easternhealth

2017-2018 Annual Report

GREAT CARE,
EVERYWHERE,
EVERY TIME

OUR VISION

GREAT CARE,
EVERYWHERE,
EVERY TIME

OUR MISSION

TOGETHER WE CARE,
LEARN, DISCOVER
AND INNOVATE

OUR VALUES

PATIENTS FIRST

KINDNESS

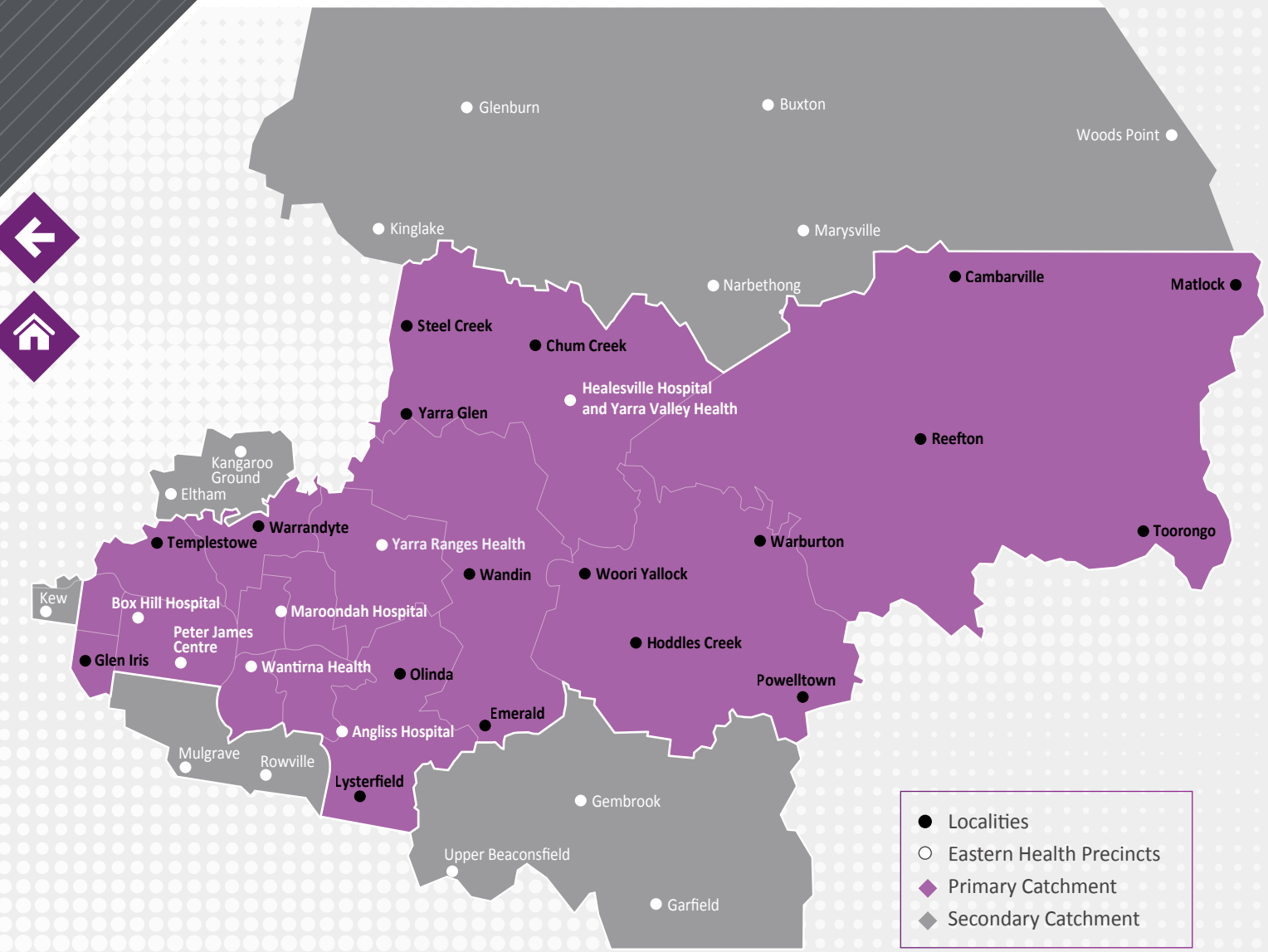
RESPECT

EXCELLENCE

AGILITY

HUMILITY

EASTERN HEALTH CATCHMENTS



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

Since it was established in 2000, Eastern Health has played a key role in the provision of public health services in Melbourne's eastern and outer eastern suburbs. It works with community healthcare providers, such as general practitioners, community health services and affiliated healthcare agencies. Geographically, Eastern Health covers the municipalities of Boroondara, Knox, Manningham, Maroondah, Whitehorse and Yarra Ranges.

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 2018.

Andrew Conway

Chair
Eastern Health Risk and Audit Committee

9 August 2018

MANNER OF ESTABLISHMENT

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

The *Annual Report 2017-18* 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 2018*, which reports Eastern Health's progress and achievements in providing safe, high-quality care.
- *Turning Point 2018*, 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 2017-18* will be presented to the public at Eastern Health's annual meeting on 29 November 2018.

Contents

Our Board Chair and Chief Executive

A major achievement in 2017 was the launch of the *Strategic Plan 2017-2022*, which sets the direction, vision, mission and values for Eastern Health.

This plan emphasises staff safety in recognition of increasing occupational violence and aggression, and articulates the Eastern Health values of patients first, kindness, respect, excellence, agility and humility. ***See page 7 for more information.***

In 2017-18, Eastern Health's services continued to grow as did the number of people accessing treatment and care.

With 1.32 million episodes of patient care (up 6.9 per cent) placing enormous strain on the system, our staff continually responded to the challenges, putting their patients first and providing safe, high-quality care.

Last winter, Victoria experienced one of the worst and most protracted influenza seasons in decades. The influenza period generally lasts three to four months but in 2017, it began in May and did not end until November.

At Eastern Health, confirmed cases of influenza were 31.6 per cent higher than at the same time the year before. The sustained, high number of medical emergency presentations, combined with the need to keep a large number of patients isolated in single rooms and high levels of staff sick leave, placed significant pressure on access for patients seeking admission at all our sites.

As a result, a large number of patients scheduled for elective surgery were cancelled in July and August 2017. Despite this, a record 17,590 elective surgeries were performed in 2017-18.

Demand in the three emergency departments continued to increase in both overall numbers and the acuity of patients who presented, severely stretching our bed capacity and ability to meet time to treatment targets.

Analysis has shown that the majority of this growth was at Box Hill Hospital, which experienced an 11 per cent increase in category 1 and 2 presentations in 2017-18, compared with the previous year, while Maroondah Hospital experienced a seven per cent increase. Overall, there was a 5.5 per cent increase (or 2435 more) in patients arriving at our emergency departments via ambulance, including a seven per cent increase at Angliss Hospital.

This demand translated into an additional 513 admissions from our emergency departments to inpatient beds, primarily in General Medicine, Specialty Medicine and Mental Health, which added pressure on available beds.

CHECKS AND BALANCES

Our robust quality systems for monitoring patient safety were evident when in late 2017 they identified an increase in pressure injuries at Box Hill Hospital. This resulted in a range of strategies being implemented to immediately address the issue, including the decision to replace the entire bed stock. Patient safety is paramount at Eastern Health and the decision to replace the beds was made to minimise the risk of harm to our patients.

Following the tragic death of a staff member in June 2017, staff safety and strategies to reduce occupational violence and aggression were the focus of considerable effort, led by the new Occupational Violence and Aggression Taskforce. Security staff numbers increased and a range of initiatives were implemented to provide staff with a safe and secure working environment and to also ensure the safety of patients and visitors. This work is continuing. *See page 12 for more information.*

In March 2018, Eastern Health successfully underwent an organisation-wide accreditation survey to confirm its compliance with the 15 EQuIP National Standards, 10 National Standards for Mental Health Services and four Human Service Standards. The Australian Council on Healthcare Standards awarded full accreditation to Eastern Health, which met all the requirements. *See page 24 for more information.*

BUILDING FOR THE FUTURE

There were a number of major building projects underway across Eastern Health in 2017-18. The new $20 million critical care and short-stay expansion at Angliss Hospital was completed, with the new Intensive Care Unit being commissioned in October 2018.

The Victorian Government provided $10 million for the construction of a breast and cancer centre at Maroondah Hospital, which is stage one of an integrated cancer centre. Construction was completed in February 2018 and the centre comprises 89 treatment and diagnostic spaces, bringing together under one roof Eastern Health's cancer, surgical and medical imaging services, as well as BreastScreen Victoria (East Ringwood), which screens about 10,000 women each year.

A shortage of car parking at Maroondah Hospital has been a long-standing issue and the planned construction of a 542-space multi-deck car park has progressed, with financial arrangements for the project assisted by a grant of $2 million from the Commonwealth Government's Community Development Programme Fund.

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

"OUR STAFF CONTINUALLY RESPONDED TO THE CHALLENGES, PUTTING THEIR PATIENTS FIRST AND PROVIDING SAFE, HIGH-QUALITY CARE."

Victoria's Department of Health and Human Services has committed $6.5 million for the capital works required to establish a new MRI and Nuclear Medicine service at Box Hill Hospital. This will be owned and operated by Eastern Health and will improve access to these crucial services for people living in the eastern metropolitan region.

On 18 June 2018, Eastern Health commissioned a new eight-bed Addiction Medicine Unit (Rapid Withdrawal Unit) at Box Hill Hospital, which complements a new model of care for clients undergoing drug and/or alcohol detoxification at Wellington House in Box Hill.

Eastern Health is the first health service in Australia to develop this innovative residential Alcohol and Other Drug treatment that can provide enhanced withdrawal and stabilisation support for Victorians.

FINANCIAL SUSTAINABILITY

Despite its best efforts, Eastern Health did not meet its financial targets in 2016-17 and the Board, management and staff worked exceptionally hard to restore financial stability and achieve a break-even result in 2017-18.

Managers worked to improve our financial sustainability while continuing to provide safe, high-quality care for increasing numbers of patients. This pleasing financial result is the culmination of those efforts and everyone involved should be commended.

EMR IMPLEMENTATION

During 2017-18, Eastern Health implemented one of the largest Electronic Medical Record (EMR) solution suites in Australia and the largest Cerner EMR solution suite in any metropolitan health service in Victoria.

The extent of the change in practice and processes was profound. However, the efforts involved and the challenges for staff in adopting the single largest change to clinical work practice and processes for many years should not be underestimated and all those involved in the successful implementation of the EMR deserve to be applauded.

DEPARTURES AND APPOINTMENTS

Ms Joanna Walker and Dr Peter Dorhmann were welcomed to the Board of Directors from 1 July 2017 and Prof Andrew Conway was reappointed to the Board on 1 August 2017 for a further three-year term.
On 30 June 2018, Prof Pauline Nugent and Mr Stuart Alford retired from the Board after nine years of outstanding service.

From 1 July 2018, Board Chair Dr Joanna Flynn AM was reappointed for an additional one-year term, Mr Tass Mousaferiadis was reappointed for a further three-year term and Ms Felicity Pantelidis and Mr Andrew Saunders were appointed to the Board for three-year terms.

LOOKING FORWARD

The security of information held by Eastern Health is a priority. Continually improving cyber security is a focus for the future and with financial assistance from the Department of Health and Human Services, Eastern Health will continue to upgrade its cyber security technology.

Another focus will be implementation of the *People Strategy 2018-2022,* which aims to create an environment in which Eastern Health employees can flourish and succeed in delivering Eastern Health's vision of "great care, everywhere, every time", embed the Eastern Health values and help to ensure that the health service operates as safely, efficiently and effectively as possible. *See page 44 for more information.*

This financial year has been very challenging but despite increased demand for services, it has been a successful one. Eastern Health appreciates the ongoing support of the Department of Health and Human Services, the Minister for Health, the Hon Jill Hennessy, and the Minister for Mental Health, the Hon Martin Foley. We would also like to acknowledge the ongoing efforts of the Board of Directors, the Executive team, staff and volunteers for their work and the contribution they have made to the delivery of safe, high-quality care for patients.

We look forward to continuing to live our values and achieving our vision for the future: ***"Great care, everywhere, every time".***

Dr Joanna Flynn AM

Chair
Eastern Health Board

Adjunct Professor David Plunkett

Chief Executive
Eastern Health

Finance Committee Chair and Chief Finance Officer

Eastern Health's total comprehensive result for 2017-18 is a $47.807 million surplus, which takes into account capital purpose income, land and building revaluations and depreciation.

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

Capital income for the year is $55.6 million for the completion of various projects, including the Angliss Hospital expansion, Electronic Medical Record, Eastern Health Breast and Cancer Centre and Box Hill Hospital refurbishment, as well as funds for additional medical equipment and information technology projects.

A management revaluation of buildings was completed at year end and resulted in the organisation realising an increase in value by $61 million, based on the Valuer-General's indices. A full revaluation of all buildings will be completed in 2018-19.

OPERATING SURPLUS MEETS TARGET

The net result before capital and specific items is a surplus of $190,000. This was the planned outcome, which was to break even, and has occurred as a result of Eastern Health benefitting from a combination of growth funds to support increased services and close monitoring of staffing and consumable costs.

The operating result delivers the outcome the Board of Directors signed in the Statement of Priorities with the Minister for Health for the 2017-18 financial year.

CONTINUING DEMAND FOR SERVICES

Operating revenues grew by nearly six per cent, as forecast, and enabled the continued delivery of much-needed services to our community. All patient treatment areas met or exceeded 100 per cent of nominated funding targets for the year.

In a year with continued pressure to grow our services, it was terrific to limit the increase in operating costs to slightly less than five per cent, which significantly contributed to the delivery of the modest surplus.

The main increase in expenditure was in employee costs (six per cent) due to growth in acute inpatient activity and a number of enterprise bargaining agreements that covered previous periods. These salary increases involved some back-pay arrangements that increased employee costs.

MANAGING OUR COSTS

Eastern Health's management team, as in prior years, prepared a comprehensive operating budget program for revenue and expenditure, accompanied by detailed activity schedules for monitoring bed management, specialist clinics and elective surgery.

Considerable effort was also directed at the identification of sustainable efficiencies through an overall Economic Sustainability Strategy.

While ensuring we continued to meet legislative requirements, we delivered a number of efficiencies, including improving the staffing mix and reducing the use of agency nurses to an all-time low.

The 2017-18 financial year also delivered the lowest unplanned absence in many years and the wellbeing of staff was supported with annual leave taken at higher levels than recent years.

Eastern Health operates three residential aged care facilities and an aged person's hostel at four locations across the catchment.

The segment reporting illustrates the favourable net contribution of $463,000 for the aged care facilities and a $362,000 deficit for the aged person's hostel respectively. The poor result in the hostel was driven by lower occupancy levels at times during the year.

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

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

Stuart Alford

Chair
Finance Committe
(Appointment expired 30 June 2018)

Peter Hutchinson

Chief Finance Officer
Eastern Health

168,898
emergency department presentations – highest on record

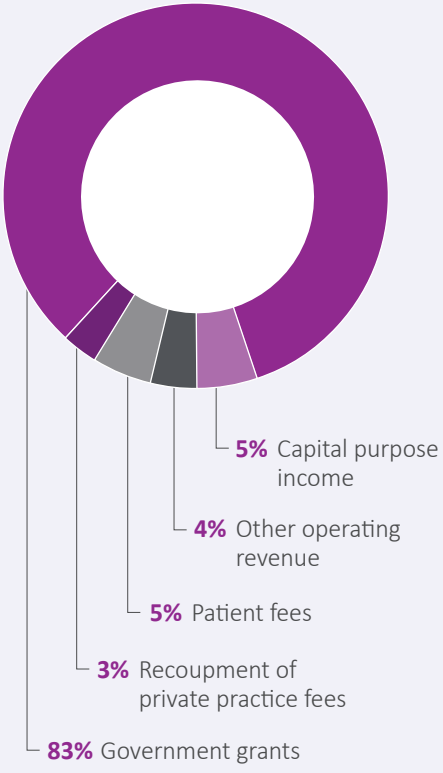
"OPERATING REVENUES GREW BY NEARLY SIX PER CENT, AS FORECAST, AND ENABLED THE CONTINUED DELIVERY OF MUCH-NEEDED SERVICES TO OUR COMMUNITY."

Summary of financial results

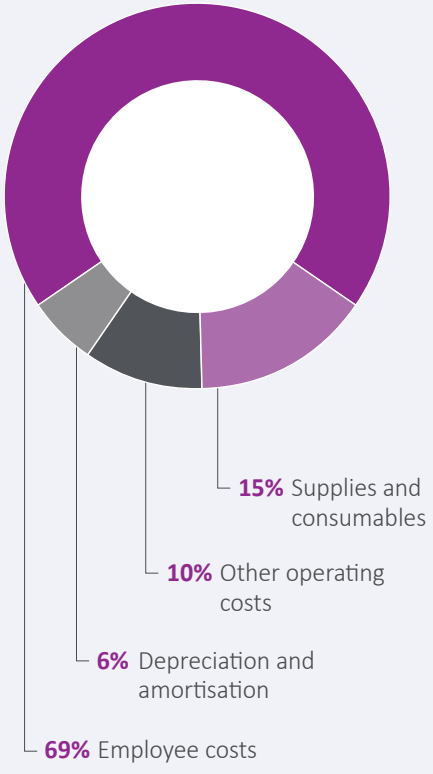
	2018 $000	2017 $000	2016 $000	2015 $000	2014 $000
Total revenue	1,070,437	1,008,430	933,199	880,049	986,530
Total expenses	1,083,638	1,038,198	955,856	881,954	821,846
Other operating flows included in the net result for the year	16	1,246	(727)	-	-
***OPERATING RESULT**	**190**	**(8,439)**	**299**	**71**	**792**
Total assets	1,033,253	950,222	945,025	931,240	918,797
Total liabilities	308,550	273,542	251,834	234,361	224,265
NET ASSETS	**724,703**	**676,680**	**693,191**	**696,879**	**694,532**
TOTAL EQUITY	**724,703**	**676,680**	**693,191**	**696,879**	**694,532**

** The operating result is the result for which the health service is monitored in its Statement of Priorities, also referred to as the Net result before capital and specific items.*

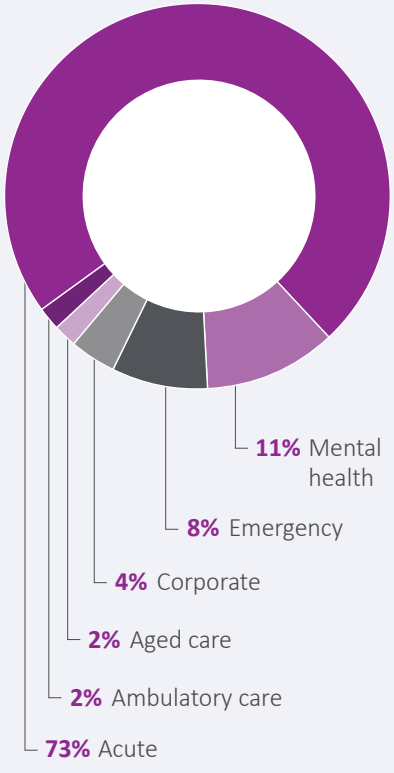
Sources of revenue



Operating expenses



Expenses by services



Our full financial statements start on page 51.

At a glance

Our performance

1,327,468
episodes of patient care – up 6.9% or 85,978 more episodes

168,898
emergency department presentations – up 1.4% – that's one person every 3.1 minutes

4797
babies born – one baby every 108 minutes

47,711
ambulance arrivals to our three emergency departments – average 84% of patients transferred within 40 minutes

38,037
operations – a record 17,590 were elective surgeries

265,107
specialist clinic appointments – up 2.6% or 6620 more appointments

Our financial position

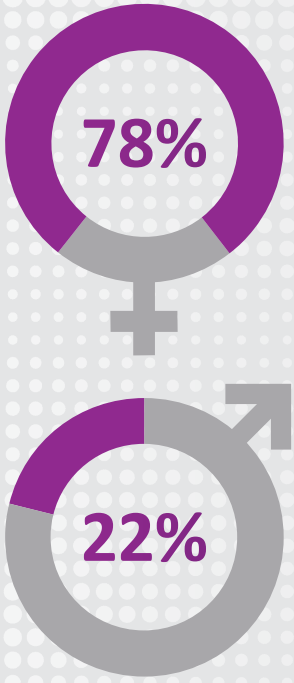
Operating result –
$190,000
surplus

Total revenue –
$1.07 billion

Total expenses –
$1.08 billion

Net assets –
$700 million

Our people



percentage of women and men in the workforce

Our community

870
volunteers

contributed
208,000
hours of service

$285,000
raised by our auxiliaries

$500,000
donated for research

STRATEGIC INITIATIVES

Healthcare excellence

- Great patient outcomes
- Great patient experiences
- Harm-free care

Leading in learning

- Great learner outcomes
- Great learning experiences
- A dynamic learning organisation

Leading in research and innovation

- Innovating for performance excellence
- Renowned for research
- Translating research evidence and innovation to enhance care

A values-based, safe workplace

- Safe workplace for all
- High-performing leaders
- Engaged and empowered people and teams

Eastern Health's *Strategic Plan 2017-2022* will guide us through the current and future challenges of a growing and ageing population, a rapidly-changing digital environment and financial responsibility to live within our means.

At Eastern Health, the term "great" symbolises not just the experience and outcome of care but also the systems of healthcare that support our staff and our patients to experience *great care, everywhere, every time.* This vision statement is embedded in our daily language to guide the work of our teams and represent the aspiration of our organisation.

Our mission is wide-ranging and encompasses the three business fields in which we operate every day. These are the delivery of healthcare services, education to those in, or aspiring to join, the healthcare workforce and research into healthcare and its delivery.

To deliver on our vision over the next five years, Eastern Health will focus its efforts around four strategic initiatives and associated priority goals *(left)*. These strategic initiatives have been determined after careful consideration of the environment in which we operate, the challenges we expect to face and the capabilities and opportunities we have.

Our values also represent a transition for Eastern Health in its approach to driving healthcare excellence. It is the first time in 17 years that our organisation's values have been reimagined.

The decision to revise the values was made specifically in response to feedback from our staff about what is important to them and what kind of work environments will help them to thrive. By living these values every day the Eastern Health team will demonstrate "patients first".

See page 8 for the behaviours that underpin each value.

OUR VALUES

Our values reflect our understanding that, at its most fundamental level, healthcare is about people caring for people. The way we work together in healthcare teams and with patients, their families and our communities, requires us to be kind, respectful, agile and humble, and to strive for excellence in all that we do.

As we live these values each day, our work environments are characterised by respectful and supportive relationships between staff and with our patients and their families. These values represent and describe the very heart of our organisation and what we stand for.

Eastern Health staff have identified the behaviours we will demonstrate for each value and for which we hold ourselves to account.

Patients First

- I place patients' needs and preferences at the centre of my work.
- I include the patient in all aspects of their care, seeking their input, keeping them informed and involved in regular communication.
- I take the time to get to know our patients and what matters to them.
- I communicate using plain language, ask open questions and paraphrase to check that I understand.
- I listen, I hear and I respond.

