Annual Report
2009/10

Western Health

OUR VISION

Together, caring for the West – our patients, staff, community and environment.

OUR PURPOSE

Working collaboratively to provide quality health and well-being services for the people of the West.

OUR VALUES

Compassion – consistently acting with empathy and integrity
Accountability – empowering our staff to serve our community
Respect – for the rights, beliefs and choice of every individual
Excellence – inspiring and motivating, innovation and achievement
Safety – working in an open, honest and safe environment.

OUR PRIORITIES

Safe and effective patient care
People and culture
Community and partnerships
Research and learning
Self-sufficiency and sustainability

Contents

Chair of the Board	2
Chief Executive	3
Our Facilities	4
About Western Health	5
Statement of Priorities	6
Safe and Effective Patient Care	7
People and Culture	11
Community and Partnerships	13
Research and Learning	16
Self-sufficiency and Sustainability	18
Western Health Management	20
Western Health Services	21
Organisational Structure	22
Corporate Governance	23
Key Performance Statistics	28
Disclosure Index	30
Fiancial Snapshot	31
Financial Statements	33

Chair of the Board

Western Health faces a major challenge each year to meet the ever-growing demand for services whilst seeking also to continually improve the quality and scope of the services we provide, and all within a framework of financial responsibility. I am pleased to be able to report that in 2009/10 we were substantially successful in these endeavours.

Demand for our services moved to a new high with record numbers of inpatient treatments and emergency department presentations. Nevertheless, we were able to expand our elective surgery performance to the point where we significantly reduced our waiting list numbers and met all our waiting time targets.

Our emergency departments also demonstrated improved overall performance though they were below target in some respects. We will continue to work on improving their performance to ensure we meet all our targets as soon as possible. Our capacity to do that will be assisted by a new fast-track extension to our emergency department at Sunshine.

Western Health gives a very high priority to continually improving the quality of care for our patients. The section on Safe and Effective Patient Care in this report details the many areas in which we achieved that objective in 2009/10.

Our capacity to improve the quality of our care has been enhanced by various capital projects. Thus, at Western Hospital over the last two years a number of wards have been refurbished and now provide a much more pleasant patient experience, as well as improved staff facilities. At Sunshine, our facilities have been considerably enhanced by a new birthing suite and a new operating theatre especially adapted for maternity purposes, a new Central Sterilising Services Department and a new outpatients clinic.

Other capital projects will greatly enhance the scope and standing of our services. The $51.6 million teaching training and research centre, which will be completed later this year, will make Sunshine Hospital a major provider of training and research opportunities for health care professionals. The $40.5 million radiotherapy facility at Sunshine, also to be completed in late 2010, will be the first such public facility in the western suburbs. The new Renal Dialysis Unit at Williamstown will greatly increase our provision of such services for residents in the South-West, whilst the new $21 million Sunbury Day Hospital to be completed by the end of this year, will provide day medical, surgical and dialysis treatment for residents of the outer North-West, as well as a number of specialist clinics.

To this impressive array of capital facilities coming on-stream, we will shortly commence building a new $90.5 million acute services building at Sunshine. This will provide us with 128 additional acute overnight beds, 30 same-day beds and a 26 cot special care nursery.

It is particularly gratifying to report that financially we have performed within budget and indeed have recorded a small operating surplus in this financial year. For all of our achievements in 2009/10, I would like to thank Chief Executive Kathryn Cook, her Executive Team and our talented workforce for their dedication, commitment and hard work throughout the year.

I would also like to acknowledge the role of our community partners, including Melbourne and Victoria Universities, community health services, private providers, local government and service organisations. Our capacity to provide effective public health services to the community is greatly enhanced by these community partnerships. I also extend our gratitude to our community supporters such as philanthropic trusts, businesses and individuals for their generous financial support.

Finally, I would like to thank my fellow directors for their dedicated contribution to the good governance of Western Health over the past year. In particular I wish to acknowledge the excellent service of Mr Michael Feehan, who has retired after a full nine year term, and of Ms Jill Hennessy who resigned after five years service.

As continuing Chair, I and the Board, which includes two new directors, Professor Colin Clark and Mr Robert Mitchell, look forward with optimism to another very productive year for Western Health in 2010/11.

Ralph Willis
Chair

Chief Executive

The 2009/10 year has been one of solid progress for Western Health. Demand for our services continues to increase in line with rapid population growth throughout our catchment area, and we are well positioned to respond to the growing needs of local residents.

3,794 babies were born at Sunshine Hospital in the past twelve months, 460 more than the previous year. Western Health also commenced a pilot home birthing program, building on our successful midwifery caseload model which also continues to grow.

Our renal services continue to meet increasing demand in the western suburbs. Western Health is building its capacity to care for patients requiring dialysis treatment, with a new dialysis unit at Williamstown Hospital opening in July 2010.

More than 25,000 patients had surgery at Sunshine, Western and Williamstown Hospitals. Despite this growth in demand, we are pleased to have achieved our waiting list and waiting time targets at each site.

Our emergency departments saw more than 118,000 patients in the past twelve months, and improving access to emergency care is a key focus for Western Health. Though improved performance is evident in a number of indicators, a continuing effort is required to meet the expectations of the growing communities we serve.

Western Health's Quality Plan has tracked improvement activity against five dimensions of quality in patient care. Achievements have included the minimisation of the number and severity of patient incidents, expansion of the use of models of care in active collaboration with consumers, the use of evidence-based practice to improve care, and decreased delays in patient diagnosis. Our ability to demonstrate robust systems and improvements in the area of safety and quality was reflected in the short-listing of our Quality of Care Report in the state-wide 'Excellence in Quality of Care Reporting Award'.

The achievement of a small operating surplus in 2009/10 was made possible through the delivery of approximately $6.4 million in savings initiatives. These improvements focused on a range of areas, including a reduction in our reliance on agency nursing, better management of staff leave and reducing unnecessary blood tests and x-rays for patients.

We have also continued to invest in new technology and equipment to support the provision of high quality patient care. Key highlights in the 2009/10 year include an upgrade of the Western Health Patient and Client Management System, progressing required works to prepare for the implementation of a Clinical System and preparatory work for the implementation of a Scanned Electronic Medical Record system across Western Health.

The past twelve months has also seen Western Health make significant progress in our capital redevelopment program. The completion of $24 million worth of infrastructure works at Western Hospital resulted in an important upgrade to central power supply systems and other engineering infrastructure. Sunshine Hospital saw the completion of a new birthing suite, an adult outpatient facility, a sixth operating theatre and a new Central Sterilising Services Department. The $51.6 million teaching, training and research centre is fast-approaching completion, as is the new radiotherapy facility. The construction of Sunbury Day Hospital is progressing well and I look forward to its completion later in 2010.

A number of staff were also recognised for their achievements in the past year. Susan McGregor and Jennifer Orr were both recognised for their work at the State Nursing and Midwifery Excellence Awards. The Western Health Comfort Care for Families volunteer team were awarded for outstanding team achievement at the 2010 Minister for Health Volunteer Awards for their work in Sunshine Hospital's Special Care Nursery. At the Hesta Australian Nursing Awards, Adele Mollo and Jess Trubbiano were both recognised for their important contribution to patient care.

I would like to thank the Board, the Executive and our dedicated staff and volunteers for their hard work over the past year. Their commitment to Western Health and its communities is essential in ensuring we provide safe and effective care for local residents.

I look forward to another year of positive results and growth for our health service. With the sustained support of our community, I am confident Western Health can continue to make a real difference in Melbourne's West.

K J Cook

Kathryn Cook
Chief Executive

Our Facilities

REG GEARY HOUSE

Established in 1994, Reg Geary House is one of the key providers of residential aged care within the Melton community, providing 30 high care beds.

SUNBURY DAY HOSPITAL

The $21 million Sunbury Day Hospital will provide a wide variety of services including day medical, day surgical, dialysis treatment and a number of specialist clinics.

Construction commenced in November 2009 and completion is expected in late 2010.

SUNSHINE HOSPITAL (ST ALBANS)

Sunshine Hospital is a teaching hospital in Melbourne's outer-West with approximately 300 beds. Already renowned for its comprehensive range of services including women's and children's services, surgical, medical, aged care and rehabilitation services, Sunshine Hospital's emergency department, incorporating a paediatric service, is one of the busiest general emergency departments in the state.

The obstetric services at Sunshine Hospital continue to grow to meet the increasing demand within the community and it now has the third highest number of births in the state.

WESTERN HOSPITAL (FOOTSCRAY)

Western Hospital is an acute teaching hospital with approximately 300 beds and provides the majority of acute elective and emergency services for Western Health.

Patients are provided with a range of inpatient and outpatient services including acute general medical and surgical, intensive and coronary care, sub-specialty medicine and surgical services, and relevant clinical support. Research is conducted at the hospital that covers a range of medical, surgical and specialty areas.

Western Health maintains strong partnerships with a number of lead universities including University of Melbourne, La Trobe, Monash, RMIT and Victoria University for medical, nursing and midwifery, and allied health training.

HAZELDEAN NURSING HOME

Hazeldean is located close to Williamstown Hospital. The 40 bed facility provides residential aged care services for the people of the West.

WILLIAMSTOWN HOSPITAL

Williamstown Hospital is a 90 bed facility providing emergency services, surgical services, a range of rehabilitation services including geriatric evaluation and management, transitional care and restorative care, renal dialysis services (previously provided by North West Dialysis Service), community rehabilitation and community health services.

DASWEST

DASWest provides alcohol and drug services to the West. With six operational sites, it is one of the largest services of its nature provided in the state of Victoria.

About Western Health

Western Health serves a diverse and culturally rich community. Geographically, our primary catchment covers the municipalities of Maribyrnong, Hobsons Bay, Brimbank, Melton and parts of Moonee Valley and Hume.

Western Health is the major public provider of health services for people living in western metropolitan Melbourne and provides a comprehensive range of services relating to pregnancy and newborn care, children's and adolescent health, gynaecology, cancer, heart and kidney disease, palliative care, surgery and emergency care. Services are delivered at our three acute public hospitals located at Sunshine, Footscray and Williamstown. A drug and alcohol program is offered at our DASWest service, while Hazeldean Nursing Home at Williamstown and Reg Geary House Melton South offer residential aged care.

Western Health provides services to one of Victoria's most rapidly expanding communities and employs approximately 5,000 staff that work hard to meet the challenge of significantly increasing demand and access to our service. We are committed to undertaking a broad range of patient focussed projects that enhance the quality and safety of our care, increase our health promotion activities and improve support for our diverse community.

With the support of the State and Federal Governments, Western Health has undertaken a significant capital development program which will enhance our capacity to respond to the needs of a population of approx. 750,000 which is projected to exceed one million people in the next 15 years.

Western Health is strongly committed to attracting and supporting a skilled and high performing workforce and we are now providing specialist training for approximately 10% of Victoria's future medical workforce.

Western Health has collaborative partnerships with community health service providers, local governments, primary care providers and hospitals, to identify, influence and implement initiatives that will make a real difference to the health of individuals and communities in the West. Western Health is well supported by our 360 plus volunteers and auxiliary members who assist us in providing quality patient care to our community.

ON A TYPICAL DAY AT WESTERN HEALTH

- 886 patients are cared for overnight (acute, sub-acute and residential care)
- 380 patients see a doctor in an outpatient clinic
- 320 patients attend one of our three Emergency Departments
- 292 patients are discharged
- 100 patients require the services of an interpreter
- 37 patients are visited at home by our Hospital in the Home program
- 55 volunteers provide a range of services including patient comfort and basic administrative support
- 10 babies are welcomed into the world at our Sunshine site
- 2,633 meals are served
- 93 operations are performed.

SIGNIFICANT ACHIEVEMENTS IN 2009/10

- Western Health has maintained full accreditation for all services. (See page 7)
- Western Health has been shortlisted for a state-wide 'Excellence in Quality Care Reporting' Award. (See page 8)
- A new $1 million dialysis unit constructed and opened at Williamstown Hospital. (See page 18)
- Sunshine Hospital chosen as pilot site for Victorian government homebirth pilot program. (See page 14)
- Sunshine Hospital's Comfort Care for Families Program awarded the 2010 Minister for Health Volunteer Award. (See page 15)
- All three hospitals awarded gold medal status by the Victorian Managed Insurance Authority (VMIA).
- Western Health nurses recognised as finalists in Hesta Australian Nursing Awards.
- Development of Monitoring and Performance (MaP) reporting system which provides a single reporting solution for hospital activity, elective surgery waiting list, and staff information.
- Construction of $51.6 million teaching, training and research centre at Sunshine Hospital (scheduled completion late 2010). (See page 16)

Statement of Priorities

STRATEGIC PRIORITY	DELIVERABLES	OUTCOME
Safe & Effective Patient Care	Implement agreed plan to improve patient access to emergency and elective care.	Access Improvement Plan was implemented, focusing on five key areas of improvement: bed configuration principles and activity modelling, admission processes, care co-ordination, patient transfers, and discharge processes.
	Improve care pathways for older people to support the COAG *Improving Care for Older People Strategy*.	Improvements focused on a review of current screening, assessment and care planning processes and the development of an accompanying suite of documentation to ensure that patient care is holistically managed at each point of the care continuum.
	Finalise and implement Western Health's Cancer Plan in alignment with *Victoria's Cancer Action Plan*.	Western Health's Cancer Services Planning Framework was endorsed in December 2009. Activity to continue in 2010/11.
	Deliver and improve services in line with Western Health's quality framework.	Service improvement informed and monitored in line with Western Health's quality framework. Western Health's Quality and Clinical Governance Framework was revised in 2009 to ensure it was consistent with state-wide policy.
People & Culture	Build Western Health's identity to enhance recognition, reputation and community confidence; and assist employee recruitment and retention.	Western Health's Identity development progressed. The People Matters Survey results for 2009/10 FY indicate that strong progress has been made with regard to organisational culture.
	Develop and implement specific workforce management strategies for our medical, nursing and allied health workforce.	Workforce management strategies progressed. The Medical, Nursing and Community Integration & Allied Health Executive Directors have worked to develop workforce strategies for each of the key areas (medical, nursing and allied health).
Community & Partnerships	Actively work with our community partners to develop a *Better Health Plan for the West.*	Western Health's involvement in 2010 has focused on further building upon the Healthy Communities, Healthy Lives model of care for the West. Funding has been secured to progress this work in 2010/11, with project scope approved by the Primary Care and Population Health Committee.
	Respond to the needs of Aboriginal and CALD patients and strengthen partnerships with community based organisations.	Targeted Strategies progressed to respond to the needs of Aboriginal and Culturally and Linguistically Diverse Patients.
Research & Learning	Develop a Research Strategy that aligns Western Health research activities with the needs of the population we serve and maximises opportunities for research grants and partnerships.	A draft Research Strategy has been developed that will help to guide and grow the research effort at Western Health. The draft document has been well received, with broader consultation currently being sought prior to finalisation in the latter half of 2010.
	Fully implement Western Health Clinical School partnership with the University of Melbourne.	The Western Clinical School commenced in July 2009 and has seen its first cohort of medical students complete their first year.
Self-sufficiency & Sustainability	Implement *Outpatients Demonstration* Project to support better patient access.	Specialist Clinic Redesign Project provided funding for a project co-ordinator to oversee the implementation of redesign principles for three high demand clinics - Orthopaedics, Gastroenterology and Urology - at the Western Adult Outpatient Service.
	Continue development of funded capital works program (Sunshine Hospital Stage 2 and Sunbury Day Hospital).	Funded capital works program continued. Teaching, training and research centre, radiotherapy facility and other major projects at Sunshine Hospital are due for completion in 2010. Construction of Sunbury Day Hospital to be completed in 2010.

Safe and Effective Patient Care

QUALITY & CLINICAL GOVERNANCE FRAMEWORK

Western Health's Quality & Clinical Governance Framework was revised in 2009 to ensure it was consistent with state-wide policy. This Framework is built upon a foundation of patient-focused 'Dimensions of Quality', covering safety, participation, access & efficiency, effectiveness, appropriateness and capability. These Dimensions have successfully informed the focus of planning, monitoring and reporting of improvement activity across the health service in 2009/10.

Supporting these Quality Dimensions is Western Health's Continuous Quality Improvement System. This system consists of a number of structures and processes called 'Quality Enablers' which help us to continually monitor, review and improve service and care delivery.

The Quality & Clinical Governance Unit has undertaken significant activities within the past year to enhance these quality enablers. This has included improving systems and supports for the identification and management of risks to quality, safe patient care and updating key policies and procedures for the provision of safe care.

Western Health's approach to Quality Improvement was independently reviewed by The Australian Council on Healthcare Standards Surveyors in October 2009, with the resulting award of 'Extensive Achievement'.

HEALTH SERVICE ACCREDITATION

Western Health is involved in an external accreditation program run by an independent agency, the Australian Council on Healthcare Standards (ACHS). Involvement in this program provides the opportunity to have an independent review of how well Western Health provides quality, safe care against externally set standards.

In October 2009, Western Health completed the 'Periodic Review' phase of the ACHS Accreditation cycle. This involved a small survey team from ACHS reviewing our services against mandatory criteria to ensure we continue to have systems and processes in place to provide quality, safe care and services. The review was very successful, with all mandatory criteria met and seven of the 14 criteria receiving a rating of 'Extensive Achievement'.

NURSING HOME ACCREDITATION

Western Health Nursing Homes are required to undergo a stringent external accreditation process through the Department of Health and Ageing. Accreditation is undertaken every three years with an unannounced visit to check accreditation status every six months. It is a testament to the staff, residents and families that both Nursing Homes continue to maintain full accreditation. Reg Geary House has undergone its three year accreditation with a recommendation for full accreditation and Hazeldean Nursing Home has hosted two unannounced visits from the accreditation agency, both of which recommended maintenance of full accreditation.

Safe and Effective Patient Care (Cont.)

The process to attain accreditation requires the achievement of 44 outcomes. Both homes have consistently exceeded expectations of the level of compliance with accreditation standards.

QUALITY OF CARE REPORTING

Annually, Western Health produces a Quality of Care Report to share with the community and external agencies how we endeavour to deliver and continuously improve safe and effective patient care. For the second year running, this report has been short-listed for a state-wide ‘Excellence in Quality of Care Reporting’ Award.

MAKING TIME TO CARE

Improvements undertaken during the past year have allowed an increase in the amount of time nurses can spend at the bedside with patients. Four surgical wards looked at where efficiencies could be made during the undertaking of daily duties, to enable additional time for direct patient care. The wards accomplished this by adopting ‘lean principles’ for how their wards were organised, how daily tasks were performed and the way in which patient care was clearly planned and communicated. With the introduction of these principles, the wards have been able to increase the time at the bedside for direct patient care, demonstrate a reduction in patient complications, decrease the length of patients’ stay in hospital and improve patient outcomes.

E-LEARN

Providing useful education is challenging in a 24/7 service delivery organisation. To combat these challenges Western Health needed a more flexible approach. ‘Moodle’, a content management system, has been used to develop and design online ‘E-learn’ courses. Western Health has developed learning packages and resources that are interactive and interesting and we can assess knowledge acquisition and transfer.

E-learn has enabled us to develop a suite of tailored and relevant training and assessment materials that can be accessed anytime and anywhere. All content has been developed and designed by our staff and is regularly reviewed and monitored. E-learn has made access to mandatory training much simpler and we have a more sophisticated central repository of training activity data. The blood transfusion package and the basic life support training packages led the way and we have since published more than 20 courses and have a number under development.

ORTHOPAEDIC REHABILITATION AT HOME (ORAHP)

The Orthopaedic Rehabilitation at Home Program (ORAHP) is a new initiative that supports eligible patients who are discharged home within five days of having an elective total hip replacement or total knee replacement at Western Health. This is achieved through the provision of home-based community rehabilitation services in the immediate period following discharge from the acute inpatient setting. This initiative focuses on providing the right care, in the right place, at the right time. In the first six months of the program, there has been an increase in the number of patients able to be discharged home within five days of having surgery and there has been very positive feedback from patients on the effectiveness of the program.

