easternhealth
GREAT HEALTH AND WELLBEING

2015-2016 ANNUAL REPORT

A PROVIDER OF GREAT HEALTHCARE

OUR VISION

Great health and wellbeing

OUR MISSION

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

OUR VALUES

Excellence
Accountability
Compassion
Respect
Integrity
Teamwork
Collaboration

EASTERN HEALTH CATCHMENTS

Eastern Health's *Annual Report 2014-15* received a **Gold Award** at the 2016 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. To receive a Gold Award, a report must "demonstrate overall excellence in annual reporting and be a model report for other organisations to follow".

The cover design for this report, which borrows from the waves of the Eastern Health logo, depicts the organisation's many different programs and services, and how they intersect 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 and outer eastern suburbs. It works with community healthcare providers, such as general practitioners, community health services and affiliated healthcare agencies. Geographically, Eastern Health covers the municipalities of Boroondara, Knox, Manningham, Maroondah, Whitehorse and Yarra Ranges.

The *Annual Report 2015-16* provides information about Eastern Health's sites, services, staff and operational achievements and challenges during the financial year.

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

- *Quality Account 2016* (formerly the Quality of Care Report), which details Eastern Health's progress and achievements in many clinical areas
- *Sustainability Report 2016*, which outlines Eastern Health's performance in the areas of environmental and economic sustainability, and social responsibility
- *Research Report 2016*, which highlights research undertaken by Eastern Health clinicians and other health professionals
- *Turning Point 2016*, which showcases the statewide service's extensive work in alcohol, other drugs and gambling research, treatment and education.

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

The *Annual Report 2015-16* will be presented to the public at Eastern Health's annual meeting on 8 December 2016.

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.

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A partnership between Eastern Health and Victoria Police that is reducing emergency department waiting times for people with a mental illness received top honours at the 2015 Victorian Public Healthcare Awards. Eastern Health took home the Secretary's Award for Excellence in Access and Responsiveness for its innovative Police Acute Response Triage Service, or PARTS. Pictured with the award are, from left, Mental Health Program Director Paul Leyden, Chief Executive Alan Lilly, PARTS Manager Robyn Jones, Mental Health Executive Clinical Director Associate Professor Paul Katz, Board Chair Dr Joanna Flynn AM and Continuing Care, Ambulatory, Mental Health & Statewide Services Executive Director Matt Sharp.

BOARD CHAIR AND CHIEF EXECUTIVE

As we reflect on our major achievements, challenges and milestones during the past 12 months, we are proud of the continued organisation-wide focus on Eastern Health's mission to *"provide positive health experiences for people and communities in the east"* and our capacity to respond to ever-increasing demand for our services.

Eastern Health Board Chair Dr Joanna Flynn AM and Chief Executive Alan Lilly.

Health services around the world are grappling with the challenges of rising age, rising demand and rising costs and Eastern Health is no exception.

Following an injection of funds from the Victorian Government, we have provided the highest level of elective surgery and treated more patients in our emergency departments than ever before and as the population grows, we have also delivered a record number of babies.

When you read this report, you will see how we are maximising our funds and distributing income to prioritise the services needed by our community. We have also delivered these additional services while achieving a small budget surplus of $299,000 to invest in services for the future.

CELEBRATING OUR HISTORY

During the year, we celebrated many important milestones that reminded us of our deep connection with the communities we serve across the east.

In September 2015, we acknowledged the 20th birthday of the Eastern Centre Against Sexual Assault (ECASA) based in Ringwood East followed by 30th birthday celebrations at Peter James Centre in East Burwood in December. We marked Box Hill Hospital's 60th anniversary in April 2016 with a celebration that showcased the journey of a "regional hospital" in 1956 to a major etropolitan health service provider in 2016.

Meeting so many former staff at these celebrations was a great way to relive, respect and honour our past.

CHECKS AND BALANCES

We participated in an ongoing program of external accreditation reviews to ensure that we are providing the highest levels of care and service to our patients, residents, clients and their families. Importantly, all our hospital, health and residential care services remain fully accredited.

Eastern Health's major accreditation review by the Australian Council on Healthcare Standards in September 2015 was highly successful with the health service not only meeting all requirements for ongoing accreditation but achieving 28 "Met with Merit" ratings which demonstrates higher level and sustainable outcomes compared to the mandatory requirements *(see page 25 for more details).*

Our Annual Report for 2014-15 also received a prestigious Gold Award at the Australasian Reporting Awards in 2016.

"OUR SINGLE GOAL IN 2016 IS 'COURTESY AND KINDNESS, EVERY TIME, EVERYWHERE' AND WE ARE AIMING TO ACHIEVE A SATISFACTION RATING OF 95 PER CENT OR MORE."

"WE HAVE PROVIDED THE HIGHEST LEVEL OF ELECTIVE SURGERY AND TREATED MORE PATIENTS IN OUR EMERGENCY DEPARTMENTS THAN EVER BEFORE."

157,532
emergency department presentations – highest on record

LISTENING TO OUR PATIENTS

Patients have provided much feedback as part of Eastern Health's *"In the patient's shoes"* program. While regularly rating their care higher than 87 per cent in both internal and external surveys, patients are also sharing their stories via the Patient Opinion website at **www.patientopinion.org.au**.

Eastern Health now provides its overall satisfaction star rating on the front page of its website and is the most active health service using this online platform for patient feedback. Our single goal in 2016 is "courtesy and kindness, every time, everywhere" and we are aiming to achieve a satisfaction rating of 95 per cent or more.

Our Mental Health Program received the Secretary's Award at the Victorian Public Healthcare Awards in 2015 for *Excellence in Access and Responsiveness*, reflecting a successful partnership with police and emergency services to provide timely assessment and care to vulnerable people in the community.

BUILDING FOR THE FUTURE

In order to meet the continuing need to upgrade our facilities, we welcomed the commencement of the $8.8 million Healesville hospital redevelopment, with an official sod-turning in November 2015 and later, the Victorian Government announcements of the $10 million Breast Cancer Centre at Maroondah Hospital and $20 million expansion of critical care and short-stay services at Angliss Hospital.

A new Psychiatric Assessment and Planning Unit opened next to the Maroondah Hospital emergency department and Eastern Health self-funded a $3.2 million MRI facility at Maroondah Hospital, which will open in July 2016 and provide a much-needed public MRI service in the east *(see page 32 for more information about our capital works program)*.

As part of our commitment to the Electronic Medical Record, the contract with Cerner Corporation to deliver this evolution in the way we do business was signed in September 2015 *(see page 35)*.

BOARD APPOINTMENTS

Board Chair, Dr Joanna Flynn AM, and Board Director, Professor Pauline Nugent, were reappointed for a further three years and Board Director, Mr Tass Mousaferiadis joined the Board in December 2015.

Mr W. Kirby Clark concluded a maximum nine-year term on June 30, 2016.

Mr Clark was a highly regarded Board Director and widely respected for his significant contribution to the Board and the many committees on which he served during his term. In particular, he was renowned for his diligence, rigour and compassionate approach to people and patients alike.

Dr Kelly Tropea also concluded her three-year term on June 30, 2016.

We thank Dr Tropea for her leadership and commitment during her appointment and for her invaluable contribution to the many committees on which she served.

Finally, we were excited to welcome the Governor-General of the Commonwealth of Australia, His Excellency General, the Honourable Sir Peter Cosgrove AK MC (Retd) and Lady Cosgrove to Eastern Health's inaugural Searchlight Dinner in May 2016, which raised more than $87,000 with additional gifts "in kind" to establish the Vivian Bullwinkel Chair in Palliative Care Nursing, in conjunction with Monash University.

We would like to express our sincere thanks and gratitude to our Board, Executive Management Team, staff and volunteers who give so much every day and without whom, our story of growth, resilience and success would not be possible.

We are delighted to commend this Annual Report to you.

DR JOANNA FLYNN AM
CHAIR
EASTERN HEALTH BOARD

ALAN LILLY
CHIEF EXECUTIVE
EASTERN HEALTH

FINANCE COMMITTEE CHAIR AND CHIEF FINANCE OFFICER

Eastern Health's financial statements for 2015-16 illustrate increased growth in operating revenues generated from the capacity created by completed capital projects. Eastern Health has again delivered a modest surplus of $299,000 before capital and specific items.

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

This outcome meets the break-even target established with the Victorian Minister for Health, as part of the *Statement of Priorities*.

The total comprehensive result for the year is a $4.9 million deficit which takes into account capital purpose income, land revaluations and depreciation. Capital income for the year was $42.5 million and primarily relates to the finalisation of refurbishment works at Box Hill Hospital. Completion of these works resulted in an increase in depreciation costs for the year by six per cent to $65.3 million.

A management revaluation of land occurred across the organisation and resulted in a rise of $17.8 million, based on the Valuer-General's land indices.

LIVING WITHIN OUR MEANS

Operating revenues grew by nearly nine per cent, which was close to income forecast, and enabled the delivery of much-needed services to the community in Melbourne's eastern suburbs. All patient treatment areas met or exceeded 100 per cent of their targets for the year, which is positive news and is the approach planned for the forthcoming financial year.

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

Considerable effort was also directed to the identification of sustainable efficiencies. This was monitored across the organisation as part of an overall *Economic Sustainability Strategy*. The monitoring of employee costs and provisions was closely scrutinised by all areas and assistance provided by the Workforce Sustainability Unit to support managers to control expenditure.

A rise in staffing costs by six per cent occurred in the year which covered award increases and a growth in staff to support additional services, and met planned expenditure targets. The level of increase in inpatient services, was more than seven per cent and reflected the investment in additional capacity across Eastern Health's hospitals.

MANAGING GROWTH

During the year an increase in inventories occurred, particularly in pharmaceuticals, to support growing needs in a number of critical areas. The rise in trade debtors reflects reimbursements due for various drug supplies provided to patients that are funded by the Commonwealth Government.

Eastern Health operates three nursing homes and an aged person's hostel at four separate locations across the catchment and segment reporting shows the favourable net contribution of $413,000 and $52,000 respectively.

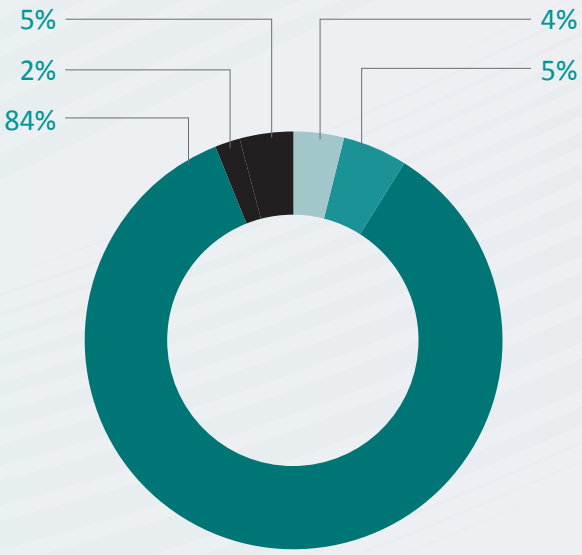
No events or matters have arisen since the year-end balance date that would result in any significant effect on the operations of the health service.

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

STUART ALFORD
CHAIR
FINANCE COMMITTEE

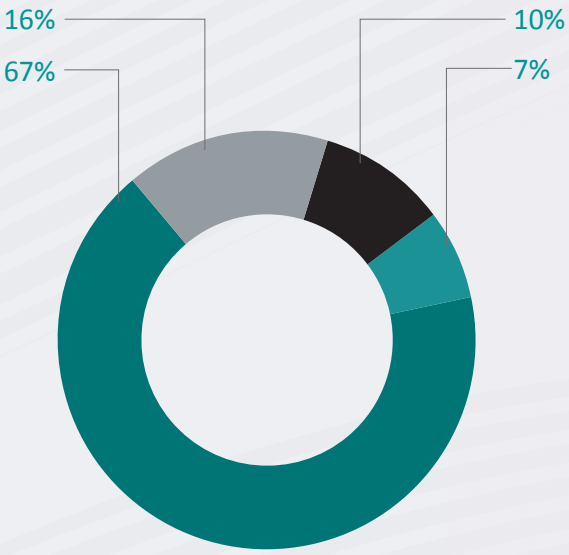
PETER HUTCHINSON
CHIEF FINANCE OFFICER
EASTERN HEALTH

Sources of revenue 2015-16



Patient fees	5%
Recoupment of private practice fees	2%
Other operating revenue	4%
Capital purpose income	5%
Government grants	84%

Operating expenses 2015-16



Supplies and consumables	16%
Other operating costs	10%
Depreciation and amortisation	7%
Employee expenses	67%

Summary of financial results

	2016 $000	2015 $000	2014 $000	2013 $000	2012 $000
Total revenue	933,199	880,049	986,530	868,373	766,262
Total expenses	955,856	881,954	821,846	788,877	763,743
NET RESULT SURPLUS/ (DEFICIT)	**(22,657)**	**(1,905)**	**164,684**	**79,496**	**2,519**
RETAINED SURPLUS/ (ACCUMULATED DEFICIT)	**212,667**	**237,803**	**241,202**	**77,746**	**3,634**
Total assets	945,025	931,240	918,797	653,936	565,245
Total liabilities	251,834	234,361	224,265	207,956	198,761
NET ASSETS	**693,191**	**696,879**	**694,532**	**445,980**	**366,484**
TOTAL EQUITY	**693,191**	**696,879**	**694,532**	**445,980**	**366,484**

"ALL PATIENT TREATMENT AREAS MET OR EXCEEDED 100 PER CENT OF THEIR TARGETS FOR THE YEAR, WHICH IS POSITIVE NEWS."

2015-16 AT A GLANCE

OUR PERFORMANCE

1,175,249
episodes of patient care – up 0.2% or 1825 more episodes

42,740
ambulance arrivals to our three emergency departments – 89% of patients transferred within 40 minutes

157,532
emergency department presentations – up 3.8% – that's one person every 3.4 minutes

33,371
operations – a record 16,523 were elective surgeries

record **4939**
babies born – one baby every two hours

OUR FINANCIAL POSITION

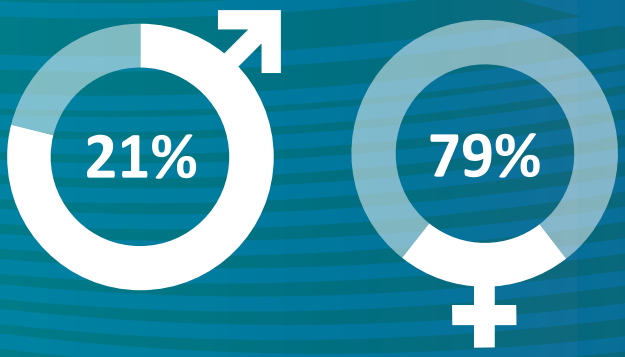
Operating result –
$299,000
surplus

Total revenue –
$933,199

Total expenses –
$955,856

WIES performance –
100.74%

OUR PEOPLE



percentage of men and women in the workforce

OUR COMMUNITY

826
volunteers

contributed
198,000
hours of service

ABOUT US

Caring for 750,003 people

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

1423* beds

Annual operating budget of $891 million – this equates to $1690 per minute

We have 9056 employees, 67 per cent of whom live within the community we serve

**As at 30 June 2016. Bed numbers are subject to change depending on activity and demand.*

Nurse Kate Samuel with patient Wilfred Woods in Box Hill Hospital's Continuing Care Ward which opened in February 2015, in response to a significant increase in demand for services. The 32-bed ward provides care for patients who need extended care prior to discharge or referral to another service.

WHO WE ARE

Eastern Health is one of Melbourne's largest metropolitan public health services. We provide a range of emergency, medical and general healthcare services, including maternity, palliative care, mental health, drug and alcohol, residential care, community health and statewide specialist services to people and communities that are diverse in culture, age, socio-economic status, population and healthcare needs.

There are 750,003 people who live in our catchment and depend on us for their public healthcare needs. We have 9056 employees, 67 per cent of whom live within the community we serve.

About one in three patients admitted to our hospitals (30 per cent) originates from a country where English is not the predominant language. The top five countries are China, Italy, Greece, India and the Netherlands. Other than English, the top six languages spoken by our patients (as measured by demand for interpreting services) are Mandarin, Cantonese, Greek, Chin Hakha, Persian and Italian.

The proportion of people in our catchment aged 80 and over continues to increase. Our catchment has over 20 per cent more people in the over 80 age group than the other areas of metropolitan Melbourne.

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

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

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

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

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

An innovative project is giving residents at Mooroolbark Residential Aged Care Facility access to the digital world and an opportunity to engage in activities that promote cognitive stimulation, communication, creativity and cultural inclusion. Pictured are resident Ondina Beltramini and Senior Physiotherapist Maureen MacMahon having fun with an iPad. Maureen says: "By offering residents access to the wonders of digital technology, they can experience happiness, fun, spontaneity and social participation, which is what most of us value in life."

Clinical programs and services

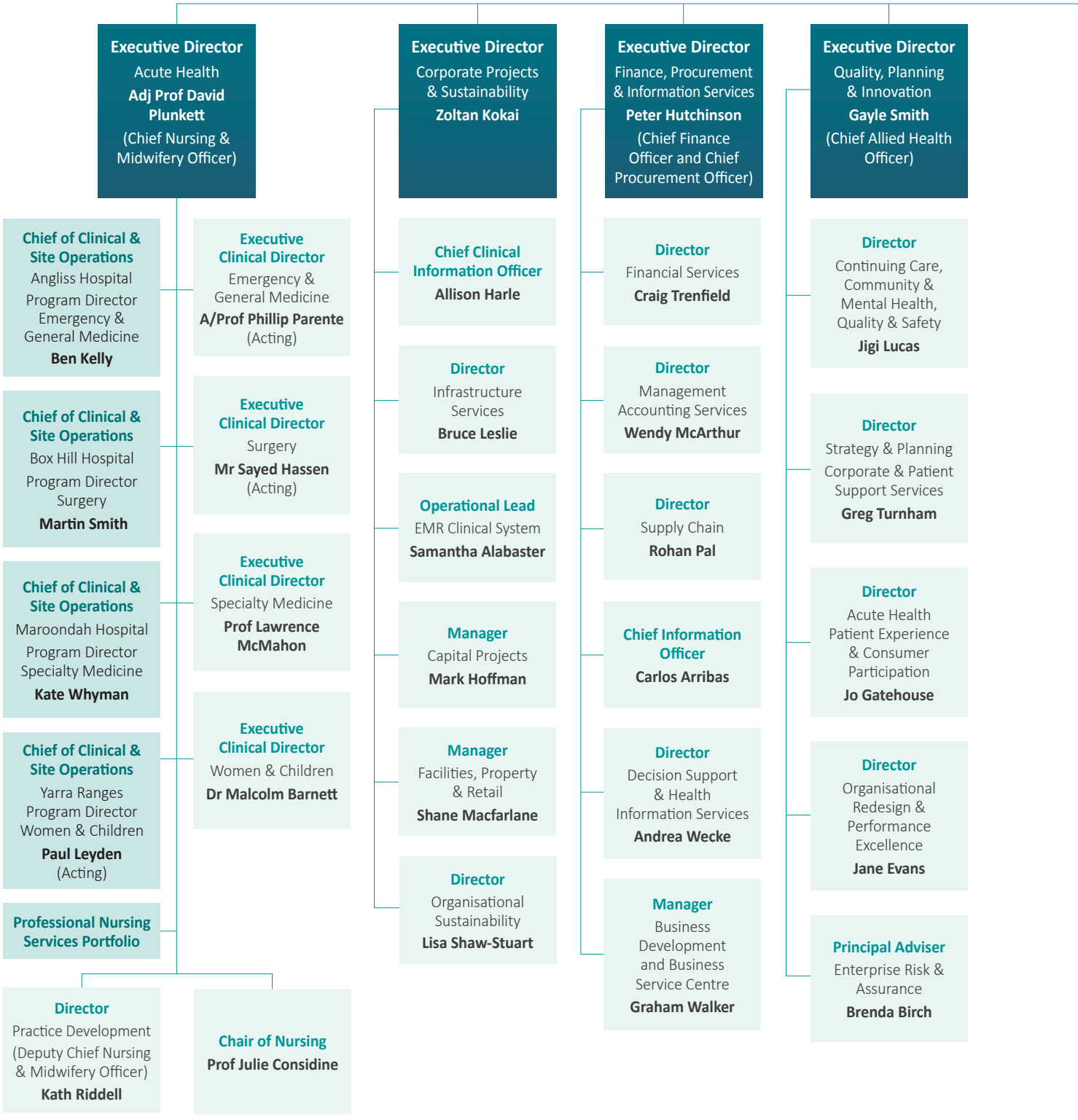
Eastern Health is divided into two main clinical areas – the Acute Health directorate and the Continuing Care, Ambulatory, Mental Health & Statewide Services directorate. There are eight programs within these areas that provide a range of services – as outlined in the table below. ***For more information about how these services are managed, please refer to the organisational structure on pages 10-11, 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 Emergency services 2 General medicine 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	
	Continuing Care	34 Geriatric evaluation and management 35 Palliative care 36 Rehabilitation 37 Residential aged care	
	Ambulatory and Community Services	38 Ambulatory services 39 Community health 40 Transition care program	
	Statewide Services	41 Spectrum 42 Turning Point	

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

ORGANISATIONAL STRUCTURE

Eastern Health has eight directorates with delegated responsibility for the management of organisational operating systems and organisational performance. Our eight clinical programs *(see page 9)* are supported by corporate and clinical support services. Clinical program and site responsibilities are combined and organised to promote maximum service integration and timely decision-making for local and program requirements.