Kindness

- I am welcoming, I smile and am inviting in tone and body language.
- I prioritise making people feel comfortable.
- I am caring, thoughtful and patient.
- I say thank you and engage in supportive, meaningful conversations.
- I look for opportunities to demonstrate acts of kindness.
- I strive to meet a person's personal and clinical needs.

Respect

- I recognise the rights and dignity of patients, relatives, carers, colleagues and members of the community.
- I seek and take into account others' experiences and viewpoints.
- I have appropriate regard for my own worth.
- I acknowledge and respond to individual and group differences.
- I value the people I work with and the work they do.

Excellence

- I strive to be the best I can be.
- I prioritise safety and act safely.
- I deliver high standards of service and clinical practice.
- I seek, act on and provide constructive feedback.
- I embrace and promote best practice.
- I am curious, questioning and learning all the time.
- I go beyond what is expected.
- I come to work to make a difference.

Agility

- I have a "can do" attitude.
- I am always looking for smarter, better ways to do things.
- I am flexible and responsive to changing and different needs.
- I am willing to try something different.
- I think critically and respond rapidly.

Humility

- I am approachable and seek feedback.
- I am honest and own my mistakes.
- I leave my ego at the door and put myself in the patient's shoes.
- I do not think less of myself but I think of myself less.
- I model being a member of the team as much as being a leader.

ENABLING OUR SUCCESS

Eastern Health is committed to being a high-performing organisation. This builds on our past successes in improving the systems and processes we use, and ensures the safety and reliability of the care we deliver.

Eastern Health understands that this commitment to performance excellence and the discipline of continuous improvement underpin our performance. We apply this discipline to all parts of our organisation, every day, and it is this commitment and consistency that enables our success.

Along with our commitment to performance excellence, through the Strategic Plan we have confirmed the specific enablers of a high-performing organisation. These include:

- Operating systems that create value
- Strategic partnerships
- Digital transformation
- A diverse and secure workforce
- Visibility of performance
- Continued development of capital infrastructure and equipment.

Eastern Health has a number of enabling plans that drive achievement of our strategic intent. These plans are outlined in Section 5 of the Strategic Plan, which is available on the Eastern Health website at **www.easternhealth.org.au**. These plans will be reviewed and updated to support progress over the life of the Strategic Plan.

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To learn more about how we live our values every day, watch the "Be part of our story" video on our website at www.easternhealth.org.au

Caring for **788,260** people

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

1510* beds – **7** hospitals and **3** emergency departments

Annual operating budget of **$1.01 billion** – this equates to **$1931** per minute

We have **9430** employees, **65 per cent** of whom live within the community we serve

**As at 30 June 2018. Bed numbers are subject to change depending on activity and demand.*

Eastern Health delivers care across the continuum, from health promotion and disease prevention to interventions for some of the most complex conditions and critically unwell patients. We are able to do this effectively through the integration of clinical care with high-quality education and robust research. Our services are delivered from eight precincts and in some instances, directly into people's homes. Pictured is Box Hill Hospital Emergency Department Nurse Kate Deloro. Kate is one of 3800 nurses who work across Eastern Health. We also have 370 midwives.

About Us

Who we are

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

Eastern Health is committed to developing and delivering services that meet the needs and expectations of our diverse and growing community. We invest a lot of time and effort to understand our community and how it changes over time.

There are 788,260* people who live within our primary catchment area and a further 328,438 people residing within our secondary catchment area *(see map on inside cover)*. We have 9430 employees, 65 per cent (or 6129) of whom live within the community we serve.

In comparison to Victoria, the Eastern Metropolitan Region has a lower proportion of people born in Australia and a higher proportion of people born in non-English speaking countries, with almost 25 per cent of the population born in a non-English speaking country. The largest proportions of these people were born in China, India, Malaysia and Italy.

Compared with Victorian rates, a larger percentage of people (26.7 per cent) speak a language other than English at home, including Mandarin, Cantonese, Greek, Italian and Vietnamese.

Yarra Ranges has a higher than Victorian average number of people who identify as Aboriginal or Torres Strait Islander while overall, the Eastern Metropolitan Region has a proportion below the Victorian average (0.4 per cent locally compared with 0.8 per cent in Victoria).

It is estimated that 11 per cent of people in the area are of diverse sexual orientation, sex or gender identity and identify as lesbian, gay, bisexual, transgender and/or intersex.

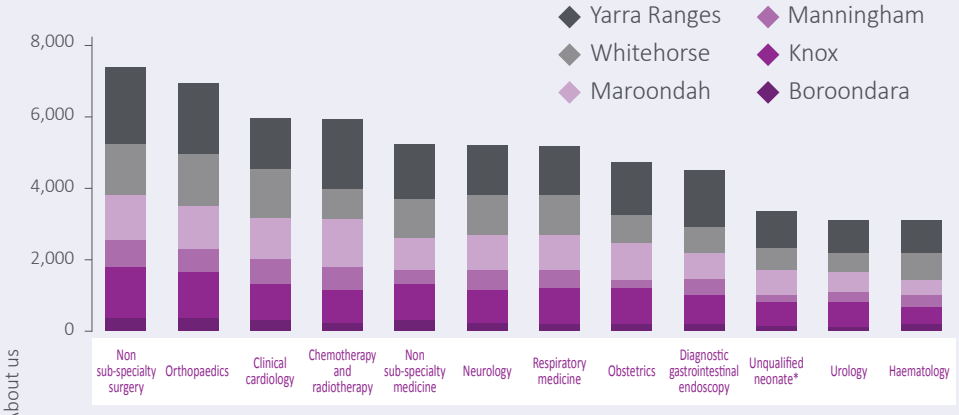
Patients who come to Eastern Health seek care for a range of health conditions. Eighty-one per cent of admissions to our hospitals are people who live within our primary catchment area. The largest volume of admitted activity is for haemodialysis, which collectively accounts for one quarter of all patient admissions to Eastern Health.

Eastern Health experiences greater demand for its emergency, inpatient and ambulatory care services per 100,000 head of population than most other health services.

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

** Source: Victoria in Future 2016*

This graph shows primary catchment demand for the top Major Clinically-Related Groups and the source of admissions to Eastern Health from the primary catchment area (excluding haemodialysis).



** A newborn who does not require admission for acute care*

Eastern Health Organisational Profile

Larger sites

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

Statewide services

- Spectrum
- Turning Point

Corporate functions

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

Clinical programs and services

Eastern Health organises its 43 clinical services into nine programs, as outlined in the table below. These services are delivered from eight precincts and in some instances, directly into people's homes. They are divided into two main areas of clinical operations – one that is largely focused around planned activity, including surgery, maternity and specialist (outpatient) clinics (SWMMS), and the other which is largely focused around unplanned activity, including emergency and acute inpatient care (ASPPPA). Each program is led by a program director and an executive clinical director to enhance medical leadership. ***For more information about how these services are administered, please refer to the organisational structure on page 36.***

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

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

Occupational health and safety

Eastern Health continues to strengthen its commitment to provide a safe workplace for staff, volunteers, patients and visitors.

In July 2017, Eastern Health established an Occupational Violence and Aggression (OVA) Taskforce, chaired by the Chief Executive, to review all Eastern Health practices and identify areas for improvement.

Feedback from a series of staff forums resulted in an OVA action plan and framework. There were some 500 pieces of information gathered and themed from these forums. As a result of this work, Eastern Health has:

- Implemented additional ongoing security personnel at Box Hill, Maroondah and Angliss hospitals
- Supported the introduction of body-worn cameras for security staff at Box Hill, Maroondah and Angliss hospitals
- Promoted a campaign that supports staff to actively report incidents of aggression and violence
- Implemented a new Post-Incident Support Guideline for incidents related to occupational violence
- Commenced new SAFE training programs which will ensure staff have access to the prevention and management of aggression training they require. This includes an orientation face-to-face training program for new hospital medical officers and interns
- Implemented 240 personal duress alarms for home visiting staff across Ambulatory Care, Mental Health and Maternity Services
- Introduced new clinical guidelines that strengthen the management of behaviours of concern and acute severe behavioural disturbance, including the use of behavioural contracts and not welcome notices
- Partnered with local councils to upgrade lighting in the areas surrounding our major sites and completed work at Healesville Hospital and Yarra Valley Health to improve car park lighting
- Provided personal safety sessions with the Victoria Police Crime Prevention Units across our major sites.

Eastern Health's focus throughout 2017-18 remained on key organisational OHS risks related to aggression management, manual handling and slips, trips and falls.

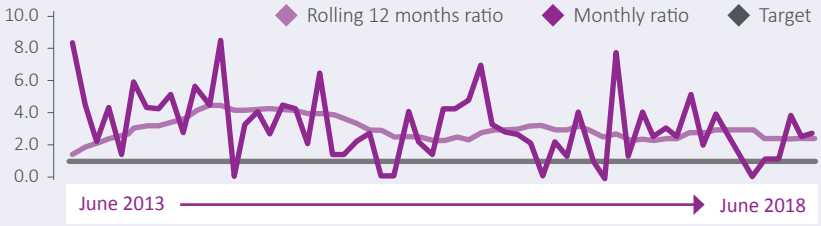
AGGRESSION MANAGEMENT

Eastern Health continued to receive strong support from the Victorian Government's Health Service Violence Prevention Fund – *see page 13*. Eastern Health made two submissions for a fourth round of funding in April 2018. Work is also underway as part of the Behaviours of Concern Guideline to implement a new behavioural management plan and associated behavioural management chart.

Work is also underway to strengthen Eastern Health's Code Grey response, in line with the Department of Health and Human Services' new Code Grey Standards, including revising data reporting systems to meet the new requirements.

Our aggression lost-time injury claims frequency rate remained above target this financial year. Work commissioned by the OVA Taskforce and other key projects will continue throughout 2018-19.

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



Occupational violence	2017-18
Workcover accepted claims with an occupational violence clause per 100 FTE#	0.36
Number of accepted workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	2.19
Number of occupational violence incidents reported	675
Number of occupational violence incidents reported per 100 FTE#	10.94
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	4.74%

 # Full-time equivalent

Definitions

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

Incident
An event or circumstance that could have resulted in or did result in harm to an employee. Incidents of all severity ratings must be included. Code Grey reporting is not included however, if an incident occurs during the course of a planned or unplanned Code Grey, the incident must be included. *Code Grey is a personal threat.*

Accepted Workcover claims
Claims that were lodged in 2017-18.

Lost time
Defined as greater than one day.

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

SERIOUS INJURIES

There were 10 "notifiable" incidents reported to WorkSafe Victoria. Eight of these related to staff, with five slips, trips and falls and three from being struck by objects – none were OVA related. Three of the staff slips, trips and falls occurred outside and the other two were inside our facilities as a result of tripping over objects on the floor. There were two visitor slips, trips and falls incidents, with both occurring on the grounds of Eastern Health.

IMPROVEMENT NOTICE

During the reporting period, there was one contravention of the *OHS Act 2004* (Vic) and *OHS Regulations 2007* (Vic) that resulted in WorkSafe Victoria issuing an improvement notice in August 2017. This was in relation to how Eastern Health recorded the maintenance and details of lifting slings used with the patient hoists manual handling equipment at Peter James Centre. The improvement notice was resolved in December 2017.

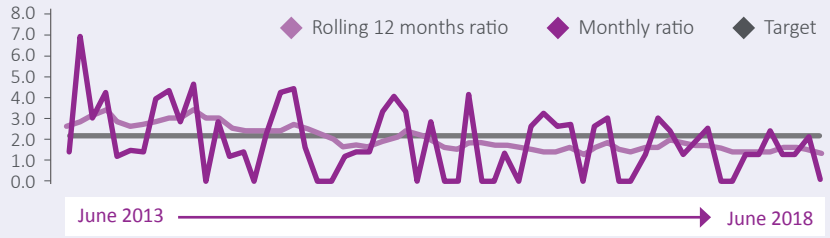
POLICIES AND PROCEDURES

OHS policies and key procedures were reviewed in readiness for a successful ACHS accreditation survey in March 2018.

SLIPS, TRIPS AND FALLS

Injuries from slips, trips and falls remained steady throughout 2017-18 and were below target for 10 out of 12 months. Regular safety alerts to staff and hazard audits, including Eastern Health grounds and car parks, are designed to identify and manage environmental slips, trips and falls hazards.

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



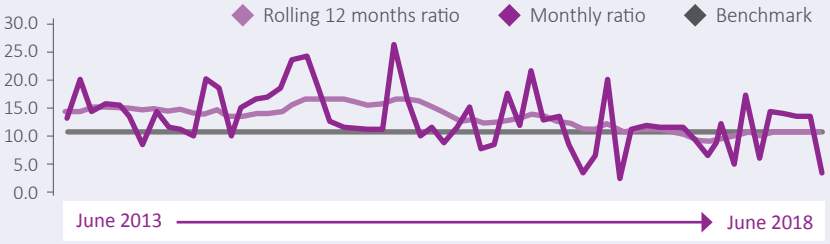
MANUAL HANDLING

Manual handling, both clinical and non-clinical, continues to be a major hazard for Eastern Health staff. There has been ongoing work in the clinical manual handling program area and a review of the patient manual handling training framework has commenced and will continue during the first half of 2018-19.

LOST-TIME INJURY CLAIMS

Eastern Health's lost-time injury workers' compensation claims frequency rate (i.e. number of lost-time injury workers' compensation claims as a percentage of total productive working hours per million hours worked) has mostly trended below target in 2017-18. Despite this positive result, there continues to be a strong focus on reviewing and improving safety systems to reduce the number and severity of staff injuries.

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



Eastern Health Chief Executive Adjunct Professor David Plunkett addresses the media with Victorian Minister for Health, the Hon Jill Hennessy, following the announcement of funding from Round 3 of the Health Service Violence Prevention Fund.

Eastern Health received $555,533 to complement a number of initiatives already implemented. This additional funding was used to:

- Support an upgrade to CCTV cameras at the main entrance to Box Hill, Maroondah and Angliss hospitals
- Install new lock systems to enable front entrances of inpatient sites to be locked down remotely by staff and/or security
- Support the rollout of personal duress alarms for ambulatory care home visiting staff
- Install swipe-activated door mechanisms to all bedrooms in acute and aged mental health inpatient settings
- Install several client-activated duress alarms in mental health inpatient units.

Annual highlights

July 2017

100,000 REASONS TO CELEBRATE

Angliss Hospital welcomed its 100,000th baby, with Taylor Cox born at 10.25am on July 31, 2017. Taylor's mother Elise, pictured with the midwifery team, said she was thrilled to share the hospital's excitement in such a significant milestone. With 2200 births a year, the hospital is close to the hearts of many in the community. Staff from the maternity, medical imaging, pathology and emergency departments were involved in the countdown to highlight their collaboration in providing safe, high-quality care for mothers and babies.

BUILDING A BETTER ANGLISS HOSPITAL

Stage one of a $20 million expansion project at Angliss Hospital was completed, including a new fourth floor, which will increase the capacity of critical care services. More recent works have included an expansion of short-stay and paediatric facilities, pictured, as well as the partial refurbishment of the courtyard. The project is due for completion in October 2018 when the new Intensive Care Unit opens and will provide a welcome boost to healthcare in Melbourne's outer east.

September 2017

October 2017

TECHNOLOGY EVOLUTION

Eastern Health launched an extension of its Electronic Medical Record (EMR) system at Box Hill Hospital. The EMR system has been designed to provide a comprehensive electronic patient record which is up to date, easy to read and accessible instantly by a patient's healthcare team. Pictured are Emergency Department "super user" Hannah Kleinitz guiding associate nurse unit manager Marja Wondergem on day one of the new system, which will enhance the patient experience by improving safety and patient care. *See page 23 for more information.*

NEW ERA FOR STATEWIDE SERVICES

Turning Point and Spectrum, Eastern Health's two statewide services, commenced a new chapter when they moved to their Richmond premises. This central inner city location brings together all of Turning Point's treatment, research and education services, which were previously in various locations. Statewide Services Program Director Anthony Denham said the new building provided enhanced treatment rooms, research facilities and training spaces, as well as a fresh environment for staff and clients.

March 2018

May 2018

BETTER, QUICKER BREAST CANCER CARE

Thousands more women in Melbourne's east now have easier access to life-saving breast cancer screening and care on their doorstep with the opening of the $10 million Eastern Health Breast and Cancer Centre at Maroondah Hospital. Victorian Minister for Health, the Hon Jill Hennessy, was on hand to mark the occasion with a ribbon-cutting cutting ceremony. The centre will deliver breast and cancer services to more than 25,000 women every year.

In 2017-18:

A record total of **17,589** patients were admitted for elective surgery

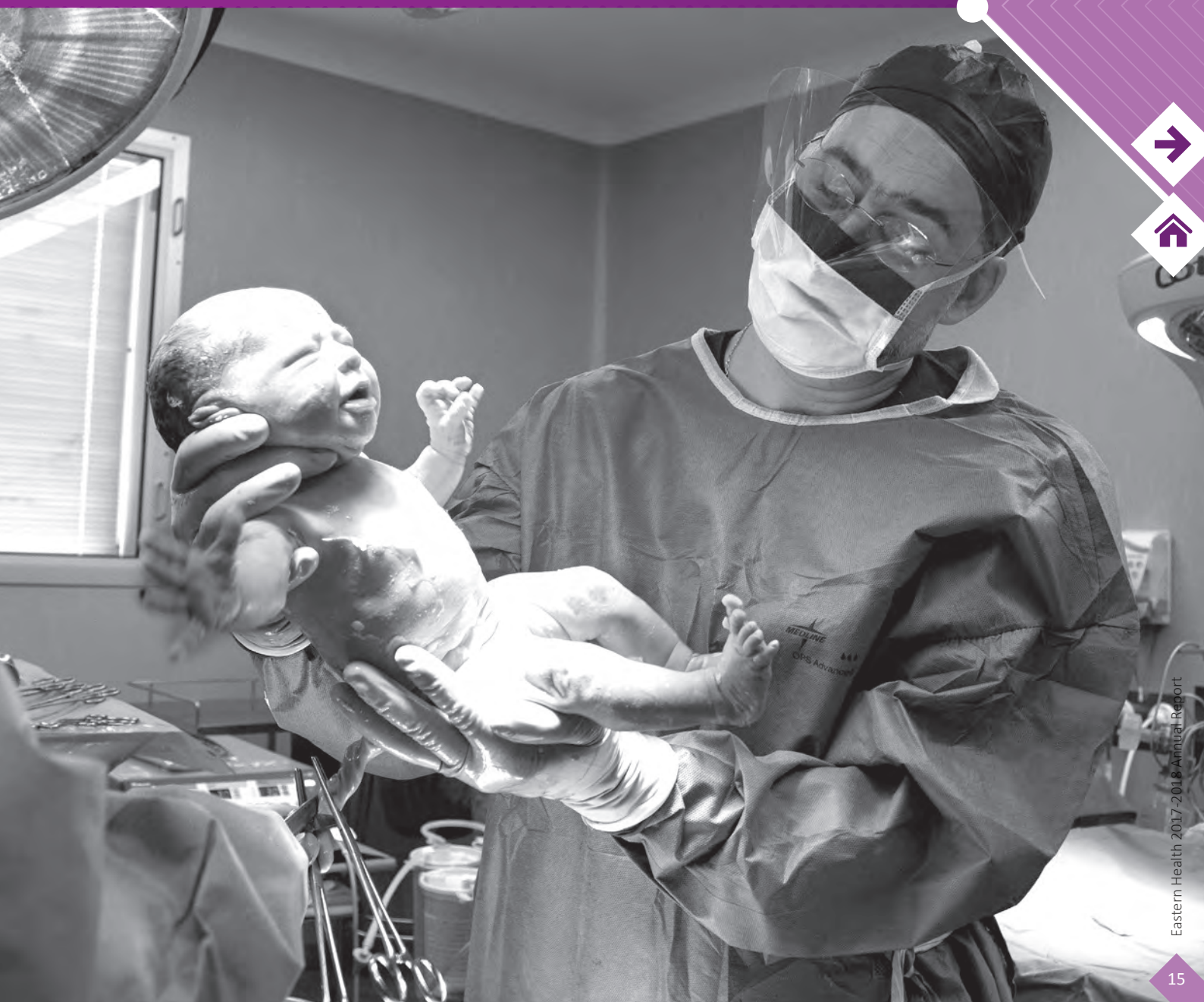
There were **2452** patients on the elective surgery waiting list – **57** patients better than the target

84% of ambulance patients transferred within 40 minutes – below the statewide target of 90%

78% of workers immunised against influenza

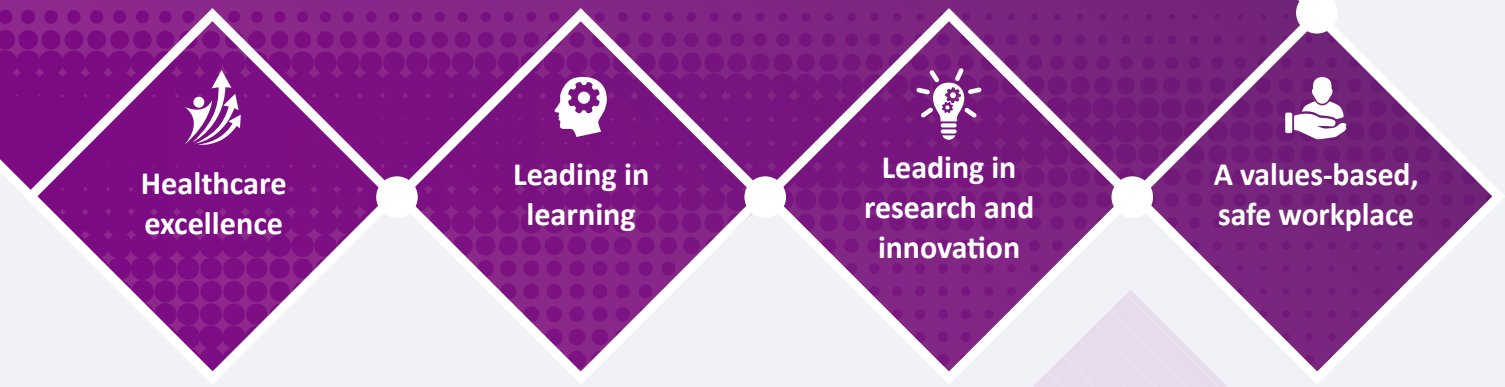
Eastern Health is committed to providing high-quality services in a timely manner. In 2017-18, we continued to perform strongly in the key areas of elective surgery and emergency access despite treating more patients than ever before. We also delivered 4797 babies – that's one baby every 108 minutes. Pictured is Eastern Health Director of Obstetrics, Associate Professor Chris Georgiou, with a newborn delivered via caesarean at Angliss Hospital.

Our Performance



Strategic priorities

Eastern Health's *Strategic Plan 2017-2022* helps us to understand our vision and mission, as well as how we are going to deliver them. We have four strategic initiatives and each initiative contains three priority goals.



ACHIEVING OUR STRATEGIC PRIORITIES

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 sustainability.

Changes to key performance measures in 2017-18 strengthened the focus on high-quality and safe care, organisational culture, patient experience and access and timeliness of care in line with ministerial and departmental priorities.

