AlfredHealth

ANNUAL REPORT 2010/2011

AlfredHealth

REPORT OF OPERATIONS
YEAR ENDED 30 JUNE 2011

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

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 2011.

Helen Shardey
Chair, Board of Directors

11 August 2011

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.*

Introduction from the Chair of the Board and the Chief Executive

We are pleased to present the 2010/2011 Annual Report for Alfred Health.

The past financial year was an outstanding period of achievement and growth for Alfred Health, and staff are to be congratulated for their contributions across a range of areas. The result delivered a health service operating more efficiently and maintaining first-class care despite greater patient numbers.

Organisations are guided by their purpose and, with that in mind, a new vision, mission and statement of values were adopted by Alfred Health. Delivering outstanding care to our patients is supported by the values of integrity, accountability, collaboration and knowledge. We completed our new strategic plan, which will carry us through to 2013 to ensure we continue to remain at the forefront of care and are responsive to the community we support.

We are pleased to report substantial improvements in many of the key performance indicators against which we benchmark our activity. Towards the end of the reporting year, Alfred Health exceeded all of the State Government's targets for emergency and elective care for the first time. Patients experienced shorter waits to be seen in our emergency departments, were admitted to an inpatient bed faster and underwent surgery sooner, with less chance of postponement.

These improvements have all been achieved in an environment that continues to see increasing numbers of patients presenting to the emergency departments at The Alfred and Sandringham Hospital and at a time when we are also doing more elective surgery than ever before.

To enhance our ability to keep track of the organisation's performance against targets set for us by the State Government, we also launched our 'daily dashboard'. The dashboard, which was available internally for the first time in 2010/2011, makes it easier for hospital administrators, clinicians and others to track performance at a glance and identify areas requiring attention. It is a valuable tool that not only enables hospital administrators to plan, but aids all staff to understand how well we are performing, and where the challenges lie.

Research continues to be a key element of our activity and the organisation remains committed to supporting research-driven clinical outcomes that impact positively on patient care. We welcomed Professor Stephen Jane as Director of Research at a time when we are engaged in the creation of Australia's first Academic Health Science Centre.

Alongside our research partners and other health services, we have an opportunity to capitalise on Alfred Health's reputation as a leader in medical research. In the last financial year alone, more than $6 million in research grants were received from the National Health and Medical Research Council to fund projects across the health service.

Also achieved during this period was membership of the World Health Organisation's International Network of Health Promoting Hospitals and Health Services. Membership recognises the health service's achievements to date, as well as its commitment to a future that integrates health promotion philosophy with all areas of the organisation's clinical and administrative activities.

This move is part of Alfred Health's commitment to further enhance the health of the population, and not just those who access our services directly.

Strengthening The Alfred's relationship with the Southern Melbourne *headspace* office now means our clinicians are better placed to help young Victorians with mental illness. The more

integrated model enables The Alfred and 17 other agencies to provide a unique service for youth mental health and wellbeing.

In 2011, The Alfred was selected as one of four hospitals around the world to be featured in a documentary on trauma care. The series, which was filmed in The Alfred's Emergency and Trauma Centre, operating theatres and intensive care unit, sheds light on the contrasting approaches to trauma care internationally.

Importantly, the documentary is a reminder of how privileged we are to be running a first class trauma unit in a system regarded as one of the best in the world. The program is expected to air on Channel 4 in the United Kingdom in 2011/2012.

The $2.6 million refurbishment of the Helen Macpherson Smith Burns Unit, part of The Alfred's burns ward, was officially opened by the Premier of Victoria, The Hon Ted Baillieu, MLA, and Minister for Health and Ageing, The Hon David Davis, MP, in 2011. The new unit boasts more single rooms with en-suite bathrooms, a gymnasium to enable patients to start their rehabilitation earlier, and a purpose-built treatment room for wound dressings that is equipped to operating theatre standards.

Other notable capital works included the completion of Stage II of Caulfield Hospital's redevelopment. The $29.7 million project included structural repairs to the hydrotherapy pool and construction of the new residents' laundry, and partial refurbishment of allied health, the consulting clinics, continence service, diabetes service, heart centre and pathology.

There are now separate, specialised gyms for neurological patients, orthopaedic patients and patients with spinal and severe head injuries. The new area also has rooms for occupational therapy, including a fully working kitchen, woodwork room and speech assessment and hand therapy rooms.

A specialist 30-bed acquired brain injury unit is also being planned for Caulfield Hospital following the allocation of Federal and State Government funding of $27m. The Department of Health has engaged capital consultants and the master planning process has begun to determine where on the site the building will be constructed. It will be completed by 2014.

More families than ever are choosing to give birth at Sandringham Hospital and the maternity unit recorded its highest ever birth rate for a financial year. More than 1,200 babies were born at Sandringham Hospital, a 10 per cent increase on the prior year.

In line with the increased demand, the number of cots in the special care nursery was increased. The expansion not only allows the hospital to care for more sick babies, but it provides relief to local parents who have previously had to travel much further to visit their sick child in other hospitals.

There were a number of changes to the Alfred Health Board of Directors at the end of the year with the retirement of the Board Chair, Stephen Grant and board directors Mr Rob Gerrand and Dr Elaine Saunders. They all made significant contributions to the health service during their time on the Board and we are grateful for the guidance and support they provided. The new Board Chair is Helen Shardey and we have welcomed Anthony Starkins and Tim Wilson to the Board.

Alfred Health's volunteers once again showed themselves to be invaluable members of our team. Their continuing generosity of time and spirit enables us to support our patients in ways that would otherwise not be possible. Our volunteers contribute in a wide range of ways from hand massages, to acting as drivers and circulating with the tea trolley and each contribution adds to the services we can offer.

Once again, the members of the various committees who represent the wider community have also made an outstanding contribution in helping guide the planning and delivery of our services so that we can continue to respond to the needs of those to whom we provide care.

Alfred Health has continued to benefit greatly from the fundraising efforts of The Alfred Foundation. The level of commitment, dedication and enthusiasm is inspiring and our patients have continued to benefit greatly from their tireless efforts. We also wish to acknowledge the many donors who have supported Caulfield Hospital and Sandringham Hospital so generously.

Helen Shardey
Board Chair

Andrew Way
Chief Executive

Our health service

Alfred Health

Alfred Health is a leader in health care delivery, improvement, research and education. The organisation strives to achieve the best possible health outcomes for our patients and our community by integrating clinical practice with research and education.

As the main provider of health services to people living in the inner southeast suburbs of Melbourne, and a major provider of specialist statewide services to the people of Victoria, we offer services across the continuum of care from ambulatory, to inpatient and home and community-based services.

Alfred Health has a strong commitment to research and undergraduate and postgraduate training for medical, nursing, allied health and support staff through its major partnerships with Monash University and La Trobe University. It has important research and development links with the Baker IDI, the Burnet Institute and Monash University as a partner in the Alfred Medical Research & Education Precinct (AMREP).

Alfred Health is recognised as a pacesetter in the national healthcare arena and has consistently been linked to progressive developments in health care and services, medical research and health care teaching. It has always been at the forefront of developments in clinical services to ensure patients have the best possible care. It has also been a leader in implementing new models of care to ensure the greatest possible accessibility for patients and efficiency of service delivery.

Alfred Health's services are provided from The Alfred, Caulfield Hospital and Sandringham Hospital.

The Alfred

The Alfred was founded in 1871 and is Victoria's oldest hospital. Still operating on its original site, The Alfred has become an integral part of the Victorian landscape.

Home to one of the busiest emergency and trauma centres in the country, The Alfred has one of the largest and most advanced intensive care units in the region and as a major tertiary-referral hospital, it provides the most comprehensive range of specialist acute health and mental health services in Victoria.

The Alfred is the designated state-wide provider of heart and lung replacement and transplantation, cystic fibrosis, major trauma, burns, HIV/AIDS, haemophilia, sexual health, hyperbaric medicine and psychiatric intensive care.

In addition, the hospital offers state-wide elective surgical services through The Alfred Centre, providing short-stay elective surgery, diagnostic procedures and other planned services for public hospital patients throughout Victoria.

The Alfred is also recognised for its concentration of services, such as cardiology and cardiovascular medicine; paediatric lung transplant; oncology and haematology; respiratory medicine and infectious disease management.

Additional specialist services include blood diseases, melanoma, bone marrow transplant, neurosurgery, general and specialist surgery and medicine, psychiatry and diagnostic services.

Highlights for the year

Traumatic brain injury

Results from a seven year study are likely to influence the way patients with diffuse head injury are managed around the world. The Alfred-led research, involving neurosurgeons and intensivists, showed that surgical removal of part of the skull, to allow for brain swelling, is not always optimal for long term outcomes.

This research promises to change the way this group of patients has been managed for decades.

Peanut allergy vaccine

Key components for a safe and effective vaccine to treat peanut allergy were identified by researchers in 2010. The Alfred and Monash University research teams discovered fragments of peanut protein that are big enough to interact with the immune cells of the body and build tolerance, but not big enough to cause a reaction.

If successful, the research has the potential to be life changing for those who suffer from allergy to this common nut.

Services for youth

A funding boost from the Federal Government's mental health reform agenda in 2010 has led to the expansion of Alfred Health's Child and Youth Mental Health Service. The funding, which in total is close to $8 million over four years, will enable the service to cater for people up to the age of 25 years age – well beyond the previous age limit of 18.

Caulfield Hospital

Caulfield Hospital has a long tradition of community service dating back to 1916 when the hospital was first established as an Army Hospital. Then, it provided vital healthcare services to returned servicemen and women from the First World War.

Today, Caulfield Hospital provides a range of speciality services to the Alfred Health community in the areas of community services, rehabilitation, aged care, residential care and aged psychiatry. These services are provided in hospital, in the community and at home. The Hospital has a statewide role in the provision of rehabilitation services.

Caulfield Hospital offers a diverse array of treatment programs tailored to meet the specific needs of its patients, while promoting independent living through accessible and flexible services. Programs are delivered to patients in a range of settings to suit individual requirements.

Caulfield Hospital is a formal training centre for Monash University medical students and has strong links with La Trobe University and the University of Melbourne. The Hospital also facilitates specialised postgraduate training in Aged Care, Rehabilitation and Aged Psychiatry.

Caulfield Hospital's aim is to provide high quality, compassionate care to all patients to enhance their quality of life, assist them to remain at home when possible rather than being admitted to hospital for treatment and assist with integration in the community.

Highlights for the year

Global research on Alzheimer's

Caulfield Hospital is involved in a new clinical trial that hopes to deliver a significant advance in the war on Alzheimer's disease. The researchers are aiming their attack on the protein 'amyloid', which is widely thought to cause Alzheimer's disease. Participants receive monthly infusions of an antibody that recognises amyloid as an invader. The infused antibody then allows excretion of the protein, with the aim being to slow or arrest the progress of the disease.

Most Alzheimer's research to date has focused on the temporary management of symptoms, however this trial is aiming to be one of the first to deliver a true treatment.

Researching end to under-nourishment

A new Australian-first study is using the male hormone testosterone, along with a nutritional supplement, in a bid to reduce the number of under-nourished older people ending up in hospital. The three year, $1 million project is being undertaken by Caulfield Hospital along with the University of Adelaide and University of Sydney. The study will look at the effects of the treatment on hospital admissions in under-nourished people.

Health via web-cam

Following a need for experienced geriatricians at Shepparton's 40-bed sub acute unit at Goulburn Valley Health, Caulfield Hospital agreed to establish a telehealth project to link country patients with the hospital's aged care experts.

The ward round in Shepparton now consists of a wireless mobile video-conferencing unit being wheeled to the patients' bedside. Caulfield geriatricians interact and assess the patients and conduct a gait and balance examination, all through the video link. Following the 'virtual ward round', a case conference is held with the multidisciplinary team using the same technology.

Each week 20 country patients are seen via a computer and web camera.

Sandringham Hospital

Over the years Sandringham Hospital has played a vital role in the community by providing exceptional and outstanding care that has earned it an enviable reputation as a community hospital.

The hospital plays an important part in the delivery of women's and children's health for surrounding areas including a 12-bed maternity and birthing suite, a level two special care nursery, breastfeeding support and paediatrics.

Sandringham's emergency department continued to see an increasing number of patients in 2010/2011 and the General Medical Units and nursing care teams support elective surgery at Alfred Health, including anaesthetics, general surgery and gynaecological and orthopaedic surgery.

A number of ambulatory care services are also located at Sandringham Hospital including a 12 chair dialysis unit. Post-operative rehabilitation is coordinated between Sandringham and Caulfield Hospitals. Additional services available include physiotherapy, diabetic education, aged care, occupational therapy, social work, dietetics and speech pathology.

Sandringham Hospital also offers both inpatient and bulk billing outpatient services for radiology and pathology.

Highlights for the year

Baby boom

More than 1,200 babies were born at Sandringham Hospital in 2010/2011, a 10 per cent increase on the prior year. This is the highest number to be delivered at Sandringham in a 12-month period and included eight sets of twins.

Family room

Vulnerable newborns and their families now have a space at Sandringham Hospital that will allow mothers to breastfeed and also have close, physical time with their babies in a private setting.

The Community Bank Family Room was made possible through philanthropic support from local banks and has been a welcome addition to the facilities at the hospital.

Auxiliary winds down

They were around for longer than Sandringham Hospital and raised more than $250,000, but in 2010 the Black Rock Ladies Auxiliary closed down.

The outstanding contribution of the auxiliary will always be remembered.

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 for the period 1 July 2010 to 2 December 2010 was the Minister for Health, the Hon Daniel Andrews MP. The relevant Minister for the period 2 December 2010 to 30 June 2011 was the Minister for Health and Ageing, the Hon David Davis 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* (term expired 30 June 2011)

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

Ms Hannah Crawford *BCom LLB CA FFin*

Mr Julian Gardner *BA LLB FIPAA*

Mr Robert Gerrand *BA FAMI FAICD* (term expired 30 June 2011)

Mr David Menadue *OAM BA BEd*

Dr Elaine Saunders *BSc(Hons) GradDipMgt MSc PhD GAICD* (term expired 30 June 2011)

Associate Professor Jillian Sewell *AM MBBS FRACP FAICD*

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

From 1 July 2011

Ms Helen Shardey (Chair) *BComm TSTC MAICD*

Mr Anthony Starkins *LLB BEc FFin MAICD*

Mr Tim Wilson *DipBus BA MDiplomacy&Trade*

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, including a policy and guideline on conflicts of interest. 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 *BBSc(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* (until April 2011)
Ms Janet Weir-Phyland *RN, BScN, MBA* (from May 2011)

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 GAICD*

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* (until December 2010)

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.

Executive 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.

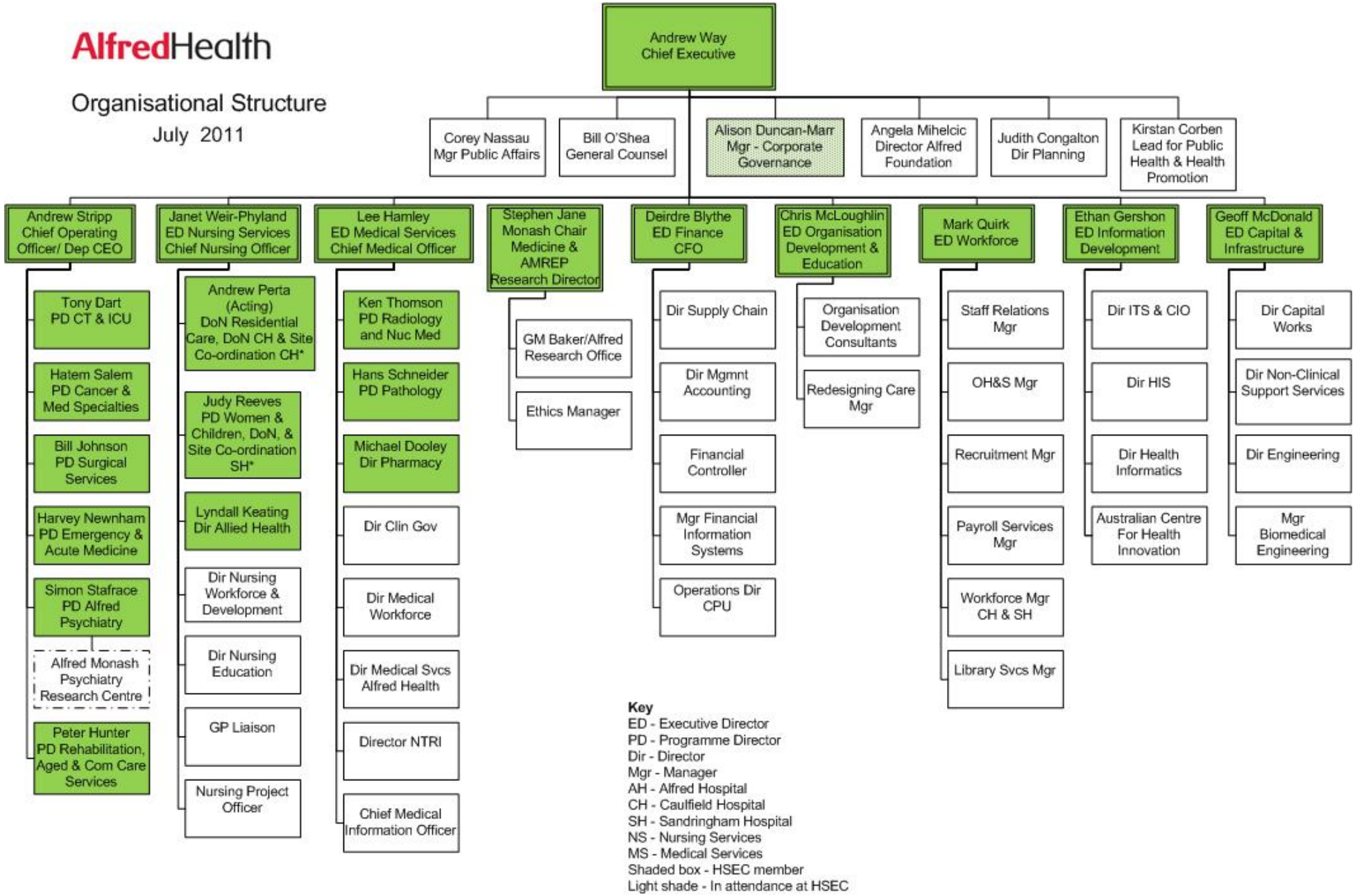
Legal Counsel
Mr Bill O'Shea *BSc DipEd LLB (Hons)*

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

AlfredHealth

Organisational Structure

July 2011



2.5 Human Resources Management

With more than 7,500 employees on the Alfred Health payroll system, running on a heavily customised SAP system, the payroll team has continued to deliver a high standard of accuracy for salaries and associated entitlements to all categories of staff.

