemming-Judge, Eddie Thompson, Tarnya McKenzie and Eastern Health Board Director Kelly Tropea. Absent: Board Director and Community Advisory Committee Chair Andrew Conway, Eastern Health Chief Executive Alan Lilly, Sue Downes and Jeanette Kinahan.

VOICE OF THE COMMUNITY

Eastern Health's Community Advisory Committee provides support to the Eastern Health Board and includes nine representatives from the local community who are responsible for ensuring Eastern Health involves consumers, carers and community members.

Some of their achievements in 2014-15 included:

- Providing feedback about how to support consumer register members
- Participating in multiple committees, working groups, focus groups and rapid improvement events
- Attending external events such as:
  - Health Issues Centre forums, training and workshops
  - Review of Health Knowledge Network's Evidence Bulletin regarding patient-centred care
  - Forum regarding the future development of Victoria's health workforce.

Primary Care and Population Health Advisory Committee

Chair: Mr James McAdam (until February 2015)

Member: Mr Denis Hogg AM

The role of the Primary Care and Population Health Advisory Committee is to monitor and report to the Board on the effective implementation of the Primary Care and Population Health Plan and any barriers to its successful implementation. The committee did not meet in 2014-15 and its terms of reference and membership are under review.

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 members of the Board and all members are independent.

Strategy, Planning and Human Resources Advisory Committee

Chair: Mr Denis Hogg AM

Members: Mr W. Kirby Clark
Mr James McAdam (until February 2015)
Hon Fran Bailey
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 and Human Services
- Development, implementation and monitoring of progress on designated Corporate Function Plans in accordance with Eastern Health's integrated planning framework
- Development and implementation of Eastern Health's annual Statement of Priorities agreed with the Victorian Minister for Health
- 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.

Purpose, functions, powers and duties

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

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

- Provide high-quality health services to the community which aim to meet community needs effectively and efficiently
- Integrate care as needed across service boundaries, in order to achieve continuity of care and promote the most appropriate level of care to meet the needs of individuals
- Ensure that health services are aimed at improvements in individual health outcomes and population health status by allocating resources according to best practice healthcare approaches
- Ensure that the health service strives to continuously improve quality and foster innovation
- Support a broad range of high-quality health research to contribute to new knowledge and take advantage of knowledge gained elsewhere
- Operate in a business-like manner which maximises efficiency, effectiveness and cost-effectiveness, and ensures the financial viability of the health service
- Ensure that mechanisms are available to inform consumers and protect their rights, and to facilitate consultation with the community
- Operate a public health service, as authorised by or under the Act
- Carry out any other activities that may be conveniently undertaken in connection with the operation of a public health service or calculated to make more efficient any of the health service's assets or activities.

For more information, please refer to our performance against strategic priorities on pages 12-23.

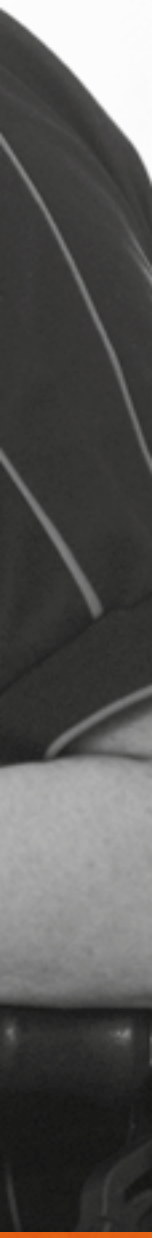
OUR PEOPLE

- A great place to learn and work
- Listening to what our staff tell us – and incorporating change
- Rewarding and recognising outstanding employees
- Cultural awareness

Work is underway on the $8.8 million redevelopment of Healesville & District Hospital and Yarra Valley Community Health. When completed, the Yarra Ranges community will have access to a larger, more modern facility to support new and expanded services, including a new operating theatre, new renal dialysis unit, specialist outpatient clinics and a redeveloped community health centre. Open spaces and parking will also be improved. Pictured is Healesville & District Hospital nurse Tammy Smith.

WORKING AT EASTERN HEALTH

EASTERN HEALTH STRIVES TO PROVIDE AN ENVIRONMENT WHICH VALUES AND SUPPORTS OUR STAFF. WE ARE FOCUSED ON SHAPING THE CAPABILITIES OF ALL OUR STAFF AND ENHANCING THE CULTURE IN WHICH THEY WORK.



Since the establishment of an Organisational Development and Workforce Planning Framework in 2009, 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.

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: The Strategic Clinical Service Plan* and Eastern Health's Performance Excellence Framework *(see page 21).*

People Matter Survey

In May 2014, Eastern Health staff participated in the People Matter Survey, conducted by the Victorian Public Sector Commission. Results of this survey were received in August 2014 and highlighted three key areas for improvement including:

Change management

Staff indicated they would like more information about the purpose of changes, more timely communication, consultation and an opportunity to influence changes. In response to this feedback, Eastern Health introduced further surveying of staff who have recently experienced significant change.

Guidelines will be developed to assist managers to lead people successfully through change, thereby enhancing the employee experience. Training will continue to be provided to managers and employees undergoing change to manage and embed change effectively and to build change resilience.

Informal and formal feedback

Results showed that employees would like to receive more regular feedback about their performance, including what they do well and highlighting areas for improvement. In response to this, Eastern Health has audited areas to determine compliance with formal feedback processes, evaluated the quality of performance review sessions, simplified the performance review process requirements and provided more training for managers and employees on the best ways to provide recognition, constructive feedback and development opportunities.

Managing grievances

While Eastern Health's results were better than other health services in this area, some staff reported a need for improvement in grievance resolution processes. In response to this feedback, Eastern Health will provide training to managers for increasing their ability to handle grievances thoroughly and objectively, as well as promote support structures to staff, such as the Employee Assistance Program available for all employees.

CREATING A GREAT PLACE TO WORK

Eastern Health was one of seven organisations featured in the Victorian Public Sector Commission's *Creating Great Places to Work Guide*. Chief Executive Alan Lilly was invited to deliver the keynote address at the launch of the initiative in March 2015, which showcased the work of organisations varying in size from 200 to 8000 employees.

HIGHLIGHTS

3067 employees responded to the People Matter Survey – that's **40%** of staff, up from 35% in 2012

Overall job satisfaction increased from 70% in 2012 to **75%** in 2014

Eastern Health achieved **90%** "significantly higher" results than the 2012 survey

85% of questions were ranked as "high" in comparison to other Victorian health services

74 MATURE-AGED EMPLOYEES ATTENDED TWO EASTERN HEALTH FORUMS IN JULY AND AUGUST 2014 TO ASSIST IN PLANNING FOR THEIR FUTURE HEALTH, WEALTH AND WELLBEING.

A2i Awards

Eastern Health's fourth annual Aspire to Inspire (A2i) Awards were held in November 2014 to celebrate the extraordinary contribution of staff across our organisation. Sixty staff members were acknowledged for 25, 30, 35, 40 and even 45 years of service. Between them, the loyal employees amassed a total of 1715 years, or around 592,000 days, providing care for our community. Ninety-two nominees were recognised for their commitment to Eastern Health's seven values and key priorities. *See winners' photo below.*

Nursing and midwifery

Eastern Health is committed to recognising and rewarding outstanding nurses and midwives, and holds the Nursing and Midwifery Awards and Graduation Ceremony every year during the week that celebrates International Day of the Midwife and International Nurses Day. In 2015, the event was held on May 7 and the award recipients were:

Chief Nursing and Midwifery Officer Award:
Robyn Fitzgerald
Clinical Midwife Specialist
Box Hill Hospital

Chair in Nursing Research Award:
Jodie Roble
Registered Nurse and midwifery student, who has recently submitted her Honours thesis with Deakin University

Graduate Nurse/Midwife of the Year (Penny Newsome Medal):
Emma Murphy
Registered Midwife, Angliss Hospital

Postgraduate Nurse/Midwife of the Year (DeVoil Medal):
Kate Dell'oro
Registered Nurse, Box Hill Hospital

Preceptor of the Year:
Praveen Pezhatholil
Registered Nurse, Box Hill Hospital

Employment and training opportunities for Aboriginal people have increased at Eastern Health under the Aboriginal Employment Plan, known as *Karreeta Yirramboi*,* which was introduced in 2014. Gaby Bruning (pictured) is currently completing an Aboriginal Alcohol and Drug Worker Traineeship at Wellington House. Two Aboriginal trainees are also undertaking theatre technician work. Eastern Health has developed an online cultural awareness training package to build employees' capability to "ask the question" and provide culturally responsive and high-quality care to Aboriginal patients. Within four weeks of the package being assigned, 2592 staff had completed the online module – that's 31 per cent of employees.

**Karreeta is the Gunditjmara word for "grow" and Yirramboi is the Taungurung word meaning "tomorrow".*

Winners of the Aspire to Inspire (A2i) Awards are, from left, Aaron Shergis (Integrity), Rosa Hull (Closing the Health Gap), Tatiana Hendarto, representing Yarra Range Health Day Surgery Unit (Teamwork), Dr Jose Segal (Consumer Participation), Alysha Middlin (Workplace Safety & Wellbeing), Dr Belinda Lloyd (Excellence), Graham Walker (Collaboration), Lance Harvey, representing Yarra Ranges Health Volunteer Driver Service (Volunteer), Andrea Totney (Accountability), Deborah Dick (Consumer Participation), Lakshmi Ajjampura (Sustainability), Yaobo Wu (Respect). Absent: Donny Dryden (Compassion).

OCCUPATIONAL HEALTH AND SAFETY

EASTERN HEALTH'S FOCUS IN 2014-15 REMAINED ON OUR KEY OHS RISKS RELATED TO MANUAL HANDLING, SLIPS, TRIPS AND FALLS, AND AGGRESSION MANAGEMENT.

As well as implementing initiatives to address these (see below), emergency management procedures were reviewed and revised to ensure consistency across sites.

An additional 32 senior staff undertook Australasian Inter-service Incident Management System (AIIMS) training to improve Eastern Health's ability to respond to major emergency incidents.

In December 2014, an Occupational Health & Safety Management Systems Gap Audit was conducted by GreencapNAA, which found that the Eastern Health OHS management system is compliant across all elements.