BOARD OF DIRECTORS

OFFICE OF THE CHIEF EXECUTIVE

CHIEF EXECUTIVE
Alan Lilly

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** OHS & Emergency Management **Jane Mitchell**
- **Director** Organisational Development & Workforce Planning **Benaifer Sabavala**
- **Director** HR Shared Services **Stuart Gilson**
- **Director** Communications **Jo Dougherty**
- **Director** Workforce Sustainability & Wellbeing **Sally Thomas**

Executive Director
Access & Patient Support Services
Karen Fox

- **Director** Inpatient Access **Jenelle Linton**
- **Director** Pharmacy **Nick Jones**
- **Director** Pathology Operations **Pauline McGrath**
- **Director** Medical Imaging Operations **Peter Rouse**
- **Director** Support Services **Kim Wheeler**
- **Manager** Biomedical Engineering **Patricia Hamod**
- **Director** Infection Prevention & Control **A/Prof Mary O'Reilly**

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

- **Professional Medical Services Portfolio**
- **Manager** Medico-Legal Services **Dr Yvette Kozielsky**
- **Director** Research & University Relations **Prof David Taylor**
- **Director** Library Services **Glennys Powell**
- **Director** Postgraduate Medical Education **Dr Jenny Brookes**
- **Director** Medical Workforce Unit **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 **Adj Clinical A/Prof Sathya Rao**

- **Chief of Clinical & Site Operations** Peter James Centre Wantirna Health Program Director Continuing Care **John Ferraro**
- **Program Director** Mental Health **Rebecca Johnson** (Acting)
- **Program Director** Ambulatory & Community Services **Shannon Lang**
- **Program Director** Statewide Services **Barbara Kelly**
- **Director** Allied Health **Anita Wilton**

OCCUPATIONAL HEALTH AND SAFETY

Eastern Health's focus in 2015-16 remained on key organisational OHS risks related to manual handling, slips, trips and falls, and aggression management.

As well as implementing a number of initiatives to address these areas *(outlined below)*, Eastern Health participated in an Australian Council on Healthcare Standards periodic review in September 2015. Eastern Health's safety management system was accredited with a "Met with Merit" rating for radiation safety – the highest score used to recognise excellence in a particular area. Eastern Health's emergency and disaster management systems were also accredited and awarded "Met with Merit" ratings.

MANUAL HANDLING

Manual handling, both clinical and non-clinical, continues to be a major hazard for Eastern Health staff. In early 2016, the OHS unit conducted a review of the Clinical Manual Handling program with training identified as an area for further improvement. There was also a continued focus on improving manual handling equipment and procedures. Risk assessments were conducted in areas where there is a high risk of manual handling injury such as operating theatres, maternity and the warehouse.

FATALITIES OR SERIOUS INJURIES

There were no fatalities during the past financial year. There were seven "notifiable" incidents reported to WorkSafe Victoria. Five of these related to staff, with two of the incidents being a slip, trip and fall incident where no hazard was identified (i.e. the employee became unbalanced and fell). Two incidents related to visitors, with both incidents categorised as slips, trips and falls incidents with no identifiable hazard. In one case, a visitor simply tripped and in the other matter, an elderly visitor slipped off a chair.

SLIPS, TRIPS AND FALLS

Injuries from slips, trips and falls have reduced as cleaning procedures and practices across Eastern Health become safer. During the past financial year, the slips, trips and falls Workcover claims frequency rate continued a downward trend below target, which is very positive.

The OHS unit, in conjunction with Infrastructure Services, has also undertaken a number of hazard audits relating to slips, trips and falls in Eastern Health car parks and work is progressing to improve hazard controls in these car parks, including resurfacing, more frequent cleaning and improved lighting.

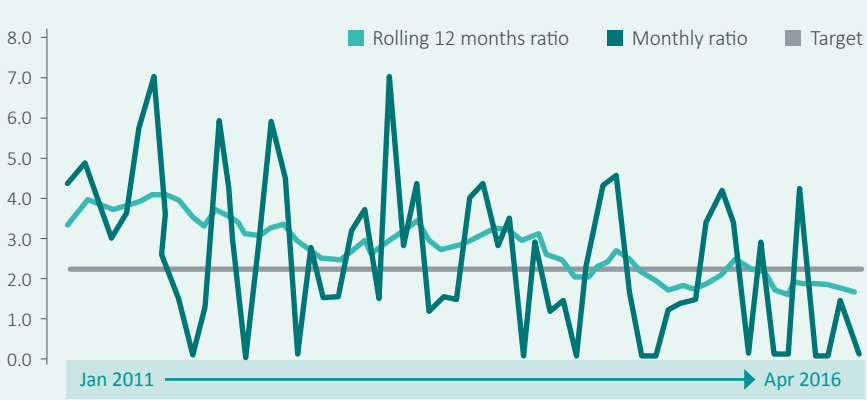
CONTRAVENTION OF OHS LAWS

During the reporting period, there were nine contraventions of the *OHS Act 2004 (Vic)* and *OHS Regulations 2007 (Vic)* involving improvement notices being issued by WorkSafe Victoria. Eight improvement notices related to infrastructure plant issues that were identified in July 2015 and one notice related to forklift traffic management. All issues were rectified to the satisfaction of WorkSafe Victoria within the appropriate timeframe.

POLICIES AND PROCEDURES

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

Slips, trips and falls lost-time injury claims frequency rate per million total productive hours worked



Adult Mental Health Nurse Unit Manager Debra Siddall is pictured with Minister for Mental Health Martin Foley during the launch in February 2016 of 3G safety watches for mental health teams that work in the community. Worn on the wrist, the watches allow staff managing a crisis to quickly notify emergency services via Triple Zero of their exact Global Positioning System (GPS) location through a 24-hour security monitoring centre. The devices also have an "Amber Alert" function which a doctor, nurse or paramedic can use to notify the centre that they are entering a risky environment. They can nominate a time by which they will contact the centre again. If that contact is not made in time, emergency services will be automatically activated.

AGGRESSION MANAGEMENT

An Aggression Expert Advisory Committee has overseen risk assessments in areas deemed "high risk" for aggression and occupational violence. Detailed risk assessments were undertaken in mental health inpatient units, emergency departments, general medicine wards, residential aged care and community-based sites.

Improvements were identified and actions to remedy them implemented, including revised and improved Code Grey and Code Black procedures, improved coverage of duress alarms and better reporting to ensure that all staff requiring aggression management training are identified. In parallel with this process, an aggression hazard audit was undertaken in identified high-risk areas to evaluate the environmental and process responses required to support a safe workplace.

The focus on staff education via aggression management face-to-face training continued throughout 2015-16. A staff aggression survey was developed, inter alia, to identify areas that may not have previously been regarded as "high risk". Successful submissions to the Department of Health and Human Se=rvices Hospital Violence Prevention Fund resulted in funding for duress watches and minor capital works to improve safety in ward areas. *See photo on page 12 for more information.*

Statistics relating to occupational violence are detailed in the table above.

OCCUPATIONAL VIOLENCE	2015-16
Workcover accepted claims with an occupational violence clause per 100 FTE	0.53
Number of accepted Workcover claims with lost-time injury with an occupational violence cause per 1,000,000 hours worked	3.15
Number of occupational violence incidents reported	277
Number of occupational violence incidents reported per 100 FTE	4.88
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	13%

Definitions

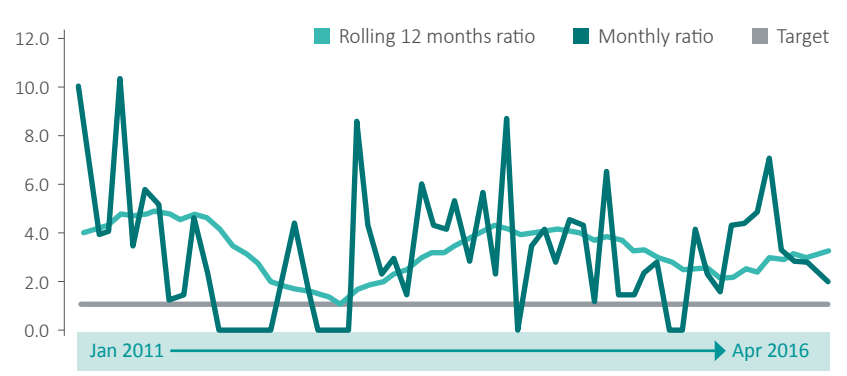
Occupational violence
Any incident where an employee is abused, threatened or assaulted in circumstances arising out of or in the course of their employment.

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

Accepted Workcover claims
Claims that were lodged in 2015-16.

Lost time
Defined as greater than one day.

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

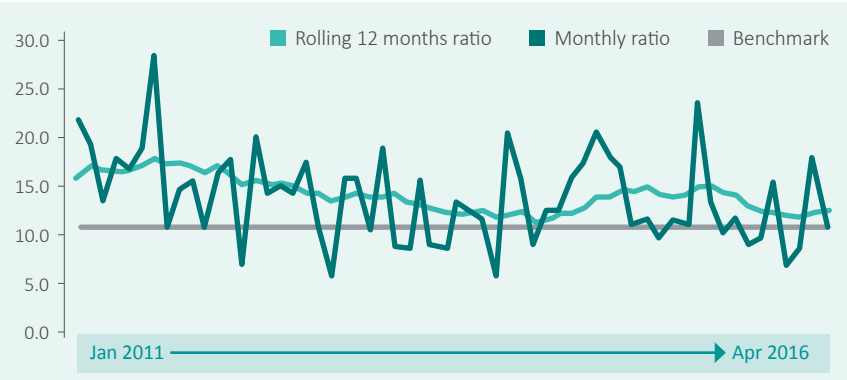


LOST-TIME INJURIES CLAIMS

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 slightly above target in 2015-16.

However, there has been a downward trend in the claims frequency rate over the past five years, which means there have been fewer lost-time injury Workcover claims lodged during this period.

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



EASTERN HEALTH FOUNDATION

Eastern Health Foundation continues to forge relationships with an ever-growing philanthropic community. From all walks of life, and representing diverse ethnic groups, our compassionate and caring donors, community groups, corporate partners, volunteers and auxiliaries supported a range of campaigns and initiatives in 2015-16.

PARTNERS IN RESEARCH

Research is an integral part of patient-focused care. Eleven partners gave $262,000 towards 11 research grants. Their generosity has helped Eastern Health undertake a number of research projects, including understanding the effectiveness of current breast cancer literature, investigating different surgical approaches for hip replacements and identifying barriers to a good night's sleep while in hospital.

COMING TOGETHER FOR CANCER CARE

One of the best ways Eastern Health can support cancer patients is by linking their treatment in a co-ordinated and supportive way that minimises stress but maximises comfort and care. Donors responded to our Christmas Appeal by raising more than $66,000 towards the engagement of a cancer care co-ordinator. Their giving was further bolstered by 78 philanthropic individuals, businesses and organisations who collectively gave an additional $62,000 towards this important role.

SEARCHLIGHT SUCCESS

More than 400 guests attended Eastern Health's inaugural Searchlight Dinner on May 24, 2016. With the spotlight on end of life care research, over $87,000 was raised from various activities for the Vivian Bullwinkel Chair in Palliative Care Nursing. Special guests included the Governor-General of the Commonwealth of Australia, His Excellency General the Honourable Sir Peter Cosgrove AK MC (Retd) and Lady Cosgrove. We also thank Box Hill RSL which provided a leading gift of $50,000.

LEGACY DONORS

Leaving a gift in a Will is one of the most visionary and compassionate gestures. The Foundation is grateful to the people who have made a gift to us in their Will. To recognise their generosity we established the Forget Me Not Fellowship which was launched by our Patron Peter Hitchener. Today, more than 50 supporters have advised that they have left a gift in their Will to Eastern Health and therefore become a member of the Forget Me Not Fellowship.

OUR VALUABLE AND VALUED AUXILIARIES

The fundraising efforts of our auxiliaries have enabled Box Hill Hospital, Maroondah Hospital and Angliss Hospital to continue to provide better care for patients through the purchase of additional equipment. In 2015, a new initiative was discussed to help bolster the volunteering and fundraising activities of our valued auxiliaries, with a new model to manage this important area designed.

VOLUNTEER SUPPORT

In 2015-16, 826 volunteers supported 106 programs, contributing 198,240 hours of service. The value to Eastern Health equates to $4.92 million. Since November 2015, Volunteer Services Manager Christine Ward has overseen our volunteer workforce, including delivering programs such as kiosk fundraising, welcome ambassadors, emergency department, palliative care, falls prevention and wellbeing, rehabilitation, mental health, spiritual care, medical imaging, respiratory laboratory, BreastScreen, patient transport, patient library, pet therapy, nutrition services, patient surveys, clerical support and Hospital in the Home.

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

The generosity of the Num Pon Soon Charitable Trust has been celebrated with a storyboard unveiled at Box Hill Hospital's sleep laboratory. Since 2011, the trust has consistently donated funds to several projects, including the purchase of six sleep monitoring systems. Pictured, from left, are Director of Sleep Services Dr Alan Young, Num Pon Soon Charitable Trust's Kevin Siu and wife Janet, and Eastern Health Foundation Director Anne Gribbin at the launch of the storyboard, which raises awareness of sleep disorders and highlights the importance of giving.

OUR PERFORMANCE

In 2015-16:

A record total of 16,523 patients were admitted for elective surgery

Number of patients on the elective surgery waiting list was reduced from 2793 to 2229 – that is a 20.2% reduction

92% of patients said they had a positive experience

71% of workers immunised against influenza

Eastern Health's clinical programs have continuously sought opportunities to redesign their services and introduce contemporary, sustainable work practices that benefit all patients. In particular, the *Great Care Everywhere* program of work seeks to introduce service redesign to ensure patients receive appropriate care, in the right place and at the right time. *To read more about this program, see page 17*. Pictured are Box Hill Hospital Emergency Department Nurse Unit Manager Dan Fleming and Registered Nurse Kristy Tak.

STRATEGIC PRIORITIES

Eastern Health's *Strategic Plan* helps us to understand our vision and mission, as well as how we are going to deliver them. Eastern Health has five strategic directions. Each strategic direction contains 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 is currently reviewing its *Strategic Plan* and developing its next plan that will continue to guide the organisation for the next five years. This planning process, which includes extensive staff and community consultation, will continue to focus the operations of Eastern Health on agreed key priorities.

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

ACHIEVING OUR STRATEGIC PRIORITIES

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

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

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

Clinical Nurse Specialist Reannen Jacobs and young patient Nicholas Mansi spread the Christmas cheer in Box Hill Hospital's Paediatric Ward. Of the 137,892 patients who were admitted to one of our hospitals for acute care – 6831 were aged under 18.

PERFORMANCE AGAINST STRATEGIC PRIORITIES

DOMAIN	ACTION	DELIVERABLE	OUTCOME
Patient experience and outcomes	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 with a specific focus on improving patient-centred care through: ■ No unnecessary waits ■ No unnecessary tests ■ Getting it right ■ Models of care ■ No unnecessary transports ■ Mental health.	*Achieved* The *Great Care Everywhere* program has delivered improvements in the specified areas. *No Unnecessary Waits* focused on minimising or eliminating unnecessary waiting and resulted in sustained improvement in access over the 12-month period. *No Unnecessary Tests* led to a 16 per cent reduction in testing in the emergency department at Box Hill Hospital and an eight per cent reduction in testing at Maroondah Hospital. *Getting It Right* focused on clarifying processes for the rapid identification of patients with complex needs and simplifying referral and assessment for patients requiring transition care and residential aged care. The minimum clinical requirements for patients moving across the continuum of care (e.g. from acute to sub-acute services) were also refined. A focus on improving the model of care for continuing care and general medicine patients achieved sustainable improvements in patient experience, patient flow and staff experience. A three-month telemedicine trial was undertaken as part of the *No Unnecessary Transports* project, with a number of positive outcomes identified, including: ■ 87 per cent of patients and 94 per cent of clinicians expressed satisfaction with their telemedicine experience ■ 61 per cent reduction in the average time spent in the emergency department for mental health patients where telemedicine was utilised. Further work is underway to expand and enhance the use of telemedicine to improve access to services across the organisation and minimise patient transportation between sites. The Mental Health Program has focused on reducing restrictive interventions and during the 12-month period, achieved a 70 per cent reduction in mechanical restraint and a 66 per cent reduction in seclusion.

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PERFORMANCE AGAINST STRATEGIC PRIORITIES

DOMAIN	ACTION	DELIVERABLE	OUTCOME
		Implement the *Appropriate and Effective Care* program to enable patient safety, patient outcomes and patient experience performance to be measured and monitored at the clinical stream level.	*Achieved* Implementation of the *Appropriate and Effective Care* program continues for the 43 clinical streams and all allied health services. Each clinical stream will complete four phases of the program: ■ Operations profile across the four domains of clinical governance – Consumer Participation, Clinical Effectiveness, Clinical Risk Management and Effective Workforce ■ Current performance standards and pathways ■ Identification of additional performance standards, performance measures and performance improvements ■ Develop and build additional capability across the four domains of clinical governance with particular focus on performance standards and performance measures, including scorecards and performance improvements. As per the agreed implementation plan, phases one, two and three have been completed across the majority of clinical streams. Phase four is scheduled for implementation in 2016-17.

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Keilara Jessie Briggs from Aboriginal dance group Aldara Consultancy performs at the Closing the Gap Family Sports Day at Healesville in February 2016. Since its inception in 2013, the annual event has seen some of the best Aboriginal sporting talent in the region challenge Eastern Health staff in a football match and netball tournament. Aboriginal Hospital Liaison Officer Jo Voce said Aboriginal health continued to be one of Eastern Health's key priorities. "This event provides us with the opportunity to inform the local Aboriginal community about the broad range of services we have in the eastern region. Family fun and sport are great ways for communities to connect with each other, in the spirit of reconciliation."
For more information about Eastern Health's Closing the Health Gap initiatives, see page 19.