The statistics on payroll transactions for the last financial year, noting that the statistics are for payroll use and do not reflect a "headcount", were:

New employees established 1713
Departures processed 1431
Master file variations processed 37794

The numbers of employees on the payroll system:

	Full Time	Part Time	Casual	Total
The Alfred	2855	2116	781	5752
Caulfield Hospital	492	664	175	1331
Sandringham Hospital	105	433	173	711
	3452	3213	1129	7794

The extent and diversity of Payroll operations over the year are as follows:

Partnering with the Rostering/Payroll Interface System with regard to Alfred Health employment conditions, award interpretations

Reviewed and improved the production and maintenance of reports from SAP payroll system and distribution.

Merged historical databases from the basic Peruse payroll system and manual file information with current SAP records to improve

Reporting for the Reward and Recognition program.

Established corporate schemes with Ambulance Victoria and Hospitals Contribution Fund.

Developed Venue Hire deduction benefit with Maxxia, the salary packaging bureau.

Improved and established procedures to enhance service delivery standards.

Commenced processing the Government funded Paid Parental Leave entitlements

Recruitment

This year**,** 1713 new employees commenced at Alfred Health. The Corporate Orientation Program, which does not include medical staff (serviced by local programs), continues to be conducted at each campus on a monthly basis with 1103 attending while the feedback about the program provided by attendees has been overwhelmingly positive.

With the continued utilisation of the online recruitment system, candidate management and sourcing through online advertising mediums continues to develop and grow. Alfred Health received 22,649 applications over the last 12 months:

- Online Sources = 18,003
- Print Sources = 437
- Employee Referrals = 1,368
- Other (e.g. agency, expos) = 2,841

Alfred Health's own careers website contributed to the most applications with 8,622 while 1,488 subscribed to receiving 'job alerts' in the last 12 months for advertised vacancies.

Supplementing our available local resources and talent is Alfred Health's overseas recruitment activities. Alfred Health has been an attractive destination for many overseas professionals. 154 employees were sponsored for subclass 457 visas including; 92 nurses, 46 medical, 12 allied health and 4 non-clinical employees.

Scoping activity has commenced for the purpose of replacing hard copy human resource related forms and to contribute to developing seamless processes through a human resource information system (HRIS).

Rostering/Payroll Interface System

In June, 2010, the Board of Alfred Health approved the roll out of a Rostering/Payroll Interface System using the HealthSMART system, Kronos.
The project commenced in February 2011 and the roll out will take 18 months.

The system gives Alfred Health an integrated solution for time management, employee scheduling, absence management and payroll processing. The advanced scheduling capabilities of the Kronos system will enable Alfred Health to accurately match staffing levels to the unique operational requirements of each department and provide savings in staff and increased efficiencies in payroll processing, rostering practices and leave management.

Staff Relations

Alfred Health has continued to deliver a constructive and fair staff relations service which supports managers and employees in areas such as award interpretation, disciplinary and grievance processes and outcomes, enterprise agreement negotiations and organisational change. The change has centered upon advising management on reviewing and modifying obsolete structures to reflect the strategy and priorities of a leading quaternary health service.

We have reviewed and upgraded our policies, guidelines and practices to reflect the requirements of applicable legislation including the Fair Work Act, Paid Parental Leave Act and Human Rights law.

Staff Relations has undertaken several workplace reviews with the focus on resolving local bottlenecks and outmoded work practices and provided training in enterprise bargaining, prevention of bullying and harassment, leave management and disciplinary processes.

Enterprise bargaining activities have involved the complex requirements imposed on employers to certify agreements.

During 2010/2011, it is pleasing to note that there was no lost time as a result of industrial action or disputes.

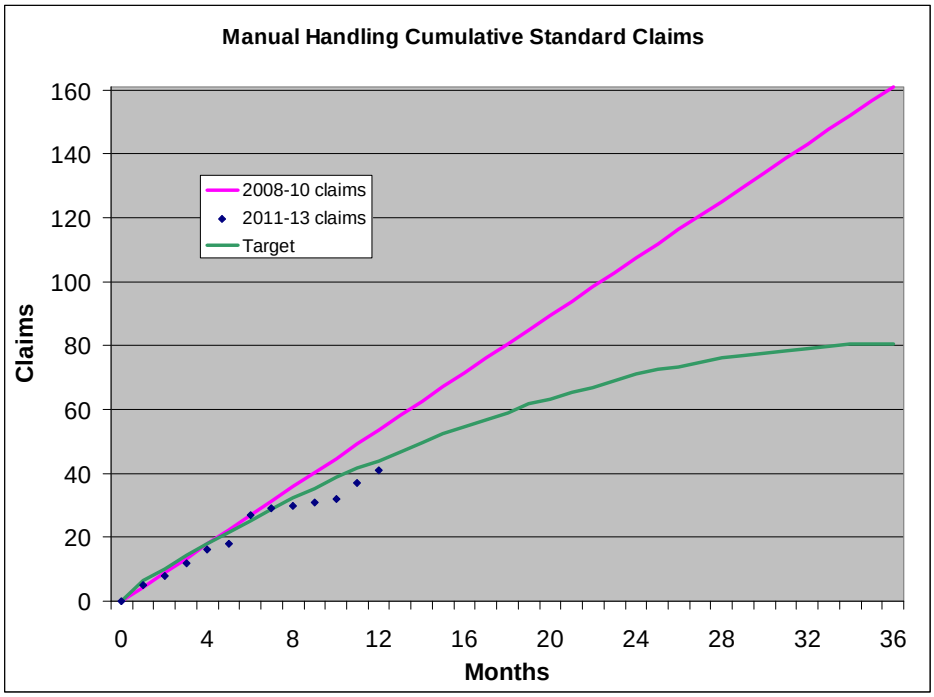
Occupational Health and Safety

Alfred Health has comprehensive and accessible Occupational Health and Safety and injury management systems in place, supported by multimedia training resources available via the Alfred Health intranet.

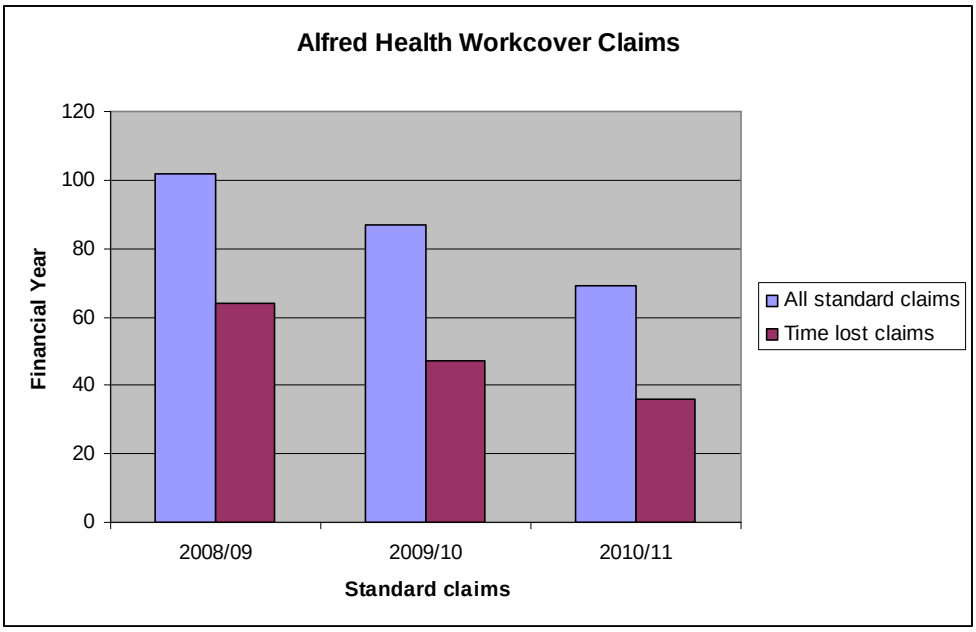
Strategic leadership in OHS is provided by the Alfred Health Executive Committee. Key organisational risks are overseen by risk-specific committees, and there are a range of consultation mechanisms in place, including a large number of trained Health and Safety Representatives.

In 2010/11, the organisation implemented year 1 of the Alfred Health Manual Handling Strategic Plan 2011-13. The objective of the plan is to reduce the number of standard WorkCover claims from manual handling causes, by 50% over 3 years.

Key elements of the plan include oversight by a multi-disciplinary committee, central organisational manual handling risk register, significant capital investment in equipment to eliminate or significantly reduce manual handling, and user-friendly toolkits for managers and staff. At the end of 2010/11, Alfred Health was 13 standard claims ahead of the performance for the 3 years prior to the plan.



Overall claims performance has improved significantly over the past 3 years.



Workforce services at Caulfield and Sandringham Hospitals

As well as delivering Staff Relations services across Sandringham and Caulfield Hospitals, there is a focus on continuous improvement, contributing to service business planning, implementation and strategic directions.

The service supports managers and staff by providing coaching, advice and education to enable the best outcomes for the hospitals.

Extensive and often unscheduled Commonwealth and State accreditations occurred this year and the service ensures that administrative standards are met and accreditation is achieved. We currently have full accreditation without restriction.

Workforce Data

	2010 FTE	**2011** FTE
Nursing	2,121	2,207
Administration and Clerical	790	808
Medical Support	1,106	1,162
Hotel and Allied	232	224
Full Time Medical Specialists	155	163
Hospital Medical Officers	465	454
Sessional Clinicians	120	128
s97 Employees	19	15
Total Full Time Equivalent (FTE) (not including overtime)	5,008	5,161

2.6 Application and Operation of the Freedom of Information Act 1982

Freedom of Information Decisions 2010/2011

Applications Received	2516
Applications granted (Full)	2398
Applications granted (part)	17
Access denied	2
Other	33
Not finalised	66
Not finalised 2009/2010	340
Access granted in full	340

2.7 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, including 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
The Alfred
55 Commercial Road
Melbourne VIC 3004
Phone (03) 9076 2039
Fax (03) 9076 3409

Mr Andrew Perta
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:

- no 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;
- no matters were disclosed that Alfred Health declined to investigate;
- no matters were disclosed to the Ombudsman.

2.8 Capital and Infrastructure

Building Act 1993

Alfred Health obtains building permits for new projects where required and certificates of occupancy or certificates of final inspection for all completed projects.

Projects completed in 2010/11 with certificates of final completion:

- Caulfield Redevelopment Stage 2
- HESP – Generator Replacement Project
- Hyperbaric Chamber Upgrade
- Burns Ward Refurbishment
- Psychiatry Gender Separation Project
- Pharmacy Stage 2 Redevelopment
- Alfred Emergency Department Isolation Room
- Demolition of Caulfield Building 26
- 75 Alma Road St Kilda renovations

Projects under construction with building permits:

- Sandringham Hospital CSSD Upgrade
- Alfred Radiology CT Room
- Alfred Foundation Fitout
- 28 & 32 Adelaide Street Armadale

Registered building practitioners are used on all building projects with maintenance of their registered status for the duration of the work a condition of their contract. All buildings are maintained in a safe and serviceable condition with routine inspections and scheduled

maintenance programs undertaken. All building essential services are inspected for compliance as required by legislation.

Environmental Sustainability

Alfred Health recognises the need to have a broader view of the impact our organisation has on the environment. We are committed to minimising this impact and reducing the greenhouse gases produced by our operations.

In 2010/11 Alfred Health formed a Sustainability Committee with the aim of developing a behavioural culture change through our broad community that will result in a commitment from our staff and stake holders to achieve a reduction in our environmental impact. Through water and energy consumption, waste generation and purchasing preference, we aim to be responsible for our contributions to climate change.

During the year Alfred Health conducted an energy audit of The Alfred. Findings from this report will be used to shape our Environmental Management Plan in 2011/12. Alfred Health reports its energy consumption to the Department of Health, the EPA's Environment and Resource Efficiency Plan and the Australian Government Department of Climate Change and Energy Efficiency's National Greenhouse and Energy Report.

We continue to show commitment through the development of our WaterMaps with Southeast Water that have seen our water consumption decrease by 17% over five years from July 2005, despite an increase in patient bed days.

2.9 Consultancies

There were 105 consultancies costing less than $100,000 undertaken in 2010/2011 at a total cost of $0.9m.

There were no consultancies in 2010/2011 costing in excess of $100,000.

3. Committees

The Alfred Health Board has established a number of committees and advisory committees in accordance with sections 65S and 65ZA of the Health Services Act 1988, and Government Sector Remuneration Panel (GSERP) Policy.

3.1 Audit Committee

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.

In 2010/2011, 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.

3.2 Community Advisory Committee

The Community Advisory Committee provides advice to the Board of Directors on consumer, carer and community participation and other Alfred Health community initiatives; advises the Board and Chief Executive on priority areas and issues requiring consumer and community participation, and on matters of community interest or concern, including those of concern to culturally, religiously and linguistically diverse communities; and is a forum through which members of the community can work in partnership with Alfred Health to identify and achieve its objectives.

In 2010/2011 the members of the Committee were Dr E. Saunders* (Chair) and Mr D. Menadue* and community members Ms P. Ackland, Mr N. Caswell, Ms D. Dybner, Mr E. Elbaum, Mr G. G'her, Ms S. Gray, Mr B. Hayhoe, Mr J. Holstock, Ms B. Liston, Ms A. Roberts and Ms J. Richardson (associate).

* Board members

3.3 Finance Committee

The Finance Committee assists the Board to fulfil its full range of financial responsibilities, including reporting to the Board on Alfred Health's financial position and the appropriateness of the financial information prepared by management; receiving and reviewing the annual budget and key budget strategies; overseeing and supervising the management and implementation of actions to address financial management risks; and considering and recommending to the Board commitments that require Board approval.

In 2010/2011, the Finance Committee consisted of Ms H. Crawford (Chair), Ms F. Bennett, Mr R. Gerrand, Mr S. Grant and Mr A. Way.

3.4 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.

In 2010/2011, the Primary Care & Population Health Advisory Committee consisted of Prof H. Swerissen (Chair), Mr S. Grant, Assoc Prof P. Hunter and Mr A. Way.

3.5 Quality Committee

The Quality Committee has been established to ensure that effective and accountable systems are in place to monitor and improve the quality and effectiveness of health services; ensure

that any systemic problems identified with the quality and effectiveness of health services are addressed; and ensure that continuous improvement and innovation are fostered within Alfred Health.

In 2010/2011, the Quality Committee consisted of Assoc Prof J. Sewell (Chair), Mr J. Gardner, Mr S. Grant, Mr D. Menadue, Dr E. Saunders and Prof H. Swerissen.

3.6 Remuneration Committee

The Remuneration Committee provides advice to the Board on Executive remuneration matters and monitors the implementation of an Executive remuneration policy that is consistent with the business objectives and human resources needs of Alfred Health, the Government Sector Executive Remuneration Panel (GSERP) policies, and prevailing legislation.

In 2010/2011, the Remuneration Committee consisted of Mr S. Grant (Chair), Ms F. Bennett, Ms H. Crawford and Mr R. Gerrand.

3.7 Risk Management

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

There are several high and extreme risk issues that are addressed by 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.

4. Financial Information

Summary of Financial Results

	2010/11 $000	2009/10 $000	2008/09 $000	2007/08 $000	2006/07 $000
Operating Revenue	820,999	758,860	713,592	645,543	597,273
Operating Expenses	(820,967)	(762,713)	(711,188)	(648,365)	(595,821)
Operating Result	**32**	**(3,853)**	**2,404**	**(2,822)**	**1,452**
Capital and Specific Items	(43,723)	(26,865)	(1,505)	19,965	(2,059)
Net Result for the Year	**(43,691)**	**(30,718)**	**899**	**17,143**	**(607)**

Financial Performance

Alfred Health's Operating Result was a net surplus of $0.03m. This was an improvement of $3.9m from the prior year. The current year results reflect the increase in operational activity from 2009/10 continuing through 2010/11, creating additional revenue of $62.1m (8%), offset by higher expense costs of $58.3m (7%) to deliver these extra services, particularly in employee expenses (which contributed $39.7m of the additional expense).

The Net Result for the year was $43.7m deficit. The movement of $13.0m from the prior year reflects the reduction in capital purpose income received of $14.7m and an increase in depreciation and finance costs of $1.7m.

	2010/11	2009/10	2008/09	2007/08	2006/07
	$000	$000	$000	$000	$000
Total Revenue [1]	840,672	793,268	739,671	692,343	615,818
Total Expenses [2]	884,363	823,986	738,772	675,200	616,425
Net Result for the Year	**(43,691)**	**(30,718)**	**899**	**17,143**	**(607)**
Movement in Reserves	23,697	(15,305)	7,637	(6,171)	(10,554)
Accumulated (Deficit)	**(129,779)**	**(74,436)**	**(28,413)**	**(36,949)**	**(47,921)**

(1) Total revenue includes revenue from operating activities and capital purpose income

(2) Total expenses include expenditure from operating activities, depreciation and finance costs.

