AlfredHealth

ANNUAL REPORT 2011/2012

AlfredHealth

REPORT OF OPERATIONS
YEAR ENDED 30 JUNE 2012

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.

Table of Contents Report of Operations

AlfredHealth

INTRODUCTION FROM THE CHAIR OF THE BOARD AND THE CHIEF EXECUTIVE 2011/2012

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

Introduction from the Chair of the Board and the Chief Executive

We are pleased to present the 2011/2012 Annual Report for Alfred Health.

The 2011/2012 financial year was an exciting period for Alfred Health and one of great achievement in many areas. The health service completed the year operating more efficiently while at the same time treating more patients than ever before.

It is our ongoing effort to do more for our patients that saw Alfred Health named by Premier Ted Baillieu as the Metropolitan Health Service of the Year at the Victorian Public Healthcare Awards in November 2011.

The award recognises leadership and excellence in the provision of healthcare to the people of Victoria. The achievement is the culmination of a sustained effort from all corners of the health service. It reflects the extraordinary work done for the benefit of the thousands of patients that come to Alfred Health each year but, above all else, the award recognises the hard work and dedication of all our staff and volunteers.

In addition to this honour, several teams within the health service were singled out for their work. The Monash Alfred Psychiatry Research Centre was recognised for its multidisciplinary approach to improving outcomes for people with combined mental illness and problem gambling, The Alfred's intensive care team was acknowledged for a model of care introduced to give patients suffering organ failure the best possible chance of recovery, and Melbourne Sexual Health Centre's innovative partner notification website was awarded for excellence in enhancing healthcare through communication technology.

In the translating evidence into practice category of the Premier's Award, Alfred Health's Clinical Practice Review Committee was highly commended for ensuring clinical and financial effectiveness. This recognition provides just a snapshot of the many wonderful programs and projects that are making Alfred Health one of the most progressive health services in Australia.

In keeping with our commitment to patient centred care, Alfred Health launched a bold new initiative called *Patients Come First*. We recognise the importance of involving patients in their own care and *Patients Come First* is a vehicle for focusing our commitment. Over the course of the year staff involved patients in numerous projects including the development of new patient information handbooks, enhancement of infection prevention programs, and planning of new services and buildings.

Alfred Health's commitment to infection prevention was once again illustrated through a number of programs and the health service exceeded the benchmark set by the Department of Health and Ageing for hand hygiene. A number of our departments engaged in awareness raising activities to promote the importance of achieving high levels of compliance in this area.

In keeping with our accreditation as a World Health Organisation Health Promoting Hospital, two new initiatives were introduced in 2012 - the launch of *Healthy Choices* and the expansion of *Totally Smokefree*.

In *Healthy Choices,* we commenced a campaign to promote healthy eating on all of our sites - whether in retail food outlets, vending machines or for internal catering. A new system was implemented to classify food according to its nutritional value with the intention of assisting people to make informed choices on the types of food and drinks they consume with the guidance of a “traffic light system”.

In 2011/12 we saw the expansion of our *Totally Smokefree* program and our pharmacy department is now taking a lead role in assessing and managing nicotine dependency among our inpatients. Information, advice, counselling and nicotine replacement therapy are all now more accessible to help patients transition to a totally smokefree environment.

Last year also marked an important milestone for the Alfred Medical Research and Education Precinct (AMREP) as it celebrated its 10th anniversary. The strong collaboration between AMREP partners has seen a number of achievements in the last decade. Together, they have contributed to AMREP’s steadily expanding research capacity, which attracted in excess of $95m of funding last year.

This important milestone comes at a time when Alfred Health is engaged in creating Australia’s first Academic Health Science Centre. During the reporting period Monash University, Alfred Health and Southern Health, the Burnet Institute, Baker IDI, Prince Henry’s Institute, Cabrini Health and Epworth Healthcare established a steering committee to set the foundations for the Monash Partners Academic Health Science Centre. This was incorporated in 2012.

Considerable work will continue to develop *Monash Partners,* under the guidance of its inaugural Managing Director, Mr Michael Wright. This initiative follows similar models developed in Europe and promises to be an exciting opportunity to leverage the expertise and reputations of the Monash Partners organisations. Together they will aim to deliver improved health outcomes through translational research for the benefit of those living in the south and south eastern suburbs of Melbourne.

In January, the National Emergency Access Target (NEAT) was introduced at The Alfred and Sandringham Hospital - part of the Federal Government’s National Health Reform Agenda. It requires all patients to be seen within four hours of being admitted to a public hospital emergency department and comes at a time when demand for emergency services in Australia is increasing.

The overall objective of the new target is to improve the quality of the public health system in Australia by aiming to ensure the majority of patients presenting to an emergency department are seen, admitted, discharged or transferred within the four hour timeframe. It also aims to enhance the patient experience by reducing delays in emergency departments by improving coordination processes for admitting and discharging patients.