KEY STAKEHOLDERS

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

- Our community, through a register of interested consumers and community representatives on a range of committees, including the Community Advisory Committee *(see page 39)*
- Victorian Department of Health and Human Services
- Other Victorian health services
- Community health services
- Eastern Melbourne Primary Health Network
- Universities and other training institutions
- Research organisations and funding bodies
- Local governments and other government agencies and authorities.

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Eastern Health's Strategic Plan 2017-2022 and Statement of Priorities are available on the Eastern Health website at www.easternhealth.org.au

PERFORMANCE EXCELLENCE FRAMEWORK

Eastern Health is committed to achieving our strategic initiatives 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.

A Program Management Office has been established to support the organisation to improve the visibility, governance, prioritisation and delivery of improvement projects across the organisation.

Goals	Strategies	Health Service Deliverables	Outcome
Better Health ◆ A system geared to prevention as much as treatment ◆ Everyone understands their own health and risks ◆ Illness is detected and managed early ◆ Healthy neighbourhoods and communities encourage healthy lifestyles	**Better Health** ◆ Reduce statewide risks ◆ Build healthy neighbourhoods ◆ Help people to stay healthy ◆ Target health gaps	Implement actions identified for year 2 of the action plan to progress the aims and initiatives of the Victorian 10 Year Mental Health Plan including a greater focus on prevention and delivering better services to achieve positive health outcomes.	Achieved Actions identified for year 2 of the Victorian 10 Year Mental Health Plan have been completed. Key milestones include: ◆ Commencement of the HOPE Initiative in late 2017, which provides tailored and enhanced holistic support for people who have been discharged from inpatient mental health services and who are at risk of suicide. ◆ Development and implementation of a post-intervention suicide protocol, in collaboration with Victoria Police in the eastern region. ◆ Training all community mental health staff who work with adult clients in the Collaborative Recovery Model, as part of the Recovery Framework. This training program will be extended to embed these processes across the Mental Health Program. The Consumer, Family, Child and Carer Advisory Committee terms of reference were also revised to ensure collaborative engagement with consumers regarding program strategies. The Recovery Model implementation will be evaluated in June 2018. ◆ Commencement of the Youth Engagement and Treatment Initiative in October 2017 with high demand and favourably received by key stakeholders. The service is co-located with regional partners. Advisory and reference groups were also established to provide oversight of the service. ◆ Expansion of the Specialist Child Treatment Team with additional staff and enhanced partnerships with key stakeholders. As a result, a pilot service was established with Maternal Child Health Services, with favourable outcomes including support for at-risk infants and accessibility to families with young children.

Achieved In progress Not achieved

Goals	Strategies	Health Service Deliverables	Outcome
		Complete the implementation of identified actions and report compliance to ensure organisation-wide systems effectively identify, report and respond to instances of family violence. Actions include: ◆ building staff capability ◆ enhancing capacity to respond to service demand; and ◆ developing organisational partnerships in the area of health justice, particularly in relation to maternity and elder abuse.	Achieved Action items to address Eastern Health's capability for responding to family violence are on track. These include: ◆ Development of two education packages in 2016-17 comprising of an awareness level and an advanced level, which were implemented in priority areas such as emergency departments, mental health and aged care. This was extended in 2017-18 with more than 900 staff receiving training to enable a sensitive and meaningful response to individuals experiencing family violence. Staff are also working with the Australian Nursing and Midwifery Federation (ANMF) to have this training certified as Case Based Discussion (CPD) eligible by the ANMF. In addition, an Elder Abuse forum was conducted on World Elder Abuse Day with a capacity attendance and positive feedback about the event. ◆ Determining and communicating to staff an increased credentialing requirement in the area of family violence for social workers. ◆ Additional dedicated funding to further enhance this program of work in 2018-19. Planning for this is underway. Examples being considered include family violence screening in maternity services and an alcohol and drug specialist family violence response, while sustainability of these services into the future will also be a focus.

Measuring our performance

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

This scorecard tracks the achievement of

160

key performance indicators – 89 of which are reported to the Board.

They are also aligned to the strategic initiatives *(see page 16)*. Results against a number of these indicators are also available at the frontline, where the data can be broken down into individual wards or departments. It is also aggregated to single scores for each strategic initiative and an overall composite score which is reported at Board and Executive Committee level.

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

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

Goals	Strategies	Health Service Deliverables	Outcome
		Build on the successful implementation of the Closing the Health Gap program of work to embed culturally-safe practices for Aboriginal and Torres Strait Islander patients, including ensuring that reception and treatment areas are culturally welcoming for Aboriginal and Torres Strait Islander people.	Achieved This program of work to build culturally-safe practices continued to expand during 2017-18. This included a review of the Closing the Gap governance structure to enable more effective oversight and implementation of initiatives to close the health gap. In October 2017, three sub-groups were established to focus on the high priority areas of: ◆ Communications and events; ◆ Internal improvement; and ◆ External partnerships. A cultural audit was undertaken to continue ensuring cultural safety across Eastern Health services with action taken in response to the audit findings. Eastern Health is also finalising the development of a Collaborative Assessment with Aboriginal Clients and Families guideline that is expected to be implemented early in 2018-19. A Closing the Gap Co-ordinator was recruited, with the successful applicant commencing in January 2018. The Mental Health Program was also successful in obtaining funding for four years for two Aboriginal mental health traineeships to work across the access and community streams. Both trainees will work towards their degrees through Charles Sturt University. Funding for a Clinical Engagement role in mental health was also secured and this role is now funded permanently through Eastern Health. Implementation of the Closing the Gap Plan will continue as scheduled with planning underway for NAIDOC Week celebrations in July 2018 and the Closing the Gap Family Sports Day, scheduled for March 2019.
		Complete the development of and explore prioritisation of the Master Plan for Wantirna Health.	Achieved A Master Plan for the Wantirna Health precinct was completed during 2017-18. A business case to fund the first stage of capital works has been developed in collaboration with the Department of Health and Human Services for future consideration. Eastern Health will continue to work in partnership with the Department to acquire funding to progress this work to enhance and expand facilities.

Goals	Strategies	Health Service Deliverables	Outcome
		Complete the refresh of the Master Plan for the Angliss Hospital precinct.	Achieved An Angliss Hospital Precinct Master Plan refresh project was completed in 2017-18. Eastern Health will continue to work in partnership with the Department of Health and Human Services to seek funding to progress with capital development across the precinct, in accordance with the priorities identified in the Master Plan.
		Complete the development of and commence implementation of the action plan to address the risks associated with occupational violence and aggression in the workplace.	Achieved A comprehensive action plan to address the risks associated with occupational violence and aggression was developed. Implementation of the plan is on track including: ◆ Successful application to the Department of Health and Human Services (DHHS) Health Service Violence Prevention Fund to support a range of new initiatives ◆ A review of Code Grey (aggression incident) procedures to ensure alignment with DHHS guidelines ◆ DHHS support in the form of additional security staff across the major sites; and ◆ A new SAFE (Safe, Aggression Free Environment) training program was successfully trialled and is currently being progressively implemented

Listening to our consumers

Our patients play a significant role in shaping our programs and services. We are committed to listening and acting on their feedback, which we gather through a number of channels. Eastern Health's Centre for Patient Experience provides a framework, systems and support for effective community and patient participation and oversees the patient experience strategy, known as *In the Patient's Shoes*. Our strategic and annual planning processes also include consumers and we have increased consumer engagement.

Pictured are Oncology in the Home Associate Nurse Unit Manager Maree Lennon and patient Lawrence Harvey. *See page 25 for information about improvement work in this area.*

Goals	Strategies	Health Service Deliverables	Outcome
Better Access ◆ Care is always there when people need it ◆ More access to care in the home and community	**Better Access** ◆ Plan and invest ◆ Unlock innovation ◆ Provide easier access	Progress the implementation of the major projects associated with the "Every Minute Matters" improvement plan with a focus on enhancing patient flow across the major transitions of the continuum of care including enhanced access to services provided in the home and community.	Achieved Implementation of the “Every Minute Matters” program of work continued throughout 2017-18 to enhance emergency access performance. At the start of the year, 17 initiatives identified for 2017-18 were further refined to seven priority initiatives, focusing on a range of clinical and non-clinical areas across the care delivery system and dedicated to improving performance in the following emergency access indicators: ◆ four-hour patient length of stay ◆ time to treatment; and ◆ ambulance off-stretcher time. These initiatives are being supported by the Department of Health and Human Services through dedicated project funding. Each of the seven projects are being implemented utilising Eastern Health's four-stage Model for Improvement process and are at various stages based on their scale, scope and progress throughout the year. All of these initiatives are being reported through the Program Management Office to ensure visibility and adherence to project management systems and processes. The impact of this work has been further supported by additional funding to increase capacity and workforce in key areas.
Better Access ◆ People are connected to the full range of care and support they need ◆ There is equal access to care	**Better Access** ◆ Ensure fair access	Implement the identified actions to ensure Eastern Health is prepared for the introduction of the National Disability Insurance Scheme (NDIS) within the Eastern Metropolitan Region and complete the evaluation of Eastern Health becoming a registered provider under this scheme.	Achieved During 2017-18, Eastern Health implemented the identified actions to ensure the organisation was prepared for the introduction of the National Disability Insurance Scheme (NDIS). This included a decision that Eastern Health would not register as a provider under this funding scheme. Where barriers to service provision have been encountered, there has been active management to identify alternative arrangements for patients. Additional areas of focus include refining systems for the engagement of program-based NDIS representatives in registering issues, measuring and responding to Eastern Health's performance in relation to NDIS patients and liaison with the Department of Health and Human Services regarding persistent barriers/risks.

Goals	Strategies	Health Service Deliverables	Outcome
		Progress the implementation of the HealthLinks chronic care initiative to further enhance the co-ordination and delivery of services for clients with chronic health conditions to reduce avoidable hospital admissions.	Achieved Implementation of the HealthLinks Chronic Care initiative progressed throughout the year with a pilot project being undertaken. Ethics approval was sought and received, and a formal evaluation of the program will be undertaken by the CSIRO over the course of the program. The financial implications and impact of this new service model are being evaluated and a project steering committee will continue to oversee the initiative and monitor its implementation. The proposed model is planned for implementation in 2018-19.
		Actively collaborate with organisational partners through the Eastern Melbourne Primary Health Care Collaborative to implement actions identified in the Primary Health Plan 2017-18.	Achieved Implementation of priority areas in the Eastern Melbourne Primary Health Care Collaborative (EMPHCC) Primary Health Strategic Plan 2017-2018 was overseen by the EMPHCC Governance Group. These priority areas included end of life care, the HealthLinks Chronic Care program *(refer to deliverable above)* and diabetes prevention and management. A planning workshop was held in early 2018 to consider the outcomes from a partnership evaluation that was undertaken in late 2017. The Governance Group also confirmed the process for the next EMPHCC Strategic Plan.

Connect with Respect

In 2012, Eastern Health reinforced its commitment to closing the health gap between Aboriginal and Torres Strait Islander people and non-indigenous Australians when it signed the *Statement of Intent* with members of the local Aboriginal community *(see page 19 for initiatives in this area).* A special celebration of Aboriginal culture at Maroondah PARC (Prevention and Recovery Care) in February 2018 emphasised the importance of cultural inclusiveness when providing better mental health care to our local Aboriginal communities. A Welcome to Country by Wurundjeri Elder Aunty Joy Murphy, a smoking ceremony and Aboriginal artwork specifically created for the service were among the highlights. Pictured are Aboriginal engagement clinician Kate Locastro and consumer representative Eddie Thomson with the artwork.

Goals	Strategies	Health Service Deliverables	Outcome
		Complete the capital development works and commence delivery of integrated services from the Eastern Health Breast and Cancer Centre to enhance the quality of and access to integrated breast cancer healthcare services.	Achieved The Eastern Health Breast and Cancer Centre at Maroondah Hospital is fully operational, with the construction program completed in early 2018 and services commencing in April 2018. All services completed their relocation and commissioning of new facilities in late May 2018.
		Complete capital development works and commence delivery of enhanced critical care services from stage 1 of the Angliss Hospital redevelopment. This includes progressing stage 2 capital works.	Achieved Angliss Hospital's Intensive Care Unit capital works have been completed and were officially opened on 1 September 2017. The Intensive Care Service will be fully operational by October 2018. The capital redevelopment of the emergency department and short-stay unit (stage 2) is also complete and will commence services in July 2018.
Better Care ◆ Target zero avoidable harm ◆ Healthcare that focuses on outcomes ◆ Patients and carers are active partners in care ◆ Care fits together around people's needs	**Better Care** ◆ Put quality first ◆ Join up care ◆ Partner with patients ◆ Strengthen the workforce ◆ Embed evidence ◆ Ensure equal care	Progress the implementation of activities identified for year 3 of the Great Digital Information Management and Transformation Strategy, in alignment with Eastern Health's new Strategic Plan and the Digitising Health Strategy, and in accordance with the Victorian Auditor-General's Office recommendations. In particular, this will include the organisation-wide integration of the Cerner Electronic Medical Record solution.	Achieved The extended Electronic Medical Record (EMR) went live at Box Hill Hospital on 29 October 2017. In addition, an electronic Specimen Collection module (for pathology investigations) was implemented across all sites. Adoption, stabilisation and transition to "business as usual" are now the focus to ensure full integration within and across the health service. A post-implementation review was completed to identify key learnings for both Eastern Health and future EMR implementations in Victoria. Issues experienced post "go-live" have been addressed and optimisation opportunities are currently under review. Assurance was provided through the post-implementation review regarding the planned implementation of the FirstNet solution at Angliss and Maroondah hospitals in late 2018 or early 2019.

Our commitment to eQuality

Eastern Health has commenced work using the Rainbow eQuality Guide to identify and adopt "actions for inclusive practices" to be more responsive to the health and wellbeing of lesbian, gay, bisexual, transgender and intersex (LGBTI) individuals and communities. One of the ways we do this is by participating in the Pride Cup, which is an event that celebrates diversity and inclusion in sport for the LGBTI community. For the fourth year in a row, Eastern Health sponsored the Yarra Glen football and netball matches, with Eastern Health staff talking to patrons about the organisation's commitment to providing a positive and safe environment for the LGBTI community. Eastern Health has worked with consumers from the LGBTI community to demonstrate it is an inclusive health service. Examples include ensuring the organisation provides a welcoming environment by displaying the rainbow flag and eQuality posters.

Goals	Strategies	Health Service Deliverables	Outcome
		Embed Eastern Health's new values and strategic initiatives, including "A values-based, safe workplace" established in the Strategic Plan 2017-2022, in all organisational operating systems to strengthen the organisation's positive workforce culture.	Achieved Eastern Health's new values, contained in the Strategic Plan 2017-2022, have now been embedded across the organisation's systems and processes following the plan's approval by the Minister for Health in August 2017. This work has been further supported by the development and approval of a "People Strategy" that includes a significant focus on workforce culture. A project plan focusing on actions to strengthen engagement and workforce culture has been developed and its implementation is underway.
		Undertake an evaluation of organisational systems against the new Department of Health and Human Services Clinical Governance Framework and establish a plan to address any gaps.	Achieved Following a comprehensive evaluation, a program of work to ensure organisational systems align with the Department of Health and Human Services Clinical Governance Framework was developed and is on track. A project plan includes revision of the Eastern Health Clinical Governance Framework and policy. A "gap analysis" has been undertaken to inform the development of a draft framework and policy for consultation with members of the Clinical Executive Committee and Quality and Safety Committee. Final approval will be sought in late June 2018 followed by wide dissemination to clinical leaders across Eastern Health.

Accreditation

Eastern Health demonstrates its commitment to excellence through external accreditation with a range of industry standards, including the National Safety and Quality Health Service Standards.

In March 2018, the Australian Council on Healthcare Standards (ACHS) awarded Eastern Health full accreditation for four years.

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

Eastern Health met all core standards and also received four "Met with Merit" ratings, which is the highest score used to recognise excellence for those actions.

Our high-achieving areas were:

- **1.2.2:** Action is taken to improve the safety and quality of patient care
- **1.6.2:** Actions are taken to maximise patient quality of care
- **8.2.4:** Action is taken to reduce the frequency and severity of pressure injuries; and
- **8.3.1:** Quality improvement activities are undertaken to prevent pressure injuries and/or improve the management of pressure injuries.

Accreditation was awarded until March 2022.

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 Nursing Home in Upper Ferntree Gully, Monda Lodge in Healesville, Mooroolbark and Northside in Burwood East are accredited by the Australian Aged Care Quality Agency and our palliative care service is accredited under the National Standards Assessment Program.

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

Goals	Strategies	Health Service Deliverables	Outcome
	Mandatory actions against the "Target zero avoidable harm" goal Develop and implement a plan to educate staff about obligations to report patient safety concerns.	Develop and implement a plan to educate staff about their obligations to report patient safety concerns.	Achieved An education program to ensure staff are aware of their obligations to report safety concerns was developed and implemented across Eastern Health. A high level of organisation-wide compliance has been achieved with completion of the National Standards iLearn training package exceeding 90 per cent across Eastern Health in 2018. This education has now been embedded as an annual requirement for all staff.
	In partnership with consumers, identify three priority improvement areas using Victorian Healthcare Experience Survey data and establish an improvement plan for each. These should be reviewed every six months to reflect new areas for improvement in patient experience.	In partnership with consumers, plan and implement initiatives to address priority areas identified from the Victorian Healthcare Experience Survey. These include: ◆ decision-making in care ◆ courtesy and kindness, and communication.	Achieved In partnership with consumers, a new "Patients First" program of improvement work has been established. A Steering Committee, chaired by the Chief Executive and including consumers, Eastern Health staff and a Safer Care Victoria (SCV) representative, meets regularly to oversee this work. The program is focused on improving capability in the following three areas: ◆ Patient and family involvement in decision-making about care; ◆ Courtesy and kindness; and ◆ Communication. Specific examples include the communication training project in General Medicine and exploration of the Institute for Healthcare Improvement (IHI) "Joy in Work" program by Maternity Services. This program is responsible for overseeing Eastern Health's participation in the IHI co-production learning community which is receiving valuable support from SCV.

Healthcare in any language

Eastern Health employs an in-house team of NAATI-accredited interpreters and was the first metropolitan health service to employ a Chin Hakha interpreter. About 55 per cent of services are delivered in-house. There were 10,374 patients who required an interpreter in 2017-18. *For more information, please refer to Eastern Health's Quality Account at www.easternhealth.org.au*

6.1% (or 10,374)
patients requiring an interpreter

8.71% (or 14,798)
patients with a primary language other than English

72
languages in which services were provided

High quality and safe care

Key performance indicator	Target	2017-18 result
Accreditation		
Accreditation against the National Safety and Quality Health Service Standards	Full compliance	Achieved
Compliance with the Commonwealth's Aged Care Accreditation Standards	Full compliance	Achieved
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	80%	88%
Percentage of healthcare workers immunised for influenza	75%	78%
Patient experience		
Victorian Healthcare Experience Survey – data submission	Full compliance	Not Achieved
Victorian Healthcare Experience Survey – positive patient experience – Quarter 1	95% positive experience	92%
Victorian Healthcare Experience Survey – positive patient experience – Quarter 2	95% positive experience	94%
Victorian Healthcare Experience Survey – positive patient experience – Quarter 3	95% positive experience	92%
Victorian Healthcare Experience Survey – discharge care – Quarter 1	75% very positive experience	75%
Victorian Healthcare Experience Survey – discharge care – Quarter 2	75% very positive experience	75%
Victorian Healthcare Experience Survey – discharge care – Quarter 3	75% very positive experience	74%
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 1	70%	70%
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 2	70%	71%
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 3	70%	68%
Healthcare associated infections		
Number of patients with surgical site infection	No outliers	Achieved
Number of patients with ICU central line-associated bloodstream infection (CLABSI)	Nil	Achieved
Rate of patients with SAB[1] per occupied bed day	≤ 1/10,000	0.8
Adverse events		
Number of sentinel events	Nil	7
Mortality – number of deaths in low mortality DRGs[2]	Nil	N/A*
Mental health		
Percentage of adult acute mental health inpatients who are readmitted within 28 days of discharge	14%	13%
Rate of seclusion events relating to a mental health acute admission – all age groups	≤ 15/1,000	8
Rate of seclusion events relating to a child and adolescent acute mental health admission	≤ 15/1,000	6
Rate of seclusion events relating to an adult acute mental health admission	≤ 15/1,000	10
Rate of seclusion events relating to an aged acute mental health admission	≤ 15/1,000	2
Percentage of child and adolescent acute mental health inpatients who have a post-discharge follow-up within seven days	75%	84%
Percentage of adult acute mental health inpatients who have a post-discharge follow-up within seven days	75%	82%
Percentage of aged acute mental health inpatients who have a post-discharge follow-up within seven days	75%	95%
Maternity and newborn		
Rate of singleton term infants without birth anomalies with Apgar score <7 at 5 minutes	≤ 1.6%	1.7%
Rate of severe foetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	≤ 28.6%	28.0%
Continuing care		
Functional independence gain from an episode of GEM[3] admission to discharge relative to length of stay	≥ 0.39	0.55
Functional independence gain from an episode of rehabilitation admission to discharge relative to length of stay	≥ 0.645	1.047

1: SAB is Staphylococcus Aureus Bacteraemia.

2: DRG is Diagnosis Related Group.

3: GEM is Geriatric Evaluation and Management.

** This indicator was withdrawn during 2017-18 and is currently under review by the Victorian Agency for Health Information.*

Timely access to care

Key performance indicator	Target	2017-18 result		
		Angliss Hospital	Box Hill Hospital	Maroondah Hospital
Emergency care				
Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%	95%	78%	88%
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 time	80%	84%	71%	82%
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%	81%	59%	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	2017-18 result
Elective surgery		
Percentage of urgency category 1 elective surgery patients admitted within 30 days	100%	100%
Percentage of urgency category 1,2 and 3 elective surgery patients admitted within clinically recommended time	94%	87%
Percentage of patients on the waiting list who have waited longer than clinically recommended time for their respective triage category	5% or 15% proportional improvement from prior year	14%
Number of patients on the elective surgery waiting list[1]	2,509	2452
Number of hospital initiated postponements per 100 scheduled elective surgery admissions	≤ 8 /100	7.3
Number of patients admitted from the elective surgery waiting list	16,830	17,590
Specialist clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	77%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	95%

1: The target shown is the number of patients on the elective surgery waiting list as at 30 June 2018.

Effective financial management

Key performance indicator	Target	2017-18 result
Finance		
Operating result ($m)	0.00	189
Average number of days to paying trade creditors	60 days	59.44
Average number of days to receiving patient fee debtors	60 days	59.45
Public and Private WIES[1] activity performance to target*	100%	95.57%
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	0.467
Number of days of available cash	14 days	7.6

1: WIES is a Weighted Inlier Equivalent Separation.

