

AlfredHealth

ANNUAL REPORT 2009/2010



INTRODUCTION FROM THE
CHAIR OF THE BOARD AND
THE CHIEF EXECUTIVE
2009/2010

Established as Bayside Health, the name of the health service was changed to Alfred Health from 10 September 2008, by order of the Governor in Council.

AlfredHealth

We are pleased to present the 2009/2010 Annual Report for Alfred Health. The year presented a number of challenges and opportunities for Alfred Health and some highlights are set out below.

The introduction of a new organisational structure from 1 December 2009 was a major change for the health service. Clinical services are now provided through nine, organisation-wide clinical programs: Cardiorespiratory and Intensive Care; Surgical Services; Cancer & Medical Specialties; Emergency and Acute Medicine; Alfred Psychiatry; Rehabilitation, Aged & Community Care Services; Pathology; Radiology & Nuclear Medicine; and Women & Children. Each program is led by clinicians – doctors, nurses and midwives. The new structure was developed following an extensive consultation process that involved staff and other stakeholders and enables more efficient and effective use to be made of our staff and physical resources.

The pressure on our Emergency Departments has continued to increase, with record numbers of emergency presentations at both The Alfred and Sandringham Hospital. A pilot scheme to reduce some of the pressure at the Sandringham Hospital Emergency Department involved the establishment of an after hours GP clinic in May 2010, in conjunction with Bentleigh Bayside Community Health. The clinic, which is open from noon-8.00 p.m. on Sundays, provides after hours services for patients with non-life threatening illnesses and injuries, diverting them from the Sandringham Hospital Emergency Department.

Alfred Health strives to deliver the best service and provide the safest care and our commitment to patient safety and quality improvement has been demonstrated through a variety of initiatives in key areas of clinical risk, particularly infection control, falls and pressure ulcer prevention, medication safety and clinical deterioration. Our participation in the World Health Organisation's global challenge for hand hygiene has led to the introduction of RAP rounding (*regular assessment of patient needs*) and patient safety calendar 'indicator' crosses – part of a system for the indicators of outcomes of nursing care and ward activity to be displayed publicly in the ward environment in conjunction with action plans for improvement – to monitor and reduce the incidence of falls, pressure ulcers and medication errors in clinical areas. Alfred Health is also participating in the World Health Organisation's *High 5* medication safety project and safer surgery initiative. We are pleased to report that The Alfred is leading similar benchmarked Australian hospitals in mortality reduction.

Funding for equipment and infrastructure is always needed and Alfred Health was fortunate to receive a number of grants in 2009/10. These included a major new technology grant to support the introduction of Gated Radiotherapy at the William Buckland Radiotherapy Centre at The Alfred, an Australian first for this major technological advance in treatment which was launched by Minister for Health, Daniel Andrews, in May 2010. The Department of Health also provided much needed funding to replace some of the flooring at Caulfield Hospital and infrastructure upgrade funding to upgrade lifts, emergency lighting and cardiac and body protection, and to replace the high voltage substation and main switchboard at Sandringham Hospital.

We were pleased to host a number of other political leaders during 2009/10, including Minister for Mental Health, Community Services & Senior Victorians, Lisa Neville, who announced \$425,000 in extra funding boost to expand The Alfred and National Trauma Research Institute's Prevent Alcohol and Risk-Related Trauma in Youth (P.A.R.T.Y.) program and the Minister for Gaming, Tony Robinson, who announced a \$665,000 funding boost to expand The Alfred's role in the State-wide Problem Gambling and Mental Health Program.

In June 2009 the Premier of Victoria, John Brumby, announced a \$72.21 million funding boost to support thousands of clinical placements and help train the next generation of health-care professionals in Victoria and in June 2010, together with the Prime Minister at the time, Kevin Rudd, the Premier signed the historic Council of Australian Governments health agreement which delivers an additional \$4.7 billion in investment in health and hospital services in Victoria.

Funding for important activity has been received from a number of sources. The Victorian Spinal Cord Injury Program, a joint project between the Department of Health, TAC, Austin Health and Alfred Health has funded the purchase of equipment to improve the care of spinal cord injury patients at Caulfield Hospital. Alfred Health has received also an allocation of funds to support the psychiatric triage service in line with the direction set out in *Because mental health matters: Victorian Mental Health Review Strategy 2009-19*.

A major contribution to research and education has been received from the Trustees of the Whole Time Medical Specialists Private Practice Scheme & Trust Fund at The Alfred who generously allocated funds from the Trust for the construction of a 204 seat lecture theatre in AMREP, the Alfred Medical Research & Education Precinct. Access to a large lecture theatre with associated teaching rooms very is important for the teaching and research in AMREP and this was an outstanding contribution from the WTMS Trust, for which we are very grateful.

A Remembrance Garden was officially opened at The Alfred in March 2010. The new drought tolerant garden, which will be maintained with grey water, was established using funds raised by the Heritage Committee at The Alfred with support from the Tattersall's George Adams Foundation and gifts from The Alfred Nurses League, individuals and staff members. Renowned garden designer, Paul Bangay, generously donated his time and the garden design. Caulfield Hospital received a grant from the Department of Veterans' Affairs to develop a commemorative war memorial acknowledging the hospital's role in providing care and rehabilitation to soldiers returning from World War 1.

Partners 4 Health, launched during 2009, is a unique supporter group which will assist Sandringham Hospital to raise funds. Businesses can make single or multiple pledges for a fixed period of one year and have the chance to make a difference to the community while receiving recognition and having the opportunity to network and to showcase their support for the hospital.

A number of capital development projects were undertaken in the past year. The largest was completion of Stage 2 of The Alfred Centre, through which we now have a larger facility for our patients, new laboratory space for the Burnet Institute and vital teaching, research and office space for Monash University, La Trobe University and Baker IDI. This important project took several years to bring to completion and we would like to acknowledge the contribution made by Ms Jennifer Williams, former Chief Executive of Alfred Health; Professor Brendan Crabb, Director of the Burnet Institute; Professor Steve Wesselingh, Dean of the Faculty of Medicine, Nursing & Health Sciences at Monash University—who also made a significant contribution while Director of the Burnet Institute—Professor Garry Jennings, Director of the Baker IDI; Bates Smart Architects; builder Baulderstone Hornibrook; and all others involved in this significant project.

Capital works projects underway at Caulfield Hospital include Stage 2 of the site redevelopment; construction of a mobility track next to the Caulfield Community Rehabilitation Centre to provide a range of surfaces for patients to practise their mobility; establishment of a sensory garden, which will enhance the quality of care that is provided to patients with dementia and delirium; relocation of the Electroconvulsive Therapy Suite; and re-tiling and repairs to the hydrotherapy facility. The haemodialysis unit at Sandringham Hospital has been expanded and to provide treatment for an additional 12 patients.

The Australian Council on Healthcare Standards conducted an organisation-wide survey and in-depth mental health review in June 2009. The results were very pleasing with Alfred Health

satisfying all criteria and being awarded 5 outstanding achievements. Namarra Nursing Home and Caulfield Hospital Nursing Home underwent a full survey by the Aged Care Standards and Accreditation Agency and received perfect scores. These are outstanding results and are a credit to all the staff and services involved.

In 2010, The Alfred was pleased to provide medical coverage for the Australian Formula 1 Grand Prix for the 15th year.

At the end of June 2010 Professor Allan Fels retired from the Board of Directors after six years of service. We would like to take this opportunity to acknowledge his contribution and to welcome Mr Julian Gardner to the Board.

As in past years, our patients have benefited greatly from the work of the dedicated volunteers who support our hospitals in a wide range of ways including the provision of a concierge service, support for families in areas such as the Emergency Department, the Intensive Care Unit and Admissions, a hand and foot massage service, shop and tea trolley services, the Volunteer Drivers Program and fundraising. The contribution to our planning and continuous improving of our service delivery that has been made by the community members who serve on a number of committees and through focus groups and other forms of community consultation has also been outstanding.

Last but not least, we are particularly grateful to The Alfred Foundation for its continued support for The Alfred and to the many donors who have contributed so generously to The Alfred, Caulfield Hospital and Sandringham Hospital.

Stephen Grant
Board Chair

Andrew Way
Chief Executive



REPORT OF OPERATIONS YEAR ENDED 30 JUNE 2010

Established as Bayside Health, the name of the health service was changed to Alfred Health from 10 September 2008, by order of the Governor in Council.

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AlfredHealth

Report of Operations Responsible Body Declaration

In accordance with the Financial Management Act 1994, I am pleased to present Alfred Health's Annual Report for the year ending 30 June 2010.



Stephen Grant

Chair, Board of Directors

30 August 2010

Alfred Health's Vision, Mission and Values

Our Vision

Trusted to deliver outstanding care

Our Mission

Highest quality clinical practice:

- Delivered in partnership with patients, carers, the community and other health care providers;
- Enabled through innovation, research and education.

Our Values

Integrity: *We engage others in a respectful, fair and ethical manner, fulfilling our commitments as professionals and employees. We ensure the highest degree of dignity, equity, honesty and trust.*

Accountability: *We show pride, enthusiasm and dedication in everything that we do. We ensure quality patient care and use resources appropriately. We accept professional responsibility for all our decisions and actions.*

Collaboration: *We consult and collaborate with others and respect the diverse knowledge and skills of our partners; working as a team we ensure the best inter-professional patient care.*

Knowledge: *We create opportunities for education and are committed to continuous development. We enable everyone to make knowledge-based decisions.*

REPORT OF OPERATIONS

SECTION 1: YEAR IN REVIEW

INTRODUCTION AND OVERVIEW

General Information

1.1 Establishment of Alfred Health (ABN 27 318 956 319)

Alfred Health is a Public Health Service established under section 181 of the Act in June 2000 by amendment of the Health Services Act 1988 (Vic). Established as Bayside Health, the name was changed to Alfred Health from 10 September 2008, by order of the Governor in Council. The relevant Minister is the Minister for Health, The Hon Daniel Andrews MP.

1.2 Alfred Health includes the following member healthcare institutions:

The Alfred
Commercial Road
MELBOURNE 3004
Telephone: (03) 9076 2000
Facsimile: (03) 9076 2222

Caulfield General Medical Centre
260 Kooyong Road
CAULFIELD 3162
Telephone: (03) 9076 6000
Facsimile: (03) 9076 6434

Sandringham and District Memorial Hospital
193 Bluff Road
SANDRINGHAM 3191
Telephone: (03) 9076 1000
Facsimile: (03) 9598 1539

1.3 Nature and Range of Services and the Persons or Sections of the Community Served

The healthcare institutions of which Alfred Health is comprised offer a range of complementary services to a variety of communities locally and State wide. The services provided include highly specialised acute care services, aged/extended care services, mental health services, hospital-in-the-home and community-based primary care services.

The main groupings of clinical services are:

- Cancer Services (including Bone Marrow Transplantation, Radiotherapy, Oncology, Cancer Surgery and Palliative Care)
- Cardiothoracic Services (including Heart and Lung Transplantation, Cardiology, Cardiac Surgery, Cardiac Rehabilitation, Respiratory Medicine, Thoracic Surgery), Adult Cystic Fibrosis
- Emergency Medicine, Intensive Care, Burns and adult Major Trauma

- Eye and Ear, Nose and Throat (including Head and Neck Surgery)
- Gastrointestinal Services (Gastroenterology, Gastrointestinal Surgery)
- General Medicine
- General Surgery (including Breast, Endocrine and Colorectal Surgery)
- Infectious Disease treatment services (including HIV/AIDS)
- Neurosciences (Neurology, Neurosurgery)
- Obstetrics and Gynaecology
- Orthopaedics
- Renal Services (Nephrology, Urology, Haemodialysis), including Renal Transplantation
- Specialist Medicine (Clinical Immunology, Clinical Pharmacology, Dermatology, Endocrinology/Diabetes, Hyperbaric, Infectious Diseases, Rheumatology)
- Specialist Surgery (Dental Surgery, Faciomaxillary Surgery, Plastic Surgery, Vascular Surgery)
- Psychiatry (Adult, Child, Adolescent, Youth, Aged)
- Residential Aged Care, Geriatric Evaluation and Management
- Rehabilitation
- Community Programs (including Melbourne Sexual Health Centre, Community Medicine, Alcohol and Drug Services, Carer Support Programs and Community Health)

2. THE BOARD OF DIRECTORS, ALFRED HEALTH

2.1 The Board of Directors

Mr Stephen Grant (Chair) *GradDip Marketing FCA*

Ms Fiona Bennett *BA(Hons) FCA FAICD FAIM*

Ms Hannah Crawford *BCom LLB CA FFin*

Professor Allan Fels *AO BEc(Hons) LLB PhD* (term expired 30 June 2010)

Mr Robert Gerrand *BA FAMI FAICD*

Mr David Menadue *OAM BA BEd*

Dr Elaine Saunders *BSc(Hons) GradDipMgt MSc PhD GAICD*

Associate Professor Jillian Sewell *AM MBBS FRACP FAICD*

Professor Hjalmar Swerissen *BAppSc GradDip(Psych) BA(Hons) MAppSc*

From 1 July 2010

Mr Julian Gardner *BA LLB FIPAA*

2.2 Board Committee Structure

Committees of the Board of Directors

- Audit Committee
- Finance Committee
- Quality Committee
- Remuneration Committee
- Community Advisory Committee
- Primary Care & Population Health Advisory Committee

2.3 Statutory Information

Objectives, Functions, Power and Duties

The core object of the Service is to provide public health services in accordance with the principles established as guidelines for the delivery of public hospital services in Victoria under section 17AA of the Act.

The other objects of the Service as a public health service are to:

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

The powers and duties of Alfred Health are as prescribed by the Health Services Act 1988 (Vic).

Directions of the Minister for Finance

All the information described in the directions of the Minister for Finance is available to the relevant Minister, Members of Parliament or the public on request.

Competitive Neutrality

Alfred Health continues to comply with government policy on competitive neutrality.

Alignment with Public Administration Values

Alfred Health assists staff to identify desired behaviours and ensures that policy and practice are underpinned by core public sector values through its Code of Conduct and Financial Code of Practice which are approved by the Board of Directors and are consistent with the Public Sector Code of Conduct for Victorian Public Sector Employees issued by the Public Sector Standards Commissioner. Principles of equal opportunity and fair and reasonable treatment of others are included in the Code of Conduct and a range of policies and guidelines. Alfred Health also ensures that its policy and practice are consistent with the Charter of Human Rights and Responsibilities Act 2006 (Vic).

2.4 Management and Organisational Structure

Senior Officers and Their Responsibilities

Chief Executive, Alfred Health

Mr Andrew Way *RN BSC(Hons) MBA* (from July 2009)

Responsible to the Board of Directors for the overall effective and efficient performance of Alfred Health and attainment of its strategic directions, as determined by the Board.

Senior officers

Chief Operating Officer

Mr Andrew Stripp *BBS(Hons) MSc*

Responsible to the Chief Executive for the leadership of the Operations Division across Alfred Health, including Cardiorespiratory and Intensive Care, Cancer and Medical Specialties, Surgical Services and Emergency and Acute Medicine. From 1 December 2009 the programs of Rehabilitation and Aged Care, Information Technology services and Sandringham Hospital Medical and Surgical services were included in the portfolio.

Chief Medical Officer

Dr Lee Hamley *MBBS MBA FRACMA*

Responsible to the Chief Executive for clinical governance, quality and patient safety, the development of the clinical workforce across Alfred Health, professional medical issues, Investigative Services (Pathology and Radiology), Pharmacy and the National Trauma Research Institute.

Executive Director Nursing Services, Chief Nursing Officer

Associate Professor Sharon Donovan *RN BN Mid Cert MBA MRCNA*

Responsible to the Chief Executive operationally for Allied Health; Health Information Services; Ambulatory Services including Outpatients; and Hospital in the Home. Professionally responsible for nursing practice standards, quality & clinical risk, workforce planning and education.

Executive Director Finance

Ms Deirdre Blythe *BSc(Hons) FCA MAICD*

Responsible to the Chief Executive for the preparation of budgets, financial analysis and review, monthly and annual financial results & KPI monitoring. The Supply Chain department also forms part of the Finance division.

Executive Director Workforce

Mr Mark Quirk

Responsible to the Chief Executive for the development and implementation of Workforce strategies, policies and guidelines, and operational services across Alfred Health.

Executive Director Education and Organisational Development

Ms Wilma Peters *BA(Hons) MSocSc MA MBA AFCHSM*

Responsible to the Chief Executive for the development and implementation of strategies and processes to improve organisational performance, enhancing Alfred Health's role as an academic health science centre, ensuring positive working relationships with partner organisations and the community and for the design, management and evaluation of communication with internal and external stakeholders.

Director Capital and Infrastructure

Mr Geoff McDonald *BEng (Elec) Hons.*

Responsible to the Chief Executive for the planning and delivery of capital projects and line management of the Engineering and Biomedical Engineering Departments.

Legal Counsel

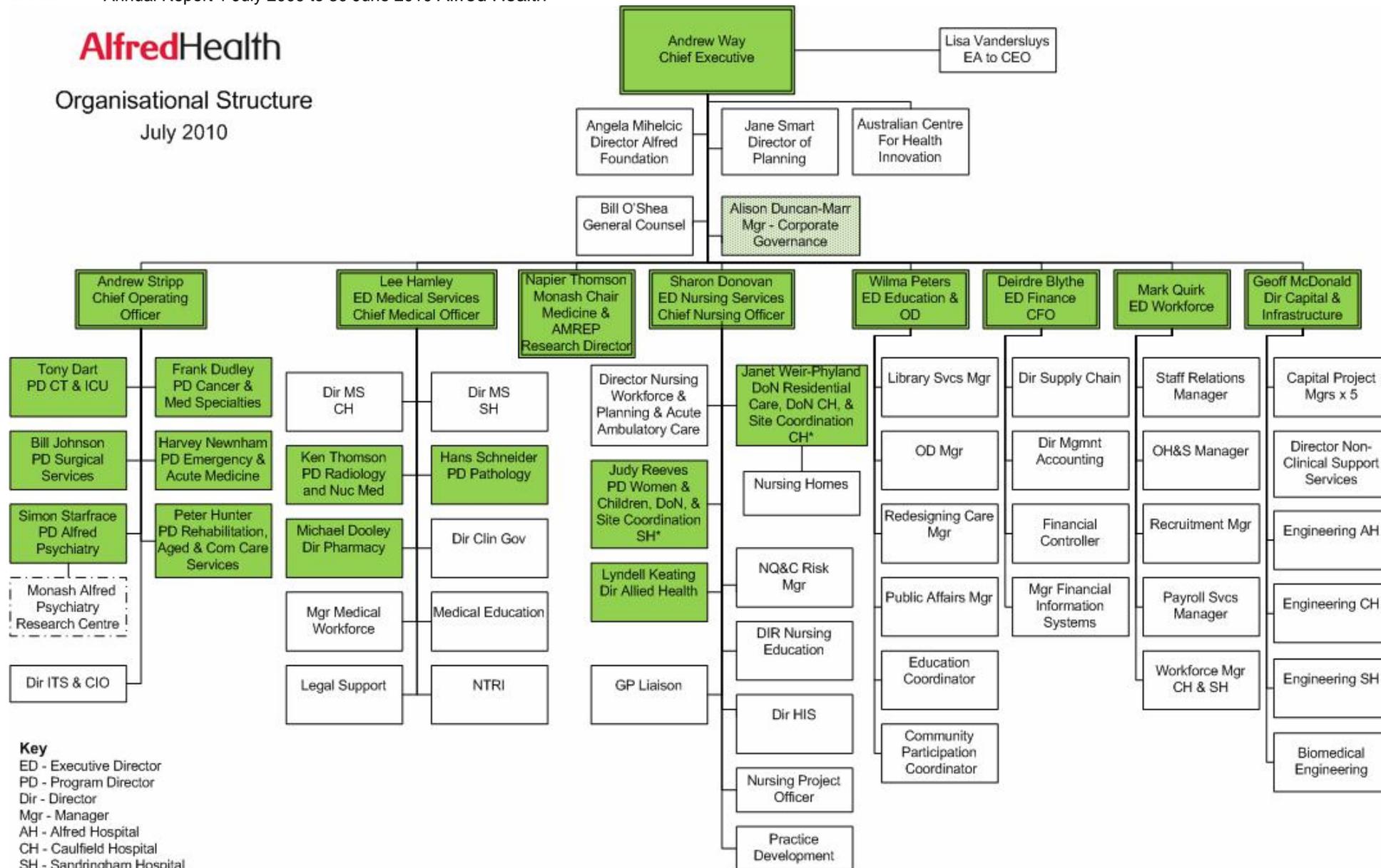
Mr Bill O'Shea *BSc DipEd LLB (Hons)*

Responsible to the Chief Executive for providing legal advice to all campuses of Alfred Health.