Our two emergency departments are performing well against the other key performance indicators, and we are pleased to report that the introduction of the four-hour target is having a positive impact. We have considerable work to do in this field, however we continue to look for opportunities to integrate it across Alfred Health to complement our service delivery plans.

At Sandringham Hospital our service planning resulted in a number of recommendations for the services provided by the hospital. The planned changes were the subject of a four-week consultation with the community, staff and other stakeholders and feedback was generally favourable.

Notable capital works projects also commenced during the reporting period. Construction started on a new lecture theatre in the AMREP precinct and will be completed this year. The

Alfred's short stay unit in the emergency department was expanded to boost its capacity, and a patient reception area for the Haematology Oncology Centre was built at The Alfred.

In addition, a $3 million upgrade saw The Alfred's hyperbaric service return to full operation. The chamber's increase in size has greatly improved its capacity to treat more patients and its rectangular room-like design, when compared with cylindrical chambers, is seen as best practice. Other health services around the world are looking to adopt our layout.

Planning is underway for a specialist 30-bed acquired brain injury unit at Caulfield Hospital. The new facility will house a centre of excellence for the treatment of those who suffer traumatic brain injury and further details about this project will be released in 2012/13.

Alfred Health has continued to benefit greatly from the gifts received from the many donors and supporters who gave so kindly and generously to The Alfred, Caulfield Hospital and Sandringham Hospital. Each makes an important and positive difference, and we are indeed fortunate.

Partnering more with consumers has unexpectedly pushed up our volunteer numbers. We are fortunate to have the dedication and support of more than 500 volunteers who collectively contributed 35,000 hours of service last year. Figures like this illustrate clearly what a vital contribution our volunteers make to Alfred Health every year, and we offer them our special thanks.

Helen Shardey
Board Chairman

Andrew Way
Chief Executive

Report of Operations Responsible Body Declaration

In accordance with the Financial Management Act 1994, I am pleased to present the Report of Operations for Alfred Health for the year ending 30 June 2012.

Helen Shardey
Chairman, Board of Directors

10 August 2012

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.*

About 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 other support staff through its major partnerships with Monash University and La Trobe University. It also 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 health care 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 and has been a leader in implementing new models of care to ensure the greatest accessibility for patients and efficiency of service delivery.

Alfred Health 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. It has become an integral part of the Victorian landscape.

With one of the busiest emergency and trauma centres in the country, The Alfred also has one of the largest and most advanced intensive care units in the region. As a major tertiary-referral hospital, it provides one of the most comprehensive ranges 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 at The Alfred

New clinic for genetic heart condition
A new clinic to treat patients with Hypertropic Cardiomyopathy opened at The Alfred. The inherited heart condition, often unrecognised, causes sudden cardiac arrest, affects one in 500 people and is a common cause of sudden death in young athletes. However, it can affect people of all ages and in a variety of ways.

The new clinic, spearheaded by Alfred cardiologists, is a first for Victoria and aims to confirm diagnosis, perform a risk assessment for each patient, control symptoms, facilitate surgery to reduce muscle thickness, and assess whether close relatives have also inherited the condition. The new clinic has the support of the Murdoch Children's Research Institute and research links with the Baker IDI Heart and Diabetes Research Institute.

$3.3m Neurotrauma boost
Harnessing Victoria's Neurotrauma expertise is the focus of a multi-million dollar grant received by the National Trauma Research Institute at The Alfred. Funded by the Transport Accident Commission (TAC), the $3.34m grant cements more than a decade of leading research in traumatic brain injury at The Alfred. Central to the grant is the establishment of a *Centre for Excellence in Traumatic Brain Injury*, which brings together research leaders to foster multidisciplinary collaboration, host brain injury experts from around the world, and help to train the next generation of research leaders.

China to deliver research boost
A three-year partnership between The Alfred and a major research and teaching hospital in China promises to deliver research benefits to Victoria. The 2600-bed Longgang Central Hospital in Shenzhen, north of Hong Kong, has entered into a staff transfer agreement with The Alfred. The agreement is a commitment to enhance clinical practice at the Chinese hospital while providing a hotbed of research opportunity for The Alfred.

As the most heavily populated country in the world, China has access to patients on a scale not possible in Australia. The volume of patients means that a research trial that may take 10 years to achieve sufficient volume in Australia may only take two years in collaboration with Longgang Hospital. The Alfred will assist Longgang Hospital with programs and training in neurosurgery, cardiology, intensive care and trauma and emergency – covering medicine, surgery, nursing and administration.