PRE-ADMISSION ‘SUPER CLINICS’

Western Health is continually looking for ways to improve the patient experience and the timeliness of care. One new way was the introduction of a pre-admission ‘Super Clinic’. This was developed to streamline the journey of long waiting patients currently on the elective surgery waiting list. This patient focused service initiative provides patients with a ‘one stop shop’ pre-admission appointment to attend to all their pre-surgery needs in a timely and efficient manner. The Clinics provide patients with the opportunity to meet the surgeon performing their surgery and to discuss any concerns. This innovative project has improved efficiency and effectiveness of the services provided by the Pre-Admission Clinic. Patients involved in this initiative have indicated that they felt more informed and in control of their own health needs.

FALLS PREVENTION

Falls are the most frequently reported type of incident while patients are inpatients in Western Health Hospitals. Therefore, there is an ongoing focus on looking for new and improved ways of identifying those patients at risk of falling and managing that risk. Within the past year Western Health has improved procedures and pathways guiding staff to effectively identify and manage the risk of patient falls. The rate of falls resulting in a serious injury within Western Health continues to be well below national benchmarked averages and there has been a 25% reduction over the past year in falls resulting in a fracture requiring surgical intervention.

STROKE CARE

Western Health provides care for over 500 stroke patients per year. Areas requiring improvement were identified in the care of stroke patients, particularly in the areas of patient/carer education, thrombolysis, continence management and staff education. A co-ordinated management plan and practices were implemented to address these areas. The outcome of this project has been improved access and management of stroke patients residing within Western Health's catchment area. Stroke Care is provided in line with state-wide guidelines for best practice and patients and carers are much better informed about and involved in stroke care.

NEONATAL NURSING

Neonatal nursing is an exciting but highly technical and challenging area of nursing. It requires not only consideration for the care of the baby, but also an ability to provide care and support to the whole family. During 2009, five Special Care Nursery staff members successfully completed the Postgraduate Diploma of Nursing Science in Neonatal Intensive Care with La Trobe University. This course is designed to further extend the knowledge, skills and confidence of nurses working in Neonatal Intensive Care Units. The qualification successfully obtained by these members of staff enhances the care provided, as well as increasing the team knowledge and dynamics within the Special Care Nursery at Sunshine.

SURGICAL DISCHARGE INFORMATION

Following a number of patient comments about a lack of communication with what to do following discharge, doctors and nurses within the Division of Surgery worked together to produce clinical specialty specific discharge information and educational material. Each surgical ward within Western Health now has its own website section with the discharge information attached for staff to print out and provide to patients. This work will be expanded to incorporate the development of internet sites for patients to review prior to admission or post admission. The Division has seen a 50% decrease in complaints relating to lack of discharge information since this information was made available to patients and carers.

HOME RENAL THERAPY PROGRAM

The past year has seen significant growth in the entire renal services provided across Western Health. This growth illustrates the high burden of chronic disease in Western Health's catchment, and our continuing commitment to provide services that meet the needs of our community. To help meet community need for renal services, a brand new dialysis unit has opened at Williamstown Hospital. This unit has been eagerly anticipated by patients, staff and the Williamstown community, and will allow for dialysis patients from Williamstown and its surrounds to be treated close to their homes in a state-of-the-art facility. We have also continued to pay particular attention to offering suitable patients dialysis therapy in their homes. This year the number of patients able to receive this type of treatment grew to 42. Patients performing dialysis in their homes lead less disrupted lives, have a higher sense of well-being and have reduced need for long term medication.

MANAGING OBSTETRIC DEMAND

Community need for maternity services has grown significantly over the past 12 months. To meet this demand into the future, planning has commenced for a new Special Care Nursery in the acute services building at Sunshine Hospital, due to start construction late in 2010. The past year has also seen the introduction of a staff specialist neonatologist for the nursery to clinically support the growing demand.

The increasing need has resulted in further community clinics operating in local communities, some in collaboration with general practitioners to provide a shared care program for women with their local GPs.

NEW OPERATING THEATRE AT SUNSHINE HOSPITAL

The development of a sixth theatre at Sunshine Hospital has provided Western Health with an opportunity to effectively manage the increased demand for maternity services. The sixth theatre has been designed with specific obstetric and neonatal requirements to establish a family-centred model of care.

Safe and Effective Patient Care (Cont.)

This includes the positioning of the theatre table to allow for midwives and partners to be present, a neonatal resuscitation area, as well as direct access to two larger private recovery bays, allowing for family-centred care post-caesarean section.

In addition, a paediatric-specific model of care has been established for the postoperative recovery of children through the development of a dedicated four-bay area with paediatric-specific décor to ensure privacy.

WESTERN HEALTH ACCESS IMPROVEMENT PLAN

Implementation of the Western Health Access Improvement Plan commenced in 2009/10. It focuses on five key areas of improvement: bed configuration principles and activity modelling, admission processes, care co-ordination, patient transfers, and discharge processes.

Plan implementation focuses on the patient journey through the review of processes using lean methodology. To date, plan implementation has realised improvements in patient length of stay, timely access to inpatient beds, timely assessment in the Emergency Department, and reduction in cross campus transfers.

IMPROVING CARE FOR OLDER PEOPLE

Improving Care for Older People (ICOP) at Western Health aims to minimise functional decline through improving care pathways for older people who require hospitalisation. Care pathway improvement in 2009/10 focused on a review of current screening, assessment and care planning processes and the development of an accompanying suite of documentation to ensure that patient care is holistically managed at each point of the care continuum.

This activity was informed by the 'Best care for older people everywhere – The toolkit', which was compiled by the National Ageing Research Institute (NARI) as part of the Victorian Department of Health's response to the Council of Australian Government's Long Stay Older Patients (COAG LSOP) initiative. Care pathway improvement was also supported by the implementation of a person-centred functional maintenance program, as well as the development of a range of multidisciplinary education resources that assist clinical staff to drive further improvements in the care of older people at Western Health.

WESTERN HEALTH CANCER PLAN

Western Health's Cancer Services Planning Framework was endorsed in December 2009. A Steering Committee and project team was established in February 2010 and is currently working through 33 recommendations. Clinical service planning is underway with two tumour streams (Breast Cancer and Lung Cancer).

People and Culture

Western Health proudly acknowledges that it is the dedication, commitment and hard work of our talented workforce that enables the provision of quality services to improve the health and well-being of people living in the West.

We are dedicated to ensuring that our people have a safe, caring, healthy and supportive work environment and culture from which to perform their respective roles and responsibilities. We also recognise and celebrate the diversity of our staff and our community.

LEADERSHIP AND ORGANISATIONAL DEVELOPMENT

The Organisational Development Plan has been developed to ensure that Western Health has the necessary organisational capability and is positioned to deliver on future commitments. Organisational development activity has included wider strategy and planning, operational realignment of leadership functions, ongoing leadership development, and a focus on the succession planning and talent management systems and skills required for the future.

A realignment of leadership functions has been driven by the need to continue to improve patient care, to effectively plan for and manage significant growth and service demand, to provide a strong foundation for our model of care work and to position the service to respond to government health priorities.

Leadership development over the year has been aligned with the new leadership capability framework and has included ongoing coaching and formal development activities for executive and senior management, together with a range of educational offerings for staff new to clinical leadership roles. Leadership behaviours are particularly linked to cultural indicators and results of externally benchmarked staff survey results indicate Western Health leaders are doing well at modelling the organisational values. Results also indicate overall improvement in how staff perceive the organisation's culture and people management practice; evidence of change in line with the strategic plan.

FOCUS ON PERFORMANCE EXCELLENCE

The new Western Health CARES staff recognition program has celebrated the achievements of a number of staff, in both clinical and support roles, whose everyday approach to work exemplifies the values of compassion, accountability, respect, excellence and safety. Externally, Western Health staff and volunteers have also been recognised via a range of external awards this year.

People and Culture (Cont.)

OCCUPATIONAL HEALTH AND SAFETY (OHS) TRAINING FOR MANAGERS AND SUPERVISORS

To address the organisational training and education requirements for occupational health and safety for management, the OHS Unit developed a competency based training package in conjunction with the Centre of Education. This new package is aligned with the unit of competency BSBMGT505A - Ensure a safe workplace, and forms part of the Diploma of Management. Managers and Supervisors who successfully complete the unit, apart from increasing their knowledge and skills in this essential area, will be formally recognised for the subject.

WORKFORCE PLANNING

Comprehensive workforce planning is underway to ensure Western Health has skilled and capable staff to meet current and future service delivery needs.

Analysis of workforce data continues to provide a basis for planning and a range of initiatives have been identified to promote attraction, recruitment and retention of staff across all disciplines and with particular focus on clinical areas of medical, nursing and allied health staff. These initiatives aim to address identified risks and to build a sustainable workforce for the future.

Work has also commenced on the operational workforce planning for the new Sunbury Day Hospital, as well as the Teaching, Training and Research centre and radiotherapy facility at Sunshine Hospital, which come on stream later in the year.

CHIEF EXECUTIVE ALL-STAFF FORUMS

Chief Executive Kathryn Cook continued regular staff forums across all Western Health sites. Hundreds of staff participated in these forums this year where issues such as service planning, capital development, hospital performance, and overall challenges and achievements were discussed. Staff had the opportunity to raise issues of concern directly with management, and on many occasions simple and innovative solutions were found through this direct engagement.

DIRECTORS OF NURSING FORUMS

The introduction of Director of Nursing forums each month has increased the communication of key nursing issues with the nursing staff of Western Health through direct interaction with their professional leaders.

Nurses are given access to up-to-date information specifically relevant to their profession by both internal and external speakers. Recognising the need to engage night staff, a series of quarterly forums were established prior to the commencement of the night shifts, utilising the teleconferencing facilities of each hospital.

LANGUAGE SERVICES TEAM

The Western Health Language Services Team has completed an analysis of the languages most requested across the Health Service, and implemented strategies to support in-house interpreters in these languages to provide continuity and quality services to patients.

Our interpreters at Western Health speak the following languages: Vietnamese, Greek, Italian, Spanish, Arabic, Mandarin/Cantonese, Dinka, Serbian/Croatian and Macedonian.

The Language Services Team receives over 2000 bookings per month. A new electronic booking system has allowed for bookings to be streamlined, providing an efficient way to ensure bookings are correct and appropriately coordinated.

HEALTHWEST

Western Health works in partnership with organisations such as community health services, private providers, local government and other primary care organisations.

This engagement helps us to improve service linkages for our patients.

HealthWest, of which Western Health is an active member, is an important initiative which brings together a range of community based health service providers, local governments, primary care providers and hospitals. It aims to identify, influence and implement initiatives that will make a real difference to the health of individuals and communities in the West. Western Health's involvement in 2010 has focused on further building upon the Healthy Communities, Healthy Lives model of care for the West.

CULTURAL DIVERSITY

In response to the culturally diverse population of the West, Western Health has been driving a number of initiatives to improve care and encourage participation.

Western Health is one of the first health services in Victoria to merge the Cultural Diversity Committee and the Community Advisory Committee (CDCAC). The CDCAC has been functioning since 2009 and is responsible for monitoring a number of key projects on Western Health's Community Participation Plan (CPP). In 2010 the CDCAC projects have included: improving the cultural responsiveness of Western Health, ensuring that patients have access to culturally appropriate food choices, ensuring that consumers, carers and community members are able to participate in decisions about their care and treatment, service planning and governance and responding to patient feedback in relation to mixed gender wards.

Community and Partnerships (Cont.)

To support the work of the CDCAC and our commitment to realise a cultural diversity framework, in 2010 Western Health created a new full time position for a Manager of Cultural Diversity and Community Participation. This role is aimed at enabling consumers, carers and community members to play a pivotal role in the continuous improvement of services for consumers at Western Health. This position also has an education role and a number of cultural awareness sessions have been delivered to staff from palliative care, allied health and nurses returning to the workforce.

ABORIGINAL HEALTH

Our Aboriginal Hospitals Liaison Officer has been busy during 2009/10, visiting aboriginal patients across our three acute hospitals. Our Aboriginal Liaison Officer is part of the Improving Care for Aboriginal and Torres Strait Islander Patients program (ICAP). The Western Health ICAP program aims to improve identification and health care for Aboriginal patients, increase cultural awareness of staff about Aboriginal people and Aboriginal health and build relationships with Aboriginal Communities. As part of our ICAP strategy this year, Western Health delivered cultural awareness training to international medical graduates.

In 2009 Western Health recognised NAIDOC (National Aboriginal and Islander Day Observance Committee) Week with a symbolic raising of the Aboriginal flag. Celebrations were held at Sunshine Hospital with respected Indigenous speakers providing insights and understanding on Aboriginal health care issues and conveying personal stories of their care at Western Health.

DASWEST DUAL DIAGNOSIS INITIATIVE

In 2007, the Department of Human Services launched the Dual Diagnosis Initiative: 'Dual Diagnosis: Key Directions and Priorities for Service Development'.

The initiative encouraged drug and alcohol and mental health services and clinicians to become 'dual diagnosis capable'; that is, to receive relevant training so that clients with concurrent mental health and substance misuse issues received seamless and coordinated care.

During 2009/10, DASWest continued previous efforts in becoming a Dual Diagnosis capable agency and is a leader in the field. Achievements in 2009/10 have included:

- All DASWest staff are now Dual Diagnosis capable
- DASWest has developed meaningful partnerships with a number of relevant agencies for comprehensive referral pathways and coordinated, integrated care for mutual clients
- DASWest is a signatory to relevant Mental Health Alliances, including the Mid West Mental Health Alliance and the South West Rehabilitation Alliance
- Dual Diagnosis is now core business at DASWest.

An evaluation of the Dual Diagnosis initiative will be conducted in 2010.

INNOVATIVE MATERNITY SERVICES

Western Health currently has the largest caseload model in Victoria, with close to 1,000 women cared for through this model. Caseload is one on one midwifery care for women, supporting them through pregnancy, birth and postnatally. It provides women and their families with a continuity of care model. Each midwife generally cares for 45 women. The model provides for all pregnancies in collaboration with physician and obstetrician as required. We have specialist midwives helping disadvantaged women such as drug and alcohol dependent, prison and refugee groups.

The current outcomes indicate an improved breastfeeding rate, a reduced caesarean rate and a reduced length of stay with midwifery support at home.

Coupled with the program in December 2009, the Victorian government announced a homebirth pilot for the state. Sunshine Hospital was chosen as one of the two pilot sites, complementing the already established caseload model.

VOLUNTEERS

Western Health's dedicated volunteers provide invaluable support to the range of services we provide for our community. Hundreds of dedicated volunteers from many cultural backgrounds and ages are a vital part of the team at Western Health.

The volunteer team is well represented with age groups ranging from 15 years to 92 years and 25 different languages being spoken. Western Health's volunteers provide over 2,200 hours of support to our health service every month, bringing a range of life experiences, skills and enthusiasm that they share with the staff and patients at our hospitals and care facilities.

Working alongside our staff, volunteers assist in areas as diverse as outpatient clinics, Special Care Nursery, emergency departments, rehabilitation and the Children's Ward.

This year, the volunteer team from Sunshine Hospital's Comfort Care for Families Program was awarded the 2010 Minister for Health Volunteer Award. This team consists of 12 specialist volunteers who provide comfort for babies in the Special Care Nursery and assistance to their families.

Western Health also has Auxiliary and Opportunity Shop volunteers who work tirelessly to raise funds to support our health service.

The support of our volunteers is highly valued by all staff and patients.

FUNDRAISING

Western Health supporters, be they volunteers, donors, former patients or corporations, are a vital part of our health service. They ensure that we remain connected to our community and add another dimension to the care and treatment of our patients.

BreastWest continues to expand on their support of the Western Health Breast Services Clinic. The BreastWest Committee hosted two major fundraising events in the past year, the BreastWest Yum Cha lunch held in October and the Mother's Day Fashion Parade held in May. Each of these events sold out and raised significant funds which were allocated to the Western Health Breast Services Clinic and to support women in the West who have been diagnosed with breast cancer.

The Western Health Community Raceday in December 2009 provided an opportunity for Western Health suppliers and local businesses to come together to support Western Health. Funds raised from this event were allocated to the Sunshine Hospital Children's Ward refurbishment project.

We thank the thousands of individual donors who choose to support our health service or local hospital within Western Health each year. Their generosity is particularly special in that often they or a member of their family have been touched personally by our quality care.

COMMUNITY SUPPORTERS

Western Health receives significant support from the many community groups that reside in our catchments. These groups add greatly to the success of our fundraising initiatives and we continue to develop and strengthen these relationships and look for opportunities to develop new ones.

Western Health is grateful to the groups and auxiliaries who support staff and patients across Western Health. During the year these groups raised significant funds that will support our health service.

PHILANTHROPIC TRUSTS

Western Health acknowledges and thanks the philanthropic trusts and foundations which continue to support our projects. The Collier Charitable Fund provided a significant donation that allowed us to upgrade supply management and storage in the Emergency Department of Footscray Hospital, allowing more medical and nursing time to be spent at the patient bedside and in direct patient care.

THANK YOU FOR GIVING THE GIFT OF GOOD HEALTH

To all our donors, sponsors and supporters, we say thank you for contributing to Western Health. You have given the 'gift of good health'.

ACAS

In 2009 Western Health Aged Care Assessment Services (ACAS) and St Vincent De Paul established a pilot community partnership to support older people living in squalor. During 2010 this partnership has been extended and ACAS is now working with Hobsons Bay Council and is in discussion with both Royal District Nursing Service and Brimbank Council to develop a broader safety net throughout the western suburbs for this very vulnerable group of people.

GENERAL PRACTICE LIAISON UNIT

The General Practice Liaison Unit (GPLU) continues to build and strengthen the relationship between the health service, local general practitioners (GPs) and the local divisions of general practice. This integration is an essential component for Western Health to provide quality health care for the community.

In 2009/10 the GPLU delivered a series of GP education on chronic disease. These sessions provided GPs with important clinical updates, as well as the opportunity to network with Western Health specialists. Western Health continues to provide support to GPs by providing regular updates on Western Health services through the website and regular editions of the GPLU newsletter.

Research and Learning

UNDER CONSTRUCTION:
The $51.6 million teaching, training and research centre at Sunshine Hospital (scheduled completion late 2010)

High quality teaching, training and research, support excellence in health care. Western Health has a strong commitment to ensuring our community benefits from the best care that health professionals can offer. The last 12 months have seen a significant amount of research and training across all our campuses, spanning a wide range of health disciplines. Our innovative and robust research and training services are further enhanced through our work with partner organisations, including local universities and medical institutions. Our recent research achievements would not have been possible without the drive and passion that our leading clinicians and researchers bring to their work.

As we review the last 12 months we must also look to the future. Western Health will continue to position itself as an academic leader in teaching and research by providing strong research, training and development opportunities for its current and future staff. The new $51.6 million teaching, training and research centre, due for completion in late 2010, will transform Sunshine Hospital into a major provider of training and research opportunities for health care professionals in Melbourne.

RESEARCH

The Office for Research at Western Health has two prime objectives: the facilitation and promotion of high-quality research and the provision of the necessary governance frameworks to support and maintain oversight of its research activities.

A number of initiatives have been introduced to help meet these twin objectives. The Western Health Low Risk Human Research Ethics Panel has been established to provide a means of ethical review and facilitation for low risk research projects undertaken at Western Health and the Office also provides mentoring and advice to our community of researchers. These initiatives are helping to stimulate and broaden research activity across all health disciplines at Western Health, while also assisting with research grant opportunities and enhancing our partnerships with other research organisations.

Western Health recognises that societal and environmental factors, such as poverty and pollution, contribute to a higher incidence of chronic disease among people living in the West. We have a strong focus on chronic disease in line with the Australian Government's Designated National Research Priorities. The key areas include cardiovascular health, obesity, diabetes, cancer, asthma and chronic inflammatory conditions. Western Health researchers have been very successful in obtaining significant funding, including from the National Health and Medical Research Council, for further research into chronic disease prevention.

The Office for Research, in consultation with senior researchers, has developed a draft Research

Strategy that will help to guide and grow the research effort at Western Health. The draft document has been well received, with broader consultation currently being sought prior to finalisation in the latter half of 2010.