PERFORMANCE AGAINST STRATEGIC PRIORITIES

DOMAIN	ACTION	DELIVERABLE	OUTCOME
	Strengthen the response of health services to family violence. This includes implementing interventions, processes and systems to prevent, identify and respond appropriately to family violence at an individual and community level.	Review existing processes, capability and partnerships to ensure a comprehensive system is in place across all service delivery streams to identify, report and respond to both suspected and confirmed instances of family violence (including elder abuse) across all service delivery streams.	*In progress* A review of organisational processes and capability is underway, in partnership with key stakeholders from the majority of first contact services. This is being overseen by the Family Violence Royal Commission Reference Group. The approach at Eastern Health will be based on processes and resources developed within the *Strengthening Hospital Responses to Family Violence* project.
	Use consumer feedback and develop participation processes to improve person and family-centred care, health service practice and patient experiences.	Review current systems and work practices to ensure consumer feedback is effectively utilised to inform improvement and innovation initiatives at all levels of the organisation.	*Achieved* A comprehensive review of the current systems for collecting, analysing and reporting consumer feedback has been completed. Data has been analysed and has identified that communication, with a particular focus on courtesy and kindness and discharge management, are the two areas of highest priority. These now form the basis of the Patient Experience of Care Improvement Plan and *"In the patient's shoes"* strategy input from consumers. One of the improvements implemented as a result of this review was to increase visibility and communication about system-wide improvements to care that were initiated or informed by consumer feedback.
	Improve the health outcomes of Aboriginal and Torres Strait Islander people by increasing accessibility and cultural responsiveness of the Victorian health system.	Progress the initiatives of the *Closing the Health Gap Improvement Plan* to address the four key reporting areas of the *Koolin Balit Strategy*: ■ Engagement and partnerships ■ Organisational development ■ Workforce development ■ Systems of care	*Achieved* The *Closing the Health Gap Improvement Plan* has been finalised and its implementation commenced. Progress is being monitored by the Closing the Health Gap Committee. A total of 24 actions were identified against the key reporting areas. Key outcomes have included: ■ A number of community events to progress engagement and partnerships with the local Aboriginal community, including the Family Sports Day, the community breakfast and NAIDOC Week celebrations ■ A cultural awareness training program ■ An environmental audit to ensure Eastern Health sites and facilities are welcoming ■ An evaluation of the *"Asking the Question"* strategy to determine its sustainability.

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PERFORMANCE AGAINST STRATEGIC PRIORITIES

DOMAIN	ACTION	DELIVERABLE	OUTCOME
	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.	Fully embed the evidence-based principles and practices relating to end of life care across Eastern Health and monitor organisational performance against the *End of Life Standard* and related practice guidelines.	*Achieved* A comprehensive risk review was undertaken against the *National Consensus Statement: Essential Elements for Safe and High-Quality End of Life Care in Acute Hospitals* published by the Australian Commission on Safety and Quality in Health Care. This review enabled Eastern Health to identify gaps against best practice and develop an action plan to address them. As a result of this work, the manner in which consumers' resuscitation decisions are documented and shared across the healthcare team has been revised. Development of a new *End of Life Standard* and review of related practice guidelines is underway. Implementation of the action plan will continue to be overseen by the End of Life Expert Advisory Committee.
	Demonstrate an organisational commitment to quality cancer services through engagement with the local Integrated Cancer Service and implementation of the Optimal Care Pathways.	Implement the activities identified for Year 1 of Eastern Health's *Cancer Services Plan 2015-2020*.	*Achieved* Eastern Health's *Cancer Services Plan 2015-2020* was officially launched in October 2015. The plan contains 55 initiatives that are aligned to the organisation's strategic directions. These were all prioritised and those initiatives to be progressed within Year 1 of the plan identified. A number of these initiatives have already been completed with significant progress on the others. Work has started on a number of initiatives identified within Year 2 of the plan.
Governance, leadership and culture	Demonstrate an organisational commitment to occupational health and safety, including mental health and wellbeing in the workplace. Ensure accessible and affordable support services are available for employees experiencing mental ill health. Work collaboratively with the Department of Health and Human Services and professional bodies to identify and address systemic issues of mental ill health among the medical professions.	Develop and commence implementation of a *Staff Health and Wellbeing Standard* which is oriented towards (a) illness prevention and health management (b) destigmatisation of ill health (including physical, mental and behavioural) and (c) individual responsibility for yourself and colleagues.	*Achieved* Eastern Health's *Staff Health and Wellbeing Standard* was developed. Training modules that ensure employees are aware of Eastern Health's commitment to ensuring all staff work safely and that employee wellbeing is valued in the personal, organisational and community context have been developed. There is a range of programs to support employees, including professional supervision, a free-for-service employee assistance program, critical incident debriefing service, manager assist, health and wellbeing assist, career assist and conflict assist. These services were relaunched in February 2016. A broadly representative Wellbeing Leadership Group was established to lead and oversee the continued enhancement of staff wellbeing.

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PERFORMANCE AGAINST STRATEGIC PRIORITIES

DOMAIN	ACTION	DELIVERABLE	OUTCOME
	Monitor and publically report incidents of occupational violence. Work collaboratively with the Department of Health and Human Services to develop systems to prevent the occurrence of occupational violence.	Undertake a comprehensive risk assessment of aggression-related factors and implement identified improvements.	*In progress* A comprehensive risk assessment for aggression was completed, including service-specific risk assessments in the areas of: ■ Mental health ■ Emergency departments and general medicine ■ Community-based services and stand-alone sites ■ Residential aged care services. The risk assessment process incorporated an aggression hazard audit to evaluate the environmental and process responses required to support a safe workplace. A revised staff education program has been implemented.
		Enhance the monitoring and reporting of incidents of aggression and occupational violence through Eastern Health's routine publications.	*Achieved* Reporting of incidents of aggression and occupational violence is incorporated in the Quality Account (formerly the Quality of Care report), the Annual Report, the Annual Patient Safety Report, the OHS Report, which is provided to the Board and Executive on a quarterly basis, the Security Services Report and incident reporting within VHIMS.
	Promote a positive workplace culture and implement strategies to prevent bullying and harassment in the workplace. Monitor trends of complaints of bullying and harassment, and identify and address organisational units exhibiting poor workplace culture and morale.	Develop and assign a suite of training programs for staff to develop an understanding of what is and is not bullying, harassment and discrimination. Monitor completion rates at the Executive committee via routine iLearn reports. Special focus will be given to training for the Executive and Senior Leadership Team which will address the importance of management and workplace culture, and effective leadership styles for preventing and managing issues.	*Achieved* Specific training programs include: ■ Custodians of Culture ■ Building A Positive Team Culture. These will continue to be available to new and existing staff.

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PERFORMANCE AGAINST STRATEGIC PRIORITIES

DOMAIN	ACTION	DELIVERABLE	OUTCOME
		Develop skills in Human Resources Advisory team in the use of alternative dispute resolution. Manage and monitor effectiveness through information reported through Human Resources Advisory team.	*Achieved* An external provider was engaged during 2016 to provide the specialised training necessary to build capability within the Human Resources Advisory team. This training has now been completed and an evaluation of the training found it had a positive impact on staff confidence and knowledge of this topic.
	Improve data reporting systems to increase accountability and transparency, consistent with the *Transparency in Government Bill.*	Develop and progress a comprehensive implementation plan for the new *Great Digital Information Management and Transformation Strategy.*	*Achieved* A comprehensive implementation plan was developed for the *Great Digital Information Strategy*. Work has now commenced in accordance with the implementation plan and will continue throughout 2016.
	Work collaboratively with the Department of Health and Human Services on service and capital planning to develop service and system capacity to deliver ambulance services where they are needed.	Progress all funded capital developments in accordance with project timelines, including: ■ Box Hill Hospital redevelopment including the development and deployment of an electronic medical record ■ Maroondah Hospital Expansion (Psychiatric Assessment and Planning Unit, Magnetic Resonance Imaging) ■ Healesville & District Hospital and Yarra Valley Community Health upgrade ■ Critical care services at Angliss Hospital.	*Achieved* Capital works have been achieved in accordance with expected timeframes and budgets (including any relevant revisions). ■ Box Hill Hospital – refurbishment of Building B is now complete ■ Box Hill Hospital-wide deployment of the Electronic Medical Record – progressing and on track for late 2017 implementation ■ Maroondah Hospital Psychiatric Assessment and Planning Unit – complete ■ Maroondah Hospital Magnetic Resonance Imaging facility – construction very well progressed with the service expected to commence in July 2016 ■ Healesville & District Hospital – the redevelopment is well progressed despite being slightly behind the original schedule of works. All services are still expected to be available on-site in early 2017 ■ Angliss Hospital Critical Care Unit and Short Stay Unit – the planning for this capital development is well progressed.

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Managing our risks

Eastern Health takes a disciplined approach to risk management in order to ensure systematic identification, analysis, recording and reporting of risks and opportunities important to the achievement of strategic objectives.

Eastern Health has been recognised as leading risk management practice in the Victorian Public Sector and was published as a case study in the Victorian Managed Insurance Authority practice notes. The Eastern Health Risk and Audit Committee has oversight for risk management with a focus on the most significant risks facing Eastern Health, including strategic, operational, financial, reporting, compliance, statewide, inter-agency and projects.

Risk management is embedded in day-to-day practice and all managers and staff routinely manage risks that have the potential to impact on the achievement of desired results and outcomes.

For more information about how Eastern Health manages key risks, including case studies, please refer to the *2015-16 Quality Account* (formerly Quality of Care Report) at **www.easternhealth.org.au**

PERFORMANCE AGAINST STRATEGIC PRIORITIES

DOMAIN	ACTION	DELIVERABLE	OUTCOME
	Contribute to the development and implementation of the *10-Year Mental Health Plan for Victoria* and *State of Victoria's Mental Health Services Annual Report*.	Collaborate with the Department of Health and Human Services and key stakeholders to support the development of the *10-Year Mental Health Plan* for Victoria and understand its implications for Eastern Health.	*Achieved* Eastern Health provided feedback to the Department of Health and Human Services during the development of the *10-Year Mental Health Plan* for Victoria. This plan was approved and released by the department during the year and Eastern Health reviewed the final plan. A number of implications for Eastern Health were identified and an action plan has been developed to address these. These actions are currently being implemented.
	Apply existing capability frameworks and clinical guidelines to inform service system planning, giving consideration to the capability of neighbouring services and how best to allocate available resources so as to deliver the maximum benefit to the local community.	Consistent with *Eastern Health 2022: The Strategic Clinical Service Plan*, progress service planning for Maroondah Hospital precinct, breast cancer services (provisional funding indicated), Statewide Services, Peter James Centre/ Wantirna Health, residential care services and corporate support services.	*Achieved* Significant progress has been made in the development of these precinct-based service plans. The Maroondah Precinct Service Plan and Functional Brief for stage one of the Comprehensive Cancer Centre was completed and approved by the Eastern Health Board and Executive. Further to this work, Eastern Health collaborated with the Department of Health and Human Services to develop a business case that was successful in seeing Eastern Health awarded $10 million of capital funding in the State Budget. The Functional Brief for Critical Care Services at Angliss Hospital was also developed and approved. A Statewide Services plan is nearing completion and work has commenced to support planning for Peter James Centre, Wantirna Health and residential care services. Service planning for corporate support services has been completed and has informed the relocation of some services in line with functional requirements.
	Implement strategies to support health service workers to respond to the needs of people affected by ice.	Conduct a review of the impact of ice on services provided across Eastern Health and develop and implement a plan to support staff to provide care to patients affected by ice.	*Not achieved* The role of the Tobacco, Alcohol and Other Substances Expert Advisory Committee was reviewed and will now focus on models of care for the management of patients presenting with co-morbid mental health, addiction and physical health conditions. This will include management of patients affected by ice.

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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

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key performance indicators

that are each aligned to one of the five strategic directions *(see page 16)*. Results against these indicators are also available at the frontline, where the data can be broken down into individual wards/ departments. It is also aggregated to single scores for each strategic direction and an overall composite score which are reported at Board and Executive level.

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

PERFORMANCE AGAINST STRATEGIC PRIORITIES

DOMAIN	ACTION	DELIVERABLE	OUTCOME
	Build workforce capability and sustainability by supporting formal and informal clinical education and training for staff and health students, in particular inter-professional learning.	Develop and implement a long-term organisation-wide education plan to ensure Eastern Health has a skilled and capable workforce to support the delivery of operational and strategic priorities.	*In progress* Work has commenced on the development of Eastern Health's education plan. This plan is on track and will ensure that Eastern Health has a skilled and capable workforce to support the delivery of operational and strategic priorities.
	Adopt the *Healthy Choices: Food and Drink Guidelines* for Victorian public hospitals, to increase the availability of healthy food and drinks for purchase by staff, visitors and the general public.	Progress the implementation of the *Healthy Choices: Food and Drink Guidelines* across Eastern Health.	*In progress* Eastern Health appointed a health promotion officer to focus on implementation of the *Healthy Choices: Food and Drink Guidelines* across Eastern Health. The focus of this work has been to ensure that healthy food choices are available in vending machines and from contracted food service providers.
Safety and quality	Ensure management plans are in place to prevent, detect and contain Carbapenem resistant enterobacteriaceae (CRE) as outlined in Hospital Circular 02/15 (issued 16 June 2015).	Develop and implement comprehensive systems for the identification and management of CRE in line with standard infection prevention and control practices.	*Achieved* Following the release of new guidelines by the Department of Health and Human Services for the management of CPE (Carbapenemase producing enterobacteriaceae), formerly CRE (Carbapenemase resistant enterobacteriaceae), an Eastern Health clinical practice guideline was developed. A system for the identification of patients at risk of CRE/CPE is in place and compliance with this process routinely monitored in high-risk areas. Eastern Health's expansion of the Antimicrobial Stewardship Program is a complementary strategy to reduce the risk of CRE/CPE at Eastern Health. There have been no incidents of CPE at Eastern Health during the past 12 months.
	Implement effective antimicrobial stewardship practices and increase awareness of antimicrobial resistance, its implications and actions to combat it through effective communication, education and training.	Further enhance and expand Eastern Health's Antimicrobial Stewardship Program, aligned with the elements of the Antimicrobial Stewardship Clinical Care Standard.	*Achieved* Eastern Health's Antimicrobial Stewardship Program was expanded and now includes enhanced education. A pilot project was undertaken as part of the expanded antimicrobial stewardship "rounds" process and this resulted in an extra 100 patients being reviewed each week to ensure they are receiving the correct antibiotics in the most appropriate setting and at the right times.

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DOMAIN	ACTION	DELIVERABLE	OUTCOME
	Ensure that emergency response management plans are in place, regularly exercised and updated, including trigger activation and communication arrangements.	Conduct an Emergo Train exercise and take action in relation to issues identified in the operational debrief which may improve Code Brown and Incident Command procedures.	*In progress* An Emergo Train exercise was originally scheduled for May 2016 however it was identified that this date could not be accommodated. Negotiation with representatives from the Department of Health and Human Services identified the next available date convenient for both parties in November 2016. All necessary planning for this event is well underway.
Financial sustainability	Improve cash management processes to ensure that financial obligations are met as they are due.	Investigate and establish a medium term (~3 years) financial sustainability strategy which clearly articulates a long-term goal for financial sustainability (including cash flow management) and a range of specific, achievable initiatives for 2015-16.	*Achieved* A draft three-year financial sustainability plan was developed and is currently being finalised. Targeted actions for 2015-16 were implemented. Of the $22.8 million target of the economic sustainability strategy, 96.65 per cent of the program was achieved.
	Work with Health Purchasing Victoria to implement procurement savings initiatives.	Implement the project plan to achieve compliance with the procurement requirements of Health Purchasing Victoria and meet all key milestones by the due date.	*Achieved* The Procurement Project has now been completed and transitioned into business as usual practice. All the requirements of Health Purchasing Victoria were met within the relevant timeframes and a final presentation to senior staff across the organisation occurred.

Accreditation

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

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

This followed an extensive organisation-wide survey in September 2013 when Eastern Health was assessed against the new National Safety and Quality Health Service Standards, ACHS Evaluation Quality Improvement Program 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 – which is 14 per cent of all actions and the highest score used to recognise excellence for those actions. High-achieving areas included our partnerships with consumers, governance for safety and quality, information management, workforce management and falls prevention.

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

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

Our four residential aged care facilities – Edward Street in Upper Ferntree Gully, Monda Lodge in Healesville, Mooroolbark and Northside in Burwood East are accredited by the Australian Aged Care Quality Agency, 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.

PERFORMANCE AGAINST STRATEGIC PRIORITIES

DOMAIN	ACTION	DELIVERABLE	OUTCOME
Access	Implement integrated care approaches across health and community support services to improve access and responses for disadvantaged Victorians.	Implement the HealthLinks: Chronic Care initiative in collaboration with the Department of Health and Human Services.	*In progress* An expression of interest was submitted to and accepted by the Department of Health and Human Services for Eastern Health to participate in this initiative. Data analysis is well advanced and the model of care is being developed. This will commence in September 2016.
	Progress partnerships with other health services to ensure patients can access treatments as close to where they live when it is safe and effective to do so, making the most efficient use of available resources across the system.	Establish partnerships with the new Eastern Melbourne Primary Health Network (PHN) following its transition from Medicare Locals to ensure service continuity for those who have healthcare needs which cross over various providers and to explore opportunities for a population needs approach to health service planning.	*Achieved* Eastern Health continued to work closely with the Eastern Melbourne Primary Health Network (EMPHN) regarding collaboration in primary healthcare planning. This work is focused on the alignment of services to support system integration and ease of access for patients. The Eastern Melbourne Primary Health Care Collaborative was launched in June 2016. This is a joint initiative to bring together stakeholders and organisations involved in the planning and delivery of primary health services in Melbourne's east. It is designed to identify and collectively address primary healthcare priority areas that focus on: ■ Service integration ■ Reducing avoidable hospitalisations ■ Addressing unmet health needs.

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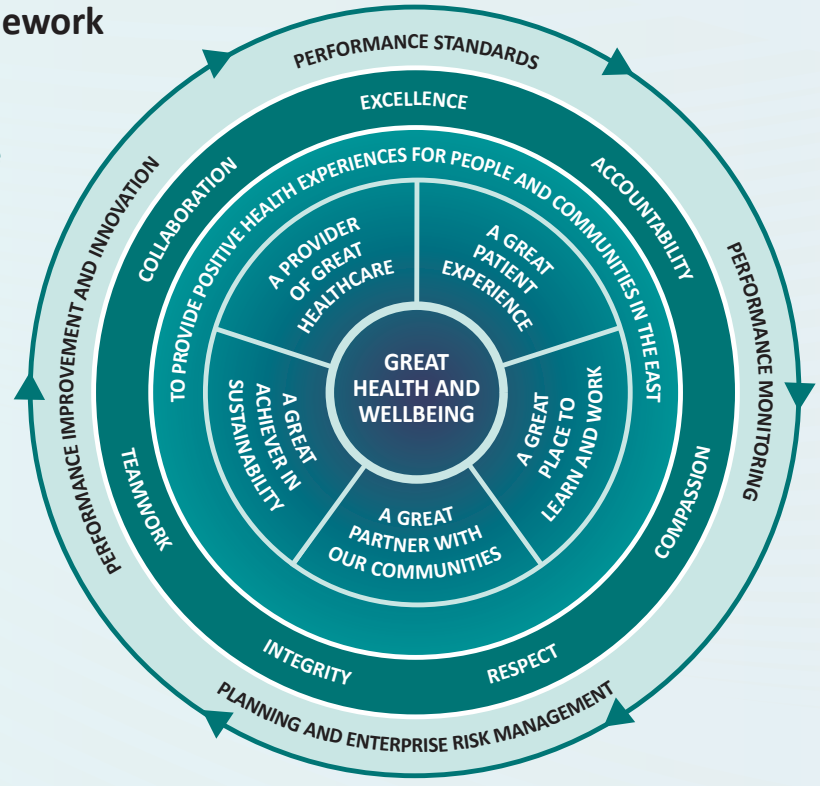
Performance Excellence Framework

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

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

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

All improvements are documented on Improvement and Innovation Plans, which are monitored and reported on a quarterly basis.