Organisational Structure

July 2010



- Key**
 ED - Executive Director
 PD - Program Director
 Dir - Director
 Mgr - Manager
 AH - Alfred Hospital
 CH - Caulfield Hospital
 SH - Sandringham Hospital
 MSHC - Melbourne Sexual Health Centre
 NS - Nursing Services
 MS - Medical Services
 Shaded box - HSEC member
 Light shade - In attendance at HSEC

2.5 Human Resources Management

The Workforce Division (formerly Human Resources) is primarily responsible for the transactional and technical facets of Human Resources. Specialist, technical services are provided in occupational health and safety, recruitment, staff relations and payroll.

A new administrative unit, Education and Organisational Development, is responsible for organisational development, staff support and staff reward and recognition.

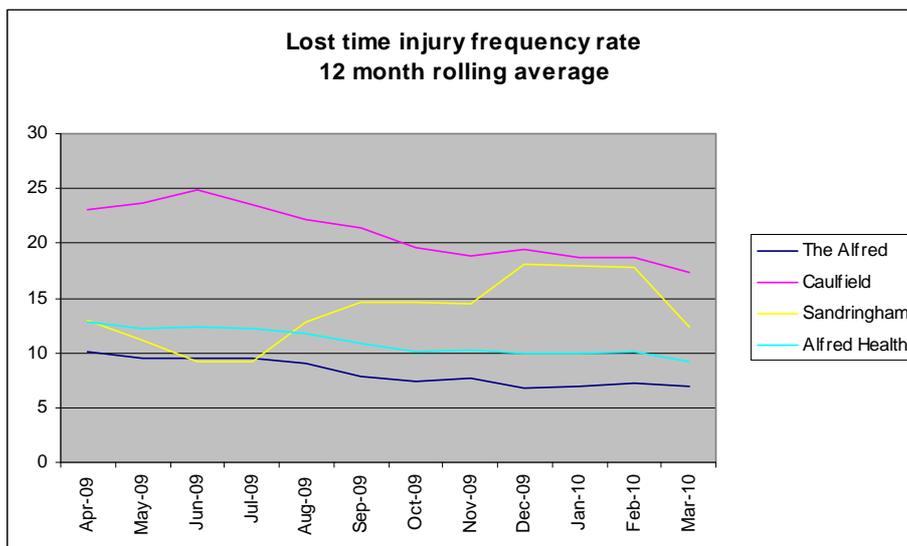
Occupational Health and Safety

Alfred Health is committed to providing a safe and healthy work place and environment. With an emphasis on a 'safety first' culture and a commitment to continuous improvement, the extensive Occupational Health and Safety program is supported by a team of OHS professionals. Strategic leadership in OHS is provided by the Health Service Executive Committee, key organisational risks are overseen by risk-specific committees and there are also a number of consultative committees.

Alfred Health encourages staff consultation in relation to OHS and provides a range of training programs for managers, Health and Safety Representatives and other staff.

Manual handling injuries account for the majority of workers' compensation claims at each campus. Implementation of a three-year strategic plan to address manual handling risks will commence in June 2010.

The rolling average frequency rate for Alfred Health has dropped from 12.8 to 9.3 over the past 12 months.



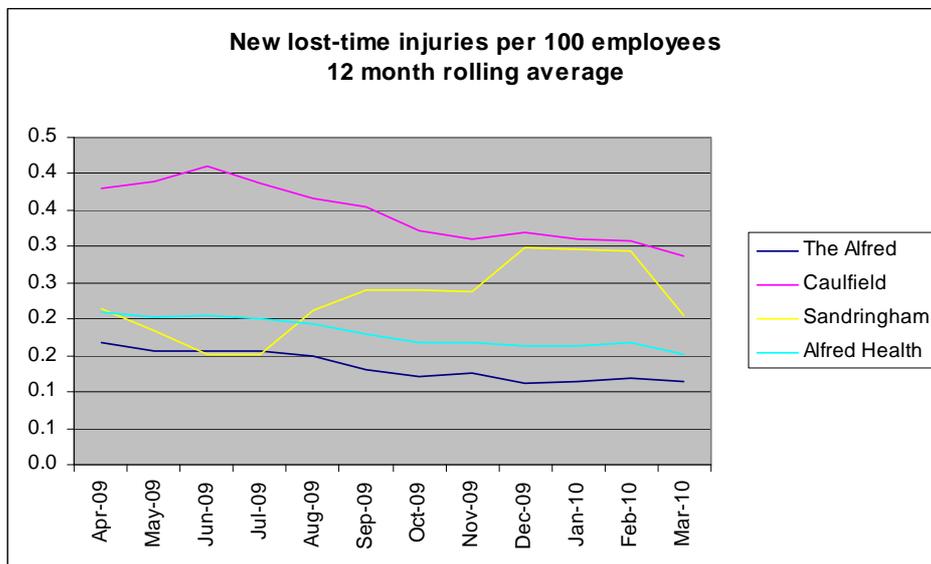
This graph shows the frequency of lost time injuries (injuries causing the loss of one or more work shift) per million person-hours worked. Sandringham and Caulfield

Hospitals show bigger variances than The Alfred, as a lost-time injury has more impact due to the lesser number of hours worked.

Data points on this and the following two graphs are 12-month-rolling averages, as required by the Australian Standard (AS 1885.1:1990 Workplace injury and disease recording standard). This means that every data point of the graph is the average of the previous twelve data points. Rolling averages are used to show data trends.

Incidence rate graph

The trends for incident rates are similar to the frequency rates. The rolling average of new lost time injuries per 100 employees has dropped from 0.21 to 0.15 lost time injuries per 100 employees.



This graph shows the number of new lost-time injuries that occurred in each period, per 100 employees.

Recruitment

The Alfred Health recruitment model is largely decentralised to managers with the exception of advertising, contract and orientation functions and the process is supported by online technology. More than 1500 new staff were recruited in 2009 and an average of 250 appointment requests per month were processed. In 2009 over 17,000 job applications were submitted to Alfred Health and approximately 2000 positions were filled.

As part of the contract management process, compliance is monitored to ensure that new staff have the appropriate qualifications, registration, licences and clearances to perform the work they are employed to do.

New developments have included the introduction of online assessment testing and expansion of the employee referral program, as well as assisting two departments with setting up contingency workforces utilising the online technology.

Staff Relations

In partnership with our external salary packaging provider, Alfred Health has introduced a number of significant service improvements including a dedicated customer care centre, web-based reports, debit cards and increased flexibility for staff. Participation in salary packaging has increased to 88% of all full-time and part-time staff, which is generally acknowledged as one of the highest participation rates in Australia.

Alfred Health has continued to deliver a consistent and fair staff relations service which supports managers in areas such as award interpretation, disciplinary and grievance processes, enterprise agreement negotiations and organisational change. Staff Relations has directed several workplace reviews and provided training in prevention of bullying and harassment, leave management and disciplinary processes.

In line with the introduction of Fair Work Australia, National Employment Standards and Modern Awards, we have reviewed and upgraded our policies, guidelines and practices. Education sessions on the changes have been held for staff on all campuses.

Payroll

Payroll processing has increased over the last twelve months whereby 140,000 pay slips were generated, 1,500 new employees were established, in excess of 1,300 departures were processed, over 30,000 master file variations were made, 35,000 leave and associated applications were processed and a salary packaging benefit was made available for casual employees.

A new payroll team structure was implemented and systems were improved.

Support and advice have continued to be provided to departments that require review processes for staff entitlements.

Organisational Development Framework

Quality and safety are supported by a climate that provides optimal support and opportunities for personal and professional development. Determining and measuring the optimal drivers of a patient-centric climate has been the focus in 2010.

Alfred Health recruits more than 1,500 new staff each year and by positioning the organisation as the preferred place to work, we aim to increase the tenure of our high performing employees through a number of key initiatives.

A new exit data process has been introduced to enable Alfred Health to analyse which staff are leaving, their reasons and destination, what they thought of Alfred Health before they left and whether they would consider returning as an employee. To capture this data Alfred Health has significantly re-engineered the termination forms completed for all departing employees, our exit interviews and the surveys which are now available on line. This more comprehensive data will enable Alfred Health to improve retention by identifying the root causes for resignations.

Alfred Health participates in the *People Matter Survey* conducted by the State Services Authority (SSA) biennially. For the 2009 survey, Alfred Health arranged with the SSA to customise the *People Matter* survey to include some questions specific to our environment. More appropriate benchmarks for how staff perceive working for Alfred Health compared with other metropolitan health services of similar size and scope were also negotiated. The participation rate for 2009 was significantly improved from 2007 with 772 staff responding. Staff perceptions of Alfred Health were significantly better than their peers at other, like health services for 48 survey items.

The various options available to Alfred Health employees seeking flexibility to balance their work and other responsibilities are published on the intranet to ensure that staff have ready access to this important information and we have continued to educate managers on intergenerational awareness to ensure that our management practices and attitudes connect with all members of our organisation.

Management and Leadership Development

The Alfred Health Capability Framework links to a range of non-clinical leadership and management development activities offered by the Organisational Development Unit. The Capability Framework has also been incorporated into our performance management and development system. This ensures that in a consistent way we are able to communicate the skills, attitudes and knowledge we expect of our staff and, more importantly, assist them to develop those skills. Managers can also use an online Alfred Health 360 degree feedback tool to assist them to receive feedback on how they are perceived in relation to required behaviours and incorporate identified priorities into their development planning.

We continue to offer a comprehensive calendar of non-clinical programs to staff and managers seeking to learn relevant management skills. In the past financial year there were 1,990 attendances at our in house training sessions. The comprehensive Development Needs Analysis of staff in nursing, allied health and corporate roles in 2009 that was completed by 545 staff members continues to guide the development of our training services.

Organisational Development has developed an online survey service to support other areas of Alfred Health to collect data for key initiatives. This internal consultancy has supported over 40 survey projects in the 2009/2010 financial year.

A range of tools is available for managers on the Alfred Health intranet.

Recognition and Reward

It is important that Alfred Health recognises and rewards staff for their contribution, including the level of their performance, the demonstration of behaviours consistent with our values and their length of service.

We have continued to enhance our recognition and reward programs with the aim of ensuring that the organisation appropriately acknowledges staff members who have excelled in their day to day work. These programs at each campus are based on peer nominations and recognise outstanding performance.

Alfred Health has also been a keen participant in the annual Victorian Public Healthcare Awards. In 2009 Alfred Health submitted seven nominations and was successful in three categories. Three out of the four entries that were not short listed

in 2009 received an A ranking, indicating that the entry scored highly and narrowly missed out on recognition as a finalist.

Staff Support Services

A range of staff support services is provided, including an employee assistance program; peer support program; and critical incident debriefing sessions. Demand for these programs is increasing, reflecting the strong reputation of these key staff services which cover both personal and work-related matters. We now provide 24/7 access to these services and have improved our reporting on the usage of these services to improve the identification of trends in areas requiring support.

Workforce Data

	2009	2010
	FTE	FTE
Nursing	2,046	2,121
Administration and Clerical	794	790
Medical Support	1,059	1,106
Hotel and Allied	236	232
Full Time Medical Specialists	148	155
Hospital Medical Officers	447	465
Sessional Clinicians	118	120
s97 Employees	21	19
<hr/>		
Total Full Time Equivalent (FTE) (not including overtime)	4,869	5,008

2.6 Information Technology

The Information Technology strategic plan sets the direction for the development and implementation of Information Technology across the health service. It is developed through significant consultation with clinical and non-clinical stakeholders to ensure that the future needs of the organisation are met and that Information Technology continues to support Alfred Health's excellence in clinical care.

Significant Information Technology initiatives and activities over the past year have included the following projects.

Medical Records Scanning

The paper medical records of Alfred Health patients are now electronically scanned and stored in the main clinical information system. This allows better and more useful access to required patient information by Alfred Health clinicians without being limited by a single paper document.

This project was a significant undertaking by the organisation and required improved access to desktop computers for staff; improved access to the IT systems through mobile computing made possible through wireless networks and computers on

trolleys; customisation of clinical software to provide a user interface for clinicians to access the electronic scanned records; modifications in the way staff work following the introduction of electronic documents; and the provision of extensive training to ease the impact of the change.

Alfred Centre – Stage 2

Information Technology assisted the development and completion of the second stage of The Alfred Centre, a state-wide elective surgery and diagnostic service, to accommodate clinical services, research and educational institutes through the technology and infrastructure fit-out of the building; the implementation of electronic workflows that facilitate more efficient patient care in the outpatient setting; and the modification of the clinical system to allow better management of outpatients in Radiology.

Electronic Patient Documentation

A major objective in the use of Information Technology is to provide the right information, at the right time, to the right person, in order to provide benefits for the patient. To further this end, there have been continuing efforts to consolidate the significant breadth of clinically relevant patient information within the electronic record. These have included development of an electronic workflow for patient care in the General Medical Unit and Psychiatry; the availability of cardiology investigation results and radiotherapy treatment documentation in the electronic patient record; electronic discharge summaries for the Renal Unit; and secure export of patient information to the Cystic Fibrosis electronic patient record and the Victorian Anaesthesia Safety database.

Supporting Staff in the Care of Patients

Information Technology Services supports all areas of the health service to provide better services to patients through projects such as the implementation of a new Radiology Information System and Gastroenterology Endoscopy Management System; development of an emergency theatre booking system; installation of wireless voice communication badges in a number of clinical departments; implementation of devices to allow rapid logging in and roaming of clinical applications in the ICU; implementation of an operating theatre management system at Sandringham Hospital; an upgrade of the nurse call systems; improvements to the staff directory; development of a website for the HMO Education portal; development of an application to manage the Medico-Legal information database; and upgrading and improving the coverage and voice quality of the public announcement system.

Initiatives planned for 2010/2011

A number of Information Technology projects are planned for 2010/2011 including improvements to the clinical information system to provide new functionalities and enhanced performance; information system projects in the Emergency Department, Pathology and ICU & Anaesthesia Departments; replacement of the ageing Patient Administration System; the introduction of an Alfred Health-wide rostering system; the Offline Patient Administration System (OPAS); the surgical audit database; upgrading the PABX base system to ready the infrastructure for Voice over IP; implementation of Video Conferencing and Tele-Presence to allow meetings to be held across sites; and server and database infrastructure upgrades to increase capacity and performance.

2.7 Application and Operation of the Freedom of Information Act 1982

Freedom of Information Decisions 2009/2010

Applications received	2332
Access given (full)	1922
Access given (part)	8
Access denied	2
Other	60
Not finalised	340
Not finalised in 2007/08	44
Access given in full	44

2.8 Application and Operation of the Whistleblowers Protection Act 2001

Summary of Procedures

1. Statement of Support

Alfred Health does not tolerate improper conduct by its employees or reprisals being taken against those who disclose such conduct under the Whistleblowers Protection Act 2001. Alfred Health supports the disclosure of corrupt conduct, conduct involving a substantial mismanagement of public resources or a substantial risk to public health and safety or the environment. To satisfy the Whistleblowers Protection Act, the alleged conduct must be serious enough to constitute a criminal offence or reasonable grounds for dismissal if proved.

2. Corrupt conduct

Corrupt conduct means:

- conduct that adversely affects the honest performance of functions;
- the dishonest performance of functions or performance with inappropriate partiality;
- conduct that amounts to a breach of public trust;
- conduct that amounts to the misuse of information/material acquired in the course of one's duties;
- a conspiracy or attempt to engage in the above conduct.

3. Disclosure

Disclosures of improper conduct or detrimental action by Alfred Health or its employees may be made in confidence to the following:

Alfred Health Protected Disclosure Coordinator

Ms Alison Duncan-Marr
Manager, Corporate Governance
Alfred Health
55 Commercial Road

Melbourne
VIC 3004
Phone (03) 9076 6974
Fax (03) 9076 3409
E-mail a.duncan-marr@alfred.org.au

Campus Protected Disclosure Officers

Ms Janet Weir-Phyland
Protected Disclosure Officer
Caulfield Hospital
260 Kooyong Road
Caulfield
VIC 3162
Phone (03) 9076 6601
Fax (03) 9076 6321

Ms Judy Reeves
Protected Disclosure Officer
Sandringham Hospital
193 Bluff Road
Sandringham
VIC 3191
Phone (03) 9076 1487
Fax (03) 9076 1539

If necessary, a person who wishes to make a disclosure can contact the Protected Disclosure Coordinator or a campus Protected Disclosure Officer and request a meeting away from the workplace.

Alternative Contact

A disclosure about improper conduct or detrimental action by Alfred Health or any of its employees may also be made directly to the Victorian Ombudsman:

The Ombudsman
Level 22, 459 Collins Street,
Melbourne
VIC 3000
Phone (03) 9613 6222
Fax (03) 9614 0246
Toll Free: 1800 806 314
E-mail: ombudvic@ombudsman.vic.gov.au
Web: www.ombudsman.vic.gov.au

4. Confidentiality

Alfred Health will take all reasonable steps to protect the identity of the whistleblower and has in place appropriate systems to secure all material related to whistleblower protection matters.

5. Access to Policy and Procedures

The full Whistleblower Protection Policy and Procedures document is available to staff on the intranet and to the public at www.alfredhealth.org.au.

A copy of the policy and procedures document, the Act and Guidelines published by the Ombudsman are also available for inspection at the office of the Manager, Corporate Governance, Alfred Health, telephone (03) 9076 6974.

6. Reporting

In the reporting period:

- 2 disclosures were made to Alfred Health;
- no disclosures were referred to the Ombudsman for determination as to whether they were public interest disclosures;
- no disclosures were referred to Alfred Health by the Ombudsman for investigation;
- no disclosures were referred by Alfred Health to the Ombudsman for investigation;
- no investigations were taken over from Alfred Health by the Ombudsman;
- no requests were made by a whistleblower to the Ombudsman to take over an investigation by Alfred Health;
- the number of disclosed matters that Alfred Health declined to investigate is nil;
- no matters were disclosed to the Ombudsman.

2.9 Capital Planning Activities

Major Capital Works and Building Regulations

Major Capital Works – 2009/2010

Project	Budget	Description
The Alfred Centre Stage 2 (The Alfred)	\$100M	<p>The Alfred Centre Stage 2 is the expansion of the existing Alfred Centre to accommodate clinical services, research and educational institutes in an integrated state of the art facility that will greatly enhance the prestige of the Alfred Medical Research and Education Precinct (AMREP) as a world class and high profile entity.</p> <p>Stage 2 incorporates a 20,000m² extension by building to the south of and above the existing Stage 1 facility, and will accommodate the following organisations:</p> <ul style="list-style-type: none"> - Burnet Institute; - Monash University; - La Trobe University; and - Baker IDI. <p>Additional clinical space will also be created for The Alfred to enable the expansion of the elective surgery centre to include a broader ambulatory care focus. Construction commenced on this project in March 2008 and was completed in March 2010.</p>

Project	Budget	Description
Therapy Services Building (Caulfield Hospital)	\$29.7M	This project is the second stage of the Caulfield Hospital redevelopment and includes refurbishment of existing facilities for therapy services and consulting suites. Construction is continuing with the project scheduled for completion in August 2010.
Electrical Infrastructure Works (The Alfred)	\$12M	The replacement of The Alfred's main electrical switchboards and upgrade of the high voltage substation was completed in February 2010. The final stage of this project which includes the replacement of the emergency diesel generators is expected to be completed in late 2010.

Compliance with Building and Maintenance Provisions 2009/2010

Alfred Health complies with the building and maintenance provisions of the Building Act 1993.

Alfred Health ensures that facilities management staff at each hospital campus meet the requirement that all works requiring building approval have the plans certified and that works in progress are inspected by independent building surveyors engaged for the particular job.

At the time of their engagement, Alfred Health requires all building practitioners to show evidence of current registration. Maintenance of their registered status for the duration of the works is a condition of their contracts.

All buildings constructed during the year 2009/2010 comply with the building and maintenance provisions of the Building Act 1993 and the Standards for Publicly Owned Buildings, November 1994. All building essential services are inspected on a regular basis for compliance as required by legislation.

Buildings, plant and equipment at each Hospital campus are subject to a fire safety audit and risk assessment and a program of works to maintain compliance with fire safety regulations is in place. As part of Alfred Health's commitment to continuous improvement, emergency response procedures are being reviewed.

All online cooling tower systems on Alfred Health sites have been registered. Risk Management Plans are in place. Maintenance, disinfection and testing regimes on all sites meet, and in most cases exceed, the requirements of the Building (*Legionella*) Act 2000 and the associated Regulations and guidelines.

Alfred Health has an Asbestos Management Strategy in place to ensure that the risk of exposure to asbestos is controlled and that asbestos is removed when required. All inspections/audits prior to work commencing on site are carried out by an independent occupational hygiene and environmental consultant. Asbestos was removed from a number of locations at The Alfred and Caulfield Hospital during 2009/2010.

The Alfred Health campuses have Fire Safety Audit and Fire Risk Assessments on buildings in accordance with the Department of Human Services Capital Development Guidelines, to assess the extent of compliance with major fire safety

items of the Building Code of Australia 1996 (BCA). Appropriate maintenance and upgrade works continue with particular emphasis placed on bed-based areas.