TRAINING AND DEVELOPMENT

Western Health continues to demonstrate a strong commitment to providing training and development opportunities for its current and future health workforce.

The retention rate in our graduate nurse program is at its highest level ever with 97% of nurses retained and 100% of midwives retained from the 2009 programs.

This year Western Health has supported the introduction of 178 new nursing and midwifery staff, over 300 medical staff and a number of allied health professionals into the organisation through our transition to practice programs. These include our graduate, intern and return to practice programs. We have successfully trained theatre technicians, allied health and patient service assistants and provided our managers and leaders with ongoing support and development. During the year, Western Health's allied health staff demonstrated their strong commitment to improving patient care through their continued professional education activities and the supervision of clinical placements of allied health students from a number of Victorian universities.

Western Health provides a large number of clinical placements for nursing, midwifery and allied health students across all areas of the organisation. Western Health's University of Melbourne Clinical School has seen its first cohort of medical students complete their first year, and a small number of medical students from The University of Notre Dame Australia have commenced their first clinical placements at Sunshine Hospital.

Western Health provides specialist training for approximately 10% of Victoria's future medical workforce and has significantly increased its number of vocational training positions over the last two years. This reflects the importance placed on post-graduate medical education and training. Of particular significance is our continued successful recruitment of Interns, Hospital Medical Officers and Registrars which reflects the quality of the clinical and educational experiences that are provided at Western Health.

The teaching, training and research centre at Sunshine Hospital is due for completion in late 2010 and will provide high quality training for medical, nursing, midwifery and allied health students and professionals. The centre will house the new Western Clinical School in an important partnership with The University of Melbourne. By 2012 over 100 medical students will undertake clinical and formal medical training at the new facility. This collaborative approach to training with our academic partners from The University of Melbourne for medical students and Victoria University for nursing and allied health students will strengthen Western Health's recruitment and retention of quality graduates and ensure that we continue to provide for the current health care needs of the West and into the future.

Educational activities for our existing staff have also increased. We have introduced more day and night in-services to complement our continuing professional development programs and implemented over 20 new topics and programs in e-learning.

Through the support awarded by the Victorian Healthcare Association, Western Health's Centre for Education, in a partnership with The University of Melbourne and Victoria University, delivered a series of workshops for health professionals involved in the clinical supervision of students, graduates and new staff. The feedback has been very positive and the intention is to incorporate this program into our training calendar in the future.

Western Health offers clinical development programs and post-graduate programs for nurses wishing to develop their knowledge and skills in specialty practice areas. Particular attention was provided to our emergency departments this year with a substantial rise in the intake into our Discovery and post-graduate programs at both Footscray and Sunshine Hospitals. This was supported by the introduction of clinical coaches working after hours and on weekends, mirroring an initiative developed by the Maternity Unit in early 2009.

Western Health prides itself on the learning and development opportunities we provide for our students, graduates and current employees. Our progressive initiatives in all areas of health professional and staff education help to guarantee a sustainable future for the workforce of Western Health.

Self-sufficiency and Sustainability

Western Health is constantly reviewing the health needs and health service delivery requirements of our diverse and multicultural population, ensuring we optimise allocation of resources that go into meeting the overall health care needs of people living in the West.

To ensure our ongoing capability to provide appropriate services for our community, it is essential that we operate our services efficiently and embed a sustainable financial position. This helps position Western Health to take full advantage of future improvement opportunities such as investments in technology, research and evidence based practices, productivity and continuous improvement.

TEACHING, TRAINING AND RESEARCH CENTRE: SUNSHINE HOSPITAL

Construction commenced in March 2009 of the $51.6 million teaching, training and research centre and it is on track for completion in late 2010. This modern facility will include a library, auditorium, lecture theatre and clinical skills spaces. In conjunction with The University of Melbourne and Victoria University, Western Health will be able to offer unprecedented academic and research opportunities to current and future health care professionals, transforming Sunshine Hospital into a major tertiary training facility.

RADIOTHERAPY FACILITY: SUNSHINE HOSPITAL

The $40.5 million radiotherapy facility is progressing well, with ground slabs and structural columns complete. The development is on track for completion in late 2010 and will include four bunkers to treat cancer patients in partnership with the Peter MacCallum Cancer Centre.

The radiotherapy facility will be the first public radiotherapy service in Melbourne's western suburbs, reducing the need for local residents to travel long distances for vital treatment.

ADDITIONAL CAPITAL PROJECTS AT SUNSHINE HOSPITAL

In addition to the construction of the teaching, training and research centre and the radiotherapy facility, a number of other major projects at Sunshine Hospital have either been completed or are fast approaching completion.

A sixth operating theatre dedicated to obstetric and neonatal requirements has been developed along with a new adult outpatients clinic and the refurbishment of the emergency department to include a fast-track area.

ACUTE SERVICES BUILDING: SUNSHINE HOSPITAL

The next step in Sunshine Hospital's redevelopment was announced in the State Budget. The $90.5 million acute services building will commence construction in late 2010 and be completed in late 2012.

The four level building will include 128 acute overnight beds, a 26 cot special care nursery and new ambulatory care facilities. The project will also provide clinical support offices and diagnostic labs.

DIALYSIS SERVICE EXPANSION: WILLIAMSTOWN HOSPITAL

Western Health has built a new dialysis unit at Williamstown Hospital. The $1 million unit houses nine additional treatment spaces in a larger and more comfortable space. Williamstown Hospital now holds 14 dialysis machines with the ability to treat up to 56 patients.

SUNBURY DAY HOSPITAL

The $21 million project commenced construction in November 2009 and completion is expected late this year.

Major structural works are now complete, with fitout of the facility progressing well.

The Sunbury Day Hospital will provide a wide variety of services including day medical, day surgical, dialysis treatment and a number of specialist clinics.

Its co-location with the Sunbury Community Health Centre will create a health care precinct for Sunbury, providing services never previously offered in the community.

SERVICE REDESIGN AND IMPROVEMENT TO DIRECT PATIENT CARE

As part of an ongoing process to regularly review and adapt service delivery to meet our patients' needs, Western Health has been progressing service redesign projects under the auspice of the Department of Health – Redesigning Hospital Care Program. In addition to improvements in patient care, these projects also help Western Health realise cost efficiencies through more streamlined and effective processes.

In 2009/10 Western Health has progressed a project to improve the inpatient journey for patients with a fractured neck of femur. Through this work the length of time a patient is required to remain in hospital has been reduced and there are fewer adverse events experienced by patients.

Other projects undertaken include improvement of Radiology

Artist's impression of the $40.5 million radiotherapy facility at Sunshine Hospital (scheduled completion late 2010)

Ultrasound services to our patients and an Outpatient Clinic Design demonstration project to support improved patient access.

OUTPATIENTS DEMONSTRATION PROJECT

The Department of Human Services-funded Specialist Clinic Redesign Project provided funding for a project coordinator to oversee the implementation of redesign principles for three high demand clinics (Orthopaedics, Gastroenterology and Urology) at the Western Adult Outpatient Service. This implementation supported better patient access through improvements in four key areas:

- Maximising the use of existing IT systems through broader staff access and training
- Redesigning of clerical work through enhancement of the Service's referral receipting system
- Improving intra-clinic flow through the routine presence of a Nurse Floor Coordinator in the waiting areas and redesigning appointment schedule templates
- Redesigning of discharge inpatient referral flows by increasing the number of appointment slots available for post-inpatient and post-operative patients.

HEALTH INFORMATION AND TECHNOLOGY

Significant progress has been made over the last year implementing key priorities from within the Western Health ICT Strategy.

In 2009/10 Western Health launched a Monitoring and Performance (MaP) System, which is a central data warehouse with user friendly business intelligence interface. All key Western Health activity data is automatically loaded into this warehouse and is a rich source of decision making, monitoring and reporting information.

Work is progressing on pre-implementation for a Clinical System (under the HealthSMART Program). Business Cases have been developed and approved and work is progressing on the replacement of the Radiology Information System and the upgrade of the Emergency Department Information System. A tender is also being prepared to go to the market for consideration of implementation of a Scanned Electronic Medical Record.

PLANNING TODAY FOR THE FUTURE STATE

Western Health realises that you need to be planning well in advance in preparedness for the future. A wide range of planning initiatives have been progressed over the 2009/10 year, of which many carry forward into 2010/11.

An updated Business Continuity Plan (BCP) has been developed and endorsed to help with preparedness for potential scenarios that may interrupt normal functioning. The BCP refresh and review was completed with assistance from internal audit and will be supported by education and training in 2010/11.

An updated Service Plan (2010) is nearing completion and will help set the parameters for future health service and facility requirements for our community population health needs.

We are also working through a process to update the Western Health Model of Care principles which are based around patient centred care, to encompass models of care supported through preventative, ambulatory and technology innovations.

There is also collaboration with our referral partner acute health services, community and primary care health partners, as well as neighbouring municipal councils in the development of a Better Health Plan for the West.

This will take a regional perspective on how we can each best support each other to achieve our individual and common organisation goals for our respective communities.

BUSINESS IMPROVEMENT

In 2009/10, building on previous years, we continued to implement a comprehensive Business Improvement Program. This has enabled Western Health to manage budgetary pressures and make productivity, performance and efficiency gains through the identification, scoping, implementation and monitoring of various projects.

In 2009/10 major outcomes have included a $2 million reduction in expenditure on agency nursing, better utilisation of theatres at Williamstown Hospital and a whole-of-business effort to improve leave management. In 2009/10 the program delivered over $6 million in improvements.

Western Health Management

EXECUTIVE

Ms Kathryn Cook
Chief Executive

Ms Dominique Saunders
(resigned January 2010)
Mr Russell Jones
(appointed February 2010)
Corporate Counsel

Dr Linda Mellors
(resigned September 2009)
Ms Giovanna Desantis
(October 2009 – February 2010)
Ms Leanne Dillon
(appointed February 2010)
Board Secretary

Dr Max Alexander
(resigned August 2009)
Executive Director Operations

Ms Juliette Alush
Executive Director
People, Culture and Communications

Ms Lydia Dennett
Executive Director Nursing
and Midwifery

Dr Arlene Wake
(resigned March 2010)
Dr Mark Garwood
(appointed March 2010)
Executive Director Medical Services

Mr Tim Hogan
(resigned March 2010)
Mr Bruce Clarke
(appointed June 2010)
Executive Director Finance
and Corporate Services

Mr Silvio Pontonio
Executive Director Community
Integration and Allied Health

Mr Jason Whakaari
Executive Director Strategy,
Planning and Performance

CLINICAL MANAGEMENT

EMERGENCY AND CRITICAL CARE SERVICES

Ms Michelle McDade
Divisional Director

Dr Craig French
Clinical Director ICU

Prof Yean Lim
Clinical Director Cardiology

Dr Peter Ritchie
Clinical Director Emergency

MEDICINE, AGED CARE AND CANCER SERVICES

Ms Jenny Walsh
Divisional Director

Dr Ian Kronborg
Clinical Director

SURGICAL SERVICES

Ms Claire Culley
Divisional Director

Associate Professor Trevor Jones
Clinical Director

WOMEN'S AND CHILDREN'S SERVICES

Ms Susan Gannon
Divisional Director

Dr Michael Sedgley
Clinical Director

SENIOR MANAGEMENT

Mr Moses Abbatangelo
(resigned March 2010)
Operations Manager DASWest

Ms Jennie Allen
Group Manager Community
Services

Mr Sean Downer
Director Health Information
Services

Ms Kethly Fallon
(resigned April 2010)
Director of Nursing
Sunshine Hospital

Ms Kathryn Farrell
Manager Fundraising

Ms Christine Fuller
Director of Nursing
Western Hospital Footscray

Ms Collette Geaney
(appointed October 2009)
Manager Medical Workforce

Mr Stephen Gow
Director Capital and Service
Development

Ms Zane Healy
(resigned January 2010)
Director Clinical Support Services

Ms Michelle Holian
(resigned May 2010)
Director Human Resources

Ms Leanne Lade
(resigned February 2010)
Mr Bernard Leow
(resigned April 2010)
Director Finance

Mr Kent MacMillan
Director Pharmacy

Ms Rosemary McKemmish
(resigned September 2009)
Manager Medical Workforce

Ms Louise McKinlay
Manager Centre for Education

Mr Douglas Mill
Director of Nursing
Williamstown Hospital & Residential
Aged Care Services

Ms Assunta Morrone
(appointed March 2010)
Manager Cultural Diversity
and Aboriginal Health

Ms Christine Neumann-Neurode
Director Ancillary Support Services

Dr David Newman
Director Office for Research

Ms Vanessa Raines
Director Patient Access and Service
Improvement

Mr Michael Read
Chief Technology Officer

Ms Alison Rule
Director Quality and Clinical
Governance

Mr Winston Saldanha
Director Assets and Infrastructure

Ms Catherine Sommerville
(appointed June 2010)
Director Strategic Development
and Stakeholder Relations

Ms Natasha Toohey
Director Allied Health

Mr Andrew Williamson
(resigned May 2010)
Director Public Affairs

Western Health Services

MEDICINE, AGED CARE AND CANCER SERVICES

Acute Aged Care

Addiction Medicine

Dermatology

Diabetes Education

Endocrinology

Gastroenterology

General Medicine

Geriatric Evaluation and Management

Infectious Disease

Medical Oncology and Clinical Haematology

Migrant Screening Program

Nephrology

Neurology

Rehabilitation

Renal Dialysis

Respiratory and Sleep Medicine

Rheumatology

Palliative Care

Stroke Service

SURGICAL SERVICES

Anaesthetics and Pain Management

Colorectal and General Surgery

Elective Booking Service

General, Breast and Endocrine Surgery

Ophthalmology

Orthopaedic Surgery

Otolaryngology, Head, Neck Surgery

Paediatric Surgery

Plastic, Reconstructive and Facio-Maxillary Surgery

Preadmission Service

Thoracic Surgery

Upper Gastro Intestinal and General Surgery

Urology Surgery

Vascular Surgery

DRUG AND ALCOHOL SERVICES

DASWest

EMERGENCY AND CRITICAL CARE SERVICES

Centre for Cardiovascular Therapeutics (incorporating Cardiology Services)

Emergency Medicine

Hospital in the Home

Intensive Care Services (incorporating ICU Liaison)

WOMEN'S AND CHILDREN'S SERVICES

Gynaecology

Obstetrics

Paediatric Medicine

ALLIED HEALTH

Audiology

Interpreter Services

Nutrition & Dietetics

Occupational Therapy

Pastoral Care

Physiotherapy

Podiatry

Psychology

Social Work

Speech Pathology

AMBULATORY AND COMMUNITY BASED SERVICES

Aboriginal Health

Aged Care Assessment Service

Cognition, Dementia and Memory Service

Community Based Rehabilitation

Continence Clinic

GP Liaison and Strategy

Hospital Admission Risk Program

Improving Care for Older People Program

Outpatients

Post Acute Care Program

Subacute Ambulatory Care Services including specialist clinics

Transition Care Program

CLINICAL SUPPORT SERVICES

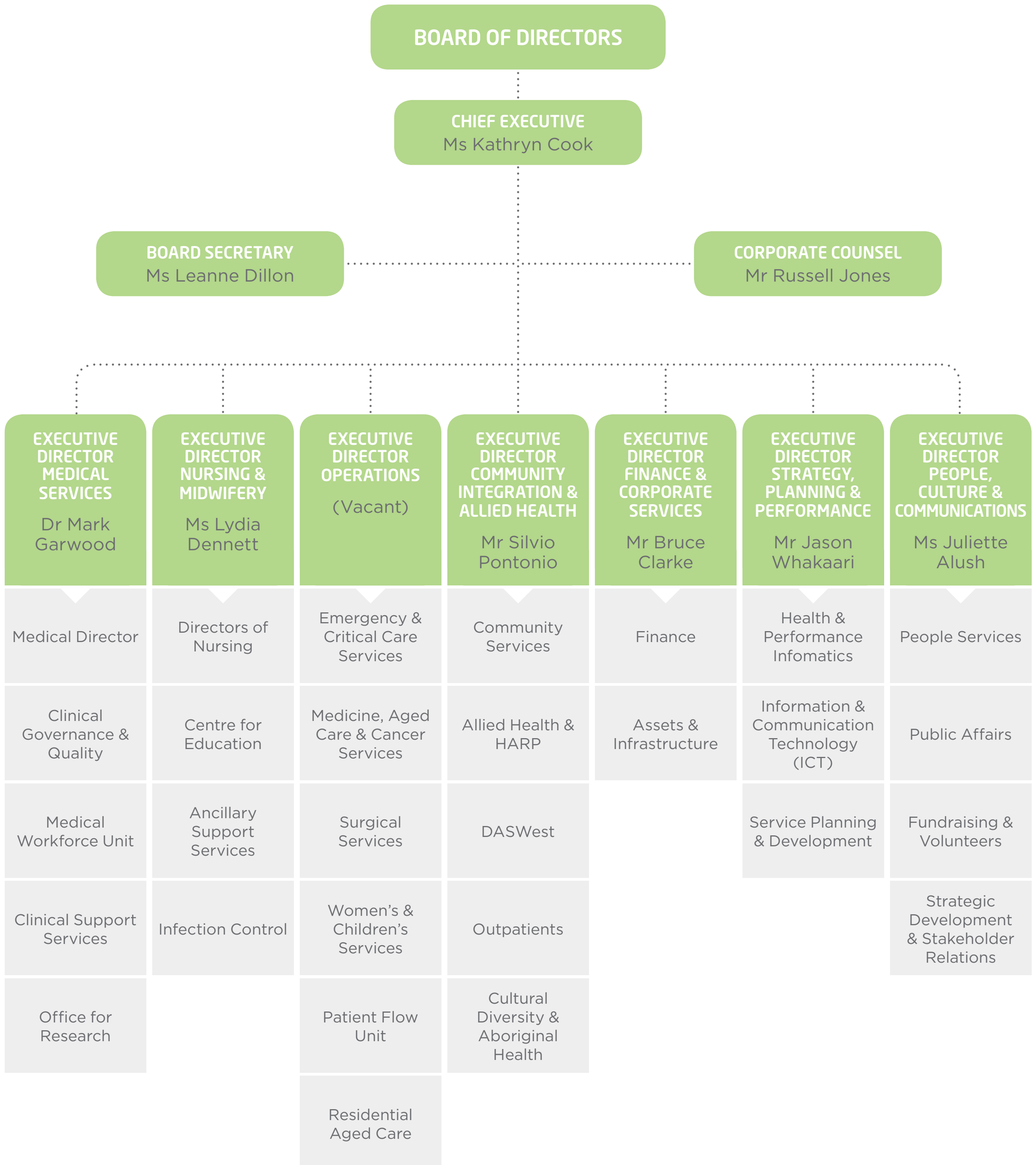
Interventional Radiology

Medical Imaging

Pathology

Pharmacy

Organisation Structure



RALPH WILLIS BCOM – CHAIRMAN

Ralph Willis is a life-long resident of Melbourne's West and represented the seat of Gellibrand in the Federal Parliament for 26 years. For 13 of those years, he was a Cabinet Minister in the Hawke and Keating Governments, holding the portfolios of Employment and Industrial Relations, Transport and Communications, Finance and Treasurer.

Mr Willis is also a Director of Franklyn Scholar Pty Ltd, Director of Victoria University Foundation, Director of Melba Foundation, Trustee of the Stan Willis (Charitable) Trust and Chair of LeadWest, a regional representational body for the western suburbs of Melbourne. He was previously the Chair of the Construction and Building Industry Superannuation Fund (CBUS).

Mr Willis is a member of the Finance Committee, Governance and Remuneration Committee and Quality and Safety Committee.

Appointed July 2004

MR MICHAEL FEEHAN DIPAPPSC, MAICD

Michael Feehan is the Chief Operating Officer of Slater & Gordon Limited. He previously ran his own consulting business, specialising in business planning and corporate communications. Prior to that, Mr Feehan held a number of senior executive positions with Orica Limited, including marketing, business, operational and corporate management roles. Mr Feehan's most recent positions with Orica were General Manager of the company's adhesives businesses, Site Manager of its major manufacturing operations at Deer Park, Melbourne and Botany, Sydney, and Group Corporate Affairs Manager. While with Orica, Mr Feehan also served the Footscray Football Club for seven years as Vice President and Marketing Director.