Manual handling

Manual handling continues to be a major hazard for staff working in patient care areas. To support auditing practices and ensure compliance with clinical manual handling procedures, a full-time Eastern Health Smart Moves co-ordinator was appointed in February 2015. An online clinical manual handling module was developed and launched with strong uptake to supplement face-to-face training. This is in addition to the non-clinical manual handling module which is a component of the annual OHS & Equal Opportunity mandatory training package.

Slips, trips and falls

There has been improvement in the number of lost-time injury WorkCover claims resulting from slips, trips and falls, with a downwards trend in 2014-15. This may relate to a significant improvement in cleaning practices across Eastern Health with controls such as micro-fibre cleaning being introduced.

Slips, trips and falls incidents may occur as a result of unsafe conditions (e.g. uneven surfaces, spills on floors) but can also occur as a result of an unsafe practice or ad hoc incidents where no hazard is identified.

Aggression management

During 2014-15, there were 25 lost-time injury WorkCover claims resulting from incidents of aggression. These claims related to physical assaults on staff by either patients or visitors and occurred during situations such as patient restraint, code grey (personal threat) emergencies and day-to-day patient care. These incidents are primarily contained to mental health inpatient units, psychogeriatric residential aged care facilities and emergency departments. Work to review aggression controls and determine appropriate standards of practice for aggression management continues to be a focus.

Fatalities or serious injuries

There were six "notifiable" incidents reported to WorkSafe Victoria that involved injuries to staff members. There were no fatalities.

Contravention of OHS laws

During the reporting period, there were 11 contraventions of the *OHS Act 2004 (Vic)* and *OHS Regulations 2007 (Vic)* resulting in improvement notices issued by WorkSafe Victoria. One notice related to the need for an emergency stop button on the podiatry grinder and 10 notices related to lift plant issues. All issues were rectified to the satisfaction of WorkSafe Victoria within the appropriate timeframe.

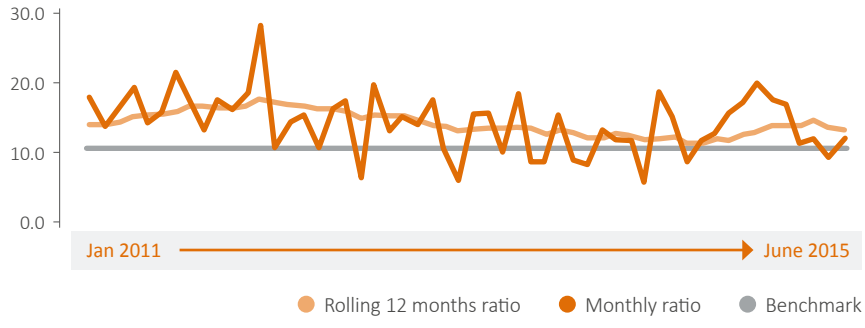
Policies and procedures

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

Lost-time injuries claims

Eastern Health's lost-time injury workers' compensation claims frequency rate (i.e. number of lost-time injury workers' compensation claims as a percentage of total productive working hours per million hours worked) has trended above target in 2014-15.

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



Eastern Health's Occupational Health and Safety team revised its Code Black procedures in March 2015. These procedures ensure a consistent approach across the organisation for contacting police in the event of a "serious personal threat". They also help to ensure vital information that the police need about a situation and/or offender are readily provided. As part of the launch, new ID lanyards and emergency code posters were distributed to all the main hospital sites. Pictured, from left, are OHS Adviser Donna Sneddon, OHS Adviser Lucy Wirtz, Director Jane Mitchell, Associate Director Craig Ballingall, Administration Officer Sharon Fairlie and OHS Adviser Shannon Dunkley. Absent: OHS Adviser Trish Healey.

Industrial Relations

Industrial relations negotiations continued in 2014-15 towards a Clause 11 variation to the *Victorian Public Health Sector (Health Professionals, Health and Allied Services, Managers and Administrative Officers) Multiple Enterprise Agreement 2011-2015*. Clause 11 outlined a classification review process that was negotiated between the relevant unions, the Victorian Hospitals Industrial Association and the Department of Health and Human Services on behalf of the health sector, and was approved by the Fair Work Commission on October 31, 2014. Its subsequent implementation took immediate effect however a number of changes had back-dated effective dates.

There was no time lost as a result of these negotiations.

Employment and Conduct Principles

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

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

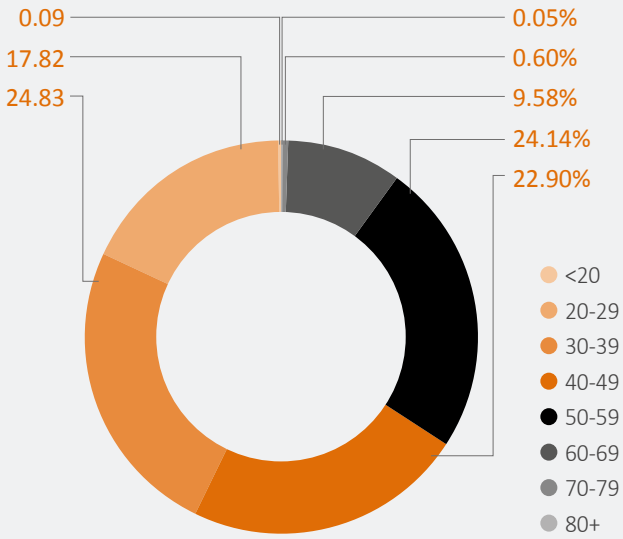
We are committed to the employment principles outlined in the Victorian Government's *Public Administration Act 2004*, which are essential to an effective and harmonious workplace.

Our people policies and procedures support:

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

AVERAGE AGE OF OUR STAFF IS **43**, WITH **34.37%** OF OUR WORKFORCE OVER **50 YEARS OLD**

WORKFORCE AGE BREAKDOWN 2014-15



AGE GROUP (YEARS)	NUMBER OF STAFF	PERCENTAGE
<20	8	0.09
20-29	1547	17.82
30-39	2156	24.83
40-49	1988	22.90
50-59	2096	24.14
60-69	832	9.58
70-79	52	0.60
80+	4	0.05
TOTAL	**8683**	**100**

Yarra Ranges Health's Day Surgery Unit was the recipient of Eastern Health's Aspire to Inspire (A2i) Award for Teamwork in 2014. When awarding the prize, the judges said: *"This is a close-knit, highly-functioning and cohesive team that receives fantastic feedback from patients and their families. The unit is adaptable and always looking at ways to improve their services and effectiveness, as well as reduce costs."*

WORKFORCE DATA

	2010-11	2011-12	2012-13	2013-14	2014-15
Full-Time	2599	2694	2736	2675	2628
Part-Time	4256	4317	4433	4720	4854
Casual	1518	1338	1138	1119	1201
TOTAL	**8373**	**8349**	**8307**	**8514**	**8683**

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 EFT		JUNE YTD EFT	
	2014	2015	2014	2015
Nursing	2564.9	2611.5	2517.8	2569.5
Administrative and clerical	842.1	851.2	812.2	844.7
Medical support*	516.5	499.5	497.5	513.5
Hotel and allied services	284.1	293.1	284.1	287.7
Medical officers	112.7	120.0	109.7	116.2
Hospital medical officers	513.4	526.3	491.7	528.9
Sessional clinicians	150.2	155.1	142.1	149.1
Ancillary staff (allied health)	578.3	549.6	556.8	566.5

BREAKDOWN OF WORKFORCE - EQUIVALENT FULL-TIME STAFF

LABOUR CATEGORY	2010-11	2011-12	2012-13	2013-14	2014-15
Nursing	2449.6	2462	2482.5	2564.9	2611.5
Administrative and clerical	775.6	790.1	783.7	842.1	851.2
Medical support*	433.1	435	477.5	516.5	499.5
Hotel and allied services	291.6	286.3	287.7	284.1	293.1
Medical officers	108.2	105.7	109.8	112.7	120.0
Hospital medical officers	439.6	482.5	498.0	513.4	526.3
Sessional clinicians	121.8	118.3	137.8	150.2	155.1
Ancillary staff (allied health)	598.4	618.7	552.2	578.3	549.6
TOTAL	**5217.9**	**5298.6**	**5329.2**	**5562.2**	**5603.2**

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

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**
- **Professional Nursing Services Portfolio**
  - **Director** — Practice Development (Deputy Chief Nursing & Midwifery Officer) — **Kath Riddell**
  - **Chair of Nursing** — **Prof Julie Considine**
- **Executive Clinical Director** — Emergency & General Medicine — **Dr David Charlesworth**
- **Executive Clinical Director** — Surgery — **Prof Michael Grigg**
- **Executive Clinical Director** — Specialty Medicine — **Prof Lawrence McMahon**
- **Executive Clinical Director** — Women & Children — **Dr Malcolm Barnett**

Executive Director
Corporate Projects & Sustainability
Zoltan Kokai

- **Chief Clinical Information Officer** — **Allison Harle**
- **Director** — Infrastructure Services — **Bruce Leslie**
- **Operational Lead** — ehCare Clinical System — **Samantha Alabaster**
- **Manager** — Capital Projects — **Mark Hoffman**
- **Manager** — Facilities, Property & Retail — **Shane Macfarlane**
- **Senior Adviser** — Economic Sustainability — **Lisa Shaw-Stuart**

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

- **Director** — Financial Services — **Craig Trenfield**
- **Director** — Management Accounting Services — **Wendy McArthur**
- **Director** — Supply Chain — **Rohan Pal**
- **Chief Information Officer** — **Carlos Arribas**
- **Director** — Decision Support & 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**
- **Principal Adviser** — Enterprise Risk & Assurance — **Brenda Birch**

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**
- **Project Director** — HR & Workforce Sustainability — **Sally Thomas**

Executive Director
Access & Patient Support Services
Karen Fox

- **Director** — Inpatient Access — **Scott Bennett**
- **Director** — Pharmacy — **Nick Jones**
- **Director** — Pathology — **Sue Lloyd-Jones** (Acting)
- **Director** — Medical Imaging — **Peter Rouse**
- **Director** — Support Services — **Kim Wheeler**
- **Manager** — Biomedical Engineering — **Patricia Hamod**
- **Director** — Infectious Diseases and Infection Prevention & Control — **A/Prof Mary O'Reilly**

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**
- **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 — **Anita Wilton** (Acting)
- **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 — **Shannon Lang** (Acting)
- **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 immediate past 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. Alan 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 and
Chief Procurement 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. Zoltan is a Board Member of the Victorian Hospitals Industrial Association.