PERFORMANCE AGAINST STRATEGIC PRIORITIES

DOMAIN	ACTION	DELIVERABLE	OUTCOME
	Optimise system capacity by ensuring that allocated points of care are implemented as per the Travis Review recommendations.	Progress the operational commissioning of Building B and the additional six endoscopy points of care delivered under the Travis Review at Box Hill Hospital.	*Achieved* The commissioning plan for the redeveloped Building B at Box Hill Hospital was completed, with all areas in operation. The new endoscopy suite opened on September 14, 2015 and provides an additional six endoscopy points of care.
	Optimise alternatives to hospital admission.	Develop and commence implementation of a three-year plan to ensure Eastern Health offers an enhanced range of home-based alternatives to bed-based services with a particular focus on: ■ Bed-based substitution ■ Diversion ■ Secondary prevention.	*Not achieved* Eastern Health has continued to enhance its range of home-based alternatives to bed-based services, including: ■ Eastern@Home ■ Post-Acute Care ■ Hospital Admission Risk Program ■ GP after-hours clinic in Healesville.
	Reduce unplanned readmissions – with a focus on identifying high-risk patients, delivering co-ordinated and integrated responses, and reducing the use of avoidable acute care services, where practicable and safe to do so.	Undertake a research project to establish the efficacy of Eastern Health's enhanced management plan for patients identified as being at high risk of readmission and its impact on the organisation's readmission rate.	*Achieved* A research study titled *"Understanding factors associated with unplanned hospital readmissions"* was developed and approved by the Eastern Health Human Research and Ethics Committee. This study is progressing in line with expected timeframes and will support Eastern Health to identify and effectively manage patients at higher risk of unplanned readmission.

Enrolled Nurse Sarah Mellow attends to patient Jean Lyons in Box Hill Hospital's acute medical ward. Eastern Health has completed a comprehensive review of current systems for collecting, analysing and reporting consumer feedback. One of the improvements made as a result of this review was to increase visibility and communication about system-wide improvements to care which were initiated or informed by consumer feedback. *For more information, see page 19.*

Safety and Quality Performance

KEY PERFORMANCE INDICATOR	TARGET	2015-16 RESULT
Compliance with NSQHS Standards accreditation*	Full compliance	Full compliance
Compliance with the Commonwealth's Aged Care Accreditation Standards	Full compliance	Full compliance
Compliance with the Hand Hygiene Australia program	80%	83.4%
Percentage of healthcare workers immunised for influenza**	75%	71%
Cleaning Standards		
Overall compliance with standards[1]	Full compliance	Not achieved
Very high risk (Category A)	90 points	Achieved
High risk (Category B)	85 points	Achieved
Moderate risk (Category C)	85 points	Achieved

**NSQHS is National Safety and Quality Health Service.*

***This indicator covers the period 20 April 2015 to 21 August 2015.*

1: Results for all cleaning audits achieved above Acceptable Quality Levels. However, a review of the Internal Auditing Regime in Audit 1 (August 2015) achieved a non-compliance for frequency of internal auditing in D areas – low-risk areas such as store rooms, plant rooms and office areas.

Patient Experience and Outcomes Performance

KEY PERFORMANCE INDICATOR	TARGET	2015-16 RESULT
Victorian Healthcare Experience Survey – data submission[1]	Full compliance	Not achieved
Victorian Healthcare Experience Survey – patient experience Quarter 1	95% positive experience	90.9%
Victorian Healthcare Experience Survey – patient experience Quarter 2	95% positive experience	92.4%
Victorian Healthcare Experience Survey – patient experience Quarter 3[2]	95% positive experience	Not achieved
Number of patients with surgical site infection	No outliers	Achieved
ICU central line-associated blood stream infection[3]	No outliers	Not achieved
SAB rate per occupied bed days[4]	< 2/10,000	0.8
Maternity – Percentage of women with pre-arranged postnatal home care	100%	100%
Mental Health – Percentage of seclusion events relating to an acute admission – composite seclusion rate	15%	5.40%
Mental Health – Percentage of adult inpatients who are readmitted within 28 days of discharge	14%	15%
Mental Health – Percentage of adult patients who have post-discharge follow-up within seven days	75%	91%
Mental Health – Rate of seclusion events relating to an adult acute admission	≤15/1,000	6.78
Mental Health – Percentage of child and adolescent patients with post-discharge follow-up within seven days	75%	79%
Mental Health – Rate of seclusion events relating to a child and adolescent acute admission	≤15/1,000	7.26
Mental Health – Percentage of aged patients who have post-discharge follow-up within seven days	75%	90%
Mental Health – Rate of seclusion events relating to an aged acute admission	≤15/1,000	0.26

1: Due to an error when uploading data, results were successfully submitted for only three of the four quarters, which affected the overall result.

2: Due to an error when uploading data, results for this quarter were not recorded.

3: There was one infection reported in July 2015.

4: SAB is staphylococcus aureus bacteraemia.

Governance, Leadership and Culture Performance

KEY PERFORMANCE INDICATOR	TARGET	2015-16 RESULT
People Matter Survey - percentage of staff with a positive response to safety culture questions*	80%	89%

** People Matter Survey conducted in May 2014. Results from the People Matter Survey conducted in June 2016 were not available at the time of publishing this report. Responses to eight individual safety items ranged from 82 per cent to 96 per cent.*

Financial Sustainability Performance

KEY PERFORMANCE INDICATOR	TARGET	2015-16 RESULT
Finance		
Operating result	$0m	$0.299m
Trade creditors	< 60 days	58.83
Patient fee debtors	< 60 days	59.44
Public and private WIES[1] performance to target	100%	100.74%
Asset management		
Asset management plan	Full compliance	Full compliance
Adjusted current asset ratio	0.7	0.2
Days of available cash	14 days	0.6

1: WIES is a Weighted Inlier Equivalent Separation.

Occupational Therapist Jessica Richardson and Physiotherapist Christopher Sloan with patient Joan Radford at Maroondah Hospital. Eastern Health understands that a flexible, highly-skilled and capable workforce is essential to achieving our strategic goals. Managing and maintaining a sustainable workforce through improvements to the management of full-time equivalent employees also requires significant investment. Eastern Health has achieved $38.9 million in economic benefits during the past seven years through staff efficiency initiatives such as reducing unplanned absence rates.

Access Performance

KEY PERFORMANCE INDICATOR	TARGET	2015-16 RESULT		
		ANGLISS HOSPITAL	BOX HILL HOSPITAL	MAROONDAH HOSPITAL
Emergency care				
Percentage of ambulance patients transferred within 40 minutes	90%	99%	84%	92%
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%	81%	71%	80%
Percentage of emergency patients with a length of stay less than four hours	81%	75%	60%	67%
Number of patients with a length of stay in the emergency department greater than 24 hours	0	0	0	0

KEY PERFORMANCE INDICATOR	TARGET	2015-16 RESULT
Elective surgery		
Percentage of elective patients removed within clinically recommended timeframes	94%	87%
Percentage of Urgency Category 1 elective patients removed within 30 days	100%	100%
10% longest waiting Category 2 and 3 removals from the elective surgery waiting list	100%	100%
Number of patients on the elective surgery waiting list[1]	2,764	2,229
Number of hospital initiated postponements per 100 scheduled admissions	≤8 /100	6.6
Number of patients admitted from the elective surgery waiting list – annual total	15,990	16,523
Critical care		
Adult ICU number of days below the agreed minimum operating capacity – Box Hill[2]	0	4
Adult ICU number of days below the agreed minimum operating capacity – Maroondah[3]	0	6

1: The target shown is the number of patients on the elective surgery waiting list as at 30 June 2016.

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

3: The agreed minimum operating capacity is 6 ICU equivalents.

Eastern Health is developing a long-term organisation-wide education plan to ensure we have a skilled and capable workforce to support the delivery of operational and strategic priorities. Progress on the development of this plan is on track. *See page 24 for more information.*

Activity and Funding

FUNDING TYPE	2015-16 ACTIVITY ACHIEVEMENT
Acute Admitted	
WIES Public[1]	74,575
WIES Private	16,065
WIES (Public and Private)	**90,640**
WIES DVA	899
WIES TAC	367
WIES TOTAL	**91,906**
Acute Non-Admitted	
Renal Dialysis – Home ABF[2]	71
Sub-Acute and Non-Acute Admitted	
Rehab Public	25,924
Rehab Private	11,307
Rehab DVA	965
GEM Public[3]	30,802
GEM Private	16,513
GEM DVA	2,488
Palliative Care Public	9,447
Palliative Care Private	3,788
Palliative Care DVA	715
Transition Care – Bed Days	26,016
Transition Care – Home Days	7,487
Sub-Acute Non-Admitted	
Health Independence Program	128,049
Aged Care	
Residential Aged Care	20,380
HACC	32,960
Mental Health and Drug Services	
Mental Health Inpatient – WOt[4]	33,763
Mental Health Ambulatory	106,956
Mental Health Residential	19,793
Mental Health Sub-Acute	17,432
Drug Services	4,455
Primary Health	
Community Health / Primary Care Programs	22,990

1: WIES is a Weighted Inlier Equivalent Separation.

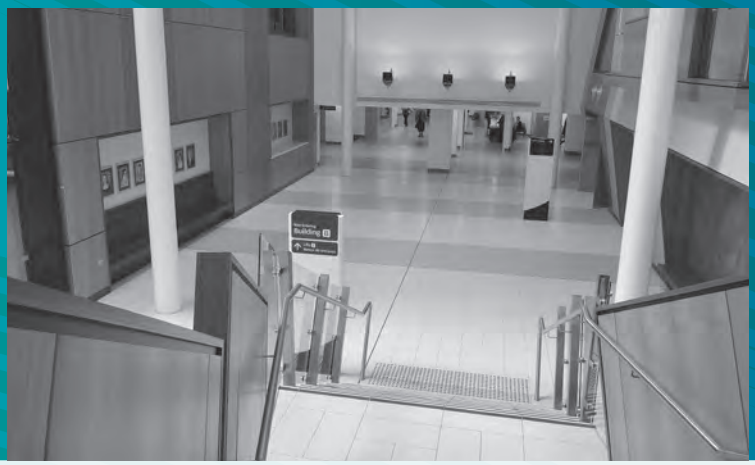
2: ABF is Activity Based Funding.

3: GEM is Geriatric Evaluation and Management.

4: WOt is Weighted Occupancy target.

CAPITAL WORKS PROGRAM

Eastern Health manages a significant capital works program to ensure it continues to provide quality health services to our community now and in the future. There was a total of $520 million worth of building projects either underway, completed or about to start in 2015-16, including the Box Hill Hospital redevelopment and the Electronic Medical Record *(see page 35).*



BOX HILL HOSPITAL REDEVELOPMENT

Box Hill Hospital's $447.5 million redevelopment project was completed in April 2016 when the final touches were applied to the refurbishment of the original building (known as Building B). Coupled with the new 10-storey clinical services block (Building A), which opened in September 2014, some of the features in Building B include new specialist clinic areas, a new endoscopy suite, diagnostic cardiology and pathology, and a new transit lounge and kiosk.

HEALESVILLE & DISTRICT HOSPITAL AND YARRA VALLEY COMMUNITY HEALTH REDEVELOPMENT

Progress continued on the Healesville & District Hospital and Yarra Valley Community Health redevelopment. Due to be completed in early 2017, the $8.8 million facility includes a new operating theatre, new renal dialysis unit, specialist outpatient clinics and a redeveloped community health centre. The interior will also be refurbished and modernised, with improved open spaces and parking.

MAROONDAH BREAST CANCER CENTRE

Work is set to commence on the Maroondah Breast Cancer Centre, with the Victorian Government committing $10 million for the project in April 2016. The centre will bring together the best screening, treatment and supportive care services in the region in one purpose-built facility. Among its features are two ultrasound rooms, which will be able to conduct guided biopsies, and four medical imaging reading rooms, which will ensure that patients receive quicker diagnoses and treatment. Funding has also been allocated to enhance car parking in the hospital precinct.

ANGLISS HOSPITAL EXPANSION

Preliminary designs for a $20 million expansion of Angliss Hospital were unveiled in March 2016. The project will focus on improving critical care and short-stay facilities, and includes the construction of a fourth level on top of the main hospital building that will contain a 14-bed critical care unit. The project is due to commence in the second half of 2016.

MAROONDAH PSYCHIATRIC ASSESSMENT AND PLANNING UNIT

A new $2.3 million Psychiatric Assessment and Planning Unit (PAPU) at Maroondah Hospital is due to commence in July 2016. Adjacent to the hospital's emergency department, the PAPU aims to ensure that individuals receive timely access to short-term psychiatric inpatient care and treatment, and improve patient flow in the emergency department.

MAROONDAH MRI FACILITY

Maroondah Hospital's $3.2 million Magnetic Resonance Imaging (MRI) facility will welcome its first patients in July 2016. It is the only publicly-owned and operated MRI facility in the eastern region. MRI is considered the "gold standard" when it comes to the diagnosis of many conditions, including a range of cancers, orthopaedic, heart and nervous system diseases.

Eastern Health provides the second largest public imaging service in Victoria, undertaking

244,308

examinations per year.

From left, Box Hill Hospital's redevelopment was completed in April 2016 with the "cut-through" from the new 10-storey building to the refurbished original building one of the major milestones.

A Magnetic Resonance Imaging (MRI) facility at Maroondah Hospital is due to open in July 2016, the first and only publicly-funded MRI facility in Melbourne's east.

Work is about to start on a $20 million expansion at Angliss Hospital, which will include a fourth level on top of the main building to increase the hospital's critical care services.

BUILDINGS AND FACILITIES

Eastern Health complies with the building and maintenance provisions of the *Building Act 1993*, with all works completed in 2015-16 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.

CAR PARKING

Eastern Health complies with the Department of Health and Human Services hospital circular on car parking fees, effective 1 February 2016 and details of car parking fees and concession benefits can be viewed at **www.easternhealth.org.au**

NATIONAL COMPETITION POLICY

Eastern Health is committed to ensuring that services demonstrate both quality and efficiency. Competitive neutrality, which supports the Commonwealth Government's national competition policy, helps to ensure net competitive advantages that accrue to a government business are offset.

We understand the requirements of competitive neutrality and act accordingly.

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

PROCUREMENT

Eastern Health completed a Procurement Reform Project in 2015-16. During this process a *Procurement Strategy* was developed to provide guidance and support to employees for the planning, sourcing and contract management of procurement activities. The strategy incorporates a Contract Management Strategy, a Supplier Engagement Plan, a Capability Plan and a Procurement Activity Plan.

Eastern Health also revised and developed new procurement policies, ensuring probity and "value for money" are key focuses during procurement activity.

Eastern Health has established an "Information for Suppliers" page on its website. This page includes a Forward Sourcing Plan, which lists Eastern Health's anticipated major procurement opportunities for the next 12 months, and information on the organisation's Procurement Complaints practice guideline and how to lodge a complaint about the procurement process at Eastern Health.

Following an internal audit report confirming Eastern Health's preparedness to comply with Health Purchasing Victoria (HPV) Health Purchasing Policy, the Eastern Health Board authorised the Chief Executive to inform HPV that Eastern Health will comply with the new policy from 20 June 2016.

There have been no complaints about the procurement process nor any critical incident procurement during the brief period of compliance with the new HPV policies.

Eastern Health complies with Health Purchasing Victoria contractual arrangements.

ADDITIONAL INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

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

Clinical Support and Liaison Nurse Libby Gherardin and Registered Nurse Ronan Liwanen are members of Eastern Health's "green team" that is making an environmental difference in the Box Hill Hospital Intensive Care Unit. Waste management continues to improve with more departments embracing PVC recycling across the organisation. Support Services Manager Ivan Tarrant says: "We have seen a marked increase in participation, which has reduced our contribution to landfill waste." *For more information about Eastern Health's environmental performance, see page 35.*

Details of individual consultancies (valued at $10,000 or greater)

In 2015-16, there were eight consultancies where the total fees payable to the consultant were greater than $10,000 with a total expenditure of $274,280. Details of individual consultancies can be viewed at **www.easternhealth.org.au**.

CONSULTANT	PURPOSE OF CONSULTANCY	START DATE	END DATE	TOTAL APPROVED PROJECT FEE (EXCLUDING GST)	EXPENDITURE 2015-16 (EXCLUDING GST)	FUTURE EXPENDITURE (EXCLUDING GST)
Epworth HealthCare	Statistical Consultancy Services	Aug-15	Jan-16	22,775.00	22,775.00	-
KT Consultancy	Leadership Program Medical Leaders	Sep-15	Dec-15	30,000.00	30,000.00	-
Price Waterhouse Coopers	Health Data Analytics Project	Oct-15	Jan-16	50,159.49	50,159.49	-
Ernst & Young	Box Hill Hospital Car Park Business Case	Aug-15	May-16	43,150.00	43,150.00	-
Larter Consulting	MBS for Ambulatory Community Mental Health Services	Jan-16	Jun-16	19,594.50	19,594.50	-
Price Waterhouse Coopers	Business Intelligence – Transformation	Oct-15	Mar-16	86,930.80	86,930.80	-
Capire	Healesville Hospital Consultation	Jun-16	Aug-16	11,770.80	11,770.80	-
Nicole Amsing Consulting	Ongoing Training, Education and Development Project	Mar-16	Sep-16	33,000.00	9,900.00	23,100.00
TOTAL				**297,380.59**	**274,280.59**	**23,100.00**

In 2015-16, Eastern Health engaged 11 consultancies where the total fees payable to the consultants were less than $10,000, with a total expenditure of $43,140 (excl. GST).

ENVIRONMENTAL PERFORMANCE

Eastern Health aims to be a *"great achiever in sustainability"* and a diverse range of collaborative projects and initiatives across all levels of the organisation contribute to this strategic direction.

In 2015-16, Eastern Health continued to implement our environmental management plan with an ongoing focus on water, energy and waste initiatives. These initiatives include water harvesting, resulting in more than 30,000 litres of water being recycled each day. We have maintained a lighting replacement strategy, with some of these sustainable lighting systems using one third of the energy of standard lighting.

We have also introduced more co-mingling waste bins that encourage recycling and reduce waste to landfill, and our fleet vehicles have been upgraded to take advantage of improved safety features, as well as enhanced fuel efficiency.