Mr Feehan is Chair of the Finance and Resources Committee, member of the Audit and Risk Committee and Governance and Remuneration Committee.

Appointed July 2001

MS JULIANN BYRON BCOM, POSTGRAD DIP (CORP MGT), FCPA, FICD, FTIA, ACIS

Juliann Byron has extensive experience as a Finance Director and Company Secretary with public and private companies and is currently a consultant in the areas of financial management, corporate governance and company secretarial matters.

Ms Byron is also the Treasurer of the Victorian Cytology Service and Director and Treasurer of the Bendigo Community Bank in Canterbury, Surrey Hills and Ashburton.

Ms Byron is Chair of the Audit and Risk Committee and Chair of the Governance and Remuneration Committee.

Appointed July 2004

MR PHILIP MORAN BA (HONS), GRAD DIP (BUS ADMIN), MAICD, MACHSE

Philip Moran has been the CEO of Moreland Community Health Service Inc. since 1996. Moreland Community Health Service is a major provider of community-based health and welfare services in the northwest region of Melbourne.

Mr Moran has previously held positions in the state public service and on the staff of various State Government Ministers.

Mr Moran served nine years on the Council of Box Hill Institute of TAFE including three years as Council Chair and a member of its Finance and Audit Committees.

Mr Moran is Chair of the Primary Care and Population Health Advisory Committee and member of the Finance and Resources Committee.

Appointed July 2003

Corporate Governance (Cont.)

MS JILL HENNESSY
BA, LLB, LLM (PUBLIC AND INTERNATIONAL), MAICD, MIPAA

Jill Hennessy is a qualified lawyer who specialises in corporate governance and risk management in the public and not-for-profit sectors.

Ms Hennessy has worked in the private sector and in federal, state and local governments. Among various panels and committees that Ms Hennessy sits on, she is presently the Chair of the Victorian Working Families Council and the independent member of the Governance Committee for Amnesty International Australia. She has previously been a director of the Legal Industry Superannuation Fund and on the boards of many community-based organisations. Ms Hennessy has also been involved in community and health advocacy in the western suburbs for many years, as well as having been the Director (Legal) of the Western Region Health Service Inc. for seven years.

Ms Hennessy is a member of the Audit and Risk Committee, Education, Research and Development Committee and Governance and Remuneration Committee.

Appointed July 2005, resigned February 2010

ASSOCIATE PROFESSOR AFIF HADJ
MB, BS, FRACS

Afif Hadj is currently the Director of Surgery and Medical Training at Maroondah Hospital which is part of the Eastern Health network. He graduated in Medicine from the University of Melbourne in 1971 and became a surgeon in 1979. He has since specialised in Breast and Trauma surgery. He has been in private practice and a consultant surgeon at PANCH prior to moving to Eastern Health.

Associate Professor Hadj is a Fellow of the Royal Australasian College of Surgeons and a member of its General Surgery Division, Breast Section and Trauma Section.

He is the Chair of the Quality and Safety Committee and the Education, Research and Development Committee.

Appointed July 2006

MR GRAEME HOUGHTON
BSC, MHA, FCHSM (HEALTH ADMINISTRATION)

Graeme Houghton holds a Science Degree and Masters in Health Administration. He began his hospital management career at Royal Melbourne Hospital. He was the Chief Executive Officer of Fairfield Hospital from 1981 to 1985; then the Austin Hospital until 1995. He was a Regional Director with Healthscope Limited from 1995-96 and, from 1997-2002, he was the Chief Executive Officer of the Repatriation General Hospital in Adelaide.

From April 2002 until August 2008, he was the Chief Executive Officer of the Royal Victorian Eye and Ear Hospital. He is currently Hospital Standards and Accreditation Advisor to the National Department of Health in Papua New Guinea.

Mr Houghton has particular interests in organisation theory, patient safety and clinical governance and he is a surveyor with the Australian Council on Healthcare Standards. He is also active in the Australasian College of Health Service Management.

Mr Houghton is a member of the Cultural Diversity and Community Advisory Committee and Quality and Safety Committee.

Appointed July 2008

MS LINDA HORNSEY

Linda Hornsey grew up in country Victoria (Beechworth) during the 1950s and 1960s. She started a three-year cadetship in journalism at the Border Morning Mail, Albury and completed her studies at the Melbourne Herald. Having moved to Tasmania, she left journalism in the early 1980s and became a political adviser. Career high points include Director, Government Media Office in Tasmania 1989-92; Chief of Staff to Opposition Leader Michael Field 1992-1997; Director Community and Media Relations, Department of Health and Human Services 1997-1998; Secretary, Department of Premier and Cabinet 1998-2007; Project Director for the 2020 Summit. She was only the second woman to be appointed as head of a Premier and Cabinet Department in Australia. She recently returned to Melbourne where she is a Government Relations Manager at Vision Australia and a lay member of the Alfred Hospital Ethics Committee.

Ms Hornsey is the Chair of the Cultural Diversity and Community Advisory Committee and member of the Primary Care and Population Heath Advisory Committee.

Appointed July 2009

MS VIVIENNE NGUYEN
BCOM, MAPPLFIN

Vivienne Nguyen is the Group Head of Diversity at ANZ, responsible for the diversity portfolio at a global level. She had many years in financial services before joining ANZ in 2004 and held a number of roles in Retail and Risk prior to her current appointment. She holds a Master of Applied Finance and a Bachelor of Commerce from Melbourne University. Outside work, she is a keen advocate for community participation, particularly youth leadership in non-English speaking communities.

Appointed July 2009

Western Health is incorporated as a metropolitan health service pursuant to the Health Services Act 1988 (VIC). Western Health operates under the authority of the Act and its own by-laws.

Western Health is governed by a Board of Directors appointed by the Governor in Council on the recommendation of the Minister for Health. The Board's role is to govern the health service, consistent with applicable legislation and the terms and conditions attached to the funds provided to it.

The Board is responsible to the Minister for Health for setting the strategic direction of Western Health, within the framework of government policy, and ensuring that the health service:

- is effective and efficiently managed
- provides high quality care and service delivery
- meets the needs of the community
- meets financial and non-financial performance targets.

BOARD COMMITTEES

The Board has established several standing committees to assist it in carrying out its responsibilities.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee is responsible for ensuring that the financial and related reporting systems produce timely, accurate and relevant reports on the financial operations of the health service and that sufficient resources are allocated to identifying and managing organisational risk.

CULTURAL DIVERSITY AND COMMUNITY ADVISORY COMMITTEE

The role of the Cultural Diversity and Community Advisory Committee is to advise the Board on relevant structures, processes, key priority areas and issues to ensure effective consumer and community participation at all levels of service planning and delivery. It also advises the Board on matters involving access and equity for patients and their families from culturally and linguistically diverse backgrounds.

FINANCE AND RESOURCES COMMITTEE

The Finance and Resources Committee is responsible for advising the Board on matters relating to financial strategies and the financial performance, capital management and sustainability of Western Health.

GOVERNANCE AND REMUNERATION COMMITTEE

The role of the Governance and Remuneration Committee is to advise the Board and monitor matters involving organisational governance and administration, and Executive and senior staff recruitment, remuneration and performance.

PRIMARY CARE AND POPULATION HEALTH ADVISORY COMMITTEE

The Primary Care and Population Health Advisory Committee provides advice and recommendations to the Board on health issues affecting the population served by Western Health.

QUALITY AND SAFETY COMMITTEE

The Quality and Safety Committee is responsible for ensuring that quality monitoring activities are systematically performed at all levels of the organisation and that deviations from quality standards are acted upon in a timely and effective manner.

EDUCATION, RESEARCH AND DEVELOPMENT COMMITTEE

The role of the Education, Research and Development Committee is to oversee the development of plans and strategies that enable staff education and training to be linked with workforce needs, and the integration and alignment of these needs with patient care.

BOARD MEMBERS

The Board of Western Health consists of independent non-executive members from a range of backgrounds and with local ties to Melbourne's West. For the period July 2009 to February 2010 the Board comprised of nine members, including the Chair. This was reduced to eight members in February 2010 following a Director resignation.

Corporate Governance (Cont.)

ATTESTATION OF WESTERN HEALTH'S RISK MANAGEMENT SYSTEM- COMPLIANCE WITH AS/NZS 4360 RISK MANAGEMENT STANDARD

I, Kathryn Cook, Chief Executive of Western Health, certify that Western Health has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard and an internal control system is in place that enables the executives to understand, manage and satisfactorily control risk exposures. The audit committee verifies this assurance and that the risk profile of Western Health has been critically reviewed within the last 12 months.

K J Cook

Kathryn Cook
Chief Executive
18th August 2010

ATTESTATION ON DATA ACCURACY

I, Kathryn Cook, Chief Executive of Western Health, certify that Western Health has put in place appropriate internal controls and processes to ensure that reported data reasonably reflects actual performance. Western Health has critically reviewed these controls and processes during the year.

K J Cook

Kathryn Cook
Chief Executive
18th August 2010

THE FREEDOM OF INFORMATION ACT

The Freedom of Information (FOI) Act (Vic) 1982 grants the public a legally-enforceable right to access documents in the possession of Government agencies, including clinical and non-clinical records. Western Health processes all requests for access to documents in accordance with the provisions of the FOI Act.

Total requests	773
Full access	637
Partial access	6
Access denied	3
Application withdrawn	21
No documents	15
Application not processed	91
VCAT appeal	0
Appeal withdrawn	0

OCCUPATIONAL HEALTH AND SAFETY 2009/10

The accident performance for 2009/10 has seen a reduction of 5% in the number of standard WorkCover claims, 37 for 2009/10 compared to 39 in 2008/09.

This achievement was the result of effective risk and injury management processes with other support programs provided. These include:

- Regular OHS and WorkCover performance reporting to the Western Health Board of Directors.
- Training for managers and supervisors – as part of the Diploma of Management (OHS unit) – Ensure a Safe Workplace.
- Efficient rehabilitation and return to work processes through the OHS Unit with support by management and staff.
- Reinvigoration of the No Lift program with strategies being progressively introduced to address the risks associated with patient manual handling.
- Renaming of the No Lift program from 'Back Attack' to 'Back 4 Life' to reflect a holistic approach in patient and general manual handling risk prevention.
- Maintaining 'Back 4 Life' staff competencies which included ward in-services, refresher and 'Train the Trainer' training.
- Education provided to staff in relation to managing risks i.e. general manual handling, gas cylinder storage and handling, hospital danger tags, chemical handling storage, Chem Alert chemical data base, and Hazstop chemical information folder training.
- A proactive approach to minimise and control risks by management, in conjunction with staff Health and Safety Representatives (HSRs).
- Support for staff Health and Safety Representatives including their initial five day and annual refresher training.
- Ensuring dangerous goods and hazardous substances manifests and information are readily available and up to date.
- Reviewing and introducing new OHS related policies and procedures to ensure systematic and effective processes.
- Continuation of the annual OHS staff Award where individuals and staff groups who made a significant contribution in improving the health, safety or well-being of work colleagues were eligible to be nominated.

There were five incidents that required notification to WorkSafe Victoria, which were reviewed and considered that suitable preventative actions were taken.

STATEMENT OF MERIT AND EQUITY

Further to the requirements of the Public Sector Administration Act 2004, Western Health has established that the organisational values of caring, accountability, respect, excellence and safety align with the public sector values of responsiveness, integrity, impartiality, accountability, respect, leadership and human rights.

Western Health is committed to the application of the public sector employment principles and has reviewed employment processes to ensure that employment decisions are based on merit, that employees are treated fairly and reasonably, that equal employment opportunity are provided and that employees have a reasonable avenue of redress against unfair or unreasonable treatment.

In 2009 Western Health developed a Western Health Code of Conduct which aligns with and supports the public sector employment principles.

BUILDING ACT 1993

Western Health fully complied with the building and maintenance provisions of the Building Act 1993 for the period 1 July, 2009 to 30 June, 2010. Where applicable the appropriate Building Permits and Certificates of Occupancy were obtained in line with the requirements of the Building Act 1993.

WHISTLE BLOWERS PROTECTION ACT

In accordance with Part 6 of the Whistleblowers Protection Act (Vic) 2001, Western Health has developed procedures and guidelines to facilitate the disclosure of improper conduct, to investigate such allegations and to ensure that the person making such a disclosure is protected from reprisal. To ensure staff awareness the procedure and guidelines are available on the Western Health intranet.

In accordance with the provisions of section 104 of the Act, no disclosures were received during the 09/10 financial year.

VICTORIAN INDUSTRY PARTICIPATION POLICY

Western Health complies with the intent of the Victorian Industry Participation Policy Act (Vic) 2003 which is to encourage, where possible, local industry participation in the supply of goods and services to government agencies.

NATIONAL COMPETITION POLICY

Western Health has implemented and continues to comply with the National Competition Policy and the requirements of the Victorian Government's Competitive Neutrality Policy.

ADDITIONAL INFORMATION

In compliance with the requirements of the Standing Direction FRD22B of the Minister for Finance, details in respect of the items listed below have been retained by Western Health and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the freedom of information requirements, if applicable):

(a) Statement that declarations of pecuniary interests have been completed by all relevant officers.

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

(c) Details of publications produced by Western Health about its activities, and where they can be obtained.

(d) Details of changes in prices, fees, charges, rates and levies charged by Western Health.

(e) Details of any major external reviews carried out on Western Health.

(f) Details of major research and development activities undertaken by Western Health that are not otherwise covered either in the Report of Operations or in a document that contains the financial report 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 Western Health to develop community awareness of the entity 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 Western Health 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 Western Health, the purposes of each committee and the extent to which the purposes have been achieved.

Key Performance Statistics

SERVICE PERFORMANCE

WIES ACTIVITY PERFORMANCE	2009/10 ACTUALS
WIES (public and private) performance to target (%)	98%
ELECTIVE SURGERY	
Elective surgery admissions – quarter 1	3,503
Elective surgery admissions – quarter 2	3,625
Elective surgery admissions – quarter 3	3,097
Elective surgery admissions – quarter 4	3,071
CRITICAL CARE	
ICU minimum operating capacity	10
PICU minimum operating capacity	n/a
NICU usual operating capacity and flex capacity	n/a
QUALITY AND SAFETY	
Health service accreditation	full compliance
Residential aged care accreditation	full compliance
Cleaning standards	exceeded benchmark
Submission of data to VICNISS (%)	100%
VICNISS Infection Clinical Indicators	no outliers
Hand Hygiene Program compliance (%)	exceeded benchmark
Victorian Patient Satisfaction Monitor	
Williamstown Hospital	exceeded benchmark
Sunshine Hospital	under benchmark
Footscray Hospital	under benchmark
MATERNITY	
Postnatal home care (%)	97%
MENTAL HEALTH	
28 day readmission rate (%)	n/a

ACCESS PERFORMANCE	2009/10 ACTUALS		
	SUNSHINE	WESTERN	WILLIAMSTOWN
Percentage of operating time on hospital bypass	1.6%	3.2%	n/a
Percentage of emergency patients admitted to an inpatient bed within 8 hours	54%	50%	92%
Percentage of non-admitted emergency patients with length of stay of less than 4 hours	64%	61%	96%
Number of patients with length of stay in the emergency department greater than 24 hours	82	90	0
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%	100%
Percentage of Triage Category 2 emergency patients seen within 10 minutes	82%	82%	98%
Percentage of Triage Category 3 emergency patients seen within 30 minutes	64%	80%	97%

ELECTIVE SURGERY 2009/10 ACTUALS	2009/10 ACTUALS
Percentage of Category 1 elective patients admitted with in 30 days	100%
Percentage of Category 2 elective surgery patients waiting less than 90 days	83%
Percentage of Category 3 elective surgery patients waiting less than 365 days	95%
Number of patients on the elective surgery waiting list	3,193
Number of Hospital Initiated Postponements (HiPs) per 100 scheduled admissions	8.0%

ACTIVITY AND FUNDING

ACTIVITY Weighted Inlier Equivalent Separations (WIES)	2009/10 Activity Achievement
WIES Public	61,873
WIES Private	3,827
Total WIES (Public and Private)	**65,701**
WIES Renal	1,087
WIES DVA	935
WIES TAC	222
WIES TOTAL	**67,945**
SUB ACUTE INPATIENT	
CRAFT	438
Rehab L1 (non DVA)	n/a
Rehab L2 (non DVA)	39
Rehab - Paediatric	n/a
GEM (non DVA)	28,753
Palliative Care - Inpatient	3,630
Transition Care (non DVA) – bed day	6,569
Restorative Care	2,114
Rehab 2 - DVA	163
GEM -DVA	2,348
Palliative Care – DVA	12
AMBULATORY	
VACS – Allied Health	35,868
VACS - Variable	139,416
Transition Care (non DVA) - Homeday	6,717
SACS – Non DVA	30,537
SACS - Paediatric	n/a
Post Acute Care	3,976
VACS – Allied Health - DVA	n/a
VACS - Variable - DVA	84
SACS - DVA	100
Post Acute Care – DVA	477
AGED CARE	
Aged Care Assessment Service	3,956
Residential Aged Care	25,148
COMMUNITY HEALTH/PRIMARY CARE	
Community Health · Direct Care	n/a

Disclosure Index

The annual report of Western Health is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of Western Health's compliance with statutory disclosure requirements.

LEGISLATION REQUIREMENT		PAGE
MINISTERIAL DIRECTIONS REPORT OF OPERATIONS		
CHARTER AND PURPOSE		
FRD 22B	Manner of establishment and the relevant Ministers	25
FRD 22B	Objectives, functions, powers and duties	25
FRD 22B	Nature and range of services provided	2, 5, 21
MANAGEMENT AND STRUCTURE		
FRD 22B	Organisational structure	22
FINANCIAL AND OTHER INFORMATION		
FRD 10	Disclosure index	30
FRD 11	Disclosure of ex-gratia payments	N/A
FRD 21A	Responsible person and executive officer disclosures	73
FRD 22B	Application and operation of Freedom of Information Act 1982	26
FRD 22B	Application and operation of Whistleblowers Protection Act 2001	27
FRD 22B	Compliance with building and maintenance provisions of Building Act 1993	27
FRD 22B	Details of consultancies over $100,000	32
FRD 22B	Details of consultancies under $100,000	32
FRD 22B	Major changes or factors affecting performance	2, 3
FRD 22B	Occupational health and safety	3, 12, 26, 27
FRD 22B	Operational and budgetary objectives and performance against objectives	28, 29, 31, 32
FRD 22B	Significant changes in financial position during the year	31, 32
FRD 22B	Statement of availability of other information	27
FRD 22B	Statement of merit and equity	27
FRD 22B	Statement on National Competition Policy	27
FRD 22B	Subsequent events	75
FRD 22B	Summary of the financial results for the year	31, 32
FRD 22B	Workforce Data Disclosures	32
FRD 25	Victorian Industry Participation Policy disclosures	27
SD 4.2(j)	Report of Operations, Responsible Body Declaration	34
SD 4.5.5	Attestation on Compliance with Australian/New Zealand Risk Management Standard	26
FINANCIAL STATEMENTS		
FINANCIAL STATEMENTS REQUIRED UNDER PART 7 OF THE FMA		
SD 4.2(a)	Compliance with Australian accounting standards and other authoritative pronouncements	34
SD 4.2(b)	Comprehensive Operating Statement	35
SD 4.2(b)	Balance Sheet	36
SD 4.2(b)	Statement of Changes in Equity	37
SD 4.2(b)	Cash Flow Statement	38
SD 4.2(c)	Accountable officer's declaration	34
SD 4.2(c)	Compliance with Ministerial Directions	34
SD 4.2(d)	Rounding of amounts	39
LEGISLATION		
Freedom of Information Act 1982		26
Whistleblowers Protection Act 2001		27
Victorian Industry Participation Policy Act 2003		27
Building Act 1993		27
Financial Management Act 1994		34, 39

Financial Snapshot

	2010 $'000	2009 $'000	2008 $'000	2007 $'000	2006 $'000
Total Revenue	511,627	453,741	409,568	363,012	348,924
Total Expenses	482,653	433,125	388,646	373,705	343,930
Operating Surplus / (Deficit)	**28,974**	**20,616**	**20,922**	**(10,693)**	**4,994**
Retained Surplus / (Accumulated Deficits)	34,148	5,174	(15,442)	(36,364)	(25,671)
Total Assets	572,014	541,267	300,533	264,371	263,787
Total Liabilities	92,490	90,729	86,168	78,774	67,497
Net Assets	**479,524**	**450,538**	**214,365**	**185,597**	**196,290**
Total Equity	**479,524**	**450,538**	**214,365**	**185,597**	**196,290**

FINANCIAL ANALYSIS OF OPERATING REVENUES & EXPENSES

	2010 $'000	2009 $'000
REVENUES		
Services Supported by Health Services Agreements		
Government Grants	406,943	380,623
Indirect Contributions by Department of Health	6,128	7,858
Patient Fees	10,058	7,164
Recoupment from Private Practice	8,524	7,165
Interest	1,808	2,043
Other Revenue	7,607	8,211
	441,068	**413,064**
Services Supported by Hospital & Community Initiatives		
Private Practice Fees	0	0
Donations and Bequests	763	716
Property Income	326	268
Other Revenue	3,886	4,143
	4,975	**5,127**
	446,043	**418,191**
EXPENSES		
Services Supported by Health Services Agreements		
Employee Benefits	309,685	284,274
Non Salary Labor Costs	11,650	15,885
Supplies and Consumables	73,969	71,048
Other Expenses	48,431	46,721
	443,735	**417,928**
Services Supported by Hospital & Community Initiatives		
Employee Entitlements	1,357	1,264
Supplies and Consumables	109	347
Other Expenses	806	906
	2,272	**2,517**
	446,007	**420,445**
Surplus / (Deficit) for the Year Before Capital Purpose Income & Depreciation	**36**	**(2,254)**
Capital Purpose Income	65,220	35,550
Impairment of Financial Assets	0	(15)
Depreciation	(36,282)	(12,665)
Surplus for the Year	**28,974**	**20,616**

Financial Snapshot (Cont.)