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 Latrobe Regional Hospital. He holds a Master of Business Administration and is a surveyor with the Australian Council on Healthcare Standards. He is also a fully qualified 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 and the Williamson Community Leadership Program in 2013.

Gayle Smith

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

Gayle Smith commenced as the Executive Director of Quality, Planning and Innovation at Eastern Health in February 2010. In addition to this role she was appointed as Chief Allied Health Officer in August 2014. 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 Alfred Health 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.

TOP: Maroondah BreastScreen celebrated 20 years of screening and assessment in the north-east region in November 2014. Since the Ringwood East service opened in 1994, more than 500,000 women have been screened. Pictured, from left, are Clinical Director Mr David Stoney, Designated Radiographer Janis Uhe, Senior Data Clerk Diane Montgomery and Administration Assistant Sue Timperley, with special cupcakes to commemorate the occasion.

ABOVE LEFT: Sandy Ashton is Eastern Health's first Diversity Co-ordinator. Sandy's role is to ensure diversity in culture, age, gender, disability, sexuality and spirituality is acknowledged and accepted throughout Eastern Health. *"This role complements the great work already being done at Eastern Health, such as our language services department, which last year provided thousands of occasions of interpreter services in more than 60 languages, and the spiritual care team, which provides wonderful support to consumers across the organisation,"* Sandy said. In 2014, there were 65 languages spoken by Eastern Health patients.

ABOVE: Staff at Yarra Ranges Health celebrated Heart Week in May 2015 to raise awareness about the fight against heart disease. The theme was "Move more, sit less". Pictured, from left, are Mei Yang, Associate Nurse Unit Manager of Box Hill Hospital's cardiology ward; community rehabilitation patient Matt Milliken; Vanessa Lyndon, Yarra Ranges Health Community Rehabilitation Program Team Leader; patient Geoff Lloyd; and Chris Molan, Cardiac Rehabilitation Nurse.

LEFT: Deb McCall is the Associate Nurse Unit Manager at Yarra Ranges Health's day oncology centre, which works in collaboration with Box Hill and Maroondah hospitals to provide care and treatment for cancer patients. Eastern Health provides care to more than 3000 cancer patients each year.

OUR FOUNDATION

In 2014-15:

- Raised **$3.13 million** through philanthropic and donor support – the highest amount since the Foundation's establishment in 2011
- **921** volunteers supported **110** programs – contributing **194,000** hours of service
- Confirmed **42** bequests
- Network of auxiliaries donated a record amount of **$615,000** to directly benefit patients and their families

Cancer survivor Mirko Mujica, right, wanted to give back to the patients at Box Hill Hospital where he underwent four operations and gruelling chemotherapy since first being diagnosed with aggressive cancer at the age of 28. Mirko embarked on a mission with his wife Venessa to collect enough money for patients to have their own iPads and raised $10,000 for the cause. Mirko is pictured with oncology patient Stan Logothetis.

EASTERN HEALTH FOUNDATION

IN 2014-15, EASTERN HEALTH FOUNDATION CONTINUED TO FORGE RELATIONSHIPS WITH DONORS, AUXILIARIES, COMMUNITY GROUPS AND CORPORATE PARTNERS AND STRENGTHEN ITS CONNECTION WITH SUPPORTERS. HERE IS A SNAPSHOT OF SOME OF THE FOUNDATION'S HIGHLIGHTS.

Fundraising partners

As part of the fundraising program, 10 partners hosted events to raise money for the Foundation. These partners are from diverse cultural backgrounds and all raised funds with the sole purpose of making a difference and improving healthcare services for patients to:

- Increase treatment options through research programs
- Purchase new equipment
- Improve facilities.

A total of $189,169 was raised by fundraising partners in 2014-15. The Chinese community generously contributed $149,000 as a result of the 2015 International Star Chefs Charity Night in May 2015.

Box Hill Hospital kiosk

Box Hill Hospital's kiosk first opened its doors in September 1969. The kiosk was redeveloped in 2014-15 and officially reopened on June 22, 2015. Renamed "The Kiosk", it continues to be run by Box Hill Hospital Auxiliary members and volunteers who have a long tradition of serving food and beverages, and providing gifts to patients, visitors and staff while raising funds for the hospital. Since 1969, the kiosk has raised more than $5.7 million which has been used to purchase many pieces of equipment around the hospital.

Research grants

A record $200,000 was granted to nine research projects. This was possible due to the generous support of Eastern Health donors, including Zouki, John Williams and Family, The Robert Bulley Charitable Trust, Landream and Box Hill Golf Club.

Public tours

Eastern Health Foundation hosted 96 public tours of the redeveloped Box Hill Hospital between October and December 2015, with 1043 people attending this unique behind-the-scenes look at the new 10-storey clinical services building.

Storyboard project

Our storyboard project publicly recognises and thanks significant contributors to Eastern Health by relaying their stories on an art installation at major sites and throughout specific wards in each of the main hospitals. Peter James Centre's storyboard was installed in November 2014, with the Angliss Hospital storyboard due to be unveiled in the second half of 2015. Customised storyboards are also underway for Box Hill Hospital's sleep laboratory and cancer services.

Getting to know our donors and volunteers

We continue to engage and build meaningful relationships with donors and volunteers across Eastern Health. During 2014-15, the Foundation hosted 31 thank-you events, information sessions and tailored tours. This engagement has provided an opportunity for Eastern Health to get to know our donors and volunteers, and thank them for their generosity and continued support.

To find out more about the Eastern Health Foundation, visit its website at www.easternhealthfoundation.org.au

ABOVE: There were smiles everywhere at the official opening of the new Box Hill Hospital Kiosk. "The Kiosk" was officially named and unveiled in June 2015 with more than 50 guests in attendance. Pictured at the opening are Box Hill Hospital Auxiliary members Gayle Powell, Judith Beshara, Judith McGuiness, Chris Morgan and Julie Lawson.

ABOVE RIGHT: Jyothi Sridhar, Lisa Larkin and Melisa Caulcutt from Hewlett-Packard volunteered at Peter James Centre as part of the company's corporate volunteering commitment. This program is one of nine initiatives featured on a storyboard that highlights the significance of volunteers, community groups, corporate partners, trusts and foundations in assisting Eastern Health to provide the best care possible for our patients.

DISCLOSURE INDEX

THE *EASTERN HEALTH ANNUAL REPORT 2014-15* 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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FRD 12A	Disclosure of major contracts	N/A
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OUR FINANCIAL STATEMENTS

2014/2015

Box Hill Hospital's concierge John Samaras donned a top hat and tails to welcome the first patients and visitors to the new clinical services building in September 2014.

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

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

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2015 and financial position of Eastern Health as at 30 June 2015.

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 6 August 2015
(Box Hill – Melbourne)

COMPREHENSIVE OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

	NOTE	2015 $'000	2014 $'000
Revenue from Operating Activities	2	815,879	771,875
Revenue from Non-Operating Activities	2	4,493	3,263
		820,372	**775,138**
Employee Benefits	3	(606,494)	(566,271)
Non Salary Labour Costs	3	(5,613)	(6,905)
Supplies & Consumables	3	(124,084)	(119,565)
Finance Costs	5	(893)	(927)
Other Expenses From Continuing Operations	3	(83,217)	(80,678)
		(820,301)	**(774,346)**
NET RESULT BEFORE CAPITAL & SPECIFIC ITEMS		**71**	**792**
Capital Purpose Income	2	62,675	211,904
Gain/(loss) on Disposal of Non-Current Assets	2a	(2,998)	(512)
Depreciation & Amortisation	4	(61,653)	(47,500)
NET RESULT FOR THE YEAR		**(1,905)**	**164,684**
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		**(1,905)**	**248,552**

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

EASTERN HEALTH

BALANCE SHEET AS AT 30 JUNE 2015

	NOTE	2015 $'000	2014 $'000
ASSETS			
Current Assets			
Cash and Cash Equivalents	6	10,690	40,741
Receivables	7	21,382	19,438
Investments and Other Financial Assets	8	3,303	3,402
Inventories	9	4,508	3,807
Prepayments	10	985	1,489
TOTAL CURRENT ASSETS		**40,868**	**68,877**
Non-Current Assets			
Receivables	7	24,825	20,204
Land	11	79,576	79,576
Buildings	11	697,925	698,807
Plant, Equipment & Motor Vehicles	11	70,071	34,303
Furniture & Fittings	11	11,675	6,847
Leasehold Improvements	11	1,135	1,861
Intangible Assets	12	5,165	8,322
TOTAL NON-CURRENT ASSETS		**890,372**	**849,920**
TOTAL ASSETS		**931,240**	**918,797**
LIABILITIES			
Current Liabilities			
Payables	13	55,299	55,747
Borrowings	14	579	543
Provisions	15	139,691	130,878
Other Liabilities	16	4,252	4,441
TOTAL CURRENT LIABILITIES		**199,821**	**191,609**
Non-Current Liabilities			
Borrowings	14	13,140	13,719
Provisions	15	21,400	18,937
TOTAL NON-CURRENT LIABILITIES		**34,540**	**32,656**
TOTAL LIABILITIES		**234,361**	**224,265**
NET ASSETS		**696,879**	**694,532**
EQUITY			
Asset Revaluation Surplus	17a	197,873	197,873
Restricted Specific Purpose Surplus	17a	25,441	23,947
Contributed Capital	17b	235,762	231,510
Accumulated Surpluses/(Deficits)	17c	237,803	241,202
TOTAL EQUITY		**696,879**	**694,532**
Commitments	20		
Contingent Assets & Contingent Liabilities	21		

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

2015	NOTE	EQUITY AT 1 JULY 2014 $'000	COMPREHENSIVE RESULT $'000	EQUITY AT 30 JUNE 2015 $'000
Accumulated Surplus/(Deficit)	17c	**241,202**	**(1,905)**	**239,297**
Transfer (To)/ From Restricted Specific Purpose Reserve		-	(1,494)	(1,494)
		241,202	**(3,399)**	**237,803**
Contribution by Owners	17b	**231,510**	**4,252**	**235,762**
		231,510	**4,252**	**235,762**
Reserves				
Asset Revaluation Reserve	17a	197,873	-	197,873
Restricted Specific Purpose Reserve	17a	23,947	1,494	25,441
		221,820	**1,494**	**223,314**
TOTAL EQUITY AT THE END OF THE FINANCIAL YEAR		**694,532**	**2,347**	**696,879**