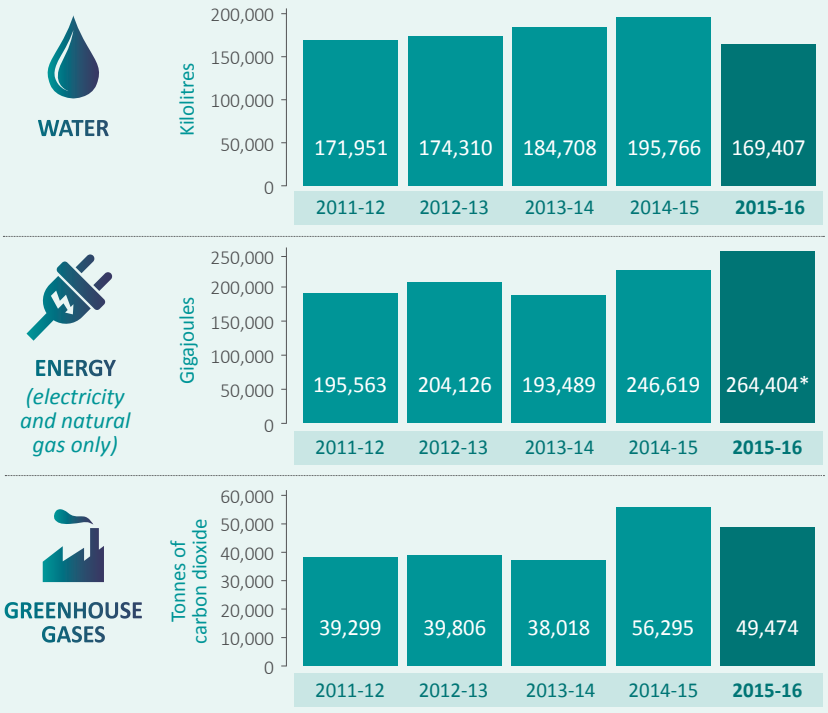
Eastern Health's supply department has continued to review and source products that minimise our impact on the environment, such as the replacement of foam cups with more sustainable paper cups.

A number of capital projects are being planned, designed or built at Angliss Hospital, Maroondah Hospital and Healesville & District Hospital *(see page 32)* with sustainable principles in mind. In July 2016, a Magnetic Resonance Imaging facility at Maroondah Hospital will open with state-of-the-art LED lighting that further enhances our commitment to sustainability.

We continue to be inspired by our staff, volunteers and sustainability champions who have initiated recycling processes in the workplace and community.

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.



** Eastern Health's performance over the past five years shows a jump in consumption (2014-15) associated with the commissioning of Building A at Box Hill Hospital. While we have relied heavily on electrical energy to support technology enhancements, we have managed to contain the increased energy usage to a minimum. Our water performance has improved through the refinement of recycled water systems and we have managed greenhouse gas abatements through a changed energy mix for heating and cooling.*

All numbers were correct at the time of publication, based on the information available.

MAJOR DIGITAL PROJECTS

Eastern Health is recognised as a national leader in health information technology. Key to this has been our *Great Digital Information Strategy 2015-2020*.

This strategy understands the importance of ensuring patients and clients have timely access to information. Eastern Health's Electronic Medical Record (EMR) project is a key component of this strategy and its vision to transform healthcare into *"great health and wellbeing"*.

The EMR system documents all administrative and clinical information relevant to a patient's hospital stay, allowing for better care co-ordination.

By providing fast, easy and secure access to critical patient information, the EMR will mean safer and improved quality of care, and it will allow staff to spend more time with their patients.

We are continuing the successful implementation of Electronic Medications Management commenced at Peter James Centre and Wantirna Health across other programs, including acute wards.

Angliss Hospital will be the next recipient of this clinical transformation, with Box Hill Hospital scheduled to go live in early 2017, in preparation for the implementation of the core EMR.

Details of ICT expenditure (excluding GST)

Total ICT expenditure incurred during 2015-16 is $35.314 million, as per below:

BAU ICT EXPENDITURE	NON-BAU ICT EXPENDITURE	OPERATIONAL EXPENDITURE	CAPITAL EXPENDITURE
26.214 million	9.100 million	0.457 million	8.643 million

BAU - Business as usual

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 2016.

ANDREW CONWAY
CHAIR
EASTERN HEALTH RISK AND AUDIT COMMITTEE
11 August 2016

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 2015-16 and no conversations with the Industry Capability Network.

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 2015-16.

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
11 August 2016

ATTESTATION FOR COMPLIANCE WITH THE MINISTERIAL STANDING DIRECTION 4.5.5 – RISK MANAGEMENT FRAMEWORK AND PROCESSES

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 has verified this.

ALAN LILLY
CHIEF EXECUTIVE
EASTERN HEALTH
11 August 2016

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	2015-16	2014-15	2013-14	2012-13	2011-12
Number of requests	1243	1173	1153	1141	1224
Access provided in full	759	747	739	808	999
Access provided in part	376	307	337	251	163
No documents	44	36	30	29	17
Access denied	10	4	2	8	1
Request withdrawn by applicant	25	17	9	11	5
Transferred to another agency	0	0	0	0	1
Complaints lodged with FOI Commissioner*	6	7	4	0	N/A
Referred to FOI Commissioner for review*	6	6	6	4	N/A
Decisions deferred to VCAT	1	0	0	2**	1
Requests not completed	29	62	36	34	38

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

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new research applications approved

See Eastern Health's *2016 Research Report* at www.easternhealth.org.au

OUR GOVERNANCE

COMMITTEE STRUCTURE

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

Cancer patients undergoing chemotherapy have more one-on-one time with their nurse following a review of day oncology services. Staff introduced a range of improvements, including standard appointment times for treatments and education packs for patients at Eastern Health's day chemotherapy units. *"All three units saw an increase in direct nursing time and a decrease in nurses being interrupted,"* said Box Hill Hospital Associate Nurse Unit Manager Simone Brownlie, pictured with a patient.

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 12 meetings are scheduled each financial year.

All Board Directors whose appointments expired on 30 June 2015 were reappointed.

During 2015-16, 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 (recently retired from practice)
- Chair of the Medical Board of Australia
- Chair of Health Service Board Chairs (Victoria)
- Board Director at Ambulance Victoria

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

THE HON FRAN BAILEY

BAEd DipT (Secondary) GAICD

Appointed 1 July 2014

Current professional positions

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

MR W. KIRBY CLARK

BCom & Fin CA (Australia) CA (Canada) FAICD

Appointed 1 July 2007

Retired 30 June 2016

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 PAULINE NUGENT

BAppSc (Nursing Ed) MEd

Appointed 1 July 2009

Professional position

- Provost, Australian Catholic University

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 *(honoris causa)*, Shanghai University of Finance and Economics

MR DENIS HOGG AM

BSc BCom MBA

Appointed 1 July 2011

Professional positions

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

MR TASS MOUSAFERIADIS

BEd Grad Dip HealthEd Grad Cert BusMgt

Appointed 8 December 2015

Professional position

- Consultant to health and community agencies on policy, strategy and organisational development

DR KELLY TROPEA

BCom(Hons) MFin PhD

Appointed 30 July 2013

Retired 30 June 2016

Professional position

- Lecturer, Monash Business School, Monash University

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: Dr 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 Diane Fisher, Angela Fitzpatrick, Liz Flemming-Judge, Jeanette Kinahan, Jill Linklater, Tarnya McKenzie, Jane Oldham, Edward Thomson and Jan Wirth.

Some of its activities in 2015-16 included ongoing involvement in numerous expert advisory committees, governance committees and quality improvement projects, involvement in the organisation's accreditation survey in September 2015 and assisting with the preparation of the annual *Quality Account* (formerly the Quality of Care Report) to the community.

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.

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

QUALITY COMMITTEE

Chair: **Prof Pauline Nugent**

Members: Hon Fran Bailey (until August 2015)
Prof Andrew Conway
Mr Denis Hogg AM
Mr Tass Mousaferiadis
Dr Kelly Tropea

Jeanette Kinahan, Jill Linklater and Jan Wirth are community representatives.

The Quality Committee is responsible to the Board for ensuring that effective and accountable systems are in place to monitor and improve the quality and effectiveness of health services provided by Eastern Health; any systemic problems identified with the quality and effectiveness of health services are addressed in a timely manner; Eastern Health strives to continuously improve quality and foster innovation; and that clinical risk and patient safety are managed effectively.

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

PRIMARY CARE AND POPULATION HEALTH ADVISORY COMMITTEE

Chair: **Mr Denis Hogg AM**

Members: Dr Joanna Flynn AM

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

Ms Ronda Jacobs
Chief Executive
Carrington Health

Ms Shannon Lang
Program Director
Ambulatory & Community Services
Eastern Health

Mr Alan Lilly
Chief Executive
Eastern Health

Prof Danielle Mazza
Head
Department of General Practice
Monash University

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

Ms Robin Whyte
Chief Executive
Eastern Melbourne Primary Health Network

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

In accordance with the requirements of section 65ZC of the *Health Services Act 1988*, the committee consists of members who between them have:

- Expertise in or knowledge of the provision of primary health services in the areas served by Eastern Health

Continued on page 40

BOARD COMMITTEES

From page 39

- 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.

The committee structure was adjusted during the year to accommodate the new Primary Health Network structure adopted by the Commonwealth Government.

The committee reviewed the initial approach to be adopted by the Eastern Melbourne Primary Health Care Collaborative and set objectives to enable continual review of the implementation of the Primary Care and Population Health Plan.

RISK AND AUDIT COMMITTEE

Chair: **Mr W. Kirby Clark**

Members: Mr Stuart Alford
Hon Fran Bailey
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.

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

STRATEGY, PLANNING AND HUMAN RESOURCES ADVISORY COMMITTEE

Chair: **Mr Denis Hogg AM**

Members: Hon Fran Bailey
Mr Alan Lilly
Dr 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
- Monitoring implementation of the *People Strategy* and *Research Strategy*
- Planning and monitoring of major capital works and projects.

With the major building project at Box Hill Hospital completed, the committee focused on the development of the next phase of the *Strategic Plan*, covering the period 2016 to 2020, implementation of the *Great Digital Information Strategy* and a number of other projects, including the new MRI facility at Maroondah Hospital, Healesville hospital redevelopment and the development of master plans for a number of sites. The committee also monitored the implementation of the *Human Resources Strategy*.

REMUNERATION COMMITTEE

Chair: **Dr Joanna Flynn AM**

Members: Mr Stuart Alford
Prof Pauline Nugent

The primary purpose of the Remuneration Committee is to assist the Board to discharge its responsibilities under government policy in relation to the remuneration of the Chief Executive and members of the Executive. The committee assisted the Board to fulfill its obligations with respect to Executive remuneration.

OBJECTIVES, FUNCTIONS, POWERS AND DUTIES

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

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

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

For more information, please refer to our performance against the strategic priorities on pages 17-27.

OUR PEOPLE

- Fostering an environment that values and supports our staff
- Listening to what our staff tell us
- Enhancing management capabilities
- Providing a supportive learning environment
- Increasing our Aboriginal workforce
- Rewarding and recognising outstanding employees

Perioperative Registered Nurse Liz Webber uses the Post-Anaesthetic Care Tool, or PACT, a specially-designed nursing assessment tool that improves the recognition and response to patients at risk of clinical deterioration after surgery. Following a research study that involved 1400 patients, the tool was introduced across Eastern Health to enhance early detection of complications and adverse events, with the subsequent response resulting in faster patient recovery and thus, minimising long-term consequences.

WORKING AT EASTERN HEALTH

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

HIGHLIGHTS

42.8
average age of employees

18
age of youngest employee

83
age of oldest employee

79
percentage of workforce that is female

85
number of nationalities that make up the Eastern Health workforce

Healthcare is becoming an increasingly challenging environment, with escalating demand for care and services, an ageing workforce and budget pressures. Eastern Health's *People Strategy 2013-16*, along with the research strategy, clinical education plans and annual improvement and innovation plans, have been instrumental in helping us work towards the strategic direction of providing *"a great place to learn and work".*

PEOPLE STRATEGY

Understanding the strong correlation between patient care and employee engagement, Eastern Health continues to deliver its *People Strategy 2013-16* which enables an integrated and sustainable approach to all aspects of the employee lifecycle and the creation of a positive, inclusive and high-performing organisational culture. The aim is to provide high-quality care to our communities in an environment that values and supports its employees.

In 2015-16, the emphasis continued on organisational development and human resource management through a range of people initiatives to attract, develop and retain employees, and strengthen Eastern Health's culture and reputation. Many of the identified initiatives and projects have been completed or are well underway in the final year of the three-year strategy.

These are regularly evaluated and reported to the Eastern Health Executive and/or to the People Strategy Reference Group. Efforts are ongoing to ensure most of these initiatives are integrated and embedded in clinical practice and day-to-day operations, including human resources processes and overall organisational culture.

MATURE-AGED WORKFORCE

With an increasing mature-aged workforce (21.6 per cent of employees are over 55), employees' access to flexible working arrangements is being reviewed to facilitate transition to retirement. Focus groups were undertaken with managers and mature-aged employees to better understand their requirements. As a result, there has been an increase in part-time work offered – 53.8 per cent (up from 50.6 per cent in 2012-13). This arrangement is significantly higher at Eastern Health than the 44.2 per cent at comparative health services.

Generally, the number of employees aged over 50 increases by 1.2 per cent every two years. Eastern Health participated in the *Mature Aged Workers Add Value* project funded by the Department of Health and Human Services that assists organisations to enhance engagement and retention of their older workforce, particularly nurses and midwives.

PEOPLE MATTER SURVEY

Follow-up continues to ensure that program leadership teams implement their identified improvement actions from the 2014 survey results.

In response to the findings, training sessions were organised with an external provider to improve management capabilities when dealing with bullying, harassment and grievances, and further enhance a safe workplace.

More than 140 senior managers attended the practical half-day training. Management development sessions in the areas of building change management capabilities and increasing informal and formal feedback to staff were developed and offered on an ongoing basis.

In quarter four of 2015, there was a significant improvement in completion rates for performance appraisals and for the first time in December 2015, 87 per cent of employees were reported to have undertaken a formal annual review meeting with their manager. Team-building sessions are also being held across various departments and wards to enhance a positive workplace culture.

Regular organisation-wide communication of improvements, based on staff feedback, is also undertaken to build employees' confidence in the staff surveying process i.e. that their suggestions are being considered by management and improvement actions undertaken in the workplace.

Another round of the People Matter Survey was distributed to all employees in June 2016 to continue to assess their job satisfaction and engagement at work. Thirty-six per cent of employees completed this survey, which is administered by the Victorian Public Sector Commission. Survey results are due in August 2016.

STAFF SUPPORT

Eastern Health launched its first *Staff Health and Wellbeing Standard* in mid-2016. The standard highlights existing and new support mechanisms for staff, as well as focusing on the various dimensions of a healthy workplace, linking staff (and their loved ones) to tip sheets, external contacts, reference material and the Employee Assistance Program. Four staff wellbeing workshops were provided and a Wellbeing Leadership Group established. Members will contribute to the development of future wellbeing programs as Eastern Health strives to be an employer of choice and *"a great place to learn and work"*. *See page 20 for more information.*

STAFF SCHOLARSHIPS

Eastern Health has a scholarship program to encourage staff to undertake relevant accredited undergraduate or postgraduate courses to further develop their knowledge and skills. Enhancing staff capabilities enables continuous improvement of the quality and safety of patient care and service delivery. Eighty-eight applications were received for staff scholarships during the past financial year and 95 per cent of them were granted a scholarship that supports payment of their study fees. Most of the scholarship recipients are undertaking Masters in Nursing or Health Sciences.

ONLINE LEARNING

Online learning courses, both in clinical and organisational areas, are offered to employees to facilitate their learning and improve the accessibility of training across employee groups. The visual design standard update of more than 200 online courses was completed in 2016. Furthermore, an additional 46 learning packages are being developed for release in 2016.

Aboriginal Employment Plan

There are now 26 Aboriginal and Torres Strait Islander people identified in the Eastern Health workforce, which is an increase from five in May 2014. Since the Aboriginal Employment Plan was implemented in 2014, eight new employees have joined the workforce. Five people commenced as trainees and three in casual roles.

Two traineeship positions in 2015-16 were funded from *Koolin Balit* training grants provided by the Department of Health and Human Services. These approved traineeships are for the creation of a health assistant in nursing role and continuation of an alcohol and drug worker at Wellington House. In 2015, four Aboriginal traineeships were completed: Alcohol and drug trainee at Wellington House, two theatre trainee technicians at Box Hill Hospital and a mental health trainee in the Child and Youth Mental Health Service.

An Aboriginal cultural awareness training program developed in-house by the Organisational Development and Workforce Planning team was launched in May 2015 with 79 per cent of staff completing the online course. The *2012-2015 Aboriginal Employment Plan* is now being renewed for another three-year period, in consultation with internal and external stakeholders.

Senior Occupational Therapist and Koonung Mental Health Clinic Case Manager Seigrid Cook, left, and Doncaster Continuing Care Team Nurse Robin Suprun discuss employment options for their clients, as part of their individual recovery journey. In 2014, Eastern Health's Adult Mental Health Service joined forces with the Mental Illness Fellowship and ORS Group Employment Services to improve employment outcomes for their clients. This partnership provides an opportunity for consumers with severe mental health conditions to obtain employment with the assistance of a co-located ORS specialist, who links them with sustainable competitive employment. Unlike other employment services, ORS employs staff to work collaboratively with their co-located Eastern Health partners, specifically the Koonung, Waverley and Doncaster Continuing Care mental health teams.

INDUSTRIAL RELATIONS

Enterprise negotiations for the *Nurses and Midwives (Victorian Public Health Sector) (Single Interest Employers) Enterprise Agreement* reached an early resolution in March 2016. Industrial bans during these negotiations were limited and short in duration.

Negotiations were ongoing for the *Victorian Public Mental Health Services Enterprise Agreement and the Victorian Public Health Sector (Health Professionals, Health and Allied Services, Managers and Administrative Officers) Multiple Enterprise Agreement*, with the latter forming two separate enterprise agreements following the separation of health professionals.

Limited industrial bans for both mental health and health professionals were still in place at the time of publishing this report. In addition, some time was lost through a stopwork meeting called by the Victorian Allied Health Professionals Association (parties to the negotiations for health professionals) on June 30, 2016 however, Eastern Health reported limited involvement.

Negotiations for the *Public Health Sector (Medical Scientists, Pharmacists and Psychologists) Multi-Enterprise Agreement* will commence in the latter half of 2016.

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.

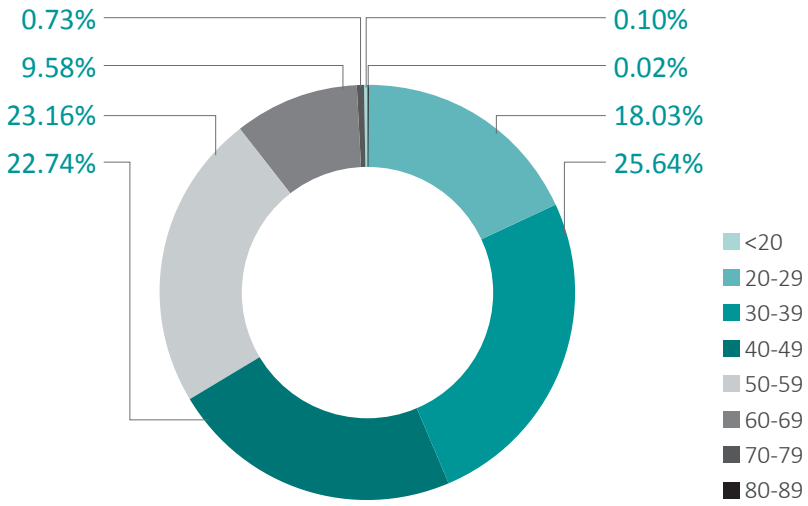
We are committed to the employment principles outlined in the Victorian Government's *Public Administration Act 2004*, which are essential to an effective and harmonious workplace.

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.

Brenda Hotchin and Teddy Sikhali from the Inner East Intake and Assessment Service are providing quality alcohol and drug support services to local communities in Melbourne's east through a partnership called the Eastern Consortium of Alcohol and Drug Services, led by Turning Point, which is part of Eastern Health. The service gives clients an opportunity to receive a comprehensive assessment and individual treatment plan. Treatment options include referrals for counselling, care and recovery co-ordination, non-residential withdrawal and residential services, such as detoxification and rehabilitation.