FINANCIAL PERFORMANCE

OPERATING RESULT	2009/10 ACTUALS
Annual Operating result ($'000)	36

CASH MANAGEMENT / LIQUIDITY	2009/10 ACTUALS
Creditors (days)	23
Debtors (days)	54
Net Movement in cash balance ($'000)	14,374

REVENUE INDICATORS

AVERAGE COLLECTION DAYS

	2010	2009
Private	53	59
Transport Accident Commision	135	103
Victorian Workcover Authority	84	60
Other Compensable	138	106
Nursing Home	30	30

DEBTORS OUTSTANDING AS AT 30 JUNE 2010

	UNDER 30 DAYS $'000	31 - 60 DAYS $'000	61 - 90 DAYS $'000	OVER 90 DAYS $'000	TOTAL 2010 $'000	TOTAL 2009 $'000
Private	865	263	544	1,010	2,682	3,131
Transport Accident Commision	35	13	11	27	86	99
Victorian Workcover Authority	277	29	122	114	542	445
Other Compensable	326	43	74	864	1,307	679
Nursing Home	210	-	-	-	210	194
Total	**1,713**	**348**	**751**	**2,015**	**4,827**	**4,548**

CONSULTANCIES

Over $100,000

No consultancy cost in excess of $100,000 has been incurred.

Under $100,000

42 consultancies were engaged at a total cost of $699,230.

WORKFORCE FULL TIME EQUIVALENT (FTE) PER ANNUAL ACCOUNTS

	JUNE (YTD) FTE	JUNE (MONTH) FTE
Nursing	1,594	1,636
Administration/Clerical	478	488
Medical Support	264	284
Hotel/Allied	281	287
Medical Officers	84	85
Hospital Medical Officers	310	322
Sessional Clinical	54	61
Ancilliary Support Services	240	260
Total	**3,305**	**3,423**

June (YTD) FTE This is based on the average eft paid for the 2009/2010 FY
June (Month) FTE This is based on the average eft paid for the 2 pay periods in June 2010 (Period 25 N, Period 26 H & N and Period 27 H).

Contents

- Board Member's, Accountable Officer's and Chief Finance & Accounting Officer's Declaration 34
- Comprehensive Operating Statement 35
- Balance Sheet 36
- Statement of Changes in Equity 37
- Cash Flow Statement 38
- Notes to and forming part of the Financial Statements 39
- Note 1: Statement of Significant Accounting Policies 39
- Note 2: Revenue 50
- Note 2a: Analysis of Revenue by Source 51
- Note 2b: Patient and Resident Fees 52
- Note 2c: Net Gain/(Loss) on Disposal of Non-Current Assets 52
- Note 3: Expenses 53
- Note 3a: Analysis of Expenses by Source 54
- Note 3b: Analysis of Expenses by Internal and Restricted Specific Purpose Funds for Services Supported by Hospital and Community Initiatives 56
- Note 4: Depreciation and Amortisation 56
- Note 5: Cash and Cash Equivalents 56
- Note 6: Receivables 57
- Note 7: Other Financial Assets 57
- Note 8: Inventories 58
- Note 9: Other Current Assets 58
- Note 10: Property, Plant & Equipment 59
- Note 11: Intangible Assets 61
- Note 12: Payables 61
- Note 13: Employee Benefits and Related On-Costs Provisions 62
- Note 14: Equity 63
- Note 15: Reconcilliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities 63
- Note 16: Financial Instruments 64
- Note 17: Commitments for Expenditure 71
- Note 18: Contingent Assets & Contingent Liabilities 71
- Note 19: Segment Reporting 72
- Note 20a: Responsible Persons Disclosures 73
- Note 20b: Executive Officer Disclosures 74
- Note 21: Events Occuring after the Balance Sheet Date 74
- Note 22: Economic Dependency 74
- Auditor-General's Report 75

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

We certify that the attached financial statements for Western Health have been prepared in accordance with Standing Direction 4.2 of 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 2010 and the financial position at that date of Western Health at 30 June 2010.

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.

Ralph Willis
Board Chairperson

Melbourne
17th August 2010

Kathryn Cook
Chief Executive Officer

Melbourne
17th August 2010

Bruce Clarke
Chief Finance & Accounting Officer

Melbourne
17th August 2010

Comprehensive Operating Statement

FOR THE YEAR ENDED 30 JUNE 2010

	NOTE	2010 $'000	2009 $'000
CONTINUING OPERATIONS			
Revenue from Operating Activities	2	444,235	416,148
Revenue from Non-operating Activities	2	1,808	2,043
Employee Benefits	3	(310,828)	(285,323)
Non Salary Labour Costs	3	(11,864)	(16,100)
Supplies & Consumables	3	(74,078)	(71,395)
Other Expenses From Continuing Operations	3	(49,237)	(47,627)
Net Result Before Capital & Specific Items		**36**	**(2,254)**
Capital Purpose Income	2	65,584	35,550
Expenditure using Capital Purpose Income	3	(364)	-
Impairment of Financial Asset	3	-	(15)
Depreciation and Amortisation	4	(36,282)	(12,665)
NET RESULT FOR THE YEAR		**28,974**	**20,616**
OTHER COMPREHENSIVE INCOME			
Property, Plant and Equipment Reserve Movement	14a	-	215,557
Financial Asset Available for Sale Reserve Movement	14a	12	-
COMPREHENSIVE RESULT FOR THE YEAR		**28,986**	**236,173**

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

Balance Sheet

AS AT 30 JUNE 2010

	NOTE	2010 $'000	2009 $'000
CURRENT ASSETS			
Cash and Cash Equivalents	5	53,360	38,986
Receivables	6	7,827	7,687
Other Financial Assets	7	499	487
Inventories	8	1,273	1,240
Other Current Assets	9	1,824	1,505
Total Current Assets		**64,783**	**49,905**
NON-CURRENT ASSETS			
Receivables	6	4,729	3,929
Property, Plant and Equipment	10	500,889	486,318
Intangible Assets	11	1,613	1,115
Total Non-Current Assets		**507,231**	**491,362**
TOTAL ASSETS		**572,014**	**541,267**
CURRENT LIABILITIES			
Payables	12	20,112	18,831
Employee Benefits and Related On-Costs Provisions	13	64,841	63,807
Total Current Liabilities		**84,953**	**82,638**
NON-CURRENT LIABILITIES			
Employee Benefits and Related On-Costs Provisions	13	7,537	8,091
Total Non-Current Liabilities		**7,537**	**8,091**
TOTAL LIABILITIES		**92,490**	**90,729**
NET ASSETS		**479,524**	**450,538**
EQUITY			
Property, Plant & Equipment Revaluation Surplus	14a	242,216	242,216
Financial Asset Available for Sale Revaluation Surplus	14a	12	-
Restricted Specific Purpose Reserve	14a	168	168
Contributed Capital	14b	202,980	202,980
Accumulated Surplus	14c	34,148	5,174
TOTAL EQUITY	14d	**479,524**	**450,538**
Commitments for Expenditure	17		
Contingent Liabilities and Contingent Assets	18		

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

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2010

2010	NOTE	EQUITY AT 1 JULY 2009 $'000	CHANGES DUE TO COMPREHENSIVE RESULT $'000	CHANGES DUE TO TRANSACTIONS WITH OWNER IN ITS CAPACITY AS OWNER $'000	EQUITY AT 30 JUNE 2010 $'000
Accumulated Surplus / (Deficit)	14c	5,174	28,974	-	34,148
		5,174	28,974	-	34,148
Contribution by Owners	14b	202,980	-	-	202,980
		202,980	-	-	202,980
RESERVES					
Property Plant and Equipment Revaluation Surplus	14a	242,216	-	-	242,216
Financial Asset Available for Sale Revaluation Surplus	14a	-	12	-	12
Restricted Specific Purpose Reserve	14a	168	-	-	168
		242,384	12	-	242,396
Total Equity at the end of the financial year		450,538	28,986	-	479,524

2009	NOTE	EQUITY AT 1 JULY 2008 $'000	CHANGES DUE TO COMPREHENSIVE RESULT $'000	CHANGES DUE TO TRANSACTIONS WITH OWNER IN ITS CAPACITY AS OWNER $'000	EQUITY AT 30 JUNE 2009 $'000
Accumulated Surplus / (Deficit)	14c	(15,442)	20,616	-	5,174
		(15,422)	20,616	-	5,174
Contribution by Owners	14b	202,980	-	-	202,980
		202,980	-	-	202,980
RESERVES					
Property Plant and Equipment Revaluation Surplus	14a	26,659	215,557	-	242,216
Financial Asset Available for Sale Revaluation Surplus	14a	-	-	-	-
Restricted Specific Purpose Reserve	14a	168	-	-	168
		26,827	215,557	-	242,384
Total Equity at the end of the financial year		214,365	236,173	-	450,538

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

Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2010

	NOTE	2010 $'000	2009 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		414,508	382,807
Patient and Resident Fees Received		9,778	6,383
Private Practice Fees Received		8,203	6,769
Donations and Bequests Received		719	663
GST Received from ATO		5,144	8,232
Recoupment from Private Practice		363	412
Interest Received		1,642	2,190
Other Receipts		12,887	11,705
Employee Benefits Paid		(310,692)	(276,224)
Non Salary Labour Costs		(15,680)	(16,097)
Payments for Supplies & Consumables		(83,640)	(88,047)
Other Payments		(38,678)	(37,816)
Cash Generated from Operations		**4,554**	**977**
Capital Grants from Government		61,438	31,107
Capital Grants from Non-Government		64	495
NET CASH INFLOW FROM OPERATING ACTIVITIES	15	**66,056**	**32,579**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant & Equipment		(56,790)	(34,466)
Proceeds from Sale of Property, Plant & Equipment		5,108	2,360
Purchase of Investments		-	-
Proceeds from Sale of Investments		-	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(51,682)**	**(32,106)**
CASH FLOWS FROM FINANCING ACTIVITIES		**-**	**-**
NET CASH INFLOW FROM FINANCING ACTIVITIES		**-**	**-**
NET INCREASE IN CASH AND CASH EQUIVALENTS HELD		**14,374**	**473**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		38,986	38,513
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	5	**53,360**	**38,986**

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

Note 1: Statement of Significant Accounting Policies

(A) STATEMENT OF COMPLIANCE

These financial statements are a general purpose financial report which have been prepared in accordance with the Financial Management Act 1994 and applicable Australian Accounting Standards (AASs) and Australian Accounting Interpretations and other mandatory requirements. AASs include Australian equivalents to International Financial Reporting Standards.

The financial statements also complies 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.

(B) BASIS OF ACCOUNTING PREPARATION AND MEASUREMENT

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2010, and the comparative information presented in these financial statements for the year ended 30 June 2009.

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 are reported.

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

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

The financial statements are prepared in accordance with the historical cost convention, except for the revaluation of certain non-financial assets and financial instruments, as noted. Particularly, exceptions to the historical cost convention include:

- Non-current physical assets, which subsequent to acquisition, are measured at valuation and are re-assessed with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair values;
- Derivative financial instruments, managed investment schemes, certain debt securities, and investment properties after initial recognition, which are measured at fair value through profit and loss; and
- Available-for-sale investments which are measured at fair value with movements reflected in equity until the asset is derecognised.

Historical cost is based on the fair values of the consideration given in exchange for assets.

Cost is based on the fair values of the consideration given in exchange for assets.

In the application of AASs management is required to make judgements, estimates and assumptions about carrying values of assets and liabilties that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and future periods if the revision affects both current and future periods.

(C) REPORTING ENTITY

The financial statements includes all the controlled activities of Western Health (the "Health Service").

Its principle address is:

Gordon Street, Footscray
Victoria 3011

(D) ROUNDING OF AMOUNTS

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

Figures in the financial statements may not equal due to rounding.

Note 1: Statement of Significant Accounting Policies (Cont.)

(E) FUNCTIONAL AND PRESENTATION CURRENCY

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

(F) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and cash at bank, deposits at call and highly liquid investments with an original maturity of 3 months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

(G) RECEIVABLES

Trade debtors are carried at nominal amounts due and are due for settlement within 30 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 an impairment loss has occurred. Bad debts are written off when identified.

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

(H) INVENTORIES

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

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 and 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 of all other inventory is measured on the basis of weighted average cost. Inventories acquired for no cost or nominal considerations are measured at current replacement cost at the date of acquisition.

COST OF GOODS SOLD

Cost of goods sold are recognised when the sale of an item occurs by transferring the cost of value of the item(s) from inventories.

(I) INVESTMENTS AND OTHER FINANCIAL ASSETS

Other financial assets 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.

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

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

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

LOANS AND RECEIVABLES

Trade receivables, loans and other receivables are recorded at amortised cost, using the effective interest method, less impairment. Term deposits with maturity greater than three months are also measured at amortised cost, using the effective interest method, less impairment.

The effective interest method is a method of calculating the amortised cost of a financial asset 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 asset, or, where appropriate, a shorter period.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Other financial assets held by the Health Service is classified as being available-for-sale and are measured at fair value. Gains and losses arising from changes

in fair value are recognised directly in equity until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in profit or loss for the period. Fair value is determined in the manner described in Note 16.

(J) INTANGIBLE ASSETS

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

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 is allocated to intangible assets with finite useful lives on a systematic (typically straight-line) basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount.

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

Intangible assets with finite useful lives are amortised over a 3 year period (2009: 3 years).

(K) PROPERTY, PLANT AND EQUIPMENT

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

Plant, Equipment and Vehicles are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and impairment.

Depreciated historical cost is generally a reasonable proxy for depreciated replacement cost because of the short lives of the assets concerned.

(L) REVALUATIONS OF NON-CURRENT PHYSICAL ASSETS

Non-current physical assets are measured at fair value and are revalued in accordance with FRD 103D 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 schedules revaluations and any interim revaluations are determined in accordance with the requirements of the FRDs. Revaluation increments or decrements arise from differences between an asset's carrying value and fair value.

Revaluation increments are credited directly to the asset revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that 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 immediately as expenses in the net result, except that, to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of assets, they are debited directly to the asset revaluation surplus.

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

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

(M) DEPRECIATION AND AMORTISATION

Assets with a cost in excess of $2,500 (2009: $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. 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 and depreciation method for all assets are reviewed at least annually. This depreciation charge is not funded by the Department of Health.

Note 1: Statement of Significant Accounting Policies (Cont.)

Depreciation is provided on property, plant and equipment, including freehold buildings, but excluding land and investment properties. Depreciation begins when the asset is available for use, which is when it is in the location and condition necessary for it to be capable of operating in a manner intended by management.

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

	2010	2009
Buildings		
- Structures Shell Building Fabric	40-52 years	40-52 years
- Site Engineering Services and Central Plant	23-40 years	23-40 years
Central Pant		
- Fit Out	15-40 years	15-40 years
- Trunk Reticulation Building System	21-40 years	21-40 years
Plant and Equipment	10 years	10 years
Medical Equipment	10 years	10 years
Non Medical Equipment	10 years	10 years
Furinture and Fittings	10 years	10 years
Motor Vehicles	4 years	4 years
Computer Equipment	3 years	3 years
Intangible Assets	3 years	3 years

As part of the Buildings valuation, building values were componentised and each component assessed for its useful life which is represented above.

(N) NET GAIN/(LOSS) ON NON-FINANCIAL ASSETS

Net gain or loss on non-financial assets includes realised and unrealised gains and losses from revaluations, impairments and disposals of all physical assets and intangible assets.

DISPOSAL OF NON-FINANCIAL ASSETS

Any gain or loss on the sale of non-financial assets is recognised at the date that control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at that time.

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

- inventories;
- financial assets; and
- assets arising from construction contracts.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's 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 surplus amount applicable to that same class of asset.

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

(O) NET GAIN/(LOSS) ON FINANCIAL INSTRUMENTS

Net gain/(losss) on financial instruments includes realised and unrealised gains and losses from revaluations of financial instruments that are designated at fair value through profit or loss or held-for-trading, impairment and reversal of impairment for financial instruments at amortised cost, and disposals of financial assets.

REVALUATIONS OF FINANCIAL INSTRUMENTS AT FAIR VALUE

The revaluation gain/(loss) on financial instruments at fair value excludes dividends or interest earned on financial assets.

IMPAIRMENT OF FINANCIAL ASSETS

Financial Assets have been assessed for impairment in accordance with Australian Accounting Standards. Where a financial asset's fair value at balance date has reduced by 20 percent or more than its cost price; or where its fair value has been less than its cost

price for a period of 12 or more months, the financial instrument is treated as impaired.

In order to determine an appropriate fair value as at 30 June 2010 for its portfolio of financial assets, the Health Service obtained a valuation based on the best available advice using an over the counter market value through a reputable financial institution. This value was compared against valuation methodologies provided by the issuer as at 30 June 2010. These methodologies were critiqued and considered to be consistent with standard market valuation techniques.

Prices obtained from both sources were compared and were generally consistent with the full portfolio. The above valuation process was used to quantify the level of impairment on the portfolio of financial assets as at year end.

(P) PAYABLES

These amounts consist predominantly of liabilities for goods and services.

Payables are initially recognised at fair value, then subsequently carried at amortised cost and represent 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 these goods and services.

The normal credit terms are usually Nett 30 days.

(Q) PROVISIONS

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

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

(R) INTEREST BEARING LIABILITIES

Interest bearing liabilities in the Balance Sheet are recognised at fair value upon initial recognition. Subsequent to initial recognition, interest bearing liabilities are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability using the effective interest method. Fair value is determined in the manner described in Note 16.

(S) GOODS AND SERVICES TAX

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it 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 taxation authority 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 taxation authority, are presented as operating cash flow.

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

(T) EMPLOYEE BENEFITS

WAGES AND SALARIES, ANNUAL LEAVE, SICK LEAVE AND ACCRUED DAYS OFF

Liabilities for wages and salaries, including non-monetary benefits, annual leave, accumulated sick leave and accrued days off which are expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of the employee's services up to the reporting date, and are classified as current liabilities and measured at nominal values.