2014	NOTE	EQUITY AT 1 JULY 2013 $'000	COMPREHENSIVE RESULT $'000	EQUITY AT 30 JUNE 2014 $'000
Accumulated Surplus/(Deficit)	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**

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

EASTERN HEALTH

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

	NOTE	2015 $'000	2014 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		707,469	672,810
Patient and Resident Fees Received		42,899	39,084
Recoupment from Private Practice for use of Hospital Facilities		20,450	25,254
GST Received from ATO		23,736	21,941
Interest Received		2,365	1,987
Other Receipts		37,442	33,679
TOTAL RECEIPTS		**834,361**	**794,755**
Employee Benefits Paid		(597,964)	(558,457)
Fee for Service Medical Officers		(2,929)	(4,219)
Payments for Supplies & Consumables		(142,634)	(137,939)
Finance Costs		(893)	(927)
Other Payments		(85,893)	(82,502)
TOTAL PAYMENTS		**(830,313)**	**(784,044)**
Cash Generated from Operations		4,048	10,711
Capital Grants - Government		13,147	54,096
NET CASH INFLOW FROM OPERATING ACTIVITIES	**18**	**17,195**	**64,807**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Properties, Plant & Equipment		(46,793)	(47,299)
Proceeds from Sale of Properties, Plant & Equipment		90	115
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(46,703)**	**(47,184)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Loan from Treasury Corporation of Victoria		(543)	(510)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		**(543)**	**(510)**
NET INCREASE/(DECREASE) IN CASH HELD		(30,051)	17,113
CASH AND CASH EQUIVALENTS AT 1 JULY 2014		40,741	23,628
CASH AND CASH EQUIVALENTS AT 30 JUNE 2015	**6**	**10,690**	**40,741**
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 2015.

The purpose of the report is to provide users with information about the health service's 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 AASs.

The annual financial statements were authorised for issue by the Board of Eastern Health on 6 August 2015.

(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 2015, and the comparative information presented in these financial statements for the year ended 30 June 2014.

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.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates relate to:

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

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));
- superannuation expense (refer to Note 1(g) and;
- assessment for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims future salary movements and future discount rates (refer to Note 1(k))

(c) Reporting Entity

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

The principal address is:

5 Arnold Street
Box Hill
Victoria 3128

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

Objectives and funding

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

Eastern Health is predominantly funded by accrual based grant funding for the provision for 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 Human Services and include 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 22 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 & Human Services and the Victorian Government to measure the on-going performance of health 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 (2014: $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 10 Consolidated financial statements

AASB10 provides a new approach to determine whether an entity has control over another entity, and therefore must present consolidated financial statements. The new approach requires the satisfaction of all three criteria for control to exist over an entity for financial reporting purposes:

(a) The investor has power over the investee;

(b) The investor has exposure, or rights to variable returns from its involvement with the investee; and

(c) The investor has the ability to use its power over the investee to affect the amount of investor's returns.

Based on the new criteria prescribed in AASB10, Eastern Health has reviewed the existing arrangements to determine if there are any additional entities that need to be consolidated into the group.

Eastern Health has reviewed transactions in accordance with the guidelines as prescribed under AASB 10 and is of the opinion that there is no reason to make any changes in accordance with this standard.

AASB 11 Joint Arrangements

In accordance with AASB11, there are two types of joint arrangements, i.e. joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportionate consolidation of joint ventures is no longer permitted.

Eastern Health has reviewed its existing contractual arrangements with other entities to ensure they are aligned with the new classification.

Eastern Health has reviewed transactions in accordance with the guidelines as prescribed under AASB 11 and is of the opinion that there are no joint operations nor joint ventures in existence.

AASB 12 Disclosure of Interests in Other Entities

AASB 12 Disclosure of Interests in Other Entities prescribes the disclosure requirements for an entity's interests in subsidiaries, associates and joint arrangements; and extends to the entity's association with unconsolidated structured entities.

Eastern Health has no interests in other entities.

(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 and Human Services.
- Long Service Leave (LSL) – Revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Metropolitan Health and Aged Care Services Division Hospital Circular 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 superannuation plans

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

Defined benefit superannuation plans

The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by the Health Service to the superannuation plans in respect 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 provides 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 and Human Services. Assets with a cost in excess of $1,000 are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their estimated useful lives.

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

	2014-15	2013-14
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

(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:

- material changes in 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 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.

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, consumption or for distribution at no or nominal cost in the ordinary course of business operations.

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

The 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 Direction (FRD) 103F 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 103F 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 (LSL)

The liability for long service leave 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 following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a material 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 acute and subacute admitted patient services, where services are delivered in public hospitals.

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

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

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

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

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

Residential Aged Care including Mental Health (RAC incl. Mental Health) referred to in the past as psychogeriatric residential services, comprises those Commonwealth-licensed residential aged care services in receipt of supplementary funding from the department under the mental health program.

It excludes all other residential services funded under the mental health program, such as mental health-funded community care units (CCUs) and secure extended care units (SECs).

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

(r) Economic Dependency

The health service is reliant on the Department of Health and Human Services 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 $1.905 million loss for the year ended 30 June 2015 (30 June 2014 $164.684 million profit) including net capital expense of $1.976 million (30 June 2014 $163.892 million net capital income);
- a working capital deficiency of $96.141 million at 30 June 2015 ($65.544 million deficiency as at 30 June 2014). This is derived by current assets ($40.868 million) less current liabilities ($199.821 million) plus employee benefits not expected to be settled in the next 12 months ($62.812 million);
- net cash inflows generated from operating activities of $17.195 million for the year ended 30 June 2015 including capital income of $13.147 million ($64.807 million for the year ended 30 June 2014 including capital income of $54.096 million).

The Department of Health and Human Services has provided a letter of comfort to confirm 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 2016. The Department of Health and Human Services 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 and Human Services 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 2015 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 2015, 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 15 ***Revenue from Contracts with Customers***	AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 January 2017	This may impact on revenue depending on satisfaction of the obligation.
AASB 9 ***Financial Instruments***	The key changes introduced by AASB 9 include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 January 2018	The preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 2014-4 ***Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation*** ***(AASB 116 & AASB 138)***	Amends AASB 116 and AASB 138 to: establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset; • clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset; and • clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	1 January 2016	The preliminary assessment has not identified any material impact arising from this amendment, it will continue to be monitored and assessed.
AASB 2014-5 ***Amendments to Australian Accounting Standards arising from AASB 15***	Amends the measurement of trade receivables and the recognition of dividends.	1 January 2017, except amendments to AASB 9 (December 2009) and AASB 9 (December 2010) apply 1 January 2018.	The preliminary assessment has not identified any material impact arising from this amendment, it will continue to be monitored and assessed.

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STANDARD/ INTERPRETATION	SUMMARY	APPLICABLE FOR REPORTING PERIODS BEGINNING AFTER	IMPACT ON HEALTH SERVICE'S ANNUAL STATEMENTS
AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle (AASB 1, AASB 2, AASB 3, AASB 5, AASB 7, AASB 11, AASB 110, AASB 119, AASB 121, AASB 133, AASB 134, AASB 137 & AASB 140)	Amends the methods of disposal in AASB 5 Non-current assets held for sale and discontinued operations. Amends AASB 7 Financial Instruments by including further guidance on servicing contracts.	1 January 2016	The preliminary assessment has not identified any material impact arising from this amendment, it will continue to be monitored and assessed.

In addition to the new standards above, the AASB has issued a list of amending standards that are not effective for the 2014-15 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting.

The AASB Interpretations in the list below are also not effective for the 2014-15 reporting period and considered to have insignificant impacts on public sector reporting.

- AASB 2010-7
  Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).
- AASB 2013-9
  Amendments to Australian Accounting Standards [PART C Financial Instruments].
- AASB 2014-1
  Amendments to Australian Accounting Standards [PART E Financial Instruments].
- AASB 2014-7
  Amendments to Australian Accounting Standards arising from AASB 9 (December 2014).
- AASB 2015-2
  Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049]
- AASB 2015-3
  Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality
- AASB 2014-5
  Amendments to Australian Accounting Standards arising from AASB 15
- AASB 2014-8
  Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 & 2010)]

NOTE 2: ANALYSIS OF REVENUE BY SOURCE

	NOTE	ADMITTED PATIENTS 2015 $'000	NON - ADMITTED 2015 $'000	EDS 2015 $'000	MENTAL HEALTH 2015 $'000	RAC INCLUDING MENTAL HEALTH 2015 $'000	AGED CARE 2015 $'000	PRIMARY HEALTH 2015 $'000	OTHER 2015 $'000	TOTAL 2015 $'000
Government Grants		533,273	-	58,275	86,895	3,266	9,530	7,750	14,347	713,336
Indirect Contributions by Department of Health and Human Services**										
• Insurance		563	-	-	-	-	-	-	-	563
• Long Service Leave		4,621	-	-	-	-	-	-	-	4,621
Patient and Resident Fees	2b	32,236	1,101	-	1,907	7,816	12	67	-	43,139
Recoupment from Private Practice for use of Hospital Facilities		17,870	2,604	-	-	-	-	755	81	21,310
Education & Training		-	-	-	-	-	-	-	-	-
Other Revenue from Operating Activities		4,427	36	57	548	-	213	52	27,577	32,910
TOTAL REVENUE FROM OPERATING ACTIVITIES		**592,990**	**3,741**	**58,332**	**89,350**	**11,082**	**9,755**	**8,624**	**42,005**	**815,879**
Investment Income		-	-	-	-	103	-	-	1,684	1,787
Property Income		-	-	-	-	-	-	-	2,706	2,706
TOTAL REVENUE FROM NON-OPERATING ACTIVITIES		**-**	**-**	**-**	**-**	**103**	**-**	**-**	**4,390**	**4,493**
Capital Purpose Income		-	-	-	-	-	-	-	59,677	59,677
TOTAL CAPITAL PURPOSE INCOME		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**59,677**	**59,677**
TOTAL REVENUE		**592,990**	**3,741**	**58,332**	**89,350**	**11,185**	**9,755**	**8,624**	**106,072**	**880,049**

*** Indirect contributions by Department of Health (1 July 2014 - 31 December 2014) / Department of Health and Human Services (1 January 2015 - 30 June 2015).*

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

RAC = Residential Aged Care

EDS = Emergency Department Services

NOTE 2: ANALYSIS OF REVENUE BY SOURCE (CONTINUED)