Workforce age breakdown 2015-16



AGE GROUP (YEARS)	NUMBER OF STAFF	PERCENTAGE
<20	9	0.10
20-29	1633	18.03
30-39	2322	25.64
40-49	2059	22.74
50-59	2097	23.16
60-69	868	9.58
70-79	66	0.73
80-89	2	0.02
TOTAL	**9056**	**100**

Workforce Data

	2011-12	2012-13	2013-14	2014-15	2015-16
Full-Time	2694	2736	2675	2628	2681
Part-Time	4317	4433	4720	4854	4982
Casual	1338	1138	1119	1201	1393
TOTAL	**8349**	**8307**	**8514**	**8683**	**9056**

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

LABOUR CATEGORY	JUNE CURRENT MONTH FTE		JUNE YTD FTE	
	2015	2016	2015	2016
Nursing	2611.5	2697.2	2569.5	2621.1
Administration and clerical	851.2	857.0	844.7	845.9
Medical support*	499.5	549.6	513.5	534.6
Hotel and allied services	293.1	297.7	287.7	293.2
Medical officers	120.0	115.0	116.2	116.1
Hospital medical officers	526.3	562.5	528.9	548.9
Sessional clinicians	155.1	176.7	149.1	162.3
Ancillary staff (allied health)	549.6	557.7	566.5	554.8

Breakdown of Workforce – Full-Time Equivalent Staff

LABOUR CATEGORY	2011-12	2012-13	2013-14	2014-15	2015-16
Nursing	2462	2482.5	2564.9	2611.5	2697.2
Administration and clerical	790.1	783.7	842.1	851.2	857.0
Medical support*	435	477.5	516.5	499.5	549.6
Hotel and allied services	286.3	287.7	284.1	293.1	297.7
Medical officers	105.7	109.8	112.7	120.0	115.0
Hospital medical officers	482.5	498.0	513.4	526.3	562.5
Sessional clinicians	118.3	137.8	150.2	155.1	176.7
Ancillary staff (allied health)	618.7	552.2	578.3	549.6	557.7
TOTAL	**5298.6**	**5329.2**	**5562.2**	**5603.2**	**5813.4**

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

Winners of the Aspire to Inspire (A2i) Awards are, from left, Rose Purcell, representing the Healesville & District Hospital Food Services Team (Teamwork), Beverley Green (Compassion), Sally Richardson (Sustainability), Philippa Blencowe (Integrity), Dr Vikas Wadhwa (Consumer Participation), Damien Gibney, Vera Webber, Katrina Hall and Tass Kostopoulos (Closing the Health Gap), Julie Wilcox, representing the Pharmacy Manufacturing Team (Workplace Safety and Wellbeing), Maureen McMahon (Excellence), Kathy Gribble (Respect), Michelle Fleming (Accountability), Poly Kranz (Collaboration) and Eddie Thomson (Volunteer).

Strategic Goal 3.2

Communicating and consulting with our staff and providing feedback, reward and recognition.

A2i AWARDS

More than 300 staff and guests attended Eastern Health's fifth annual Aspire to Inspire (A2i) Awards where the contribution of our staff and volunteers was acknowledged.

Long-time staff members who marked 25, 30, 35, 40 and even 50 years of service were recognised at the marquee event, with obstetrician and gynaecologist Dr Edwin Caldwell notching up 50 years of service at Box Hill Hospital.

Nominees from across all sites and programs were acknowledged for their commitment to exemplifying the Eastern Health values and key strategic priorities.

Eastern Health Chief Executive Alan Lilly said it was a special day for the individuals and teams who had their loyalty, hard work and dedication recognised. *See winners' photo above.*

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 2016, the award recipients were:

Chief Nursing and Midwifery Officer Award:

Catherine O'Halloran
Clinical Lead, Hospital Admission Risk Program, Ambulatory & Community Services
and
Maggie McIntosh
Associate Director, Practice Development Unit, Community, Ambulatory and Mental Health

Chair in Nursing Research Award:

Emma Cain
Registered Nurse, Adult Inpatient Unit, Mental Health, Maroondah Hospital

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

Catherine Taylor
Registered Nurse, Emergency Department, Box Hill Hospital

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

Hamish Smith
Registered Nurse, Emergency Department, Box Hill Hospital

Preceptor of the Year:

Edmore Chisango
Registered Nurse, North Ward, Palliative Care, Wantirna Health

Dr Edwin Caldwell reached an impressive milestone at Box Hill Hospital – 50 years of service. As a consultant obstetrician and gynaecologist, it is estimated that Dr Caldwell has delivered 10,000 babies throughout his career.

DISCLOSURE INDEX

The *Eastern Health Annual Report 2015-16* 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 22G	Initiatives and key achievements	17-27
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Financial and other information		
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FRD 11A	Disclosure of ex-gratia expenses	N/A
FRD 21B	Responsible person and executive officer disclosures	108-110
FRD 22G	Application and operation of *Protected Disclosure Act 2012*	36
FRD 22G	Application and operation of *Carers' Recognition Act 2012*	N/A
FRD 22G	Application and operation of *Freedom of Information Act 1982*	36
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OUR FINANCIAL STATEMENTS

2015-2016

Management Accountant Assistant Lee Monks is producing some great cost-savings for Maroondah Hospital with her initiatives. Lee, who received Eastern Health's Sustainability Award in 2015, reviewed and implemented a system for the hire of crutches to patients which saved the emergency department more than $15,000. She also reviewed all magazine and newspaper subscriptions purchased by the hospital and was able to reduce costs by more than 80 per cent, as well as waste, by removing lightly read publications.

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

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

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2016 and financial position of Eastern Health as at 30 June 2016.

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 11 August 2016
(Box Hill – Melbourne)

VAGO

Victorian Auditor-General's Office

Level 24, 35 Collins Street
Melbourne VIC 3000

Telephone 61 3 8601 7000
Facsimile 61 3 8601 7010

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INDEPENDENT AUDITOR'S REPORT

To the Board Members, Eastern Health

The Financial Report

I have audited the accompanying financial report for the year ended 30 June 2016 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.

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, I and my 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 the Eastern Health as at 30 June 2016 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*.

Dr Peter Frost
Acting Auditor-General

MELBOURNE
12 August 2016

EASTERN HEALTH

COMPREHENSIVE OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

	NOTE	2016 $'000	2015 $'000
Revenue from Operating Activities	2	886,770	815,879
Revenue from Non-Operating Activities	2	4,103	4,493
		890,873	**820,372**
Employee Benefits	3	(639,033)	(606,494)
Non Salary Labour Costs	3	(5,899)	(5,613)
Supplies & Consumables	3	(155,439)	(124,084)
Finance Costs	5	(857)	(893)
Other Expenses From Continuing Operations	3	(89,346)	(83,217)
		(890,574)	**(820,301)**
NET RESULT BEFORE CAPITAL & SPECIFIC ITEMS		**299**	**71**
Capital Purpose Income	2	42,505	62,675
Gain/(loss) on Disposal of Non-Current Assets	2a	(179)	(2,998)
Depreciation & Amortisation	4	(65,282)	(61,653)
NET RESULT FOR THE YEAR		**(22,657)**	**(1,905)**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to net result			
Changes in asset revaluation surplus/(loss)	17	17,767	-
TOTAL COMPREHENSIVE RESULT FOR THE YEAR		**(4,890)**	**(1,905)**

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

EASTERN HEALTH

BALANCE SHEET AS AT 30 JUNE 2016

	NOTE	2016 $'000	2015 $'000
ASSETS			
Current Assets			
Cash and Cash Equivalents	6	2,691	10,690
Receivables	7	25,778	21,382
Investments and Other Financial Assets	8	5,992	3,303
Inventories	9	5,409	4,508
Prepayments	10	1,943	985
TOTAL CURRENT ASSETS		**41,813**	**40,868**
Non-Current Assets			
Receivables	7	32,997	24,825
Land	11	97,343	79,576
Buildings	11	696,080	697,925
Plant, Equipment & Motor Vehicles	11	62,229	70,071
Furniture & Fittings	11	10,749	11,675
Leasehold Improvements	11	459	1,135
Intangible Assets	12	3,355	5,165
TOTAL NON-CURRENT ASSETS		**903,212**	**890,372**
TOTAL ASSETS		**945,025**	**931,240**
LIABILITIES			
Current Liabilities			
Payables	13	62,977	55,299
Borrowings	14	617	579
Provisions	15	147,720	139,691
Other Liabilities	16	7,124	4,252
TOTAL CURRENT LIABILITIES		**218,438**	**199,821**
Non-Current Liabilities			
Borrowings	14	12,523	13,140
Provisions	15	20,873	21,400
TOTAL NON-CURRENT LIABILITIES		**33,396**	**34,540**
TOTAL LIABILITIES		**251,834**	**234,361**
NET ASSETS		**693,191**	**696,879**
EQUITY			
Asset Revaluation Surplus	17a	215,640	197,873
Restricted Specific Purpose Surplus	17a	27,920	25,441
Contributed Capital	17b	236,964	235,762
Accumulated Surpluses/(Deficits)	17c	212,667	237,803
TOTAL EQUITY		**693,191**	**696,879**
Commitments	20		
Contingent Assets & Contingent Liabilities	21		

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

EASTERN HEALTH

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

2016	NOTE	EQUITY AT 1 JULY 2015 $'000	COMPREHENSIVE RESULT $'000	EQUITY AT 30 JUNE 2016 $'000
Accumulated Surplus/(Deficit)	**17c**	**237,803**	**(22,657)**	**215,146**
Transfer (To)/ From Restricted Specific Purpose Reserve		-	(2,479)	(2,479)
		237,803	**(25,136)**	**212,667**
Contribution by Owners	**17b**	**235,762**	**1,202**	**236,964**
		235,762	**1,202**	**236,964**
Reserves				
Asset Revaluation Reserve	17a	197,873	17,767	215,640
Restricted Specific Purpose Reserve	17a	25,441	2,479	27,920
		223,314	**20,246**	**243,560**
TOTAL EQUITY AT THE END OF THE FINANCIAL YEAR		**696,879**	**(3,688)**	**693,191**

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**

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

EASTERN HEALTH

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

	NOTE	2016 $'000	2015 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		772,986	707,469
Capital Grants from Government		22,124	13,147
Patient and Resident Fees Received		45,234	42,899
Recoupment from Private Practice for use of Hospital Facilities		22,494	20,450
GST Received from ATO		25,511	23,736
Interest Received		1,144	2,365
Other Receipts		39,177	37,442
TOTAL RECEIPTS		**928,670**	**847,508**
Employee Benefits Paid		(634,859)	(597,964)
Fee for Service Medical Officers		(2,257)	(2,929)
Payments for Supplies & Consumables		(175,426)	(142,634)
Finance Costs		(857)	(893)
Other Payments		(91,912)	(85,893)
TOTAL PAYMENTS		**(905,311)**	**(830,313)**
NET CASH INFLOW FROM OPERATING ACTIVITIES	**18**	**23,359**	**17,195**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Properties, Plant & Equipment		(31,389)	(46,793)
Proceeds from Sale of Properties, Plant & Equipment		610	90
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(30,779)**	**(46,703)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Loan from Treasury Corporation of Victoria		(579)	(543)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		**(579)**	**(543)**
NET INCREASE/(DECREASE) IN CASH HELD		**(7,999)**	**(30,051)**
CASH AND CASH EQUIVALENTS AT 1 JULY 2015		**10,690**	**40,741**
CASH AND CASH EQUIVALENTS AT 30 JUNE 2016	**6**	**2,691**	**10,690**
Non-cash financing and investing activities	25		

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These annual financial statements represent the audited general purpose financial statements for Eastern Health for the period ending 30 June 2016. The report provides users with information about the Health Services' stewardship of resources entrusted to it.

(A) STATEMENT OF COMPLIANCE

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

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

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

The annual financial statements were authorised for issue by the Board of Eastern Health on 11 August 2016.

(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 2016, and the comparative information presented in these financial statements for the year ended 30 June 2015.

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 when new indices are published by the Valuer General 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); and
- 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).
- The fair value of assets other than land is generally based on their depreciated replacement value.

Judgements, estimates and assumptions are required to be made about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances, 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:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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 and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates, with a risk of material adjustments in the subsequent reporting period, relate to:

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

(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 of outputs.

Manner of Establishment

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

(D) SCOPE AND PRESENTATION OF FINANCIAL STATEMENTS

Fund Accounting

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 Eastern Health, the Department of Health & Human Services and the Victorian Government to measure the on-going operating 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 (e))*. Consequently, the recognition of revenue as capital purpose income is based on the intention of the provider of the revenue at the time the revenue is provided
- Specific income/expense, comprises the following items, where material:
  - Voluntary departure packages
  - Write-down of inventories
  - 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 (i)
- Depreciation and amortisation, as described in Note 1 (f)
- Assets provided or received free of charge *(refer to Note 1 (e) and (f))*
- Expenditure using capital purpose income, comprises expenditure which either falls below the asset capitalisation threshold set at $1,000 (2015: $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.
- Other economic flows are changes arising from market remeasurements including the revaluations of employee long service leave entitlement provisions *(refer Note 15)*.

Balance sheet

Assets and liabilities are categorised either as current or non-current (non-current being mainly 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 changes in equity from opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the comprehensive result and amounts recognised in other comprehensive income.

Cash flow statement

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

Rounding

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

(E) INCOME FROM TRANSACTIONS

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Indirect Contributions from the Department of Health and Human Services

- Insurance is recognised as revenue following advice from the Department of Health and Human Services.
- Long Service Leave (LSL) – Revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Metropolitan Health and Aged Care Services Division Hospital Circular 05/2013 (update for 2014-15).

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.

(F) EXPENSE RECOGNITION

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

Costs of Goods Sold

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

Employee expenses

Employee expenses include:

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

Defined contribution superannuation plans

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

Defined benefit superannuation plans

The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by the health service to the superannuation plans in respect of the services of current health service staff during the reporting period.

Superannuation contributions are made to the plans based on the relevant rules of each plan, and are based upon actuarial advice.

Employees of Eastern Health are entitled to receive superannuation benefits and 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

	2015-16	2014-15
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 amount exceeds its 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

(G) OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

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

Net gain/ (loss) on non-financial assets

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

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

Refer to Note 1(i) 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 (h))*; 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 an 'other economic flow' on a systematic basis over the asset's useful life. Amortisation begins when the asset is available for use that is when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

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 (i) Assets.*

Revaluations of financial instrument at fair value

Refer to Note 1 (h) Financial instruments.

Other gains/ (losses) from other economic flows

Other gains/ (losses) include:

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates, this will also include the impact of changes related to the impact of moving from the 2004 long service leave model to the 2008 long service leave model. The impact of the changes related to moving from 2004 long service leave model to 2008 long service leave model has been to increase the provision for long service leave by $6.162 million for year ended 30 June 2016. This amount has not been recorded separately as other economic flows in 2016 as the amount of revenue provided by Department of Health and Human Services and related to this movement has not been able to be separately identified and is included in revenue from operating activities; and
- transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

(H) 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(i))*, 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

(I) 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 with an 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 uncollectible are written off. A provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified.

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

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

Investments and Other Financial Assets

Hospital investments must be in accordance with Standing Direction 4.5.6 – Treasury Risk Management. Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Investments are classified 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. Management 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 for all other inventory 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 loss. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a merger/machinery of government are transferred at their carrying amount.

More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 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 physical 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Leasehold improvements

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

Revaluations of Non-Current Physical Assets

Non-current physical assets are measured at fair value and are revalued in accordance with 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 recognised in 'other comprehensive income' and are credited directly in equity to the asset revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that same class of asset previously recognised as an expense in net result, the increment is recognised as income in the net result.

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

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

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

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

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 may be impaired.

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

- Inventories and
- Assets arising from construction contracts

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

It is deemed that, in the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs of disposal.

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

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*.

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

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

Employee Benefits

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Wages and Salaries, Annual Leave, and Accrued Days Off

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

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

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

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

Long Service Leave (LSL)

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

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

The components of this current LSL liability are measured at:

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

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

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

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in 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 decides to accept an offer of benefits in exchange for the termination of employment.

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

On-Costs related to employee expense

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

Superannuation liabilities

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

(K) 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

Eastern 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

(L) EQUITY

Contributed Capital

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

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 Surplus

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

(M) 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.

(N) 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.

(O) 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.

(P) CATEGORY GROUPS

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

Admitted Patient Services (Admitted Patients) comprises all acute and subacute admitted patient services, where services are delivered in public hospitals.

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

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

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

(Q) ECONOMIC DEPENDENCY

Eastern Health Service is reliant on the Department of Health and Human Services for a substantial part of its revenue.

(R) GOING CONCERN

The financial statements are prepared on a going concern basis.

The health service has:

- a net result from continuing activities of $22.657 million loss for the year ended 30 June 2016 (30 June 2015 $1.905 million loss) including net capital expense of $22.956 million (30 June 2015 $1.976 million net capital expense);
- a working capital deficiency of $103.565 million at 30 June 2016 ($96.141 million deficiency as at 30 June 2015). This is derived by current assets ($41.813 million) less current liabilities ($218.438 million) plus employee benefits not expected to be settled in the next 12 months ($73.060 million);
- net cash inflows generated from operating activities of $23.359 million for the year ended 30 June 2016 including capital income of $22.124 million ($17.195 million for the year ended 30 June 2015 including capital income of $13.147 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 2017.

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.

(S) FUNCTIONAL AND PRESENTATION CURRENCY

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

(T) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 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 2016, 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 16 ***Leases***	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	1 January 2019	The preliminary assessment has identified a material impact arising from AASB 16, it will continue to be monitored and assessed.

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

STANDARD/ INTERPRETATION	SUMMARY	APPLICABLE FOR REPORTING PERIODS BEGINNING AFTER	IMPACT ON HEALTH SERVICE'S ANNUAL STATEMENTS
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.
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.

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

STANDARD/ INTERPRETATION	SUMMARY	APPLICABLE FOR REPORTING PERIODS BEGINNING AFTER	IMPACT ON HEALTH SERVICE'S ANNUAL STATEMENTS
AASB 2015 6 ***Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not for Profit Public Sector Entities*** ***[AASB 10, AASB 124 & AASB 1049]***	AASB 2015 6 extends the scope of AASB 124 Related Party Disclosures to not for profit public sector entities. Guidance has been included to assist the application of the Standard by not for profit public sector entities.	1 July 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 2015-16 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 2015-16 reporting period and considered to have insignificant impacts on public sector reporting.