Total Assets	826,132	844,796	839,100	662,042	617,647
Total Liabilities	275,006	273,676	240,139	193,089	166,813
Net Assets	**551,126**	**571,120**	**598,961**	**468,953**	**450,834**
Total Equity	**551,126**	**571,120**	**598,961**	**468,953**	**450,834**

Financial Analysis of Operating Revenues and Expenses

	2010/11	2009/10
	$000	$000
REVENUES		
SERVICES SUPPORTED BY HEALTH SERVICES AGREEMENT		
Government grants	682,236	634,318
Indirect contributions by Department of Health	11,941	9,887
Patient and Resident fees	26.796	25,048
Recoupment from private practice for use of Hospital facilities	22,664	21,616
Other revenue	16,733	18,068
	760,370	**708,937**
SERVICES SUPPORTED BY HOSPITAL & COMMUNITY INITIATIVES		
Recoupment from private practice for use of Hospital facilities	8,794	7,750
Donations and Bequests	13,010	9,846
Interest	5,729	4,082
Other Revenue	33,096	28,245
	60,629	**49,923**
Total Operating Revenue	**820,999**	**758,860**

	2010/11 $000	2009/10 $000
EXPENSES		
SERVICES SUPPORTED BY HEALTH SERVICES AGREEMENT		
Employee Benefits	(515,842)	(484,693)
Non Salary Labour Costs	(11,732)	(13,382)
Supplies & Consumables	(169,217)	(155,414)
Other Expenses from Continuing Operations	(90,043)	(87,278)
	(786,834)	**(740,767)**
SERVICES SUPPORTED BY HOSPITAL & COMMUNITY INITIATIVES		
Employee Benefits	(21,502)	(12,930)
Non Salary Labour Costs	(440)	(325)
Supplies & Consumables	(1,445)	(2,158)
Other Expenses from Continuing Operations	(10,746)	(6,533)
	(34,133)	**(21,946)**
Total Operating Expenses	**(820,967)**	**(762,713)**
NET RESULT FROM CONTINUING OPERATIONS BEFORE CAPITAL AND SPECIFIC ITEMS	**32**	**(3,853)**
Capital Purpose Income	19,673	34,408
Depreciation and Amortisation	(61,787)	(59,431)
Finance Costs	(1,609)	(1,842)
NET RESULT FOR THE YEAR	**(43,691)**	**(30,718)**

Balance Sheet

	2010/11	2009/10
	$000	$000
Current Assets		
Cash & Investments	17,884	30,449
Receivables & Prepayments	21,198	19,358
Inventory	6,430	6,458
	45,512	**56,265**
Current Liabilities		
Payables	60,139	64,353
Employee Entitlements	125,349	113,220
Loans	1,026	964
Other Liabilities	1,359	1,321
	187,873	**179,858**
Working Capital	**(142,361)**	**(123,593)**
Non-Current Assets		
Receivable (long service leave)	11,128	9,583
Investments	53,279	49,262
Property, Plant & Equipment	716,213	729,686
	780,620	**788,531**
Non-Current Liabilities		
Loans	23,543	24,570
Employee Entitlements (Long Service Leave)	15,344	19,156
Other Liabilities	48,246	50,092
	87,133	**93,818**
Net Assets	**551,126**	**571,120**
Equity	**551,126**	**571,120**
Current Asset Ratio	**0.24**	**0.31**

Significant Changes in the Balance Sheet

Current Assets decreased $10.8m to $45.5m, primarily due to a reduction in the value of cash held.

Current Liabilities increased $8.0m due to an increase of $12.1m in the value of employee entitlements and a decrease of $4.2m in payables due to timing of payments for operational activities and capital over the year end period.

Non-Current Assets decreased $7.9m, mainly due to a $5.6m increase in the value of investments and receivables offset by a net $13.5m decrease in the value of Property, Plant & Equipment from purchases, revaluation and depreciation charges for the year.

Non Current Liabilities decreased by $6.7m due to a reclassification in the provision for Long Service Leave to current liabilities ($3.8m), scheduled repayments of the car park loan with the Treasury Corporation of Victoria and realisation of rent received in advance.

Operational & Budgetary Objectives for 2010/11

	Actual $m	Budget $m
Operating Result	-	-
Activity Indicators		
WIES (1)		
Public (excl renal)	70,334	71,286
Private (excl renal)	11,887	10,524
Renal	1,017	1,165
WIES (public, private and renal)	83,238	82,975
TAC	6,667	6,713
DVA	1,420	1,650
TOTAL	91,325	91,338
VACS (Medical and Allied)	158,258	165,601
CRAFT Units	857	823

(1) WIES figures accurate as at 12/7/2011. 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 2010/11 Statement of Priorities.

Revenue Indicators

Collection

	Average Collection Days	
Category	**2010/11**	**2009/10**
Private	45	57
TAC	113	341
VWA	49	37
Other Compensable	143	213
Nursing Home	30	33

Inpatient Debtors

Category	Under 31 Days	31-60 Days	61-90 Days	Over 90 Days	Total 30/6/11	Total 30/6/10
	$000	$000	$000	$000	$000	$000
Private	1,445	1,678	863	345	**4,331**	**4,241**
TAC	17		8	-	**23**	**234**
VWA	394	184	44	-	**622**	**323**
Other Compensable	-	-	-	-	**-**	**660**
Nursing Home	-	19	41	205	**265**	**231**

Cash management /liquidity	As at 30 June 2011
Creditor days	47
Debtor days	55
Net movement in cash balance ($)	(13.06m)

4. Financial Information

Access

Part B: Service Performance

	2010/11
WIES Activity Performance	
WIES (Public and Private) performance to target (%)	100.2%

	2010/11
Elective Surgery	
Elective Surgery Admissions - Quarter 1	2874
Elective Surgery Admissions - Quarter 2	2971
Elective Surgery Admissions - Quarter 3	2776
Elective Surgery Admissions - Quarter 4	2970

	2010/11
Critical Care	
ICU Minimum Operating Capacity	33

Part B: Access Performance

The Alfred

1. Elective surgery performance	Qtr 1 2010/11	Qtr 2 2010/11	Qtr 3 2010/11	Qtr 4 2010/11	Full Year 2010/11	2009/10
Percentage of category 1 elective patients admitted within 30 days	100%	100%	100%	100%	100%	100%
Category 2 proportion of patients waiting less than 90 days	79%	82%	82%	85%	85%	68%
Category 3 proportion of patients waiting less than 365 days	92%	92%	94%	100%	100%	98%
Number of Ready for Care patients on the elective surgery waiting list	1,672	1,723	1,744	1,625	1,625	1,605
Number of Hospital Initiated Postponements (HiPs) per 100 scheduled admissions	7%	6%	7%	6%	6%	7%
2. Emergency department performance	**Qtr 1 2010/11**	**Qtr 2 2010/11**	**Qtr 3 2010/11**	**Qtr 4 2010/11**	**Full Year 2010/11**	**2009/10**
Emergency patients admitted to an inpatient bed within 8 hours	58%	83%	84%	84%	77%	69%
Time on Hospital by-pass (The Alfred only)	2.1%	1.0%	1.2%	1.5%	1.4%	1.1%
Non-admitted patients with length of stay of less than 4 hours	73%	84%	84%	82%	81%	79%
Number of patients with an emergency stay of greater than 24 hrs	0	0	0	0	0	11
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%	100%	100%	100%	100%
Percentage of Triage Category 2 emergency patients seen within 10 minutes	86%	88%	87%	89%	87%	82%
Percentage of Triage Category 3 emergency patients seen within 30 minutes	73%	81%	81%	80%	79%	75%

Sandringham Hospital

1. Elective surgery performance	Qtr 1 2010/11	Qtr 2 2010/11	Qtr 3 2010/11	Qtr 4 2010/11	Full Year 2010/11	2009/10
Percentage of category 1 elective patients admitted within 30 days	100%	100%	100%	100%	100%	100%
Category 2 proportion of patients waiting less than 90 days	79%	82%	90%	95%	95%	68%
Category 3 proportion of patients waiting less than 365 days	100%	100%	100%	100%	100%	98%
Number of Ready for Care patients on the elective surgery waiting list	317	227	226	260	260	334
Number of Hospital Initiated Postponements (HiPs) per 100 scheduled admissions	7%	4%	4%	5%	5%	7%
2. Emergency department performance	**Qtr 1 2010/11**	**Qtr 2 2010/11**	**Qtr 3 2010/11**	**Qtr 4 2010/11**	**Full Year 2010/11**	**2009/10**
Emergency patients admitted to an inpatient bed within 8 hours	81%	81%	81%	82%	81%	82%
Non-admitted patients with length of stay of less than 4 hours	77%	82%	81%	81%	80%	79%
Number of patients with an emergency stay of greater than 24 hrs	0	1	0	0	1	2
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%	100%	100%	100%	100%
Percentage of Triage Category 2 emergency patients seen within 10 minutes	85%	84%	88%	85%	85%	79%
Percentage of Triage Category 3 emergency patients seen within 30 minutes	82%	79%	83%	79%	81%	77%

Part C: Activity and Funding

Activity and Funding Type	Activity Achievement
Weighted Inlier Equivalent Separations (WIES)	
WIES Public (excluding renal, inc. VALP)	70,147
WIES Private (exc. renal)	11,846
Total WIES (Public, Private and Renal)	81,993
WIES Renal	1,008
WIES DVA	1,410
WIES TAC	6,683
WIES TOTAL	91,094
Sub Acute Inpatient	
CRAFT	857
Rehab L1 (non DVA)	4,815
Rehab L2 (non DVA)	2,502
Rehab - Paediatric	0
GEM (non DVA)	30,051
Palliative Care - Inpatient	0
Transition Care (Non DVA) - Bedday	20,257
Restorative Care	3,008
Rehab 1 - DVA	307
Rehab 2 - DVA	833
GEM -DVA	1,906
Palliative Care - DVA	0
NHT - DVA	0
Ambulatory	
VACS - Allied Health Attendances (exc. DVA)	43,745
VACS - Variable (exc. DVA)	116,513
Transition Care (Non DVA) - Homeday	5,902
SACS - Non DVA	40,813
SACS - Paediatric	0
Radiotherapy - WAUs Public & Private	62,076
Post Acute Care	0
VACS Allied Health - DVA	238
VACS Variable - DVA	1,251
SACS - DVA	335
Radiotherapy - WAUs DVA	1,720
Post Acute Care - DVA	0
Aged Care	
Aged Care Assessment Service	3,730
Residential Aged Care (separated beddays)	32,964
Mental Health	
MH - Inpatient	23,501
MH - Ambulatory	123,646
Community Health/Primary Care	
Community Health - Direct Care (hours)	41,149

Activity					
Admitted Patient	**Acute**	**Sub-Acute**	**Mental Health**	**Other**	**Total**
Separations					
Same Day	50,397	4	131	0	50532
Multi Day	39,049	3,454	1,446	0	43949
Total Separations	89,446	3,458	1,577	0	94481
Emergency	34,297	29	943	0	35269
Elective	53,768	3,429	634	0	57831
Other inc Maternity	1,381	0	0	0	1381
Total Separations	89,446	3,458	1,577	0	94481
Total WIES	91,094				
Total Bed Days	259,925	127,067	23,501	0	410,493
Breakdown of Sub-Acute Bed Days					
Rehab Lv1 (Non DVA)	4,815				
Rehab Lv2 (non DVA)	2,502				
GEM (Non DVA)	30,051				
Rehab Lv1 (DVA)	307				
Rehab Lv2 (DVA)	833				
GEM DVA	1,906				
Transition Care (Non DVA) – Bed day	20,257				
Transition Care (Non DVA_ - Home day	5,902				
Residential Aged Care (bed days)	32,964				
CRAFT	857				
Other	0				
Total	100,394				
Non-Admitted Patients	**Acute**	**Sub-Acute**	**Mental Health**	**Other**	**Total**
Emergency Department Presentations	86,865	0	0	0	86,865
Outpatient Services - Occasions of Service (VACS and Non-VACS)	247,077	41,148	10	0	288,235
Other Services - Occasions of Service	154,543	62,903	123,646	0	341,092
Total Occasions of Service	488,485	104,051	123,656	0	716,192
Victorian Ambulatory Classification System - Number of encounters	131,441	0	10		131,451

Research

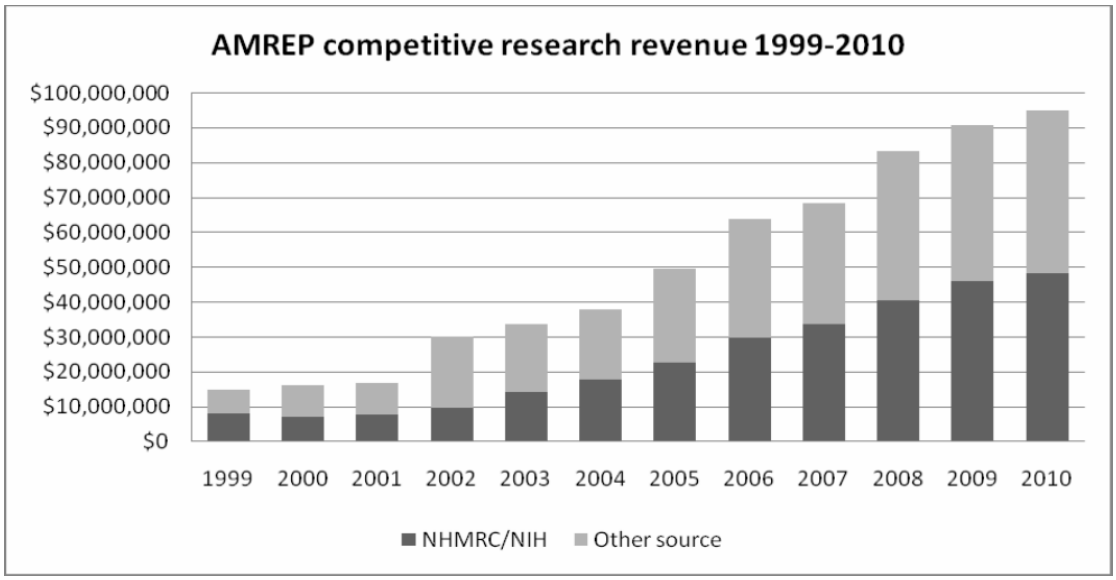
Appointment of a New Director of Research

In January 2011, Professor Stephen Jane was appointed as the Head of Central Clinical School, Professor of Medicine, Monash University and Director of Research, The Alfred. Professor Jane is an active researcher with a range of research interests in developmental and acquired disorders of the blood and skin in mouse models.

AMREP Research Outputs

Alfred Health is a key collaborative partner in the Alfred Medical Research and Education Precinct (AMREP), one of Australia's leading centres of clinical and biomedical research. The other partners are Monash University, Baker IDI Heart and Diabetes Institute, the Burnet Institute, Deakin University and La Trobe University.

In 2010, AMREP's competitive research revenue increased to almost $95 million from $90.9 million in 2009. Of this, half came from the National Health and Medical Research Council (NHMRC) and the US National Institutes of Health. A further measure of research output, numbers of publications (refereed journal articles, book chapters and books), rose from 1171 in 2009 to 1462 in 2010. Both research revenue and publication numbers have trebled since AMREP's establishment in 2002. Full details are available in the annual AMREP Research Report.



NHMRC Funding Achievements

Many of Alfred Health's clinical leaders are international leaders in their research specialties, and much of their research is funded by highly competitive national grants from funding bodies such as the NHMRC, where the annual success rate is typically less than 25%. Several major NHMRC grants commencing in 2011, most involving collaborations with other AMREP partners, were awarded to Alfred Health researchers.

Highlights were a $1.5 million Partnership Projects Grant awarded to Professor Sharon Lewin and Dr Julian Elliot, Infectious Diseases Unit, to run a novel self-management program for the long-term management of HIV infection and its complications. The funds will support the HealthMap trial, which will involve

developing on online platform to support partnerships between healthcare workers and people with HIV, enabling patients to better manage their own health. It is anticipated that the findings will be translated to clinical settings around the world and to other patient groups at risk of chronic diseases.

The largest Project Grant awarded to an Alfred Health leading investigator in 2010 was $3.3 million to Professor Paul Myles in Anaesthesia and Perioperative Medicine, for completion of the ATACAS trial.

Other Project Grants were awarded to:

- Professor Sharon Lewin (Infectious Diseases Unit) to study the role of chemokines in establishing HIV latency and another to study histone deacetylase inhibitors and HIV latency;
- Professor Robyn O'Hehir (Allergy, Immunology and Respiratory Medicine) to continue studies on a human CD4+ T cell epitope-based therapeutic for peanut allergy;
- Professor Stephen Bernard (Intensive Care) for the RINSE Trial: the Rapid Infusion of Cold Normal SalinE by paramedics during CPR;
- Professor Paul Fitzgerald (Monash Alfred Psychiatry Research Centre) for a randomised controlled trial of magnetic seizure therapy in major depressive disorder; and
- Professor Jayashri Kulkarni (Monash Alfred Psychiatry Research Centre) to study selective estrogen receptor modulators – a potential new treatment for women of child-bearing age with psychotic symptoms of schizophrenia.

Professor Tony Dart (Cardiovascular Medicine) was successful with a $2.5 million Centre of Research Excellence for Clinical Research Training in Translational Cardiology.

Completion of Landmark Intensive Care Trial

The seven-year Decompressive Craniectomy (DECRA) Trial involving 155 adult patients in Australia, New Zealand and Saudi Arabia has yielded surprising results that have led to a worldwide change of practice for the treatment of traumatic brain injury (TBI) in intensive care units. Partially funded by the NHMRC, the DECRA trial compared a neurosurgical procedure with standard intensive medical care in patients with generalised TBI and found that, for patients with diffuse brain injury, standard medical therapy was better than the surgical treatment. Decompressive craniectomy, however, was more effective in reducing pressure on the brain and decreasing time spent in intensive care. The results were published in April 2011 in leading international journal *New England Journal of Medicine*.

Southern Melbourne Academic Health Science Centre (AHSC)

An exciting new initiative in 2011 has been progression towards development of an AHSC involving The Alfred, Monash University, Baker IDI Heart and Diabetes Institute, Burnet Institute, Southern Health, Prince Henry's Institute and others in south-eastern Melbourne. A steering committee has been established to lead this development. The aim of AHSCs is to facilitate the integration of clinical practice, education and research, and to strengthen research translation leading to faster

improvements to clinical practice. Several AHSCs have been established overseas but, as yet, there are none in Australia. The NHMRC will be calling for applications late in 2011 to appoint Australia's first group of AHSCs.