	NOTE	ADMITTED PATIENTS 2014 $'000	NON - ADMITTED 2014 $'000	EDS 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
Government Grants		501,525	-	56,183	84,071	3,199	9,520	7,085	12,080	673,663
Indirect Contributions by Department of Health and Human Services**										
• Insurance		492	-	-	-	-	-	-	-	492
• Long Service Leave		1,909	-	-	-	-	-	-	-	1,909
Patient and Resident Fees		29,003	975	-	2,154	7,772	58	54	106	40,122
Recoupment from Private Practice for use of Hospital Facilities		17,643	1,910	-	-	-	-	839	4,496	24,888
Education & Training		962	-	-	-	-	-	10	108	1,080
Other Revenue from Operating Activities		4,099	91	154	455	1	263	86	24,572	29,721
TOTAL REVENUE FROM OPERATING ACTIVITIES		**555,633**	**2,976**	**56,337**	**86,680**	**10,972**	**9,841**	**8,074**	**41,362**	**771,875**
Investment Income		-	-	-	-	-	-	-	2,305	2,305
Property Income		-	-	-	-	-	-	-	958	958
TOTAL REVENUE FROM NON-OPERATING ACTIVITIES		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,263**	**3,263**
Capital Purpose Income		-	-	-	-	-	-	-	211,392	211,392
TOTAL CAPITAL PURPOSE INCOME		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**211,392**	**211,392**
TOTAL REVENUE		**555,633**	**2,976**	**56,337**	**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: NET GAIN/(LOSS) ON DISPOSAL OF NON-FINANCIAL ASSETS

	2015 $'000	2014 $'000
Proceeds from Disposal of Non-Current Assets		
Plant & Equipment		
• Major Medical Equipment	-	-
• Computers & Communication	-	-
• Minor Plant	-	-
Buildings	-	-
Furniture & Fittings	-	-
Motor Vehicles	90	115
TOTAL PROCEEDS FROM DISPOSAL OF NON-CURRENT ASSETS	**90**	**115**
Less: Written Down Value of Non-Current Assets Sold or Disposed		
Plant & Equipment		
• Major Medical Equipment	2,422	91
• Computers & Communication	44	4
• Minor Plant	25	-
Buildings	2	-
Software	13	-
Furniture & Fittings	220	11
Motor Vehicles	362	521
TOTAL WRITTEN DOWN VALUE OF NON CURRENT ASSETS SOLD	**3,088**	**627**
NET GAINS/(LOSSES) ON DISPOSAL OF NON-CURRENT ASSETS	**(2,998)**	**(512)**

NOTE 3: ANALYSIS OF EXPENSES BY SOURCE

	NOTE	ADMITTED PATIENTS 2015 $'000	NON - ADMITTED 2015 $'000	EDS 2015 $'000	MENTAL HEALTH 2015 $'000	RAC INCLUDING MENTAL HEALTH 2015 $'000	AGED CARE 2015 $'000	PRIMARY HEALTH 2015 $'000	OTHER 2015 $'000	TOTAL 2015 $'000
Services Supported by Health Services Agreement										
Employee Expenses		432,383	7,301	56,176	71,302	8,821	4,998	5,043	20,470	606,494
Non Salary Labour Costs		4,057	-	43	186	257	-	499	571	5,613
Supplies & Consumables		118,791	404	2,703	763	358	13	63	989	124,084
Other Expenses		47,863	532	3,311	19,383	1,144	1,338	2,421	6,865	82,857
Audit Fees										
• Auditor General	24	122	-	-	-	-	-	-	-	122
• Other		213	-	-	15	2	-	2	6	238
TOTAL EXPENSES FROM OPERATING ACTIVITIES		**603,429**	**8,237**	**62,233**	**91,649**	**10,582**	**6,349**	**8,028**	**28,901**	**819,408**
Depreciation & Amortisation	4	-	-	-	-	-	-	-	61,653	61,653
Specific Expenses		-	-	-	-	-	-	-	-	-
Finance Costs	5	-	-	-	-	-	-	-	893	893
TOTAL OTHER EXPENSES		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**62,546**	**62,546**
TOTAL EXPENSES		**603,429**	**8,237**	**62,233**	**91,649**	**10,582**	**6,349**	**8,028**	**91,447**	**881,954**

NOTE 3: ANALYSIS OF EXPENSES BY SOURCE (CONTINUED)

	NOTE	ADMITTED PATIENTS 2014 $'000	NON - ADMITTED 2014 $'000	EDS 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		400,987	6,266	52,326	68,170	8,719	5,247	4,841	19,715	566,271
Non Salary Labour Costs		5,082	-	62	128	174	-	593	866	6,905
Supplies & Consumables		114,538	399	2,688	723	392	14	52	759	119,565
Other Expenses		45,063	409	2,904	19,824	1,097	1,375	2,038	7,651	80,361
Audit Fees										
• Auditor General	24	118	-	-	-	-	-	-	-	118
• Other		179	-	-	-	-	-	2	18	199
TOTAL EXPENSES FROM OPERATING ACTIVITIES		**565,967**	**7,074**	**57,980**	**88,845**	**10,382**	**6,636**	**7,526**	**29,009**	**773,419**
Depreciation & Amortisation	4	-	-	-	-	-	-	-	47,500	47,500
Specific Expenses		-	-	-	-	-	-	-	-	-
Finance Costs	5	-	-	-	-	-	-	-	927	927
TOTAL OTHER EXPENSES		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**48,427**	**48,427**
TOTAL EXPENSES		**565,967**	**7,074**	**57,980**	**88,845**	**10,382**	**6,636**	**7,526**	**77,436**	**821,846**

NOTE 3A: ANALYSIS OF EXPENSES & REVENUE BY INTERNALLY MANAGED AND RESTRICTED SPECIFIC PURPOSE FUNDS FOR SERVICES SUPPORTED BY HOSPITAL AND COMMUNITY INITIATIVES

	EXPENSES		REVENUE	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Private Practice and Other Patient Activities	2,666	4,384	4,163	3,498
Car Park	1,653	1,675	3,781	3,024
Education & Training	584	670	127	586
Catering	646	551	505	1,149
Others	37	543	3,649	5,896
Commissions	511	-	4,460	3,827
Interest	-	-	1,684	2,291
Property Income	-	-	2,706	336
Other Activities				
Fundraising and Community Support	1,758	1,247	3,133	729
Research and Scholarship	864	670	1,776	868
Specific Expenses	-	-	-	-
TOTAL	**8,719**	**9,740**	**25,984**	**22,204**

NOTE 4: DEPRECIATION AND AMORTISATION

	2015 $'000	2014 $'000
Depreciation		
Buildings	35,382	26,947
Plant & Equipment		
• Other Plant & Equipment	-	-
• Major Medical	9,385	7,006
• Computers and Communication	6,030	2,836
Furniture and Fittings	2,016	1,537
Motor Vehicles	1,183	1,311
TOTAL DEPRECIATION	**53,996**	**39,637**
Amortisation		
Leasehold Improvements	783	1,210
Software	6,874	6,653
TOTAL AMORTISATION	**7,657**	**7,863**
TOTAL DEPRECIATION & AMORTISATION	**61,653**	**47,500**

NOTE 5: FINANCE COSTS

	2015 $'000	2014 $'000
Interest on Long Term Borrowings	893	927
TOTAL	**893**	**927**

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.

	2015 $'000	2014 $'000
Cash on Hand	26	27
Cash at Bank	8,932	13,607
Short Term Money Market	1,732	27,107
TOTAL CASH AND CASH EQUIVALENTS	**10,690**	**40,741**
Represented by:		
Cash for Health Service Operations (as per Cash		
Flow Statement)	10,690	40,741
TOTAL CASH AND CASH EQUIVALENTS	**10,690**	**40,741**

NOTE 7: RECEIVABLES

	TOTAL 2015 $'000	TOTAL 2014 $'000
CURRENT		
Contractual		
Trade Debtors	7,731	6,041
Patient Fees	10,182	9,942
Accrued Investment Income	13	328
Accrued Income	569	832
Less Allowance for Doubtful Debts		
Trade Debtors	(710)	(427)
Patient Fees	(1,490)	(1,585)
	16,295	**15,131**
Statutory		
GST Receivable	2,017	1,734
Accrued Revenue - Department of Health / Department of Health and Human Services	3,070	2,573
	5,087	**4,307**
TOTAL CURRENT RECEIVABLES	**21,382**	**19,438**
NON CURRENT		
Statutory		
Long Service Leave - Department of Health / Department of Health and Human Services	24,825	20,204
TOTAL NON CURRENT RECEIVABLES	**24,825**	**20,204**
TOTAL RECEIVABLES	**46,207**	**39,642**

(a) Movement in the allowance for doubtful contractual receivables

Balance at the beginning of the year	2,012	1,826
Amounts written off during the year	-	-
Amounts recovered during the year	-	-
Increase/(decrease) in allowance recognised in net result	188	186
BALANCE AT THE END OF THE YEAR	**2,200**	**2,012**

(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: INVESTMENTS AND OTHER FINANCIAL ASSETS

	NOTE	OPERATING FUND 2015 $'000	OPERATING FUND 2014 $'000	SPECIFIC PURPOSE FUND 2015 $'000	SPECIFIC PURPOSE FUND 2014 $'000	CAPITAL FUND 2015 $'000	CAPITAL FUND 2014 $'000	TOTAL 2015 $'000	TOTAL 2014 $'000
CURRENT									
Loans and receivables									
Australian Dollar Term Deposits > 3 months (i)		-	-	3,303	3,402	-	-	3,303	3,402
TOTAL		**-**	**-**	**3,303**	**3,402**	**-**	**-**	**3,303**	**3,402**
Represented by:									
Monies Held in Trust									
• Accommodation Bonds (Refundable Entrance Fees) (ii)		-	-	3,303	3,402	-	-	3,303	3,402
TOTAL		**-**	**-**	**3,303**	**3,402**	**-**	**-**	**3,303**	**3,402**

NOTES:

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

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

(a) Ageing analysis of investments and other financial assets

Please refer to note 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

	2015 $'000	2014 $'000
Pharmaceuticals - at cost	2,428	2,206
Medical and Surgical Lines - at cost	1,047	627
Allied Health and Diagnostics - at cost	1,033	974
TOTAL INVENTORIES	**4,508**	**3,807**

NOTE 10: PREPAYMENTS

	2015 $'000	2014 $'000
CURRENT		
Prepayments		
• Maintenance Contracts	719	1,121
• Rental, Licences & Memberships	266	368
TOTAL INVENTORIES	**985**	**1,489**