** Following an adjustment to the WIES funding calculations, Eastern Health was funded for 101.11 per cent despite a shortfall in the activity target for 2017-18.*

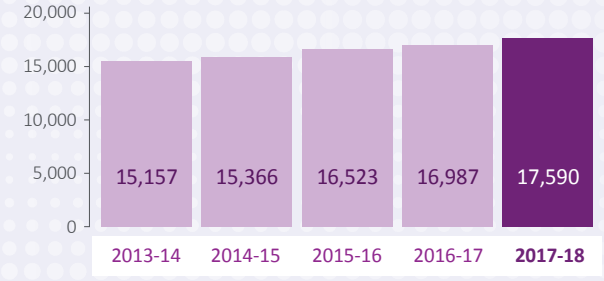
Strong governance, leadership and culture

Key performance indicator	Target	2017-18 result
Organisational culture		
People Matter Survey – percentage of staff with an overall positive response to safety and culture questions	80%	75%
People Matter Survey – percentage of staff with a positive response to the question, "I am encouraged by my colleagues to report any patient safety concerns I may have"	80%	84%
People Matter Survey – percentage of staff with a positive response to the question, "Patient care errors are handled appropriately in my work area"	80%	79%
People Matter Survey – percentage of staff with a positive response to the question, "My suggestions about patient safety would be acted upon if I expressed them to my manager"	80%	77%
People Matter Survey – percentage of staff with a positive response to the question, "The culture in my work area makes it easy to learn from the errors of others"	80%	72%
People Matter Survey – percentage of staff with a positive response to the question, "Management is driving us to be a safety-centred organisation"	80%	77%
People Matter Survey – percentage of staff with a positive response to the question, "This health service does a good job of training new and existing staff"	80%	66%
People Matter Survey – percentage of staff with a positive response to the question, "Trainees in my discipline are adequately supervised"	80%	69%
People Matter Survey – percentage of staff with a positive response to the question, "I would recommend a friend or relative to be treated as a patient here"	80%	77%

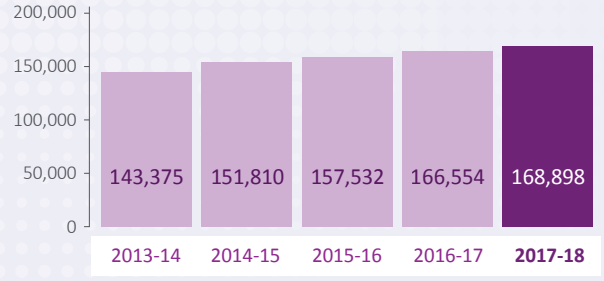
Results are from the People Matter Survey conducted in May 2017.

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

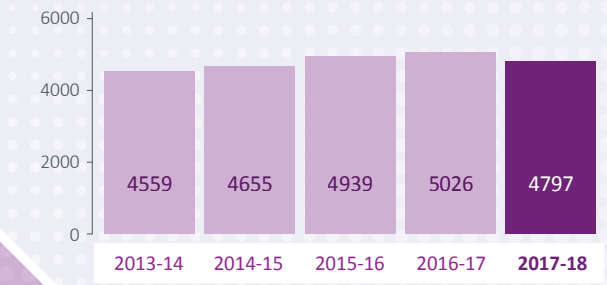
Number of elective surgeries



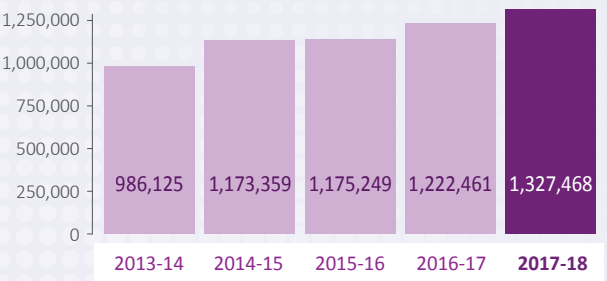
Number of emergency presentations



Number of babies born



Episodes of patient care



Activity and funding

Key performance indicator	2017-18 Activity Achievement
Acute Admitted	
WIES Public	79,158
WIES Private	16,939
WIES DVA	759
WIES TAC	561
Acute Non-Admitted	
Home Enteral Nutrition	437
Home Renal Dialysis	65
Specialist Clinics – Public	154,543
Sub-Acute and Non-Acute Admitted	
Sub-Acute WIES – Rehabilitation Public	1322
Sub-Acute WIES – Rehabilitation Private	553
Sub-Acute WIES – GEM Public	1689
Sub-Acute WIES – GEM Private	828
Sub-Acute WIES – Palliative Care Public	480
Sub-Acute WIES – Palliative Care Private	194
Sub-Acute WIES – DVA	143
Transition Care – Bed days	25,672
Transition Care – Home days	7474
Subacute Non-Admitted	
Health Independence Program – Public	131,201
Aged Care	
Residential Aged Care	18,527
HACC	6057
Mental Health and Drug Services	
Mental Health Ambulatory	145,250
Mental Health Inpatient – Available bed days	44,195
Mental Health Residential	19,894
Mental Health Service System Capacity	2
Mental Health Sub-Acute	17,394
Drug Services	5720
Primary Health	
Community Health / Primary Care Programs	27,281
Other	
Health Workforce	347

WIES is a Weighted Inlier Equivalent Separation.

HACC is Home and Community Care.

GEM is Geriatric Evaluation and Management.

ENVIRONMENTAL PERFORMANCE

Eastern Health reinforced its commitment to environmental sustainability by continuing to develop initiatives that improve efficiencies and reduce our environmental footprint.

This has included a focus on water, waste management, providing further education to staff about sustainability initiatives, transferring from paper to electronic medical records and choosing more environmentally-friendly products.

Below is a summary of our performance during 2017-18:

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Greenhouse gas emissions					
Total greenhouse gas emissions (tonnes CO^2e)					
Scope 1 – Direct emissions	combined	6614	7152	8380	7947
Scope 2 – Indirect emissions	combined	51,545	44,016	42,027	39,546
Total	**38,729**	**58,159**	**51,168**	**50,407**	**47,492**
Normalised greenhouse gas emissions					
Emissions per unit of floor space ($kgCO^2e/m^2$)	332.00	269.31	236.94	233.55	220.05
Emissions per unit of separations ($kgCO^2e$/separations)	94.24	406.18	343.00	308.54	281.20
Emissions per unit of bed day ($kgCO^2e$/OBD)	100.00	126.99	108.03	100.74	97.56
Stationary energy					
Total stationary energy purchased by energy type (GJ)					
Diesel oil in buildings	2859	1124	1118	968	417
Electricity	96,092	157,256	139,900	138,804	131,818
Natural gas	98,221	128,852	137,279	161,314	153,649
Total	**197,172**	**286,108**	**278,297**	**301,086**	**285,884**
Normalised stationary energy consumption					
Energy per unit of floor space (GJ/m^2)	1.74	1.32	1.29	1.40	1.32
Energy per unit of separations (GJ/separations)	1.45	2.00	1.87	1.84	1.69
Energy per unit of bed day (GJ/OBD)	0.63	0.62	0.59	0.60	0.59
Embedded generation					
Total embedded stationary energy generated by energy type (GJ)					
Solar power	N/A	N/A	N/A	N/A	29
Total	**N/A**	**N/A**	**N/A**	**N/A**	**29**
Water					
Total water consumption by type (kL)					
Potable water	187,320	208,502	209,422	227,628	206,765
Reclaimed water	14,912	11,034	24,008	34,074	39,517
Total	**202,232**	**219,536**	**233,430**	**261,702**	**246,282**
Normalised water consumption (Potable + Class A)					
Water per unit of floor space (kL/m^2)	0.87	0.97	0.97	1.05	0.96
Water per unit of separations (kL/separations)	1.38	1.46	1.40	1.39	1.22
Water per unit of bed day (kL/OBD)	0.42	0.46	0.44	0.45	0.42
Water re-use and recycling					
Re-use or recycling rate (%)	7	5	10	13	16
Waste and recycling					
Waste (kg)					
Total waste generated	1,155,000	1,234,000	1,302,000	2,443,882	2,541,424
Total waste to landfill generated	1,542,000	1,732,000	1,816,000	1,900,905	1,900,980
Total waste to landfill per patient treated	0.21	1.67	1.61	2.30	2.30
Recycling rate (%)	4.1	19.4	22.1	26.25	30.17
Paper					
Total reams of paper	45,104	51,138	51,786	52,903	52,042
Carbon neutural (0% recycled)	43,550	49,203	50,309	47,694	45,471
Rate recycled paper (0%-49%)	1554	1935	1477	2224	2449
Rate recycled paper (50%-74%)	0*	0*	0*	2225	2607
Rate recycled paper (75%-100%)	0*	0*	0*	760	1515
Transport					
Corporate transport					
Reported vehicle kilometres	711	663	576	561	551
Tonnes CO^2e per 1,000 reported kilometres	2,954,355	2,954,355	2,495,381	2,399,201	2,336,479

** This is a new indicator and therefore there is no comparative data.*

Results prior to 2014-15 do not reflect Eastern Health's total facility portfolio due to differing reporting standards. The figures for 2017-18 are estimates as at 30 June 2018.

Statutory compliance

FREEDOM OF INFORMATION

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

In 2017-18, Eastern Health received 1378 requests under the *Freedom of Information Act 1982*. This total comprised of 1374 personal requests, mostly from patients or their representatives seeking access to their medical records and four non-personal requests from media, a state member of parliament and a law firm.

Full access to documents was provided in 820 requests. Partial access was granted for 420 requests, while seven requests were denied in full. The most common reason for Eastern Health seeking to fully or partially exempt requested documents was the protection of personal privacy in relation to requests for information about persons other than the applicant.

There were 11 requests either withdrawn by the applicant or processed outside the Act. Most applications were received from patients, their legal or other representative, or surviving next of kin and most were for access to medical records.

Eastern Health collected $32,295 in application fees and waived $6725. Eastern Health collected $29,040 in charges to access documents and waived $22,242.

For information about how to make an FOI request and any costs associated with the request, visit **www.easternhealth.org.au**

Freedom of information requests	2013-14	2014-15	2015-16	2016-17	2017-18
Number of requests	1153	1173	1243	1262	1378
Access provided in full	739	747	759	708	820
Access provided in part	337	307	376	410	420
No documents	30	36	44	38	40
Access denied	2	4	10	8	7
Request withdrawn by applicant	9	17	25	7	9
Transferred to another agency	0	0	0	1	0
Complaints lodged with OVIC	4	7	6	6	4
Referred to OVIC for review	6	6	6	6	9
Decisions deferred to VCAT	0	0	1	1	1
Requests not completed	36	62	29	89	80
Requests processed outside the Act	-	-	-	2	2

OVIC – Office of the Victorian Information Commissioner (formerly known as FOI Commissioner)

PROTECTED DISCLOSURES

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

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

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

There were no disclosures to the IBAC in 2017-18.

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

CAR PARKING

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

SAFE PATIENT CARE

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

Eastern Health has no matters to report in relation to its obligation under section 40 of the *Safe Patient Care Act 2015.*

CARER INVOLVEMENT

The *Carers Recognition Act 2012* (Vic) promotes and values the role of people in carer relationships and recognises the contribution that carers and people in carer relationships make to the social and economic fabric of the Victorian community. We are taking measures to finalise compliance with our obligations under the Act, as outlined in our Patient and Family-Centred Care Standard that guides our practice and in our Partners in Care booklet that is provided to every patient on admission.

This will ensure that the needs of carers are recognised and responded to when the person for whom they care is admitted to Eastern Health or when the carer is admitted to Eastern Health.

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

In 2017-18, there were six consultancies where the total fees payable to the consultant were greater than $10,000, with a total expenditure of $116,122. 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 2017-18 (excluding GST)	Future expenditure (excluding GST)
Arabic Welfare	Delivery of a community activity plan	Jul-17	Aug-17	14,000.00	14,000.00	-
Clayton Utz	Review of medical workforce unit	Jul-17	Oct-17	33,510.00	33,510.00	-
David Caple & Associates Pty Ltd	OHS strategy review	Jul-17	Jul-17	26,875.00	26,875.00	-
MetaPM Pty Ltd	Program management office design and implementation	Nov-16	Jul-17	80,522.73	28,437.50	
Graylin Pty Ltd	Review of the People and Culture function	Jul-17	Jul-17	13,300.00	13,300.00	-
TOTAL				**168,207.73**	**116,122.50**	**-**

In 2017-18, Eastern Health engaged 10 consultancies where the total fees payable to the consultants were less than $10,000, with a total expenditure of $39,324 (excl. GST).

ADDITIONAL INFORMATION

Details in respect of the items listed below have been retained by Eastern Health and are available to the relevant Ministers, Members of Parliament and the public on request (subject to 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.

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.

Eastern Health understands the requirements of competitive neutrality and acts accordingly. It complies with the Competitive Neutrality Policy Victoria and any subsequent reforms that relate to responsible expenditure and infrastructure projects, and the creation of effective partnerships between private enterprise and the public sector.

BUILDINGS AND FACILITIES

Eastern Health complies with the building and maintenance provisions of the *Building Act 1993*, with all works completed in 2017-18 according to the relevant provisions of the National Construction Code.

Eastern Health ensures works are inspected by independent building surveyors and maintains a register of building surveyors, as well as the jobs they have certified and for which occupancy certificates have been issued.

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

VICTORIAN INDUSTRY PARTICIPATION POLICY

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

Eastern Health completed a VIPP Contestability Assessment for two projects that commenced in 2017-18. A VIPP plan was not required for one of these projects because it was assessed and deemed non-contestable.

An application was made to the Industry Capability Network (ICN) for the other project tender however, the tender process was not finalised within the 2017-18 financial year.

There were no contracts awarded under this policy in 2017-18 and no conversations with the ICN.

ATTESTATION ON COMPLIANCE WITH HEALTH PURCHASING VICTORIA (HPV) HEALTH PURCHASING POLICIES

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

Adjunct Professor David Plunkett

Chief Executive
Eastern Health

9 August 2018

ATTESTATION ON FINANCIAL MANAGEMENT COMPLIANCE

I, Joanna Flynn, on behalf of the Responsible Body, certify that Eastern Health has complied with the applicable Standing Directions of the Minister for Finance under the *Financial Management Act 1994* and Instructions.

Dr Joanna Flynn AM

Chair
Eastern Health Board

9 August 2018

DATA INTEGRITY

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

Adjunct Professor David Plunkett

Chief Executive
Eastern Health

9 August 2018

CONFLICT OF INTEREST

I, David Plunkett, certify that Eastern Health has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of hospital circular 07/2017 Compliance Reporting in Health Portfolio Entities (Revised) and has implemented a "Conflict of Interest" policy consistent with the minimum accountabilities required by the Victorian Public Sector Commission.

Declaration of private interest forms have been completed by all Executive staff within Eastern Health and members of the Board, and all declared conflicts have been addressed and are being managed. Conflict of interest is a standard agenda item for declaration and documenting at each Executive Committee and Board meeting.

Adjunct Professor David Plunkett

Chief Executive
Eastern Health

9 August 2018

Details of ICT expenditure

Total Information and Communication Technology (ICT) expenditure incurred during 2017-18 is $49.6 million (excluding GST), as per below:

BAU	Non-BAU		
Expenditure	Total expenditure	Operational expenditure	Capital expenditure
$30.2 million	$19.4 million	$1.3 million	$18.1 million

BAU – Business as usual

CHALLENGES AND OPPORTUNITIES

Eastern Health operates within a healthcare system that is constantly evolving in response to a broad range of internal and external factors. Changes in this environment often present a range of challenges and opportunities that must be considered and acted on to ensure we continue to provide high-quality and safe care.

During the past six years, Eastern Health has embedded a robust Performance Excellence Framework *(see page 16)* in order to manage the scope and volume of change across the organisation and to take advantage of opportunities.

Identifying and prioritising efforts towards those initiatives that will deliver the greatest gains in health outcomes for individuals and the wider community receive significant attention. Our Strategic Plan, *as outlined on pages 7-8,* guides us in the decisions we make to achieve great health outcomes for our community.

Providing timely access

Eastern Health is committed to providing services in a timely manner. In 2017-18, we continued the “Every Minute Matters” program of improvement work with a focus on enhancing patient flow across the continuum of care, including enhanced access to services provided in the home and community.

Evidence shows that the time patients spend in the emergency department (ED) impacts on their length of stay and on hospital mortality rates.

As agreed in the Statement of Priorities, we aim for at least 81 per cent of patients to be moved from the ED in less than four hours. In short, overcrowding in the emergency department leads to a poor patient experience and addressing this challenge requires a whole-of-health service approach.

Many of these initiatives are happening outside the emergency department to reflect the notion that every space (cubicle, bed, consulting room) and "every minute" matters. Each piece of work is being undertaken using the Eastern Health improvement methodology and is documented and measured so progress can be easily tracked.

Eastern Health is currently implementing seven priority initiatives that focus on a range of clinical and non-clinical areas across the care delivery system and which are all dedicated to improving our emergency access performance.

Key outcomes have included an increase of 15 general medicine beds, four surgical beds, six paediatric beds and three emergency department cubicles at Box Hill Hospital. An additional 17 sub-acute beds have also been opened, with 12 in the GEM@Home program, which enables earlier discharge home, including for patients returning to residential care.

KEY CHALLENGES

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

For more information about Eastern Health’s challenges and opportunities, and how we will respond to them effectively, please refer to the *Strategic Plan 2017-2022* which is available on our website at **www.easternhealth.org.au**

Managing our risks

Eastern Health takes a balanced approach to risk management in order to ensure systematic identification, analysis, recording and reporting of risks and opportunities important to the achievement of our strategic initiatives, *as outlined on page 16.*

Eastern Health proactively and reactively addresses a broad range of risks that may impact or are impacting the organisation.

Eastern Health's Risk and Audit Committee has oversight of the enterprise risk management system, with a focus on the most significant risks facing the organisation, including strategic, operational, financial, reporting, compliance, statewide, inter-agency and project-based risks. *See page 40 for representatives on the committee.*

Risk management is embedded in day-to-day practice and all managers and staff routinely manage risks, including occupational health and safety *(see pages 12-13)* and quality of care matters that have the potential to impact on the achievement of desired results and outcomes.

For more information about how Eastern Health manages key risks, including case studies, please refer to the *Quality Account 2018* at **www.easternhealth.org.au**.

Committee structure

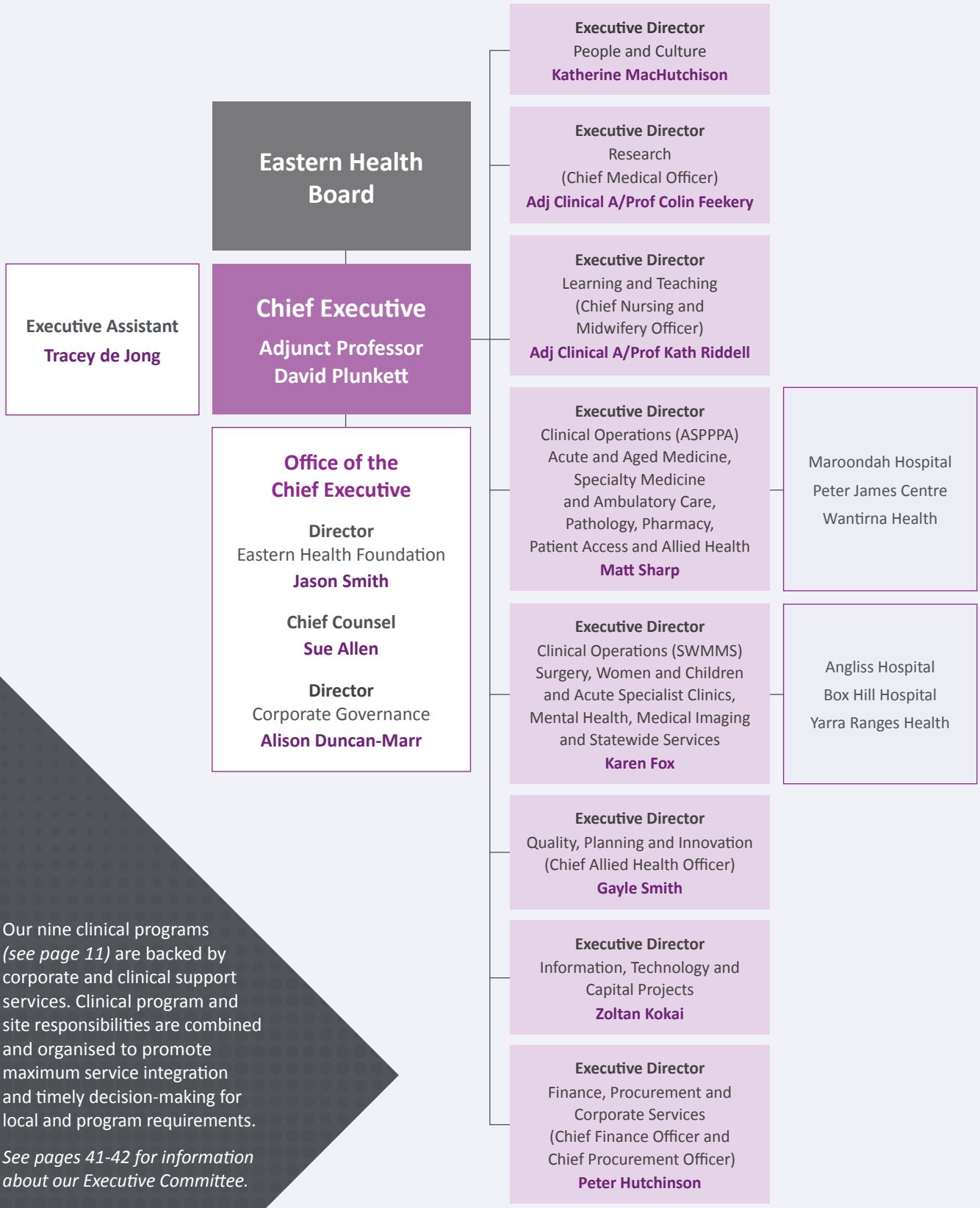
- Board of Directors
- Community Advisory Committee
- Finance Committee
- Quality and Safety Committee
- Primary Care and Population Health Advisory Committee
- Risk and Audit Committee
- Strategy, People and IT Advisory Committee
- Remuneration Committee
- Executive Committee

Turning Point Eastern Treatment Services provides compassionate care for people affected by substance misuse. Working with individuals and their families, they offer alcohol and other drug counselling, medical and psychiatric treatment, and detoxification. Other help includes a "walk in" service at the Carrington Road, Box Hill site where clinicians can help clients establish a recovery plan. They also provide support at the Wellington House residential facility in Box Hill. Pictured is administration assistant Maryanne Singh, who provides a warm welcome for clients at Carrington Road.

Our Governance

Organisational structure

Eastern Health introduced a new organisational structure in February 2017. There are eight directorates with responsibility for the management of organisational operating systems and organisational performance.



Our nine clinical programs *(see page 11)* are backed by corporate and clinical support services. Clinical program and site responsibilities are combined and organised to promote maximum service integration and timely decision-making for local and program requirements.

See pages 41-42 for information about our Executive Committee.

Board of Directors

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

The Board must perform its functions and exercise its powers subject to any direction given by the Minister for Health and subject to the principles contained within the *Health Services Act 1988* and *Public Administration Act 2004.*

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

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

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

The Directors contribute to the governance of Eastern Health collectively as a Board. The Board normally meets monthly and 12 meetings are scheduled each financial year.