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

Note 2: Analysis of Revenue by Source

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

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

RAC = Residential Aged Care

EDS = Emergency Department Services

Note 2: Analysis of Revenue by Source *(continued)*

	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		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
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 - Interest		-	-	-	-	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**

*** 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 2a: Net Gain/(Loss) on Disposal of Non-Financial Assets

	2016 $'000	2015 $'000
Proceeds from Disposal of Non-Current Assets		
Plant & Equipment		
■ Major Medical Equipment	-	-
■ Computers & Communication	-	-
■ Minor Plant	-	-
Buildings	-	-
Furniture & Fittings	8	-
Motor Vehicles	602	90
TOTAL PROCEEDS FROM DISPOSAL OF NON-CURRENT ASSETS	**610**	**90**
Less: Written Down Value of Non-Current Assets Sold or Disposed		
Plant & Equipment		
■ Major Medical Equipment	427	2,422
■ Computers & Communication	3	44
■ Minor Plant	-	25
Buildings	-	2
Software	-	13
Furniture & Fittings	32	220
Motor Vehicles	327	362
TOTAL WRITTEN DOWN VALUE OF NON CURRENT ASSETS SOLD	**789**	**3,088**
NET GAINS/(LOSSES) ON DISPOSAL OF NON-CURRENT ASSETS	**(179)**	**(2,998)**

Note 3: Analysis of Expenses by Source

	NOTE	ADMITTED PATIENTS 2016 $'000	NON - ADMITTED 2016 $'000	EDS 2016 $'000	MENTAL HEALTH 2016 $'000	RAC INCLUDING MENTAL HEALTH 2016 $'000	AGED CARE 2016 $'000	PRIMARY HEALTH 2016 $'000	OTHER 2016 $'000	TOTAL 2016 $'000
Services Supported by Health Services Agreement										
Employee Expenses		457,879	8,284	59,066	72,707	9,045	5,243	5,025	21,784	639,033
Non Salary Labour Costs		4,129	-	172	341	132	-	581	544	5,899
Supplies & Consumables		147,726	424	2,865	2,797	397	8	39	1,183	155,439
Other Expenses		54,231	618	3,212	19,074	1,074	1,489	2,686	6,659	89,043
Audit Fees										
■ Auditor-General	24	123	-	-	-	-	-	-	-	123
■ Other		171	-	-	-	2	-	-	7	180
TOTAL EXPENSES FROM OPERATING ACTIVITIES		**664,259**	**9,326**	**65,315**	**94,919**	**10,650**	**6,740**	**8,331**	**30,177**	**889,717**
Depreciation & Amortisation	4	-	-	-	-	-	-	-	65,282	65,282
Finance Costs	5	-	-	-	-	-	-	-	857	857
TOTAL OTHER EXPENSES		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**66,139**	**66,139**
TOTAL EXPENSES		**664,259**	**9,326**	**65,315**	**94,919**	**10,650**	**6,740**	**8,331**	**96,316**	**955,856**

RAC = Residential Aged Care

EDS = Emergency Department Services

Note 3: Analysis of Expenses by Source *(continued)*

	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
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**

RAC = Residential Aged Care

EDS = Emergency Department Services

Note 3a: Analysis of Expense & Revenue by Internally Managed and Restricted Specific Purpose Funds for Services

	EXPENSES		REVENUE	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Private Practice and Other Patient Activities	1,682	2,645	3,904	4,163
Car Park	2,648	1,653	4,987	3,781
Education & Training	1,051	584	52	127
Catering	537	434	542	505
Others	2,176	2,374	3,979	3,625
Equipment Funds Transfer	-	-	4,848	4,182
Commissions	1,442	1,142	4,983	4,460
Interest	-	-	986	1,787
Property Income	1,562	1,447	3,517	3,023
Other Activities				
Fundraising and Community Support	1,921	1,758	1,907	2,737
Research and Scholarship	994	864	2,116	1,776
TOTAL	**14,013**	**12,901**	**31,821**	**30,166**

Note 4: Depreciation and Amortisation

	2016 $'000	2015 $'000
Depreciation		
Buildings	39,373	35,382
Plant & Equipment		
■ Major Medical	9,650	9,385
■ Computers and Communication	6,678	6,030
Furniture and Fittings	2,217	2,016
Motor Vehicles	958	1,183
TOTAL DEPRECIATION	**58,876**	**53,996**
Amortisation		
Leasehold Improvements	684	783
Software	5,722	6,874
TOTAL AMORTISATION	**6,406**	**7,657**
TOTAL DEPRECIATION & AMORTISATION	**65,282**	**61,653**

Note 5: Finance Costs

	2016 $'000	2015 $'000
Interest on Long Term Borrowings	857	893
TOTAL	**857**	**893**

Note 6: Cash and Cash Equivalents

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

	2016 $'000	2015 $'000
Cash on Hand	31	26
Cash at Bank	2,063	8,932
Short Term Money Market	597	1,732
TOTAL CASH AND CASH EQUIVALENTS	**2,691**	**10,690**
Represented by:		
Cash for Health Service Operations (as per Cash Flow Statement)	2,691	10,690
TOTAL CASH AND CASH EQUIVALENTS	**2,691**	**10,690**

Note 7: Receivables

	TOTAL 2016 $'000	TOTAL 2015 $'000
CURRENT		
Contractual		
Trade Debtors	13,755	7,731
Patient Fees	10,772	10,182
Accrued Investment Income	-	13
Accrued Income	424	569
Less Allowance for Doubtful Debts		
Trade Debtors	(617)	(710)
Patient Fees	(1,700)	(1,490)
	22,634	**16,295**
Statutory		
GST Receivable	2,517	2,017
Accrued Revenue - Department of Health / Department of Health and Human Services	627	3,070
	3,144	**5,087**
TOTAL CURRENT RECEIVABLES	**25,778**	**21,382**
NON CURRENT		
Statutory		
Long Service Leave - Department of Health / Department of Health and Human Services	32,997	24,825
TOTAL NON CURRENT RECEIVABLES	**32,997**	**24,825**
TOTAL RECEIVABLES	**58,775**	**46,207**
(a) Movement in the allowance for doubtful contractual receivables		
Balance at the beginning of the year	2,200	2,012
Amounts written off during the year	-	-
Amounts recovered during the year	-	-
Increase/(decrease) in allowance recognised in net result	117	188
BALANCE AT THE END OF THE YEAR	**2,317**	**2,200**

(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 2016 $'000	OPERATING FUND 2015 $'000	SPECIFIC PURPOSE FUND 2016 $'000	SPECIFIC PURPOSE FUND 2015 $'000	CAPITAL FUND 2016 $'000	CAPITAL FUND 2015 $'000	TOTAL 2016 $'000	TOTAL 2015 $'000
CURRENT									
Loans and receivables									
Australian Dollar Term Deposits >= 3 months (i)		-	-	5,992	3,303	-	-	5,992	3,303
TOTAL		**-**	**-**	**5,992**	**3,303**	**-**	**-**	**5,992**	**3,303**
Represented by:									
Monies Held in Trust									
■ Accommodation Bonds (Refundable Entrance Fees) (ii)		-	-	5,992	3,303	-	-	5,992	3,303
TOTAL		**-**	**-**	**5,992**	**3,303**	**-**	**-**	**5,992**	**3,303**

NOTES:

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

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

(a) Ageing analysis of investments and other financial assets

Please refer to note 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

	2016 $'000	2015 $'000
Pharmaceuticals - at cost	3,262	2,428
Medical and Surgical Lines - at cost	1,113	1,047
Allied Health and Diagnostics - at cost	1,034	1,033
TOTAL INVENTORIES	**5,409**	**4,508**

Note 10: Prepayments

	2016 $'000	2015 $'000
CURRENT		
Prepayments		
■ Maintenance Contracts	1,241	719
■ Rental, Licences & Memberships	702	266
TOTAL INVENTORIES	**1,943**	**985**

Note 11: Property, Plant & Equipment

(a) Gross carrying amount and accummulated depreciation

	2015 $'000	2015 $'000
Land		
Land at Fair Value	97,343	79,576
■ Less Impairment	-	-
TOTAL LAND	**97,343**	**79,576**
Buildings		
Buildings at Cost	397,031	346,801
■ Less Accumulated Depreciation	(26,004)	(11,032)
	371,027	**335,769**
Buildings Under Construction at cost	22,216	34,917
Buildings at Fair Value	351,641	351,641
■ Less Accumulated Depreciation	(48,804)	(24,402)
	302,837	**327,239**
TOTAL BUILDINGS	**696,080**	**697,925**
Leasehold Improvements		
Leasehold Improvements	5,284	5,276
■ Less Accumulated Depreciation	(4,825)	(4,141)
TOTAL LEASEHOLD IMPROVEMENTS	**459**	**1,135**
Plant and Equipment		
Medical Equipment at Fair Value	103,449	97,872
■ Less Accumulated Depreciation	(59,187)	(51,554)
	44,262	**46,318**
Computers and Communication at Fair Value	44,780	43,671
■ Less Accumulated Depreciation	(31,323)	(25,943)
	13,457	**17,728**
Assets Under Construction	2,232	3,394
TOTAL PLANT AND EQUIPMENT	**59,951**	**67,440**
Motor Vehicles		
Motor Vehicles at Fair Value	6,956	7,159
■ Less Accumulated Depreciation	(4,678)	(4,528)
TOTAL MOTOR VEHICLES	**2,278**	**2,631**
TOTAL PLANT, EQUIPMENT AND MOTOR VEHICLES	**62,229**	**70,071**
Furniture and Fittings		
Furniture and Fittings at Fair Value	24,995	23,988
■ Less Accumulated Depreciation	(14,246)	(12,313)
TOTAL FURNITURE AND FITTINGS	**10,749**	**11,675**
TOTAL	**866,860**	**860,382**

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 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 1 JULY 2015	**79,576**	**664,143**	**34,917**	**67,440**	**11,675**	**2,631**	**860,382**
Additions	-	3,786	40,284	5,006	430	932	50,438
Net transfers between classes	-	46,451	(52,985)	4,262	894	-	(1,378)
Disposals	-	-	-	(429)	(33)	(327)	(789)
Depreciation and Amortisation (note 4)	-	(40,057)	-	(16,328)	(2,217)	(958)	(59,560)
Revaluation increments/ decrements	17,767	-	-	-	-	-	17,767
BALANCE AS AT 30 JUNE 2016	**97,343**	**674,323**	**22,216**	**59,951**	**10,749**	**2,278**	**866,860**

Buildings carried at valuation

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

The effective date of the valuation was 30 June 2014.

Land carried at Valuation

Land has been revalued as at 30 June 2016 based on a managerial valuation. This managerial valuation is determined from original independent valuation at 30 June 2014 uplifted by Valuer Generals land indices between 30th June 2014 and 30th June 2016. This resulted in an overall 22% increase in Land valuation.

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

Note 11: Property, Plant & Equipment *(continued)*

(c) Fair value measurement hierarchy for assets as at 30 June 2016

	CARRYING AMOUNT AS AT 30 JUNE 2016	FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING:		
		LEVEL 1 (1)	LEVEL 2 (1)	LEVEL 3 (1)
Land at fair value				
Non-specialised land	686	-	686	-
Specialised land	96,657	-	-	96,657
TOTAL OF LAND AT FAIR VALUE	**97,343**	**-**	**686**	**96,657**
Buildings at fair value				
Non-specialised buildings	23,817	-	23,817	-
Specialised buildings	650,506	-	-	650,506
TOTAL OF BUILDING AT FAIR VALUE	**674,323**	**-**	**23,817**	**650,506**
Plant and equipment at fair value				
Plant equipment and vehicles at fair value				
■ Vehicles (ii)	2,278	-	-	2,278
■ Plant and equipment	57,719	-	-	57,719
TOTAL OF PLANT, EQUIPMENT AND VEHICLES AT FAIR VALUE	**59,997**	**-**	**-**	**59,997**
Furniture & Fittings at fair value	10,749	-	-	10,749
TOTAL FURNITURE & FITTINGS AT FAIR VALUE	**10,749**	**-**	**-**	**10,749**
Assets under construction at fair value	24,448	-	-	24,448
TOTAL ASSETS UNDER CONSTRUCTION AT FAIR VALUE	**24,448**	**-**	**-**	**24,448**
	866,860	**-**	**24,503**	**842,357**

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**

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. This land has been subsequently revalued as at 30 June 2016 based on a managerial valuation.

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

Note 11: Property, Plant & Equipment *(continued)*

Non-specialised land and non-specialised buildings

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

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

A managerial valuation of land has been undertaken based on the original independent valuation as at 30 June 2014 uplifted by Valuer-General's land indices between 30 June 2014 and 30 June 2016.

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.

A managerial valuation of land has been undertaken based on the original independent valuation as at 30 June 2014 uplifted by Valuer-General's land indices between 30 June 2014 and 30 June 2016.

Vehicles

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

Plant and Equipment

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

There are no changes in valuation techniques throughout the period to 30 June 2016. 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 2016

30 JUNE 2016	LAND	BUILDINGS	PLANT AND EQUIPMENT	FURNITURE & FITTINGS	ASSETS UNDER CONSTRUCTION
Opening Balance	**78,987**	**639,073**	**66,677**	**11,675**	**38,311**
Purchases (sales)	-	50,237	10,606	1,291	(13,863)
Transfers in (out) of Level 3	-	-	-	-	-
Gains or losses recognised in net result					
■ Depreciation	-	(38,804)	(17,286)	(2,217)	-
■ Impairment loss	-	-	-	-	-
SUBTOTAL	**-**	**11,433**	**(6,680)**	**(926)**	**(13,863)**
Items recognised in other comprehensive income					
■ Revaluation	17,670	-	-	-	-
SUBTOTAL	**17,670**	**-**	**-**	**-**	**-**
CLOSING BALANCE	**96,657**	**650,506**	**59,997**	**10,749**	**24,448**
Unrealised gains/(losses) on non-financial assets	-	-	-	-	-
	96,657	**650,506**	**59,997**	**10,749**	**24,448**

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 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/m^2 ($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 - $1,523,210 ($2,664)	■ 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-$60,596 per unit ($8,405 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 - $1,196,840 ($4,536)	■ 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 - $1,533,227 ($25,594)	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

	2016 $'000	2015 $'000
Intangibles		
Software	35,470	34,883
Less Accumulated Amortisation	(32,115)	(29,718)
	3,355	**5,165**
TOTAL WRITTEN DOWN VALUE	**3,355**	**5,165**

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 2014	**8,322**	**8,322**
Additions	3,730	3,730
Disposals	(13)	(13)
Amortisation (note 4)	(6,874)	(6,874)
BALANCE AS AT 1 JULY 2015	**5,165**	**5,165**
Additions	2,534	2,534
Net transfers between classes	1,378	1,378
Disposals	-	-
Amortisation (note 4)	(5,722)	(5,722)
BALANCE AS AT 30 JUNE 2016	**3,355**	**3,355**

NOTE:

(i) *The consumption of separately acquired intangible assets is included in the "amortisation" line item, where the consumption of the internally generated intangible assets is included in "net gain/(loss) on non-financial assets line item on the comprehensive operating statement."*

Note 13: Payables

	2016 $'000	2015 $'000
CURRENT		
Contractual		
Trade Creditors	35,412	31,030
Accrued Expenses	18,675	15,344
Superannuation	5,611	5,251
Work Cover	-	1,541
	59,698	**53,166**
Statutory		
Department of Health and Human Services	70	419
PAYG Payable	3,209	1,714
	3,279	**2,133**
TOTAL CURRENT	**62,977**	**55,299**

(a) Maturity analysis of payables

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

(b) Nature and extent of risk arising from payables

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

Note 14: Borrowings

	2016 $'000	2015 $'000
CURRENT		
Australian Dollar Borrowings -TCV Loan	617	579
TOTAL AUSTRALIAN DOLLARS BORROWINGS	**617**	**579**
TOTAL CURRENT	**617**	**579**
NON CURRENT		
Australian Dollar Borrowings - TCV Loan	12,523	13,140
TOTAL AUSTRALIAN DOLLARS BORROWINGS	**12,523**	**13,140**
TOTAL NON-CURRENT	**12,523**	**13,140**
TOTAL BORROWINGS	**13,140**	**13,719**

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, $2.426 million (2014/15 $2.613 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, $0.683 million (2014/15 $0.813 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 $10.031 million (2014/15 $10.293 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

	2016 $'000	2015 $'000
CURRENT PROVISIONS		
Employee Benefits (Note 15(a))		
Annual leave (Note 15(a))		
■ Unconditional and Expected to be settled within 12 months (ii)	34,302	34,129
■ Unconditional and Expected to be settled after 12 months (ii)	5,628	5,692
Long service leave (Note 15(a))		
■ Unconditional and Expected to be settled within 12 months (ii)	9,207	7,425
■ Unconditional and Expected to be settled after 12 months (ii)	67,432	57,120
Sub-Total	116,569	104,366
Other benefits		
■ Unconditional and Expected to be settled within 12 months (ii)	18,839	23,572
Provisions related to employee benefit on-costs		
■ Unconditional and Expected to be settled within 12 months (ii)	4,577	4,454
■ Unconditional and Expected to be settled after 12 months (ii)	7,735	7,299
	12,312	11,753
TOTAL CURRENT PROVISIONS	**147,720**	**139,691**
NON CURRENT PROVISIONS		
Employee Benefits (i) (Note 15(a))	18,873	19,153
Provisions related to employee benefit on-costs	2,000	2,247
TOTAL NON-CURRENT PROVISIONS	**20,873**	**21,400**
TOTAL PROVISIONS	**168,593**	**161,091**
(a) Current employee benefits and related on-costs		
Unconditional Long Service Leave Entitlements	76,639	64,545
Annual Leave Entitlements	39,930	39,821
Accrued Salaries and Wages	17,009	21,931
Accrued Days Off	944	1,083
Sabbatical Leave	886	558
Current On-Costs	12,312	11,753
NON CURRENT EMPLOYEE BENEFITS AND RELATED ON-COSTS		
Conditional long service leave entitlements (ii)	18,873	19,153
Non-Current On-Costs	2,000	2,247
TOTAL EMPLOYEE BENEFITS AND RELATED ON-COSTS	**168,593**	**161,091**
(b) Movement in provisions		
Movement in Long Service Leave:		
Balance at start of year	93,519	84,157
Provision recognising employee service made during the year	15,339	17,658
Revaluations	6,369	-
Settlement made during the year	(9,596)	(8,296)
BALANCE AT END OF YEAR	**105,631**	**93,519**

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(j)*

Note 16: Other Liabilities

	NOTE	2016 $'000	2015 $'000
CURRENT			
Income in Advance			
■ Other		1,091	908
Other Liabilities		41	41
		1,132	**949**
Monies Held in Trust			
■ Accommodation Bonds (Refundable Entrance Fees)		5,992	3,303
TOTAL		**7,124**	**4,252**
Total Monies held in trust represented by the following assets:			
Other Financial Assets	8	5,992	3,303
TOTAL		**5,992**	**3,303**

Note 17: Equity

	2016 $'000	2015 $'000
(a) Reserves		
Property, Plant & Equipment Revaluation Surplus		
Balance at the beginning of the reporting period	197,873	197,873
Revaluation Increments/(Decrements)		
■ Land	17,767	-
■ Buildings	-	-
BALANCE AT THE END OF THE REPORTING PERIOD	**215,640**	**197,873**
Represented by:		
■ Land	68,157	50,390
■ Buildings	147,483	147,483
BALANCE AT THE END OF THE REPORTING PERIOD	**215,640**	**197,873**
Restricted Specific Purpose Reserve		
Balance at the beginning of the reporting period	25,441	23,947
Transfer (to) / from Restricted Specific Purpose Reserve	2,479	1,494
BALANCE AT THE END OF THE REPORTING PERIOD	**27,920**	**25,441**
TOTAL RESERVES	**243,560**	**223,314**
(b) Contributed Capital		
Balance at the beginning of the reporting period	235,762	231,510
Capital contribution received from Victorian Government	1,202	4,252
BALANCE AT THE END OF THE REPORTING PERIOD	**236,964**	**235,762**
(c) Accumulated Surpluses/(Deficits)		
Balance at the beginning of the reporting period	237,803	241,202
Net Result for the Year	(22,657)	(1,905)
Transfer (to) / from Restricted Specific Purpose Reserve	(2,479)	(1,494)
BALANCE AT THE END OF THE REPORTING PERIOD	**212,667**	**237,803**
(D) TOTAL EQUITY AT THE END OF FINANCIAL YEAR	**693,191**	**696,879**

Note 18: Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities

	2016 $'000	2015 $'000
Net Result for the Year	**(22,657)**	**(1,905)**
Depreciation & Amortisation	65,282	61,653
Net (Gain)/Loss from Sale of Plant & Equipment	179	2,998
Capital Grant - Indirect Contribution by Department of Health and Human Services	(20,381)	(49,528)
Grant - Indirect Contribution by Department of Health and Human Services	(8,172)	(4,621)
Change in Operating Assets and Liabilities		
(Increase)/Decrease in Receivables	(4,513)	(2,132)
(Increase)/Decrease in Other Current Assets	(1,859)	(197)
Increase/(Decrease) in Provision for Doubtful Debts	117	188
Increase/(Decrease) in Other Current Liabilities	183	(90)
Increase/(Decrease) in Payables	7,678	(448)
Increase/(Decrease) in Employee Benefits	7,502	11,277
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	**23,359**	**17,195**

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 Investment risk and credit risk practice guidelines.