Those liabilities that the Health Service are not expected to be settled within 12 months are recognised in the provision for employee benefits as current liabilities, measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

LONG SERVICE LEAVE (LSL)

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

Current Liability – unconditional LSL (representing 10 or more years of continuous service) is disclosed in the notes to the financial statements as a current liability

Note 1: Statement of Significant Accounting Policies (Cont.)

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 of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- present value – component that the Health Service does not expect to settle within 12 months; and
- nominal value – component that the Health Service expects to settle within 12 months.

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

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

SUPERANNUATION

Defined contribution plans
Contributions to defined contribution superannuation plans are expensed when incurred.

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

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

The name and details of the major employee superannuation funds and contributions made by the Health Service are as follows:

FUND	CONTRIBUTIONS PAID OR PAYABLE FOR THE YEAR 2010 $'000	2009 $'000
Defined benefit plans:		
- Health Super Fund	875	895
Defined contributions plans:		
- Health Super Fund	18,231	17,168
- Hesta Super Fund	4,798	3,844
Total	**23,904**	**21,907**

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

TERMINATION BENEFITS

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

Liabilities for termination benefits are recognised when a detailed plan for the termination has been developed and a valid expectation has been raised with those employees affected that the terminations will be carried out. The liabilities for terminations benefits are recognised in other creditors unless the amount or timing of the payments is uncertain, in which case they are recognised as a provision.

ON-COSTS

Employee benefit on-costs, such as workers compensation and superannuation are recognised separately from provisions for employee benefits.

(U) INTERSEGMENT TRANSACTIONS

Transactions between segments within the Health Service have been eliminated to reflect the extent of the Health Service's operations as a group.

(V) LEASES

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership.

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

OPERATING LEASES

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

Operating lease payments, including any contingent rentals, are recognised as an expense in the Comprehensive Operating Statement on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

(W) INCOME RECOGNITION

Income is recognised in accordance with AASB 118 Revenue and is recognised as to the extent it is earned. Unearned income at reporting date is reported as income received in advance.

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

GOVERNMENT GRANTS AND OTHER TRANSFERS OF INCOME (OTHER THAN CONTRIBUTIONS BY OWNERS)

Grants are recognised as income when the Health Service gains control of the underlying assets in accordance with AASB 1004 Contributions . For reciprocal grants, the Health Service is deemed to have assumed control when the performance has occurred under the grant. For non-reciprocal grants, the Health Service is deemed to have assumed control when the grant is received or receivable. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

INDIRECT CONTRIBUTIONS FROM THE DEPARTMENT OF HEALTH

- Insurance is recognised as revenue following advice from the Department of Health.
- Long Service Leave (LSL) – Revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Metropolitan Health and Aged Care Services Division Hospital Circular 14/2009.

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.

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.

(X) FUND ACCOUNTING

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

(Y) SERVICES SUPPORTED BY HEALTH SERVICES AGREEMENT AND SERVICES SUPPORTED BY HOSPITAL AND COMMUNITY INITIATIVES

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

(Z) RESOURCES PROVIDED AND RECEIVED FREE OF CHARGE OR FOR NOMINAL CONSIDERATION

Resources provided free or received free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another Health Service or agency as a consequence of a restructuring of adminsitrative

Note 1: Statement of Significant Accounting Policies (Cont.)

arrangements. In the latter case, such transfers will be recognised at carrying value. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

(AA) PROPERTY, PLANT & EQUIPMENT REVALUATION RESERVE

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

(AB) FINANCIAL ASSET AVAILABLE-FOR-SALE REVALUATION RESERVE

The available-for-sale revaluation surplus arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold that portion of the reserve which relates to that financial asset is effectively realised, and is recognised in the Comprehensive Operating Statement. Where a revalued financial asset is impaired that portion of the reserve which relates to that financial asset is recognised in the Comprehensive Operating Statement.

(AC) SPECIFIC RESTRICTED PURPOSE RESERVE

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

(AD) CONTRIBUTED CAPITAL

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

(AE) COMMITMENTS

Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value and are inclusive of the GST payable.

(AF) CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

(AG) NET RESULT BEFORE CAPITAL & SPECIFIC ITEMS

The subtotal entitled 'Net Result Before Capital & Specific Items' is included in the Comprehensive Operating Statement to enhance the understanding of the financial performance of the Health Service. This subtotal reports the result excluding items such as capital grants, assets received or provided free of charge, depreciation, and items of an unusual nature and amount such as specific revenues and expenses. The exclusion of these items are made to enhance matching of income and expenses so as to facilitate the comparability and consistency of results between years and Victorian Public Health Services. The 'Net Result Before Capital & Specific Items' is used by the management of the Health Service, the Department of Health and the Victorian Government to measure the ongoing performance of Health Services in operating hospital services.

Capital and specific items, which are excluded from this sub-total, comprise:

- Capital purpose income, which comprises all tied grants, donations and bequests received for the purpose of acquiring non-current assets, such as capital works, plant and equipment or intangible assets. It also includes donations of plant and equipment. Consequently the recognition of revenue as capital purpose income is based on the intention of the provider of the revenue at the time the revenue is provided.
- Specific income/expense, comprises the following items, where material:
    - Non-current asset revaluation increments/ decrements
    - Diminution/impairment of investments
    - Litigation settlements
    - Forgiveness of loans

- Reversals of provisions
- Voluntary changes in accounting policies (which are not required by an accounting standard or other authoritative pronouncement of the Australian Accounting Standards Board)

• Impairment of financial and non-financial assets, includes all impairment losses (and reversal of previous impairment losses), which have been recognised in accordance with Note 1 (n).

• Depreciation and amortisation, as described in Note 1 (j) and (m).

• Expenditure using capital purpose income, comprises expenditure which either falls below the asset capitalisation threshold (note 1 (j) and (k)), or does not meet asset recognition criteria and therefore does not result in the recognition of an asset in the balance sheet, where funding for that expenditure is from capital purpose income.

(AH) CATEGORY GROUPS

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

Admitted Patient Services (Admitted Patients) comprises all recurrent health revenue/expenditure on admitted patient services, where services are delivered in public hospitals, or free standing day hospital facilities, or alcohol and drug treatment units or hospitals specialising in dental services, hearing and ophthalmic aids.

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

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

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

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

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

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

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

(AI) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new Australian accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting period. As at 30 June 2010, the following standards and interpretations had been issued but were not mandatory for the reporting period ending 30 June 2010. The Health Service has not and does not intend to adopt these standards early.

Note 1: Statement of Significant Accounting Policies (Cont.)

STANDARD / INTERPRETATION	SUMMARY	APPLICABLE FOR ANNUAL REPORTING PERIODS BEGINNING ON	IMPACT ON HEALTH SERVICE FINANCIAL STATEMENTS
AASB 2009-5 Further amendments to Australian Accounting Standards arising from the annual improvements project [AASB 5, 8, 101, 107, 117, 118, 136 and 139]	Some amendments will result in accounting changes for presentation, recognition or measurement purposes, while other amendments will relate to terminology and editorial changes.	Beginning 1 January 2010	Terminology and editorial changes. Impact minor.
AASB 2009-9 Amendments to Australian Accounting Standards - additional exemptions for first time adopters [AASB 1]	Applies to Health Services adopting Australian Accounting Standards for the first time, to ensure Health Services will not face undue cost or effort in the transition process in particular situations.	Beginning 1 January 2010	No impact. Relates only to first time adopters of Australian Accounting Standards.
AASB 124 Related party disclosures (Dec 2009)	Government related Health Services have been granted partial exemption with certain disclosure requirements.	Beginning 1 January 2011	Preliminary assessment suggests that impact is insignificant. However, the Health Service is still assessing the detailed impact and whether to adopt early.
AASB 2009-12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 and 1031 and Interpretations 2, 4, 16, 1039 and 1052]	This Standard amends AASB 8 to require an entity to exercise judgement in assessing whether a government and Health Services known to be under the control of that government are considered a single customer for purposes of certain operating segment disclosures. This Standard also makes numerous editorial amendments to other AASs.	Beginning 1 January 2011	AASB 8 does not apply to Health Services, therefore no impact is expected. Otherwise, only editorial changes arising from amendments to other standards, no major impact. Impacts of editorial amendments are not expected to be significant.
AASB 2009-14 Amendments to Australian Accounting Interpretation - Prepayments of a minimum funding requirement [AASB Interpretation 14]	Amendment to Interpretation 14 arising from the issuance of Prepayments of a minimum funding requirement .	Beginning 1 January 2011	Expected to have no significant impact.
AASB 9 Financial instruments	This Standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial instruments: recognition and measurement (AASB 139 Financial instruments: recognition and measurement).	Beginning 1 January 2013	Detail of impact is still being assessed.
AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and interpretations 10 and 12]	This gives effect to consequential changes arising from the issuance of AASB 9.	Beginning 1 January 2013	Detail of impact is still being assessed.

(AJ) ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

The following new and revised Standards and Interpretations have been adopted in the current financial year and have affected the amounts reported in these financial statements.

Standards affecting presentation and disclosure.

AASB 101 Presentation of Financial Statements (as revised in September 2007), AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101.

AASB 101 (September 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

AASB 2009-2 Amendments to Australian Accounting Standards - Improving Disclosures about Financial Instruments.

The amendments to AASB 7 expand the disclosures requried in respect of fair value measurement and liquidity risk.

AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project effective 1 January 2009. In May 2008 and April 2009, the AASB issued omnibus of amendments to its Standards as part of the Annual Improvements Project, primarily with a view to removing inconsistencies and clarifying wording.

There are separate transitional provisions and application dates for each amendment. The Health Service was not required to adopt any changes to its accounting policies that impacted on its financial position or performance.

Note 2: Revenue

	HSA 2010 $'000	HSA 2009 $'000	NON HSA 2010 $'000	NON HSA 2009 $'000	TOTAL 2010 $'000	TOTAL 2009 $'000
REVENUE FROM OPERATING ACTIVITIES						
Government Grants						
- Department of Health	395,648	-	-	-	395,648	-
- Department of Human Services	-	370,895	-	-	-	370,895
- Commonwealth Government						
- Residential Aged Care Subsidy	3,329	3,008	-	-	3,329	3,008
- Other	7,966	6,720	-	-	7,966	6,720
Total Government Grants	**406,943**	**380,623**	**-**	**-**	**406,943**	**380,623**
Indirect Contributions by Department of Health						
- Insurance	5,328	4,814	-	-	5,328	4,814
- Long Service Leave	800	3,044	-	-	800	3,044
Total Indirect Contributions by Department of Health	**6,128**	**7,858**	**-**	**-**	**6,128**	**7,858**
Patient and Resident Fees						
- Patient and Resident Fees (refer note 2b)	9,102	6,266	-	-	9,102	6,266
- Residential Aged Care (refer note 2b)	956	898	-	-	956	898
Total Patient and Resident Fees	**10,058**	**7,164**	**-**	**-**	**10,058**	**7,164**
Business Units & Specific Purpose Funds						
- Private Practice Fees	-	-	-	-	-	-
- Research	128	85	962	1,082	1,090	1,167
- Pharmacy	783	743	-	-	783	743
- Property Income	194	169	326	268	520	437
- Cafeteria and Kiosk	-	-	173	164	173	164
- Car Park	-	-	1,882	1,858	1,882	1,858
- Opportunity Shops	-	-	38	35	38	35
- Television		-	52	35	52	35
Total Business Units & Specific Purpose Funds	**1 ,105**	**997**	**3,433**	**3,442**	**4,538**	**4,439**
Donations and Bequests	10	3	763	716	773	719
Recoupment from Private Practice for Use of Hospital Facilities	8,524	7,165	-	-	8,524	7,165
Other Revenue from Operating Activities	6,492	7,211	779	969	7,271	8,180
Sub-Total Revenue from Operating Activities	**439,260**	**411,021**	**4,975**	**5,127**	**444,235**	**416,148**
REVENUE FROM NON-OPERATING ACTIVITIES						
Interest	1,808	2,043	-	-	1,808	2,043
Sub-Total Revenue from Non-Operating Activities	**1,808**	**2,043**	**-**	**-**	**1,808**	**2,043**
REVENUE FROM CAPITAL PURPOSE INCOME						
State Government Capital Grants						
- Targeted Capital Works and Equipment	-	-	57,221	33,161	57,221	33,161
Commonwealth Government Capital Grants	-	-	8,400	1,400	8,400	1,400
Net Gain / (Loss) On Disposal Of Non-Financial Assets (refer note 2c)	-	-	(329)	550	(329)	550
Donations and Bequests	-	-	12	439	12	439
Other Capital Purpose Income	-	-	280	-	280	-
Sub-Total Revenue from Capital Purpose Income	**-**	**-**	**65,584**	**35,550**	**65,584**	**35,550**
Total Revenue (refer to note 2a)	**441,068**	**413,064**	**70,559**	**40,677**	**511,627**	**453,741**

Indirect contributions by Department of Health: Department of Health makes certain payments on behalf of the Health Service. These amounts have been brought to account in determining the operating result for the year by recording them as revenue and expenses. This note relates to revenues above the net result line only, and does not reconcile to comprehensive income.

Note 2a: Analysis of Revenue by Source

2010	ADMITTED PATIENTS $'000	OUT-PATIENTS $'000	EDS $'000	AMBULATORY $'000	RAC $'000	AGED CARE $'000	OTHER $'000	TOTAL $'000
REVENUE FROM SERVICES SUPPORTED BY HEALTH SERVICES AGREEMENT								
Government Grants	230,229	18,675	40,643	23,153	5,833	5,898	82,512	406,943
Indirect contributions by Department of Health	6,128	-	-	-	-	-	-	6,128
Patient and Resident Fees (refer note 2b)	8,909	9	165	13	956	5	1	10,058
Donations and Bequests (non capital)	8	-	-	-	-	-	2	10
Recoupment from Private Practice	793	374	-	-	-	-	7,357	8,524
Business Units and Specific Purpose Funds	-	-	-	-	-	-	977	977
Other Revenue from Operating Activities	1,174	17	97	219	-	17	5,096	6,620
Interest	-	-	-	-	-	-	1,808	1,808
Sub-Total Revenue from Services Supported by Health Services Agreement	**247,241**	**19,075**	**40,905**	**23,385**	**6,789**	**5,920**	**97,753**	**441,068**
REVENUE FROM SERVICES SUPPORTED BY HOSPITAL AND COMMUNITY INITIATIVES								
Business Units and Specific Purpose Fund							3,107	3 ,107
Rental Income							326	326
Fundraising							711	711
Other							831	831
Capital Purpose Income (refer note 2)							65,584	65,584
Sub-Total Revenue from Services Supported by Hospital and Community Initiatives	**-**	**-**	**-**	**-**	**-**	**-**	**70,559**	**70,559**
Total Revenue	**247,241**	**19,075**	**40,905**	**23,385**	**6,789**	**5,920**	**168,312**	**511,627**

2009	ADMITTED PATIENTS $'000	OUT-PATIENTS $'000	EDS $'000	AMBULATORY $'000	RAC $'000	AGED CARE $'000	OTHER $'000	TOTAL $'000
REVENUE FROM SERVICES SUPPORTED BY HEALTH SERVICES AGREEMENT								
Government Grants	193,569	9,432	40,230	23,817	4,511	2,880	106,182	380,621
Indirect contributions by Department of Health	7,858	-	-	-	-	-	-	7,858
Patient and Resident Fees (refer note 2b)	6,125	12	102	15	898	10	2	7,164
Donations and Bequests (non capital)	2	-	-	-	-	-	1	3
Recoupment from Private Practice	883	251	-	-	-	-	6,031	7,165
Business Units and Specific Purpose Funds	-	-	-	-	-	-	913	913
Other Revenue from Operating Activities	1,414	17	79	158	-	13	5,616	7,297
Interest	-	-	-	-	-	-	2,043	2,043
Sub-Total Revenue from Services Supported by Health Services Agreement	**209,851**	**9,712**	**40,411**	**23,990**	**5,409**	**2,903**	**120,788**	**413,064**
REVENUE FROM SERVICES SUPPORTED BY HOSPITAL AND COMMUNITY INITIATIVES								
Business Units and Specific Purpose Fund							3,063	3 ,063
Rental Income							268	268
Fundraising							660	660
Other							1,136	1,136
Capital Purpose Income (refer note 2)							35,550	35,550
Sub-Total Revenue from Services Supported by Hospital and Community Initiatives	**-**	**-**	**-**	**-**	**-**	**-**	**40,677**	**40,677**
Total Revenue	**209,851**	**9,712**	**40,411**	**23,990**	**5,409**	**2,903**	**161,465**	**453,741**

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

Note 2b: Patient and Resident Fees

	2010 $'000	2009 $'000
PATIENT AND RESIDENT FEES RAISED		
Recurrent:		
Acute		
– Inpatients	8,909	6,125
– Outpatients	9	12
– Other	184	129
Residential Aged Care	956	898
Total Recurrent	**10,058**	**7,164**

Note 2c: Net Gain/(Loss) on Disposal of Non-Current Assets

	2010 $'000	2009 $'000
PROCEEDS FROM DISPOSALS OF NON-CURRENT ASSETS		
Land	-	2,258
Building	-	90
Plant and Equipment	-	6
Motor Vehicles	-	6
Total Proceeds from Disposal of Non-Current Assets	**-**	**2,360**
LESS: WRITTEN DOWN VALUE OF NON-CURRENT ASSETS SOLD		
Land	-	1,615
Buildings	-	86
Plant and Equipment	98	109
Cost of Removal	231	-
Motor Vehicles	-	-
Total Written Down Value of Non-Current Assets Sold	**329**	**1,810**
Net gains/(losses) on Disposal of Non-Current Assets	**(329)**	**550**

Note 3: Expenses

	HSA 2010 $'000	HSA 2009 $'000	NON HSA 2010 $'000	NON HSA 2009 $'000	TOTAL 2010 $'000	TOTAL 2009 $'000
EMPLOYEE BENEFITS						
Salaries & Wages	275,105	251,952	975	825	276,080	252,777
WorkCover Premium	3,052	3,065	14	21	3,066	3,086
Departure Packages	232	239	-	-	232	239
Long Service Leave	7,475	7,254	80	60	7,555	7,314
Superannuation	23,821	21,764	74	143	23,895	21,907
Total Employee Benefits	**309,685**	**284,274**	**1 ,143**	**1,049**	**310,828**	**285,323**
NON SALARY LABOUR COSTS						
Fees for Visiting Medical Officers	4,145	5,193	-	-	4,145	5,193
Agency Costs - Nursing	4,518	6,812	-	-	4,518	6,812
Agency Costs - Other	2,987	3,880	214	215	3,201	4,095
Total Non Salary Labour Costs	**11,650**	**15,885**	**214**	**215**	**11,864**	**16,100**
SUPPLIES AND CONSUMABLES						
Drug Supplies	14,860	13,288	11	17	14,871	13,305
S100 Drugs	4,738	3,958	-	-	4,738	3,958
Medical, Surgical Supplies and Prosthesis	34,603	34,593	50	249	34,653	34,842
Pathology Supplies	11,497	11,211	-	37	11,497	11,248
Food Supplies	8,271	7,998	48	44	8,319	8,042
Total Supplies and Consumables	**73,969**	**71,048**	**109**	**347**	**74,078**	**71,395**
OTHER EXPENSES FROM CONTINUING OPERATIONS						
Domestic Services & Supplies	4,152	4,354	3	2	4,155	4,356
Fuel, Light, Power and Water	3,698	3,426	-	-	3,698	3,426
Insurance costs funded by DHS	5,328	4,815	-	-	5,328	4,815
Motor Vehicle Expenses	243	223	-	-	243	223
Repairs & Maintenance	3,660	4,190	1	20	3,662	4,210
Maintenance Contracts	4,029	3,593	0	-	4,029	3,593
Patient Transport	2,796	2,582	16	15	2,812	2,597
Bad & Doubtful Debts	371	59	-	-	371	59
Lease Expenses	3,019	3,001	4	13	3,023	3,014
Other Administrative Expenses	14,366	13,900	766	818	15,132	14,718
Other	6,483	6,287	16	53	6,498	6,340
Audit Fees						-
- VAGO - Audit of Financial Statements	106	97	-	-	106	97
- Internal Audit Fees	180	179	-	-	180	179
Total Other Expenses from Continuing Operations	**48,431**	**46,706**	**806**	**921**	**49,237**	**47,627**
EXPENDITURE USING CAPITAL PURPOSE INCOME						
Employee Benefits						
- Salaries & Wages	-	-	166	-	166	-
- WorkCover Premium	-	-	2	-	2	-
- Superannuation	-	-	9	-	9	-
- Long Service Leave	-	-	8	-	8	-
Total Employee Benefits	**-**	**-**	**185**	**-**	**185**	**-**
Non Salary Labour Costs						
- Agency Costs - Other	-	-	106	-	106	-
Total Non Salary Labour Costs	**-**	**-**	**106**	**-**	**106**	**-**
Other Expenses						
- Administrative Expenses	-	-	24	-	24	-
- Other	-	-	49	-	49	-
Total Other Expenses	**-**	**-**	**73**	**-**	**73**	**-**
Total Expenditure using Capital Purpose Income	**-**	**-**	**364**	**-**	**364**	**-**
Impairment of Financial Asset	-	15	-	-	-	15
Total Impairment of Finanicial Asset	**-**	**15**	**-**	**-**	**-**	**15**
Depreciation and Amortisation	-	-	36,282	12,665	36,282	12,665
Total Depreciation and Amortisation	**-**	**-**	**36,282**	**12,665**	**36,282**	**12,665**
Total Expenses	**443,735**	**417,928**	**38,918**	**15,197**	**482,653**	**433,125**