Eastern Health welcomed Dr Peter Dohrmann and Ms Joanna Walker as Board Directors in July 2017 while the appointments of Mr Stuart Alford and Professor Pauline Nugent expired on 30 June 2018 after the maximum of nine years' service to Eastern Health.

In January 2018, Mr Lance Wallace was appointed as the Minister for Health's Delegate to the Board of Directors.

During 2017-18, Eastern Health's Board Directors were:

DR JOANNA M FLYNN AM

MBBS MPH HonDMedSc FRACGP FAICD

Appointed Chair of Eastern Health 1 July 2009

Current professional positions

- Chair, Medical Board of Australia
- Chair, Health Service Board Chairs (Victoria)
- Board Director, Ambulance Victoria

MR STUART ALFORD

BEcon(Hons) FCA MAICD

Appointed 1 July 2009
Retired 30 June 2018

Current professional positions

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

HON FRAN BAILEY

BAEd DipT (Secondary) GAICD

Appointed 1 July 2014

Current professional positions

- Chair, Animal Aid
- Chair, National Emergency Honours
- Director, National Board, Restaurant and Catering
- Ambassador, Cascades National Heritage Project, Second Bite and the Gertrude Opera

PROFESSOR ANDREW CONWAY

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

Appointed 1 July 2011

Current professional positions

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

Board Directors	Meetings eligible to attend	Meetings attended
Dr Joanna Flynn AM	13	12
Mr Stuart Alford	13	11
Hon Fran Bailey	13	12
Prof Andrew Conway	12	10
Dr Peter Dohrmann	13	13
Ms Jill Linklater	13	13
Mr Tass Mousaferiadis	13	12
Prof Pauline Nugent	13	11
Ms Joanna Walker	13	13

Prof Conway was reappointed on 1 August 2017, therefore he was eligible to attend 12 meetings.

DR PETER DOHRMANN

MBBS FRACS GradDipOccEnvH FRACMA

Appointed 1 July 2017

Professional positions

- Director of Neurosciences, Epworth HealthCare
- Senior Clinical Adviser, Australian Health Practitioner Regulation Agency

MS JILL LINKLATER

RN BScN MHA Grad Dip Health & Medical Law FACN FGIA GAICD

Appointed 1 July 2016

Current professional positions

- Board Member, Chair of Community Advisory Committee, Member of Clinical Governance Committee and Governance Committee, Uniting AgeWell (Victoria and Tasmania)
- Member, Disability Services Board Victoria
- Member, Deakin University Centre for Quality and Patient Safety (QPS) Research External Advisory Committee
- Consultant, Health, Disability, Aged Care Services
- Management Systems Auditor and Accreditation Surveyor

MR TASS MOUSAFERIADIS

BEd Grad Dip HealthEd Grad Cert BusMgt GAICD

Appointed 8 December 2015

Professional positions

- Board Member, Victorian Responsible Gambling Foundation
- Board Member, FoodBank Victoria
- Vice President, Star Health

PROFESSOR PAULINE NUGENT

BAppSc (Nursing Ed) Med

Appointed 1 July 2009
Retired 30 June 2018

Professional position

- Provost, Australian Catholic University

MS JOANNA WALKER

BBus(Acc) MBA GAICD

Appointed 1 July 2017

Professional positions

- Board Member and Member of the Audit and Risk Committee, Southern Alpine Resort Management
- Director, Kapstone Pty Ltd

PURPOSE, FUNCTIONS, POWERS AND DUTIES

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

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

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

CLINICAL GOVERNANCE FRAMEWORK

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

This includes elements such as continuously improving services, minimising risks and fostering an environment of excellence in care for consumers, patients and residents.

Eastern Health's Clinical Governance Framework is aligned with the Department of Health and Human Services framework under five domains – Leadership and Culture, Consumer Partnerships, Workforce, Risk Management and Clinical Practice.

The Department recently released a new framework. Eastern Health is currently reviewing and updating its Clinical Governance Framework to ensure it aligns with this new version. *See page 24 for more information.*

For more information, please refer to our performance against strategic priorities on pages 17-25.

Board committees

In accordance with the *Health Services Act 1988*, the Board of Directors is supported by several committees and advisory committees. The responsibilities of each committee are set out in its terms of reference.

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

COMMUNITY ADVISORY COMMITTEE

Chair:
Mr Tass Mousaferiadis

Members:
Dr Peter Dohrmann
(from September 2017)
Hon Fran Bailey
(until September 2017)
Adj Prof David Plunkett

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

Members of the committee representing the community in which Eastern Health operates are **Ms Sue Emery, Ms Diane Fisher, Ms Angela Fitzpatrick, Ms Liz Flemming-Judge, Ms Raj Liskaser, Ms Tarnya McKenzie, Ms Gloria Sleaby and Mr Shan Thurairajah. Ms Kathy Collet,** a Carer Consultant in the Mental Health Program, is an associate of the committee.

In 2017-18, some of the activities that members participated in included ongoing involvement in numerous expert advisory committees, governance committees and quality improvement projects, as well as involvement in organisational planning and assisting with the preparation of the annual Quality Account.

For more information about the Community Advisory Committee, visit **www.easternhealth.org.au**

FINANCE COMMITTEE

Chair:
Mr Stuart Alford

Members:
Hon Fran Bailey
(from September 2017)
Dr Joanna Flynn AM
Prof Andrew Conway
Ms Joanna Walker
(from September 2017)
Mr Tass Mousaferiadis
(until September 2017)

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 AND SAFETY COMMITTEE

Chair:
Prof Pauline Nugent

Members:
Dr Peter Dohrmann
(from September 2017)
Mr Tass Mousaferiadis
Ms Jill Linklater
Ms Liz Flemming-Judge
(community representative)

The Quality and Safety Committee is responsible to the Board for ensuring that safe, effective and accountable systems are in place to monitor and improve the quality and safety of health services provided by Eastern Health and that any systemic problems identified with the quality and safety of health services are addressed in a timely manner. It also ensures Eastern Health strives to continuously improve quality and safety 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:
Ms Jill Linklater

Members:
Dr Joanna Flynn AM
Adj Prof David Plunkett

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

Mr John Ferraro
Program Director, Acute and Aged Medicine, Eastern Health

Ms Ronda Jacobs
Chief Executive, Carrington Health

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

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

Ms Robin Whyte
Chief Executive, Eastern Melbourne Primary Health Network

Continued on page 40

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

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

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

Activities in 2017-18 included monitoring the implementation of the Eastern Melbourne Primary Healthcare Collaborative Primary Health Strategic Plan *(see page 22)*. Eastern Health is a founding partner of the Eastern Melbourne Primary Healthcare Collaborative.

RISK AND AUDIT COMMITTEE

Chair:
Prof Andrew Conway

Members:
Mr Stuart Alford
Hon Fran Bailey
Mr Tass Mousaferiadis
Ms Joanna Walker
(from September 2017)

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

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

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

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

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

STRATEGY, PEOPLE AND IT ADVISORY COMMITTEE

Chair:
Hon Fran Bailey

Members:
Dr Peter Dohrmann
(from September 2017)
Ms Jill Linklater
Adj Prof David Plunkett

The Strategy, People and IT 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
- Development, implementation and monitoring of progress on designated Corporate 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, Research Plan and Great Digital Information Management and Transformation Strategy
- Planning and monitoring of major capital works and projects.

In 2017-18, the committee focused on the development of the People Strategy 2018-2022 and Research Plan 2018-2022, implementation of the Great Digital Information Management and Transformation Strategy and a number of other projects, including the development of service and capital planning, and master planning for various sites.

The committee also monitored the implementation of the Electronic Medical Record *(see page 23)*.

REMUNERATION COMMITTEE

Chair:
Dr Joanna Flynn AM

Members:
Prof Andrew Conway
Mr Tass Mousaferiadis

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 fulfil its obligations with respect to Executive remuneration.

Executive

ADJUNCT PROFESSOR DAVID PLUNKETT

Chief Executive

David has worked at Eastern Health since 2002 and was appointed Chief Executive in September 2016. David is responsible to the Board of Directors for the overall management and performance of Eastern Health. Prior to this appointment, David was the Executive Director of Acute Health/ Chief Nursing and Midwifery Officer, along with a number of other roles.

David's focus on the patient and outcomes has been enhanced by his work as a surveyor with the Australian Council on Healthcare Standards.

Prior to joining Eastern Health, David held senior roles at Epworth Richmond and Latrobe Regional Hospital. He holds a Master of Business Administration and is a fully qualified perioperative (theatre) nurse.

ADJUNCT CLINICAL ASSOCIATE PROFESSOR COLIN FEEKERY

Executive Director
Research
(Chief Medical Officer)

Colin was appointed to the position of Chief Medical Officer at Eastern Health in July 2008. In February 2017, Colin's role was changed to emphasise the organisation's commitment to research.

Colin is currently mandated to grow and develop research and has ongoing responsibility for the management and future planning of the medical workforce. He also manages Eastern Health's medico-legal service. By training, Colin is a paediatrician and he is a Fellow of the Royal Australasian College of Physicians. He entered management after successfully completing a Master of Health Administration and subsequently, was admitted as a Fellow to the Royal Australasian College of Medical Administrators. He is currently a censor and national examiner for the college. He has previously held senior management positions at the Royal Children's Hospital (Melbourne) and Western Health.

KAREN FOX

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

Karen commenced at Eastern Health in 2006 and was appointed to her current role in February 2017. Prior to this, she held the position of Executive Director of Access and Patient Support Services since May 2013. Karen is responsible for the management and performance of surgery, women and children services, acute specialist clinics, mental health, medical imaging and statewide services.

She is committed to listening to staff, patients, clients and consumers to ensure Eastern Health is providing reliable, safe, high-quality care and positive experiences. Karen's previous roles at Eastern Health have included capital project management, corporate governance, strategy, planning and risk management. Karen has also worked in country Victoria and at Bayside Health. She has a Bachelor of Applied Science (Health Information Management), a Master of Public Health and a Diploma of Management.

PETER HUTCHINSON

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

Peter commenced at Eastern Health in 2000. He is responsible for Eastern Health's financial services, management accountant services, procurement and supply, facilities and infrastructure, security, property and retail.

Peter has held a variety of roles in the public health system during the past 25 years and fulfils the functions of Eastern Health's Chief Finance Officer and Chief Procurement Officer. He holds a Bachelor of Commerce (Accounting, Economics) and is a fellow of the Australian Health Services Financial Management Association.

ZOLTAN KOKAI

Executive Director
Information, Technology and Capital Projects

Zoltan commenced at Eastern Health in July 2004. He was appointed to his current role in February 2017 and leads the information, technology and major capital projects functions, including information and communication technology, health information and decision support services, biomedical engineering, the library and the e-health team, which successfully led the introduction of an Electronic Medical Record under the digital transformation strategy.

Zoltan has led the Angliss Hospital expansion and the Eastern Health Breast and Cancer Centre capital works project. He previously led Maroondah Hospital and Eastern Health's acute and community health services.

Prior to joining Eastern Health, Zoltan held several executive and senior roles at a number of major metropolitan health services. He has undergraduate degrees in business and information systems, and a Master of Business Administration.

KATHERINE MACHUTCHISON

Executive Director
People and Culture

Katherine commenced at Eastern Health in April 2017. She is responsible for Eastern Health's human resources services, occupational health and safety and emergency management, communications and volunteer services. She holds a Graduate Diploma in Human Resources Management and Industrial Relations, and a Bachelor of Arts.

Katherine has also worked at Epworth Healthcare, the Department of Business and Innovation, Cancer Institute NSW, Mayne Health, Australian Hospital Care and Coles Myer Limited.

CLINICAL ASSOCIATE PROFESSOR KATH RIDDELL

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

Kath commenced at Eastern Health in 2008 and was appointed to her current role in February 2017. This role encompasses two portfolios – learning and teaching for all clinical staff and professional lead for the nursing and midwifery workforce. Kath has always been committed to developing and supporting clinicians with first-class learning opportunities, so patients receive the highest standard of clinical care and outcomes, and students are supported to embrace a life-long learning philosophy.

She believes this role is a truly unique opportunity to create a new inter-professional learning culture at Eastern Health. Prior to her appointment, Kath was the Director of Practice Development and Workforce at Eastern Health since 2011 and Deputy Chief Nursing and Midwifery Officer since 2014.

MATT SHARP

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

Matt commenced at Eastern Health in 2014 as the Executive Director of Continuing Care, Ambulatory, Mental Health and Statewide Services, and commenced his current role in February 2017. The Clinical Operations (ASPPPA) directorate comprises acute (emergency and general medicine) and aged (sub-acute, transition care, residential aged care, chronic disease) medicine, specialty medicine and ambulatory care, pathology, pharmacy, patient access and allied health. The focus of this role is to ensure patients move seamlessly between different services across Eastern Health.

A registered nurse by profession, Matt was previously the Chief Executive of Rochester and Elmore District Health Service. He has considerable leadership, management and clinical experience in both regional and rural Victoria.

GAYLE SMITH

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

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

Gayle also has professional responsibility for Allied Health. Gayle holds a Bachelor of Applied Science (Occupational Therapy), a Master of Business Administration and a Professional Certificate in Health System Management.

EASTERN HEALTH FOUNDATION

Our Foundation helps realise our communities' aspirations for great healthcare through philanthropy. Below are just some of the areas where this generosity has made a difference.

Stopping breast cancer in its tracks

Any test, let alone a breast cancer test, can be a confronting experience but thanks to generous individuals, businesses and community groups, more women will have access to the latest 3D cancer detection technology. Their support will enable the purchase of new 3D mammography equipment which can detect up to 40 per cent more cancers than 2D scans. This equipment, to be located at the new Eastern Health Breast and Cancer Centre, will be available to women from across our catchment and along the spectrum of breast cancer care.

Looking towards the future through research

A record $500,000 was awarded in this year's Research and Innovation Grants Program thanks to our donors. This will provide researchers from a range of disciplines the opportunity to discover treatments and explore medical practices that can provide immediate benefits to patients. The depth and breadth of research conducted through this program extends across all aspects of healthcare, including surgery, aged care, emergency, drug and alcohol, oncology and mental health.

Our wonderful auxiliaries

Auxiliary members give vital support to our patients, their families and our staff by providing a friendly smile and helping hand. They also raise valuable funds through activities such as hospital kiosks and opportunity shops. Our auxiliaries raised $285,000 in 2017-18 for new medical equipment, including operating theatre tables and patient monitors in the emergency department.

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

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

Eastern Health's Mental Health Program provides assessment and interventions for people experiencing severe mental illness. Working within a recovery-oriented model, clinicians provide a variety of hospital-based, community and specialist services for children, youth, adults and aged people across the Eastern Metropolitan Region. In 2017-18, there were 3639 people admitted to our mental health inpatient units – up 5.1 per cent (or 178 more patients) and our community services provided 265,442 occasions of service. Pictured is Social Worker Amie Scott, who is a member of the Murnong Continuing Care team that provides case management in the community for clients with a severe mental illness.

Our People

Working at Eastern Health

Eastern Health's *Strategic Plan 2017-2022* has a bold and powerful vision to provide "great care, everywhere, every time". Delivery of this exciting vision will depend on many factors but at the heart of it are our people.

Our people are the key to ongoing success and we must support them to thrive, manage and lead. It is also critical for us to attract, develop and retain the best people who will put patients first in everything they do.

Eastern Health is operating in a rapidly-changing global environment, which significantly affects our workplace. Expected technological advancements in digital health and the cognitive cloud will impact how and where we provide healthcare.

In addition, growing demand for our services and the increasing expectations of our community will require a workforce that is resilient, agile and patient-focused.

Our new *People Strategy 2018-2022,* approved in March 2018, outlines an integrated approach to creating an environment in which our people can flourish and succeed in delivering Eastern Health's vision. This strategy will develop excellence in seven key areas:

Engagement
We will have a passionate, engaged and empowered workforce that lives our values and brings our vision and mission to life.

Leadership
We will develop our leaders to inspire our employees to deliver great care, everywhere, every time.

Attraction and recruitment
We will recruit the best people and be a career destination for high-performing healthcare talent.

Performance
We will enable our employees to thrive through meaningful conversations focused on performance and development.

Safety and wellbeing
We will have a safety-focused culture that prioritises the health and emotional wellbeing of our employees.

Secure and diverse workforce
We will build a secure and diverse workforce to ensure we have employees who are available, skilled and engaged, so that we can service our community in the short and long term.

Communications and brand
We will continue to strengthen our communications and the Eastern Health brand to ensure our employees feel informed, heard and inspired to work at Eastern Health.

OUR VALUES

In 2017, for the first time in 17 years, Eastern Health's values were reimagined.

- **Patients First**
- **Agility**
- **Humility**
- **Respect**
- **Kindness**
- **Excellence**

These values inform the way staff think, act and speak, and shape workplace culture. To support staff to have a strong understanding of each of the six values, more than 850 staff were asked to provide feedback about what each value means to them and what each value looks like in action.

As a result of this robust consultation, each value was defined with observable behaviours, *as outlined on page 8.*

Highlights

43.16
average age of employees

18
age of youngest employee
(ward clerk)

85
age of oldest employee
(visiting medical officer)

78%
percentage of workforce that is female

82
number of nationalities that make up the Eastern Health workforce

22
number of staff who identify as Aboriginal and Torres Strait Islander

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

To further embed these values, each value was awarded to a nominated staff member as part of the 2017 Aspire to Inspire (A2i) Awards *(see page 48)*. Furthermore, the values are embedded within annual performance appraisals, our recruitment processes and tools, and in the design of our upcoming leadership development program. Work will continue over the next 12 months to ensure these values come to life and resonate with our staff.

ATTRACTION AND RECRUITMENT

As part of our commitment to high-quality recruitment, a significant piece of work has been completed to develop values-based, best-practice recruitment processes. These improvements have included a systems upgrade, increased reporting and refined processes that are aimed at reducing the length of time to fill positions and ensure a high-quality candidate experience.

In addition, a suite of recruitment tools and templates were developed, enabling our leaders to recruit high-quality employees who align with our values and are a good fit for Eastern Health. A full-day recruitment workshop focusing on values and behaviours, and the recruitment lifecycle was also designed to develop the recruitment capability of our managers.

ENGAGEMENT

The People Matter Survey has been distributed to Eastern Health employees by the Victorian Public Service Commission since 2012. In 2017, Eastern Health achieved a response rate of 41 per cent, which was a five per cent increase on 2016. The People Matter Survey measures employee engagement and job satisfaction *(see page 28 for some key results)*.

Research indicates employee engagement drives healthcare quality, patient experience and financial returns and as such is a key measure for Eastern Health. Survey results have been shared with staff and action plans developed for 100 per cent of Eastern Health's programs and directorates.

LEADERSHIP FRAMEWORK

Eastern Health has developed a leadership framework that is aligned with our Strategic Plan. A success profile has been developed at each leadership level of the organisation through a rigorous focus group and validation process.

Participants were required to define the knowledge, experiences, competencies and personal attributes required for success. This framework will guide our leadership development, recruitment and performance development processes, and ensure Eastern Health has the leadership to deliver on current and future objectives.

SAFETY LEADERSHIP

Developing safety leadership capability is a key goal that Eastern Health endeavours to undertake to effectively achieve its strategic initiative of being "a values-based, safe workplace" as well as "a high-performing organisation". Work is underway to develop a safety leadership program to enable managers to provide strong leadership in driving a culture of safety.

The challenge for Eastern Health leaders is not only to improve the safety of their employees but also to develop the competencies, skills and behaviours to build high-performing, engaged and empowered teams. Programs will be developed for three levels of the organisation, including team leader, manager and director.

Edwina Wong and Darpi Patel are helping to prevent patient falls on Ward 9.1 at Box Hill Hospital, as part of the Falls Prevention and Wellbeing Program, one of many programs that benefit from volunteer assistance. They are pictured with patient Janice Jaboor.

Our volunteers

In 2017-18

870
volunteers supported

106
programs,

contributing

208,800
hours of service.

While the dollar value to Eastern Health equates to $5.02 million, the qualitative value is immeasurable in terms of the difference this workforce makes to the lives of our patients, carers, staff and the community.

Our volunteers provide support for a range of services and programs across Eastern Health. These include acting as welcome ambassadors, assisting staff and patients in the emergency department, cancer services, palliative care, falls prevention and wellbeing, rehabilitation, mental health, spiritual care, medical imaging, respiratory laboratory, nutrition services, patient transport, the patient library, pet therapy visits, aged care activities and hospital in the home.

In addition, in early 2018 a new group of dedicated volunteers was recruited to assist patients and staff at the newly-opened Eastern Health Breast and Cancer Centre.

Workforce data

	2013-14	2014-15	2015-16	2016-17	2017-18
Full-Time	2675	2628	2681	2726	2748
Part-Time	4720	4854	4982	5249	5403
Casual	1119	1201	1393	1462	1279
TOTAL	**8514**	**8683**	**9056**	**9437**	**9430**

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

Labour category	June Current month FTE		June Year to date FTE	
	2017	2018	2017	2018
Nursing	2822.9	2859.32	2741.5	2819.94
Administrative and clerical	905.6	886.03	889.8	890.85
Medical support*	574.1	573.89	558.5	571.96
Hotel and allied services	315.4	310.65	310.1	316.12
Medical officers	124.7	121.12	117.1	120.35
Hospital medical officers	595.3	619.54	578.4	610.18
Sessional clinicians	180.5	210.55	177.7	192.58
Ancillary staff (allied health)	597.9	590.83	578.6	588.35

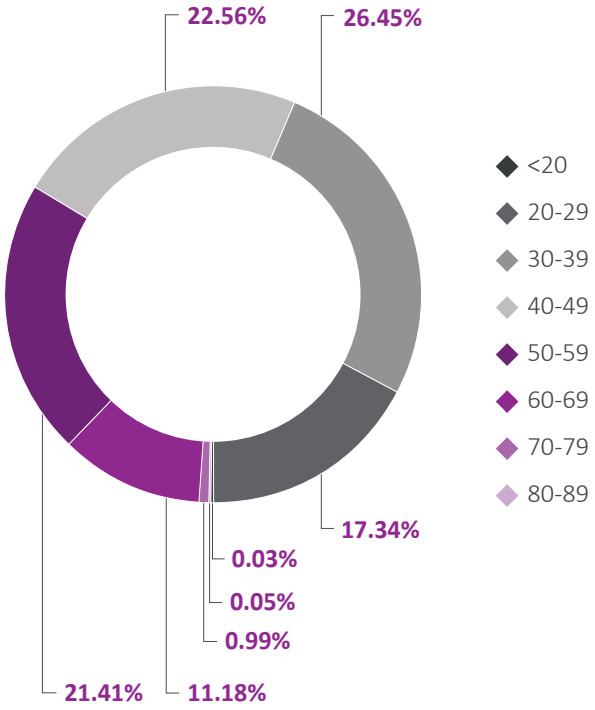
These figures exclude overtime. They do not include contracted staff i.e. agency nurses or fee-for-service visiting medical officers who are not regarded as employees for this purpose.