NOTE 11: PROPERTY, PLANT & EQUIPMENT

(a) Gross carrying amount and accummulated depreciation

	2015 $'000	2014 $'000
Land		
Land at Fair Value	79,576	79,576
• Less Impairment	-	-
TOTAL LAND	**79,576**	**79,576**
Buildings		
Buildings at Cost	346,801	5,005
• Less Accumulated Depreciation	(11,032)	(52)
	335,769	**4,953**
Buildings Under Construction at cost	**34,917**	**342,213**
Buildings at Fair Value	351,641	351,641
• Less Accumulated Depreciation	(24,402)	-
	327,239	**351,641**
TOTAL BUILDINGS	**697,925**	**698,807**
Leasehold Improvements		
Leasehold Improvements	5,276	5,219
• Less Accumulated Depreciation	(4,141)	(3,358)
TOTAL LEASEHOLD IMPROVEMENTS	**1,135**	**1,861**
Plant and Equipment		
Minor Plant at Fair Value	-	27
• Less Accumulated Depreciation	-	(1)
	-	**26**
Medical Equipment at Fair Value	97,872	80,094
• Less Accumulated Depreciation	(51,554)	(54,427)
	46,318	**25,667**
Computers and Communication at Fair Value	43,671	25,205
• Less Accumulated Depreciation	(25,943)	(21,464)
	17,728	**3,741**
Assets Under Construction	3,394	1,747
TOTAL PLANT AND EQUIPMENT	**67,440**	**31,181**
Motor Vehicles		
Motor Vehicles at Fair Value	7,159	7,464
• Less Accumulated Depreciation	(4,528)	(4,342)
TOTAL MOTOR VEHICLES	**2,631**	**3,122**
TOTAL PLANT, EQUIPMENT AND MOTOR VEHICLES	**70,071**	**34,303**
Furniture and Fittings		
Furniture and Fittings at Fair Value	23,988	17,614
• Less Accumulated Depreciation	(12,313)	(10,767)
TOTAL FURNITURE AND FITTINGS	**11,675**	**6,847**
TOTAL	**860,382**	**821,394**

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 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
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 1 JULY 2014	**79,576**	**358,455**	**342,213**	**31,181**	**6,847**	**3,122**	**821,394**
Additions	-	68	34,491	54,166	7,064	1,054	96,843
Net transfers between classes	-	341,787	(341,787)	-	-	-	-
Disposals	-	(2)	-	(2,492)	(220)	(362)	(3,076)
Depreciation and Amortisation (note 4)	-	(36,165)	-	(15,415)	(2,016)	(1,183)	(54,779)
Revaluation increments/ decrements	-	-	-	-	-	-	-
BALANCE AS AT 30 JUNE 2015	**79,576**	**664,143**	**34,917**	**67,440**	**11,675**	**2,631**	**860,382**

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 103F. 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 2015

	CARRYING AMOUNT AS AT 30 JUNE 2015	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 buildings	25,070	-	25,070	-
Specialised buildings	639,073	-	-	639,073
TOTAL OF BUILDING AT FAIR VALUE	**664,143**	**-**	**25,070**	**639,073**
Plant and equipment at fair value				
Plant equipment and vehicles at fair value				
• Vehicles (ii)	2,631	-	-	2,631
• Plant and equipment	64,046	-	-	64,046
TOTAL OF PLANT, EQUIPMENT AND VEHICLES AT FAIR VALUE	**66,677**	**-**	**-**	**66,677**
Furniture & Fittings at fair value	11,675	-	-	11,675
TOTAL FURNITURE & FITTINGS AT FAIR VALUE	**11,675**	**-**	**-**	**11,675**
Assets under construction at fair value	38,311	-	-	38,311
TOTAL ASSETS UNDER CONSTRUCTION AT FAIR VALUE	**38,311**	**-**	**-**	**38,311**
	860,382	**-**	**25,659**	**834,723**

(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 buildings	25,070	-	25,070	-
Specialised buildings	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**

NOTES:

(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.*

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.

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 acquisition, use and disposal in the market is managed by the health service which sets relevant depreciation rates during use to reflect the consumption of the vehicle. As a result, the fair value of vehicles does not differ materially from the carrying value (depreciated cost).

Plant and Equipment

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

There are no changes in valuation techniques throughout the period to 30 June 2015. 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 as at 30 June 2015

	LAND	BUILDINGS	PLANT AND EQUIPMENT	FURNITURE & FITTINGS	ASSETS UNDER CONSTRUCTION
Opening Balance	**78,987**	**333,385**	**32,556**	**6,847**	**343,960**
Purchases (sales)	-	341,853	50,719	6,844	(305,649)
Transfers in (out) of Level 3	-	-	-	-	-
Gains or losses recognised in net result					
• Depreciation	-	(36,165)	(16,598)	(2,016)	-
• Impairment loss	-	-	-	-	-
SUBTOTAL	**-**	**305,688**	**34,121**	**4,828**	**(305,649)**
Items recognised in other comprehensive income	-	-	-	-	-
• Revaluation	-	-	-	-	-
SUBTOTAL	-	-	-	-	-
CLOSING BALANCE	**78,987**	**639,073**	**66,677**	**11,675**	**38,311**
Unrealised gains/(losses) on non-financial assets	-	-	-	-	-
	78,987	**639,073**	**66,677**	**11,675**	**38,311**

NOTE:

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

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 - $1,069,206 ($2,510)	• 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-$54,995 per unit ($9,429 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 - $1,343,334 ($7,581)	• 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 - $1,112,380 ($100,335)	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

	2015 $'000	2014 $'000
Intangibles		
Software	34,883	32,499
Less Accumulated Amortisation	(29,718)	(24,177)
	5,165	**8,322**
TOTAL WRITTEN DOWN VALUE	**5,165**	**8,322**

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 2013	**7,850**	**7,850**
Additions	7,125	7,125
Disposals	-	-
Amortisation (note 4)	(6,653)	(6,653)
BALANCE AS AT 1 JULY 2014	**8,322**	**8,322**
Additions	3,730	3,730
Disposals	(13)	(13)
Amortisation (note 4)	(6,874)	(6,874)
BALANCE AS AT 30 JUNE 2015	**5,165**	**5,165**

NOTE 13: PAYABLES

	2015 $'000	2014 $'000
CURRENT		
Contractual		
Trade Creditors	31,030	26,800
Accrued Expenses	15,344	14,679
Superannuation	5,251	5,061
Work Cover	1,541	1,842
	53,166	**48,382**
Statutory		
Department of Health and Human Services	419	5,699
PAYG Payable	1,714	1,666
	2,133	**7,365**
TOTAL CURRENT	**55,299**	**55,747**

(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(b) for the nature and extent of credit risk arising from investments and other financial assets

NOTE 14: BORROWINGS

	2015 $'000	2014 $'000
CURRENT		
Australian Dollar Borrowings -TCV Loan	579	543
TOTAL AUSTRALIAN DOLLARS BORROWINGS	**579**	**543**
TOTAL CURRENT	**579**	**543**
NON CURRENT		
Australian Dollar Borrowings - TCV Loan	13,140	13,719
TOTAL AUSTRALIAN DOLLARS BORROWINGS	**13,140**	**13,719**
TOTAL NON-CURRENT	**13,140**	**13,719**
TOTAL BORROWINGS	**13,719**	**14,262**

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, $2.613 million (2013/14 $2.790 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, $0.813 million (2013/14 $0.934 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 $10.293 million (2013/14 $10.538 million) was still owing. The loan is repayable over 23 years. The repayments commenced in 4 March 2011 after final drawdown. The interest rate applicable is fixed at 6.435% pa for the life of the loan.

(a) 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

	2015 $'000	2014 $'000
CURRENT PROVISIONS		
Employee Benefits (Note 15(a))		
Annual leave (Note 15(a))		
• Unconditional and Expected to be settled within 12 months (ii)	34,129	32,967
• Unconditional and Expected to be settled after 12 months (ii)	5,692	5,398
Long service leave (Note 15(a))		
• Unconditional and Expected to be settled within 12 months (ii)	7,425	6,582
• Unconditional and Expected to be settled after 12 months (ii)	57,120	51,790
Sub-Total	104,366	96,737
Other benefits		
• Unconditional and Expected to be settled within 12 months (ii)	23,572	23,264
Provisions related to employee benefit on-costs		
• Unconditional and Expected to be settled within 12 months (ii)	4,454	4,234
• Unconditional and Expected to be settled after 12 months (ii)	7,299	6,643
	11,753	10,877
TOTAL CURRENT PROVISIONS	**139,691**	**130,878**
NON CURRENT PROVISIONS		
Employee Benefits (i) (Note 15(a))	19,153	16,949
Provisions related to employee benefit on-costs	2,247	1,988
TOTAL NON-CURRENT PROVISIONS	**21,400**	**18,937**
TOTAL PROVISIONS	**161,091**	**149,815**

(a) Current employee benefits and related on-costs

Unconditional Long Service Leave Entitlements	64,545	58,372
Annual Leave Entitlements	39,821	38,365
Accrued Salaries and Wages	21,931	21,612
Accrued Days Off	1,083	1,021
Sabbatical Leave	558	631
Current On-Costs	11,753	10,877
NON CURRENT EMPLOYEE BENEFITS AND RELATED ON-COSTS		
Conditional long service leave entitlements (ii)	19,153	16,949
Non-Current On-Costs	2,247	1,988
TOTAL EMPLOYEE BENEFITS AND RELATED ON-COSTS	**161,091**	**149,815**

(b) Movement in provisions

Movement in Long Service Leave:		
Balance at start of year	84,157	78,085
Provision recognising employee service made during the year	17,658	14,168
Settlement made during the year	(8,296)	(8,096)
BALANCE AT END OF YEAR	**93,519**	**84,157**

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	2015 $'000	2014 $'000
CURRENT			
Income in Advance			
• Other		908	998
Other Liabilities		41	41
		949	**1,039**
Monies Held in Trust			
• Accommodation Bonds (Refundable Entrance Fees)		3,303	3,402
TOTAL		**4,252**	**4,441**
Total Monies held in trust represented by the following assets:			
Other Financial Assets	8	3,303	3,402
TOTAL		**3,303**	**3,402**