2.10 Consultancies

There were 92 consultancies costing less than \$100,000 undertaken in 2009/2010 at a total cost of \$652,325.

There were no consultancies in 2009/2010 costing in excess of \$100,000.

3. Committee Reports

3.1 Audit Committee

In 2009/2010, the Audit Committee consisted of Ms F. Bennett (Chair), Ms H. Crawford, Mr R. Gerrand and Mr S. Grant, all of whom are independent directors.

The Audit Committee assists the Board to fulfil its statutory and fiduciary duties relating to the financial management of Alfred Health with respect to internal controls, accounting and reporting practices. It aims to ensure that those duties are carried out in accordance with the Health Services Act 1988 (Vic), the Financial Management Compliance Framework, the Risk Management Framework and any other relevant legislation. This Committee is responsible for oversight of the internal audit function and for developing and reviewing the Alfred Health Internal Audit Plan. The Audit Committee is also responsible for overseeing the maintenance of an effective system of internal monitoring and control of data integrity, risk management, reviewing the implications of external audit findings for internal controls and reviewing the annual accounts for recommendation to the Board.

Risk Management

The incident reporting system, RiskMan, is an integral component of Alfred Health's risk management system. Regular training and information for staff occurs in the use of RiskMan. Incidents are routinely analysed and trends are reported to the Alfred Health Executive Committee. Serious incidents are subject to a formal review.

There are several high and extreme risk issues that are addressed at high level committees including falls prevention, pressure ulcers, medication safety and behaviours of concern. This ensures focus and coordination of effort on the important issues for Alfred Health.

3.2 Community Advisory Committee

The Community Advisory Committee meets 6 times a year and provides advice to the Board of Directors on consumer, carer and community participation and other Alfred Health community initiatives, and is a forum through which members of the community can work in partnership with Alfred Health to identify and achieve its objectives.

In 2009/2010 the members of the Committee were Dr E. Saunders (Chair), Ms P. Ackland*, Mr N. Caswell*, Ms M. Chydiriotis* (until December 2009), Ms D. Dybner*, Mr E. Elbaum*, Mr G. G'her*, Ms S. Gray*, Mr B. Hayhoe*, Mr J. Holstock*, Ms B. Liston*, Mr D. Menadue, Ms A. Roberts* and Ms J. Richardson (associate)*.

* Community members

In 2009–2010 the Committee continued to monitor the Community Participation Plan and assisted with the development of the 2010 Community Participation Plan. Other key activities of the Committee in 2009–2010 were input into the 2011–2013 Alfred Health Strategic Plan and the development of Alfred Health's first Disability Action Plan; involvement in the development of the annual *Quality of Care Report*; advice on the Alfred Health Community Participation Model; the review of patient information; planning for the Alfred Health Annual Meeting; and input into the South East and Bayside Diabetes Alliance Consumer Consultation Strategy.

Members participated in a number of forums during the year including the Department of Health's *Participate in Health* conference and Quality of Care workshop; the Parliamentary Secretary for Health's information session on the Federal Government's proposed National Health and Hospitals Network; a seminar on Blood Transfusion Consent; and planning for the Health Issues Centre Community Advisory Committee Forum. Individual members of the Committee also served on the Advance Care Planning Committee and the Cultural Diversity Committee, providing valuable links with the work of these committees. One member received a scholarship from the Department of Health to attend the Annual Australasian Conference for Safety & Quality in Health Care in Sydney.

3.3 Primary Care & Population Health Advisory Committee

The Primary Care & Population Health Advisory Committee monitors progress with and provides advice to the Board on the implementation of the recommendations in the service plan for each campus. The three campus service plans are aligned with the Alfred Health Strategic Plan and contain strategies and actions to address any service gaps that have been identified, providing a framework by which Alfred Health can monitor its performance in meeting the health needs of its target population and its work in partnership with other providers.

The Primary Care & Population Health Advisory Committee assists the Board to meet its obligation to ensure that the health services provided by Alfred Health meet the needs of its communities, that the views of users and providers are taken into account and that there are arrangements with other relevant agencies and service providers to enable effective and efficient service delivery and continuity of care.

3.4 Cultural Diversity Committee

The Cultural Diversity Committee has provided advice to Alfred Health since 2005 to ensure that systems are in place, service-wide, to respond effectively to issues of cultural, religious or linguistic diversity. To increase the profile and effectiveness of this important work, Alfred Health has recently brought cultural, religious and linguistic diversity into the terms of reference of the Community Advisory Committee. The Cultural Diversity Committee met for the last time in May 2010.

In 2009/2010, the members of the Cultural Diversity Committee were Assoc Prof S. Donovan (Chair), Mr J. Ashfield, Mr N. Caswell*, Mr S. de Abrew*, Ms M. Chydiriotis, Mr D. Elbaum*, Ms J. Perry*, Mr S. Soos*, Dr C. Spencer*, Mr D. Zarfaty* and Ms R. Sverdlin*.

* Community members

3.5 Disability Action Plan

In 2009 – 2010, planning and consultation have been undertaken in preparation for the development of Alfred Health's first Disability Action Plan, required by section 38 of the *Disability Act 2006 (Vic)*. Alfred Health has consulted with consumers, carers, community members and staff over the four outcome areas that the Disability Action Plan will address: improving access to goods and services; increasing employment opportunities; promoting community inclusion; and changing discriminatory attitudes and practices towards people with a disability.

Consultation included meeting with staff, consumers and carers to consider specific outcome areas; a half-day workshop with consumers, carers, community members and staff; and consultation with the Southern Regional Disability Respite Reference Network. The Community Advisory Committee will provide advice on the draft plan before it is finalised in November 2010.

4. Financial Information

Summary of Financial Results

	2009/10	2008/09	2007/08	2006/07	2005/06
	\$000	\$000	\$000	\$000	\$000
Operating Revenue	758,860	713,592	645,543	597,273	540,906
Operating Expenses	(762,713)	(711,188)	(648,365)	(595,821)	(538,393)
Operating Result	(3,853)	2,404	(2,822)	1,452	2,513
Capital and Specific Items	(26,865)	(1,505)	19,965	(2,059)	11,532
Net Result for the Year	(30,718)	899	17,143	(607)	14,045

Financial Performance

Alfred Health's Operating Result was a net deficit of \$3.9m. This was a decline of \$6.3m from the prior year, however Whole Time Medical Specialists' Private Practice Trust Fund was consolidated for the first time in 2008/09, resulting in a favourable one-off adjustment of \$13.4m. The current year result reflects the increase in revenue relating to higher operational activity of \$58.7m, offset by higher costs of \$51.5m, particularly in employee expenses (which contributed \$34.7m).

The Net Result for the Year was \$30.7m. The movement of \$31.6m from the prior year reflects significantly higher depreciation costs (by \$36.3m) resulting from Alfred Health's participation in the statewide revaluation of land and buildings at June 2009.

	2009/10	2008/09	2007/08	2006/07	2005/06
	\$000	\$000	\$000	\$000	\$000
Total Revenue	793,268	739,671	692,343	615,818	572,283
Total Expenses	823,986	738,772	675,200	616,425	558,238
Net Result for the Year	(30,718)	899	17,143	(607)	14,045
Movement in Reserves	(15,305)	7,637	(6,171)	(10,554)	(9,609)
Accumulated (Deficit)	(74,436)	(28,413)	(36,949)	(47,921)	(36,760)

Total Assets	844,796	839,100	662,042	617,647	556,465
Total Liabilities	273,676	240,139	193,089	166,813	138,725
Net Assets	571,120	598,961	468,953	450,834	417,740
Total Equity	571,120	598,961	468,953	450,834	417,740

Financial Analysis of Operating Revenues and Expenses

	2009/10	2008/09
	\$000	\$000
REVENUES		
SERVICES SUPPORTED BY HEALTH SERVICES AGREEMENT		
Government grants	634,318	580,223
Indirect contributions by Department of Health	9,887	11,460
Patient and Resident fees	25,048	25,752
Recoupment from private practice for use of Hospital facilities	21,616	18,663
Other revenue	18,068	13,554
	708,937	649,652
SERVICES SUPPORTED BY HOSPITAL & COMMUNITY INITIATIVES		
Recoupment from private practice for use of Hospital facilities	7,750	4,656
Donations and Bequests	9,846	26,177
Interest	4,082	5,691
Other Revenue	28,245	27,416
	49,923	63,940
Total Operating Revenue	758,860	713,592

	2009/10 \$000	2008/09 \$000
EXPENSES		
SERVICES SUPPORTED BY HEALTH SERVICES AGREEMENT		
Employee Benefits	(484,693)	(438,369)
Non Salary Labour Costs	(13,382)	(13,009)
Supplies & Consumables	(155,414)	(144,420)
Other Expenses from Continuing Operations	(87,278)	(81,932)
	<u>(740,767)</u>	<u>(677,730)</u>
SERVICES SUPPORTED BY HOSPITAL & COMMUNITY INITIATIVES		
Employee Benefits	(12,930)	(24,591)
Non Salary Labour Costs	(325)	(307)
Supplies & Consumables	(2,158)	(5,242)
Other Expenses from Continuing Operations	(6,533)	(3,318)
	<u>(21,946)</u>	<u>(33,458)</u>
Total Operating Expenses	<u>(762,713)</u>	<u>(711,188)</u>
 NET RESULT FROM CONTINUING OPERATIONS BEFORE CAPITAL AND SPECIFIC ITEMS		
	(3,853)	2,404
 Capital Purpose Income		
Capital Purpose Income	34,408	26,079
Depreciation and Amortisation	(59,431)	(23,446)
Specific Expense	-	(2,215)
Finance Costs	(1,842)	(1,923)
	<u>(30,718)</u>	<u>899</u>
NET RESULT FOR THE YEAR	<u>(30,718)</u>	<u>899</u>

Balance Sheet

	2009/10	2008/09
	\$000	\$000
Current Assets		
Cash & Investments	30,449	30,338
Receivables & Prepayments	19,358	20,725
Inventory	6,458	7,015
	<u>56,265</u>	<u>58,078</u>
Current Liabilities		
Payables	64,353	47,036
Employee Entitlements	113,220	108,752
Loans	964	905
Other Liabilities	1,321	5,587
	<u>179,858</u>	<u>162,280</u>
Working Capital	<u>(123,593)</u>	<u>(104,202)</u>
Non-Current Assets		
Receivable (long service leave)	9,583	6,110
Investments	49,262	46,077
Property, Plant & Equipment	729,686	728,835
	<u>788,531</u>	<u>781,022</u>
Non-Current Liabilities		
Loans	24,570	25,533
Employee Entitlements (Long Service Leave)	19,156	17,759
Other Liabilities	50,092	34,567
	<u>93,818</u>	<u>77,859</u>
Net Assets	<u>571,120</u>	<u>598,961</u>
Equity	<u>571,120</u>	<u>598,961</u>
Current Asset Ratio	<u>0.31</u>	<u>0.36</u>

Significant Changes in the Balance Sheet

Current Assets decreased \$1.8m to \$56.3m, mainly due to the Department of Health receivable decreasing by \$2.4m and becoming a liability in the current year.

Current Liabilities increased \$17.6m due to an increase of \$6.1m in employee related liabilities (including salary packaging of \$3.9m), a \$4.1m payable to the Department of Health, which was a receivable in the prior year, and an increase of \$7.4m due to timing of payments for operational activities and capital over the year end period.

Non-Current Assets increased \$7.5m, mainly due to a \$3.5m increase in Long Service Leave receivable funded by the Department of Health and a \$3.2m increase in the value of investments.

Non Current Liabilities increased by \$16m due to the following items. Rent received in advance increased by \$15.5m from the Burnet Institute to a total of \$50m for its future use of Alfred Centre Stage 2. This payment relates to the length of the lease, which commenced in March 2010.

Operational & Budgetary Objectives for 2009/10

	Actual \$m	Budget \$m
Operating Result	(4)	(4)
Activity Indicators		
WIES ⁽¹⁾		
Public (excl renal)	67,039	67,648
Private (excl renal)	11,609	12,530
Renal	972	1,059
WIES (public, private and renal)	79,620	81,237
TAC	6,422	6,926
DVA	1,741	1,725
TOTAL	87,783	89,888
VACS (Medical and Allied)	155,900	162,775
CRAFT Units	903	821

(1) WIES figures accurate as at 12/7/2010. WIES figures subject to change as both auditing and coding are completed.

The primary operational and financial objectives for the year were to meet the access, activity and financial targets agreed between Alfred Health and the Minister for Health as set out in the 2009/10 Statement of Priorities.

Access

Alfred Health	2009/10	2008/09
1. Elective surgery performance		
Category 1 proportion of patients waiting less than 30 days **	100%	100%
Category 2 proportion of patients waiting less than 90 days **	68%	82%
Category 3 proportion of patients waiting less than 365 days **	98%	93%
Elective Surgery Admissions	11,294	10,706
Number of Ready for Care patients on the elective surgery waiting list **	1,939	1,467
Number of Hospital Initiated Postponements (HiPs) per 100 scheduled admissions	7%	6%
2. Emergency department performance		
Emergency patients admitted to an inpatient bed within 8 hours	73%	57%
Time on Hospital by-pass (The Alfred only)	1.1%	1.4%
Non-admitted patients with length of stay of less than 4 hours	76%	75%
Number of patients with an emergency stay of greater than 24 hrs	13	728
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of Triage Category 2 emergency patients seen within 10 minutes	90%	72%
Percentage of Triage Category 3 emergency patients seen within 30 minutes	74%	66%
3. Critical Care		
ICU Minimum operating capacity (The Alfred only) **	32	30

**Status as at 30 June 2010, all other indicators averaged for full financial year

Activity

	Acute	Sub-Acute	Mental Health	Other	Total
Admitted Patient Separations					
Same Day	50,260	3	95	-	50,358
Multi Day	36,981	3,088	1,349	-	41,418
Total Separations	87,241	3,091	1,444	-	91,776
Emergency	31,479	4	812	-	32,295
Elective	54,544	3,087	632	-	58,263
Other inc Maternity	1,218	-	-	-	1,218
Total Separations	87,241	3,091	1,444	-	91,776
Total WIES	87,566				
Total Bed Days	253,905	111,115	23,553	-	388,573

Breakdown of Sub-Acute Bed Days

Rehab Lv1 (Non DVA)	5,070
Rehab Lv2 (non DVA)	2,053
GEM (Non DVA)	22,411
Rehab Lv1 (DVA)	61
Rehab Lv2 (DVA)	682
GEM DVA	1,314
Transition Care (Non DVA) – Bed day	19,254
Transition Care (Non DVA – Home day)	5,274
Residential Aged Care (bed days)	32,445
CRAFT	22,551
Other	-
Total	111,115

Non-Admitted Patients

	Acute	Sub-Acute	Mental Health	Other	Total
Emergency Department Presentations	81,744	-	-	-	81,744
Outpatient Services - Occasions of Service (VACS and Non-VACS)	252,094	40,837	144	-	293,075
Other Services - Occasions of Service	82,050	59,992	98,103	-	240,145
Total Occasions of Service	415,888	100,829	98,247	-	614,964
Victorian Ambulatory Classification System - Number of encounters	154,503	-	-	-	154,503

Community Health/Primary Care

Community Health – Direct Care (hours)	40,524
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Revenue Indicators

Collection

Category	Average Collection Days	
	2009/10	2008/09
Private	57	59
TAC	341	124
VWA	37	52
Other Compensable	213	209
Psychiatric	-	1
Nursing Home	33	38

Inpatient Debtors

Category	Under 31 Days	31-60 Days	61-90 Days	Over 90 Days	Total 30/6/10	Total 30/6/09
	\$000	\$000	\$000	\$000	\$000	\$000
Private	1,209	1,504	882	646	4,241	3,776
TAC	18	19	21	176	234	201
VWA	182	136	5	-	323	408
Other Compensable	120	102	113	325	660	529
Nursing Home	-	63	45	123	231	135

Cash management /liquidity

As at 30 June 2010

Creditor days	54
Debtor days	57
Net movement in cash balance (\$)	3.03m

Quality and Safety

Accreditation status (%)	Full
Cleaning standards (%)	Alfred 91.3; Caulfield 91.5; Sandringham 89.9
Submission of data to VICNISS ⁽¹⁾ (%)	100
VICNISS Infection Surveillance Indicators	No outlier
Participation in the Hand Hygiene Program (%)	66

(1) VICNISS is the Victorian Hospital Acquired Infection Surveillance System

Maternity	
Postnatal Home Care (%)	96

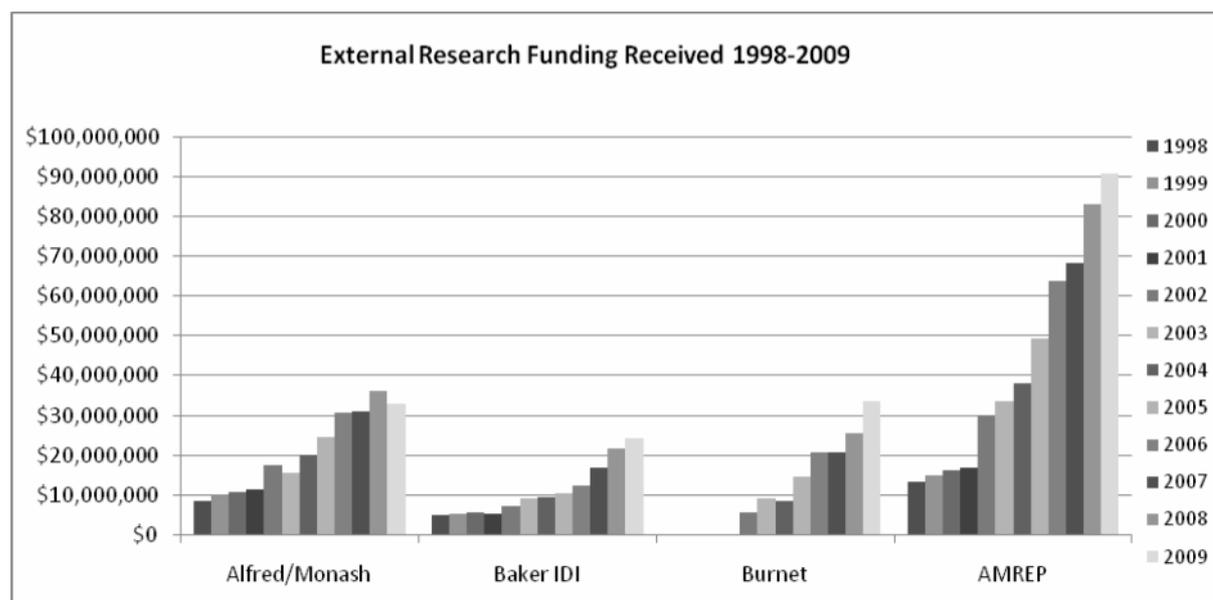
Mental Health

28 day readmission rate (%)	14
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Research Activity

Alfred Health is a partner in the Alfred Medical Research and Education Precinct (AMREP), one of Australia's leading clinical and biomedical research centres. The other AMREP partners are Baker IDI Heart and Diabetes Institute, Burnet Institute, Monash University, Deakin University and La Trobe University. AMREP is an international leader in research in cardiovascular disease, diabetes and obesity, and infectious diseases and public health but has many other areas of research strength, as described in the annual AMREP Research Report.

AMREP's external research funding continued to show impressive growth in 2009, increasing from \$83.2 million in 2008 to \$90.9 million. Of this, almost \$43.8 million came from the National Health and Medical Research Council and the US National Institutes of Health, the national and international benchmarks in peer-reviewed research funding. The number of masters degree completions was unchanged from the level in 2008, while the number of doctoral degree completions dropped from 99 to 43. The number of publications (journal articles, book chapters and books) rose from 1097 to 1172 in 2009. The average impact factor of journal articles published in 2009 was slightly lower than in 2008 but higher than in 2007.



6. Alfred Health Annual Meeting 2009

In accordance with Section 65ZG *Annual meetings* of the Health Services Act, Alfred Health held its Annual Meeting on Tuesday 24 November 2009 at Caulfield Hospital. Mr Rick Hayes, Senior Lecturer, Division of Health Studies at La Trobe University, addressed the meeting with a presentation on social impacts on men's health.

7. Gifts and Donations

Alfred Health is grateful for the generous support we have received from our donors, including individuals, trusts, foundations and organisations. Although we have only been able to list our largest supporters here, every donation makes a difference to Alfred Health's capacity to provide the very best patient care.

Alfred Health would particularly like to acknowledge the considerable contribution made each year by The Alfred Foundation.