Breakdown of workforce – full-time equivalent staff

Labour category	2013-14	2014-15	2015-16	2016-17	2017-18
Nursing	2564.9	2611.5	2697.2	2822.9	2859.32
Administrative and clerical	842.1	851.2	857.0	905.6	886.03
Medical support*	516.5	499.5	549.6	574.1	573.89
Hotel and allied services	284.1	293.1	297.7	315.4	310.65
Medical officers	112.7	120.0	115.0	124.7	121.12
Hospital medical officers	513.4	526.3	562.5	595.30	619.54
Sessional clinicians	150.2	155.1	176.7	180.5	210.55
Ancillary staff (allied health)	578.3	549.6	557.7	597.9	590.83
TOTAL	**5562.2**	**5603.2**	**5813.4**	**6116.4**	**6171.93**

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

Workforce age breakdown 2017-18



Age group (years)	Number of staff	Percentage
<20	5	0.05
20-29	1635	17.34
30-39	2494	26.45
40-49	2127	22.56
50-59	2019	21.41
60-69	1054	11.18
70-79	93	0.99
80-89	3	0.03
TOTAL	9430	100

INDUSTRIAL RELATIONS

During 2017-18, Eastern Health had a number of enterprise bargaining agreements renegotiated or in the process of renegotiation.

The Fair Work Commission approved the:

- *Victorian Public Health Sector (Medical Scientists, Pharmacists and Psychologists) Single Interest Enterprise Agreement 2017-2021*

At the time of writing this report, the following Agreements were currently before the Fair Work Commission awaiting approval:

- *AMA Victoria – Victorian Public Health Sector – Medical Specialists Enterprise Agreement 2018-2021*
- *AMA Victoria – Victorian Public Health Sector – Doctors in Training Enterprise Agreement 2018-2021*
- *Victorian Public Health Sector (Maintenance) Multi-Employer Agreement 2017-2021.*

Negotiations have commenced for a new biomedical engineers enterprise bargaining agreement.

There has not been any industrial action taken by employees during these negotiations and therefore there has been no lost time due to industrial action.

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 *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.

Reward and recognition

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

Top honours for emergency departments

Box Hill Hospital was named Australasian Emergency Department of the Year by the College of Emergency Nursing Australasia (CENA) in October 2017. Key criteria for the award included demonstrated excellence in patient care and clinical outcomes; commitment to professional development of staff; and commitment to quality management. Director of Emergency Services Andrew Maclean said the award was a great reflection on the outstanding job our dedicated staff do each and every day. Pictured above is the award-winning team.

A partnership between Eastern Health's Mental Health team and Angliss Hospital's Emergency Department was recognised at the prestigious Victorian Public Healthcare Awards. A world-first initiative, the telepsychiatry program involved providing real-time clinical mental health support via video link to the hospital's emergency department. The program won the Minister for Mental Health's Award for Excellence in Supporting the Mental Health and Wellbeing of Victorians.

A2i AWARDS

About 400 staff and guests attended Eastern Health's seventh annual Aspire to Inspire (A2i) Awards where the outstanding contributions of our staff and volunteers were acknowledged. Long-time staff members who marked 25, 30, 35 and 40 years of service were also recognised at the red carpet event. Nominees from across all sites and programs were acknowledged for their commitment to exemplifying our new values – Patients First, Kindness, Respect, Excellence, Agility and Humility – as well as key strategic priorities. *See winners' photo below.*

NURSING AND MIDWIFERY AWARDS

Eastern Health is committed to recognising and rewarding our exceptional nurses and midwives, and holds the Nursing and Midwifery Awards and Graduation Ceremony every year in between International Day of the Midwife and International Nurses Day celebrations in May. In 2018, the award recipients were:

Chief Nursing and Midwifery Officer Award:

Stephen Bowness
Registered Nurse, Maroondah PARC (Prevention and Recovery Care), Mental Health Program

Kirsty Medo
Registered Nurse, Ranges Community Care Team, Mental Health Program

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

Juliet Waters
Registered Nurse, Special Care Nursery, Box Hill Hospital

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

Amy Skiller
Registered Nurse, Operating Theatres, Maroondah Hospital

Preceptor of the Year (Heather Beanland Award):

Jayne Nixon
Registered Nurse, Intensive Care Unit, Box Hill Hospital

Deakin University Chair in Nursing Research Award:

Penny Casey
Clinical Nurse Educator and PhD Candidate, Learning and Teaching, Box Hill Hospital

Winners of the 2017 Aspire to Inspire (A2i) Awards are, from left, Dr Timothy McIver (Excellence), Kathryn MacDonald (Kindness), Cath Hunkin and Jenny Wray (both seated), representing Angliss Hospital's Ward 2 West nursing team (Agility), Daniel Raftis (Humility), June Goudie (Volunteer), Anna Pagram (Workplace Safety and Wellbeing), Paul Roberts (Sustainability), Chris Bruce (Consumer Participation), Brad Wynne (Respect), Georgie Shoebridge (Patients First) and Kate Locastro (Closing the Health Gap).

Disclosure Index

The *Eastern Health Annual Report 2017-18* is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of Eastern Health's compliance with statutory disclosure requirements.

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Our Financial Statements 2017-2018

With one person arriving at our three emergency departments every 3.1 minutes, Eastern Health is continuously looking at ways to improve access and the patient experience. A number of initiatives are underway as part of the "Every Minute Matters" program of work *(see page 34).* Pictured is Box Hill Hospital Emergency Department Registered Nurse Stan Ho.

Contents

Board Member's, Accountable Officer's and Chief Finance & Accounting Officer's Declaration

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

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2018 and financial position of Eastern Health as at 30 June 2018.

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

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

Dr Joanna Flynn AM

Chair (on behalf of the board)

Adjunct Professor David Plunkett

Chief Executive
Eastern Health

Peter Hutchinson

Chief Finance Officer
Eastern Health

9 August 2018
(Box Hill – Melbourne)

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Eastern Health

Opinion	I have audited the financial report of Eastern Health (the health service) which comprises the: • balance sheet as at 30 June 2018 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • board member's, accountable officer's and chief finance & accounting officer's declaration. In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2018 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. My independence is established by the *Constitution Act 1975.* My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Board's responsibilities for the financial report	The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

MELBOURNE
14 August 2018

Ron Mak
as delegate for the Auditor-General of Victoria

Eastern Health

Comprehensive Operating Statement for the year ended 30 June 2018

	NOTE	2018 $'000	2017 $'000
Revenue from Operating Activities	2.1	1,012,276	958,134
Revenue from Non-Operating Activities	2.1	2,526	2,263
		1,014,802	**960,397**
Employee Expenses	3.1	(742,218)	(700,463)
Non Salary Labour Costs	3.1	(4,866)	(6,084)
Supplies & Consumables	3.1	(163,548)	(167,875)
Finance Costs	3.3	(773)	(819)
Other Expenses From Continuing Operations	3.1	(103,207)	(93,595)
		(1,014,612)	**(968,836)**
NET RESULT BEFORE CAPITAL & SPECIFIC ITEMS		**190**	**(8,439)**
Capital Purpose Income	2.1	55,599	48,382
Gain/(loss) on Disposal of Non-Current Assets	7.2	36	(349)
Depreciation & Amortisation	4.3	(69,042)	(69,362)
NET RESULT AFTER CAPITAL & SPECIFIC ITEMS		**(13,217)**	**(29,768)**
Other Economic Flows included in net result			
Revaluation of Long Service Leave	3.4	16	1,246
NET RESULT FOR THE YEAR		**(13,201)**	**(28,522)**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to net result			
Changes in asset revaluation surplus/(loss)	8.1	61,008	1,429
TOTAL COMPREHENSIVE RESULT FOR THE YEAR		47,807	**(27,093)**

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

Eastern Health
Balance sheet as at 30 June 2018

	NOTE	2018 $'000	2017 $'000
Assets			
Current Assets			
Cash and Cash Equivalents	6.3	41,017	4,542
Receivables	5.1	26,914	24,568
Investments and Other Financial Assets	4.1	8,207	6,746
Inventories	5.2	4,870	4,701
Prepayments	5.4	2,307	1,825
TOTAL CURRENT ASSETS		**83,315**	**42,382**
Non-Current Assets			
Receivables	5.1	42,663	41,947
Land	4.2	108,989	108,989
Buildings	4.2	718,382	680,460
Plant, Equipment & Motor Vehicles	4.2	47,189	56,314
Furniture & Fittings	4.2	8,392	9,268
Leasehold Improvements	4.2	2,118	155
Intangible Assets	4.4	22,205	10,707
TOTAL NON-CURRENT ASSETS		**949,938**	**907,840**
TOTAL ASSETS		**1,033,253**	**950,222**
Liabilities			
Current Liabilities			
Payables	5.5	62,445	63,318
Borrowings	6.1	1,867	658
Provisions	3.4	181,716	158,571
Other Current Liabilities	5.3	13,282	7,807
TOTAL CURRENT LIABILITIES		**259,310**	**230,354**
Non-Current Liabilities			
Borrowings	6.1	18,664	14,179
Provisions	3.4	30,576	29,009
TOTAL NON-CURRENT LIABILITIES		**49,240**	**43,188**
TOTAL LIABILITIES		**308,550**	**273,542**
NET ASSETS		**724,703**	**676,680**
Equity			
Asset Revaluation Surplus	8.1	278,077	217,069
Restricted Specific Purpose Surplus	8.1	31,623	30,553
Contributed Capital	8.1	247,762	247,546
Accumulated Surpluses/(Deficits)	8.1	167,241	181,512
TOTAL EQUITY		**724,703**	**676,680**
Commitments	6.4		
Contingent Assets & Contingent Liabilities	7.3		

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

Eastern Health

Statement of Changes in Equity for the year ended 30 June 2018

2018	Note	Equity at 1 July 2017 $'000	Comprehensive Result $'000	Other Comprehensive Result $'000	Equity at 30 June 2018 $'000
Accumulated Surplus/ (Deficit)	**8.1**	**181,512**	**(13,201)**	**-**	**168,311**
Transfer (To)/ From Restricted Specific Purpose Reserve		-	(1,070)	-	(1,070)
		181,512	**(14,271)**	**-**	**167,241**
Contribution by Owners	**8.1**	**247,546**	**216**		**247,762**
		247,546	**216**	**-**	**247,762**
Reserves					
Asset Revaluation Reserve	8.1	217,069	-	61,008	278,077
Restricted Specific Purpose Reserve	8.1	30,553	1,070	-	31,623
		247,622	**1,070**	**61,008**	**309,700**
TOTAL EQUITY AT THE END OF THE FINANCIAL YEAR		**676,680**	**(12,985)**	**61,008**	**724,703**

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

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

Eastern Health
Cash Flow Statement for the year ended 30 June 2018

	NOTE	2018 $'000	2017 $'000
Cash flows from operating activities			
Operating Grants from Government		896,461	831,464
Capital Grants from Government		54,303	43,091
Patient and Resident Fees Received		48,725	50,686
Recoupment from Private Practice for use of Hospital Facilities		28,463	25,247
GST Received from ATO		26,296	26,268
Interest Received		1,652	630
Other Receipts		44,405	46,505
TOTAL RECEIPTS		**1,100,305**	**1,023,891**
Employee Benefits Paid		(719,505)	(682,986)
Fee for Service Medical Officers		(2,163)	(2,654)
Payments for Supplies & Consumables		(196,578)	(196,863)
Finance Costs		(773)	(819)
Other Payments		(103,285)	(92,513)
TOTAL PAYMENTS		**(1,022,304)**	**(975,835)**
NET CASH INFLOW FROM OPERATING ACTIVITIES	**8.2**	**78,001**	**48,056**
Cash flows from investing activities			
Purchase of Properties, Plant & Equipment		(48,355)	(48,611)
Proceeds from Sale of Properties, Plant & Equipment		271	523
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(48,084)**	**(48,088)**
Cash flows from financing activities			
Contributed Capital from Government		216	-
Repayment of Loan from Treasury Corporation of Victoria		(658)	(617)
Loan from Department of Health and Human Services		7,000	2,500
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		**6,558**	**1,883**
NET INCREASE/(DECREASE) IN CASH HELD		**36,475**	**1,851**
CASH AND CASH EQUIVALENTS AT 1 JULY 2017		**4,542**	**2,691**
CASH AND CASH EQUIVALENTS AT 30 JUNE 2018	**6.3**	**41,017**	**4,542**
Non-cash financing and investing activities	6.2		

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

Basis of presentation

These financial statements are presented in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

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

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

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

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

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also future periods that are affected by the revision. Judgements and assumptions made by management in applying the application of AASB that have significant effect on the financial statements and estimates are disclosed in the notes under the heading: 'Significant judgement or estimates'.

Note 1:
Summary of significant accounting policies

These annual financial statements represent the audited general purpose financial statements for Eastern Health for the period ending 30 June 2018. 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 09 August 2018.

(B) REPORTING ENTITY

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

The principal address is:

5 Arnold Street
Box Hill
Victoria 3128

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

Objectives and funding

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

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

Manner of Establishment

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

(C) BASIS OF ACCOUNTING PREPARATION AND MEASUREMENT

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2018, and the comparative information presented in these financial statements for the year ended 30 June 2017.

The going concern basis was used to prepare the financial statements *(refer to Note 8.10 Economic Dependency).*

As a result of the financial performance and position, Eastern Health has obtained a letter of support from the State Government and in particular, the Department of Health and Human Services (DHHS), confirming that DHHS will continue to provide Eastern Health adequate cash flow to meet its current and future obligations up to 30 September 2019. (A letter was obtained for the previous year). On that basis, the financial statements have been prepared on a going concern basis.

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

All amounts shown in the financial statements have been rounded to the nearest thousand dollars, unless otherwise stated. Minor discrepancies in tables between totals and sum of components are due to rounding.

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

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.

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

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised 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, with a risk of material adjustments in the subsequent reporting period, relate to:

- the fair value of land, buildings, infrastructure, plant and equipment, *(refer to Note 4.2 Property, plant and equipment).*
- Actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates *(refer to Note 3.4 Employee Benefits).*
- Superannuation expense *(refer to Note 3.5 Superannuation).*

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 Australian Taxation Office (ATO). In this case the GST payable is recognised as part of the cost of 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 ATO is included with other receivables or payables in the Balance Sheet.

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

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

Note 2:
Funding delivery of our services

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

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

Structure

2.1: Analysis of revenue by source

Note 2.1: Analysis of revenue by source

	Note	Admitted patients 2018 $'000	Non - admitted 2018 $'000	EDS 2018 $'000	Mental health 2018 $'000	RAC including mental health 2018 $'000	Aged care 2018 $'000	Primary health 2018 $'000	Other 2018 $'000	Total 2018 $'000
Government Grants		684,537	-	58,061	107,284	3,385	10,361	8,710	14,863	887,201
Indirect Contributions by Department of Health and Human Services**										
◆ Insurance		546	-	-	-	-	-	-	-	546
◆ Long Service Leave		7,216	-	-	-	-	-	-	-	7,216
Patient and Resident Fees		38,152	1,448	-	1,493	7,658	16	53	-	48,820
Recoupment from Private Practice for use of Hospital Facilities		21,292	5,267	-	-	-	-	1,284	197	28,040
Other Revenue from Operating Activities		4,765	27	-	2,129	-	37	342	33,153	40,453
TOTAL REVENUE FROM OPERATING ACTIVITIES		**756,508**	**6,742**	**58,061**	**110,906**	**11,043**	**10,414**	**10,389**	**48,213**	**1,012,276**
Investment Income - Interest		-	-	-	-	193	-	-	1,181	1,374
Property Income		-	-	-	-	-	-	-	1,152	1,152
TOTAL REVENUE FROM NON-OPERATING ACTIVITIES		**-**	**-**	**-**	**-**	**193**	**-**	**-**	**2,333**	**2,526**
Capital Purpose Income		-	-	-	-	-	-	-	55,635	55,635
TOTAL CAPITAL PURPOSE INCOME		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**55,635**	**55,635**
TOTAL REVENUE		**756,508**	**6,742**	**58,061**	**110,906**	**11,236**	**10,414**	**10,389**	**106,181**	**1,070,437**

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

RAC = Residential Aged Care

EDS = Emergency Department Services

Note 2.1: Analysis of revenue by source *(continued)*

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

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

RAC = Residential Aged Care

EDS = Emergency Department Services

Note 2.1: Analysis of revenue by source *(continued)*

Revenue Recognition

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, where applicable, net of returns, allowances and duties and taxes.

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

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

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

Indirect Contributions from the Department of Health and Human Services

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

Patient and Resident Fees

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

Private Practice Fees

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

Revenue from Commercial Activities

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

Donations and Other Bequests

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

Interest Revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield of the financial asset, which allocates interest over the relevant period.

Sale of investments

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

Other Income

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

Category Groups

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

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

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

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

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

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

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

Note 2.1: Analysis of revenue by source *(continued)*

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

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

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

Note 3:
The cost of delivering our services

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

Structure

Note 3.1: Analysis of expenses by source

	Note	Admitted patients 2018 $'000	Non - admitted 2018 $'000	EDS 2018 $'000	Mental health 2018 $'000	RAC including Mental health 2018 $'000	Aged care 2018 $'000	Primary health 2018 $'000	Other 2018 $'000	Total 2018 $'000
Services Supported by Health Services Agreement										
Employee Expenses		520,992	11,234	76,055	85,326	9,548	5,747	6,352	26,964	742,218
Non Salary Labour Costs		3,656	-	43	456	16	-	582	113	4,866
Supplies & Consumables		155,520	548	2,967	3,173	396	(5)	50	899	163,548
Other Expenses		62,345	720	3,550	22,004	1,173	1,366	2,382	9,255	102,795
Audit Fees										
◆ Auditor-General	8.7	123	-	-	-	-	-	-	-	123
◆ Other		274	-	-	-	2	-	1	12	289
TOTAL EXPENSES FROM OPERATING ACTIVITIES		**742,910**	**12,502**	**82,615**	**110,959**	**11,135**	**7,108**	**9,367**	**37,243**	**1,013,839**
Depreciation & Amortisation	4.3	-	-	-	-	-	-	-	69,042	69,042
Revaluation of Long Service Leave		-	-	-	-	-	-	-	(16)	(16)
Finance Costs	3.3	-	-	-	-	-	-	-	773	773
TOTAL OTHER EXPENSES		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**69,799**	**69,799**
TOTAL EXPENSES		**742,910**	**12,502**	**82,615**	**110,959**	**11,135**	**7,108**	**9,367**	**107,042**	**1,083,638**

RAC = Residential Aged Care

EDS = Emergency Department Services

Note 3.1: Analysis of expenses by source *(continued)*

	Note	Admitted patients 2017 $'000	Non - admitted 2017 $'000	EDS 2017 $'000	Mental Health 2017 $'000	RAC including Mental Health 2017 $'000	Aged care 2017 $'000	Primary health 2017 $'000	Other 2017 $'000	Total 2018 $'000
Services Supported by Health Services Agreement										
Employee Expenses		500,724	10,851	67,850	76,728	9,484	5,616	5,775	23,435	700,463
Non Salary Labour Costs		4,372	-	100	664	63	-	606	279	6,084
Supplies & Consumables		160,447	414	2,974	2,957	362	3	43	675	167,875
Other Expenses		57,471	817	3,456	20,126	1,083	1,238	2,382	6,664	93,237
Audit Fees										
◆ Auditor-General	8.7	120	-	-	-	-	-	-	-	120
◆ Other		223	-	-	-	2	-	1	12	238
TOTAL EXPENSES FROM OPERATING ACTIVITIES		**723,357**	**12,082**	**74,380**	**100,475**	**10,994**	**6,857**	**8,807**	**31,065**	**968,017**
Depreciation & Amortisation	4.3	-	-	-	-	-	-	-	69,362	69,362
Revaluation of Long Service Leave		-	-	-	-	-	-	-	(1,246)	(1,246)
Finance Costs	3.3	-	-	-	-	-	-	-	819	819
TOTAL OTHER EXPENSES		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**68,935**	**68,935**
TOTAL EXPENSES		**723,357**	**12,082**	**74,380**	**100,475**	**10,994**	**6,857**	**8,807**	**100,000**	**1,036,952**

RAC = Residential Aged Care

EDS = Emergency Department Services

Note 3.1: Analysis of expenses by source *(continued)*

Expense Recognition

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

Employee expenses

Employee expenses include:

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

Other operating expenses

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

Supplies and consumables

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

Bad & doubtful debts

Refer to Note 5.1 Receivables.

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

Net gain/(loss) on non-financial assets

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

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

Refer to Note 4.2 Property plant and equipment.

Amortisation of non-produced intangible assets

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

Revaluations of financial instrument at fair value

Refer to Note 7.1 Financial Instruments.

Other gains/(losses) from other economic flows

Other gains/ (losses) include:

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

Derecognition of financial liabilities

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such as an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognised as an expense in the comprehensive operating statement.

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

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

Residential aged care service (RACS)

The Mooroolbark, Northside and Edward Street Nursing Homes and Monda Lodge Hostel Residential Aged Care Service operations are an integral part of the Health service and share its resources. An apportionment of land and buildings has been made based on floor space. The results of the four operations have been segregated based on actual revenue earned and expenditure incurred by each operation in Note 8.3 to the financial statements.

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

Note 3.1: Analysis of expenses by source *(continued)*

Internally managed specific purpose funds

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

Restricted specific purpose funds

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

A separate board or a separate committee normally manages the fund such as a foundation managed by a separate board. Alternatively, this could be managed by a management auxiliary to the Health Service's Board.

The Health Service's Board has no effective control on the restricted purpose fund other than to comply with or to implement the purpose for which the fund is set up.