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 specialist 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 at Caulfield Hospital

Acquired brain injury project
A project funded by the Federal and State Governments and the Transport Accident Commission is expected to improve the quality of care of patients with moderate to severe head injury. Caulfield Hospital was chosen to run the statewide service which will establish an Acquired Brain Injury (ABI) unit to treat patients from early stages of injury right through to rehabilitation. Construction is scheduled to begin in January 2013, with the facility due to open in early 2014.

Aged Psychiatry Nurse Practitioner
Caulfield Hospital became the first Victorian public hospital to have a nurse practitioner in aged psychiatry. The demand for the healthcare of older people with mental illness has driven the need for alternative models of care as it is often difficult to get timely assessments of nursing home patients via a GP.

The nurse practitioner model at Caulfield Hospital may represent the future of aged psychiatry in nursing homes, with people assessed more quickly and conditions investigated and treated in the community, preventing hospital admissions.

LaTCH Memory Management Program
The LaTCH Memory Management Program, named for the partnership between LaTrobe University (LaT) and Caulfield Hospital (CH), is a memory strategy program for people with mild cognitive impairment. Developed by Caulfield Hospital's dementia specialists and La Trobe University, the memory management program has been adopted by Alzheimer's Australia Victoria and it is hoped that the program will, in time, be used throughout Alzheimer's Australia's offices interstate, as well as community health services.

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 2011/2012 and the General Medical Units and nursing care teams support elective surgery services generated by Alfred Health, including anaesthetics and general, 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.

Sandringham Hospital offers both inpatient and bulk billing outpatient services for radiology and pathology and additional services available include physiotherapy, diabetic education, aged care, occupational therapy, social work, dietitians and speech pathology.

Highlights for the year at Sandringham Hospital

Improving care for the community
In March 2012 Alfred Health ran a staff and community consultation campaign to obtain feedback on proposed changes and enhancements planned for services at Sandringham Hospital. The proposed service improvements were detailed in a discussion paper which reflected current trends in local healthcare and outlined a model of care that would ensure the hospital would be well placed to meet the needs of its local community into the future.

Launch of the Sterilising Services Unit
A new Sterilising Services Unit (SSU) at Sandringham Hospital was officially opened. The SSU is a vital unit which is responsible for ensuring that medical instruments are properly handled, cleaned, disinfected and sterilised.

Funds for the unit came from Alfred Health and the Black Rock Sports Auxiliary, which raised more than $150,000 toward the project. The new unit has improved the efficiency of the sterilising process, and is meeting the needs of Sandringham Hospital's growing elective surgery program.

Improving paediatric care
A project aimed at improving the management and care of children across Alfred Health commenced in 2011. One aim was to improve the environment in which children are cared for and, in response, Sandringham Hospital's radiology department introduced changes including creation of a jungle themed child radiology room.

The hospital also commenced kindergarten tours to help familiarise local youngsters with the hospital environment in a fun and friendly way.

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 2011 to 30 June 2012 was the Minister for Health and Ageing, the Hon David Davis MP.

1.2 Alfred Health comprises 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

Ms Helen Shardey (Chairman) *BComm TSTC MAICD*

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

Ms Hannah Crawford *BCom LLB CA FFin*

Mr Julian Gardner *BA LLB FIPAA*

Mr David Menadue *OAM BA BEd*

Associate Professor Jillian Sewell *AM MBBS FRACP FAICD*

Mr Anthony Starkins *LLB BEc FFin MAICD*

Professor Hjalmar Swerissen *BAppSc GradDip(Psych) BA(Hons) MAppSc (term expired 30 June 2012)*

Mr Tim Wilson *DipBus BA MDiplomacy&Trade*

From July 2012

Mr Damien Kenny *BCom BBus Systems*

2.2 Board Committee Structure

Committees of the Board of Directors

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

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 Health Services Act 1988.

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).

4. Management and Organisational Structure

Senior Officers and Their Responsibilities

Chief Executive, Alfred Health
Mr Andrew Way *RN BSc(Hons) MBA*

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 & Deputy Chief Executive
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 Outpatients; Emergency and Acute Medicine; Rehabilitation, Aged & Community Care Services; Sandringham Hospital Medical and Surgical Services; and Workforce.

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
Ms Janet Weir-Phyland *RN, BScN, MBA*

Responsible to the Chief Executive for Allied Health, the Women & Children's Program & Sandringham Hospital Site Management, Caulfield Hospital Residential Care & Site Management. Professionally responsible for nursing practice standards, quality& clinical risk, workforce planning and education.

Executive Director Finance
Ms Deirdre Blythe *BSc(Hons) FCA FAICD*

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 and Payroll also form part of the Finance division.