The members of The Alfred Foundation Board are:

Sir Rod Eddington (Chairman)
Sir Donald Trescowthick AC (Joint Patron)
Mr Peter Barnett
Mr Anthony Charles
Mr Tony Charlton
Mr Ian Cootes
Mr Peter Fox
Ms Fiona Gillies (Director until 14 May 2010)
Mr Ian Johnson
Mr Michael Kiely
Mr Eddie McGuire AM
Ms Angela Mihelcic (Director from 17 May 2010)
Ms Amanda Mitchell (from 16 December 2009)
Mr Chris Nolan
Mr Tony Phillips
Mr George Richards
Mr Rob Sayer (from 29 October 2009)
Mr Paul Sheahan (from 26 August 2009)
Mrs Carolyn Stubbs
Dr Chantel Thornton
Mr Andrew Way (from 15 July 2009)
Mr Alan Williams

The Alfred Centre Stage 2

The Alfred Centre Stage 2 project has been the major fundraising priority for The Alfred Foundation in recent years and approximately \$4.8 million was raised to complete this stage, which opened in mid-May 2010. This section of The Alfred Centre provides specialist consulting suites and clinics for orthopaedics, burns, plastics, urology, neurosurgery, liver and hepatitis.

In the future provision will be made for clinics in gastroenterology and ophthalmology as well as additional outpatient services for departments already providing surgical services at Alfred Health. The Alfred Centre continues to provide outstanding diagnosis, treatment and care for thousands of inpatients and outpatients within the 'one stop shop' concept.

The Alfred's 2009 Fathers' Day Appeal

Celebrating its 10 year anniversary, The Alfred Fathers' Day Appeal in 2009 was a great success and was once again under the Chairmanship of Alfred Foundation Board member Mr George Richards. With Mitre 10 as the presenting sponsor for a

second year, the Appeal continued to raise awareness of men's health issues and raise funds for The Alfred.

The Appeal continued to receive strong support from each of our media partners - 3AW, *The Age*, the Austereo Network and the Nine Network Melbourne.

The 2009 Appeal saw the introduction of The Alfred 10, a group of ten former patients who received life-saving treatment at The Alfred with inspirational stories of survival. They kindly agreed to become ambassadors for the Appeal and helped spread The Alfred's important health message.

In 2009, Buy A Day For Dad was again sponsored by Holden. It was a great success with many money-can't-buy experiences donated by our supporters. The items were listed on eBay for the first time and raised substantial funds for The Alfred.

Other activities that contributed to the success of the 2009 Appeal were:

- A tin collection at the MCG on 3 July 2009 at the Collingwood v Essendon match in conjunction with the Rotary Club of Malvern and HMAS Cerberus;
- The men's health booklet, 'The Underbelly of Men's Health' was distributed through all Victorian Mitre 10 stores, local Bendigo Bank branches, the Royal Australian College of General Practitioners and other supporting sponsors;
- 3AW Outside Broadcast in The Alfred from Thursday 3 September to Sunday 6 September 2009;
- Special edition of the *Sunday Footy Show* on Channel Nine on Fathers' Day with live crosses to The Alfred featuring Dr Gerard O'Reilly;
- A post-it note campaign on the front page of *The Age* newspaper on Thursday, 3 September 2009, before Fathers' Day.

Women @ The Alfred

Women @ The Alfred is a group of over 50 women who are united by the desire to fight Prostate Cancer. Chaired by The Alfred Foundation Board Member Mrs Carolyn Stubbs, the group has raised almost \$2 million through a series of successful events for The Alfred.

2009 Chairman's Lunch

The 2009 Chairman's Lunch, the group's annual fundraising event, was hosted by Mr Eddie McGuire and held at The Palladium at Crown. The event raised over \$300,000 and went towards supporting the urology treatment and consultation facility in The Alfred Centre, Stage 2.

Australia Day Gala Dinner

Presented by the Atlantic Group (v) and the Schiavello Group, the annual gala Australia Day Dinner developed and hosted by Australia Day Ambassador Mr Tony Schiavello, was held on 23 January, 2010 at the Peninsula, Central Pier Docklands in Melbourne. The event raised \$76,000 in support of the Women @ The Alfred fight against prostate cancer. The gala evening was a great success featuring an unforgettable culinary experience provided by four young, up and coming Melbourne chefs, and fantastic entertainment.

Life Support

The Life Support Committee held the 2010 Grand Prix Cocktail Party at the prestigious Lorbek Luxury Cars showrooms in Port Melbourne. Alfred Foundation Board Member and Chair of the Life Support Committee, Dr Chantel Thornton, hosted the event which raised approximately \$50,000. The aim of the Life Support Committee is to unite young people in the support of trauma services at The Alfred.

The Alfred

Major donations for the benefit of The Alfred in 2009 -10 were received from:

AAMI
The Muriel May & Leslie Talbot Batten Foundation
James & Elsie Borrowman Trust
Mr Lindsay Fox AC
H & L Hecht Trust
Hudson Conway Pty Ltd
Mrs Pamela Myer Jacobson
Estate of Maisie Leeming
Mazda Foundation
Mitre 10
The Ian Potter Foundation
The Margaret Pratt Foundation
Seven Network Limited
Tattersall's George Adams Foundation
Estate of Helen and Mark Waddington
Peter & Lyndy White Foundation Pty Ltd

Caulfield Hospital

Major donations for the benefit of Caulfield Hospital in 2009 -10 were received from:

- Collier Charitable Fund
- Helmsmen Kiosk Auxiliary
- R&EC Kiosk Auxiliary
- Estate of William Galloway

Major donations for the benefit of Sandringham Hospital in 2009 -10 were received from:

- Black Rock Sports Auxiliary
- Bendigo Community Bank branches
- Sandringham Kiosk Auxiliary
- Perpetual Trustees (Percy Baxter Trust)
- Premium Red O'Mara Bike Riders
- The Rotary Club of Bentleigh Moorabbin
- Collier Charitable Trust
- Park Road Home Timber and Hardware Cheltenham
- The Lions Club of Moorabbin
- The Danks Trust

8. Public Affairs Highlights

Alfred Health

Medical records online

Alfred Health patient records went online following an upgrade of the Cerner Clinical Information System. Once the rollout is complete, staff across the three campuses will be using the same system. The new functionality is expected to deliver improvements in patient safety through greater access to patient information.

The Alfred

New schizophrenia treatment

Alfred Psychiatry researchers are leading the way with a new treatment for schizophrenia following promising results from a world-first clinical trial. The treatment is a synthetic estrogen, commonly used to treat osteoporosis, which reduces the symptoms of schizophrenia without the adverse side-effects of standard estrogen treatments.

Bionic eye

A team of surgeons, scientists, engineers and physiologists from The Alfred and Monash University have taken on the ambitious project of building a bionic eye designed to be implanted on the brain, in an effort to restore sight to those with total blindness.

Developing Vietnamese doctors

Three Alfred physicians are nurturing the development of emergency medicine in Vietnam with a new project. Professor Peter Cameron, together with Dr Gerard O'Reilly and Dr Gim Tan flew to Vietnam in April to deliver the inaugural *Hue Emergency Medicine Symposium*, attended by 200 Vietnamese doctors interested in developing emergency medicine as a specialty.

ICU on top

The Alfred's Intensive Care Unit (ICU) was ranked number one in the world in an international survey of nutritional practices for critically ill patients. The Alfred, along with two other hospitals, was judged higher than over 150 intensive care units worldwide in their delivery of optimal, evidence-based nutrition therapy.

AIDS conference invitation

Director of Infectious Diseases, Professor Sharon Lewin, was invited to present a plenary talk on the prospects of a cure for HIV at the prestigious International AIDS Conference in Vienna. The conference is the largest international meeting on HIV, with around 25,000 people attending. Around 10 per cent of the attendees are journalists, making the conference the most widely reported health event in the world.

Blood analysis shifts into auto

The Alfred's haematology laboratory became the most advanced in Australia after automating workflow, a move that sped up the turnaround of blood test results. The upgrade allows scientists to concentrate on processing urgent requests and blood film examination.

Major study to transform trauma care

The Alfred became the first trauma centre in the world to employ computer-aided, real time decision support as a standard element of patient care. Results from a revolutionary four-year study conducted at The Alfred showed that computer-aided

decision support can significantly reduce preventable errors during the critical first 30 minutes of treatment of severely injured patients.

New Remembrance Garden

A memorial garden to honour Alfred staff who have served in war and peacetime missions overseas was established in the hospital's centre courtyard. The eye-catching garden serves as a quiet sanctuary for staff, patients and their relatives.

Rapid HIV testing

A study into rapid testing for HIV was undertaken for the first time in Australia as part of a study conducted by The Alfred's Melbourne Sexual Health Centre. The study aimed to reduce unnecessary and costly prescriptions for anti-HIV medication as well as reduce the anxiety of an exposed person by identifying the source of potential HIV exposure and assessing their HIV status through the use of a rapid HIV test.

Burns education for staff

A specialist ICU Burns Resource Nurse role was created at The Alfred following the Black Saturday bushfires. Nurse Melinda Pacquola, who has expertise in burns and disaster management, took on the role and educates staff on how to treat burns effectively in the ICU.

The Alfred gives China a trauma boost

A western-style trauma centre will soon be a reality in China thanks to expert guidance, training and support from The Alfred. With the 2011 World University Games fast approaching, host-city Shenzhen has turned to The Alfred to assist with its critical care development. Widely regarded as one of the fastest growing cities in the world, Shenzhen is home to the Long Gang District People's Hospital, which is undergoing a US\$500m upgrade ahead of the games.

Swine flu study

Alfred respiratory and infectious diseases spearheaded a national study to monitor the impact of the H1N1_09 influenza virus. The six-month, \$430,000 multi-centre study was part-funded by the National Health and Medical Research Council (NHMRC) and is the first project in Australia to collect data on influenza-related admissions in real-time.

New way to PARTY

Victorian students are coming face-to-face with the devastating effects of traumatic injury as part of a novel education program launched at The Alfred. P.A.R.T.Y, an acronym for *Prevent Alcohol and Risk Related Trauma in Youth*, is an education program that aims to reduce risk-related death and disability in senior school students by providing the opportunity to witness the appalling impact of trauma first-hand.

Scans may deliver early detection of lung disease

Alfred respiratory physicians are among the first in the world to use magnetically charged gas to achieve high resolution scans of the human lung. The scan, one of two new lung imaging techniques being explored at The Alfred, enables the organ to be imaged at a stunning resolution to reveal detail not previously accessible - all without exposure to ionising radiation.

Vitamin D may assist HIV management

Investigating whether people living with HIV are at risk of further disease progression due to vitamin D deficiency was the focus of a novel study being conducted at The

Alfred. Emerging research suggests vitamin D deficiency is increasing in people living with Human Immunodeficiency Virus (HIV).

State-wide rollout for gambling program

An innovative Alfred program providing gamblers with specialist mental health services was expanded to become a state-wide service. The program addresses a significant and emerging need for mental health support to complement other resources available to problem gamblers in the community. The Department of Justice funded the program's state-wide expansion following a successful 12-month pilot at The Alfred to help screen and assist problem gamblers with related suicidal tendencies.

Caulfield Hospital

Scholarship success

Five Caulfield Hospital staff were awarded Department of Health scholarships for Improving Care for Older People and People with Complex Needs. The scholarships provided approximately \$45,000 in funding to undertake various projects, research and study tours.

Increased support for spinal cord injury patients

Spinal cord injury patients will benefit from a new \$3.2 million pilot program aimed at improving health, independence, quality of life and reintegration into the community. As part of the initiative, a project manager will work with Caulfield Hospital's Rehabilitation Unit to implement a new approach to spinal cord injury care.

Stepping up to the challenge

In late 2009, Caulfield Hospital launched a mobility track, complete with a mock tram, to assist rehabilitation clients get back on their feet. The mobility track allows clients to practise walking on different surfaces including cobblestones, gravel, pavers and tram tracks, under the watchful eye of a therapist. It has two separate circuits, one easy and the other with more challenging obstacles such as cobblestones, steps, sand, bark and a gate to open and close.

Advance Care Planning and dementia

Optimal timing and completion of Advance Care Planning (ACP) documentation is the goal of a new research project at Caulfield Hospital. Caulfield Hospital's Cognitive Dementia and Memory Service and ACP Service will jointly investigate whether offering ACP to people recently diagnosed with dementia or mild cognitive impairment will lead to completion of ACP documentation.

Awakening the senses

An innovative Caulfield Hospital study investigated the benefits of a sensory garden for patients with cognitive disorders such as dementia and delirium. With little prior research conducted in this area, it is hoped this study could provide valuable information to assist these patients. The aim is to assess and evaluate the utilisation and effects of the garden and, at the same time, strengthen data to develop an effective model of care for patients with a delirium and dementia.

Research ramps up

The new role of Research Coordinator at Caulfield Hospital has been established and is a key milestone in the implementation of the 2007-2011 Caulfield Hospital Research Strategy. The role includes fostering new opportunities for research and harnessing mentoring opportunities across Alfred Health.

Unique program spurs clients

A unique return to work/study program at Caulfield Hospital is proving highly beneficial for patients diagnosed with high-level cognitive and linguistic deficits who aim to return to work or study. A dedicated patient work and study office, supported by an inter-disciplinary allied health team, enables staff to work with clients to set individual goals, identify challenges and develop coping strategies. The niche service has stimulated a great deal of interest, with an increase in referrals and inquiries from services across the state. .

Follow-up care for cardiac patients

A research study to investigate the implementation of a long-term maintenance program for cardiac patients commenced at Caulfield Hospital. More than 90 patients have already been enrolled in the Phase III Cardiac Rehabilitation pilot project after staff identified a gap in follow-up care for people who have experienced heart attacks, cardiac surgery or heart failure.

First Nurse Practitioner in Aged Psychiatry

During 2010, Caulfield Hospital became the first healthcare facility in Victoria and one of only a handful in Australia to employ a Nurse Practitioner in Aged Psychiatry. A nurse practitioner is a registered nurse educated and authorised to function autonomously and collaboratively in an advanced and extended clinical role.

Exciting research into treating dementia 2

Caulfield Hospital is one of a number of sites worldwide involved in promising new clinical research looking at the treatment of Alzheimer's Disease. The trial is one of the first to focus on the possible causes of Alzheimer's Disease as well as managing the symptoms.

Sandringham Hospital

First class burns care

Emergency Clinical Nurse Educator Margaret Villella was recognised with a national award for her work in developing a more streamlined approach to burns treatment. Margaret won the prestigious National Health and Medical Research Council and National Institute of Clinical Studies *Evidence into Action* award for helping to standardise the treatment of burns patients through the development of a Burns Box.

Stimulating experience

A program designed to minimise functional decline in older patients was introduced to the general medical ward at Sandringham Hospital. The *Functional Conditioning Program* is funded through the Health Department's Council of Australian Governments Long Stay Older Patients initiative.

GPs to ease emergency load

Sandringham Hospital has participated in the trial of an after-hours GP clinic as part of a joint project with Bentleigh Bayside Community Health and the Bayside GP Network. The three-month project aimed to ease the increasing number of emergency department presentations and fill the need for after-hours GP clinics in the Bayside suburbs.

Alfred Health

The Alfred Health Web site features information about Alfred Health as a whole and each campus, including the Board of Directors, clinical and support services, employment opportunities, policies, community participation, annual reports and other publications and recent news items. The site can be found at www.alfredhealth.org.au

Annual Report 2009/2010

Attestation on Compliance with Australian/New Zealand Risk Management Standard

I, Andrew Way certify that Alfred 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 Alfred Health has been critically reviewed within the last 12 months.



Andrew Way
Accountable Officer
Melbourne
31 August 2010

Attestation on Data Accuracy

I, Andrew Way certify that Alfred Health has put in place appropriate internal controls and processes to ensure that the Department of Health is provided with data that reflects actual performance. Alfred Health has critically reviewed these controls and processes during the year.



Andrew Way
Accountable Officer
Melbourne
31 August 2010

Disclosure Index

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

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FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2010

Note: Mr Andrew Stripp was Acting Chief Executive Officer 31 July 2010 to 20 August 2010 inclusive

Established as Bayside Health, the name of the health service was changed to Alfred Health from 10 September 2008, by order of the Governor in Council.

Board member's, accountable officer's and chief finance & accounting officer's declaration

We certify that the attached financial report for Alfred Health has been prepared in accordance with Standing Direction 4.2 of the Financial Management Act 1994, applicable Financial Reporting Directions, Australian Accounting Standards, 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 financial position of Alfred Health at 30 June 2010.

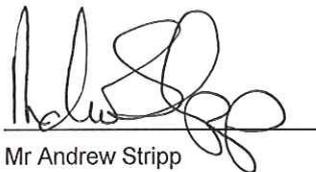
We are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

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



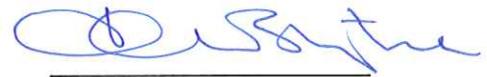
Mr Stephen Grant
Board Chair

Melbourne
11 August 2010



Mr Andrew Stripp
Accountable Officer

Melbourne
11 August 2010



Mrs Deirdre Blythe
Chief Finance & Accounting Officer

Melbourne
11 August 2010

Comprehensive Operating Statement for the Year Ended 30 June 2010

	Note	Parent Entity 2010 \$'000	Parent Entity 2009 \$'000	Consol'd 2010 \$'000	Consol'd 2009 \$'000
Revenue from Operating Activities	2	754,597	694,274	754,597	707,659
Revenue from Non-operating Activities	2	2,966	5,933	4,263	5,933
Employee Benefits	3	(497,623)	(462,960)	(497,623)	(462,960)
Non-Salary Labour Costs	3	(13,691)	(13,316)	(13,707)	(13,316)
Supplies and Consumables	3	(157,572)	(149,662)	(157,572)	(149,662)
Other Expenses from Continuing Operations	3	(93,763)	(85,250)	(93,811)	(85,250)
Net Result From Continuing Operations Before Capital & Specific Items		(5,086)	(10,981)	(3,853)	2,404
Capital Purpose Income	2	34,408	26,079	34,408	26,079
Depreciation and Amortisation	4	(59,431)	(23,446)	(59,431)	(23,446)
Finance Costs	5	(1,842)	(1,923)	(1,842)	(1,923)
Specific Expense	3c	-	(2,215)	-	(2,215)
Net Result For the Year		(31,951)	(12,486)	(30,718)	899
Other Comprehensive Income					
Net fair value gains /(losses) on available for sale Financial Investments		2,189	(5,994)	2,877	(5,570)
Net fair value revaluations on Non Financial Assets		-	127,023	-	127,023
Share of other comprehensive Income of Associate and Joint ventures		-	-	-	-
Foreign currency translation		-	-	-	-
COMPREHENSIVE RESULT FOR THE YEAR		(29,762)	108,543	(27,841)	122,352

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

Balance Sheet as at 30 June 2010

	Note	Parent Entity 2010 \$'000	Parent Entity 2009 \$'000	Consol'd 2010 \$'000	Consol'd 2009 \$'000
ASSETS					
Current Assets					
Cash and Cash Equivalents	6	29,222	29,670	30,449	30,338
Receivables	7	17,157	19,947	17,563	20,088
Inventories	9	6,458	7,015	6,458	7,015
Other Current Assets	10	1,795	637	1,795	637
Total Current Assets		54,632	57,269	56,265	58,078
Non-Current Assets					
Receivables	7	9,583	6,110	9,583	6,110
Other Financial Assets	8	35,165	33,077	49,262	46,077
Property, Plant & Equipment	11	727,449	726,895	727,449	726,895
Intangible Assets	12	2,237	1,940	2,237	1,940
Total Non-Current Assets		774,434	768,022	788,531	781,022
TOTAL ASSETS		829,066	825,291	844,796	839,100
LIABILITIES					
Current Liabilities					
Payables	13	64,353	47,036	64,353	47,036
Interest Bearing Liabilities	14	964	905	964	905
Employee Benefits and Related On Costs Provisions	15	113,220	108,752	113,220	108,752
Other Liabilities	16	1,321	5,587	1,321	5,587
Total Current Liabilities		179,858	162,280	179,858	162,280
Non-Current Liabilities					
Interest Bearing Liabilities	14	24,570	25,533	24,570	25,533
Employee Benefits and Related On Costs Provisions	15	19,156	17,759	19,156	17,759
Other Liabilities	16	50,092	34,567	50,092	34,567
Total Non-Current Liabilities		93,818	77,859	93,818	77,859
TOTAL LIABILITIES		273,676	240,139	273,676	240,139
NET ASSETS		555,390	585,152	571,120	598,961
EQUITY					
Property Plant & Equipment Revaluation Surplus	17	205,240	205,240	205,240	205,240
Financial Asset Available for Sale Revaluation Surplus	17	12,754	10,565	13,866	10,989
General Purpose Reserves	17	61,839	50,269	61,839	50,269
Restricted Specific Purpose Reserves	17	40,477	36,742	40,477	36,742
Contributed Capital	17	324,134	324,134	324,134	324,134
Accumulated Deficits	17	(89,054)	(41,798)	(74,436)	(28,413)
TOTAL EQUITY		555,390	585,152	571,120	598,961