Note 3.2: Analysis of expense & revenue by internally managed and restricted specific purpose funds for services supported by hospital and community initiatives

	Expenses		Revenue	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Private Practice and Other Patient Activities	2,223	2,228	3,921	4,140
Car Park	1,909	1,739	6,531	5,970
Education & Training	2,317	1,757	1,329	1,524
Catering	338	471	427	532
Other	3,175	3,232	1,939	2,050
Equipment Funds Transfer	-	-	2,965	3,565
Commissions	851	804	3,948	3,528
Interest	-	-	1,370	946
Property Income	610	809	1,745	1,884
Other Activities				
Fundraising and Community Support	1,046	705	2,240	2,117
Research and Scholarship	1,532	925	1,772	1,789
TOTAL	**14,001**	**12,670**	**28,187**	**28,045**

Note 3.3: Finance costs

	2018 $'000	2017 $'000
Interest on Long Term Borrowings	773	819
TOTAL	**773**	**819**

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

Finance costs include:

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

Note 3.4: Employee benefits in the balance sheet

	2018 $'000	2017 $'000
Current provisions		
Employee Benefits (Note 3.4(a))		
Annual leave (Note 3.4(a))		
◆ Unconditional and Expected to be settled within 12 months	39,632	37,269
◆ Unconditional and Expected to be settled after 12 months	6,663	6,148
Long service leave (Note 3.4(a))		
◆ Unconditional and Expected to be settled within 12 months	12,493	10,479
◆ Unconditional and Expected to be settled after 12 months	78,240	70,522
SUB-TOTAL	**137,028**	**124,418**
Accrued Salaries and Accrued Days Off		
◆ Unconditional and Expected to be settled within 12 months	30,309	21,012
Provisions related to employee benefit on-costs		
◆ Unconditional and Expected to be settled within 12 months	5,390	5,023
◆ Unconditional and Expected to be settled after 12 months	8,989	8,118
	14,379	**13,141**
TOTAL CURRENT PROVISIONS	**181,716**	**158,571**
NON CURRENT PROVISIONS		
Employee Benefits (i) (Note 3.4(a))	27,650	26,230
Provisions related to employee benefit on-costs	2,926	2,779
TOTAL NON-CURRENT PROVISIONS	**30,576**	**29,009**
TOTAL PROVISIONS	**212,292**	**187,580**
(a) Current employee benefits and related on-costs		
Unconditional Long Service Leave Entitlements	90,733	81,001
Annual Leave Entitlements	46,295	43,417
Accrued Salaries and Wages	29,368	19,904
Accrued Days Off	941	1,108
Current On-Costs	14,379	13,141
NON CURRENT EMPLOYEE BENEFITS AND RELATED ON-COSTS		
Conditional long service leave entitlements	27,650	26,230
Non-Current On-Costs	2,926	2,779
TOTAL EMPLOYEE BENEFITS AND RELATED ON-COSTS	**212,292**	**187,580**
(b) Movement in provisions		
Movement in Long Service Leave:		
Balance at start of year	118,592	105,631
Provision recognising employee service made during the year	22,966	23,854
Revaluations	(16)	(1,246)
Settlement made during the year	(10,714)	(9,647)
BALANCE AT THE END OF THE YEAR	**130,828**	**118,592**

NOTES:

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

Note 3.4: Employee benefits in the balance sheet *(continued)*

Provisions

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

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

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

Employee benefits

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

Wages and salaries, annual leave, and accrued days off

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

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

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

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

Long service leave (LSL)

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

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

The components of this current LSL liability are measured at:

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

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

This non-current LSL liability is measured at present value.

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

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

Termination benefits

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

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

On-Costs related to employee expense

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

Note 3.5: Superannuation

	Paid contribution for the year		Contribution outstanding at year end	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Defined benefit plans: (i)				
First State Superannuation Fund	627	687	16	15
Defined contribution plans:				
First State Superannuation Fund	33,913	34,252	784	706
HESTA Superannuation Fund	18,471	17,005	545	456
TOTAL	**53,011**	**51,944**	**1,345**	**1,177**

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

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

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.

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

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

The name, details and amounts of the expense in relation to the major employee superannuation funds and contributions made by the Health Services are disclosed above.

Note 4:
Key assets to support service delivery

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

Structure

Note 4.1: Investments and other financial assets

	Note	Specific purpose fund 2018 $'000	Specific purpose fund 2017 $'000	Total 2018 $'000	Total 2017 $'000
Current					
Loans and receivables					
Australian Dollar Term Deposits >= 3 months		8,207	6,746	8,207	6,746
TOTAL		**8,207**	**6,746**	**8,207**	**6,746**
Represented by:					
Monies Held in Trust					
◆ Accommodation Bonds (Refundable Entrance Fees)		8,207	6,746	8,207	6,746
TOTAL		**8,207**	**6,746**	**8,207**	**6,746**

Investments and other financial assets

Hospital investments must be in accordance with Standing Direction 3.7.2 – Treasury and Investment Risk Management. Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Investments are classified as held-to-maturity.

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

Impairment of financial assets

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

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

Note 4.2: Property, plant & equipment

(a) Gross carrying amount and accummulated depreciation

	2018 $'000	2017 $'000
Land		
Land at Fair Value	108,989	108,989
◆ Less Impairment	-	-
TOTAL LAND	**108,989**	**108,989**
Buildings		
Buildings at Cost	13,711	419,070
◆ Less Accumulated Depreciation	(236)	(42,684)
	13,475	**376,386**
Buildings Under Construction at cost	30,466	25,594
Buildings at Fair Value	674,441	351,678
◆ Less Accumulated Depreciation	-	(73,198)
	674,441	**278,480**
TOTAL BUILDINGS	**718,382**	**680,460**
Leasehold Improvements		
Leasehold Improvements	7,573	5,348
◆ Less Accumulated Depreciation	(5,455)	(5,193)
TOTAL LEASEHOLD IMPROVEMENTS	**2,118**	**155**
Plant and Equipment		
Medical Equipment at Fair Value	111,927	109,674
◆ Less Accumulated Depreciation	(75,730)	(67,186)
	36,197	**42,488**
Computers and Communication at Fair Value	49,717	47,063
◆ Less Accumulated Depreciation	(42,500)	(36,822)
	7,217	**10,241**
Assets Under Construction	2,659	1,835
TOTAL PLANT AND EQUIPMENT	**46,073**	**54,564**
Motor Vehicles		
Motor Vehicles at Fair Value	6,350	6,649
◆ Less Accumulated Depreciation	(5,234)	(4,899)
TOTAL MOTOR VEHICLES	**1,116**	**1,750**
TOTAL PLANT, EQUIPMENT AND MOTOR VEHICLES	**47,189**	**56,314**
Furniture and Fittings		
Furniture and Fittings at Fair Value	27,073	25,782
◆ Less Accumulated Depreciation	(18,681)	(16,514)
TOTAL FURNITURE AND FITTINGS	**8,392**	**9,268**
TOTAL	**885,070**	**855,186**

Note 4.2: Property, plant & equipment *(continued)*

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

	Land $'000	Buildings & leasehold improvements $'000	Building capital work in progress $'000	Plant & equipment $'000	Furniture & fittings $'000	Motor vehicles $'000	Total $'000
BALANCE AS AT 1 JULY 2016	**97,343**	**674,323**	**22,216**	**59,951**	**10,749**	**2,278**	**866,860**
Additions	-	3,744	38,988	6,693	522	566	50,513
Assets transferred as Capital Contributions	10,217	364	-	-	-	-	10,581
Net transfers between classes	-	18,203	(35,610)	5,010	267	-	(12,130)
Disposals	-	(161)	-	(406)	-	(305)	(872)
Depreciation (note 4.3)	-	(41,452)	-	(16,684)	(2,270)	(789)	(61,195)
Revaluation increments/ (decrements)	1,429	-	-	-	-	-	1,429
BALANCE AS AT 1 JULY 2017	**108,989**	**655,021**	**25,594**	**54,564**	**9,268**	**1,750**	**855,186**
Additions	-	4,008	38,831	2,930	892	128	46,789
Net transfers between classes	-	11,929	(33,959)	4,106	432	-	(17,492)
Disposals	-	-	-	(33)	(5)	(196)	(234)
Depreciation (note 4.3)	-	(41,932)	-	(15,494)	(2,195)	(566)	(60,187)
Revaluation increments/ decrements	-	61,008	-	-	-	-	61,008
BALANCE AS AT 30 JUNE 2018	**108,989**	**690,034**	**30,466**	**46,073**	**8,392**	**1,116**	**885,070**

Note 4.2: Property, plant & equipment *(continued)*

Buildings carried at valuation

Buildings have been revalued at 30 June 2018 based on a managerial valuation. This managerial valuation is determined from the original independent valuation at 30 June 2014 uplifted by the Valuer Generals land indices between 30th June 2014 and 30th June 2018. This has resulted in an overall 10% increase in the building valuation.

Land carried at Valuation

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

A full valuation of Land and Buildings using external valuers is planned in the forthcoming year.

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

(c) Fair value measurement hierarchy for assets as at 30 June 2018

	Carrying amount as at 30 June 2018	Fair value measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
Land at fair value				
Non-specialised land	686	-	686	-
Specialised land	108,303	-	-	108,303
TOTAL OF LAND AT FAIR VALUE	**108,989**	**-**	**686**	**108,303**
Buildings at fair value				
Non-specialised buildings	25,045	-	25,045	-
Specialised buildings	649,396	-	-	649,396
TOTAL OF BUILDING AT FAIR VALUE	**674,441**	**-**	**25,045**	**649,396**
Plant and equipment at fair value				
Plant equipment and vehicles at fair value				
◆ Vehicles	1,116	-	-	1,116
◆ Plant and equipment	43,414	-	-	43,414
TOTAL OF PLANT, EQUIPMENT AND VEHICLES AT FAIR VALUE	**44,530**	**-**	**-**	**44,530**
Furniture & Fittings at fair value	**8,392**	**-**	**-**	**8,392**
TOTAL FURNITURE & FITTINGS AT FAIR VALUE	**8,392**	**-**	**-**	**8,392**
	836,352	**-**	**25,731**	**810,621**

Note 4.2: Property, plant & equipment *(continued)*

(c) Fair value measurement hierarchy for assets as at 30 June 2017

	Carrying amount as at 30 June 2017	Fair value measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
Land at fair value				
Non-specialised land	686	-	686	-
Specialised land	108,303	-	-	108,303
TOTAL OF LAND AT FAIR VALUE	**108,989**	**-**	**686**	**108,303**
Buildings at fair value				
Non-specialised buildings	22,864	-	22,864	-
Specialised buildings	255,616	-	-	255,616
TOTAL OF BUILDING AT FAIR VALUE	**278,480**	**-**	**22,864**	**255,616**
Plant and equipment at fair value				
Plant equipment and vehicles at fair value				
◆ Vehicles (ii)	1,750	-	-	1,750
◆ Plant and equipment	52,729	-	-	52,729
TOTAL OF PLANT, EQUIPMENT AND VEHICLES AT FAIR VALUE	**54,479**	**-**	**-**	**54,479**
Furniture & Fittings at fair value	**9,269**	**-**	**-**	**9,269**
TOTAL FURNITURE & FITTINGS AT FAIR VALUE	**9,269**	**-**	**-**	**9,269**
	451,217	**-**	**23,550**	**427,667**

Note 4.2: Property, plant & equipment *(continued)*

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

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

A managerial valuation of buildings 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 2018.

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 buildings 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 2018.

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 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 2018.

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 (including medical equipment, computers and communication equipment and furniture and fittings) 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 2018. For all assets measured at fair value, the current use is considered the highest and best use.

Note 4.2: Property, plant & equipment *(continued)*

(d) Reconciliation of Level 3 fair value as at 30 June 2018

30 June 2018	Land	Buildings	Plant and equipment	Furniture & fittings
Opening Balance	**108,303**	**255,616**	**54,479**	**9,269**
Purchases (sales)	**-**	**-**	**6,111**	**1,318**
Transfers in (out) of Level 3	**-**	**359,657**	**-**	**-**
Gains or losses recognised in net result				
◆ Depreciation	-	(24,403)	(16,060)	(2,195)
◆ Impairment loss	-	-	-	-
SUBTOTAL	**-**	**335,254**	**(9,949)**	**(877)**
Items recognised in other comprehensive income				
◆ Revaluation	-	58,526	-	-
SUBTOTAL	**-**	**58,526**	**-**	**-**
CLOSING BALANCE	**108,303**	**649,396**	**44,530**	**8,392**

30 June 2017	Land	Buildings	Plant and equipment	Furniture & fittings
Opening Balance	**96,657**	**279,020**	**59,997**	**10,749**
Purchases (sales)	**10,217**	**46**	**11,955**	**790**
Transfers in (out) of Level 3		**-**	**-**	**-**
Gains or losses recognised in net result				
◆ Depreciation	-	(23,450)	(17,473)	(2,270)
◆ Impairment loss	-	-	-	-
SUBTOTAL	**10,217**	**(23,404)**	**(5,518)**	**(1,480)**
Items recognised in other comprehensive income				
◆ Revaluation	1,429	-	-	-
SUBTOTAL	**1,429**	**-**	**-**	**-**
CLOSING BALANCE	**108,303**	**255,616**	**54,479**	**9,269**

Note 4.2: Property, plant & equipment *(continued)*

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

	Expected fair value level	Examples of types of assets	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
Non-specialised land 12 Grey Street East Ringwood	Level 2	In areas where there is an active market ◆ vacant land ◆ land not subject to restrictions as to use or sale	Market approach	N/A	N/A	N/A
Specialised land All Land held by Eastern Health except for Maroondah Hospital Car Park 12 Grey Street East Ringwood	Level 3	◆ Land subject to restrictions as to use and/or sale ◆ Land in areas where there is not an active market	Market approach	Community Service Obligation (CSO) adjustment	20%	A significant increase or decrease in the CSO adjustment would result in a significantly lower (higher) fair value
Non Specialised Buildings 5 Arnold Street Box Hill	Level 2	For general/ commercial buildings that are just built	Market approach	N/A	N/A	N/A
Specialised buildings All Buildings held by Eastern Health except for 5 Arnold Street Box Hill	Level 3	Specialised buildings with limited alternative uses and/or substantial customisation	Depreciated replacement cost	◆ Direct cost per square metre ◆ Useful life of specialised buildings	◆ $500 – $5,254/m^2 ($1,679) ◆ 30 - 60 years (45 years)	◆ A significant increase or decrease in direct cost per square metre adjustment would result in a significantly higher or lower fair value ◆ A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation

Note 4.2: Property, plant & equipment *(continued)*

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

	Expected fair value level	Examples of types of assets	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
Plant and equipment at fair value All plant & equipment owned by Eastern Health	Level 3	Specialised items with limited alternative uses and/or substantial customisation	Depreciated replacement cost	◆ Cost per unit ◆ Useful life of PPE	◆ $1,000 - $1,610,175 ($1,810) ◆ 8-20 years (11 years)	◆ A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value ◆ A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation
Vehicles All vehicles owned by Eastern Health	Level 3	If there is no active resale market available	Depreciated replacement cost	◆ Cost per unit ◆ Useful life of vehicles	◆ $1,000- $55,837 per unit ($4,466.57 per unit) ◆ 5 years	◆ A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value ◆ A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation
Furniture & Fittings at fair value All furniture and fittings owned by Eastern Health	Level 3	If there is no active resale market available	Depreciated replacement cost	◆ Cost per unit ◆ Useful life of Furniture & fittings	◆ $1,000 - $903,850 ($2,680) ◆ 3-10 years (6 Years)	◆ Increase (decrease) in gross replacement cost would result in a significantly higher (lower) fair value ◆ Increase (decrease) in useful life would result in a significantly higher (lower) fair value

Note 4.2: Property, plant & equipment *(continued)*

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

Property, plant and equipment

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

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

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

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

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

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

Leasehold improvements

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

Revaluations of non-current physical assets

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

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

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

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

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

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

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

Note 4.3: Depreciation and amortisation

	2018 $'000	2017 $'000
Depreciation		
Buildings	41,670	41,085
Plant & Equipmen		
◆ Major Medical	9,523	9,814
◆ Computers and Communications	5,971	6,870
Furniture and Fittings	2,195	2,270
Motor Vehicles	566	789
Leasehold Improvements	262	368
TOTAL DEPRECIATION	**60,187**	**61,196**
Amortisation		
Software	8,855	8,166
TOTAL AMORTISATION	**8,855**	**8,166**
TOTAL DEPRECIATION & AMORTISATION	**69,042**	**69,362**

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

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

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

	2017-18	2016-17
Buildings		
◆ Structure Shell Building Fabric	11 - 46 years	11 - 46 years
◆ Site Engineering Services and Central Plant	11 - 46 years	11 - 46 years
Central Plant		
◆ Fit Out	3 - 21 years	3 - 21 years
◆ Trunk Reticulated Building Systems	3 - 21 years	3 - 21 years
Plant & Equipment	10 - 20 years	10 - 20 years
Medical Equipment	8 - 15 years	8 - 15 years
Computers and Communications	3 - 10 years	3- 10 years
Furniture & Fittings	10 years	10 years
Motor Vehicles	5 years	5 years
Intangible Assets	3 years	3 years
Leasehold Improvements	5 years	5 years

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

Note 4.4: Intangible assets

	2018 $'000	2017 $'000
Intangibles		
Software	68,874	49,818
Less Accumulated Amortisation	(46,669	(39,111)
	22,205	**10,707**
TOTAL WRITTEN DOWN VALUE	**22,205**	**10,707**

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 2016	**3,355**	**3,355**
Additions	3,388	3,388
Net transfers between classes	12,130	12,130
Disposals	-	-
Amortisation (note 4.3)	(8,166)	(8,166)
BALANCE AS AT 1 JULY 2017	**10,707**	**10,707**
Additions	2,861	2,861
Net transfers between classes	17,492	17,492
Disposals	-	-
Amortisation (note 4.3)	(8,855)	(8,855)
BALANCE AS AT 30 JUNE 2018	**22,205**	**22,205**

Intangible assets represent identifiable computer software.

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

Amortisation

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

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

Note 5:
Other assets and liabilities

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

Structure

Note 5.1: Receivables

	Total 2018 $'000	Total 2017 $'000
Current		
Contractual		
Trade Debtors	11,047	9,944
Patient Fees	12,000	11,905
Accrued Income	461	739
Less Allowance for Doubtful Debts		
Trade Debtors	(978)	(1,064)
Patient Fees	(2,074)	(1,966)
	20,456	**19,558**
Statutory		
GST Receivable	2,369	2,183
Accrued Revenue - Department of Health / Department of Health and Human Services	4,089	2,827
	6,458	**5,010**
TOTAL CURRENT RECEIVABLES	**26,914**	**24,568**
Non current		
Statutory		
Long Service Leave - Department of Health / Department of Health and Human Services	42,663	41,947
TOTAL NON CURRENT RECEIVABLES	**42,663**	**41,947**
TOTAL RECEIVABLES	**69,577**	**66,515**
(a) Movement in the allowance for doubtful contractual receivables		
Balance at the beginning of the year	3,030	2,317
Amounts written off during the year	-	-
Amounts recovered during the year	-	-
Increase/(decrease) in allowance recognised in net result	22	713
BALANCE AT THE END OF THE YEAR	**3,052**	**3,030**

Note 5.1: Receivables *(continued)*

Receivables consist of:

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

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

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

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

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

Doubtful debts

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

Note 5.2: Inventories

	2018 $'000	2017 $'000
Pharmaceuticals - at cost	2,607	2,835
Medical and Surgical Lines - at cost	1,157	878
Allied Health and Diagnostics - at cost	1,106	988
TOTAL INVENTORIES	**4,870**	**4,701**

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

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

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

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

Note 5.3: Other liabilities

	Note	2018 $'000	2017 $'000
Current			
Income in Advance			
◆ Other		5,034	1,020
Other Liabilities		41	41
		5,075	**1,061**
Monies Held in Trust			
◆ Accommodation Bonds (Refundable Entrance Fees)		8,207	6,746
TOTAL		**13,282**	**7,807**
Total Monies held in trust represented by the following assets:			
Other Financial Assets	4.1	8,207	6,746
TOTAL		**8,207**	**6,746**

Note 5.4: Prepayments and other non-financial assets

	2018 $'000	2017 $'000
Current		
Prepayments		
◆ Maintenance Contracts	1,602	1,218
◆ Rental, Licences & Memberships	705	607
TOTAL PREPAYMENTS	**2,307**	**1,825**

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

Note 5.5: Payables

	2018 $'000	2017 $'000
Current		
Contractual		
Trade Creditors	26,645	29,491
Accrued Expenses	25,557	24,280
Superannuation	6,321	5,889
Work Cover	-	-
	58,523	**59,660**
Statutory		
Department of Health and Human Services	60	53
PAYG Payable	3,862	3,605
	3,922	**3,658**
TOTAL CURRENT	**62,445**	**63,318**

Payables consist of:

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

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

Note 6:
How we finance our operations

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

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

Structure

Note 6.1: Borrowings

	2018 $'000	2017 $'000
Current		
Australian Dollar Borrowings - TCV Loan	701	658
Australian Dollar Borrowings - Department of Health and Human Services	1,166	-
TOTAL AUSTRALIAN DOLLARS BORROWINGS	**1,867**	**658**
TOTAL CURRENT	**1,867**	**658**
Non current		
Australian Dollar Borrowings - TCV Loan	11,164	11,865
Australian Dollar Borrowings - Department of Health and Human Services	7,500	2,314
TOTAL AUSTRALIAN DOLLARS BORROWINGS	**18,664**	**14,179**
TOTAL NON-CURRENT	**18,664**	**14,179**
TOTAL BORROWINGS	**20,531**	**14,837**

The borrowings relate to five 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, $2.016 million (2016/17 $2.227 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, $0.394 million (2016/17 $0.543 million) was still owed. The loan is repayable over 14 years. The repayments commenced a month after final draw down being 28 June 2008. The interest rate applicable is fixed at 7.23% pa for the life of the loan.

A loan facility of $11.25 million from Treasury Corporation of Victoria (TCV) to finance the construction of the car park facility at the Box Hill Hospital. As at year end $9.455 million (2016/17 $9.752 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.

Note 6.1: Borrowings *(continued)*

A loan facility of $2.5 million from the Department of Health and Human Services (DHHS), is for the implementation of a new Payroll rostering system, was received in June 2017. As at year end, a discounted amount of $2.363 million (2016/17 $2.314 million) is still owed. The Loan is repayable over 6 years with the first repayment commencing July 2018 and is an interest free loan.

A loan facility of $7.0 million ($2 million for a Single Billing system and $5 million for working capital) from the Department of Health and Human Services (DHHS) was received in June 2018. As at year end, a discounted amount of $6.303 million is still owed. The Loan is repayable over 5 years with the first repayment commencing July 2018 and is an interest free loan.

Note 6.2: Non-cash financing and investing activities

	2018 $'000	2017 $'000
Acquisition of Assets by means of indirect contribution by Department of Health & Human Services	1,296	5,291
TOTAL NON-CASH FINANCING AND INVESTING ACTIVITIES	**1,296**	**5,291**

Note 6.3: Cash and cash equivalents

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

	2018 $'000	2017 $'000
Cash on Hand	40	36
Cash at Bank	39,831	3,990
Short Term Money Market	1,146	516
TOTAL CASH AND CASH EQUIVALENTS	**41,017**	**4,542**
Represented by:		
Cash for Health Service Operations (as per Cash Flow Statement)	41,017	4,542
TOTAL CASH AND CASH EQUIVALENTS	**41,017**	**4,542**

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

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

Note 6.4: Commitments for expenditure

	2018 $'000	2017 $'000
Capital commitments: ***(Commitments* for the acquisition of fixed assets.)***		
Payable		
Land and Buildings	1,211	14,182
Plant & Equipment		
◆ Medical Equipment	2,687	2,253
◆ Computer Equipment	14,472	16,275
◆ Other Equipment	1,199	2,140
TOTAL CAPITAL COMMITMENTS	**19,569**	**34,850**
Payable		
Not later than one year	14,825	32,066
Later than one year but not later than 5 years	4,744	2,784
Later than 5 Years	-	-
TOTAL	**19,569**	**34,850**
Operating commitments: ***(Commitments* for operating expenditure under contracts for the supply of services, materials and other but not recognised as liabilities)***		
Supplies & Consumables		
◆ Medical	318,469	122,557
◆ Other	227,568	51,091
Maintenance Contracts		
◆ Medical	4,470	6,817
◆ Non-Medical	365	431
◆ Information Technology	8,811	12,068
TOTAL OPERATING COMMITMENTS	**559,683**	**192,964**
Payable		
◆ Not later than one year	155,606	65,300
◆ Later than one year but not later than 5 years	397,870	108,092
◆ Later than 5 Years	6,207	19,572
TOTAL	**559,683**	**192,964**
Lease Commitments:		
Commitments in relation to leases contracted for at the reporting date:		
Operating Lease	34,382	17,180
TOTAL LEASE COMMITMENTS	**34,382**	**17,180**
Payable		
◆ Not later than one year	8,697	1,721
◆ Later than one year but not later than 5 years	19,392	7,291
◆ Later than 5 Years	6,293	8,168
TOTAL	**34,382**	**17,180**
TOTAL COMMITMENTS (INCLUSIVE OF GST)	**613,634**	**244,994**
Less GST recoverable from Australian Tax Office	55,785	22,272
TOTAL COMMITMENTS (EXCLUSIVE OF GST)	**557,849**	**222,722**

** 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.

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

Note 7:
Risks, contingencies & valuation uncertainties

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

Structure

Note 7.1: 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 Health Service'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.