6. Alfred Health Annual Meeting 2011

In accordance with Section 65ZG *Annual meetings* of the Health Services Act, Alfred Health held its Annual Meeting on Tuesday 30 November 2010 at The Alfred. The guest speaker was Professor Russell Gruen, Director of the National Trauma Research Institute, who spoke about the innovative P.A.R.T.Y. program (Preventing Alcohol and Risk-Related Trauma in Youth) at The Alfred.

7. Gifts and Donations

Alfred Health benefits each year from the generous support of its donors which includes individuals, trusts, foundations and organisations. Thanks to the outstanding and generous assistance from each donor, every donation we receive continues to make a difference to the quality of care that Alfred Health provides to the community. While we only formally acknowledge our biggest donors here, we are truly grateful to all our donors for their ongoing support of our projects.

Alfred Health would also like to recognise the considerable contribution made each year by The Alfred Foundation Board.

The members of the Board are:

Sir Rod Eddington (Chairman)
Sir Donald Trescowthick AC, KBE (Patron)
Mr Peter Barnett
Mr Anthony Charles
Mr Tony Charlton
Mr Ian Cootes (Deputy Chairman)
Mr Peter Fox AM
Mr Ian Johnson
Mr Michael Kiely
Mr Eddie McGuire AM
Ms Angela Mihelcic (Director, The Alfred Foundation)
Ms Amanda Mitchell (until July 2010)
Mr Chris Nolan
Mr Tony Phillips
Mr George Richards
Mr Rob Sayer
Mr Paul Sheahan
Mrs Carolyn Stubbs
Dr Chantel Thornton (until April 2011)
Mr Andrew Way (CEO, Alfred Health)
Mr Alan Williams
Ms Sadhna Wilson (from June 2011)

Redeveloped Burns Unit
The capital works project to redevelop The Alfred's Helen Macpherson Smith Burns Unit was a fundraising priority for The Alfred Foundation in the first half of the financial year 2010/2011, consolidating our work on this priority during the previous financial year. Many individuals and organisations gave to this $2.5 million redevelopment including the Muriel and Les Batten Foundation, recognised in naming rights to the four-bed High Visual Area in the Unit and the Julian Burton Burns Trust, whose major gift included funding equipment for the Gymnasium. The Tatts Group made a substantial gift by donating the proceeds of the Tattslotto Bushfire Benefit Draw made on 21 February 2009. Other funds raised by The Alfred Foundation together with $1 million received from the Victorian government contributed in partnership to the project. The new facility opened to patients in the New Year 2011 and was officially opened by The Hon Ted Baillieu MLA, Premier of Victoria, and The Hon David Davis MLC, Minister for Health, on 27 May 2011.

Hyperbaric General Unit - *Single-Person Hyperbaric Chambers*
Two single-person hyperbaric chambers were the focus of another major fundraising appeal for The Alfred Foundation in 2010. Costing $420,000 in total, these two new chambers were fully funded by The Alfred Foundation. Once installed in a purpose-designed area, they will allow many more people to be offered hyperbaric medicine than is currently possible in the Multi-Person Hyperbaric Chamber.

The Alfred Fathers' Day Appeal 2010
Chaired by Alfred Foundation Board member, Mr George Richards, the Fathers' Day Appeal is the biggest public fundraising activity of the year. The 2010 appeal was its eleventh year and continued its dual-pronged target of campaigning to build awareness of men's health issues and raising funds for The Alfred.

The appeal received the generous support of media partners 3AW, Channel Nine, *The Age* and Austereo in addition to assistance from corporate sponsors.

New initiatives from The Alfred Fathers' Day Appeal 2010 included the development and launch of an iPhone App, known as myHealthMate™ and a dedicated appeal website.

Funds raised from The Alfred Fathers' Day Appeal 2010 contributed towards a major capital works project to develop General Surgical Ward 6 East.

Women @ The Alfred
Chaired by Foundation Board Member Carolyn Stubbs, 'Women @ The Alfred' is a group of women who are dedicated to raising awareness about prostate cancer. Since 2001, this group of over 50 women has held events to raise funds to purchase surgical and diagnostic equipment as well as supporting prostate cancer services at The Alfred. In August 2010 the 'Chairman's Lunch' was held at Crown Casino with over 500 people in attendance. The luncheon raised more than $550,000.

Life Support
Chaired by Foundation Board member Ms Sadhna Wilson and formerly by Dr Chantel Thornton, Life Support was formed in 2003 as a means of supporting critical care at The Alfred. Comprising a group of dedicated volunteers, it helps minimise the impact of trauma through the purchase of state-of-the-art equipment. The group reconvened in late 2010 and is developing fundraising events and activities to maximise income and the awareness of Life Support in the community.

The Alfred

Major donations for the benefit of The Alfred in 2010-11 were received from:

AAMI
Estate of Paul Burgess
Julian Burton Burns Trust
Estate of Doris E Daley
Estate of Rudolf Dobron
Estate of James Munro Drummond
Ilhan Food Allergy Foundation
Estate of Betty Tennis Irvine
JLM Refrigeration & Air Conditioning
Estate of Lucy Lyons
Estate of Ann M McLaughlin
Estate of Wayne Moore
The Margaret Pratt Foundation
Estate of Enid Lenore Wandin

Caulfield Hospital

Collier Charitable Fund
Helmsmen Kiosk Auxiliary
R&EC Kiosk Auxiliary
Ivor Ronald Evans Foundation (Equity Trustees)
The Danks Trust
Estate of Marion Belfrage Field
Ian Rollo Currie Estate Foundation (Trust Company)
Estate of William Galloway
Estate of Henry Herbert Yoffa

Sandringham Hospital

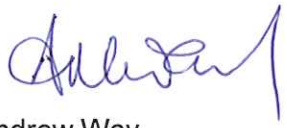
Estate of the late Keith Charles Batiste
Park Road Home Timber & Hardware
Estate of the late Beatrix Ruby Emry
Bendigo Bank - Highett
Bendigo Bank - Beaumaris
Bendigo Bank - Parkdale & Mentone
Collier Charitable Fund
Sandringham Hospital Kiosk
Premium Red O'Mara Bike Riders
Black Rock Sports Auxiliary

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 2010/2011

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
11 August 2011

Attestation on Data Accuracy

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

Andrew Way
Accountable Officer
Melbourne
11 August 2011

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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Statement of Priorities 2010/11

2010-2011 Strategic priorities		Deliverables	Outcomes
1.	**Patients come first**	Actively engage with the Health Roundtable in order to identify improvement opportunities for Alfred Health in the provision of safe care	**Achieved:** Pilot project of Safer Patient Care (Recognising and responding to clinical deterioration) completed in 3CTC – Cardiothoracic and coronary care unit. Evaluation of this project will inform an Alfred Health wide project in 2011-12
		In partnership with DH review the future role of Sandringham's Emergency Department in the provision of primary care type service to the community	**Achieved:** GP clinic established. Development of Service Plan 2011-2022 for Alfred Health includes the future role of the Emergency Department
		Continue to improve internal and external communication through the review of current communication strategies and development of a renewed approach to communication	**Ongoing:** Alfred Health wide newsletter established Introduction of • new media monitoring system and easy to read daily media reports • vodcasts for internal and external viewing – through website, or via *Alfred Health TV on You tube*
		Increase capacity and efficiency in subacute inpatient services	**Achieved:** Additional 30 sub acute beds funded and opened.
		Progress year 2 actions from the re-design of Alfred Psychiatry specialist child and youth mental health services	**Achieved:** Project completed
2.	**Deliver excellence in health care**	Finalise IT strategic plan and progress actions as per approved plan	**Achieved:** IT strategic plan project established under auspices of DH and Alfred Health to identify funding sources 2011-12 and 2012-13.
		Provide clinicians with information on outcomes through the development of indicator scorecards	**Ongoing:** Project commenced and nursing scorecard in use - project will be completed by June 2012

		Increase the use of patient and community feedback to inform improvement initiatives	**Ongoing:** Review undertaken of existing practices and Patient Information and Feedback project approved to commence July 2011
3.	**Education and Research**	Establish Alfred Health's current position as an academic health centre	**Achieved and ongoing:** Alfred Health, Southern Health, Monash University, Baker IDI Heart and Diabetes Institute, Burnet Institute and Prince Henry's Institute of Medical Research, and their relevant partners, have developed a plan to establish a collaborative Academic Health Science Centre (AHSC).
		Progress implementation of an integrated Alfred Health and partners' Education plan	**Ongoing:** Draft action plan developed
		Continue the development of partnerships with universities and other research and education institutions to achieve academic and clinical excellence	**Achieved and ongoing**
2010-2011 Strategic priorities		**Deliverables**	**Outcomes**
4.	**Develop and sustain the best workforce**	Continue to invest in the development and recognition of our staff	**Achieved:** Capability model developed and draft document for discussion prepared. Vision, Mission, Values and Strategic priorities finalised in consultation with all stakeholders.
		Develop and implement an employee wellbeing strategy	**Ongoing:** Employee wellness strategy drafted Employee assistance program reviewed and expanded
		Progress manual handling plan	**Achieved:** Manual Handling Strategic Plan finalised and implementation has commenced

		Progress work to ensure Alfred Health's workforce capacity aligns with the service plan	**Achieved and ongoing:** Workforce strategy developed
5.	**Financial Effectiveness**	Create a culture of financial accountability through the provision of appropriate KPIs and scorecards	**Achieved:** All Key Performance Indicators and financial balance achieved Performance scorecards in use
6.	**Modernise our facilities**	Continue to work with DH to progress the service and capital planning across Alfred Health	**Ongoing:** Alfred Health Service Plan 2011-22 will be completed July 2011 Master Planning across Alfred Health is scheduled to commence July 2011
		Establish a sustainability committee	**Achieved:** Sustainability Committee established Energy Audit of The Alfred completed
		Complete funded infrastructure programs	**Achieved:** The following projects have been completed: • Burns Unit redevelopment • Upgrade to Hyperbaric Unit • Generator project • Upgrade of five lifts – main ward block
		Establish systems and processes for a capital replacement program for Alfred Health's plant and equipment	**Achieved:** Capital replacement program reviewed and requirements identified. No ongoing capital funds identified.

AlfredHealth

FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2011

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 statements for Alfred Health and the consolidated entity has been prepared in accordance with Standing Direction 4.2 of the Financial Management Act 1994, applicable Financial Reporting Directions, Australian Accounting Standards, Australian Accounting Interpretations and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2011 and financial position of Alfred Health and the consolidated entity at 30 June 2011.

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.

Ms Helen Shardey	Mr Andrew Way	Mrs Deirdre Blythe
Board Chair	Accountable Officer	Chief Finance & Accounting Officer
Melbourne	Melbourne	Melbourne
11 August 2011	11 August 2011	11 August 2011

Comprehensive Operating Statement for the Year Ended 30 June 2011

	Note	Parent Entity 2011 $'000	Parent Entity 2010 $'000	Consol'd 2011 $'000	Consol'd 2010 $'000
Revenue from Operating Activities	2	813,649	754,597	813,649	754,597
Revenue from Non-operating Activities	2	6,212	2,966	7,350	4,263
Employee Expenses	3	(537,344)	(497,623)	(537,344)	(497,623)
Non-Salary Labour Costs	3	(12,172)	(13,691)	(12,172)	(13,707)
Supplies and Consumables	3	(170,662)	(157,572)	(170,662)	(157,572)
Other Expenses from Continuing Operations	3	(99,995)	(93,763)	(100,789)	(93,811)
Net Result Before Capital & Specific Items		**(312)**	**(5,086)**	**32**	**(3,853)**
Capital Purpose Income	2	19,673	34,408	19,673	34,408
Depreciation and Amortisation	4	(61,787)	(59,431)	(61,787)	(59,431)
Finance Costs	5	(1,609)	(1,842)	(1,609)	(1,842)
Net Result For the Year		**(44,035)**	**(31,951)**	**(43,691)**	**(30,718)**
Other Comprehensive Income					
Net Fair Value Gains /(Losses) on available for sale Financial Investments		1,771	2,189	2,634	2,877
Net Fair Value Revaluations on Non Financial Assets		21,063	-	21,063	-
COMPREHENSIVE RESULT FOR THE YEAR		**(21,201)**	**(29,762)**	**(19,994)**	**(27,841)**

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

Balance Sheet as at 30 June 2011

	Note	Parent Entity 2011 $'000	Parent Entity 2010 $'000	Consol'd 2011 $'000	Consol'd 2010 $'000
ASSETS					
Current Assets					
Cash and Cash Equivalents	6	17,674	29,222	17,884	30,449
Receivables	7	18,328	17,157	18,897	17,563
Inventories	9	6,430	6,458	6,430	6,458
Other Current Assets	10	2,301	1,795	2,301	1,795
Total Current Assets		**44,733**	**54,632**	**45,512**	**56,265**
Non-Current Assets					
Receivables	7	11,128	9,583	11,128	9,583
Investments and Other Financial Assets	8	37,121	35,165	53,279	49,262
Property, Plant & Equipment	11	714,382	727,449	714,382	727,449
Intangible Assets	12	1,831	2,237	1,831	2,237
Total Non-Current Assets		**764,462**	**774,434**	**780,620**	**788,531**
TOTAL ASSETS		**809,195**	**829,066**	**826,132**	**844,796**
LIABILITIES					
Current Liabilities					
Payables	13	60,139	64,353	60,139	64,353
Borrowings	14	1,026	964	1,026	964
Provisions	15	125,349	113,220	125,349	113,220
Other Liabilities	16	1,359	1,321	1,359	1,321
Total Current Liabilities		**187,873**	**179,858**	**187,873**	**179,858**
Non-Current Liabilities					
Borrowings	14	23,543	24,570	23,543	24,570
Provisions	15	15,344	19,156	15,344	19,156
Other Liabilities	16	48,246	50,092	48,246	50,092
Total Non-Current Liabilities		**87,133**	**93,818**	**87,133**	**93,818**
TOTAL LIABILITIES		**275,006**	**273,676**	**275,006**	**273,676**
NET ASSETS		**534,189**	**555,390**	**551,126**	**571,120**
EQUITY					
Property Plant & Equipment Revaluation Surplus	17	226,303	205,240	226,303	205,240
Financial Assets Available for Sale Revaluation Surplus	17	14,525	12,754	13,238	13,866
General Purpose Reserves	17	53,019	61,839	53,019	61,839
Restricted Specific Purpose Reserves	17	46,370	40,477	64,211	40,477
Contributed Capital	17	324,134	324,134	324,134	324,134
Accumulated Deficits	17	(130,162)	(89,054)	(129,779)	(74,436)
TOTAL EQUITY		**534,189**	**555,390**	**551,126**	**571,120**

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

Statement of Changes in Equity for the Year Ended 30 June 2011

Consolidated	**Note**	**Property, Plant & Equipment Revaluation Surplus**	**Financial Assets Available for Sale Revaluation Surplus**	**General Purpose Reserves**	**Restricted Specific Purpose Reserves**	**Contribution by Owners**	**Accumulated Surpluses/ (Deficits)**	**Total**
		$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 July 2009		**205,240**	**10,989**	**50,269**	**36,742**	**324,134**	**(28,413)**	**598,961**
Net result for the year		-	-	-	-	-	(30,718)	(30,718)
Other comprehensive income for the year		-	-	-	-	-	-	-
Transfer to accumulated surplus		-	2,877	11,570	3,735	-	(15,305)	2,877
Balance at 30 June 2010		**205,240**	**13,866**	**61,839**	**40,477**	**324,134**	**(74,436)**	**571,120**
Net result for the year		-	-	-	-	-	(43,691)	(43,691)
Other comprehensive income for the year		21,063	2,634	-	-	-	-	23,697
Prior year reclassification		-	(3,262)	(14,618)	17,880	-	-	-
Transfer to accumulated surplus		-	-	5,798	5,854	-	(11,652)	-
Balance at 30 June 2011		**226,303**	**13,238**	**53,019**	**64,211**	**324,134**	**(129,779)**	**551,126**

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

Statement of Changes in Equity for the Year Ended 30 June 2011

Parent	**Note**	**Property, Plant & Equipment Revaluation Surplus**	**Financial Assets Available for Sale Revaluation Surplus**	**General Purpose Reserves**	**Restricted Specific Purpose Reserves**	**Contribution by Owners**	**Accumulated Surpluses/ (Deficits)**	**Total**
		$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 July 2009		**205,240**	**10,565**	**50,269**	**36,742**	**324,134**	**(41,798)**	**585,152**
Net result for the year		-	-	-	-	-	(31,951)	(31,951)
Other comprehensive income for the year		-	-	-	-	-	-	-
Transfer to accumulated surplus		-	2,189	11,570	3,735	-	(15,305)	2,189
Balance at 30 June 2010		**205,240**	**12,754**	**61,839**	**40,477**	**324,134**	**(89,054)**	**555,390**
Net result for the year		-	-	-	-	-	(44,035)	(44,035)
Other comprehensive income for the year		21,063	1,771	-	-	-	-	22,834
Prior year reclassification		-	-	(14,618)	-	-	14,618	-
Transfer to accumulated surplus		-	-	5,798	5,893	-	(11,691)	-
Balance at 30 June 2011		226,303	14,525	53,019	46,370	324,134	(130,162)	534,189

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

Cash Flow Statement for the Year Ended 30 June 2011

	NOTE	Parent Entity 2011 $'000	Parent Entity 2010 $'000	Consol'd 2011 $'000	Consol'd 2010 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Grants from Government		682,155	634,318	682,155	634,318
Patient and Resident Fees Received		27,388	24,383	27,388	24,383
Private Practice Fees Received		31,458	30,078	31,458	30,078
Donations and Bequests Received		13,010	9,846	13,010	9,846
GST received from / (paid to) ATO		23,387	24,505	23,365	24,505
Other Receipts (i)		55,495	57,765	58,084	59,062
Employee Expenses		(530,271)	(491,756)	(530,271)	(491,756)
Non Salary Labour Costs		(12,172)	(13,691)	(12,172)	(13,707)
Supplies, Consumables and Other Payments (i)		(291,737)	(243,045)	(293,926)	(243,357)
Finance Costs		(1,608)	(1,842)	(1,608)	(1,842)
Cash Generated from Operations		**(2,895)**	**30,561**	**(2,517)**	**31,530**
Capital Grants from Government		18,448	33,808	18,448	33,808
NET CASH INFLOW FROM OPERATING ACTIVITIES	18	**15,553**	**64,369**	**15,931**	**65,338**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of Property, Plant and Equipment		(26,443)	(61,113)	(26,639)	(61,113)
Proceeds from Sale of Property, Plant and Equipment		47	20	47	20
Purchase of Investments		-	-	-	(410)
Proceeds from Sale of Investments		(233)	102	(1,432)	102
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		**(26,629)**	**(60,991)**	**(28,024)**	**(61,401)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of Borrowings		(965)	(905)	(965)	(905)
NET CASH (OUTFLOW) FROM FINANCING ACTIVITIES		**(965)**	**(905)**	**(965)**	**(905)**
NET INCREASE/(DECREASE) IN CASH HELD		**(12,041)**	**2,473**	**(13,058)**	**3,032**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**21,920**	**19,447**	**23,147**	**20,115**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6	**9,879**	**21,920**	**10,089**	**23,147**

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

(i) Includes a reclassification of GST relating to prior year to maintain consistency.