Note 3a: Analysis of Expenses by Source

2010	ADMITTED PATIENTS $'000	OUT-PATIENTS $'000	EDS $'000	AMBULATORY $'000	RAC $'000	AGED CARE $'000	OTHER $'000	TOTAL $'000
SERVICES SUPPORTED BY HEALTH SERVICES AGREEMENT								
Employee Benefits	154,293	4,650	32,680	20,809	5,045	2,733	89,475	309,685
Non Salary Labour Costs	7,604	977	952	307	147	18	1,645	11,650
Supplies & Consumables	34,645	498	5,265	1,275	142	53	32,091	73,969
Other Expenses from Continuing Operations	12,177	772	2,331	5,448	275	520	26,908	48,431
Sub-Total Expenses from Services Supported by Health Services Agreement	**208,719**	**6,897**	**41,228**	**27,839**	**5,609**	**3,324**	**150,119**	**443,735**
SERVICES SUPPORTED BY HOSPITAL AND COMMUNITY INITIATIVES								
Employee Benefits							1,143	1,143
Non Salary Labour Costs							214	214
Supplies & Consumables							109	109
Other Expenses from Continuing Operations							806	806
Sub-Total Expenses from Services Supported by Hospital and Community Initiatives	**-**	**-**	**-**	**-**	**-**	**-**	**2,272**	**2,272**
EXPENDITURE USING CAPITAL PURPOSE INCOME								
Employee Benefits							185	185
Non Salary Labour Costs							106	106
Other Expenses							73	73
Sub-Total Expenditure using Capital Purpose Income	**-**	**-**	**-**	**-**	**-**	**-**	**364**	**364**
Depreciation & Amortisation (refer note 4)							36,282	36,282
Sub-Total Expenditure from Services Supported by Health Services Agreement and by Hospital and Community Initiatives	**-**	**-**	**-**	**-**	**-**	**-**	**36,282**	**36,282**
Total Expenses	**208,719**	**6,897**	**41,228**	**27,839**	**5,609**	**3,324**	**189,037**	**482,653**

2009	ADMITTED PATIENTS $'000	OUT-PATIENTS $'000	EDS $'000	AMBULATORY $'000	RAC $'000	AGED CARE $'000	OTHER $'000	TOTAL $'000
SERVICES SUPPORTED BY HEALTH SERVICES AGREEMENT								
Employee Benefits	141,752	3,709	29,080	19,501	4,850	2,364	83,018	284,274
Non Salary Labour Costs	10,445	907	1,410	424	413	12	2,274	15,885
Supplies & Consumables	34,298	513	4,498	1,239	106	38	30,356	71,048
Other Expenses from Continuing Operations	23,112	1,666	3,577	7,182	698	409	10,062	46,706
Sub-Total Expenses from Services Supported by Health Services Agreement	**209,607**	**6,795**	**38,565**	**28,346**	**6,067**	**2,823**	**125,710**	**417,913**
SERVICES SUPPORTED BY HOSPITAL AND COMMUNITY INITIATIVES								
Employee Benefits							1,049	1,049
Non Salary Labour Costs							215	215
Supplies & Consumables							347	347
Other Expenses from Continuing Operations							921	921
Sub-Total Expenses from Services Supported by Hospital and Community Initiatives	**-**	**-**	**-**	**-**	**-**	**-**	**2,532**	**2,532**
EXPENDITURE USING CAPITAL PURPOSE INCOME								
Employee Benefits							-	-
Non Salary Labour Costs							-	-
Other Expenses							-	-
Sub-Total Expenditure using Capital Purpose Income							**-**	**-**
Impairment of Financial Asset (refer note 3)	-	-	-	-	-	-	15	15
Depreciation & Amortisation (refer note 4)	-	-	-	-	-	-	12,665	12,665
Sub-Total Expenditure from Services Supported by Health Services Agreement and by Hospital and Community Initiatives	**-**	**-**	**-**	**-**	**-**	**-**	**12,680**	**12,680**
Total Expenses	**209,607**	**6,795**	**38,565**	**28,346**	**6,067**	**2,823**	**140,922**	**433,125**

Note 3b: Analysis of Expenses by Internal and Restricted Specific Purpose Funds for Services Supported by Hospital and Community Initiatives

	2010 $'000	2009 $'000
Private Practice and Other Patient Activities	1	-
Cafeteria and Kiosk	33	6
Car Park	616	704
Opportunity Shops	46	46
Property Expenses	7	3
Fundraising and Community Support	149	71
Research	779	562
Other	641	1,140
TOTAL	**2,272**	**2,532**

Note 4: Depreciation and Amortisation

	2010 $'000	2009 $'000
DEPRECIATION		
Buildings	27,791	4,927
Plant and Equipment	873	852
Medical Equipment	4,605	4,367
Computers and Communication	1,506	1,666
Furniture and Equipment	92	78
Motor Vehicles	17	25
Non Medical Equipment	241	221
	35,125	**12,136**
AMORTISATION		
Intangibles Assets	1,157	529
	1,157	**529**
TOTAL DEPRECIATION AND AMORTISATION	**36,282**	**12,665**

Note 5: Cash and Cash Equivalents

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

	2010 $'000	2009 $'000
Cash on Hand	14	14
Cash at Bank	38,346	38,972
Deposits at Call	15,000	-
TOTAL	**53,360**	**38,986**
Represented by:		
Cash for Health Service Operations (as per Cash Flow Statement)	53,360	38,986
TOTAL	**53,360**	**38,986**

Note 6: Receivables

	2010 $'000	2009 $'000
CURRENT		
Contractual		
Trade Debtors	1,532	1,148
Patient Fees	4,827	4,548
Accrued Investment Income	263	98
Accrued Revenue	2,532	2,148
Less Allowance for Doubtful Debts		
- Trade Debtors	(44)	(108)
- Patient Fees	(1,283)	(907)
	7,827	6,927
Statutory		
Accrued Revenue - DH	-	760
TOTAL CURRENT RECEIVABLES	**7,827**	**7,687**
NON CURRENT		
Statutory		
Long Service Leave - DH	4,729	3,929
TOTAL NON CURRENT RECEIVABLES	**4,729**	**3,929**
TOTAL RECEIVABLES	**12,556**	**11,616**

(A) AGEING ANALYSIS OF RECEIVABLES

Please refer to note 16 (b) for the ageing analysis of receivables.

(B) NATURE AND EXTENT OF RISK ARISING FROM RECEIVABLES

Please refer to note 16 (b) for the nature and extent of credit risk arising from receivables.

Note 7: Other Financial Assets

	OPERATING FUND		SPECIFIC PURPOSE FUND		CAPITAL		TOTAL	
	2010 $'000	2009 $'000	2010 $'000	2009	2010 $'000	2009	2010 $'000	2009 $'000
CURRENT								
Managed Investment Schemes	499	487	-	-	-	-	499	487
Total Current	**499**	**487**	**-**	**-**	**-**	**-**	**499**	**487**
NON CURRENT								
Managed Investment Schemes	-	-	-	-	-	-	-	-
Total Non Current	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL	**499**	**487**	**-**	**-**	**-**	**-**	**499**	**487**
REPRESENTED BY:								
Health Service Investments	499	487	-	-	-	-	499	487
TOTAL	**499**	**487**	**-**	**-**	**-**	**-**	**499**	**487**

(A) AGEING ANALYSIS OF OTHER FINANCIAL ASSETS

Please refer to note 16 (b) for the ageing analysis of other financial assets.

(B) NATURE AND EXTENT OF RISK ARISING FROM OTHER FINANCIAL ASSETS

Please refer to note 16 (b) for the nature and extent of credit risk arising fom other financial assets.

Note 8: Inventories

	2010 $'000	2009 $'000
CURRENT		
Pharmaceuticals - at cost	1,145	1,126
Radiology - at cost	128	114
TOTAL INVENTORIES	1,273	1,240

Note 9: Other Current Assets

	2010 $'000	2009 $'000
CURRENT		
Prepayments	496	434
	496	434
STATUTORY		
GST Receivable	1,328	1,071
	1,328	1,071
TOTAL OTHER CURRENT ASSETS	1,824	1,505

Note 10: Property, Plant & Equipment

	2010 $'000	2009 $'000
LAND		
- Land at Fair Value	35,374	35,374
- Less Impairment	-	-
Total Land	**35,374**	**35,374**
BUILDINGS UNDER CONSTRUCTION		
- Buildings under Construction at Cost	37,838	7,151
Total Buildings under Construction	**37,838**	**7,151**
BUILDINGS		
- Buildings at Fair Value	421,215	405,844
- Less Acc'd Depreciation	(27,803)	(11)
Total Buildings	**393,412**	**405,833**
PLANT AND EQUIPMENT		
- Plant and Equipment at Fair Value	11,757	11,540
- Less Acc'd Depreciation	(3,152)	(2,279)
Total Plant and Equipment	**8,605**	**9,261**
MEDICAL EQUIPMENT		
- Medical Equipment at Fair Value	47,712	45,212
- Less Acc'd Depreciation	(25,315)	(20,877)
Total Medical Equipment	**22,397**	**24,335**
NON MEDICAL EQUIPMENT		
- Non Medical Equipment at Fair Value	2,587	2,420
- Less Acc'd Depreciation	(1,311)	(1,071)
Total Non Medical Equipment	**1,276**	**1,349**
COMPUTERS AND COMMUNICATION		
- Computers and Communication at Fair Value	8,508	8,377
- Less Acc'd Depreciation	(7,200)	(5,804)
Total Computers and Communications	**1,308**	**2,573**
FURNITURE AND FITTINGS		
- Furniture and Fittings at Fair Value	1,176	830
- Less Acc'd Depreciation	(501)	(409)
Total Furniture and Fittings	**675**	**421**
MOTOR VEHICLES		
- Motor Vehicles at Fair Value	181	181
- Less Acc'd Depreciation	(177)	(160)
Total Motor Vehicles	**4**	**21**
Total Written Down Value	**500,889**	**486,318**

Note 10: Property, Plant & Equipment (Cont.)

Reconciliations of the carrying amounts of each class of asset at the beginning and end of the previous and current financial year is set out below.

	LAND $'000	BUILDINGS $'000	BUILDINGS WIP $'000	PLANT AND EQUIPMENT $'000	MEDICAL EQUIPMENT $'000	NON MEDICAL EQUIPMENT $'000	COMPUTER EQUIPMENT $'000	FURNITURE AND FITTINGS $'000	MOTOR VEHICLES $'000	TOTAL $'000
Balance at 1 July 2008	**29,534**	**182,034**	**-**	**9,039**	**24,075**	**1,178**	**3,256**	**396**	**46**	**249,558**
Additions	-	19,009	7,151	1,074	4,733	393	985	103	-	33,448
Disposals	-	-	-	-	(106)	(1)	(2)	-	-	(109)
Revaluation increments/ (decrements)	5,840	209,717	-	-	-	-	-	-	-	215,557
Net transfer between classes	-	-	-	-	-	-	-	-	-	-
Depreciation and Amortisation (note 4)	-	(4,927)	-	(852)	(4,367)	(221)	(1,666)	(78)	(25)	(12,136)
Balance at 1 July 2009	**35,374**	**405,833**	**7,151**	**9,261**	**24,335**	**1,349**	**2,573**	**421**	**21**	**486,318**
Additions	-	9,345	36,738	217	2,739	168	241	346	-	49,794
Disposals	-		-	-	(98)	-	-	-	-	(98)
Revaluation increments/ (decrements)	-	-	-	-	-	-	-	-	-	-
Net transfer between classes	-	6,025	(6,051)	-	26	-	-	-	-	-
Depreciation and Amortisation (note 4)	-	(27,791)	-	(873)	(4,605)	(241)	(1,506)	(92)	(17)	(35,125)
Balance at 30 June 2010	**35,374**	**393,412**	**37,838**	**8,605**	**22,397**	**1,276**	**1,308**	**675**	**4**	**500,889**

LAND AND BUILDINGS CARRIED AT VALUATION

An independent valuation of the Health Service's land and buildings was performed by the Westlink Consulting on behalf of the Valuer-General Victoria to determine the fair value of the land and buildings. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation was 30 June 2009. Subsequent to this valuation, the Board assessed the carrying amounts of land and buildings based on indices made available by the Victorian Valuer-General to establish whether they materially approximate fair value at 30 June 2010. Indices applied to the carrying amount of land and buildings indicated that the balances in respect of land and buildings approximate fair value.

A fair value assessment of plant and equipment was conducted by management as to whether the fair value of plant and equipment differs materially from its carrying amount at 30 June 2010. The outcome indicated that the carrying amount of plant and equipment approximate fair value.

Note 11: Intangible Assets

	2010 $'000	2009 $'000
Development Costs Capitalised	4,364	2,707
Less Acc'd Amortisation	(2,751)	(1,592)
Total Written Down Value	**1,613**	**1,115**

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the previous and current financial year:

	DEVT. COST $'000	TOTAL $'000
Balance at 1 July 2008	**683**	**683**
Additions	961	961
Disposals	-	-
Amortisation (note 4)	(529)	(529)
Balance at 1 July 2009	**1,115**	**1,115**
Additions	1,655	1,655
Disposals	-	-
Amortisation (note 4)	(1,157)	(1,157)
Balance at 30 June 2010	**1,613**	**1,613**

Note 12: Payables

	2010 $'000	2009 $'000
CURRENT		
Contractual and Unsecured		
Trade Creditors	3,714	3,875
Accrued Expenses	7,815	9,018
Salary Packaging	1,616	1,702
Other - Melbourne Health	4,174	4,157
Other	317	79
	17,636	18,831
Statutory		
Repayable Grants - DH	2,476	-
	2,476	-
TOTAL	**20,112**	**18,831**

(A) MATURITY ANALYSIS OF PAYABLES

Please refer to note 16 (c) for the ageing analysis of payabless.

(B) NATURE AND EXTENT OF RISK ARISING FROM PAYABLES

Please refer to note 16 (c) for the nature and extent of credit risk arising from payables.

Note 13: Employee Benefits and Related On-Costs Provisions

	2010 $'000	2009 $'000
CURRENT PROVISIONS		
Employee Benefits		
- Unconditional and expected to be settled within 12 months	6,701	13,167
	6,701	13,167
Provisions related to Employee Benefit On-costs		
- Unconditional and expected to be settled within 12 months (nominal value)	26,177	23,138
- Unconditional and expected to be settled after 12 months (present value)	31,963	27,502
	58,140	50,640
Total Current Provisions	**64,841**	**63,807**
NON CURRENT PROVISIONS		
Conditional and expected to be settled after 12 months	7,537	8,091
Total Non Current Provisions	**7,537**	**8,091**
CURRENT EMPLOYEE BENEFITS		
Unconditional Long Service Leave Entitlements	31,776	27,316
Annual Leave Entitlements	26,363	23,324
Accrued Wages and Salaries	5,293	9,616
Accrued Days Off	785	841
Superannuation	496	2,596
Others	128	114
NON CURRENT EMPLOYEE BENEFITS		
Conditional Long Service Leave Entitlements (present value)	7,537	8,091
Total Employee Benefits and Related On-Costs	**72,378**	**71,898**
MOVEMENT IN LONG SERVICE LEAVE:		
Balance at start of year	**35,407**	**30,762**
Provision made during the year		
- Revaluations	(150)	1,012
- Expense recognising Employee Service	7,526	6,560
Settlement made during the year	(3,469)	(2,927)
Balance at end of year	**39,314**	**35,407**

Note 14: Equity

	2010 $'000	2009 $'000
(A) RESERVES		
Property, Plant and Equipment Asset Revaluation Reserve		
Balance at the beginning of the reporting year	242,216	26,659
Revaluation Increment/(Decrements)		
- Land	-	5,840
- Buildings	-	209,717
Balance at the end of the reporting year	**242,216**	**242,216**
Represented by:		
- Land	25,735	25,735
- Buildings	216,481	216,481
	242,216	**242,216**
Financial Asset Available-for-Sale Revaluation Reserve		
Balance at the beginning of the reporting year	-	-
Valuation gain/(loss) recognised	12	-
Balance at the end of the reporting year	**12**	**-**
Restricted Specific Purpose Reserve		
Balance at the beginning of the reporting year	168	168
Transfer to and from Restricted Specific Purpose Reserve	-	-
Balance at the end of the reporting year	**168**	**168**
Total Reserves	**242,396**	**242,384**
(B) CONTRIBUTED CAPITAL		
Balance at the beginning of the reporting year	202,980	202,980
Balance at the end of the reporting year	**202,980**	**202,980**
(C) ACCUMULATED DEFICITS		
Balance at the beginning of the reporting year	5,174	(15,442)
Net Surplus / (Deficit) Result for the Year	28,974	20,616
Balance at the end of the reporting year	**34,148**	**5,174**
(D) TOTAL EQUITY AT END OF FINANCIAL YEAR	**479,524**	**450,538**

Note 15: Reconcilliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities

	2010 $'000	2009 $'000
Net Result for the Year	28,974	20,616
Depreciation & Amortisation	36,282	12,665
Impairment of Financial Assets	-	1 5
Provision for Doubtful Debts	371	59
Change in Inventories	(33)	30
Net (Gain)/Loss from Sale of Property, Plant and Equipment	329	(550)
Change in Operating Assets & Liabilities		
(Increase)/Decrease in Receivables	1,221	(7,256)
(Increase)/Decrease Other Assets	34	(771)
(Increase)/Decrease in Prepayments	(61)	(191)
Increase/(Decrease) in Payables	(1,383)	(1,139)
Increase/(Decrease) in Employee Benefits	322	9,101
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	**66,056**	**32,579**

Note 16: Financial Instruments

(A) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Health Service's principal financial instruments comprises:

- Cash Assets
- Term Deposits
- Receivables (excluding statutory receivables)
- Investment in Managed Investment Schemes
- Payables (excluding statutory payables)

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

CATEGORISATION OF FINANCIAL INSTRUMENTS

	FINANCIAL ASSETS, LOANS AND RECEIVABLES		FINANCIAL ASSETS AVAILABLE-FOR-SALE		FINANCIAL LIABILITIES AT AMORTISED COST		TOTAL	
	CARRYING AMOUNT 2010 $'000	CARRYING AMOUNT 2009 $'000	CARRYING AMOUNT 2010 $'000	CARRYING AMOUNT 2009 $'000	CARRYING AMOUNT 2010 $'000	CARRYING AMOUNT 2009 $'000	CARRYING AMOUNT 2010 $'000	CARRYING AMOUNT 2009 $'000
FINANCIAL ASSETS								
Cash and cash equivalents	53,360	38,986	-	-	-	-	53,360	38,986
Receivables								
- Trade Debtors	1,488	1,040	-	-	-	-	1,488	1,040
- Patient Fees	3,544	3,641	-	-	-	-	3 ,544	3,641
- Others	2,795	2,246	-	-	-	-	2 ,795	2,246
Other Financial Assets								
- Managed Investment Schemes	-	-	499	487	-	-	499	487
Total Financial Assets	**61,187**	**45,913**	**499**	**487**	**-**	**-**	**61,686**	**46,400**
FINANCIAL LIABILITIES								
Payables								
- Trade creditors and accruals	-	-	-	-	17,636	18,831	17,636	18,831
Total Financial Liabilities	**-**	**-**	**-**	**-**	**17,636**	**18,831**	**17,636**	**18,831**

NET HOLDING GAIN/(LOSS) ON FINANCIAL INSTRUMENTS BY CATEGORY

	CARRYING AMOUNT 2010 $'000	CARRYING AMOUNT 2009 $'000
FINANCIAL ASSETS		
Cash and Cash Equivalents	-	-
Receivables	-	-
Other Financial Assets	12	(15)
Total Financial Assets	**12**	**(15)**
FINANCIAL LIABILITIES		
Payables	-	-
Total Financial Liabilities	**-**	**-**

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

The Health Service does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash assets, which are mainly cash at bank. The Health Service's policy is to only deal with banks with high credit ratings. Provision of impairment for contractual financial assets is calculated based on past experience, and current and expected changes in client credit ratings.