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

2016	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	-	-	2,691	-	-	2,691
Receivables	-	-	13,755	-	-	13,755
Other debtors	-	-	10,772	-	-	10,772
Other Financial assets	-	-	5,992	-	-	5,992
TOTAL FINANCIAL ASSETS (I)	**-**	**-**	**33,210**	**-**	**-**	**33,210**
Financial Liabilities						
Payables	-	-	-	-	59,698	59,698
Interest Bearing Liabilities	-	-	-	-	13,140	13,140
Other Liabilities	-	-	-	-	6,033	6,033
TOTAL FINANCIAL LIABILITIES (II)	**-**	**-**	**-**	**-**	**78,871**	**78,871**

Note 19: Financial Instruments *(continued)*

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**

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)*

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

2015	NET HOLDING GAIN/LOSS $'000	TOTAL INTEREST INCOME/ (EXPENSE) $'000	FEE INCOME/ EXPENSE $'000	IMPAIRMENT LOSSES $'000	TOTAL $'000
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**

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

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

Note 19: Financial Instruments *(continued)*

(b) Credit Risk

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

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

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

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

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

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

2016	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
Financial Assets					
Cash and Cash Equivalent^	2,691	-	-	-	2,691
Other Financial Assets^	5,992	-	-	-	5,992
TOTAL FINANCIAL ASSETS (I)	**8,683**	**-**	**-**	**-**	**8,683**

2015	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
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**

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 30/06/2016

INTEREST RATE EXPOSURE AS AT 30 JUNE 2016	CONSOLIDATED CARRYING AMOUNT $'000	NOT PAST DUE AND NOT IMPAIRED $'000	PAST DUE BUT NOT IMPAIRED					IMPAIRED FINANCIAL ASSETS $'000
			LESS THAN 1 MONTH $'000	1-3 MONTHS $'000	3 MONTHS - 1 YEAR $'000	3 MONTHS - 1 YEAR $'000	OVER 5 YEARS $'000	
Financial Assets								
Cash and Cash Equivalents	2,691	2,691	-	-	-	-	-	-
Receivables - Trade Debtors	13,755	10,535	1,509	854	508	349	-	(617)
Receivables - Other Debtors	10,772	2,230	3,490	2,756	1,747	549	-	(1,700)
Other Financial Assets	5,992	5,992	-	-	-	-	-	-
TOTAL FINANCIAL ASSETS	**33,210**	**21,448**	**4,999**	**3,610**	**2,255**	**898**	**-**	**(2,317)**

INTEREST RATE EXPOSURE AS AT 30 JUNE 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	
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)**

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.

Note 19: Financial Instruments *(continued)*

(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, $2.426 million(2014-15 $2.613 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 $0.683 million (2014-15 $0.813 million) was still owed. 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 $10.031 million (2014-15 $10.293 million) was still owed. 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

2016	CARRYING AMOUNT $'000	CONTRACTUAL CASH FLOWS $'000	MATURITY DATES				
			LESS THAN 1 MONTH $'000	1-3 MONTHS $'000	3 MONTHS - 1 YEAR $'000	3 MONTHS - 1 YEAR $'000	OVER 5 YEARS $'000
Financial Liabilities							
Trade Creditors and Accruals	59,698	59,698	38,804	20,894	-	-	-
Interest Bearing Liabilities	13,140	13,140	50	100	467	2,687	9,836
Other Liabilities	6,033	-	-	-	6,033	-	-
TOTAL FINANCIAL LIABILITIES	**78,871**	**72,838**	**38,854**	**20,994**	**6,500**	**2,687**	**9,836**

2015	CARRYING AMOUNT $'000	CONTRACTUAL CASH FLOWS $'000	MATURITY DATES				
			LESS THAN 1 MONTH $'000	1-3 MONTHS $'000	3 MONTHS - 1 YEAR $'000	3 MONTHS - 1 YEAR $'000	OVER 5 YEARS $'000
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**

Note 19: Financial Instruments *(continued)*

(d) Market Risk

Eastern Health's exposures to market risk are primarily through interest rate risk with only insignificant exposure to foreign currency and other price risks.

Objectives, policies and processes used to manage each of these risks are disclosed in the paragraph below.

Currency risk

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

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

Interest rate risk

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

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

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

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

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

INTEREST RATE EXPOSURE AS AT 30 JUNE 2016	WEIGHTED AVERAGE EFFECTIVE INTEREST RATES (%)	CARRYING AMOUNT $'000	INTEREST RATE EXPOSURE		
			FIXED INTEREST RATE $'000	VARIABLE INTEREST RATE $'000	NON INTEREST BEARING $'000
Financial Assets					
Cash and Cash Equivalents	2.25%	2,691	-	2,660	31
Receivables -Trade Debtors	-	13,755	-	-	13,755
Receivables - Other Debtors	-	10,772	-	-	10,772
Other Financial Assets	2.91%	5,992	5,992	-	-
		33,210	**5,992**	**2,660**	**24,558**
Financial Liabilities					
Trade Creditors and Accruals	-	59,698	-	-	59,698
Interest Bearing Liabilities	6.50%	13,140	13,140	-	-
Other Liabilities	-	6,033	-	6,033	-
		78,871	**13,140**	**6,033**	**59,698**

Note 19: Financial Instruments *(continued)*

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

INTEREST RATE EXPOSURE AS AT 30 JUNE 2015	WEIGHTED AVERAGE EFFECTIVE INTEREST RATES (%)	CARRYING AMOUNT $'000	INTEREST RATE EXPOSURE		
			FIXED INTEREST RATE $'000	VARIABLE INTEREST RATE $'000	NON INTEREST BEARING $'000
Financial Assets					
Cash and Cash Equivalents	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**

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 1.75%
- 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.

2016	CARRYING AMOUNT $'000	INTEREST RATE EXPOSURE				OTHER PRICE RISK			
		-0.5%		+0.5%		-0.5%		+0.5%	
		PROFIT $'000	PROFIT $'000	PROFIT $'000	PROFIT $'000	PROFIT $'000	PROFIT $'000	PROFIT $'000	PROFIT $'000
Financial Assets									
Cash and cash equivalents	2,691	(13)	(13)	13	13	-	-	-	-
Receivables - Trade Debtors	13,755	-	-	-	-	-	-	-	-
Receivables - Other Debtors	10,772	-	-	-	-	-	-	-	-
Other Financial assets	5,992	(30)	(30)	30	30	-	-	-	-
Financial Liabilities									
Payables	59,698	-	-	-	-	-	-	-	-
Interest Bearing Liabilities	13,140	-	-	-	-	-	-	-	-
Other Liabilities	6,033	-	-	-	-	-	-	-	-

2015	CARRYING AMOUNT $'000	INTEREST RATE EXPOSURE				OTHER PRICE RISK			
		-0.5%		+0.5%		-0.5%		+0.5%	
		PROFIT $'000	PROFIT $'000	PROFIT $'000	PROFIT $'000	PROFIT $'000	PROFIT $'000	PROFIT $'000	PROFIT $'000
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	-	-	-	-	-	-	-	-

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 2016 $'000	FAIR VALUE 2016 $'000	CARRYING AMOUNT 2015 $'000	FAIR VALUE 2015 $'000
Financial Assets				
Cash and cash equivalents	2,691	2,691	10,690	10,690
■ Receivables - Trade Debtors	13,755	13,138	7,731	7,021
■ Receivables - Other Debtors	10,772	9,072	10,182	8,692
Other Financial assets	5,992	5,992	3,303	3,303
TOTAL FINANCIAL ASSETS	**33,210**	**30,893**	**31,906**	**29,706**
Financial Liabilities				
Payables	59,698	59,698	53,166	53,166
Interest Bearing Liabilities	13,140	13,140	13,719	13,719
Other Liabilities	6,033	6,033	3,344	3,344
TOTAL FINANCIAL LIABILITIES	**78,871**	**78,871**	**70,229**	**70,229**

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

	2016 $'000	2015 $'000
CAPITAL COMMITMENTS: *(Commitments* for the acquisition of fixed assets.)*		
Payable		
Land and Buildings	29,387	14,774
Plant & Equipment		
■ Medical Equipment	9,747	4,316
■ Computer Equipment	17,355	1,112
■ Other Equipment	4,392	2,680
■ Motor Vehicles	102	33
TOTAL CAPITAL COMMITMENTS	**60,983**	**22,915**
Payable		
Not later than one year	44,327	18,375
Later than one year but not later than 5 years	16,656	4,540
Later than 5 Years	-	-
TOTAL	**60,983**	**22,915**
OPERATING COMMITMENTS: *(Commitments* for operating expenditure under contracts for the supply of services, materials and other but not recognised as liabilities)*		
Supplies & Consumables		
■ Medical	150,334	63,050
■ Other	67,559	100,244
Maintenance Contracts		
■ Medical	3,992	2,619
■ Non-Medical	481	651
■ Information Technology	13,370	16,270
TOTAL OPERATING COMMITMENTS	**235,736**	**182,834**
Payable		
■ Not later than one year	83,341	82,302
■ Later than one year but not later than 5 years	105,562	100,532
■ Later than 5 Years	46,833	-
TOTAL	**235,736**	**182,834**
Lease Commitments:		
Commitments in relation to leases contracted for at the reporting date:		
Operating Lease	5,758	5,508
TOTAL LEASE COMMITMENTS	**5,758**	**5,508**
Payable		
■ Not later than one year	2,200	1,641
■ Later than one year but not later than 5 years	3,558	3,290
■ Later than 5 Years	-	577
TOTAL LEASE COMMITMENTS	**5,758**	**5,508**
TOTAL COMMITMENTS (INCLUSIVE OF GST)	**302,477**	**211,257**
Less GST recoverable from Australian Tax Office	27,498	19,205
TOTAL COMMITMENTS (EXCLUSIVE OF GST)	**274,979**	**192,052**

** 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.

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 2016. (2014-15 Nil).

Note 22: Operating Segments

2016	SEGMENT REVENUE $'000	SEGMENT EXPENDITURE $'000	NET RESULT FROM ORDINARY ACTIVITIES $'000	SEGMENT ASSETS $'000	SEGMENT LIABILITIES $'000	SEGMENT EQUITY $'000	ACQUISITION OF PROPERTY PLANT & EQUIPMENT $'000	DEPRECIATION & AMORTISATION $'000	NON CASH EXPENSES OTHER THAN DEPRECIATION $'000
Segment									
Hospital	922,084	945,206	(23,122)	926,742	243,913	682,829	52,903	64,962	296
Nursing Homes	9,574	9,161	413	12,812	5,162	7,650	45	212	-
Hostel	1,541	1,489	52	5,471	2,759	2,712	24	108	-
TOTAL	**933,199**	**955,856**	**(22,657)**	**945,025**	**251,834**	**693,191**	**52,972**	**65,282**	**296**

2015	SEGMENT REVENUE $'000	SEGMENT EXPENDITURE $'000	NET RESULT FROM ORDINARY ACTIVITIES $'000	SEGMENT ASSETS $'000	SEGMENT LIABILITIES $'000	SEGMENT EQUITY $'000	ACQUISITION OF PROPERTY PLANT & EQUIPMENT $'000	DEPRECIATION & AMORTISATION $'000	NON CASH EXPENSES OTHER THAN DEPRECIATION $'000
Segment									
Hospital	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**

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 Jill Hennessy, Minister for Health, Minister for Ambulance Services	1/7/2015 - 30/06/2016
The Honourable Martin Foley, Minister for Housing, Disability and Ageing, Minister for Mental Health	1/7/2015 - 30/06/2016
Governing Board:	
Dr Joanna Flynn AM	1/7/2015 - 30/06/2016
Mr Denis Hogg AM	1/7/2015 - 30/06/2016
Mr Stuart Alford	1/7/2015 - 30/06/2016
Professor Andrew Conway	1/7/2015 - 30/06/2016
Dr Kelly Tropea (appointment expired 30/6/16)	1/7/2015 - 30/06/2016
Mr W Kirby Clark (appoinment expired 30/6/16)	1/7/2015 - 30/06/2016
Professor Pauline Nugent	1/7/2015 - 30/06/2016
Mr Anastasios Mousaferiadis	8/12/2015 - 30/06/2016
Hon Fran Bailey	1/7/2015 - 30/06/2016
Accountable Officer:	
Mr Alan Lilly	1/7/2015 - 30/06/2016

Remuneration of Responsible Persons

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

	NO OF DIRECTORS & ACCOUNTABLE OFFICER 2016	NO OF DIRECTORS & ACCOUNTABLE OFFICER 2015
$20,001 - $30,000	1	1
$30,001 - $40,000	7	7
$70,001 - $80,000	1	1
$460,001 - $470,000	-	1
$510,001 - $520,000	1	-
TOTAL NUMBERS	**10**	**10**
TOTAL REMUNERATION RECEIVED OR DUE AND RECEIVABLE BY RESPONSIBLE PERSONS FROM EASTERN HEALTH AMOUNTED TO:	**$875,928**	**$812,629**

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

For information regarding related party transaction of ministers, the register of members interests is publicly available from **www,parliament.vic.gov.au/publications/register of interests**.

Note 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 commercial conditions and at arms length.

BOARD MEMBER	RELATED ENTITIES	DESCRIPTION OF TRANSACTIONS	YEAR TO 30 JUNE 2016		AT 30 JUNE 2015		YEAR TO 30 JUNE 2016		AT 30 JUNE 2015	
			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	-	-	-	106,253
Stuart Alford	Metropolitan Fire and Emergency Services Board	Fire Service call outs and Fire Equipment Maintenance	-	72,801	-	71,482	-	2,886	-	38,978
Professor Pauline Nugent	Australian Catholic Univerisity	Teaching services	198,791	-	110,072	-	72,754	-	13,668	-
Dr Joanna Flynn AM	Ambulance Victoria	Patient Transport	39,154	1,490,744	-	-	-	137,488	-	-

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.

Dr Joanna Flynn was appointed a Board Member of Ambulance Victoria in Decmber 2015 so no transactions for 2014-15 are disclosed.

Denis Hogg retired as a Non-Executive Director of Device Technologies Australia Pty Ltd in June 2015 so no transactions for 2015-16 are disclosed.

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 2016 NO.	TOTAL REMUNERATION 2015 NO.	BASE REMUNERATION 2016 NO.	BASE REMUNERATION 2015 NO.
$230,001 - $240,000	-	-	1	1
$240,001 - $250,000	-	1	1	3
$250,001 - $260,000	1	2	2	1
$260,001 - $270,000	2	1	1	-
$270,001 - $280,000	1	1	-	1
$280,001 - $290,000	1	-	1	1
$290,001 - $300,000	-	1	1	-
$300,001 - $310,000	1	-	-	-
$310,001 - $320,000	1	1	-	-
$360,001 - $370,000	-	1	-	1
$370,001 - $380,000	1	-	1	-
TOTAL NUMBER OF EXECUTIVES	**8**	**8**	**8**	**8**
TOTAL ANNUALISED EMPLOYEE EQUIVALENT (AEE)*	**8**	**8**	**8**	**8**
TOTAL REMUNERATION FOR THE REPORTING PERIOD FOR:	**$2,337,597**	**$2,266,196**	**$2,215,547**	**$2,141,693**

** 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.

	2016 $'000	2015 $'000
Audit fees paid or payable to the Victorian Auditor-General's Office for the audit of Eastern Health current financial report	123	122
TOTAL PAID OR PAYABLE	**123**	**122**

Note 25: Non-cash Financing and Investing Activities

	2016 $'000	2015 $'000
Acquisition of Assets by means of indirect contribution by Department of Health and Human Services	20,381	49,528
TOTAL NON-CASH FINANCING AND INVESTING ACTIVITIES	**20,381**	**49,528**

Note 26: Superannuation

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

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

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 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	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Defined benefit plans:				
First State Superannuation Fund	744	884	14	27
Defined contribution plans:				
First State Superannuation Fund	31,745	31,398	586	1,063
HESTA Superannuation Fund	14,825	13,584	347	451
TOTAL	**47,314**	**45,866**	**947**	**1,541**

Note 27: Events Occurring After the Balance Sheet Date

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

Note 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.

Note 28: Glossary of terms and style conventions *(continued)*

Financial statements

A complete set of financial statements comprises:

(a) Balance Sheet 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.

Note 28: Glossary of terms and style conventions *(continued)*

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

GLOSSARY INDEX AND CONTACTS

Michelle Garratt was one of the first patients admitted to Box Hill Hospital's new continuing care ward in 2015. She is pictured with Social Worker Jacqueline Green. Patients who need rehabilitation and geriatric evaluation and management are benefitting from an overhaul of services at Eastern Health. Following extensive consultation and planning, a new model of care was introduced in mid-2015 which included standardising the way care is provided across all our sites, improved collaboration between different staff groups and enhanced therapy sessions.

GLOSSARY

ABF	Activity based funding
ACHS	Australian Council on Healthcare Standards
Acute episode	A rapid onset and/or short course of illness
Acute hospital	Short-term medical and/or surgical treatment and care facility
Allied health	Allied health professionals provide clinical healthcare, such as audiology, psychology, nutrition and dietetics, occupational therapy, orthotics and prosthetics, physical therapies including physiotherapy, speech pathology and social work
Ambulatory care	Care given to a person who is not confined to a hospital/requiring hospital admission but rather is ambulatory and literally able to "ambulate" or walk around
Amortisation	Reduction in the value of an intangible asset by pro-rating its cost over a period of years
APAC	The APAC Forum is the Asia-Pacific's premier healthcare conference, managed by Ko Awatea, the centre for health system innovation and improvement at Auckland's Counties Manukau Health
BAU	Business as usual
Discharge	Discharge is the point at which a patient leaves the health service and either returns home or is transferred to another facility, such as a nursing home
DVA	Department of Veterans' Affairs
Chronic condition	An illness of at least six months' duration that can have a significant impact on a person's life and requires ongoing supervision by a healthcare professional
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	Geriatric evaluation and management
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.
GST	Goods and services tax
ICT	Information and communication technology
ICU	Intensive care unit
Inpatient	A patient whose treatment needs at least one night's admission in an acute or sub-acute hospital setting
Koolin Balit	The name of the Victorian Government's strategy for Aboriginal health. *Koolin balit* means healthy people in the Boonwurrung language
NATA	National Association of Testing Authorities
NSQHS Standards	National Safety and Quality Health Service Standards
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
PVC	Polymerising vinyl chloride
SAB	Staphylococcus aureus bacteraemia
Seclusion event	This is the sole confinement of a person to a room or other enclosed space from which it is not within the control of the person confined to leave
Separations	Discharge from an outpatient service
Sub-acute illness	A condition that rates between an acute and chronic illness
Stakeholder	Any person, group or organisation that can lay claim to an organisation's attention, resources or output, or is affected by that output
TAC	Traffic Accident Commission
Terms of reference	Describes the purpose and structure of a committee, or any similar collection of people, who have agreed to work together to accomplish a shared goal
VCAT	Victorian Civil and Administrative Tribunal
VHIMS	Victorian Health Incident Management System
VICNISS	Victorian Healthcare Associated Infection Surveillance System. The "N" stands for a word derived from Greek "nosocomial" meaning "originating in a hospital"
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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Eastern Health is committed to reducing our environmental footprint and living within our means.

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

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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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