Notes to and Forming Part of the Financial Statements for the Year ended 30 June 2011

CONTENTS

Note 1: Summary of Significant Accounting Policies

(a) Statement of compliance

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

AASs include Australian equivalents to International Financial Reporting Standards.

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

Alfred Health is a not-for profit entity and therefore applies the additional AUS paragraphs applicable to "not-for-profit" entities under the AASs.

The annual financial statements were authorised for issue by the Board of Alfred Health on 11 August 2011.

(b) Basis of accounting preparation and measurement

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2011, and the comparative information presented in these financial statements for the year ended 30 June 2010.

Certain comparative amounts have been reclassified to conform with the current year's presentation.

The going concern basis was used to prepare the financial statements. Alfred Health 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 2012.

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

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

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

Particularly, exceptions to the historical cost convention include:

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

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

In the application of AAS, management is required to make judgements, 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 judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and future periods if the revision affects both current and future periods. Judgements made by management in the application of AASs that have significant effects on the financial statements and estimates, with a risk of material adjustments in the subsequent reporting period, are disclosed throughout the notes to the financial statements.

(c) Reporting Entity

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

Its principal address is:
55 Commercial Road
Melbourne
Victoria 3004

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

(d) Principles of Consolidation

The assets, liabilities, income and expenses of all controlled entities of Alfred Health have been included at the values shown in their audited 30 June 2011 Annual Financial Statements. Subsidiaries are entities controlled by Alfred Health; 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. In assessing control, potential voting rights that presently are exercisable are taken into account. The consolidated financial statements include the audited financial statements of the controlled entities listed in Note 25.

In the process of preparing consolidated financial statements for Alfred Health, all material transactions and balances between consolidated entities are eliminated.

Intersegment Transactions

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

(e) Scope and presentation of financial statements

Fund Accounting

Alfred Health operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital 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.

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

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

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 in Note 2b to the financial statements.

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

Comprehensive operating statement

The Comprehensive operating statement includes the subtotal entitled "Net Result Before Capital & Specific Items" to enhance the understanding of the financial performance of 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 or intangible assets. It also includes donations of plant and equipment. Consequently the recognition of revenue as capital purpose income is based on the intention of the provider of the revenue at the time the revenue is provided.
- Specific income/expense comprises the following:
    - Litigation settlements
- Impairment of financial and non-financial assets, includes all impairment losses (and reversal of previous impairment losses) which have been recognised
- Depreciation and amortisation
- Assets provided or received free of charge
- Expenditure using capital purpose income, comprises 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, where funding for that expenditure is from capital purpose income.

Balance Sheet

Assets and liabilities are categorised either as current or non-current.

Statement of changes in equity

The statement of changes in equity presents reconciliations of each non-owner and owner equity opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the comprehensive result and amounts recognised in other comprehensive income related to other non-owner changes in equity.

Cash flow statement

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

(f) Change in Accounting Policies

There were no changes in accounting policies in during the year ended 30 June 2011.

(g) Income Recognition

Income is recognised in accordance with AASB 118 *Revenue* and is recognised as to the extent that it is probable that the economic benefits will flow to Alfred Health and the income can be reliably measured. Unearned income at reporting date is reported as income received in advance.

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

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

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

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

Indirect Contributions from the Department of Health

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

Patient and Resident Fees

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

Private Practice Fees

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

Donations and Other Bequests

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

Dividend Revenue

Dividend revenue is recognised on a receivable basis.

Interest Revenue

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

Sale of Investments

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

Resource 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.

(h) Expense Recognition

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

Cost of Goods Sold

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

Employee expenses

Employee expenses include:

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

Defined contribution plans

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

Defined benefit 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 of the services of current Alfred Health staff during the reporting period. Superannuation contributions are made to the plans based on the relevant rules of each plan, and are based upon actuarial advice.

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

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

	Fund	Contributions Paid or Payable for the year	
		2011	**2010**
		$'000	**$'000**
Defined benefit plans:	Health Super	1,366	1,467
	ESSC	178	233
Defined contribution plans:	Health Super	26,666	26,049
	Vic Super	158	162
	HESTA	11,211	9,434
	Other	2,270	1,700
	Total	41,849	39,045

Depreciation

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

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

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

Particulars	**2010/11**	**2009/10**
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

Amortisation

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

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 lives are amortised over a 3 year period (2010: 3 years)

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;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
- finance charges in respect of finance leases recognised in accordance with AASB 117 *Leases*.

Resources Provided or 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.

(j) Financial Assets

Cash and Cash Equivalents

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

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

Receivables

Receivables consist of:

- Statutory receivables, which includes predominantly amounts owing from the Victorian Government and GST input tax credits recoverable; and
- Contractual receivables, which includes mainly debtors in relation to goods and services, loans to third parties, accrued investment income, and finance lease receivables.

Trade Debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition. Collectability of debts is reviewed on an ongoing basis, and debts which are known to be uncollectible are written off. A provision for doubtful debts is recognised when there is objective evidence that an impairment loss has occurred. Bad debts are written off when identified.

Receivables that are contractual are classified as financial instruments. Statutory receivables are not classified as financial instruments.

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

Investments and Other Financial Assets

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Investments are classified as Available-for-sale financial assets.

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

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

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

Available-for-sale financial assets

Other financial assets held by Alfred Health are classified as being available-for-sale and are measured at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net result for the period. Fair value is determined in the manner described in Note 19e.

Impairment of Financial Assets

At the end of each reporting period Alfred Health assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

Bad and doubtful debts for financial assets are assessed on a regular basis. Those bad debts considered as written off and allowance for doubtful receivables are recognised as expenses in the net result.

The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Where the fair value of an investment in an equity instrument 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.

In order to determine an appropriate fair value as at 30 June 2011 for its portfolio of financial assets, Alfred Health obtained a valuation based on the best available advice using market values through reputable financial institutions. This value was compared against the valuation methodologies provided by the issuer as at 30 June 2011. These methodologies were critiqued and considered to be consistent with standard market valuation techniques.

In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 138 *Impairment of Assets*.

Net Gain / (Loss) on Financial Instruments

Net gain / (loss) on financial instruments includes:

- realised and unrealised gains and losses from revaluations of financial instruments that are designated at fair value through profit or loss or held-for-trading;
- impairment and reversal of impairment for financial instruments at amortised cost; and
- disposals of financial assets.

Revaluations of Financial Instruments at Fair Value

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

(k) Non-Financial Assets

Inventories

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

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

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

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

Non-financial Physical Assets Classified as Held for Sale

Non-financial physical assets and disposal groups and related liabilities are treated as current and are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, the asset's sale (or disposal group) is expected to be completed within 12 months from the date of classification, and the asset is available for immediate use in the current condition.

Non-financial physical assets (including disposal groups) classified as held for sale are treated as current and are measured at the lower of carrying amount and fair value less costs to sell, and are not subject to depreciation.

Property, Plant and Equipment

All non-current physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment.

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

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

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

Revaluations of Non-Current Assets

Non-current physical assets measured at fair value and are revalued in accordance with FRD 103D *Non-current physical assets*. This revaluation process normally occurs at least every five years, based upon the asset's Government purpose classification, but may occur more frequently if fair value assessments indicate material changes in values. 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 same class of asset previously recognised as an expense in net result, the increment is recognised as income in the net result.

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the asset revaluation 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 assessed to determine whether revaluation of the non-current physical assets was required.

Intangible Assets

Intangible assets represent identifiable non-monetary assets with physical substance such as patents, trademarks, and computer software and development costs (where applicable).

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

Other non-financial assets

Prepayments

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

Disposal of Non-Financial Assets

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

Impairment of Non-Financial Assets

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

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

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

(l) Liabilities

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.

Borrowings

Borrowings in the Balance Sheet are recognised at fair value upon initial recognition. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the net result over the period of the borrowing using the effective interest method. Fair value is determined in the manner described in Note 19.

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, using a discount rate that reflects the value of money and risks specific to the provision.

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

Employee Benefits

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 which are 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, and are classified as current liabilities and measured at their 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

The liability for long service leave (LSL) is recognised in the provision for employee benefits.

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

The components of this current LSL liability are measured at:

- present value – 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 the employee has completed 10 years of service. Conditional LSL is required to be measured at present value.

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

Termination Benefits

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

Liabilities for termination benefits are recognised when a detailed plan for the termination has been developed and a valid expectation has been raised with those employees affected that the terminations will be carried out. The liabilities for 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, such as payroll tax, workers compensation and superannuation are recognised together with provisions for employee benefits.

Superannuation liabilities

Alfred Health does not recognise any unfunded defined benefit liability in respect of the superannuation plans 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 administrators and discloses the State's defined benefit liabilities in its financial statements.

(m) Leases

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

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

Operating Leases

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

(n) Equity

Contributed Capital

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

Property, Plant & Equipment Revaluation Surplus

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

Financial Asset Available-for-Sale Revaluation Surplus

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

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.

Restricted Specific Purpose Reserves

A specific restricted 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.

(o) Commitments for expenditure

Commitments for expenditure are not recognised on the balance sheet. Commitments for expenditure are disclosed at their nominal value and are inclusive of GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated.

(p) Contingent assets and contingent liabilities

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

(q) Goods and Services Tax

Income, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), unless the amount of GST incurred is not recoverable form the taxation authority (ATO). In this 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. The net amount of GST receivable from, or payable to, the ATO is included with other receivables or payables in the Balance Sheet.

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

Commitments and contingent liabilities are presented on a gross basis.

(r) Rounding of Amounts

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

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

(s) New Accounting Standards and Interpretations

Certain new Australian accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting period.

As at 30 June 2011, the following standards and interpretations had been issued but were not mandatory for financial year ending 30 June 2011. Alfred Health has not and does not intend to adopt these standards early.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on entity's financial statements
AASB 9 Financial instruments	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).	Beginning 1 Jan 2013	Detail of impact is still being assessed.
AASB 124 Related Party Disclosures (Dec 2009)	Government related entities have been granted partial exemption with certain disclosure requirements.	Beginning 1 Jan 2011	Preliminary assessment suggests the impact is insignificant.
AASB 1053 Application of Tiers of Australian Accounting Standards	This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	Beginning 1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented to the Victorian Public Sector.
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 Standard gives effect to consequential changes arising from the issuance of AASB 9.	Beginning 1 Jan 2013	Detail of impact is still being assessed.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on entity's financial statements
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 entities 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	The amendments only apply to those entities to whom AASB 8 applies, which are for-profit entities except for-profit government departments. Detail of impact is still being assessed.
AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]	Amendments to Interpretation 14 arise from the issuance of prepayments of a minimum funding requirement.	Beginning 1 Jan 2011	Expected to have no significant impact.
AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements to the pronouncements for application by certain types of entities.	Beginning 1 July 2013	Does not affect financial measurement or recognition, so is not expected to have any impact on financial result or position. May reduce some note disclosures in financial statements.
AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]	This Standard makes numerous improvements designed to enhance the clarity of standards.	Beginning 1 Jan 2011	No significant impact on the financial statements.
AASB 2010-5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	This amendment contains editorial corrections to a range of Australian Accounting Standards and Interpretations, which includes amendments to reflect changes made to the text of IFRSs by the IASB.	Beginning 1 Jan 2011	No significant impact on the financial statements.
AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]	This amendment adds and changes disclosure requirements about the transfer of financial assets. This includes the nature and risk of the financial assets.	Beginning 1 July 2011	This may impact on departments and public sector entities as it creates additional disclosure for transfers of financial assets. Detail of impact is still being assessed.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on entity's financial statements
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	These amendments are in relation to the introduction of AASB 9.	Beginning 1 Jan 2013	This amendment may have an impact on departments and public sector bodies as AASB 9 is a new standard and it changes the requirements of numerous standards. Detail of impact is still being assessed.
AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	This amendment provides a practical approach for measuring deferred tax assets and deferred tax liabilities when measuring investment property by using the fair value model in AASB 140 Investment Property.	Beginning 1 Jan 2012	This amendment provides additional clarification through practical guidance.
AASB 2010-9 Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1]	This amendment provides guidance for entities emerging from severe hyperinflation who are going to resume presenting Australian Accounting Standards financial statements or entities that are going to present Australian Accounting Standards financial statements for the first time. It provides relief for first-time adopters from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.	Beginning 1 July 2011	Amendment unlikely to impact on public sector entities.
AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and Interpretations 2, 112 & 113]	This amendment affects multiple Australian Accounting Standards and AASB Interpretations for the objective of increased alignment with IFRSs and achieving harmonisation between both Australian and New Zealand Standards. It achieves this by removing guidance and definitions from some Australian Accounting Standards, without changing their requirements.	Beginning 1 July 2011	This amendment will have no significant impact on public sector bodies.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on entity's financial statements
AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & AASB 1054]	The objective of this amendment is to include some additional disclosure from the Trans-Tasman Convergence Project and to reduce disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.	Beginning 1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented to Victorian Public Sector.
AASB 2011-3 Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments [AASB 1049]	This amends AASB 1049 to clarify the definition of the ABS GFS Manual, and to facilitate the adoption of changes to the ABS GFS Manual and related disclosures.	Beginning 1 July 2012	This amendment provides clarification to users on the version of the GFS Manual to be used and what to disclose if the latest GFS Manual is not used. No impact on performance measurements will occur.

(t) 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 form 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, services 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 Department of Health (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.

Note 2 – Revenue (Parent Entity)

	Note	Health Services Agreement	Health Services Agreement	Non-Health Services Agreement	Non-Health Services Agreement	Total	Total
		2011	2010	2011	2010	2011	2010
		$'000	$'000	$'000	$'000	$'000	$'000
Revenue from Operating Activities:							
Government Grants: -							
- Department of Health		654,434	609,664	-	-	654.434	609,664
- Commonwealth Government							
- Residential Aged Care Subsidy		4,897	4,646	-	-	4,897	4,646
- Other		22,905	20,008	-	-	22,905	20,008
Total Government Grants		**682,236**	**634,318**	**-**	**-**	**682,236**	**634,318**
Indirect contributions by Department of Health:							
- Insurance		10,395	7,915	-	-	10,395	7,915
- Long Service Leave		1,546	1,972	-	-	1,546	1,972
Total Indirect Contributions by Department of Health		**11,941**	**9,887**	**-**	**-**	**11,941**	**9,887**
Patient and Resident Fees:							
- Patient and Resident Fees		24,043	22,562	374	712	24,417	23,274
- Residential Aged Care		2,753	2,486	-	-	2,753	2,486
Total Patient and Resident Fees	2b	**26,796**	**25,048**	**374**	**712**	**27,170**	**25,760**
Business Units & Specific Purpose Funds: -							
- Diagnostic Imaging		651	634	1,541	1,482	2,192	2,116
- Pharmacy Services		1,534	1,340	479	518	2,013	1,858
- Car Park		-	-	7,618	7,012	7,618	7,012
- Research		-	-	10,705	9,594	10,705	9,594
Total Business Units & Specific Purpose Funds		**2,185**	**1,974**	**20,343**	**18,606**	**22,528**	**20,580**
Donations & Bequests		-	-	13,010	9,846	13,010	9,846
Recoupment from Private Practice for Use of Hospital Facilities		22,664	21,616	8,794	7,750	31,458	29,366
Other		14,548	16,094	10,758	8,746	25,306	24,840
Sub-Total Revenue from Operating Activities		**760,370**	**708,937**	**53,279**	**45,660**	**813,649**	**754,597**
Revenue from Non-Operating Activities:							
- Interest & Dividends		-	-	4,591	2,785	4,591	2,785
- Rental / Property Income		-	-	1,621	181	1,621	181
Sub-Total Revenue from Non-Operating Activities		**-**	**-**	**6,212**	**2,966**	**6,212**	**2,966**
Revenue from Capital Purpose Income							
State Government Capital Grants:							
- Targeted Capital Works & Equipment		-	-	629	5,141	629	5,141
- Other		-	-	17,153	28,667	17,153	28,667
Commonwealth Government Capital Grants		-	-	666	1,090	666	1,090
Residential and Accommodation Payments	2b	-	-	369	321	369	321
Net Gain/ (Loss) on Disposal of Non-Financial Assets	2c	-	-	196	(811)	196	(811)
Donations & Bequests		-	-	660	-	660	-
Sub-Total Revenue from Capital Purpose Income		**-**	**-**	**19,673**	**34,408**	**19,673**	**34,408**
TOTAL REVENUE		**760,370**	**708,937**	**79,164**	**83,034**	**839,534**	**791,971**

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

Note 2 – Revenue (Consolidated)