(B) CREDIT RISK

The Health Service's exposure to credit risk and effective weighted average interest rate by ageing periods is set out in the following table. For interest rates applicable to each class of asset refer to individual notes to the financial statements.

AGEING ANALYSIS OF FINANCIAL ASSET AS AT 30 JUNE

	CONSOL'D CARRYING AMOUNT $'000	NOT PAST DUE AND NOT IMPAIRED $'000	PAST DUE BUT NOT IMPAIRED				IMPAIRED FINANCIAL ASSETS $'000
			LESS THAN 1 MONTH $'000	1-3 MONTHS $'000	3 MONTHS - 1 YEAR $'000	1-5 YEARS $'000	
2010 FINANCIAL ASSETS							
Cash and Cash Equivalents	53,360	53,360	-	-	-	-	-
Receivables							
- Trade Debtors	1,488	704	687	32	45	20	44
- Patient Fees	3,544	1,713	348	751	732	-	1,283
- Others	2,795	2,795	-	-	-	-	-
Other Financial Assets							
- Managed Investment Schemes	499	499	-	-	-	-	-
Total Financial Assets	**61,686**	**59,071**	**1,035**	**783**	**777**	**20**	**1,327**
2009 FINANCIAL ASSETS							
Cash and Cash Equivalents	38,986	38,986	-	-	-	-	-
Receivables							
- Trade Debtors	1,040	709	79	198	54	-	108
- Patient Fees	3,641	2,416	1,071	26	128	-	907
- Others	2,246	2,246	-	-	-	-	-
Other Financial Assets							
- Managed Investment Schemes	487	487	-	-	-	-	15
Total Financial Assets	**46,400**	**44,844**	**1,150**	**224**	**182**	**-**	**1,030**

Note 16: Financial Instruments (Cont.)

(C) LIQUIDITY RISK

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

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

- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short term obligations;
- holding investments and other contractual financial assets that are readily tradeable in the financial markets; and
- careful maturity planning of its financial obligations based on forecasts of future cash flows.

The following table discloses the contractual maturity analysis for the Health Service's financial liabilities. For interest rates applicable to each class of liability refer to individual notes to the financial statements.

MATURITY ANALYSIS OF FINANCIAL LIABILITIES AS AT 30 JUNE

			MATURITY DATES			
	CARRYING AMOUNT $'000	CONTRACTUAL CASH FLOWS $'000	LESS THAN 1 MONTH $'000	1-3 MONTHS $'000	3 MONTHS - 1 YEAR $'000	1-5 YEARS $'000
2010 FINANCIAL LIABILITIES						
Payables						
- Trade creditors and accruals	17,636	17,636	17,512	74	50	-
Total Financial Liabilities	**17,636**	**17,636**	**17,512**	**74**	**50**	**-**
2009 FINANCIAL LIABILITIES						
Payables						
- Trade creditors and accruals	18,831	18,831	16,806	2,025	-	-
Total Financial Liabilities	**18,831**	**18,831**	**16,806**	**2,025**	**-**	**-**

(D) MARKET RISK

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Health Service does not hold any interest bearing financial instruments that are measured at fair value, therefore has nil exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Health Service has minimal exposure to cash flow interest rate risks through its cash and deposits that are at floating rate.

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

CURRENCY RISK

The Health Service is exposed to insignificant foreign currency risk through its payables relating to purchases of supplies and consumables from overseas. This is because of a limited amount of purchases denominated in foreign currencies and a short timeframe between commitment and settlement.

INTEREST RATE RISK

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

OTHER PRICE RISK

Upon review of the risks related to financial instruments the Health Service has not identified other risks to exist which could potentially impair the carrying value of the financial assets or liabilities.

INTEREST RATE EXPOSURE OF FINANCIAL ASSETS AND LIABILITIES AS AT 30 JUNE

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE (%)	CARRYING AMOUNT $'000	INTEREST RATE EXPOSURE FIXED INTEREST RATE $'000	VARIABLE INTEREST RATE $'000	NON-INTEREST BEARING $'000
2010					
FINANCIAL ASSETS					
Cash and Cash Equivalents	4.3	53,360	15,000	38,346	14
Receivables					
- Trade Debtors	-	1,488	-	-	1,488
- Patient Fees	-	3,544	-	-	3,544
- Others	-	2,795	-	-	2,795
Other Financial Assets					
- Managed Investment Schemes	3.2	499	-	499	-
Total Financial Assets		**61,686**	**15,000**	**38,845**	**7,841**
FINANCIAL LIABILITIES					
Trade Creditors	-	3,713	-	-	3,713
Other Liabilities	-	13,923	-	-	13,923
Total Financial Liabilities	**-**	**17,636**	**-**	**-**	**17,636**
Net Financial Asset/Liabilities	**-**	**44,050**	**15,000**	**38,845**	**(9,795)**
2009					
FINANCIAL ASSETS					
Cash and Cash Equivalents	4.6	38,986	-	38,972	14
Receivables					
- Trade Debtors	-	1,040	-	-	1,040
- Patient Fees	-	3,641	-	-	3,641
- Others	-	2,246	-	-	2,246
Other financial assets					
- Managed Investment Schemes	5.4	487	-	487	-
Total Financial Assets		**46,400**	**-**	**39,459**	**6,941**
FINANCIAL LIABILITIES					
Trade creditors and accruals	-	3,875	-	-	3,875
Other Liabilities	-	14,956	-	-	14,956
Total Financial Liabilities	**-**	**18,831**	**-**	**-**	**18,831**
Net Financial Asset/Liabilities	**-**	**27,569**	**-**	**39,459**	**(11,890)**

Note 16: Financial Instruments (Cont.)

SENSITIVITY DISCLOSURE ANALYSIS

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

- A shift of +2% and -2% in market interest rates (AUD) from year-end rates of 6%
- A parallel shift of +1% and -1% in inflation rate from year-end rates of 2%

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

	CARRYING AMOUNT	INTEREST RATE RISK				OTHER PRICE RISK			
		-2%		+2%		-1%		+1%	
		PROFIT $'000	EQUITY $'000	PROFIT $'000	EQUITY $'000	PROFIT $'000	EQUITY $'000	PROFIT $'000	EQUITY $'000
2010									
FINANCIAL ASSETS									
Cash and Cash Equivalents	53,346	(1,067)	(1,067)	1,067	1,067	-	-	-	-
Receivables									
- Trade Debtors	1,488	-	-	-	-	-	-	-	-
- Patient Fees	3,544	-	-	-	-	-	-	-	-
- Others	2,795	-	-	-	-	-	-	-	-
Other financial assets									
- Managed Investment Schemes	499	(10)	(10)	10	10	-	-	-	-
Total Financial Assets	**61,672**	**(1,077)**	**(1,077)**	**1,077**	**1,077**	**-**	**-**	**-**	**-**
FINANCIAL LIABILITIES									
Trade creditors and accruals	3,713	-	-	-	-	-	-	-	-
Other Liabilities	13,923	-	-	-	-	-	-	-	-
Total Financial Liabilities	**17,636**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net Financial Asset/Liabilities	**44,036**	**(1,077)**	**(1,077)**	**1,077**	**1,077**				
2009									
FINANCIAL ASSETS									
Cash and Cash Equivalents	38,986	(780)	(780)	780	780				
Receivables									
- Trade Debtors	1,040	-	-	-	-				
- Patient Fees	3,641	-	-	-	-				
- Others	2,246	-	-	-	-	-	-	-	-
Other financial assets									
- Managed Investment Schemes	487	(10)	(10)	10	10				
Total Financial Assets	**46,400**	**(790)**	**(790)**	**790**	**790**				
FINANCIAL LIABILITIES									
Trade creditors and accruals	3,875	-	-	-	-	-	-	-	-
Other Liabilities	14,956	-	-	-	-	-	-	-	-
Total Financial Liabilities	**18,831**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net Financial Asset/Liabilities	**27,569**	**(790)**	**(790)**	**790**	**790**				

(E) FAIR VALUE

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

- the fair value of financial instrument assets and liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to
- the fair value of other financial instrument assets and liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow

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

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

COMPARISON BETWEEN CARRYING AMOUNT AND FAIR VALUE

	CARRYING AMOUNT 2010 $'000	FAIR VALUE 2010 $'000	CARRYING AMOUNT 2009 $'000	FAIR VALUE 2009 $'000
FINANCIAL ASSETS				
Cash and Cash Equivalents	53,346	53,346	38,986	38,986
Receivables				
- Trade Debtors	1,488	1,488	1,040	1,040
- Patient Fees	3,544	3,544	3,641	3,641
- Others	2,795	2,795	2,246	2,246
Other Financial Assets				
- Managed Investment Schemes	499	499	487	487
Total Financial Assets	**61,672**	**61,672**	**46,400**	**46,400**
FINANCIAL LIABILITIES				
Trade creditors and accruals	3,713	3,713	3,875	3,875
Other Liabilities	13,923	13,923	14,956	14,956
Total Financial Liabilities	**17,636**	**17,636**	**18,831**	**18,831**

Note 16: Financial Instruments (Cont.)

FINANCIAL ASSETS MEASURED AT FAIR VALUE

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	CARRYING AMOUNT 2010 $'000	FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING:		
		LEVEL 1 $'000	LEVEL 2 $'000	LEVEL 3 $'000
2010				
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT & LOSS				
Available for sale financial assets				
- Managed Investment Schemes	499	499	-	-
Total Financial Assets	**499**	**499**	**-**	**-**
2009				
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT & LOSS				
Available for sale financial assets				
- Managed Investment Schemes	487	487	-	-
Total Financial Assets	**487**	**487**	**-**	**-**

Note 17: Commitments for Expenditure

	2010 $'000	2009 $'000
CAPITAL EXPENDITURE COMMITMENTS		
Payable:		
Buildings	171,654	124,877
Plant and Equipment	28,095	1,489
Total Capital Commitments	**199,749**	**126,366**
Not later than one year	112,851	61,474
Later than 1 year and not later than 5 years	86,898	64,892
Total	**199,749**	**126,366**
OTHER EXPENDITURE COMMITMENTS		
Payable:		
Computer Equipment	6,465	744
Total Other Commitments	**6,465**	**744**
Not later than one year	5,946	330
Later than 1 year and not later than 5 years	519	414
TOTAL	**6,465**	**744**
LEASE COMMITMENTS		
Commitments in relation to leases contracted for at the reporting date:		
Operating Leases	5,123	5,099
Total Lease Commitments	**5,123**	**5,099**
OPERATING LEASES		
Non-cancellable		
Not later than one year	2,132	1,655
Later than 1 year and not later than 5 years	2,991	3,444
Sub Total	**5,123**	**5,099**
TOTAL	**5,123**	**5,099**
Total Commitments for Expenditure (inclusive of GST)	**211,337**	**132,209**
Less: GST Recoverable from the Australian Tax Office	**19,212**	**12,019**
Total Commitments for Expenditure (exclusive of GST)	**192,125**	**120,190**

Note 18: Contingent Assets & Contingent Liabilities

	2010 $'000	2009 $'000
CONTINGENT ASSETS		
The Directors are not aware of any quantifiable or non quantifiable contingent assets	-	-
	-	**-**
CONTINGENT LIABILITIES		
Quantifiable		
Recallable capital grant - Patient & Client Management System	960	-
Recallable capital grant - Picture Archive & Communication System	800	-
Total Quantifiable Contingent Liabilities	**1,760**	**-**

Note 19: Segment Reporting

	RAC		PUBLIC HEALTH		TOTAL	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000
REVENUE						
External Segment Revenue	6,789	5,409	503,030	446,289	509,819	451,698
Total Revenue	**6,789**	**5,409**	**503,030**	**446,289**	**509,819**	**451,698**
EXPENSES						
External Segment Expenses	5,609	6,067	477,044	427,058	482,653	433,125
Total Expenses	**5,609**	**6,067**	**477,044**	**427,058**	**482,653**	**433,125**
Net Result from ordinary activities	**1,180**	**(658)**	**25,986**	**19,231**	**27,166**	**18,573**
Interest Income	-	-	1,808	2,043	1,808	2,043
Net Result for Year	**1,180**	**(658)**	**27,794**	**21,274**	**28,974**	**20,616**
OTHER INFORMATION						
Segment Assets	4,975	5,337	526,845	506,314	531,820	511,651
Unallocated Assets	-	-	-	-	40,194	29,616
Total Assets	**4,975**	**5,337**	**526,845**	**506,314**	**572,014**	**541,267**
Segment Liabilities	1,175	1,280	79,308	79,576	80,483	80,856
Unallocated Liabilities	-	-	-	-	12,007	9,873
Total Liabilities	**1,175**	**1,280**	**79,308**	**79,576**	**92,490**	**90,729**
Investments in associates and joint venture partnership	-	-	-	-	-	-
Acquisition of property, plant and equipment and intangible assets	-	-	49,794	33,448	49,794	33,448
Depreciation & amortisation expense	42	56	36,240	12,609	36,282	12,665
Non cash expenses other than depreciation	488	519	35,169	32,494	35,657	33,013
Impairment of inventories	-	-	-	-	-	-

The major products/services from which the above segments derive revenue are:

BUSINESS SEGMENTS	SERVICES
Residential Aged Care Services (RACS)	Commonwealth-registered residential aged care services subsidised by the Australian Department of Health & Ageing under the Aged Care Act (Cwlth) 1997, i.e. nursing homes and aged care hostels.
Public Health	Acute (Admitted and Non-Admitted Patients, Emergency Department, Sub-Acute Care, Palliative Care, Acute Training & Development, and Blood Services). Also, Allied Health, Drug & Alcohol Service, Corporate (Administration, Finance, Human Resources, Information Technology), Infrastructure, Medical Records, Quality & Clinical Governance.

GEOGRAPHICAL SEGMENT
The Health Service operates predominantly in the western suburbs (Footscray, Sunshine & Williamstown) of Melbourne, Victoria. More than 90% of revenue, net surplus/(deficit) from ordinary activities and segment assets relate to operations in the western suburbs (Footscray, Sunshine & Williamstown) of Melbourne, Victoria.

Note 20a: 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 Minister:	
The Honourable Daniel Andrews, MLA, Minister for Health	1/07/2009 - 30/06/2010
Governing Board	
Mr Ralph Willis	1/07/2009 - 30/06/2010
Mr Michael Feehan	1/07/2009 - 30/06/2010
Mr Graeme Houghton	1/07/2009 - 30/06/2010
Mr Philip Moran	1/07/2009 - 30/06/2010
Mr Afif Hadj	1/07/2009 - 30/06/2010
Ms Vivienne Nguyen	1/07/2009 - 30/06/2010
Ms Linda Hornsey	1/07/2009 - 30/06/2010
Ms Juliann Byron	1/07/2009 - 30/06/2010
Ms Jill Hennessy	1/07/2009 - 05/02/2010
Accountable Officer	
Ms Kathryn Cook	1/07/2009 - 30/06/2010

	2010 No.	2009 No.
REMUNERATION OF RESPONSIBLE PERSONS		
The number of Responsible Persons are shown in their relevant income bands;		
Income Band		
$0 - $9,999	0	1
$10,000 - $19,999	1	3
$20,000 - $29,999	7	4
$30,000 - $39,1000	0	0
$40,000 - $49,999	0	0
$50,000 - $59,999	1	1
$300,000 - $309,999	0	1
$330,000 - $339,999	1	0
Total Numbers	**10**	**10**
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	**$596,073**	**$527,579**

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

Other Transactions of Responsible Persons and their Related Parties.

There were no other transactions paid by the Health Service in connection with the Responsible Persons of the Health Service.

There are no monies receivable from or payable to Responsible Persons and Responsible Persons' Related Parties.

Note 20b: Executive Officer Disclosures

EXECUTIVE OFFICERS' REMUNERATION

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

	TOTAL REMUNERATION		BASE REMUNERATION	
	2010	2009	2010	2009
$30,000 - $39,999	0	0	1	0
$100,000 - $109,999	0	2	1	2
$110,000 - $119,999	2	1	3	1
$120,000 - $129,999	2	3	2	3
$130,000 - $139,999	3	1	4	1
$140,000 - $149,999	3	3	1	3
$150,000 - $159,999	3	4	2	4
$160,000 - $169,999	3	2	2	4
$170,000 - $179,999	4	2	4	2
$180,000 - $189,999	3	2	3	0
$190,000 - $199,999	0	1	1	1
$200,000 - $209,999	1	0	0	1
$210,000 - $219,999	0	1	0	0
$220,000 - $229,999	0	0	0	1
$230,000 - $239,999	0	1	0	0
$240,000 - $249,999	0	1	0	1
$250,000 - $259,999	1	0	1	0
$280,000 - $289,999	0	0	1	0
$290,000 - $299,999	1	0	0	0
Total	**26**	**24**	**26**	**24**
Total Remuneration	**4,285,373**	**3,836,473**	**4,036,854**	**3,767,311**

Note 21: Events Occuring after the Balance Sheet Date

At the time the report was being prepared the Directors are not aware of any events occurring after the reporting date that would have a material impact on the financial statements.

Note 22: Economic Dependency

The financial statements are prepared on a going concern basis as at 30 June 2010. The Health Service has:

- A surplus from ordinary activities of $29 million for the year ended 30 June 2010 ($20.6 million surplus for the year ended 30 June 2009).
- A working capital surplus (adjusted by removing the long-term employee benefit liabilities) of $11.8 million as at 30 June 2010 ($6.9 million deficiency as at 30 June 2009).

Health Service management are committed to the continued review of its financial and operating performance with a view to identifying further cost saving initiatives and revenue generating opportunities and providing the most effective and efficient service delivery model without compromising patient care and quality.

An ongoing budget strategy has been initiated by management of the Health Service which has identified a number of business initiatives required to effectively manage the available financial resources.

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Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Board Members, Western Health

The Financial Report

The accompanying financial report for the year ended 30 June 2010 of Western Health which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the board member's, accountable officer's and chief finance & accounting officer's declaration, has been audited.

The Board Members Responsibility for the Financial Report

The board members of Western Health are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, including the Australian Accounting Interpretations, and the financial reporting requirements of the *Financial Management Act 1994*. This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

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Auditor-General's Report (Cont.)

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Independent Auditor's Report (continued)

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report published in both the annual report and on the website of Western Health for the year ended 30 June 2010. The board members of the health service are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the health service's web site.

Independence

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

Auditor's Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of Western Health as at 30 June 2010 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards, including the Australian Accounting Interpretations, and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE
18 August 2010

D D R Pearson
Auditor-General

2

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Auditing in the Public Interest

Together, caring for the West

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