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

Statement of Changes in Equity for the Year Ended 30 June 2010

	NOTE	Parent Entity 2010 \$'000	Parent Entity 2009 \$'000	Consol'd 2010 \$'000	Consol'd 2009 \$'000
Total equity at the beginning of the financial year		585,152	468,952	598,961	468,952
Gain / (loss) on Asset Revaluation	17a	-	127,023	-	127,023
Available-for-Sale Investments Reserve:					
Gain / (Loss) taken to equity	17a	2,189	(5,994)	2,877	(5,570)
Net Income Recognised Directly in Equity		2,189	121,029	2,877	121,453
Net Result for the Year		(31,951)	(12,486)	(30,718)	899
TOTAL RECOGNISED INCOME FOR THE YEAR		(29,762)	108,543	(27,841)	122,352
Transactions with the State in its capacity as owner	17b	-	7,657	-	7,657
Total Equity at the end of the financial year		555,390	585,152	571,120	598,961

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

Cash Flow Statement for the Year Ended 30 June 2010

	NOTE	Parent Entity 2010 \$'000	Parent Entity 2009 \$'000	Consol'd 2010 \$'000	Consol'd 2009 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Grants from Government		634,318	580,406	634,318	580,406
Patient and Resident Fees Received		24,383	26,247	24,383	26,247
Recoupment from Private Practice use of Hospital's facilities		30,078	24,436	30,078	24,436
Donations and Bequests Received		9,846	12,792	9,846	12,980
GST received from / (paid to) ATO		24,505	22,477	24,505	22,477
Other Receipts		33,260	34,603	34,557	34,543
Employee Benefits		(491,756)	(445,584)	(491,756)	(445,584)
Non Salary Labour Costs		(13,691)	(13,316)	(13,707)	(13,316)
Supplies, Consumables and Other Payments		(218,540)	(205,807)	(218,852)	(205,807)
Finance Costs		(1,842)	(1,923)	(1,842)	(1,923)
Cash Generated from Operations		30,561	34,331	31,530	34,459
Capital Grants from Government		33,808	24,104	33,808	24,104
Capital Grants from Non-Government		-	-	-	-
Capital Donations and Bequests Received		-	160	-	160
NET CASH INFLOW FROM OPERATING ACTIVITIES	18	64,369	58,595	65,338	58,723
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash acquired on purchase of Controlled Entity		-	-	-	654
Purchase of Property, Plant and Equipment		(61,113)	(73,781)	(61,113)	(73,781)
Proceeds from Sale of Property, Plant and Equipment		20	313	20	313
Purchase of Investments		-	(273)	(410)	(387)
Proceeds from Investments		102	-	102	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(60,991)	(73,741)	(61,401)	(73,201)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from Borrowings		-	-	-	-
Repayment of Borrowings		(905)	(849)	(905)	(849)
Contributed Capital from Government	17	-	7,242	-	7,242
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		(905)	6,393	(905)	6,393
NET INCREASE/(DECREASE) IN CASH HELD		2,473	(8,753)	3,032	(8,085)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		19,447	28,200	20,115	28,200
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6	21,920	19,447	23,147	20,115

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

Notes to and Forming Part of the Financial Statements for the Year ended 30 June 2010

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Notes to and Forming Part of the Financial Statements for the Year ended 30 June 2010

Note 1: Statement of Significant Accounting Policies

(a) Statement of compliance

The Financial Report is a general purpose financial report which has been prepared on an accrual basis in accordance with the Financial Management Act 1994, applicable Australian Accounting Standards (AAS), and Australian Accounting Interpretations and other mandatory requirements. AASs include Australian equivalents to International Financial Reporting Standards.

The entity is a not-for profit entity and therefore applies the additional AUS paragraphs applicable to “not-for-profit” entities under the AAS’s.

(b) Basis of accounting preparation and measurement

The financial report is prepared in accordance with the historical cost convention, except for the revaluation of certain non-current assets and financial instruments, as noted. 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 judgments, estimates and assumptions about carrying values of assets and liabilities 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 circumstance, the results of which form the basis of making the judgments. 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.

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

The accounting policies set out below have been applied in preparing the financial report for the year ended 30 June 2010, and the comparative information presented in these financial statements for the year ended 30 June 2009. Certain comparative amounts have been reclassified to conform with the current year’s presentation.

(c) Going Concern

The financial statements have been prepared on the going concern basis which contemplates the continuity of normal trading operations and the realisation of assets and settlement of liabilities in the ordinary course of business. The Department of Health has confirmed in writing its intention to continue to provide financial support to Alfred Health up until September 2011.

(d) Reporting Entity

Alfred Health is a not-for profit entity and therefore applies the additional AUS paragraphs applicable to “not-for-profit” entities under the AIFRS. The Financial report includes all the controlled activities of Alfred Health.

(e) Rounding Off

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

(f) Principles of Consolidation

The assets, liabilities, income and expenses of all controlled entities of Alfred Health have been included at the values shown in the financial reports. Control exists when Alfred Health has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities and when Alfred Health has the power to appoint or remove the majority of the members of the board of directors or equivalent governing body and control of the entity is by that board or body.

Any inter-entity transactions have been eliminated on consolidation. The consolidated financial statements include the financial statements of the controlled entities listed in Note 25.

(g) Cash and Cash Equivalents

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

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts (where available and utilised).

(h) 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 raised where doubt as to collection exists. Bad debts are written off when identified.

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

(i) Inventories

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

Inventories held for distribution are measured at cost, adjusted for any loss of service potential. 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.

(j) Other Financial Assets

Other financial assets include available-for-sale financial assets. These are classified between current and non-current assets based on Alfred Health's intention at balance date with respect to the timing of disposal of each asset. These assets currently include Alfred Health's trustee investments, the income of which Alfred Health is wholly entitled to and, on a consolidated basis, the Whole Time Medical Specialists' Private Practice Scheme and Trust Fund.

Alfred Health classifies these investments as available-for-sale investments, valued at fair value based on observable market prices at 30 June 2010.

Alfred Health values these investments at fair value less any impairment losses. 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 to the extent appropriate, the cumulative gain or loss previously recognised in equity is included in the comprehensive operating statement for the period.

(k) Intangible Assets

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

Intangible assets are recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to Alfred Health.

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

An assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount.

Intangible assets with indefinite useful lives are not amortised. Alfred Health does not have any intangible assets with indefinite useful lives.

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 3 years (2009: 3 years).

(l) Property, Plant and Equipment

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

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

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

(m) Revaluations of Non-Current Assets

Non-current physical assets measured at fair value are revalued in accordance with FRD 103D. This revaluation process normally occurs every three years, based upon the asset's Government purpose classification, but may occur more frequently if fair value assessments indicate material changes in values. 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 reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in net result, the increment is recognised as income in the net result.

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

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

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

In accordance with FRD 103D Alfred Health's non-current physical assets were subjected to a detailed valuation in the prior financial year.

(n) Depreciation

Assets with a cost in excess of \$1,000 (2008-09 and 2009-10) are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost, or valuation, over their estimated useful lives using the straight-line method. 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.

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

Particulars	2009/10	2008/09
Buildings	25 – 40 years	25 – 40 years
Plant & Equipment	10 – 20 years	10 – 20 years
Medical Equipment	8 – 10 years	8 – 10 years
Computers	3 years	3 years
Furniture & Fittings	10 – 15 years	10 – 15 years
Motor Vehicles	8 years	8 years
Intangible Assets	3 years	3 years
Leasehold Improvements	40 years	40 years

(o) Net Gain / (Loss) on Non-Financial Assets

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

(p) 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.

(q) Impairment of Assets

Intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment (i.e. as to whether their carrying value exceeds their recoverable amount, and hence requires to be written-down) and whenever there is an indication that the asset may be impaired. All other assets are assessed annually for indications of impairment.

If an indication of impairment exists, the assets concerned are tested as to whether their carrying value exceeds their 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 reserve amount applicable to that 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.

(r) Impairment of Financial Assets

Bad and doubtful debts are assessed on a regular basis. Those bad debts considered as written off are classified as an expense.

Financial Assets are assessed for impairment in accordance with Australian Accounting Standards. Where a financial asset's fair value at balance date has reduced by 20 per cent or more than its cost price or where its fair value was less than its cost price for a period of 12 or more months, the financial instrument is treated as impaired.

Where Alfred Health has its own portfolio of financial assets it will, in order to determine an appropriate fair value as at 30 June 2010, obtain a valuation based on the best available advice using a mark-to-market methodology through a reputable financial institution.

(s) 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 Alfred Health prior to the end of the financial year that are unpaid, and arise when Alfred Health becomes obliged to make future payments in respect of the purchase of these goods and services.

The normal credit terms are usually Net 30 days.

(t) Provisions

Provisions are recognised when Alfred Health 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.

(u) Resources Provided and Received Free of Charge or for Nominal Consideration

Resources provided 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 entity or agency as a consequence of a restructuring of administrative arrangements. In the latter case, such transfer will be recognised at carrying value. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

(v) Interest Bearing Liabilities

Interest bearing liabilities in the Balance Sheet are recognised at fair value upon initial recognition. Subsequent to initial recognition, all financial liabilities are recognised at amortised cost. Any difference between the proceeds and the redemption amount is recognised in the Comprehensive Operating Statement over the period of the borrowing using the effective interest method.

(w) Functional and Presentation Currency

The presentation and functional currency of Alfred Health is the Australian dollar.

(x) Goods and Services Tax

Revenues, expenses and assets are recognised net of GST, unless the amount of GST incurred is not recoverable, in which case GST is recognised as part of the cost of acquisition of an asset or part of an item of expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. GST receivable from and payable to the Australian Taxation Office (ATO) is included in the Balance Sheet.

The GST component of a receipt or payment is recognised on a gross basis in the Cash Flow Statement. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are presented as operating cash flows.

Commitments and contingent liabilities are presented on a gross basis.

(y) Employee Benefits

Wages and Salaries, Annual Leave, Sick Leave and Accrued Days Off

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

Those liabilities that Alfred Health does not expect to settle 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

Current Liability – unconditional LSL (representing 10 or more years of continuous service) is disclosed as a current liability regardless of whether Alfred Health does not expect to settle the liability within 12 months as it does not have the unconditional right to defer the settlement of the entitlement should an employee take leave.

The components of this current LSL liability are measured at:

Present value – the component that Alfred Health does not expect to settle within 12 months; and

Nominal value – the component that Alfred Health 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 10 years of service has been completed by an employee. 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 national 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 Alfred Health to the superannuation plans in respect to the current services of current Alfred Health staff. Superannuation contributions are made to the plans based on the relevant rules of each plan.

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

Alfred Health made contributions to the following major superannuation plans during the year:

	Fund	Contributions Paid or Payable for the year	
		2010	2009
		\$'000	\$'000
Defined benefit plans :	Health Super	1,467	1,547
	ESSC	233	331
Defined contribution plans:	Health Super	26,049	25,305
	Vic Super	162	156
	HESTA	9,434	8,236
	Other	1,700	1,270
	Total	39,045	36,845

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

Termination 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 termination 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 benefits on-costs (payroll tax, workers compensation, superannuation, annual leave and LSL accrued while on LSL taken in service) are recognised separately from provisions for employee benefits.

(z) Finance Costs

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

- interest on bank overdrafts and short-term and long-term borrowings;
- amortisation of discounts or premiums relating to borrowings; and
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings.

(aa) Residential Aged Care Service

The Caulfield Residential Aged Care Service operations are an integral part of Alfred Health and share some of its resources. Where separately identified, property, plant and equipment has been allocated to these operations. Where not separately identified, assets and liabilities have been apportioned on the basis of revenue generated, expenses incurred and staff employed. The results of the two operations have been segregated based on actual revenue earned and expenditure incurred by each operation.

The Caulfield Residential Aged Care Service is substantially funded from Commonwealth bed-day subsidies.

(ab) Intersegmental Transactions

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

(ac) Leases

Finance Leases

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.

Assets held under a finance lease are recognised as non-current assets at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. Minimum lease payments are allocated between the principal component of the lease liability, and the interest expense calculated using the interest rate implicit in the lease, and charged directly to the comprehensive operating statement.

A corresponding liability is established and each lease payment is allocated between the principal component and the interest expense.

Finance leased assets are amortised on a straight line basis over the shorter of the estimated useful life of the asset or the term of the lease.

Operating Leases

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

Lease Incentives

All incentives for the agreement of a new or renewed operating lease shall be recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold Improvements

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

(ad) Revenue Recognition

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

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

Government Grants

Grants are recognised as revenue when Alfred Health gains control of the underlying assets in accordance with AASB 1004 *Contributions*. Where grants are reciprocal, revenue is recognised as performance occurs under the grant. Non-reciprocal grants are recognised as revenue when the grant is received or receivable. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

Indirect Contributions

- Insurance is recognised as revenue following advice from the Department of Health.
- Long Service Leave (LSL) - revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Metropolitan Health and Aged Care 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

Based on the arrangements between the parties, revenue is recognised when Alfred Health gains control to the right to receive its share of private practice fees.

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 specific restricted purpose reserve.

Interest Revenue

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

(ae) Fund Accounting

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

(af) 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. They are also funded from other sources such as the Commonwealth, patients and residents. Services Supported by Hospital and Community Initiatives (Non-HSA) are funded by Alfred Health's own activities or local initiatives and/or the Commonwealth.

(ag) Asset Revaluation Reserve

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

(ah) Available-for-Sale Revaluation Reserve

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

(ai) General Purpose Reserves

General purpose reserves represent specific purpose funds over which Alfred Health has management control as well as discretion on the ultimate disposition of these funds.

(aj) Restricted Specific Purpose Reserve

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

(ak) 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, which have been designated as contributed capital, are also treated as contributed capital.

(al) Net result Before Capital & Specific Items

The sub-total "Net result Before Capital & Specific Items" is included in the Comprehensive Operating Statement to enhance the understanding of the financial performance of Alfred Health. This subtotal reports the result excluding items such as capital grants, assets received or provided free of charge, depreciation, and items of unusual nature and amount such as specific revenues and expenses. The exclusion of these items is made to enhance matching of income and expenses so as to facilitate the comparability and consistency of results between years and Victorian Public Health Services. The Net result Before Capital & Specific Items is used by the management of Alfred Health, the Department of Health and the Victorian Government to measure the ongoing result of Alfred Health 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. 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:
 - a. voluntary departure packages
 - b. write-down of inventories
 - c. non-current asset revaluation increments/decrements
 - d. diminution in investments
 - e. restructuring of operations (disaggregation/aggregation of health services)
 - f. litigation settlements
 - g. non-current assets lost or found
 - h. forgiveness of loans
 - i. reversals of provisions
 - j. voluntary changes in accounting policies (which are not required by an accounting standard or other authoritative pronouncement of the Australian Accounting Standards Board).
- Depreciation and amortisation
- Impairment of non-current assets, includes all impairment losses (and reversal of previous impairment losses), related to non-current assets which have been recognised
- Assets provided or received free of charge
- Expenditure which either falls below the asset capitalisation threshold or does not meet asset recognition criteria and, therefore, does not result in the recognition of an asset in the balance sheet.

(am) Category Groups

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

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

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

Outpatient Services (Outpatients) comprises all recurrent health revenue/expenditure on public hospital type outpatient services, where services are delivered in public hospital outpatient clinics, or free standing day hospital facilities, or 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 hospitals i.e. in rural/remote areas.

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

(an) 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 financial years ending 30 June 2010. Alfred Health has not and does not intend to adopt these standards early.

Standard / Interpretation	Summary	Applicable for reporting periods beginning on or ending on	Impact on Entities Annual 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 Jan 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 Jan 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 early adopt.
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 Jan 2011	AASB 8 does not apply to Health Services therefore no impact 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 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 Jan 2011	Expected to have no significant impact.

(an) New Accounting Standards and Interpretations (continued)

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 <i>financial instruments: recognition and measurement</i>)	Beginning 1 Jan 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 Jan 2013	Detail of impact is still being assessed.

Note 2 – Revenue (Parent Entity)	Note	Health Service Agreement	Health Service Agreement	Non-Health Service Agreement	Non-Health Service Agreement	Total	Total
		2010	2009	2010	2009	2010	2009
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from Operating Activities:							
Government Grants -							
- Department of Health		609,664	559,179	-	-	609,664	559,179
- State Government		-	-	-	-	-	-
- Commonwealth Government		-	-	-	-	-	-
- Residential Aged Care Subsidy		4,646	4,524	-	-	4,646	4,524
- Other		20,008	16,520	-	-	20,008	16,520
Total Government Grants		634,318	580,223	-	-	634,318	580,223
Indirect contributions by Department of Health:							
- Insurance		7,915	7,151	-	-	7,915	7,151
- Long Service Leave		1,972	4,309	-	-	1,972	4,309
Total Indirect Contributions by Department of Health		9,887	11,460	-	-	9,887	11,460
Patient and Resident Fees:							
- Patient and Resident Fees		22,562	23,394	712	1,117	23,274	24,511
- Residential Aged Care		2,486	2,358	-	-	2,486	2,358
Total Patient and Resident Fees	2b	25,048	25,752	712	1,117	25,760	26,869
Business Units & Specific Purpose Funds -							
- Diagnostic Imaging		634	732	1,482	1,133	2,116	1,865
- Pharmacy Services		1,340	1,353	518	440	1,858	1,793
- Car Park		-	-	7,012	6,494	7,012	6,494
- Research		-	-	9,594	8,875	9,594	8,875
Total Business Units & Specific Purpose Funds		1,974	2,085	18,606	16,942	20,580	19,027
Donations & Bequests		-	-	9,846	12,792	9,846	12,792
Recoupment from Private Practice for Use of Hospital Facilities		21,616	18,663	7,750	4,656	29,366	23,319
Other		16,094	11,469	8,746	9,115	24,840	20,584
Sub-Total Revenue from Operating Activities		708,937	649,652	45,660	44,622	754,597	694,274
Revenue from Non-Operating Activities:							
- Interest & Dividend		-	-	2,785	5,691	2,785	5,691
- Other Revenue from Operating Activities (Rental / Property Income)		-	-	181	242	181	242
Sub-Total Revenue from Non-Operating Activities		-	-	2,966	5,933	2,966	5,933
Revenue from Capital Purpose Income							
State Government Capital Grants:							
- Targeted Capital Works & Equipment		-	-	5,141	3,152	5,141	3,152
- Other		-	-	28,667	20,952	28,667	20,952
Commonwealth Government Capital Grants		-	-	1,090	1,548	1,090	1,548
Residential and Accommodation Payments	2b	-	-	321	274	321	274
Net Gain/ (Loss) on Disposal of Non-Current Assets	2c	-	-	(811)	(7)	(811)	(7)
Donations and Bequests		-	-	-	160	-	160
Sub-Total Revenue from Capital Activities		-	-	34,408	26,079	34,408	26,079
TOTAL REVENUE FROM CONTINUING OPERATIONS		708,937	649,652	83,034	76,634	791,971	726,286

Note 2 – Revenue (Consolidated)	Note	Health Service Agreement	Health Service Agreement	Non-Health Service Agreement	Non-Health Service Agreement	Total	Total
		2010	2009	2010	2009	2010	2009
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from Operating Activities:							
Government Grants -							
- Department of Health		609,664	559,179	-	-	609,664	559,179
- State Government		-	-	-	-	-	-
- Equipment & Infrastructure Maintenance		-	-	-	-	-	-
- Commonwealth Government		-	-	-	-	-	-
- Residential Aged Care Subsidy		4,646	4,524	-	-	4,646	4,524
- Other		20,008	16,520	-	-	20,008	16,520
Total Government Grants		634,318	580,223	-	-	634,318	580,223
Indirect contributions by Department of Health:							
- Insurance		7,915	7,151	-	-	7,915	7,151
- Long Service Leave		1,972	4,309	-	-	1,972	4,309
Total Indirect Contributions by Department of Health		9,887	11,460	-	-	9,887	11,460
Patient and Resident Fees:							
- Patient and Resident Fees		22,562	23,394	712	1,117	23,274	24,511
- Residential Aged Care		2,486	2,358	-	-	2,486	2,358
Total Patient and Resident Fees	2b	25,048	25,752	712	1,117	25,760	26,869
Business Units & Specific Purpose Funds -							
- Diagnostic Imaging		634	732	1,482	1,133	2,116	1,865
- Pharmacy Services		1,340	1,353	518	440	1,858	1,793
- Car Park		-	-	7,012	6,494	7,012	6,494
- Research		-	-	9,594	8,875	9,594	8,875
Total Business Units & Specific Purpose Funds		1,974	2,085	18,606	16,942	20,580	19,027
Donations & Bequests		-	-	9,846	26,177	9,846	26,177
Recoupment from Private Practice for Use of Hospital Facilities		21,616	18,663	7,750	4,656	29,366	23,319
Other		16,094	11,469	8,746	9,115	24,840	20,584
Sub-Total Revenue from Operating Activities		708,937	649,652	45,660	58,007	754,597	707,659
Revenue from Non-Operating Activities:							
- Interest & Dividend		-	-	4,082	5,691	4,082	5,691
- Other Revenue from Operating Activities (Rental / Property Income)		-	-	181	242	181	242
Sub-Total Revenue from Non-Operating Activities		-	-	4,263	5,933	4,263	5,933
Revenue from Capital Purpose Income							
State Government Capital Grants:							
- Targeted Capital Works & Equipment		-	-	5,141	3,152	5,141	3,152
- Other		-	-	28,667	20,952	28,667	20,952
Commonwealth Government Capital Grants		-	-	1,090	1,548	1,090	1,548
Residential and Accommodation Payments	2b	-	-	321	274	321	274
Net Gain/ (Loss) on Disposal of Non-Current Assets	2c	-	-	(811)	(7)	(811)	(7)
Donations and Bequests		-	-	-	160	-	160
Sub-Total Revenue from Capital Activities		-	-	34,408	26,079	34,408	26,079
TOTAL REVENUE FROM CONTINUING OPERATIONS		708,937	649,652	84,331	90,019	793,268	739,671