	Note	Health Services Agreement	Health Services Agreement	Non-Health Services Agreement	Non-Health Services Agreement	Total	Total
		2011	2010	2011	2010	2011	2010
		$'000	$'000	$'000	$'000	$'000	$'000
Revenue from Operating Activities:							
Government Grants: -							
- Department of Health		654,434	609,664	-	-	654,434	609,664
- Commonwealth Government							
- Residential Aged Care Subsidy		4,897	4,646	-	-	4,897	4,646
- Other		22,905	20,008	-	-	22,905	20,008
Total Government Grants		**682,236**	**634,318**	**-**	**-**	**682,236**	**634,318**
Indirect contributions by Department of Health:							
- Insurance		10,395	7,915	-	-	10,395	7,915
- Long Service Leave		1,546	1,972	-	-	1,546	1,972
Total Indirect Contributions by Department of Health		**11,941**	**9,887**	**-**	**-**	**11,941**	**9,887**
Patient and Resident Fees:							
- Patient and Resident Fees		24,043	22,562	374	712	24,417	23,274
- Residential Aged Care		2,753	2,486	-	-	2,753	2,486
Total Patient and Resident Fees	2b	**26,796**	**25,048**	**374**	**712**	**27,170**	**25,760**
Business Units & Specific Purpose Funds: -							
- Diagnostic Imaging		651	634	1,541	1,482	2,192	2,116
- Pharmacy Services		1,534	1,340	479	518	2,013	1,858
- Car Park		-	-	7,618	7,012	7,618	7,012
- Research		-	-	10,705	9,594	10,705	9,594
Total Business Units & Specific Purpose Funds		**2,185**	**1,974**	**20,343**	**18,606**	**22,528**	**20,580**
Donations & Bequests		-	-	13,010	9,846	13,010	9,846
Recoupment from Private Practice for Use of Hospital Facilities		22,664	21,616	8,794	7,750	31,458	29,366
Other		14,548	16,094	10,758	8,746	25,306	24,840
Sub-Total Revenue from Operating Activities		**760,370**	**708,937**	**53,279**	**45,660**	**813,649**	**754,597**
Revenue from Non-Operating Activities:							
- Interest & Dividend		-	-	5,729	4,082	5,729	4,082
- Rental / Property Income		-	-	1,621	181	1,621	181
Sub-Total Revenue from Non-Operating Activities		**-**	**-**	**7,350**	**4,263**	**7,350**	**4,263**
Revenue from Capital Purpose Income							
State Government Capital Grants:-							
- Targeted Capital Works & Equipment		-	-	629	5,141	629	5,141
- Other		-	-	17,153	28,667	17,153	28,667
Commonwealth Government Capital Grants		-	-	666	1,090	666	1,090
Residential and Accommodation Payments	2b	-	-	369	321	369	321
Net Gain/ (Loss) on Disposal of Non-Financial Assets	2c	-	-	196	(811)	196	(811)
Donations & Bequests		-	-	660	-	660	-
Sub-Total Revenue from Capital Purpose Income		**-**	**-**	**19,673**	**34,408**	**19,673**	**34,408**
TOTAL REVENUE		**760,370**	**708,937**	**80,302**	**84,331**	**840,672**	**793,268**

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

Note 2a – Analysis of Revenue by Source – 2011
(Based on consolidated view)

	Admitted Patients	Out-patients	ED Services	Ambu-latory	Mental Health	RAC Mental Health	Aged Care	Primary Health	Other	Total 2011
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue from Services Supported by Health Services Agreement										
Government Grants	444,669	54,231	24,134	74,002	43,742	9,491	1,959	8,941	21,067	682,236
Indirect Contributions by Department of Health	11,941	-	-	-	-	-	-	-	-	11,941
Patient and Resident Fees (Note 2b)	18,021	40	-	5,114	154	-	-	19	695	24,043
Residential Aged Care (Note 2b)	-	-	-	783	-	1,970	-	-	-	2,753
Recoupment from Private Practice for Hospital Facilities	6,260	-	2	-	33	-	-	-	16,369	22,664
Business Units & Specific Purpose Funds	-	-	-	-	-	-	-	-	2,185	2,185
Other Revenue from Operating Activities	5,220	1	231	225	720	-	14	(4)	8,141	14,548
Sub-Total Revenue from Services Supported by Health Services Agreement	**486,111**	**54,272**	**24,367**	**80,124**	**44,649**	**11,461**	**1,973**	**8,956**	**48,457**	**760,370**
Revenue from Services Supported by Hospital and Community Initiatives										
Donation and Bequests (non capital)	-	-	-	-	-	-	-	-	13,010	13,010
Private Practice and Other Patient Activities	-	-	-	-	-	-	-	-	374	374
Recoupment from Private Practice for Hospital Facilities	-	-	-	-	-	-	-	-	8,794	8,794
Interest Income	-	-	-	-	-	-	-	-	5,729	5,729
Business Units & Specific Purpose Funds	64	-	-	-	2	-	-	-	20,277	20,343
Capital Purpose Income	-	-	-	-	-	371	-	-	19,302	19,673
Other Revenue from Non-Operating Activities (Rental / Property Income)	-	-	-	-	-	-	-	-	1,621	1,621
Other	-	-	-	-	(2)	-	-	-	10,760	10,758
Sub-Total Revenue from Services Supported by Hospital and Community Initiatives	**64**	**-**	**-**	**-**	**-**	**371**	**-**	**-**	**79,867**	**80,302**
TOTAL REVENUE	**486,175**	**54,272**	**24,367**	**80,124**	**44,649**	**11,832**	**1,973**	**8,956**	**128,324**	**840,672**

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

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

	Admitted Patients	Out-patients	ED Services	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 Services 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 Use of 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 Use of 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**

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

Note 2b - Patient & Resident Fees

	Parent Entity 2011 $'000	Parent Entity 2010 $'000	Consol'd 2011 $'000	Consol'd 2010 $'000
Patient & Resident Fees Raised				
Recurrent:				
Acute				
- Inpatients	22,203	20,680	22,203	20,680
- Outpatients	1,840	1,882	1,840	1,882
Residential Aged Care				
- Aged Nursing Home	2,297	2,027	2,297	2,027
- Mental Health	456	459	456	459
	26,796	**25,048**	**26,796**	**25,048**
Other	374	712	374	712
TOTAL RECURRENT PATIENT & RESIDENT FEES	**27,170**	**25,760**	**27,170**	**25,760**
Capital Purpose:				
Residential Accommodation Payments	369	321	369	321
TOTAL CAPITAL PURPOSE	**369**	**321**	**369**	**321**

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

Note 2c – Net Gain/(Loss) on Disposal of Non-Financial Assets

	Parent Entity 2011 $'000	Parent Entity 2010 $'000	Consol'd 2011 $'000	Consol'd 2010 $'000
Proceeds from Sale of Non-Current Assets				
Plant & Equipment	242	20	242	20
Less: Written Down Value of Non-Current Assets Sold				
Building	-	(117)	-	(117)
Plant & Equipment	(16)	(16)	(16)	(16)
Medical equipment	(30)	(698)	(30)	(698)
NET GAIN/(LOSS) ON DISPOSAL OF NON-FINANCIAL ASSETS	**196**	**(811)**	**196**	**(811)**

Note 3 – Expenses (Parent Entity)

	Health Services Agreement 2011 $'000	Health Services Agreement 2010 $'000	Non-Health Services Agreement 2011 $'000	Non-Health Services Agreement 2010 $'000	Total 2011 $'000	Total 2010 $'000
Employee Expenses						
Salaries and Wages	456,820	429,436	19,178	10,998	475,998	440,434
Work Cover Premium	5,057	6,428	264	224	5,321	6,652
Departure Packages	256	647	-	107	256	754
Long Service Leave	13,236	10,402	666	399	13,901	10,801
Superannuation	40,473	37,780	1,394	1,202	41,868	38,982
Total Employee Expenses	**515,842**	**484,693**	**21,502**	**12,930**	**537,344**	**497,623**
Non Salary Labour Costs						
Fees for Visiting Medical Officers	1,949	1,575	269	33	2,219	1,608
Agency Costs - Nursing	5,572	7,145	27	11	5,599	7,156
Agency Costs - Other	4,210	4,662	144	265	4,354	4,927
Total Non Salary Labour Costs	**11,732**	**13,382**	**440**	**309**	**12,172**	**13,691**
Supplies and Consumables						
Drug Supplies	32,562	33,323	63	70	32,625	33,393
S100 Drugs	59,810	54,372	-	-	59,810	54,372
Medical, Surgical Supplies and Prostheses	60,355	53,922	983	1,670	61,338	55,592
Pathology Supplies	7,155	5,046	93	88	7,248	5,134
Food Supplies	9,335	8,751	306	330	9,641	9,081
Total Supplies and Consumables	**169,217**	**155,414**	**1,445**	**2,158**	**170,662**	**157,572**
Other Expenses from Continuing Operations						
Domestic Supplies and Services	24,398	22,758	187	203	24,585	22,961
Fuel, Light, Power & Water	5,285	6,975	48	35	5,333	7,010
Insurance Cost Funded by DOH	10,395	7,915	-	-	10,395	7,915
Motor Vehicle Expenses	645	-	-	-	645	-
Repairs and Maintenance	9,273	6,148	607	418	9,880	6,566
Maintenance Contracts	7,494	7,514	2,706	2,622	10,200	10,136
Patient Transport	1,942	2,066	3	12	1,945	2,078
Bad and Doubtful Debts	751	540	-	-	751	540
Lease Expenses	6,070	5,322	593	126	6,663	5,448
Administrative Expenses	22,887	21,345	3,874	1,478	26,761	22,823
Audit Fees - VAGO - Audit of Financial Statements	233	207	-	-	233	207
- Other	212	256	-	-	212	256
Other Administrative Expenses	-	6,232	2,392	1,591	2,392	7,823
Total Other Expenses from Continuing Operations	**89,585**	**87,278**	**10,410**	**6,485**	**99,995**	**93,763**
Other Expenditure						
Depreciation and Amortisation (Note 4)	61,787	59,431	-	-	61,787	59,431
Finance Costs (Note 5)	-	175	1,609	1,667	1,609	1,842
Total	**61,787**	**59,606**	**1,609**	**1,667**	**63,396**	**61,273**
Total Expenses	**848,164**	**800,373**	**35,405**	**23,549**	**883,569**	**823,922**

Note 3 – Expenses (Consolidated)	Health Services Agreement 2011 $'000	Health Services Agreement 2010 $'000	Non-Health Services Agreement 2011 $'000	Non-Health Services Agreement 2010 $'000	Total 2011 $'000	Total 2010 $'000
Employee Expenses						
Salaries and Wages	456,820	429,436	19,178	10,998	475,998	440,434
Work Cover Premium	5,057	6,428	264	224	5,321	6,652
Departure Packages	256	647	-	107	256	754
Long Service Leave	13,236	10,402	666	399	13,901	10,801
Superannuation	40,473	37,780	1,394	1,202	41,868	38,982
Total Employee Expenses	**515,842**	**484,693**	**21,502**	**12,930**	**537,344**	**497,623**
Non Salary Labour Costs						
Fees for Visiting Medical Officers	1,950	1,575	269	49	2,219	1,624
Agency Costs - Nursing	5,572	7,145	27	11	5,599	7,156
Agency Costs - Other	4,210	4,662	144	265	4,354	4,927
Total Non Salary Labour Costs	**11,732**	**13,382**	**440**	**325**	**12,172**	**13,707**
Supplies and Consumables						
Drug Supplies	32,562	33,323	63	70	32,625	33,393
S100 Drugs	59,810	54,372	-	-	59,810	54,372
Medical, Surgical Supplies and Prostheses	60,355	53,922	983	1,670	61,338	55,592
Pathology Supplies	7,155	5,046	93	88	7,248	5,134
Food Supplies	9,335	8,751	306	330	9,641	9,081
Total Supplies and Consumables	**169,217**	**155,414**	**1,445**	**2,158**	**170,662**	**157,572**
Other Expenses from Continuing Operations						
Domestic Supplies and Services	24,398	22,758	187	203	24,585	22,961
Fuel, Light, Power & Water	5,285	6,975	48	35	5,333	7,010
Insurance Cost Funded by DOH	10,395	7,915	-	-	10,395	7,915
Motor Vehicle Expenses	645	-	-	-	645	-
Repairs and Maintenance	9,273	6,148	607	418	9,880	6,566
Maintenance Contracts	7,494	7,514	2,706	2,622	10,200	10,136
Patient Transport	1,942	2,066	3	12	1,945	2,078
Bad and Doubtful Debts	751	540	-	-	751	540
Lease Expenses	6,070	5,322	593	126	6,663	5,448
Administrative Expenses	23,345	21,343	3,877	1,501	27,222	22,844
Audit Fees - VAGO - Audit of Financial Statements	233	207	-	-	233	207
- Other	212	256	-	-	212	256
Other Administrative Expenses	-	6,234	2,726	1,616	2,726	7,850
Total Other Expenses from Continuing Operations	**90,043**	**87,278**	**10,747**	**6,533**	**100,790**	**93,811**
Other Expenditure						
Depreciation and Amortisation (Note 4)	61,787	59,431	-	-	61,787	59,431
Finance Costs (Note 5)	-	175	1,609	1,667	1,609	1,842
Total	**61,787**	**59,606**	**1,609**	**1,667**	**63,396**	**61,273**
Total Expenses	**848,622**	**800,373**	**35,742**	**23,613**	**884,364**	**823,986**

Note 3a – Analysis of Expense by Source (Consolidated)
2011

	Admitted Patients	Out-patients	EDS	Ambu-latory	Mental Health	RAC Incl. Mental Health	Aged Care	Primary Health	Other	Total 2011
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Services Supported by Health Services Agreement										
Employee Expenses	243,924	11,331	29,627	35,799	36,455	10,705	4,010	2,444	141,547	515,842
Non Salary Labour Costs	6,998	39	434	453	1,243	201	86	61	2,217	11,732
Supplies and Consumables	69,664	32,945	1,426	2,923	398	755	177	83	60,846	169,217
Other Expenses from Continuing Operations	21,022	2,205	1,327	9,881	3,142	(1,615)	1,513	268	52,301	90,044
Medical Support Costs (Allied Health, Diagnostics, etc)	150,856	20,544	14,491	21,664	18,211	4,436	2,555	1,260	(234,017)	-
Sub-Total Expenses from Services Supported by Health Service Agreement	**492,464**	**67,064**	**47,305**	**70,720**	**59,449**	**14,482**	**8,341**	**4,116**	**22,894**	**786,835**
Services Supported by Hospital and Community Initiatives										
Employee Expenses	-	-	-	-	-	-	-	-	21,502	21,502
Non Salary Labour Costs	-	-	-	-	-	-	-	-	440	440
Supplies and Consumables	-	-	-	-	-	-	-	-	1,445	1,445
Other Expenses from Continuing Operations	-	-	-	-	-	-	-	-	10,746	10,746
Sub-Total Expenses from Services Supported by Hospital and Community Initiatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**34,133**	**34,133**
Depreciation and Amortisation (Note 4)	-	-	-	-	-	-	-	-	61,787	61,787
Finance Costs (Note 5)	-	-	-	-	-	-	-	-	1,609	1,609
TOTAL EXPENSES	**492,464**	**67,064**	**47,305**	**70,720**	**59,449**	**14,482**	**8,341**	**4,116**	**120,423**	**884,364**

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

	Admitted Patients	Out-patients	EDS	Ambu-latory	Mental Health	RAC Incl Mental Health	Aged Care	Primary Health	Other	Total 2010
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Services Supported by Health Services Agreement										
Employee Expenses	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)	-
Sub-Total Expenses from Services Supported by Health Service Agreement	**465,244**	**58,322**	**45,312**	**67,918**	**55,314**	**13,833**	**7,763**	**4,321**	**22,740**	**740,767**
Services Supported by Hospital and Community Initiatives										
Employee Expenses	-	-	-	-	-	-	-	-	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
Sub-Total Expenses from Services Supported by Hospital and Community Initiatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**21,946**	**21,946**
	-	-	-	-	-	-	-	-	-	-
Depreciation and Amortisation (Note 4)	-	-	-	-	-	-	-	-	59,431	59,431
Finance Costs (Note 5)	-	-	-	-	-	-	-	-	1,842	1,842
TOTAL EXPENSES	**465,244**	**58,322**	**45,312**	**67,918**	**55,314**	**13,833**	**7,763**	**4,321**	**105,959**	**823,986**

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

	Parent Entity 2011 $'000	Parent Entity 2010 $'000	Consol'd 2011 $'000	Consol'd 2010 $'000
Business Units				
Private Practice and Other Patient Activities	4,083	3,589	4,083	3,589
Car Park	2,644	2,690	2,644	2,690
Property Expenses	50	58	50	58
Other Activities				
Fund Raising and Community Support	2,029	1,604	2,029	1,604
Research & Scholarships	12,647	12,396	12,647	12,396
Other	13,446	3,212	13,446	3,276
TOTAL	**34,899**	**23,549**	**34,899**	**23,613**

Note 4 – Depreciation and Amortisation

	Parent Entity 2011 $'000	Parent Entity 2010 $'000	Consol'd 2011 $'000	Consol'd 2010 $'000
Depreciation				
Buildings	45,910	44,930	45,910	44,930
Plant, Equipment, Furniture and Fittings				
Medical	9,068	8,339	9,068	8,339
Computers	2,830	2,254	2,830	2,254
Furniture and Fittings	314	299	314	299
Other Plant and Equipment	2,600	2,453	2,600	2,453
Motor Vehicles	19	14	19	14
TOTAL DEPRECIATION	60,741	58,289	60,741	58,289
Amortisation				
Leasehold Improvements	86	77	86	77
Computer Software	960	1,065	960	1,065
TOTAL AMORTISATION	1,046	1,142	1,046	1,142
TOTAL DEPRECIATION AND AMORTISATION	**61,787**	**59,431**	**61,787**	**59,431**

Note 5 – Finance Costs

	Parent Entity 2011 $'000	Parent Entity 2010 $'000	Consol'd 2011 $'000	Consol'd 2010 $'000
Other Expenses from Ordinary Activities				
Interest on Long Term Borrowings (Note 14)	1,609	1,667	1,609	1,667
Finance Expenses and Fees	-	175	-	175
TOTAL	**1,609**	**1,842**	**1,609**	**1,842**