NOTE 17: EQUITY

	2015 $'000	2014 $'000
(a) Reserves		
Property, Plant & Equipment Revaluation Surplus		
Balance at the beginning of the reporting period	197,873	114,005
Revaluation Increments/(Decrements)		
• Land	-	15,690
• Buildings	-	68,178
BALANCE AT THE END OF THE REPORTING PERIOD	**197,873**	**197,873**
Represented by:		
• Land	50,390	50,390
• Buildings	147,483	147,483
BALANCE AT THE END OF THE REPORTING PERIOD	**197,873**	**197,873**
Restricted Specific Purpose Reserve		
Balance at the beginning of the reporting period	23,947	22,719
Transfer (to) / from Restricted Specific Purpose Reserve	1,494	1,228
BALANCE AT THE END OF THE REPORTING PERIOD	**25,441**	**23,947**
TOTAL RESERVES	**223,314**	**221,820**
(b) Contributed Capital		
Balance at the beginning of the reporting period	231,510	231,510
Capital contribution received from Victorian Government	4,252	-
BALANCE AT THE END OF THE REPORTING PERIOD	**235,762**	**231,510**
(c) Accumulated Surpluses/(Deficits)		
Balance at the beginning of the reporting period	241,202	77,746
Net Result for the Year	(1,905)	164,684
Transfer (to) / from Restricted Specific Purpose Reserve	(1,494)	(1,228)
BALANCE AT THE END OF THE REPORTING PERIOD	**237,803**	**241,202**
(d) TOTAL EQUITY AT THE END OF FINANCIAL YEAR	**696,879**	**694,532**

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

	2015 $'000	2014 $'000
Net Result for the Year	**(1,905)**	**164,684**
Depreciation & Amortisation	61,653	47,500
Net (Gain)/Loss from Sale of Plant & Equipment	2,998	512
Asset Received Free of Charge	-	-
Capital Grant - Indirect Contribution by Department of Health and Human Services	(49,528)	(157,808)
Grant - Indirect Contribution by Department of Health and Human Services	(4,621)	(1,909)
Change in Operating Assets and Liabilities		
(Increase)/Decrease in Receivables	(2,132)	(4,702)
(Increase)/Decrease in Other Current Assets	(197)	(592)
Increase/(Decrease) in Provision for Doubtful Debts	188	186
Increase/(Decrease) in Other Current Liabilities	(90)	(1,233)
Increase/(Decrease) in Payables	(448)	8,462
Increase/(Decrease) in Employee Benefits	11,277	9,707
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	**17,195**	**64,807**

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

2015	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
Contractual Financial Assets						
Cash and cash equivalents	-	-	10,690	-	-	10,690
Receivables	-	-	7,731	-	-	7,731
Other debtors	-	-	10,182	-	-	10,182
Other Financial assets	-	-	3,303	-	-	3,303
TOTAL FINANCIAL ASSETS (I)	**-**	**-**	**31,906**	**-**	**-**	**31,906**
Financial Liabilities						
Payables	-	-	-	-	53,166	53,166
Interest Bearing Liabilities	-	-	-	-	13,719	13,719
Other Liabilities	-	-	-	-	3,344	3,344
TOTAL FINANCIAL LIABILITIES (II)	**-**	**-**	**-**	**-**	**70,229**	**70,229**

NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

2014	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
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**

NOTES:

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

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

NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

	NET HOLDING GAIN/LOSS $'000	TOTAL INTEREST INCOME/ (EXPENSE) $'000	FEE INCOME/ EXPENSE $'000	IMPAIRMENT LOSSES $'000	TOTAL $'000
2015					
Financial Assets					
Cash and Cash Equivalent^	-	1,787	-	-	1,787
• Receivables - Trade Debtors^	-	-	-	-	-
• Receivables - Other Debtors^	-	-	-	-	-
Other Financial Assets^	-	-	-	-	-
TOTAL FINANCIAL ASSETS	**-**	**1,787**	**-**	**-**	**1,787**
Financial Liabilities					
Payables*	-	-	-	-	-
Interest Bearing Liabilities*	-	893	-	-	893
Other Liabilities*	-	-	-	-	-
TOTAL CURRENT	**-**	**893**	**-**	**-**	**893**
2014					
Financial Assets					
Cash and Cash Equivalent^	-	2,305	-	-	2,305
• Receivables - Trade Debtors^	-	-	-	-	-
• 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**

^ *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.*

(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 B rating and to obtain sufficient collateral or credit enhancements, where appropriate.

In addition, Eastern Health does not engage in hedging from its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash assets, which are mainly cash at bank. As with the policy for debtors, the health service's policy is to only deal with banks with high credit 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 60 days overdue and changes in debtor credit ratings.

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

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

	FINANCIAL INSTITUTIONS (AAA CREDIT RATING) $'000	GOVERNMENT AGENCIES (AAA CREDIT RATING) $'000	FINANCIAL INSTITUTIONS (BBB CREDIT RATING) $'000	GOVERNMENT AGENCIES (BBB CREDIT RATING) $'000	TOTAL $'000
2015					
Financial Assets					
Cash and Cash Equivalent^	10,690	-	-	-	10,690
Other Financial Assets^	3,303	-	-	-	3,303
TOTAL FINANCIAL ASSETS (I)	**13,993**	**-**	**-**	**-**	**13,993**
2014					
Financial Assets					
Cash and Cash Equivalent^	40,741	-	-	-	40,741
Other Financial Assets^	3,402	-	-	-	3,402
TOTAL FINANCIAL ASSETS (I)	**44,143**	**-**	**-**	**-**	**44,143**

NOTE:

(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 30/06/2015

	CONSOLIDATED CARRYING AMOUNT $'000	NOT PAST DUE AND NOT IMPAIRED $'000	PAST DUE BUT NOT IMPAIRED					IMPAIRED FINANCIAL ASSETS $'000
			LESS THAN 1 MONTH $'000	1-3 MONTHS $'000	3 MONTHS - 1 YEAR $'000	3 MONTHS - 1 YEAR $'000	OVER 5 YEARS $'000	
INTEREST RATE EXPOSURE AS AT 30 JUNE 2015								
Financial Assets								
Cash and Cash Equivalents	10,690	10,690	-	-	-	-	-	-
Receivables - Trade Debtors	7,731	4,948	973	748	780	282	-	(710)
Receivables - Other Debtors	10,182	2,537	3,285	2,337	1,575	448	-	(1,490)
Other Financial Assets	3,303	3,303	-	-	-	-	-	-
TOTAL FINANCIAL ASSETS	**31,906**	**21,478**	**4,258**	**3,085**	**2,355**	**730**	**-**	**(2,200)**
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)**

NOTE:

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

(c) Liquidity risk

Liquidity risk is the risk that the health service would be unable to meet its 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 its 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, $2.613 million(2013-14 $2.790 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 $0.813 million (2013-14 $0.934 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 $10.293 million (2013-14 $10.538 million) had been drawn to finance the disbursement to the contractors. The loan is repayable over 23 years. The repayments commenced on 4 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

			MATURITY DATES				
	CARRYING AMOUNT $'000	CONTRACTUAL CASH FLOWS $'000	LESS THAN 1 MONTH $'000	1-3 MONTHS $'000	3 MONTHS - 1 YEAR $'000	3 MONTHS - 1 YEAR $'000	OVER 5 YEARS $'000
2015							
Financial Liabilities							
Trade Creditors and Accruals	53,166	53,166	34,558	18,608	-	-	-
Interest Bearing Liabilities	13,719	13,719	46	93	439	2,726	10,415
Other Liabilities	3,344	-	-	-	3,344	-	-
TOTAL FINANCIAL LIABILITIES	**70,229**	**66,885**	**34,604**	**18,701**	**3,783**	**2,726**	**10,415**
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**

(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 2015					
Financial Assets					
Cash and Cash Equivalents	3.07%	10,690	1,732	8,932	26
Receivables -Trade Debtors	-	7,731	-	-	7,731
Receivables - Other Debtors	-	10,182	-	-	10,182
Other Financial Assets	3.00%	3,303	3,303	-	-
		31,906	**5,035**	**8,932**	**17,939**
Financial Liabilities					
Trade Creditors and Accruals	-	53,166	-	-	53,166
Interest Bearing Liabilities	6.50%	13,719	13,719	-	-
Other Liabilities	-	3,344	-	3,344	-
		70,229	**13,719**	**3,344**	**53,166**

Continued on page 104

NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

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

	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**

NOTE:

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

NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

Sensitivity Disclosure Analysis

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

- A shift of +0.5% and -0.5% in market interest rates (AUD) from year end of 2%
- A parallel shift of +0.5% and -0.5% in inflation rate from year end rates of 1.5%

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.

		INTEREST RATE EXPOSURE				OTHER PRICE RISK			
		-0.5%		+0.5%		-0.5%		+0.5%	
	CARRYING AMOUNT $'000	PROFIT $'000	PROFIT $'000	PROFIT $'000	PROFIT $'000	PROFIT $'000	PROFIT $'000	PROFIT $'000	PROFIT $'000
2015									
Financial Assets									
Cash and cash equivalents	10,690	(53)	(53)	53	53	-	-	-	-
• Receivables - Trade Debtors	7,731	-	-	-	-	-	-	-	-
• Receivables - Other Debtors	10,182	-	-	-	-	-	-	-	-
Other Financial assets	3,303	(17)	(17)	17	17	-	-	-	-
Financial Liabilities									
Payables	53,166	-	-	-	-	-	-	-	-
Interest Bearing Liabilities	13,719	-	-	-	-	-	-	-	-
Other Liabilities	3,344	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-

NOTE:

(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 2015 $'000	FAIR VALUE 2015 $'000	CARRYING AMOUNT 2014 $'000	FAIR VALUE 2014 $'000
Financial Assets				
Cash and cash equivalents	10,690	10,690	40,741	40,741
• Receivables -Trade Debtors	7,731	6,241	6,041	5,614
• Receivables - Other Debtors	10,182	9,472	9,942	8,357
Other Financial assets	3,303	3,303	3,402	3,402
TOTAL FINANCIAL ASSETS	**31,906**	**29,706**	**60,126**	**58,114**
Financial Liabilities				
Payables	53,166	53,166	48,382	48,382
Interest Bearing Liabilities	13,719	13,719	14,262	14,262
Other Liabilities	3,344	3,344	3,443	3,443
TOTAL FINANCIAL LIABILITIES	**70,229**	**70,229**	**66,087**	**66,087**

NOTE:

(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

	2015 $'000	2014 $'000
CAPITAL COMMITMENTS: ***(Commitments* for the acquisition of fixed assets.)***		
Payable		
Land and Buildings	14,774	13,457
Plant & Equipment		
• Medical Equipment	4,316	17,023
• Computer Equipment	1,112	5,149
• Other Equipment	2,680	2,632
• Motor Vehicles	33	283
TOTAL CAPITAL COMMITMENTS	**22,915**	**38,544**
Payable		
Not later than one year	18,375	34,263
Later than one year but not later than 5 years	4,540	4,281
Later than 5 Years	-	-
TOTAL	**22,915**	**38,544**
OPERATING COMMITMENTS: ***(Commitments* for operating expenditure under contracts for the supply of services, materials and other but not recognised as liabilities)***		
Supplies & Consumables		
• Medical	63,050	86,116
• Other	100,244	148,259
Maintenance Contracts		
• Medical	2,619	3,178
• Non-Medical	651	823
• Information Technology	16,270	13,464
TOTAL OPERATING COMMITMENTS	**182,834**	**251,840**
Payable		
• Not later than one year	82,302	82,550
• Later than one year but not later than 5 years	100,532	169,290
• Later than 5 Years	-	-
TOTAL	**182,834**	**251,840**
Lease Commitments:		
Commitments in relation to leases contracted for at the reporting date:		
Operating Lease	5,508	10,590
TOTAL LEASE COMMITMENTS	**5,508**	**10,590**
Payable		
• Not later than one year	1,641	3,266
• Later than one year but not later than 5 years	3,290	6,188
• Later than 5 Years	577	1,136
TOTAL LEASE COMMITMENTS	**5,508**	**10,590**
TOTAL COMMITMENTS (INCLUSIVE OF GST)	**211,257**	**300,974**
Less GST recoverable from Australian Tax Office	19,205	27,362
TOTAL COMMITMENTS (EXCLUSIVE OF GST)	**192,052**	**273,612**

** 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 Hospital Redevelopment Project announced in December 2009 of $447.5 Million is managed under contract by the Department of Health / Department of Health & Human Services 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

The health services has no quantifiable or non quantifiable contingent assets or liabilities to report as at 30 June 2015. (2013-14 Nil)

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
2015									
Segment									
Hospital	868,864	871,372	(2,508)	915,731	229,157	686,574	100,528	61,396	3,186
Nursing Homes	9,746	9,109	637	9,649	2,102	7,547	37	155	-
Hostel	1,439	1,473	(34)	5,860	3,102	2,758	8	102	-
TOTAL	**880,049**	**881,954**	**(1,905)**	**931,240**	**234,361**	**696,879**	**100,573**	**61,653**	**3,186**
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**

Geographical Segment

The health service operates predominantly in Melbourne (Eastern suburbs and the Yarra Valley), Victoria. More than 90% of revenue, net result from ordinary activities and segment assets, relates to operations in Melbourne (Eastern suburbs and the Yarra Valley), Victoria.

Business Segments

Hospital

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

Nursing Homes / Hostels

"The Commonwealth Government regulates and partly funds the provision of residential care for frail, older people who can no longer live independently in their own home. There are two levels of care and although they are officially called low level residential care and high level residential care they are still widely known and referred to as hostels and nursing homes, respectively. Before a person can enter a hostel or nursing home they must be assessed and approved for care by an Aged Care Assessment Team (ACAT). ACATs are generally made up of local doctors, nurses, social workers and the like and they are usually located at hospitals, aged care centres or community centres."

Nursing Home

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

Hostel

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

NOTE 23A: RESPONSIBLE PERSONS DISCLOSURES

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

	PERIOD
Responsible Ministers:	
The Honourable David Davis, MLC, Minister for Health and Minister for Ageing	1/7/2014 - 03/12/2014
The Honourable Mary Wooldridge, MP, Minister for Mental Health	1/7/2014 - 03/12/2014
The Honourable Jill Hennessy, Minister for Health, Minister for Ambulance Services	04/12/2014 - 30/06/2015
The Honourable Martin Foley, Minister for Housing, Disability and Ageing, Minister for Mental Health	04/12/2014 - 30/06/2015
Governing Board:	
Dr Joanna Flynn AM (reappointed 1/7/2015)	1/7/2014 - 30/06/2015
Mr Denis Hogg AM	1/7/2014 - 30/06/2015
Mr Stuart Alford	1/7/2014 - 30/06/2015
Professor Andrew Conway	1/7/2014 - 30/06/2015
Ms Kelly Tropea	1/7/2014 - 30/06/2015
Mr W Kirby Clark	1/7/2014 - 30/06/2015
Professor Pauline Nugent (reappointed 1/7/2015)	1/7/2014 - 30/06/2015
Mr James McAdam	1/7/2014 - 09/02/2015
Hon Fran Bailey	1/7/2014 - 30/06/2015
Accountable Officer:	
Mr Alan Lilly	1/7/2014 - 30/06/2015

Remuneration of Responsible Persons

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

	NO OF DIRECTORS & ACCOUNTABLE OFFICER 2015	NO OF DIRECTORS & ACCOUNTABLE OFFICER 2014
$20,001 - $30,000	2	1
$30,001 - $40,000	6	6
$60,001 - $70,000	1	1
$450,001 - $460,000	-	1
$460,001 - $470,000	1	-
TOTAL REMUNERATION RECEIVED OR DUE AND RECEIVABLE BY RESPONSIBLE PERSONS FROM EASTERN HEALTH AMOUNTED TO:	**$782,453**	**$754,596**

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

NOTE 23A: RESPONSIBLE PERSONS DISCLOSURES (CONTINUED)

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 2015		AT 30 JUNE 2014		YEAR TO 30 JUNE 2015		AT 30 JUNE 2014	
			SALES	PURCHASES	SALES	PURCHASES	RECEIVABLE	PAYABLE	RECEIVABLE	PAYABLE
Denis Hogg AM	Device Technologies Pty Ltd	Purchase of Equipment and servicing of Equipment	-	1,010,055	-	731,223	-	106,253	-	59,758
Stuart Alford	Metropolitan Fire and Emergency Services	Fire Service call outs	-	71,482	-	34,404	-	38,978	-	3,006
Professor Pauline Nugent	Australian Catholic Univerisity	Teaching services	110,072	-	290,064	-	13,668	-	183,303	-
James McAdam	Royal Australian & New Zealand College of Obstetricians & Gynaecologists RANZCOG	Training and education	-	3,832	-	4,214	-	1,583	-	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 bonuses, long service leave payments, redundancy payments and retirement benefits.

	TOTAL REMUNERATION 2015 NO.	TOTAL REMUNERATION 2014 NO.	BASE REMUNERATION 2015 NO.	BASE REMUNERATION 2014 NO.
$30,001 - $40,000	-	1	-	1
$60,001 - $70,000	-	1	-	1
$130,001 - $140,000	-	-	-	1
$150,001 - $160,000	-	1	-	-
$200,001 - $210,000	-	1	-	1
$220,001 - $230,000	-	-	-	1
$230,001 - $240,000	-	1	1	1
$240,001 - $250,000	1	-	3	1
$250,001 - $260,000	2	-	1	-
$260,001 - $270,000	1	2	-	2
$270,001 - $280,000	1	-	1	-
$280,001 - $290,000	-	2	1	-
$290,001 - $300,000	1	-	-	-
$310,001 - $320,000	1	-	-	-
$360,001 - $370,000	1	1	1	1
TOTAL NUMBER OF EXECUTIVES	**8**	**10**	**8**	**10**
TOTAL ANNUALISED EMPLOYEE EQUIVALENT (AEE)*	**8**	**8**	**8**	**8**
TOTAL REMUNERATION FOR THE REPORTING PERIOD FOR EXECUTIVE OFFICERS INCLUDED ABOVE AMOUNTED TO:	**$2,266,196**	**$2,139,911**	**$2,141,693**	**$2,018,801**

** 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.

	2015 $'000	2014 $'000
Audit fees paid or payable to the Victorian Auditor-General's Office for the audit of Eastern Health current financial report	122	118
TOTAL PAID OR PAYABLE	**122**	**118**

NOTE 25: NON-CASH FINANCING AND INVESTING ACTIVITIES

	2015 $'000	2014 $'000
Acquisition of Assets by means of indirect contribution by Department of Health and Human Services	49,528	157,808
TOTAL NON-CASH FINANCING AND INVESTING ACTIVITIES	**49,528**	**157,808**

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	
	2015 $'000	2015 $'000	2015 $'000	2015 $'000
Defined benefit plans:				
Health Superannuation Fund	884	939	27	78
Defined contribution plans:				
Health Superannuation Fund	31,398	30,481	1,063	2559
HESTA Superannuation Fund	13,584	11,999	451	1,076
TOTAL	**45,866**	**43,419**	**1,541**	**3,713**

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.

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

Net worth

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

Non-financial assets

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

Non-produced assets

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

Non-profit institution

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

Payables

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

Produced assets

Produced assets include buildings, plant and equipment, inventories, cultivated assets and certain intangible assets. Intangible produced assets may include computer software, motion picture films, and research and development costs (which does not 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

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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 2015 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 & 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.

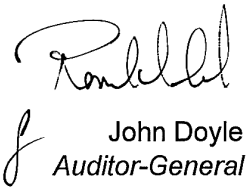
Independent Auditor's Report (continued)

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 2015 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*.



MELBOURNE
10 August 2015

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
Allied health	Allied health professionals provide clinical healthcare, such as audiology, psychology, nutrition and dietetics, occupational therapy, orthotics and prosthetics, physical therapies including physiotherapy, speech pathology and social work
Ambulatory care	Care given to a person who is not confined to a hospital/requiring hospital admission but rather is ambulatory and literally able to "ambulate" or walk around
Amortisation	Reduction in the value of an intangible asset by pro-rating its cost over a period of years
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
CLABSI	Central line associated bloodstream infection
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 Everywhere 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
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
VICNISS	Victorian Healthcare Associated Infection Surveillance System. The "N" stands for a word derived from Greek "nosocomial" meaning "originating in a hospital"
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)
WOt	Weighted Occupancy target, which is a measure used in mental health services
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 areas of environmental and economic sustainability, and social responsibility in the 2014/2015 Sustainability Report.

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

easternhealth
GREAT HEALTH AND WELLBEING

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

There are a number of ways to provide your feedback:

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

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

Send an email to feedback@easternhealth.org.au

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

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

PUBLICATIONS

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