**Note 2a – Analysis of Revenue by Source – 2010
(Based on consolidated view)**

	Admitted Patients	Out- patients	EDS	Ambu- latory	Mental Health	RAC Mental Health	Aged Care	Primary Health	Other	Total 2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from Services Supported by Health Service Agreement										
Government Grants	417,621	50,347	22,684	65,453	41,653	9,118	1,881	9,372	16,189	634,318
Indirect contributions by Department of Health	9,887	-	-	-	-	-	-	-	-	9,887
Patient and Resident Fees (Note 2b)	15,948	45	-	5,959	89	21	-	246	254	22,562
Residential Aged Care (Note 2b)	-	-	-	684	-	1,802	-	-	-	2,486
Recoupment from Private Practice for Hospital Facilities	5,645	-	18	-	25	-	-	-	15,928	21,616
Business Units & Specific Purpose Funds	-	-	-	-	(28)	-	-	-	2,002	1,974
Other Revenue from Operating Activities	3,768	18	315	382	902	1	38	21	10,649	16,094
Sub-Total Revenue from Services Supported by Health Service Agreement	452,869	50,410	23,017	72,478	42,641	10,942	1,919	9,639	45,022	708,937
Revenue from Services Supported by Hospital and Community Initiatives										
Donation and Bequests (non capital)	-	-	-	-	-	-	-	-	9,846	9,846
Private Practice and Other Patient Activities	-	-	-	-	-	-	-	-	712	712
Recoupment from Private Practice for Hospital Facilities	-	-	-	-	-	-	-	-	7,750	7,750
Interest Income	-	-	-	-	-	-	-	-	4,082	4,082
Business Units & Specific Purpose Funds	-	-	-	-	-	-	-	-	18,606	18,606
Capital Purpose Income	-	-	-	-	-	321	-	-	34,087	34,408
Other Revenue from Non-Operating Activities (Rental / Property Income)	-	-	-	-	-	-	-	-	181	181
Other	-	-	-	-	-	-	-	-	8,746	8,746
Sub-Total Revenue from Services Supported by Hospital and Community Initiatives	-	-	-	-	-	321	-	-	84,010	84,331
TOTAL REVENUE	452,869	50,410	23,017	72,478	42,641	11,263	1,919	9,639	129,032	793,268

**Note 2a – Analysis of Revenue by Source (Continued) – 2009
(Based on consolidated view)**

	Admitted Patients	Out- patients	EDS	Ambu- latory	Mental Health	RAC Mental Health	Aged Care	Primary Health	Other	Total 2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from Services Supported by Health Service Agreement										
Government Grants	380,869	48,421	21,050	59,373	38,061	8,840	1,877	8,827	12,905	580,223
Indirect contributions by Department of Health	11,460	-	-	-	-	-	-	-	-	11,460
Patient and Resident Fees (Note 2b)	14,781	39	-	8,195	493	1,773	-	225	246	25,752
Recoupment from Private Practice for Use of Hospital Facilities	6,067	-	22	-	11	-	-	-	12,563	18,663
Business Units & Specific Purpose Funds	-	-	-	-	(175)	-	-	-	2,260	2,085
Other Revenue from Operating Activities	1,231	15	(126)	310	621	-	5	11	9,402	11,469
Sub-Total Revenue from Services Supported by Health Service Agreement	414,408	48,475	20,946	67,878	39,011	10,613	1,882	9,063	37,376	649,652
Revenue from Services Supported by Hospital and Community Initiatives										
Donation and Bequests (non capital)	-	-	-	-	-	-	-	-	26,177	26,177
Private Practice and Other Patient Activities	-	-	-	-	-	-	-	-	1,117	1,117
Recoupment from Private Practice for Use of Hospital Facilities	-	-	-	-	-	-	-	-	4,656	4,656
Interest Income	-	-	-	-	-	-	-	-	5,691	5,691
Business Units & Specific Purpose Funds	-	-	-	-	-	-	-	-	16,942	16,942
Capital Purpose Income	-	-	-	-	-	273	-	-	25,806	26,079
Other Revenue from Non-Operating Activities (Rental / Property Income)	-	-	-	-	-	-	-	-	242	242
Other	-	-	-	-	-	-	-	-	9,115	9,115
Sub-Total Revenue from Services Supported by Hospital and Community Initiatives	-	-	-	-	-	273	-	-	89,746	90,019
TOTAL REVENUE	414,408	48,475	20,946	67,878	39,011	10,886	1,882	9,063	127,122	739,671

Note 2b - Patient & Resident Fees

	Parent Entity 2010 \$'000	Parent Entity 2009 \$'000	Consol'd 2010 \$'000	Consol'd 2009 \$'000
Patient & Resident Fees Raised				
Recurrent:				
Acute				
- Inpatients	20,680	21,047	20,680	21,047
- Outpatients	1,882	2,346	1,882	2,346
Residential Aged Care				
- Aged Nursing Home	2,027	1,876	2,027	1,876
- Mental Health	459	483	459	483
	25,048	25,752	25,048	25,752
Other	712	1,117	712	1,117
TOTAL RECURRENT PATIENT & RESIDENT FEES	25,760	26,869	25,760	26,869
Capital Purpose:				
Residential Accommodation Payments	321	274	321	274
TOTAL CAPITAL PURPOSE	321	274	321	274

Commonwealth Nursing Home inpatient benefits are included in patient fees revenue.

Note 2c – Net Loss on Disposal of Non-Current Assets

	Parent Entity 2010 \$'000	Parent Entity 2009 \$'000	Consol'd 2010 \$'000	Consol'd 2009 \$'000
Proceeds from Sale of Non-Current Assets				
Plant & Equipment	20	6	20	6
Medical equipment	-	-	-	-
Motor Vehicles	-	307	-	307
Less: Written Down Value of Non-Current Assets Sold				
Building	117	-	117	-
Plant & Equipment	16	35	16	35
Medical equipment	698	50	698	50
Motor Vehicles	-	235	-	235
NET LOSS ON DISPOSAL OF NON-CURRENT ASSETS	811	7	811	7

Note 3 – Expenses (Parent Entity)	HSA	HSA	NON	NON	Total	Total
	2010	2009	HSA	HSA	2010	2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Employee Benefits						
Salaries and Wages	429,436	387,936	10,998	21,281	440,434	409,217
Work Cover Premium	6,428	5,159	224	190	6,652	5,349
Departure Packages	647	330	107	-	754	330
Long Service Leave	10,402	10,267	399	952	10,801	11,219
Superannuation	37,780	34,677	1,202	2,168	38,982	36,845
Total Employee Benefits	484,693	438,369	12,930	24,591	497,623	462,960
Non Salary Labour Costs						
Fees for Visiting Medical Officers	1,575	1,473	33	64	1,608	1,537
Agency Costs - Nursing	7,145	7,456	11	2	7,156	7,458
Agency Costs - Other	4,662	4,080	265	241	4,927	4,321
Total Non Salary Labour Costs	13,382	13,009	309	307	13,691	13,316
Supplies and Consumables						
Drug Supplies	33,323	33,835	70	857	33,393	34,692
S100 Drugs	54,372	46,376	-	-	54,372	46,376
Medical, Surgical Supplies and Prostheses	53,922	51,215	1,670	4,005	55,592	55,220
Pathology Supplies	5,046	4,749	88	45	5,134	4,794
Food Supplies	8,751	8,245	330	335	9,081	8,580
Total Supplies and Consumables	155,414	144,420	2,158	5,242	157,572	149,662
Other Expenses from Continuing Operations						
Domestic Supplies and Services	22,758	22,256	203	238	22,961	22,494
Fuel, Light, Power & Water	6,975	5,693	35	37	7,010	5,730
Insurance Cost Funded by DOH	7,915	7,151	-	-	7,915	7,151
Repairs and Maintenance	6,148	4,984	418	602	6,566	5,586
Maintenance Contracts	7,514	7,854	2,622	-	10,136	7,854
Patient Transport	2,066	1,889	12	-	2,078	1,889
Bad and Doubtful Debts	540	357	-	-	540	357
Lease Expenses	5,322	5,634	126	159	5,448	5,793
Administrative Expenses	21,345	18,711	1,478	2,282	22,823	20,993
Audit Fees - VAGO - audit of financial statements	207	191	-	-	207	191
- Other	256	389	-	-	256	389
Other Administrative Expenses	6,232	6,823	1,591	-	7,823	6,823
Total Other Expenses from Continuing Operations	87,278	81,932	6,485	3,318	93,763	85,250
Other Expenditure						
Depreciation and Amortisation (Note 4)	59,431	23,446	-	-	59,431	23,446
Specific Expenses (Note 3c)	-	2,215	-	-	-	2,215
Finance Costs (Note 5)	175	195	1,667	1,728	1,842	1,923
Total	59,606	25,856	1,667	1,728	61,273	27,584
Total Expenses	800,373	703,586	23,549	35,186	823,922	738,772

Note 3 – Expenses (Consolidated)	HSA	HSA	NON	NON	Total	Total
	2010	2009	HSA	HSA	2010	2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Employee Benefits						
Salaries and Wages	429,436	387,936	10,998	21,281	440,434	409,217
Work Cover Premium	6,428	5,159	224	190	6,652	5,349
Departure Packages	647	330	107	-	754	330
Long Service Leave	10,402	10,267	399	952	10,801	11,219
Superannuation	37,780	34,677	1,202	2,168	38,982	36,845
Total Employee Benefits	484,693	438,369	12,930	24,591	497,623	462,960
Non Salary Labour Costs						
Fees for Visiting Medical Officers	1,575	1,473	49	64	1,624	1,537
Agency Costs - Nursing	7,145	7,456	11	2	7,156	7,458
Agency Costs - Other	4,662	4,080	265	241	4,927	4,321
Total Non Salary Labour Costs	13,382	13,009	325	307	13,707	13,316
Supplies and Consumables						
Drug Supplies	33,323	33,835	70	857	33,393	34,692
S100 Drugs	54,372	46,376	-	-	54,372	46,376
Medical, Surgical Supplies and Prostheses	53,922	51,215	1,670	4,005	55,592	55,220
Pathology Supplies	5,046	4,749	88	45	5,134	4,794
Food Supplies	8,751	8,245	330	335	9,081	8,580
Total Supplies and Consumables	155,414	144,420	2,158	5,242	157,572	149,662
Other Expenses from Continuing Operations						
Domestic Supplies and Services	22,758	22,256	203	238	22,961	22,494
Fuel, Light, Power & Water	6,975	5,693	35	37	7,010	5,730
Insurance Cost Funded by DOH	7,915	7,151	-	-	7,915	7,151
Repairs and Maintenance	6,148	4,984	418	602	6,566	5,586
Maintenance Contracts	7,514	7,854	2,622	-	10,136	7,854
Patient Transport	2,066	1,889	12	-	2,078	1,889
Bad and Doubtful Debts	540	357	-	-	540	357
Lease Expenses	5,322	5,634	126	159	5,448	5,793
Administrative Expenses	21,343	18,711	1,501	2,282	22,844	20,993
Audit Fees - VAGO - audit of financial statements	207	191	-	-	207	191
- Other	256	389	-	-	256	389
Other Administrative Expenses	6,234	6,823	1,616	-	7,850	6,823
Total Other Expenses from Continuing Operations	87,278	81,932	6,533	3,318	93,811	85,250
Other Expenditure						
Depreciation and Amortisation (Note 4)	59,431	23,446	-	-	59,431	23,446
Specific Expenses (Note 3c)	-	2,215	-	-	-	2,215
Finance Costs (Note 5)	175	195	1,667	1,728	1,842	1,923
Total	59,606	25,856	1,667	1,728	61,273	27,584
Total Expenses	800,373	703,586	23,613	35,186	823,986	738,772

**Note 3a – Analysis of Expense by Source (Consolidated)
2010**

	Admitted Patients	Out- patients	EDS	Ambu- latory	Mental Health	RAC Mental Health	Aged Care	Primary Health	Other	Total 2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Services Supported by Health Service Agreement										
Employee Benefits	223,645	9,444	27,548	33,591	32,768	10,447	3,830	2,363	141,057	484,693
Non Salary Labour Costs	8,098	26	663	632	1,707	73	(49)	66	2,166	13,382
Supplies and Consumables	67,402	28,286	1,320	2,999	431	596	327	67	53,986	155,414
Other Expenses from Continuing Operations	17,878	1,985	1,345	9,058	2,786	(1,690)	1,182	448	54,286	87,278
Medical Support costs (Allied Health, Diagnostics, etc)	148,221	18,581	14,436	21,638	17,622	4,407	2,473	1,377	(228,755)	-
Depreciation & Amortisation (Note 4)	25,435	3,188	2,477	3,713	3,024	756	424	236	20,178	59,431
Finance Costs (Note 5)	-	-	-	-	-	-	-	-	175	175
Sub-Total Expenses from Services Supported by Health Service Agreement	490,679	61,510	47,789	71,631	58,338	14,589	8,187	4,557	43,093	800,373
Services Supported by Hospital and Community Initiatives										
Employee Benefits	-	-	-	-	-	-	-	-	12,930	12,930
Non Salary Labour Costs	-	-	-	-	-	-	-	-	325	325
Supplies and Consumables	-	-	-	-	-	-	-	-	2,158	2,158
Other Expenses from Continuing Operations	-	-	-	-	-	-	-	-	6,533	6,533
Finance Costs (Note 5)	-	-	-	-	-	-	-	-	1,667	1,667
Sub-Total Expenses from Services Supported by Hospital and Community Initiatives	-	-	-	-	-	-	-	-	23,613	23,613
Depreciation and Amortisation	-	-	-	-	-	-	-	-	-	-
Finance Costs	-	-	-	-	-	-	-	-	-	-
Specific Expenses	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSES	490,679	61,510	47,789	71,631	58,338	14,589	8,187	4,557	66,706	823,986

**Note 3a – Analysis of Expense by Source (Consolidated) (Continued)
2009**

	Admitted Patients	Out- patients	EDS	Ambu- latory	Mental Health	RAC Mental Health	Aged Care	Primary Health	Other	Total 2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Services Supported by Health Service Agreement										
Employee Benefits	200,584	8,190	24,203	30,777	30,917	9,945	3,548	2,184	128,021	438,369
Non Salary Labour Costs	8,025	110	588	656	1,414	94	(25)	66	2,081	13,009
Supplies and Consumables	61,324	24,263	1,260	2,022	753	495	208	50	54,045	144,420
Other Expenses from Continuing Operations	17,406	1,581	1,220	9,036	2,663	(1,680)	792	337	50,577	81,932
Medical support costs (Allied Health, Diagnostics, etc)	138,068	16,406	13,104	20,417	17,176	4,254	2,173	1,267	(212,865)	-
Depreciation and Amortisation (Note 4)	15,084	594	1,554	2,422	2,037	505	258	150	842	23,446
Specific expenses (Note 3c)	-	-	-	-	-	-	-	-	2,215	2,215
Finance costs (Note 5)	-	-	-	-	-	-	-	-	195	195
Sub-Total Expenses from Services Supported by Health Service Agreement	440,491	51,144	41,929	65,330	54,960	13,613	6,954	4,054	25,111	703,586
Services Supported by Hospital and Community Initiatives										
Employee Benefits	-	-	-	-	-	-	-	-	24,591	24,591
Non Salary Labour Costs	-	-	-	-	-	-	-	-	307	307
Supplies and Consumables	-	-	-	-	-	-	-	-	5,242	5,242
Other Expenses from Continuing Operations	-	-	-	-	-	-	-	-	3,318	3,318
Finance costs (note 5)	-	-	-	-	-	-	-	-	1,728	1,728
Sub-Total Expenses from Services Supported by Hospital and Community Initiatives	-	-	-	-	-	-	-	-	35,186	35,186
TOTAL EXPENSES	440,491	51,144	41,929	65,330	54,960	13,613	6,954	4,054	60,297	738,772

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

	Parent Entity 2010 \$'000	Parent Entity 2009 \$'000	Consol'd 2010 \$'000	Consol'd 2009 \$'000
Business Units				
Car Park	2,690	2,711	2,690	2,711
Private Practice Properties	3,589 58	3,738 27	3,589 58	3,738 27
Other Activities				
Fund Raising and Community Support	1,604	2,231	1,604	2,231
Research & Scholarships	12,396	11,812	12,396	11,812
Other	3,212	14,667	3,276	14,667
TOTAL	23,549	35,186	23,613	35,186

Note 3c – Specific Expenses

	Parent Entity 2010 \$'000	Parent Entity 2009 \$'000	Consol'd 2010 \$'000	Consol'd 2009 \$'000
Specific Expenses				
Revaluation decrement on Furniture & Fittings	-	793	-	793
Other expenditure of a capital nature	-	571	-	571
Expenditure on Software Development & Implementation	-	114	-	114
Unfunded Annual Leave	-	737	-	737
TOTAL	-	2,215	-	2,215

Note 4 – Depreciation and Amortisation

	Parent Entity 2010 \$'000	Parent Entity 2009 \$'000	Consol'd 2010 \$'000	Consol'd 2009 \$'000
Depreciation				
Buildings	44,930	8,803	44,930	8,803
Plant, Equipment, Furniture and Fittings				
Medical	8,339	7,514	8,339	7,514
Computers	2,254	2,454	2,254	2,454
Furniture and Fittings	299	502	299	502
Other Plant and Equipment	2,453	2,929	2,453	2,929
Motor Vehicles	14	47	14	47
TOTAL DEPRECIATION	58,289	22,249	58,289	22,249
Amortisation				
Leasehold Improvements	77	81	77	81
Computer Software	1,065	1,116	1,065	1,116
TOTAL AMORTISATION	1,142	1,197	1,142	1,197
TOTAL DEPRECIATION AND AMORTISATION	59,431	23,446	59,431	23,446

Note 5 – Finance Costs

	Parent Entity 2010 \$'000	Parent Entity 2009 \$'000	Consol'd 2010 \$'000	Consol'd 2009 \$'000
Other Expenses from Ordinary Activities				
Interest on Long Term Borrowings (Note 14)	1,667	1,728	1,667	1,728
Finance Expenses and Fees	175	195	175	195
TOTAL	1,842	1,923	1,842	1,923

Note 6 – Cash and Cash Equivalents

	Parent Entity 2010 \$'000	Parent Entity 2009 \$'000	Consol'd 2010 \$'000	Consol'd 2009 \$'000
Cash on Hand	37	37	37	37
Cash at Bank	29,185	29,633	30,412	30,301
TOTAL	29,222	29,670	30,449	30,338

Represented by

Cash held for:

Cash for Health Service Operations	918	3,257	918	3,257
Pre-funded Capital Projects	21,002	16,190	21,002	16,190
Cash for Monies held in Whole Time Medical Specialists Private Practice scheme and Trust Fund:				
Cash at Bank	-	-	1,227	668
Total	21,920	19,447	23,147	20,115
Employee Salary Packaging*	7,270	4,870	7,270	4,870
Security Deposit*	-	5,310	-	5,310
Cash for Monies held in Trust on behalf of patients*	32	43	32	43
Total	7,302	10,223	7,302	10,223
TOTAL	29,222	29,670	30,449	30,338

Alfred Health has an overdraft facility of \$1,808,000 with Westpac Banking Corporation.

* Not available for cash flow statement presentation purposes as the cash is not available to be used for day to day operating activities of Alfred Health.