Note 6 – Cash and Cash Equivalents

	Parent Entity 2011 $'000	Parent Entity 2010 $'000	Consol'd 2011 $'000	Consol'd 2010 $'000
Cash on Hand	39	37	39	37
Cash at Bank	17,635	29,185	17,845	30,412
TOTAL	**17,674**	**29,222**	**17,884**	**30,449**
Represented by				
Cash held for:				
Cash for Health Service Operations	(8,505)	918	(8,295)	2,145
Pre-funded Capital Projects	18,384	21,002	18,384	21,002
Total	**9,879**	**21,920**	**10,089**	**23,147**
Employee Salary Packaging*	7,727	7,270	7,727	7,270
Cash for Monies held in Trust on behalf of patients*	68	32	68	32
Total	**7,795**	**7,302**	**7,795**	**7,302**
TOTAL	**17,674**	**29,222**	**17,884**	**30,449**

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 2011 $'000	Parent Entity 2010 $'000	Consol'd 2011 $'000	Consol'd 2010 $'000
Current				
Contractual				
Inter-Hospital Debtors	1,635	1,357	1,635	1,357
Trade Debtors	4,017	6,290	4,017	6,290
Patient Fees Receivable	5,865	5,714	5,865	5,714
Accrued Investment Income	-	-	600	406
Accrued Revenue – DOH	374	293	374	293
Accrued Revenue – Other	4,372	2,658	4,319	2,658
Less Allowance for Doubtful Debts (a)				
Trade Debtors	(540)	(1,153)	(540)	(1,153)
Patient Fees	(316)	(216)	(316)	(216)
Total	**15,407**	**14,943**	**15,954**	**15,349**
Statutory				
GST Receivable	2,921	2,214	2,943	2,214
TOTAL CURRENT RECEIVABLES	**18,328**	**17,157**	**18,897**	**17,563**
Non-Current				
Statutory				
DOH - Long Service Leave	11,128	9,583	11,128	9,583
TOTAL NON-CURRENT RECEIVABLES	**11,128**	**9,583**	**11,128**	**9,583**
TOTAL RECEIVABLES	**29,456**	**26,740**	**30,025**	**27,146**
(a) Movement in the Allowance for Doubtful Debt Expenses				
Balance at beginning of year	(1,369)	(1,548)	(1,369)	(1,548)
Amounts written off during the year	1,264	719	1,264	719
Amounts recovered during the year	-	-	-	-
Increase in allowance recognised in profit & loss	(751)	(540)	(751)	(540)
BALANCE AT END OF YEAR	**(856)**	**(1,369)**	**(856)**	**(1,369)**

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

(b) 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 – Investments and Other Financial Assets

	Parent Entity Specific Purpose Fund		Consolidated Specific Purpose Fund	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
Non-Current Assets				
Managed Investment Schemes	37,121	35,165	53,279	49,262
TOTAL NON-CURRENT	**37,121**	**35,165**	**53,279**	**49,262**
Represented by:				
Investment Held in Trust	37,121	35,165	53,279	49,262
TOTAL	**37,121**	**35,165**	**53,279**	**49,262**

(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.

(c) The Investments includes Available-for-sale assets

Note 9 - Inventories

	Parent Entity 2011 $'000	**Parent Entity 2010 $'000**	**Consol'd 2011 $'000**	**Consol'd 2010 $'000**
Current				
Pharmaceuticals	3,233	2,976	3,233	2,976
Medical and Surgical Lines	1,640	1,509	1,640	1,509
Radiology Stores	511	580	511	580
Theatre Stores	1,046	1,393	1,046	1,393
TOTAL	**6,430**	**6,458**	**6,430**	**6,458**

(a) Inventories are recognised at cost/net realisable value

Note 10 – Other Assets

	Parent Entity 2011 $'000	**Parent Entity 2010 $'000**	**Consol'd 2011 $'000**	**Consol'd 2010 $'000**
Current Prepayments	2,301	1,795	2,301	1,795
TOTAL	**2,301**	**1,795**	**2,301**	**1,795**

Note 11 – Property, Plant and Equipment

	Parent Entity 2011 $'000	Parent Entity 2010 $'000	Consol'd 2011 $'000	Consol'd 2010 $'000
Land				
Crown Land at Fair Value	154,493	133,430	154,493	133,430
Freehold Land at Fair Value	-	-	-	-
Total Land	**154,493**	**133,430**	**154,493**	**133,430**
Buildings				
Buildings at Fair Value	437,676	437,676	437,676	437,676
Less Accumulated Depreciation	(87,318)	(44,143)	(87,318)	(44,143)
Total Building at Valuation	350,358	393,533	350,358	393,533
Buildings at Cost	97,821	91,280	97,821	91,280
Less Accumulated Depreciation	(3,511)	(776)	(3,511)	(776)
Total Building at Cost	94,310	90,504	94,310	90,504
Buildings Under Construction	33,459	31,628	33,459	31,628
Total Buildings	**478,127**	**515,665**	**478,127**	**515,665**
Leasehold Improvements at cost				
Leasehold Improvements	3,277	3,014	3,277	3,014
Less Accumulated Amortisation	(488)	(402)	(488)	(402)
Total Leasehold Improvements	**2,789**	**2,612**	**2,789**	**2,612**
Plant & Equipment, Furniture & Fittings at Fair Value				
Medical Equipment	94,068	87,165	94,068	87,165
Less Accumulated Depreciation	(48,824)	(40,117)	(48,824)	(40,117)
Total Medical Equipment	45,244	47,048	45,244	47,048
Computers & Communication Equipment	42,282	40,094	42,282	40,094
Less Accumulated Depreciation	(36,453)	(34,041)	(36,453)	(34,041)
Total Computers & Communication Equipment	5,829	6,053	5,829	6,053
Furniture & Fittings	7,037	7,041	7,037	7,041
Less Accumulated Depreciation	(4,718)	(4,665)	(4,718)	(4,665)
Total Furniture & Fittings	2,319	2,376	2,319	2,376
Other Equipment	38,605	32,920	38,605	32,920
Less Accumulated Depreciation	(18,144)	(15,607)	(18,144)	(15,607)
Total Other Equipment	20,461	17,313	20,461	17,313
Plant & Equipment – Works in Progress	5,109	2,922	5,109	2,922
Total Equipment, Furniture & Fittings	**78,962**	**75,712**	**78,962**	**75,712**
Motor Vehicles				
Motor Vehicles at Cost	119	119	119	119
Less Accumulated Depreciation	(108)	(89)	(108)	(89)
Total Motor Vehicles	**11**	**30**	**11**	**30**
TOTAL	**714,382**	**727,449**	**714,382**	**727,449**

Land and buildings carried at valuation: An independent valuation of Alfred Health's land and buildings was performed by the *Valuer-General Victoria* to determine the fair value of the land and buildings. The valuation, which conforms to Australian Valuations Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation is 30 June 2011.

At 30 June 2011 and 30 June 2010 Plant & Equipment, Furniture & Fittings are shown at fair value.

Note 11 – Property, Plant and Equipment (Continued)

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 Improve-ments	Medical Equipment	Computers	Furniture & Fittings	Other Plant & Equipment	Motor Vehicles	Totals
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
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
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 1 July 2010	**133,430**	**515,665**	**2,612**	**47,048**	**6,053**	**2,376**	**20,234**	**30**	**727,449**
Net additions and transfers between classes	-	8,372	263	7,295	2,619	259	7,937	-	26,745
Disposals (WDV)	-	-	-	(31)	(13)	(2)	(1)	-	(47)
Revaluation adjustments	21,063	-	-	-	-	-	-	-	21,063
Depreciation		(45,910)	(86)	(9,068)	(2,830)	(314)	(2,600)	(19)	(60,827)
Balance at 30 June 2011	**154,493**	**478,127**	**2,789**	**45,244**	**5,829**	**2,319**	**25,570**	**11**	**714,382**

Land and Buildings carried at valuation

Note 12 - Intangible Assets

	Parent Entity 2011 $'000	Parent Entity 2010 $'000	Consol'd 2011 $'000	Consol'd 2010 $'000
Computer Software at cost	6,908	6,378	6,908	6,378
Less Accumulated Amortisation	(5,077)	(4,141)	(5,077)	(4,141)
TOTAL	**1,831**	**2,237**	**1,831**	**2,237**

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 2009	**1,940**
Additions	1,362
Amortisation (Note 4)	(1,065)
Balance at 1 July 2010	**2,237**
Additions	554
Amortisation (Note 4)	(960)
Balance at 30 June 2011	**1,831**

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 2011, EM had issued share capital of $8,888,889 (2010: $8,888,889). Alfred Health owned 135,701 $1 shares (held in trust by Melbourne Health) – 1.97% of EM's issued share capital (2010: 135,701). These shares were issued in exchange for granting EM a licence to use Alfred Health intellectual property. At 30 June 2011, 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 2011, EM generated a net loss of $ 249,114 (2010 – a net loss of $437,681).

As EM has continued to generate losses Alfred Health, at 30 June 2011, has placed no value on its investment in EM.

Note 13 - Payables

	Parent Entity 2011 $'000	Parent Entity 2010 $'000	Consol'd 2011 $'000	Consol'd 2010 $'000
Current				
Trade Creditors	29,862	30,767	29,862	30,767
Accrued Expenses	14,708	16,597	14,708	16,597
Department of Health	3,146	4,131	3,146	4,131
Salary Packaging	7,914	9,137	7,914	9,137
Superannuation	4,509	3,721	4,509	3,721
TOTAL	**60,139**	**64,353**	**60,139**	**64,353**

(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 – Borrowings

	Parent Entity 2011 $'000	Parent Entity 2010 $'000	Consol'd 2011 $'000	Consol'd 2010 $'000
Current				
Australian Dollar Borrowings				
- Treasury Corporation Victoria	1,026	964	1,026	964
Total Current	**1,026**	**964**	**1,026**	**964**
Non – Current				
Australian Dollar Borrowings				
- Treasury Corporation Victoria	23,543	24,570	23,543	24,570
Total Non-Current	**23,543**	**24,570**	**23,543**	**24,570**
TOTAL	**24,569**	**25,534**	**24,569**	**25,534**

Terms and conditions of Borrowings

Treasury Corporation Victoria

a) Repayments for the Multi Storey Car Park are quarterly with the final instalment due on 22 March 2024.

b) Average interest rate applied during 2010/11 was 6.39% (2009/10: 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)	**1,609**	**1,667**

(a) **Maturity analysis of Borrowings** – refer to Note 19(c) for the maturity analysis of Borrowings

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

(c) **Defaults and breaches** – there were no defaults and breaches of any loan during the current and prior year

Note 15 - Provisions

	Parent Entity 2011 $'000	Parent Entity 2010 $'000	Consol'd 2011 $'000	Consol'd 2010 $'000
Current Provisions				
Employee Benefits (i)				
- Unconditional and expected to be settled within 12 months (ii)	57,883	59,972	57,883	59,972
- Unconditional and expected to be settled after 12 months (iii)	66,849	53,248	66,849	53,248
Employee Termination Benefits				
- Unconditional and expected to be settled within 12 months (ii)	617	-	617	-
- Unconditional and expected to be settled after 12 months (iii)	-	-	-	-
Other				
Total Current Provisions	125,349	113,220	125,349	113,220
Non-Current Provisions				
Employee Benefits (ii)	15,344	19,156	15,344	19,156
Employee Termination Benefits	-	-	-	-
Provisions related to Employee Benefit On-Costs	-	-	-	-
Onerous lease contracts	-	-	-	-
Make good provision	-	-	-	-
Other	-	-	-	-
Total Non-Current Provisions	15,344	19,156	15,344	19,156
TOTAL PROVISIONS	**140,693**	**132,376**	**140,693**	**132,376**
(a) Employee Benefits and Related On-Costs				
Current Employee Benefits and Related On-Costs				
Unconditional LSL Entitlements	64,063	51,802	64,063	51,802
Annual Leave Entitlements	46,035	43,037	46,035	43,037
Accrued Wages and Salaries	12,693	16,457	12,693	16,457
Accrued Days Off	1,941	1,924	1,941	1,924
Other	617	-	617	-
Non-Current Employee Benefits and related on-costs				
Conditional Long Service Leave Entitlements (iii)	15,344	19,156	15,344	19,156
Other	-	-	-	-
Total Employee Benefits & Related On-Costs	**140,693**	**132,376**	**140,693**	**132,376**
(b) Movement in Provisions				
Movement in Long Service Leave:				
Balance at start of year	70,958	63,860	70,958	63,860
Provision made during the year	15,032	12,052	15,032	12,052
Settlement made during the year	(6,583)	(4,954)	(6,583)	(4,954)
Balance at end of year	**79,407**	**70,958**	**79,407**	**70,958**

(i) 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.

(ii) 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.

(iii) The present value determination of the non-current long service leave liability has been based on a forecast inflation rate of 4.60% p.a. (2010 – 4.48% p.a.) discounted by the future bond rate as at 30 June 2011.

Note 16 - Other Liabilities

	Parent Entity 2011 $'000	Parent Entity 2010 $'000	Consol'd 2011 $'000	Consol'd 2010 $'000
Current				
Patient Monies held in Trust	63	25	63	25
Rental in Advance – Burnet Institute (a)	1,296	1,296	1,296	1,296
Total Current	**1,359**	**1,321**	**1,359**	**1,321**
Non – Current				
Rental in Advance – Burnet Institute (a)	48,246	50,092	48,246	50,092
TOTAL	**49,605**	**51,413**	**49,605**	**51,413**
Total Monies held in Trust Represented by the following assets:				
Cash Assets (Note 6)	68	32	68	32

Rental in Advance

a) The Burnet Institute, as part of its commitment to the Alfred Centre Stage 2 extension has paid rent in advance of $49.542M

b) The amount in advance at 30 June 2011 represents 39 years remaining of the 40 year lease agreement.

Note 17 – Reserves

	Parent Entity 2011 $'000	Parent Entity 2010 $'000	Consol'd 2011 $'000	Consol'd 2010 $'000
(a) Reserves				
(i) Property, Plant & Equipment Revaluation Surplus (1)				
Balance at the Beginning of the Reporting Period	205,240	205,240	205,240	205,240
Revaluation Increments				
- Land	21,063	-	21,063	-
- Building	-	-	-	-
Balance at the End of the Reporting Period	**226,303**	**205,240**	**226,303**	**205,240**
Represented by: Land	109,448	88,385	109,448	88,385
Buildings	116,855	116,855	116,855	116,855
	226,303	**205,240**	**226,303**	**205,240**
(ii) Financial Assets Available-for-Sale Revaluation Surplus (2)				
Balance at the Beginning of the Reporting Period	12,754	10,565	10,604	10,989
Valuation (Loss)/Gain recognised	1,771	2,189	2,634	2,877
Balance at the End of the Reporting Period	**14,525**	**12,754**	**13,238**	**13,866**
(iii) General Purpose Reserves (3)				
Balance at the Beginning of the Reporting Period	47,221	50,269	47,221	50,269
Transfers to Accumulated Deficit	5,798	11,570	5,798	11,570
Balance at the End of the Reporting Period	**53,019**	**61,839**	**53,019**	**61,839**
(iv) Restricted Specific Purpose Surplus				
Balance at the Beginning of the Reporting Period	40,477	36,742	58,357	36,742
Transfers (to)/from Accumulated Deficit	5,893	3,735	5,854	3,735
Balance at the End of the Reporting Period	**46,370**	**40,477**	**64,211**	**40,477**
Total Reserves	**340,217**	**320,310**	**356,770**	**321,422**
(b) Contributed Capital				
Balance at the Beginning of the Reporting Period	324,134	324,134	324,134	324,134
Capital Contribution received from Victorian Government	-	-	-	-
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	(74,436)	(41,798)	(74,436)	(28,413)
Surplus/(Deficit) for the Year	(44,035)	(31,951)	(43,691)	(30,718)
Transfers from General Reserves	(5,798)	(11,570)	(5,798)	(11,570)
Transfers from/(to) Restricted Specific Purpose Reserves	(5,893)	(3,735)	(5,854)	(3,735)
Balance at the End of the Reporting Period	**(130,162)**	**(89,054)**	**(129,779)**	**(74,436)**
TOTAL EQUITY AT THE END OF FINANCIAL YEAR	**534,189**	**555,390**	**551,126**	**571,120**

(1) The Property, Plant & Equipment asset revaluation surplus arises on the revaluation of property, plant & equipment.

(2) The financial assets available-for-sale revaluation surplus arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold, that portion of the reserve which relates to 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) Opening Balance of General Purpose Reserve reclassified in 2010.

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

	Parent Entity 2011 $'000	Parent Entity 2010 $'000	Consol'd 2011 $'000	Consol'd 2010 $'000
Net Result for the year	**(44,035)**	**(31,951)**	**(43,691)**	**(30,718)**
Depreciation/Amortisation	61,787	59,431	61,787	59,431
(Decrease)/Increase in Provision for Doubtful Debts	(513)	(179)	(513)	(179)
Restricted Funds not Available for Operational Use	-	2,953	-	2,953
Net (Gain)/Loss from Sale of Non-Financial Assets	(196)	811	(196)	811
Assets received free of charge	(660)	-	(660)	-
Change in Operating Assets & Liabilities				
- Increase in Employee Benefits	8,317	5,865	8,317	5,865
- Increase/(Decrease) in Payables	(4,214)	17,317	(4,214)	17,317
- Increase/(Decrease) in Other Liabilities	(1,808)	11,227	(1,808)	11,227
- Decrease/(Increase) in Receivables	(2,647)	(504)	(2,613)	(769)
- Decrease/(Increase) in Prepayments	(506)	(1,158)	(506)	(1,158)
- Decrease/(Increase) in Inventories	28	557	28	557
NET CASH INFLOWS/(OUTFLOWS) FROM OPERATING ACTIVITIES	**15,553**	**64,369**	**15,931**	**65,337**

Note 19 - Financial Instruments

(a) Financial Risk Management Objectives and Policies

Alfred Health's principal financial instruments comprise of:
- Cash Assets
- Term Deposits
- Receivables (excluding statutory receivables)
- Investment in Equities and Managed Investment Schemes
- 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.