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.

(a) Financial risk management objectives and policies

Eastern Health's principal financial instruments comprise of:

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

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

The Health Service's main financial risks include credit risk, liquidity risk and interest rate risk. The Health Service manages these financial risks in accordance with its Investment risk and credit risk practice guidelines.

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

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

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

Note 7.1: Financial instruments *(continued)*

(a) Financial instruments: categorisation

2018	Contractual financial assets – loans and receivables $'000	Contractual financial liabilities at amortised cost $'000	Total $'000
Contractual Financial Assets			
Cash and cash equivalents	41,017	-	41,017
Receivables	11,047	-	11,047
Other debtors	12,000	-	12,000
Other Financial assets	8,207	-	8,207
TOTAL FINANCIAL ASSETS (I)	**72,271**	**-**	**72,271**
Financial Liabilities			
Payables	-	58,523	58,523
Interest Bearing Liabilities	-	20,531	20,531
Other Liabilities	-	8,248	8,248
TOTAL FINANCIAL LIABILITIES (II)	**-**	**87,302**	**87,302**

2017	Contractual financial assets – loans and receivables $'000	Contractual financial liabilities at amortised cost $'000	Total $'000
Contractual Financial Assets			
Cash and cash equivalents	4,542	-	4,542
Receivables	9,944	-	9,944
Other debtors	11,905	-	11,905
Other Financial assets	6,746	-	6,746
TOTAL FINANCIAL ASSETS (I)	**33,137**	**-**	**33,137**
Financial Liabilities			
Payables	-	59,660	59,660
Interest Bearing Liabilities	-	14,837	14,837
Other Liabilities	-	6,787	6,787
TOTAL FINANCIAL LIABILITIES (II)	**-**	**81,284**	**81,284**

NOTES:

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

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

Note 7.1: Financial instruments *(continued)*

Categories of Non-Derivative Financial Instruments

(a) 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, term deposits with maturity greater than three months, trade receivable and other receivables, but not statutory receivables.

(b) 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 the Comprehensive Operating Statement over the period of the interest-bearing liability.

Financial instrument liabilities measured at amortised cost include all of Eastern Health Services's contractual payables, deposits held and advances received, and interest-bearing arrangements other than those designated at fair value through the Comprehensive Operating Statement.

Note 7.2: Net gain/(loss) on disposal of non financial assets

	2018 $'000	2017 $'000
Proceeds from Disposals of Non-Current Assets		
Plant & Equipment		
◆ Major Medical Equipment	10	-
◆ Computers & Communications	-	-
Buildings	-	-
Furniture & Fittings	-	56
Motor Vehicles	261	467
TOTAL PROCEEDS FROM DISPOSAL OF NON-CURRENT ASSETS	**271**	**523**
Less: Written Down Value of Non-Current Assets Sold or Disposed		
Plant & Equipment		
◆ Major Medical Equipment	36	403
◆ Computers & Communications	3	4
Buildings	-	160
Furniture & Fittings	-	-
Motor Vehicles	196	305
TOTAL WRITTEN DOWN VALUE OF NON CURRENT ASSETS SOLD	**235**	**872**
NET GAIN/(LOSS) ON DISPOSAL OF NON-CURRENT ASSETS	**36**	**(349)**

Note 7.2: Net gain/(loss) on disposal of non financial assets *(continued)*

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

Impairment of non-financial assets

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

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount.

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

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

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

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

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

Note 7.3: Contingent assets & contingent liabilities

The Health Service has no quantifiable or non-quantifiable contingent assets or liabilities to report as at 30 June 2018 (2016-17 Nil).

Note 8:
Other disclosures

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

Structure

Note 8.1: Equity

	2018 $'000	2017 $'000
(a) Surpluses		
Property, Plant & Equipment Revaluation Surplus (i)		
Balance at the beginning of the reporting period	217,069	215,640
Revaluation Increments/(Decrements)		
◆ Land	-	1,429
◆ Buildings	61,008	-
BALANCE AT THE END OF THE REPORTING PERIOD	**278,077**	**217,069**
Represented by:		
◆ Land	69,586	69,586
◆ Buildings	208,491	147,483
BALANCE AT THE END OF THE REPORTING PERIOD	**278,077**	**217,069**
Restricted Specific Purpose Reserve		
Balance at the beginning of the reporting period	30,553	27,920
Transfer (to) / from Restricted Specific Purpose Reserve	1,070	2,633
BALANCE AT THE END OF THE REPORTING PERIOD	**31,623**	**30,553**
TOTAL SURPLUSES	**309,700**	**247,622**
(b) Contributed Capital		
Balance at the beginning of the reporting period	247,546	236,964
Capital contribution received from Victorian Government	216	10,582
BALANCE AT THE END OF THE REPORTING PERIOD	**247,762**	**247,546**
(c) Accumulated Surpluses/(Deficits)		
Balance at the beginning of the reporting period	181,512	212,667
Net Result for the Year	(13,201)	(28,522)
Transfer (to) / from Restricted Specific Purpose Reserve	(1,070)	(2,633)
BALANCE AT THE END OF THE REPORTING PERIOD	**167,241**	**181,512**
(D) TOTAL EQUITY AT THE END OF FINANCIAL YEAR	**724,703**	**676,680**

NOTE:

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

Note 8.1: Equity *(continued)*

Contributed Capital

Consistent with Australian Accounting Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* and FRD 119A Contributions by Owners, appropriations for additions to the net asset base have been designated as contributed capital.

Other transfers that are in the nature of contributions to or distributions by owners that have been designated as contributed capital are also treated as contributed capital.

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

Property, plant & equipment revaluation surplus

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

Restricted specific purpose surplus

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

Note 8.2: Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities

	2018 $'000	2017 $'000
Net Result for the period	**(13,201)**	**(28,522)**
Non-cash movements		
Depreciation & Amortisation	69,042	69,362
Movements included in investing and financing activities		
Net (Gain)/Loss from disposal of non financial physical assets	(36)	349
Capital Grant - Indirect Contribution by Department of Health & Human Services	(1,296)	(5,291)
Grant - Indirect Contribution by Department of Health & Human Services	(7,216)	(8,949)
Discount interest expense / (revenue) on Financial instrument	(648)	(186)
Movements in assets and liabilities		
(Increase)/Decrease in receivables	4,132	497
(Increase)/Decrease in other assets	(651)	826
Increase/(Decrease) in provision for doubtful debts	22	713
Increase/(Decrease) in other liabilities	4,014	(71)
Increase/(Decrease) in payables	(873)	341
Increase/(Decrease) in employee benefits	24,712	18,987
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	**78,001**	**48,056**

Note 8.3: Operating segments

2018	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	1,059,201	1,072,503	(13,302)	1,012,773	298,173	714,600	49,650	68,727	(36)
Nursing Homes	10,054	9,591	463	15,865	8,311	7,554	128	212	-
Hostel	1,182	1,544	(362)	4,615	2,066	2,549	36	103	-
TOTAL	**1,070,437**	**1,083,638**	**(13,201)**	**1,033,253**	**308,550**	**724,703**	**49,814**	**69,042**	**(36)**

2017	Segment revenue $'000	Segment expenditure $'000	Net result from ordinary activities $'000	Segment assets $'000	Segment liabilities $'000	Segment equity $'000	Acquisition of property plant & equipment $'000	Depreciation & amortisation $'000	Non cash expenses other than depreciation $'000
Segment									
Hospital	997,237	1,025,958	(28,721)	931,379	264,763	666,616	53,745	69,048	1,062
Nursing Homes	9,799	9,425	374	13,715	6,263	7,452	135	207	-
Hostel	1,394	1,569	(175)	5,128	2,516	2,612	21	107	-
TOTAL	**1,008,430**	**1,036,952**	**(28,522)**	**950,222**	**273,542**	**676,680**	**53,901**	**69,362**	**1,062**

Geographical Segment

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

Business Segments

Hospital

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

Nursing Homes / Hostels

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

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

Nursing Home

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

Hostel

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

Note 8.4: Responsible persons disclosures

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

	Period
Responsible ministers	
The Honourable Jill Hennessy, Minister for Health, Minister for Ambulance Services	1/07/2017 - 30/06/2018
The Honourable Martin Foley, Minister for Housing, Disability and Ageing, Minister for Mental Health, Minister for Equality, Minister for Creative Industries	1/07/2017 - 30/06/2018
Governing board	
Dr Joanna Flynn AM	1/07/2017 - 30/06/2018
Dr Peter Dohrmann	1/07/2017 - 30/06/2018
Mr Stuart Alford (appointment expired 30/6/18)	1/07/2017 - 30/06/2018
Professor Andrew Conway	1/08/2017 - 30/06/2018
Ms Jill Linklater	1/07/2017 - 30/06/2018
Professor Pauline Nugent (appointment expired 30/6/18)	1/07/2017 - 30/06/2018
Mr Anastasios Mousaferiadis	1/07/2017 - 30/06/2018
Ms Joanna Walker	1/07/2017 - 30/06/2018
Hon Fran Bailey	1/07/2017 - 30/06/2018
Accountable officer	
Mr David Plunkett	1/07/2017 - 30/06/2018

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.

Income Bands	No of directors & accountable officer 2018	No of directors & accountable officer 2017
$30,001 - $40,000	8	7
$70,001 - $80,000	1	1
$130,001 - $140,000	-	1
$290,001 - $300,000	-	1
$410,001 - $420,000	1	-
TOTAL NUMBERS	**10**	**10**
TOTAL REMUNERATION RECEIVED OR DUE AND RECEIVABLE BY RESPONSIBLE PERSONS FROM EASTERN HEALTH AMOUNTED TO:	**$783,395**	**$765,164**

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

Note 8.5: Executive officer disclosures

Executive Officers' Remuneration

The number of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the table under the different remuneration categories.

	2017-18	2016-17
Remuneration		
Short-term benefits**	2,142,530	1,897,891
Other long-term benefits	70,932	63,189
Post - employment benefits	222,611	233,645
TOTAL REMUNERATION	**2,436,073**	**2,194,725**
TOTAL ANNUALISED EMPLOYEE EQUIVALENT (AEE)*	**8**	**8**
TOTAL NUMBER OF EXECUTIVES	**8**	**10**

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

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

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

Note 8.6: Related parties

The hospital is a wholly owned and controlled entity of the State of Victoria.

Related parties of the hospital include:

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

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

Significant transactions with government-related entities.

Eastern Health received or has receivable funding from the Department of health and Human Services of $883 million (2017 $819 million) and Eastern Health receivable funding for Long Service Leave is $43 million (2017 $42 million).

Key management personnel (KMP) of the Health Service include the Portfolio Ministers and Cabinet Ministers and KMP as determined by the Health Service. The compensation detailed below excludes the salaries and benefits the Portfolio Ministers receive. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968,* and is reported within the Department of Parliamentary Services' Financial Report.

Note 8.6: Related parties *(continued)*

	2018 $'000	2017 $'000
Compensation		
Short term employee benefits	2,756	2,593
Post-employment benefits	287	304
Other long-term benefits	85	76
Termination benefits	-	-
Share based payments	-	-
TOTAL	**3,128**	**2,973**

Transactions with key management personnel and other related parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission.

Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements. Outside of normal citizen type transactions with the department, there were no related party transactions that involved key management personnel and their close family members. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

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

Note 8.7: Remuneration of auditors

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

	2018 $'000	2017 $'000
Audit fees paid or payable to the Victorian Auditor-General's		
Office for the audit of Eastern Health's current financial report	123	120
TOTAL PAID OR PAYABLE	**123**	**120**

Note 8.8: AASBS issued that are not effective yet

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 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 2018, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. Eastern Health has not and does not intend to adopt these standards early.

Standard/ interpretation	Summary	Applicable for reporting periods beginning after	Impact on health service's annual statements
AASB 16 *Leases*	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	1 January 2019	The preliminary assessment has identified a material impact arising from AASB 16. The effect is approximately $34.3 million reclassification of Operating Leases that need to be disclosed on balance sheet.
AASB 9 *Financial Instruments*	The key changes 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 assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. While there will be no significant impact arising from AASB 9, there will be a change to the way financial instruments are disclosed.
AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9*	Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9.	1 January 2018	The assessment has indicated that there will be no significant impact for the public sector.
AASB 1058 *Income for Not-for-Profit Entities*	This standard replaces AASB 1004 Contributions and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable to not-for-profit entity to further its objectives.	1 January 2019	The preliminary assessment has not identified any material impact arising from AASB 1058, it will continue to be monitored and assessed.
AASB 2016-8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15*	This Standard defers the mandatory effective date of AASB 15 from 1 January 2018 to 1 January 2019.	1 January 2018	This amending standard will defer the application period of AASB 15 for for-profit entities to the 2018-19 reporting period in accordance with the transition requirements.

Note 8.8: AASBS issued that are not effective yet *(continued)*

Standard/ interpretation	Summary	Applicable for reporting periods beginning after	Impact on health service's annual statements
AASB 2017-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15*	This Standard amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require: ◆ A promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation; ◆ For items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and ◆ For licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access).	1 January 2018	The assessment has indicated that there will be no significant impact for the public sector, other than the impact identified for AASB 15 above.
AASB 2017-7 *Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities*	This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.	1 January 2019	This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019-20 reporting period.
AASB 2017-4 *Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities*	The standard amends AASB 136 Impairment of Assets to remove references to using depreciated replacement cost (DRC) as a measure of value in use for not-for-profit entities.	1 January 2018	The assessment has indicated that there is minimal impact. Given the specialised nature and restrictions of public sector assets, the existing use is presumed to be the highest and best use (HBU), hence current replacement cost under AASB 13 Fair Value Measurement is the same as the depreciated replacement cost concept under AASB 136.

Note 8.8: AASBS issued that are not effective yet *(continued)*

Standard/ interpretation	Summary	Applicable for reporting periods beginning after	Impact on health service's annual statements
AASB 15 *Revenue from Contracts with Customers*	The core principle of 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 2018	The preliminary assessment has not identified any material impact arising from AASB 15, 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. Trade receivables, that do not have a significant financing component, are to be measured at their transaction price, at initial recognition. Dividends are recognised in the profit and loss only when: ◆ the entity's right to receive payment of the dividend is established; ◆ it is probable that the economic benefits associated with the dividend will flow to the entity; and ◆ the amount can be measured reliably.	1 January 2018, except amendments to AASB 9 (December 2009) and AASB 9 (December 2010) apply from 1 January 2018	The assessment has indicated that there will be no significant impact for the public sector.

In addition to the new standards above, the AASB has issued a list of amending standards that are not effective for the 2017-18 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 2017-18 reporting period and considered to have insignificant impacts on public sector reporting.

- AASB 2017-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*
- AASB 2018-2 *Amendments to Australian Accounting Standards – Further Annual Improvements 2014-16*

Note 8.9: Events occurring after the balance sheet date

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

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

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

Note 8.10: Economic dependency

Eastern Health is wholly dependent on the continued financial support of the State Government and in particular, the Department of Health and Human Services.

The Department of Health and Human Services has provided confirmation that it will continue to provide the Eastern Health adequate cash flow support to meet its current and future obligation as and when they fall due for a period up to September 2019.

The Health Service's current asset ratio continues to be below an adequate short term position (2018: 032 and 2017: 0.18) while cash generated from operations is $78.001 million surplus (2017: $48.056 million) and cash reserves have moved from $4.542 million in 2017 to $41.017 million in 2018. A letter confirming adequate cash flow was provided in the previous financial year.

The financial statements have been prepared on a going concern basis. The State Government and the Department of Health and Human Services have confirmed financial support to settle the Eastern Health's financial obligations when they fall due.

Note 8.11: Glossary of terms and style conventions

Actuarial gains or losses on superannuation defined benefit plans

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

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

(b) the effects of changes in actuarial assumptions.

Amortisation

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

Comprehensive result

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

Commitments

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

Current grants

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

Depreciation

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

Effective interest method

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

Employee benefits expenses

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

Ex gratia expenses

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

Financial asset

A financial asset is any asset that is:

(a) cash;

(b) an equity instrument of another entity;

(c) a contractual or statutory right:

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

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

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

Financial instrument

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

Financial liability

A financial liability is any liability that is:

(a) A contractual obligation:

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

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

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

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

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

Note 8.11: 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) Comprehensive operating statement for the period;

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

(d) Cash flow statement for the period;

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

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

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

General government sector

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

Health Service

The entity established under Section 181 of the *Victorian Health Services Act 1988* as a body corporate.

Intangible produced assets

Refer to produced assets in this glossary.

Interest expense

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

Interest income

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

Investment properties

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

Liabilities

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

Net acquisition of non-financial assets (from transactions)

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

Net result

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

Net result from transactions/ net operating balance

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

Net worth

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

Non-financial assets

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

Non-produced assets

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

Note 8.11: Glossary of terms and style conventions *(continued)*

Non-profit institution

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

Payables

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

Produced assets

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

Receivables

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

Sales of goods and services

Refers to income from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services and work done as an agent for private enterprises.

It also includes rental income under operating leases and on produced assets such as buildings and entertainment, but excludes rent income from the use of non-produced assets such as land. User charges includes sale of goods and services income.

Supplies and services

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

Transactions

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

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

Style conventions

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

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

Glossary, Index and Contacts

Eastern Health's Healthy Mothers, Healthy Babies program in Healesville and Yarra Junction provides vulnerable pregnant women with support throughout their pregnancy and up to six weeks post-birth. "We assist clients who often have nowhere to turn. They could be struggling with their mental health, drug or alcohol issues, family or financial problems, or living in physically and socially isolated circumstances," said midwife Ursula Cook, pictured with fellow midwife Chris Hoare outside Healesville Hospital and Yarra Valley Health.

Glossary

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
Agpar score	A measure of the physical condition of a newborn baby
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
BAU	Business as usual
CCTV	Closed circuit television
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DHHS	Department of Health and Human Services
Discharge	Discharge is the point at which a patient leaves the health service and either returns home or is transferred to another facility, such as a nursing home
DRG	Diagnosis Related Group
DVA	Department of Veterans' Affairs
Chronic condition	An illness of at least six months' duration that can have a significant impact on a person's life and requires ongoing supervision by a healthcare professional
Eastern@Home	Service that provides care in the comfort of a patient's home or other suitable location. Clients are still regarded as hospital inpatients and remain under the care of a hospital clinician. Care may be provided by nurses, doctors or allied health professionals.
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
Emission	Output or discharge, as in the introduction of chemicals or particles into the atmosphere
EMR	Electronic Medical Record
EQuIP National Standards	Four-year accreditation program for health services that ensures a continuing focus on quality across the whole organisation
Every Minute Matters	This is the name given to a program of improvement initiatives
FOI	Freedom of information
FTE	Full-time equivalent

Gap analysis	Method of assessing the differences in performance to determine whether requirements are being met and if not, what steps should be taken to ensure they are met
GEM	Geriatric evaluation and management
GJ	Gigajoule
GST	Goods and services tax
ICT	Information and communication technology
ICU	Intensive care unit
Inpatient	A patient whose treatment needs at least one night's admission in an acute or sub-acute hospital setting
$KgCO^2e$	Equivalent kilograms of carbon dioxide
kL	Kilolitre
LGBTI	Lesbian, gay, bisexual, transgender and intersex
m^2	Square metres
MRI	Magnetic resonance imaging
MWh	Megawatt hour
NDIS	National Disability Insurance Scheme
NAATI	National Accreditation Authority for Translators and Interpreters
NSQHS Standards	National Safety and Quality Health Service Standards
OBD	Occupied bed day
Occasions of service	Hospital contact for an outpatient, either through an on-site clinic or home visit
OHS	Occupational health and safety
Outlier	A hospital that has a statistically significantly higher infection rate for a particular surgical procedure group compared to the VICNISS five-year aggregate for that procedure (includes all contributing hospitals in Victoria). Testing for statistical significance is performed each quarter but is based on data from the most recent two quarters (six months).
Outpatient	A person who is not hospitalised overnight but who may visit a hospital, clinic or associated facility, or may be visited in the home by a clinician for diagnosis, ongoing care or treatment
OVA	Occupational violence and aggression
Residential in-reach	Service that provides an alternative to emergency department presentations for clients in residential aged care facilities. It aims to support clients and staff to manage acute health issues when general practitioners or locums are unavailable.
SAB	Staphylococcus aureus bacteraemia
SAFE	Safe, Aggression Free Environment
Seclusion event	This is the sole confinement of a person to a room or other enclosed space from which it is not within the control of the person confined to leave
Separations	Discharge from an outpatient service
Sub-acute illness	A condition that rates between an acute and chronic illness
Stakeholder	Any person, group or organisation that can lay claim to an organisation's attention, resources or output, or is affected by that output
TAC	Traffic Accident Commission
Terms of reference	Describes the purpose and structure of a committee, or any similar collection of people, who have agreed to work together to accomplish a shared goal
VAGO	Victorian Auditor-General's Office
VICNISS	Victorian Healthc are 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)
YTD	Year to date

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Feedback

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

There are a number of ways to provide your feedback:

- Fill in our online feedback form at www.easternhealth.org.au
- Contact one of our Patient Relations Advisers on 1800 327 837. Patient Relations Advisers are available Monday to Friday from 9am to 5pm
- Send an email to feedback@easternhealth.org.au
- Write to us at:
  The Centre for Patient Experience
  Wantirna Health
  251 Mountain Highway
  Wantirna South, Victoria 3152
- Via the Patient Opinion website at www.patientopinion.org.au

Telephone Interpreter Service

خدمات الترجمة

傳譯服務

Υπηρεσίες Διερμηνέων

Servizi Interpreti

131 450

Publications

All of Eastern Health's publications are available electronically via our website at www.easternhealth.org.au

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Eastern Health received its third consecutive **Gold Award** for its Annual Report at the 2018 Australasian Reporting Awards (ARA). Primarily a benchmarking activity, the awards recognise organisations that are able to satisfy the ARA criteria after a comprehensive review by an expert panel of accounting, legal and communications professionals. To receive a Gold Award, the report must "demonstrate overall excellence in annual reporting and provide high-quality coverage of most aspects of the ARA criteria; full disclosure of key aspects of the core business and outstanding disclosures in major areas. A report that achieves a Gold Award is a model for other organisations to follow".

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DYNAMIC CREATIONS


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