Note 7 – Receivables

	Parent Entity 2010 \$'000	Parent Entity 2009 \$'000	Consol'd 2010 \$'000	Consol'd 2009 \$'000
Current				
Contractual				
Inter-Hospital Debtors	1,357	1,639	1,357	1,639
Trade Debtors	6,290	7,037	6,290	6,637
Patient Fees Receivable	5,714	5,049	5,714	5,049
Accrued Investment Income	-	-	406	541
Accrued Revenue – DOH	293	2,663	293	2,663
Accrued Revenue – Other	2,658	2,443	2,658	2,443
Less Allowance for Doubtful Debts (a)				
Trade Debtors	(1,153)	(1,136)	(1,153)	(1,136)
Patient Fees	(216)	(412)	(216)	(412)
Total	14,943	17,283	15,349	17,424
Statutory				
GST Receivable	2,214	2,664	2,214	2,664
TOTAL CURRENT RECEIVABLES	17,157	19,947	17,563	20,088
Non-Current				
Statutory				
DOH - Long Service Leave	9,583	6,110	9,583	6,110
TOTAL NON-CURRENT RECEIVABLES	9,583	6,110	9,583	6,110
TOTAL RECEIVABLES	26,740	26,057	27,146	26,198
(a) Movement in the Allowance for Doubtful Debt Expenses				
Balance at beginning of year	(1,548)	(1,349)	(1,548)	(1,349)
Amounts written off during the year	719	158	719	158
Amounts recovered during the year	-	-	-	-
Increase in allowance recognised in profit & loss	(540)	(357)	(540)	(357)
BALANCE AT END OF YEAR	(1,369)	(1,548)	(1,369)	(1,548)

Ageing analysis of receivables – refer to Note 19(b) for the ageing analysis of receivables

Nature and extent of risk arising from receivables – refer to Note 19(b) for the nature and extent of risk arising from receivables

Note 8 – Other Financial Assets

	Operating Fund		Specific Purpose Fund		Capital Fund		Parent Entity		Consol'd	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Non-Current Assets										
Managed Investment Schemes	-	-	35,165	33,077	-	-	35,165	33,077	35,165	33,077
Australian Listed Equities	-	-	-	-	-	-	-	-	13,278	12,064
Hybrid Debt / Equity Securities	-	-	-	-	-	-	-	-	819	936
TOTAL NON-CURRENT	-	-	35,165	33,077	-	-	35,165	33,077	49,262	46,077
Represented by:										
Health Service Investments	-	-	35,165	33,077	-	-	35,165	33,077	35,165	33,077
Investment Held in Trust	-	-	-	-	-	-	-	-	14,097	13,000
TOTAL	-	-	35,165	33,077	-	-	35,165	33,077	49,262	46,077

(a) All these balances represent health service investments

(b) Refer to Note 19(b) for the ageing analysis of, and for the nature and extent of credit risk arising from, other financial assets.

Note 9 - Inventories

	Parent Entity 2010 \$'000	Parent Entity 2009 \$'000	Consol'd 2010 \$'000	Consol'd 2009 \$'000
Current				
Pharmaceuticals	2,976	3,333	2,976	3,333
Medical and Surgical Lines	1,509	1,463	1,509	1,463
Radiology Stores	580	507	580	507
Theatre Stores	1,393	1,712	1,393	1,712
TOTAL	6,458	7,015	6,458	7,015

Note 10 – Other Assets

	Parent Entity 2010 \$'000	Parent Entity 2009 \$'000	Consol'd 2010 \$'000	Consol'd 2009 \$'000
Current Prepayments	1,795	637	1,795	637
TOTAL	1,795	637	1,795	637

Note 11 – Property, Plant and Equipment

	Parent Entity 2010 \$'000	Parent Entity 2009 \$'000	Consol'd 2010 \$'000	Consol'd 2009 \$'000
Land				
Crown Land at Valuation	133,430	133,430	133,430	133,430
Freehold Land at Valuation	-	-	-	-
Total Land	133,430	133,430	133,430	133,430
Buildings				
Buildings at Fair Value	437,676	437,806	437,676	437,806
Less Accumulated Depreciation	(44,143)	-	(44,143)	-
Total Building at Valuation	393,533	437,806	393,533	437,806
Buildings at Cost	91,280	15,160	91,280	15,160
Less Accumulated Depreciation	(776)	(1)	(776)	(1)
Total Building at Cost	90,504	15,159	90,504	15,159
Buildings Under Construction	31,628	60,472	31,628	60,472
Total Buildings	515,665	513,437	515,665	513,437
Leasehold Improvements at cost				
Leasehold Improvements	3,014	2,646	3,014	2,646
Less Accumulated Amortisation	(402)	(325)	(402)	(325)
Total Leasehold Improvements	2,612	2,321	2,612	2,321
Plant & Equipment, Furniture & Fittings at Cost				
Medical Equipment	87,165	80,981	87,165	80,981
Less Accumulated Depreciation	(40,117)	(35,167)	(40,117)	(35,167)
Total Medical Equipment	47,048	45,814	47,048	45,814
Computers & Communication Equipment	40,094	36,744	40,094	36,744
Less Accumulated Depreciation	(34,041)	(32,175)	(34,041)	(32,175)
Total Computers & Communication Equipment	6,053	4,569	6,053	4,569
Furniture & Fittings	7,041	7,066	7,041	7,066
Less Accumulated Depreciation	(4,665)	(4,506)	(4,665)	(4,506)
Total Furniture & Fittings	2,376	2,560	2,376	2,560
Other Equipment	32,920	31,689	32,920	31,689
Less Accumulated Depreciation	(15,607)	(13,205)	(15,607)	(13,205)
Total Other Equipment	17,313	18,484	17,313	18,484
Plant & Equipment – Works in Progress	2,922	6,236	2,922	6,236
Total Equipment, Furniture & Fittings	75,712	77,663	75,712	77,663
Motor Vehicles				
Motor Vehicles at Cost	119	119	119	119
Less Accumulated Depreciation	(89)	(75)	(89)	(75)
Total Motor Vehicles	30	44	30	44
TOTAL	727,449	726,895	727,449	726,895

Note: at 30 June 2010 and 30 June 2009 Plant & Equipment, Furniture & Fittings are shown at fair value.

Plant & Equipment Valuation: in accordance with FRD 103D, management undertook a fair value assessment of its plant, equipment, furniture & fittings at 30 June 2010.

Note 11a – Property, Plant and Equipment

Reconciliations of the carrying amounts of each class of land, buildings, plant and equipment, furniture and fittings and motor vehicles for the consolidated entity at the beginning and end of the current financial year.

	Land	Buildings	Leasehold Improvements	Medical Equipment	Computers	Furniture & Fittings	Other Plant & Equipment	Motor Vehicles	Totals
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2008	106,000	357,926	1,570	45,359	3,956	3,832	25,986	326	544,955
Net additions and transfers between classes	-	52,082	832	8,019	3,082	459	13,887	-	78,361
Assets transferred as capital contributions	-	-	-	-	-	-	-	-	-
Disposals (WDV)	-	-	-	(50)	(6)	-	(29)	(235)	(320)
Revaluation adjustments	27,430	112,232	-	-	(9)	(1,229)	(12,195)	-	126,229
Depreciation	-	(8,803)	(81)	(7,514)	(2,454)	(502)	(2,929)	(47)	(22,330)
Balance at 1 July 2009	133,430	513,437	2,321	45,814	4,569	2,560	24,720	44	726,895
Net additions and transfers between classes	-	47,275	368	10,271	3,743	117	(2,023)	-	59,751
Assets transferred as capital contributions	-	-	-	-	-	-	-	-	-
Disposals (WDV)	-	(117)	-	(698)	(5)	(2)	(9)	-	(831)
Revaluation adjustments	-	-	-	-	-	-	-	-	-
Depreciation	-	(44,930)	(77)	(8,339)	(2,254)	(299)	(2,453)	(14)	(58,366)
Balance at 30 June 2010	133,430	515,665	2,612	47,048	6,053	2,376	20,235	30	727,449

Land and Buildings carried at valuation

At 30 June 2009, an independent valuation of Alfred Health's land was performed by the Valuer-General Victoria to determine the fair value of land. 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 and represents market value.

In 2009 revaluation adjustments of \$138.8m were overstated by \$12.6m due to a duplication of assets. The correct adjustment of \$126.2m has been reflected in Note 11(a) above and Note 17(a).

Note 12 - Intangible Assets

	Parent Entity 2010 \$'000	Parent Entity 2009 \$'000	Consol'd 2010 \$'000	Consol'd 2009 \$'000
Computer Software at cost	6,378	5,016	6,378	5,016
Less Accumulated Amortisation	(4,141)	(3,076)	(4,141)	(3,076)
TOTAL	2,237	1,940	2,237	1,940

Reconciliations of the carrying amounts of intangible assets at the beginning and end of the previous and current financial years are set out below.

	Computer Software \$'000
Balance at 1 July 2008	2,530
Additions	526
Amortisation (Note 4)	(1,116)
Balance at 1 July 2009	1,940
Additions	1,362
Amortisation (Note 4)	(1,065)
Balance at 30 June 2010	2,237

Evivar Medical Pty Ltd (formerly Virtual Virology Pty Ltd)

In March 2006, Alfred Health signed a license agreement with Evivar Medical Pty Ltd (EM) which granted a license to EM to commercialise intellectual property which was jointly owned by Alfred Health. Alfred Health had placed no value on this intellectual property. Other health services signed similar licence agreements with EM in relation to their own intellectual property.

At 30 June 2010, EM had issued share capital of \$8,888,889 (2009: \$8,888,889). Alfred Health owned 135,701 \$1 shares (held in trust by Melbourne Health) – 1.97% of EM's issued share capital (2009: 135,701). These shares were issued in exchange for granting EM a licence to use Alfred Health intellectual property. At 30 June 2010, 71% of the share capital was held directly, and in trust for other parties (including Alfred Health), by Melbourne Health. The venture capital fund, the Australia Technology Fund (ATF), held the balance of the issued shares. ATF has worked closely with EM to develop its business. During 2006-07, EM signed a licence and collaboration agreement with the Chinese University of Hong Kong.

For the year ended 30 June 2010, EM generated a net loss of \$ 437,681 (2009 – a net loss of \$172,848).

As EM has continued to generate losses Alfred Health, at 30 June 2010, has placed no value on its investment in EM.

Note 13 - Payables

	Parent Entity 2010 \$'000	Parent Entity 2009 \$'000	Consol'd 2010 \$'000	Consol'd 2009 \$'000
Current				
Trade Creditors	30,767	29,222	30,767	29,222
Accrued Expenses	16,597	9,297	16,597	9,297
Department of Health	4,131	-	4,131	-
Salary Packaging	9,137	5,250	9,137	5,250
GST Payable	-	-	-	-
Superannuation	3,721	3,267	3,721	3,267
TOTAL	64,353	47,036	64,353	47,036

- (a) **Maturity analysis of payables** – refer to Note 19(c) for the maturity analysis of payables
- (b) **Nature and extent of risk arising from payables** – please refer to Note 19(c) for the nature and extent of risk arising from payables

Note 14 – Interest Bearing Liabilities

	Parent Entity 2010 \$'000	Parent Entity 2009 \$'000	Consol'd 2010 \$'000	Consol'd 2009 \$'000
Current				
Australian Dollar Borrowings - Treasury Corporation Victoria	964	905	964	905
Total Current	964	905	964	905
Non – Current				
Australian Dollar Borrowings - Treasury Corporation Victoria	24,570	25,533	24,570	25,533
Total Non-Current	24,570	25,533	24,570	25,533
TOTAL	25,534	26,438	25,534	26,438

Terms and conditions of Interest Bearing Liabilities

Treasury Corporation Victoria

- a) Repayments for the Multi Story Car Park are quarterly with the final instalment due on 22 March 2024.
- b) Average interest rate applied during 2009/10 was 6.39% (2008/09: 6.39%).
- c) Repayments for the Alfred Centre Car Park are quarterly starting September 2007 and with the final instalment due on 15 June 2027.
- d) Repayment of these loans has been guaranteed in writing by the Treasurer.

Amount of Borrowing Costs Recognised as Expense (Note 5)	1,667	1,728
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- (a) **Maturity analysis of interest bearing liabilities** – refer to Note 19(c) for the maturity analysis of interest bearing liabilities
- (b) **Nature and extent of risk arising from interest bearing liabilities** – refer to Note 19(c) for the nature and extent of risk arising from interest bearing liabilities
- (c) **Defaults and breaches** – there were no defaults and breaches of any loan during the current and prior year

Note 15 - Employee Benefits and Related On-Costs Provisions

	Parent Entity 2010 \$'000	Parent Entity 2009 \$'000	Consol'd 2010 \$'000	Consol'd 2009 \$'000
Current Provisions				
Employee Benefits				
Unconditional and expected to be settled within 12 months	59,972	61,805	59,972	61,805
Unconditional and expected to be settled after 12 months	53,248	46,947	53,248	46,947
Total Current Provisions	113,220	108,752	113,220	108,752
Non-Current Provisions				
Conditional Long Service Leave Entitlements (Present Value)	19,156	17,759	19,156	17,759
Total Non-Current Provisions	19,156	17,759	19,156	17,759
TOTAL	132,376	126,511	132,376	126,511
Current Employee benefits				
Unconditional Long service Leave Entitlements	46,660	41,543	46,660	41,543
Annual Leave Entitlements	38,765	37,073	38,765	37,073
Accrued Wages and Salaries	14,824	19,803	14,824	19,803
Accrued Days Off	1,733	1,692	1,733	1,692
Total Current Employee Benefits	101,982	100,111	101,982	100,111
Non-Current Employee Benefits				
Conditional Long Service Leave Entitlements (Present Value)	17,255	16,003	17,255	16,003
Total Non-Current Employee Benefit	17,255	16,003	17,255	16,003
Total Employee Benefits	119,237	116,114	119,237	116,114
On-Costs				
Current On-Costs	11,237	8,641	11,237	8,641
Non-Current On-Costs	1,902	1,756	1,902	1,756
Total Employee Benefits & Related On-Costs	132,376	126,511	132,376	126,511
Movement in Long Service Leave				
Balance at start of year	63,860	57,473	63,860	57,473
Provision made during the year	12,052	11,919	12,052	11,919
Settlement made during the year	(4,954)	(5,532)	(4,954)	(5,532)
BALANCE AT END OF YEAR	70,958	63,860	70,958	63,860

Employee benefit provisions are reported as current liabilities where Alfred Health does not have an unconditional right to defer settlement for at least 12 months. Consequently, the current portion of the employee benefit provision includes both short-term benefits that are measured at nominal values and long-term benefits that are measured at present values.

Employee benefit provisions that are reported as non-current liabilities also include long-term benefits such as non-vested long service leave (i.e. where the employee does not have a present entitlement to the benefit) that do not qualify for recognition as a current liability, and are measured at present values.

The present value determination of the non-current long service leave liability has been based on a forecast inflation rate of 4.48% p.a. (2009 – 4.45% p.a.) discounted by the future bond rate as at 30 June 2010.

Note 16 - Other Liabilities

	Parent Entity 2010 \$'000	Parent Entity 2009 \$'000	Consol'd 2010 \$'000	Consol'd 2009 \$'000
Current				
Patient Monies held in Trust	25	27	25	27
Department of Human Services loan (a)	-	250	-	250
Rental in Advance – Burnet Institute (b)	1,296	-	1,296	-
Capital Security Deposit from Department of Human Services	-	5,310	-	5,310
Total Current	1,321	5,587	1,321	5,587
Non – Current				
Rental in Advance – Burnet Institute (b)	50,092	34,567	50,092	34,567
TOTAL	51,413	40,154	51,413	40,154
Total Monies held in Trust Represented by the following assets:				
Cash Assets (Note 6)	32	43	32	43

Department of Human Services

a) The Department of Human Services loan was repaid in full during the 30 June 2010 Financial Year. This was an interest free loan.

Rental in Advance

b) The Burnet Institute, as part of its commitment to the Alfred Centre Stage 2 extension (Note 21), has paid rent in advance of \$51.388m

Note 17 – Equity and Reserves

	Parent Entity 2010 \$'000	Parent Entity 2009 \$'000	Consol'd 2010 \$'000	Consol'd 2009 \$'000
(a) Reserves				
(i) Property, Plant & Equipment Revaluation Surplus				
Balance at the beginning of the reporting period	205,240	78,217	205,240	78,217
Revaluation Increments				
- Land	-	27,430	-	27,430
- Building	-	99,593	-	99,593
Balance at the end of the reporting period	205,240	205,240	205,240	205,240
Represented by: Land	88,385	88,385	88,385	88,385
Buildings	116,855	116,855	116,855	116,855
	205,240	205,240	205,240	205,240
(ii) Financial Assets Available-for-Sale Revaluation Surplus				
Balance at the beginning of the reporting period	10,565	16,559	10,989	16,559
Valuation (Loss)/Gain recognised	2,189	(5,994)	2,877	(5,570)
Balance at the end of the reporting period	12,754	10,565	13,866	10,989
(iii) General Purpose Reserves				
Balance at the beginning of the reporting period	50,269	56,290	50,269	56,290
Transfers to Accumulated Deficit	11,570	(6,021)	11,570	(6,021)
Balance at the end of the reporting period	61,839	50,269	61,839	50,269
(iv) Restricted Specific Purpose Surplus				
Balance at the beginning of the reporting period	36,742	38,359	36,742	38,359
Transfers (to)/from Accumulated Deficit	3,735	(1,617)	3,735	(1,617)
Balance at the end of the reporting period	40,477	36,742	40,477	36,742
Total Reserves	320,310	302,816	321,422	303,240
(b) Contributed Capital				
Balance at the beginning of the reporting period	324,134	316,477	324,134	316,477
Capital Contribution received from Victorian Government				
- Cash	-	7,242	-	7,242
- Non-Cash	-	415	-	415
Balance at the end of the reporting period	324,134	324,134	324,134	324,134
(c) Accumulated Deficit				
Balance at the beginning of the reporting period	(41,798)	(36,950)	(28,413)	(36,950)
Surplus/(Deficit) for the Year	(31,951)	(12,486)	(30,718)	899
Transfers from General Reserves	(11,570)	6,021	(11,570)	6,021
Transfers from/(to) Restricted Specific Purpose Reserves	(3,735)	1,617	(3,735)	1,617
Balance at the end of the reporting period	(89,054)	(41,798)	(74,436)	(28,413)
TOTAL EQUITY AT THE END OF FINANCIAL YEAR	555,390	585,152	571,120	598,961

- (1) The Property, Plant & Equipment asset revaluation surplus arises on the revaluation of property, plant & equipment.
- (2) The financial assets available-for-sale 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 the financial asset, and is effectively realised, is recognised in the profit and loss. Where a revalued financial asset is impaired (to a value less than cost), that portion of the reserve which relates to that financial asset is recognised in profit and loss.
- (3) In 2009, the increment to the Asset Revaluation Reserve of \$112.2m was overstated by \$12.6m due to a duplication of assets. The correct Asset Revaluation Reserve adjustment of \$99.6m has been reflected in Note 17(a) above and Note 11(a).
- (4) Certain comparative amounts have been reclassified.

Note 18 - Reconciliation of Net Cash Flows from Operating Activities to the Net Result for the Year

	Parent Entity 2010 \$'000	Parent Entity 2009 \$'000	Consol'd 2010 \$'000	Consol'd 2009 \$'000
Net Result for the year	(31,951)	(12,486)	(30,718)	899
Depreciation/Amortisation	59,431	23,446	59,431	23,446
(Decrease)/Increase in Provision for Doubtful Debts	(179)	199	(179)	199
Restricted Funds not Available for Operational Use	2,953	-	2,953	-
Impairment of Non-Current Assets	-	793	-	793
Net Loss from Sale of Fixed Assets	811	7	811	7
Assets received free of charge	-	-	-	(13,197)
Change in Operating Assets & Liabilities				
- Increase in Employee Benefits	5,865	17,375	5,865	17,375
- Increase/(Decrease) in Payables	17,317	161	17,317	161
- Increase/(Decrease) in Other Liabilities	11,227	30,319	11,227	30,319
- Decrease/(Increase) in Receivables	(504)	(1,260)	(769)	(1,320)
- Decrease/(Increase) in Prepayments	(1,158)	(231)	(1,158)	(231)
- Decrease/(Increase) in Inventories	557	272	557	272
NET CASH INFLOWS FROM OPERATING ACTIVITIES	64,369	58,595	65,337	58,723

Note 19 - Financial Instruments

(a) Financial Risk Management Objectives and Policies

The Alfred Health's principal financial instruments comprise of:

- Cash Assets
- Term Deposits
- Receivables (excluding statutory receivables)
- Investment in Equities and 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 these financial statements.

Categorisation of financial instruments

Details of each category of financial instrument, in accordance with AASB 139, is disclosed either on the face of the balance sheet or in these notes.

	Carrying Amount	
	2010 \$'000	2009 \$'000
Financial Assets		
Cash and Cash equivalents	30,449	30,338
Receivables	16,718	18,972
Other Financial Assets	49,263	46,077
Total Financial Assets (i)	96,430	95,387
Financial Liabilities		
Payables	64,353	47,036
Interest Bearing Liabilities	25,534	26,438
Other Liabilities	51,413	40,154
Total Financial Liabilities (ii)	141,300	113,628

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

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

Note 19 - Financial Instruments (Continued)

(a) Financial Risk Management Objectives and Policies (Continued)

Net holding gain/(loss) on financial instrument by category

	Carrying Amount	
	2010	2009
	\$'000	\$'000
Financial Assets		
Cash and Cash equivalents	3,907	3,058
Available for Sale Investments	2,877	(2,944)
Total Financial Assets	6,784	114
Financial Liabilities		
Interest Bearing Liabilities	(1,667)	(1,728)
Total Financial Liabilities	(1,667)	(1,728)

- (i) For available-for-sale financial assets, the net gain or loss is calculated by taking the interest revenue, plus or minus foreign exchange gains or losses arising from revaluation of the financial assets, and minus any impairment recognised in the net result.
- (ii) For financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense, plus or minus foreign exchange gains or losses from revaluation of the financial liabilities measured at amortised cost.