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

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 2011 $'000	Carrying Amount 2010 $'000
Financial Assets		
Cash and Cash equivalents	17,884	30,449
Receivables	16,810	16,718
Other Financial Assets	53,279	49,263
Total Financial Assets (i)	**87,973**	**96,430**
Financial Liabilities		
Payables	60,139	64,353
Borrowings	24,569	25,534
Other Liabilities	49,605	51,413
Total Financial Liabilities (ii)	**134,313**	**141,300**

(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	
	2011	**2010**
	$'000	$'000
Financial Assets		
Cash and Cash equivalents	5,729	3,907
Available for Sale Investments	2,634	2,877
Total Financial Assets	**8,363**	**6,784**
Financial Liabilities		
Borrowings	(1,609)	(1,667)
Total Financial Liabilities	**(1,609)**	**(1,667)**

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

(iv) 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 arises from the contractual financial assets of Alfred Health, which comprise cash and deposits, non-statutory receivables and available for sale contractual financial assets.

Alfred Health's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to Alfred Health. Credit risk is measured at fair value and is monitored on a regular basis.

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

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

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

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

	Financial institutions (AAA credit rating)	Government agencies (AAA credit rating)	Government agencies (BBB credit rating)	Other (min BBB credit rating)	Total
	$'000	$'000	$'000	$'000	$'000
2011					
Financial Assets					
Cash and Cash Equivalents	17,884	-	-	-	17,884
Receivables	-	16,810	-	-	16,810
Other Financial Assets (i)	53,279	-	-	-	53,279
Total Financial Assets	**71,163**	**16,810**	**-**	**-**	**87,973**
2010					
Financial Assets					
Cash and Cash Equivalents	30,449	-	-	-	30,449
Receivables	-	16,718	-	-	16,718
Other Financial Assets (i)	49,263	-	-	-	49,263
Total Financial Assets	**79,712**	**16,718**	**-**	**-**	**96,430**

Ageing analysis of financial asset as at 30 June

			Past Due but Not impaired				
	Consol'd Carrying Amount	Not Past Due and Not Impaired	Less than 1 Month	1 – 3 Months	3 Months – 1 Year	1 – 5 Years	Impaired Financial Assets
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2011							
Financial Assets							
Cash and Cash Equivalents	17,884	17,884	-	-	-	-	-
Receivables	16,810	11,261	2,165	1,765	763	-	856
Other Financial Assets	53,279	53,279	-	-	-	-	-
Total Financial Assets	**87,973**	**82,424**	**2,165**	**1,765**	**763**	**-**	**856**
2010							
Financial Assets							
Cash and Cash Equivalents	30,449	30,449	-	-	-	-	-
Receivables	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**

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 2011

			Maturity Dates				
	Consol'd Carrying Amount $'000	**Contractual Cash Flows $'000**	**Less than 1 Month $'000**	**1 – 3 Months $'000**	**3 Months – 1 Year $'000**	**1 – 5 Years $'000**	**Over 5 Years $'000**
2011							
Financial Liabilities							
Payables	60,139	60,139	47,785	9,572	2,782	-	-
Borrowings	24,569	24,569	-	437	1,312	6,997	15,823
Other Financial Liabilities	49,605	49,605	108	216	972	5,184	43,125
Total Financial Liabilities	**134,313**	**134,313**	**47,893**	**10,225**	**5,066**	**12,181**	**58,948**
2010							
Financial Liabilities							
Payables	64,353	64,353	50,010	11,352	2,991	-	-
Borrowings	25,534	25,534	-	206	619	4,124	20,585
Other Financial Liabilities	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**

Alfred Health's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet. Alfred Health manages its liquidity risk by a number of avenues. Cash assets are held with more than one financial institution, and a reasonable amount of cash is held at call to enable access as required.

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 2011

	Weighted Average Effective Interest Rate (%)	Carrying Amount	Interest Rate Exposure		
			Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
		$'000	$'000	$'000	$'000
2011					
Financial Assets					
Cash and Cash Equivalents	4.75	17,884	1,328	16,517	39
Receivables:					
Trade Debtors	-	4,017	-	-	4,017
Other Receivables	-	12,793	-	-	12,793
Other Financial Assets:	-	53,279	-	53,279	-
Total Financial Assets		**87,973**	**1,328**	**69,796**	**16,849**
2011					
Financial Liabilities					
Payables	-	60,139	-	-	60,139
Borrowings	6.39	24,569	24,569	-	-
Other Financial Liabilities:	4.75	49,605	49,605	-	-
Total Financial Liabilities		**134,313**	**74,174**	**-**	**60,139**
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:	-	49,263	-	-	49,263
Total Financial Assets		**96,430**	**1,284**	**27,910**	**67,236**
2010					
Financial Liabilities					
Payables	-	64,353	-	-	64,353
Borrowings	6.39	25,534	25,534	-	-
Other Financial Liabilities:	4.30	51,413	-	-	51,413
Total Financial Liabilities		**141,300**	**25,534**	**-**	**115,766**

Note 19 - Financial Instruments (Continued)

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

- A parallel shift of +0.5% and -0.5% in market interest rates (AUD) from year-end rates of 4.75%;
- A parallel shift of +0.5% and -0.5% in inflation rate from year-end rates of 3.3%

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.

		Interest Rate Risk				Other Price Risk			
	Carrying	-0.5%		+0.5%		-10%		+10%	
	Amount	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2011									
Financial Assets									
Cash and Cash Equivalents	17,884	(89)	(89)	89	89				
Receivables:									
Trade Debtors	4,017								
Other Receivables	12,793								
Other Financial Assets:	53,279					-	(5,328)	-	5,328
Total Financial Assets	**87,973**	**(89)**	**(89)**	**89**	**89**	**-**	**(5,328)**	**-**	**5,328**
2011									
Financial Liabilities									
Payables:	60,139								
Borrowings	24,569								
Other Financial Liabilities:	49,605								
Total Financial Liabilities	**134,313**								
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:	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								
Borrowings	25,534								
Other Financial Liabilities:	51,413								
Total Financial Liabilities	**141,300**								

(e) Fair Value

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

- Level 1 – the fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- Level 2 – the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3 – the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

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

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

Comparison between carrying amount and fair value

	Consol'd Carrying Amount 2011 $'000	Fair value 2011 $'000	Consol'd Carrying Amount 2010 $'000	Fair value 2010 $'000
Financial Assets				
Cash and Cash Equivalents	17,884	17,884	30,449	30,449
Receivables (i)				
- Trade Debtors	4,017	4,017	6,290	6,290
- Other Receivables	12,793	12,793	10,428	10,428
Other Financial Assets (i)	53,279	53,279	49,263	49,263
Total Financial Assets	**87,973**	**87,973**	**96,430**	**96,430**
Financial Liabilities				
Payables	60,139	60,139	64,353	64,353
Borrowings	24,569	24,569	25,534	25,534
Other Financial Liabilities (i)	49,605	49,605	51,413	51,413
Total Financial Assets	**134,313**	**134,313**	**141,300**	**141,300**

(i) The carrying amounts exclude statutory financial assets and liabilities (i.e. GST input tax credit and GST Payable)

Financial Assets measured at fair value

	Carrying Amount as at 30 June	Fair value measurement at end of reporting period using: Level 1	Level 2	Level 3
2011	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets at fair value through profit & loss				
Available for sale financial assets				
- Equities and managed funds	53,279	53,279	-	-
Total Financial Assets	**53,279**	**53,279**	**-**	**-**
2010				
Financial assets at fair value through profit & loss				
Available for sale financial assets				
- Equities and managed funds	49,263	49,263	-	-
Total Financial Assets	**49,263**	**49,263**	**-**	**-**

Note 20 – Commitments for Expenditure

	Parent Entity 2011 $'000	Parent Entity 2010 $'000	Consol'd 2011 $'000	Consol'd 2010 $'000
Capital Expenditure Commitments:				
Building Works	18,444	17,366	18,444	17,366
Plant & Equipment				
- Medical Equipment	3,005	6,042	3,005	6,042
- Computer Equipment	58	285	58	285
- Other Equipment	89	696	89	696
Furniture and Fittings	17	52	17	52
Computer Software	10	91	10	91
Total Capital expenditure commitments	**21,623**	**24,532**	**21,623**	**24,532**
Capital				
Not later than one year	21,623	24,532	21,623	24,532
Later than one year but not later than five years	-	-	-	-
Total Capital Commitments	**21,623**	**24,532**	**21,623**	**24,532**
Other Expenditure Commitments				
Supplies and Consumables				
- Medical	4,701	4,467	4,701	4,467
- Other	26,043	36,951	26,043	36,951
Maintenance Contracts				
- Medical	3,521	4,401	3,521	4,401
- Information Technology	2,781	1,173	2,781	1,173
Total Other Expenditure Commitments	**37,046**	**46,992**	**37,046**	**46,992**
Expenditure				
Not later than one year	24,970	25,391	24,970	25,391
Later than one year but not later than five years	12,076	21,601	12,076	21,601
Later than 5 years	-	-	-	-
Total Other Expenditure Commitments	**37,046**	**46,992**	**37,046**	**46,992**
Operating Leases Commitments				
Commitments in relation to leases contracted for at the reporting date:				
Operating leases				
- Property	9,060	11,442	9,060	11,442
- Medical Equipment	9,816	12,124	9,816	12,124
- Motor Vehicle	816	990	816	990
Total Leases Commitments	**19,692**	**24,556**	**19,692**	**24,556**
Payable as follow				
Cancellable				
Not later than one year	520	635	520	635
Later than one year but not later than five years	296	354	296	354
Non-Cancellable				
Not later than one year	6,291	6,502	6,291	6,502
Later than one year but not later than five years	12,585	17,065	12,585	17,065
Total Leases Commitments	**19,692**	**24,556**	**19,692**	**24,556**
Total Commitments for Expenditure (inclusive of GST)	**78,361**	**96,080**	**78,361**	**96,080**
Less GST recoverable from the Australian Tax Office	**(7,124)**	**(9,608)**	**(7,124)**	**(9,608)**
Total Commitments for Expenditure (exclusive of GST)	**71,237**	**86,472**	**71,237**	**86,472**

(i) Commitments relate to contracts to expend amounts greater than $100,000 per year per contract.

(ii) Other Supplies and Consumables commitments are inclusive of the contract to provide non-clinical support services.

Note 20 – Commitments for Expenditure (Continued)

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.

Note 21 - Contingent Assets and Contingent Liabilities

Alfred Health had contingent liabilities at 30 June 2011 in respect of:

	Parent Entity 2011 $'000	Parent Entity 2010 $'000	Consol'd 2011 $'000	Consol'd 2010 $'000
Quantifiable:				
Other – Recallable Capital Grant (i)	1,500	2,500	1,500	2,500
Total Quantifiable Liabilities	**1,500**	**2,500**	**1,500**	**2,500**

(i) 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 2010/11 financial year the Department of Health has withheld $1m from the September 2010 allocation. As at 30 June 2011 a contingent liability of $1.5m remains and no indication has been received from the department as to whether future amounts will be withheld.

Note 22 – Operating Segments

CONSOLIDATED	Residential Aged Care Services		Acute Health		Primary Health		Other		Total	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
REVENUE										
External Segment Revenue	58,452	55,823	644,938	598,774	8,956	9,639	122,595	124,950	834,941	789,186
Total Revenue	58,452	55,823	644,938	598,774	8,956	9,639	122,595	124,950	834,941	789,186
EXPENSES										
External Segment Expenses	(82,270)	(76,910)	(677,554)	(636,795)	(4,116)	(4,322)	(118,813)	(104,117)	(882,753)	(822,144)
Total Expenses	(82,270)	(76,910)	(677,554)	(636,795)	(4,116)	(4,322)	(118,813)	(104,117)	(882,753)	(822,144)
Net Result from ordinary activities	(23,818)	(21,087)	(32,616)	(38,021)	4,840	5,317	3,782	20,833	(47,812)	(32,958)
Interest Expense	-	-	-	-	-	-	(1,608)	(1,842)	(1,608)	(1,842)
Interest Income	-	-	-	-	-	-	5,729	4,082	5,729	4,082
Net result for the year	(23,818)	(21,087)	(32,616)	(38,021)	4,840	5,317	7,903	23,073	(43,691)	(30,718)
OTHER INFORMATION										
Segment Assets	44,243	45,245	42,499	43,462	6,371	6,515	733,016	749,574	826,132	844,796
Total Assets	44,243	45,245	42,499	43,462	6,371	6,515	733,016	749,574	826,132	844,796
Segment Liabilities	18,533	18,443	73,311	72,956	3,660	3,642	179,502	178,634	275,006	273,676
Total Liabilities	18,533	18,443	73,311	72,956	3,660	3,642	179,502	178,634	275,006	273,676
Depreciation & Amortisation Expense	-	-	-	-	-	-	(61,787)	(59,431)	(61,787)	(59,431)

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

Business Segments	**Types of Services Provided**
Residential Aged Care	Residential Aged Care, Mental Health, Aged Care Services
Acute Health	Admitted Patients, Outpatients, Emergency Department Services, Ambulatory
Primary	Primary Health
Other	Other includes clinical support such as Pharmacy, Imaging, Pathology

Note 23 - 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 Honourable Daniel Andrews, MLA, Minister for Health (1 July 2010 to 1 December 2010)

The Honourable David Davis, MP, Minister for Health and Ageing (2 December 2010 to 30 June 2011)

The Honourable Mary Woodridge, MLA, Minister for Mental Health (2 December 2010 to 30 June 2011)

Responsible persons are as follows (all are Directors of Alfred Health and except where noted held their office for the period 1 July 2010 to 30 June 2011) -

Mr Stephen Grant GradDip Marketing FCA – Chair (term expired 30 June 2011)
Ms Fiona Bennett BA(Hons) FCA FAICD FAIM – Deputy Chair
Ms Hannah Crawford BCom LLB CA FFin
Mr Julian Gardner BA LLB FIPAA
Mr Rob Gerrand BA FAMI FAICD (term expired 30 June 2011)
Mr David Menadue BA BEd OAM
Dr Elaine Saunders BSc (Hons) GradDipMgt MSc PhD GAICD (term expired 30 June 2011)
Associate Professor Jillian Sewell AM MBBS FRACP FAICD
Professor Hjalmar Swerissen BAppSc GradDip(Psych) BA(Hons) MAppSc

Appointed 1 July 2011

Ms Helen Shardey BComm TSTC MAICD – Chair
Mr Anthony Starkins LLB BEc FFin MAICD
Mr Tim Wilson DipBus BA MDiplomacy&Trade

Accountable Officer -

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

Responsible Persons' Remuneration

Range			*Parent*		*Consolidated*	
			Number		*Number*	
$		**$**	**2011**	**2010**	**2011**	**2010**
0	**-**	**9,999**	1	-	1	-
30,000	**-**	**39,999**	7	8	7	8
50,000	**-**	**59,999**	-	-	-	-
60,000	**-**	**69,999**	1	1	1	1
390,000	**-**	**399,999**	-	1	-	1
440,000	**-**	**449,999**	1	-	1	-
Total remuneration received or due and receivable by Responsible Persons amounted to -			**$729,540**	**$705,666**	**$729,540**	**$705,666**

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.)

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

Range	Parent				Consolidated			
	Total Remuneration Number		***Base Remuneration Number***		***Total Remuneration Number***		***Base Remuneration Number***	
	2011	2010	2011	2010	2011	2010	2011	2010
$ 100,000 - $ 109,999			1				1	
$ 110,000 - $ 119,999		1				1		
$ 190,000 - $ 199,999		1	1	1		1	1	1
$ 200,000 - $ 209,999	2		1		2		1	
$ 210,000 - $ 219,999	1		1		1		1	
$ 220,000 - $ 229,999		1		1		1		1
$ 230,000 - $ 239,999	1		1		1		1	
$ 240,000 - $ 249,999				1				1
$ 260,000 - $ 269,999		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	
$ 320,000 - $ 329,999			1				1	
$ 340,000 - $ 349,999	2				2			
$ 360,000 - $ 369,999	1				1			
Total Remuneration ($)	**$2,206,179**	**$1,701,706**	**$1,874,351**	**$1,240,288**	**$2,206,179**	**$1,701,706**	**$1,874,351**	**$1,240,288**

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

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.

		Year to 30 June 2011		**At 30 June 2011**	
Board Member	**Organisation**	**Sales**	**Purchases**	**Receivable**	**Payable**
		$	**$**	**$**	**$**
Stephen Grant	Brotherhood of St. Lawrence	54,470	61,624	7,504	270
Fiona Bennett	Hills Holdings Ltd	-	26,482	-	25,498
David Menadue	Victorian AIDS Council	-	66	-	-

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 24 – Events Occurring after the Balance Sheet Date

Subsequent to 30 June 2011, global economic conditions have prompted significant market volatility in share prices. At 30 June 2011, the balance of investments for Alfred Health was $53.279m, based on share prices at 30 June 2011. The nature of these investments is listed shares held in trusts, of which Alfred Health is the beneficiary. The majority of trust deeds restrict Alfred Health from access to or the ability to sell the investment.

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:

(a) power over more than half of the voting rights by virtue of an agreement with other investors;
(b) power to govern the financial and operating policies of the entity under a statute or an agreement;
(c) 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
(d) 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 2011, the Trust had net assets of $16.936 (2010: $15.731m) which have been included in the financial statements of the consolidated entity.

VAGO

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 2011 of Alfred Health which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the Board Member's, Accountable Officer's and the Chief Finance and 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 the 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* and for such internal control as the Board Members determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on 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.

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

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Independent Auditor's Report (continued)

Independence

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

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of Alfred Health and the economic entity as at 30 June 2011 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 Audit Management Act 1994.*

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of Alfred Health for the year ended 30 June 2011 included both in Alfred Health's annual report and on the website. The Board Members of Alfred Health are responsible for the integrity of Alfred Health's website. I have not been engaged to report on the integrity of Alfred Health's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE
12 August 2011

D D R Pearson
Auditor-General

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