(b) Credit Risk

Credit risk represents the loss that would be recognised if counterparties fail to meet their obligations under the respective contracts at maturity. The credit risk on financial assets, which have been recognised on the Balance Sheet, is the carrying amount, net of any provisions for doubtful debts. Alfred Health is not materially exposed to any individual debtor.

Alfred Health'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	Not Past Due and Not Impaired	Past Due but Not impaired			Impaired Financial Assets
			Less than 1 Month	1 – 3 Months	3 Months – 1 Year	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2010						
Financial Assets						
Cash and Cash Equivalents	30,449	30,449	-	-	-	-
Receivables	-	-	-	-	-	-
Trade Debtors	16,718	9,082	3,433	2,055	779	1,369
Other Financial Assets	49,263	49,263	-	-	-	-
Total Financial Assets	96,430	88,794	3,433	2,055	779	1,369
2009						
Financial Assets						
Cash and Cash Equivalents	30,338	30,338	-	-	-	-
Receivables	-	-	-	-	-	-
Trade Debtors	18,972	10,686	3,033	1,066	2,639	1,548
Other Financial Assets	46,077	46,077	-	-	-	-
Total Financial Assets	95,387	87,101	3,033	1,066	2,639	1,548

Note 19 - Financial Instruments (Continued)

(c) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The following table discloses the contractual maturity analysis for Alfred Health'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

	Consol'd Carrying Amount \$'000	Contractual Cash Flows \$'000	Less than 1 Month \$'000	Maturity Dates			
				1 – 3 Months \$'000	3 Months – 1 Year \$'000	1 – 5 Years \$'000	Over 5 Years \$'000
2010							
Financial Liabilities							
Payables	64,353	64,353	50,010	11,352	2,991	-	-
Interest Bearing Liabilities	25,534	25,534	-	206	619	4,124	20,585
Other Financial Liabilities							
Other	51,413	51,413	107	214	964	5,140	44,988
Total Financial Liabilities	141,300	141,300	50,117	11,772	4,574	9,264	65,573
2009							
Financial Liabilities							
Payables	47,036	47,036	35,946	11,013	77	-	-
Interest Bearing Liabilities	26,438	43,650	-	643	1,930	10,296	30,781
Other Financial Liabilities	40,154	40,154	-	5,310	277	-	34,567
Total Financial Liabilities	113,628	130,840	35,946	16,966	2,284	10,296	65,348

Note 19 - Financial Instruments (Continued)

(d) Market Risk

Currency Risk

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

Interest Rate Risk

Exposure to interest rate risk might arise primarily through Alfred Health's interest bearing liabilities and its investment of surplus cash resources. Minimisation of risk is achieved by mainly undertaking fixed rate interest bearing financial instruments and investing in short-term financial instruments.

Inflation Rate Risk

Exposure to Inflation rate risk arises through Alfred Health's interest bearing liabilities and its investment of surplus cash resources. Minimisation of risk is achieved by mainly undertaking fixed rate interest bearing financial instruments and investing in short term financial instruments.

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	4.30	30,449	1,284	27,910	1,255
Receivables:					
Trade Debtors	-	6,290	-	-	6,290
Other Receivables	-	10,428	-	-	10,428
Other Financial Assets:					
Other	-	49,263	-	-	49,263
Total Financial Assets		96,430	1,284	27,910	67,236
2010					
Financial Liabilities					
Payables	-	64,353	-	-	64,353
Interest Bearing Liabilities	6.39	25,534	25,534	-	-
Other Financial Liabilities:					
Other	4.30	51,413	-	-	51,413
Total Financial Liabilities		141,300	25,534	-	115,766
2009					
Financial Assets					
Cash and Cash Equivalents	3.03	30,338	-	30,301	37
Receivables:					
Trade Debtors	-	7,686	-	-	7,686
Other Financial Assets:					
Other	-	11,286	-	-	11,286
Total Financial Assets		95,387	-	30,301	65,086
2009					
Financial Liabilities					
Payables	-	47,036	-	-	47,036
Interest Bearing Liabilities	6.39	26,438	26,438	-	-
Other Financial Liabilities:					
Other	3.03	40,154	-	5,337	34,817
Total Financial Liabilities		113,628	26,438	5,337	81,853

Note 19 - Financial Instruments (Continued)

Sensitivity Disclosure Analysis

- A parallel shift of +0.5% and -0.5% in market interest rates (AUD) from year-end rates of 4.5%;
- A parallel shift of +0.5% and -0.5% in inflation rate from year-end rates of 3.1%

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

Other Price Risk

Alfred Health's long-term investments are exposed to movements in the prices of Australian equities
The impact of a parallel shift of +10% and -10% in equity prices is shown

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

	Carrying Amount \$'000	Interest Rate Risk				Other Price Risk			
		-0.5%		+0.5%		-10%		+10%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
2010									
Financial Assets									
Cash and Cash Equivalents	30,449	(152)	(152)	152	152				
Receivables:									
Trade Debtors	6,290								
Other Receivables	10,428								
Other Financial Assets:									
Other	49,263					(4,926)			4,926
Total Financial Assets	96,430	(152)	(152)	152	152	(4,926)			4,926
2010									
Financial Liabilities									
Payables:	64,353								
Interest Bearing Liabilities	25,534								
Other Financial Liabilities:									
Other	51,413								
Total Financial Liabilities	141,300								
2009									
Financial Assets									
Cash and Cash Equivalents	30,338	(152)	(152)	152	152				
Receivables:									
Trade Debtors	7,686								
Other Receivables	11,286								
Other Financial Assets:									
Other	46,077					(4,608)			4,608
Total Financial Assets	95,387	(152)	(152)	152	152	(4,608)			4,608
2009									
Financial Liabilities									
Payables:	47,036								
Interest Bearing Liabilities	26,438								
Other Financial Liabilities:									
Other	40,154	27	27	(27)	(27)				
Total Financial Liabilities	113,628	27	27	(27)	(27)				

Note 20 – Commitments for Expenditure

	Parent Entity 2010 \$'000	Parent Entity 2009 \$'000	Consol'd 2010 \$'000	Consol'd 2009 \$'000
Capital Expenditure Commitments:				
Building Works (i)	17,366	67,161	17,366	67,161
Plant & Equipment				
- Medical Equipment	6,042	8,034	6,042	8,034
- Computer Equipment	285	8,146	285	8,146
- Other Equipment	696	2,456	696	2,456
Furniture and Fittings	52	109	52	109
Computer Software	91	-	91	-
Total Capital Commitments	24,532	85,906	24,532	85,906
Capital				
Not later than one year	24,532	83,928	24,532	83,928
Later than one year but not later than five years	-	1,978	-	1,978
Total Capital Commitments	24,532	85,906	24,532	85,906
Other Expenditure Commitments				
Supplies and Consumables				
- Medical	4,467	8,201	4,467	8,201
- Other	36,951	57,474	36,951	57,474
Maintenance Contracts				
- Medical	4,401	5,400	4,401	5,400
- Information Technology	1,173	884	1,173	884
Total Other Expenditure Commitments	46,992	71,959	46,992	71,959
Expenditure				
Not later than one year	25,391	28,116	25,391	28,116
Later than one year but not later than five years	21,601	43,843	21,601	43,843
Total Other Expenditure Commitments	46,992	71,959	46,992	71,959
Operating Leases Commitments				
Commitments in relation to leases contracted for at the reporting date:				
Operating leases				
- Property	11,442	14,263	11,442	14,263
- Medical Equipment	12,124	11,875	12,124	11,875
- Motor Vehicle	990	1,337	990	1,337
Total Leases Commitments	24,556	27,475	24,556	27,475
Payable as follow				
Cancellable				
Not later than one year	635	669	635	669
Later than one year but not later than five years	354	668	354	668
Non-Cancellable				
Not later than one year	6,502	5,726	6,502	5,726
Later than one year but not later than five years	17,065	20,412	17,065	20,412
Total Leases Commitments	24,556	27,475	24,556	27,475
Total Commitments for Expenditure	96,080	185,340	96,080	185,340
Less GST recoverable from the Australian Tax Office	(9,608)	(16,849)	(9,608)	(16,849)
Total Commitments for Expenditure (exclusive of GST)	86,472	168,491	86,472	168,491

- (i) The Alfred Centre Stage 2 project was completed during the 30 June 2010 financial year. (2009 – \$36,766,000 committed)
- (ii) Commitments relate to contracts to expend amounts greater than \$100,000 per year per contract.
- (iii) Other Supplies and Consumables commitments are inclusive of the contract to provide non-clinical support services.

Note 21 – Other Commitments

Alfred Health has operating lease arrangements for motor vehicles, office and medical equipment and property (including a car park). There are no contingent rental payments. Payments are determined within the terms of agreement and do not contain purchase options. There are no significant restrictions imposed by the lease agreements such as additional debt or further financing.

Alfred Centre Stage 2 Extension

On 24 April 2008, Alfred Health entered into a design & construct contract with Boulderstone Hornibrook Pty Ltd for The Alfred Centre Stage 2 extension and for the fit-out of additional space to be occupied by Alfred Health. The extension provides for the horizontal expansion of the floor space on the existing building and three additional floors. The total project cost is \$69.085m and will be funded by Alfred Health.

Financing of the project includes a grant of \$17m from the Department of Human Services, the payment to Alfred Health of 40 years rent in advance (\$51.388m) by the Burnet Medical Research Institute and internal funding (including fundraising revenue).

Other key components of the commercial arrangements for this project are:

- Alfred Health has entered into an "Agreement to Lease" with Burnet for the duration of construction, and a head lease for 40 years from the date of practical completion of the base building;
- Burnet has entered into "Agreements to Sub-lease" with all other tenants, and sub-leases from the date of practical completion of the base building; and
- There are agreements between Alfred Health, Burnet, Burnet's bank and the construction company to cover default by any of the parties and the "step in" rights that then apply.

At 30 June 2010, capital expenditure on this project was \$19.661m (included in Buildings under Construction – Note 11).

Note 22 - Contingent Assets and Contingent Liabilities

Alfred Health had contingent liabilities at 30 June 2010 in respect of:

	Parent Entity 2010 \$'000	Parent Entity 2009 \$'000	Consol'd 2010 \$'000	Consol'd 2009 \$'000
Quantifiable:				
Other – Recallable Capital Grant (iii)	2,500	3,500	2,500	3,500
Total Quantifiable Liabilities	2,500	3,500	2,500	3,500

(i) Claims

A claim for unspecified damages was lodged during the prior year by a former employee. No date has been set for trial. If the claim is successful, Alfred Health considers that all costs and any damages will be borne by its Professional Indemnity insurance coverage through its insurer, the Victorian Managed Insurance Authority (VMIA).

(ii) Monies Received from Inappropriate Billing

A former employee, alleged to have received monies for work undertaken in a private capacity that was either not done or should not have been billed for, was required, under a private practice agreement between Alfred Health and the former employee, to share those monies equally with Alfred Health. The amounts to be repaid have not been agreed by the former employee or the insurer and remain the subject of negotiations.

Alfred Health has also commenced action to recover debts from the same former employee relating to the private practice agreement. As the investigation and recovery action are continuing, Alfred Health is unable to quantify the amounts involved or likely outcomes.

Note 22 - Contingent Assets and Contingent Liabilities (Continued)

(iii) Recallable Capital Grant

Alfred Health obtained a Recallable Capital Grant during 2008/09 financial year from the Department of Health to assist with the financing of the Medical Scanning project. This grant was included in State Government Capital Grants in Note 2 for the 2008/09 financial year. As per advice received from the Department of Health in the 2008/09 financial year:

“My letter included a schedule for the repayment of the recallable capital by way of future cash flow adjustments. Please be advised, by way of clarification, that no decision has been taken by the Department in respect of the need for your hospital to bear those future cash flow adjustments at this time. Decisions about whether recallable grants are to be repaid are solely at the discretion of the Department in consideration of the outcomes arising from the expenditure of the grant funds and other policy considerations. As such, hospitals at this time have no obligation to repay the recallable grant unless the Department determines at some point in the future that a cash flow adjustment in respect of the recallable grant is warranted.”

During the 2009/10 financial year the Department of Health has withheld \$1m from the September 2009 allocation. As at 30 June 2010 a contingent liability of \$2.5m remains and no indication has been received from the department as to whether future amounts will be withheld.

23 – Segment Reporting

	RAC incl. RAC Mental Health		Health Service Agreement		Other Hospital Activities		Consolidated	
	2010	2009	2010	2009	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total Segment Revenue	11,263	10,886	697,995	638,766	79,928	84,328	789,186	733,980
Total Segment Expenses	(14,589)	(13,613)	(783,942)	(688,050)	(23,613)	(35,186)	(822,144)	(736,849)
Net Result from Ordinary Activities	(3,326)	(2,727)	(85,947)	(49,284)	56,315	49,142	(32,958)	(2,869)
Unallocated Revenue & Expense								
Finance Costs	-	-	(1,842)	(1,923)	-	-	(1,842)	(1,923)
Interest Income	-	-	-	-	4,082	5,691	4,082	5,691
Net Result for the Year	(3,326)	(2,727)	(87,789)	(51,207)	60,397	54,833	(30,718)	899
Other Information -								
Total Segment Assets	12,057	12,445	747,179	730,250	85,560	96,405	844,796	839,100
Total Segment Liabilities	3,906	3,562	242,053	208,987	27,718	27,590	273,676	240,139
Depreciation & Amortisation Expense	756	505	58,675	22,941	-	-	59,431	23,446

Alfred Health operates solely within Victoria and 100% of its revenue is derived from the following major services:

- (i) Residential Aged Care (Aged Care Nursing Home and Aged Care Mental Health Nursing Home) - Provision of residential care for geriatric and psychogeriatric patients
- (ii) Provision of Health Services funded by the Department of Health - Provision of medical services and health care to the public
- (iii) Other Hospital Activities - Includes fundraising, car parks and research

Note 24 - Responsible Person and Executive Officer 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.

Responsible Minister -

The Hon Daniel Andrews, MLA, Minister for Health

Responsible persons are as follows (all are Directors of Alfred Health and except where noted held their office for the period 1 July 2009 to 30 June 2010) -

Mr Stephen Grant GradDip Marketing FCA – Chair
Ms Fiona Bennett BA(Hons) FCA FAICD FAIM – Deputy Chair
Ms Hannah Crawford BCom LLB CA FFin
Professor Allan Fels AO BEc (Hons) LLB PhD (term expired 30 June 2010)
Mr Rob Gerrand BA FAMI FAICD
Mr David Menadue OAM BA BEd
Dr Elaine Saunders BSc (Hons) GradDipMgt MSc PhD GAICD
Associate Professor Jillian Sewell AM MBBS FRACP FAICD
Professor Hjalmar Swerissen BAppASc GradDip(Psych) BA(Hons) MAppSc

Accountable Officer -

Mr Andrew Way (Chief Executive Officer) RN BSc (Hons) MBA

Responsible Persons' Remuneration

Range	Parent Number		Consolidated Number	
	2010	2009	2010	2009
\$ 30,000 - \$ 39,999	8	8	8	8
\$ 60,000 - \$ 69,999	1	1	1	1
\$ 320,000 - \$ 329,999	-	1	-	1
\$ 390,000 - \$ 399,999	1	-	1	-
\$ 510,000 - \$ 519,999	-	1	-	1
	\$705,666	\$1,155,429	705,666	\$1,155,429

Total remuneration received or due and receivable by Responsible Persons amounted to -

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

Executive Officers' Remuneration

(excludes the Accountable Officer who is included in the table above.)

Range	Parent				Consolidated			
	Total Remuneration Number		Base Remuneration Number		Total Remuneration Number		Base Remuneration Number	
	2010	2009	2010	2009	2010	2009	2010	2009
\$ 110,000 - \$ 119,999	1				1			
\$ 150,000 - \$ 159,999		1		2		1		2
\$ 160,000 - \$ 169,999		1				1		
\$ 190,000 - \$ 199,999	1		1		1		1	
\$ 210,000 - \$ 219,999				1				1
\$ 220,000 - \$ 229,999	1	1	1		1	1	1	
\$ 240,000 - \$ 249,999			1				1	
\$ 260,000 - \$ 269,999	1			1	1			1
\$ 270,000 - \$ 279,999		1				1		
\$ 280,000 - \$ 289,999	1		1		1		1	
\$ 290,000 - \$ 299,999			1	1			1	1
\$ 300,000 - \$ 309,999	1				1			
\$ 310,000 - \$ 319,999	1	1			1	1		
Total Remuneration (\$)	\$1,701,706	\$1,457,411	\$1,240,288	\$1,289,163	\$1,701,706	\$1,457,411	\$1,240,288	\$1,289,163

Base remuneration is exclusive of any bonus, long service leave and redundancy payments and retirement benefits. It includes nominal base salary plus superannuation.

Total remuneration includes bonus, long service leave and redundancy payments and retirement benefits.

Some executive officers' base remuneration for the 2009/10 financial year is under \$100,000 per annum and is hence not disclosed in the base remuneration fields above.

In 2009/10, two Executive Offices departed Alfred Health and are included in the table above in addition to new Executive Officers who commenced during the year.

Note 24 - Responsible Person and Executive Officer Disclosures (Continued)

Other Transactions of Responsible Persons and their Related Entities

The following Directors of Alfred Health are also directors of the organisations noted. Alfred Health has, or has had in the past, ongoing business dealings with these organisations. All transactions were under normal commercial conditions and at arms' length.

Board Member	Organisation	Year to 30 June 2010		At 30 June 2010	
		Sales	Purchases	Receivable	Payable
		\$	\$	\$	\$
Mr Rob Gerrand	The Mental Health Research Institute of Victoria	140	-	-	-
Assoc. Prof. Jillian Sewell *	The Royal Children's Hospital	64,684	160,660	-	-
Professor Hjalmar Swerissen	La Trobe University	413	94,733	-	-

* Associate Professor Jillian Sewell is the Deputy Director of the Centre for Community Child Health at The Royal Children's Hospital and the Associate Director of Clinical Services (Centre for Community Child Health) at The Royal Children's Hospital.

There were no other transactions with responsible persons or their related entities other than those within normal employee relationships on terms and conditions no more favourable than those available in similar arms length dealings.

Note 25 - Controlled Entities

Name of Entity

Country of Residence

Whole Time Medical Specialists' Private Practice Scheme and Trust Fund

Australia

The Whole Time Medical Specialists' Private Practice Scheme and Trust Fund is a charitable trust set up, principally, for the benefit of the Alfred Hospital.

AASB 127 (Consolidated and Separate Financial Statements) is to be applied in the preparation and presentation of consolidated financial statements for a group of entities under the control of the parent.

Per AASB 127, control is constituted by the parent's power to govern the financial and operational policies of an entity so as to obtain benefit from its activities.

Control can be presumed to exist when the parent has:

- power over more than half of the voting rights by virtue of an agreement with other investors;
- power to govern the financial and operating policies of the entity under a statute or an agreement;
- power to appoint or remove the majority of the members of the board of directors or equivalent governing body and control of the entity is by that board or body; or
- power to cast the majority of votes at meetings of the board of directors or equivalent governing body and control of the entity is by that board or body.

In the case of the Trust, Alfred Health has the powers noted above due to its ability to appoint and remove the majority of the trustees.

Control was deemed to have occurred on 31 May 2009, when Alfred Health appointed the trustees. At that time, the Trust had net assets of \$13.197m and under AASB 3 *Business Combinations*, this amount was recognised in Alfred Health's revenue. At 30 June 2010, the Trust had net assets of \$15.731m (2009: \$13.809m) which have been included in the financial statements of the consolidated entity.



Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Board Members, Alfred Health

The Financial Report

The accompanying financial report for the year ended 30 June 2010 of Alfred 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 members', accountable officer's and chief finance & accounting officer's declaration has been audited. The financial report includes the consolidated financial statements of the economic entity, comprising Alfred Health and the entities it controlled at the year's end or from time to time during the financial year as disclosed in note 25 to the financial statements.

The Board Members' Responsibility for the Financial Report

The Board Members of Alfred Health are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, including 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 judgment, 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 Alfred Health and the consolidated 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.

Independent Auditor's Report (continued)

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

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report published both in the annual report and on the website of Alfred Health for the year ended 30 June 2010. The Board Members of Alfred Health 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 Alfred Health 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 Alfred Health and the economic entity as at 30 June 2010 and of their 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
11 August 2010



D D R Pearson
Auditor-General

Alfred Health | PO BOX 315 | PRAHRAN 3181 | VICTORIA | AUSTRALIA
PHONE: +613 **9076 2000** | FAX: +613 9076 3409 | WEB: www.alfredhealth.org.au
ABN 27 318 956 319

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