Executive Director Education and Organisational Development
Ms Chris McLoughlin *BSW* (from July 2011)

Responsible to the Chief Executive for the development and implementation of strategies and processes to improve organisational effectiveness, enhancing Alfred Health's role as a centre of excellence for team work, leadership, innovation and improvement. Strategies to build a positive culture supported by our values of integrity, collaboration, accountability and knowledge, with team work as the basis for service excellence.

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 leadership of the Engineering, Biomedical Engineering and Non Clinical Support Departments, including food services, security, cleaning, waste, ancillary and car parking.

Executive Director Information Development
Dr Ethan Gershon MD (from August 2011)

Responsible to the Chief Executive for managing health service information systems and for continuous development in the management of information to advance quality of care, operational efficiency, and performance in research and education.

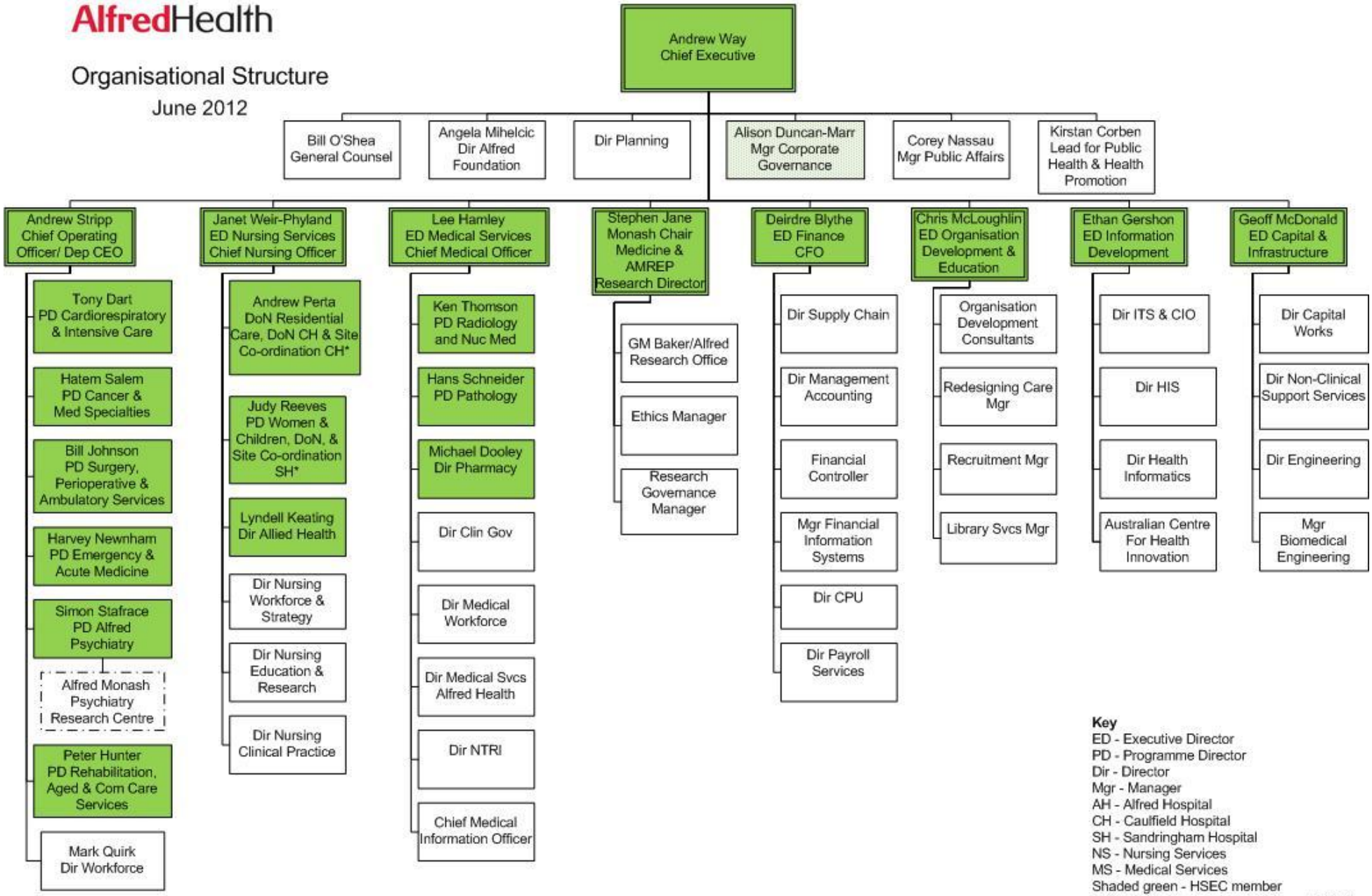
Legal Counsel
Mr Bill O'Shea *BSc DipEd LLB (Hons)*

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

AlfredHealth

Organisational Structure

June 2012



5. 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.

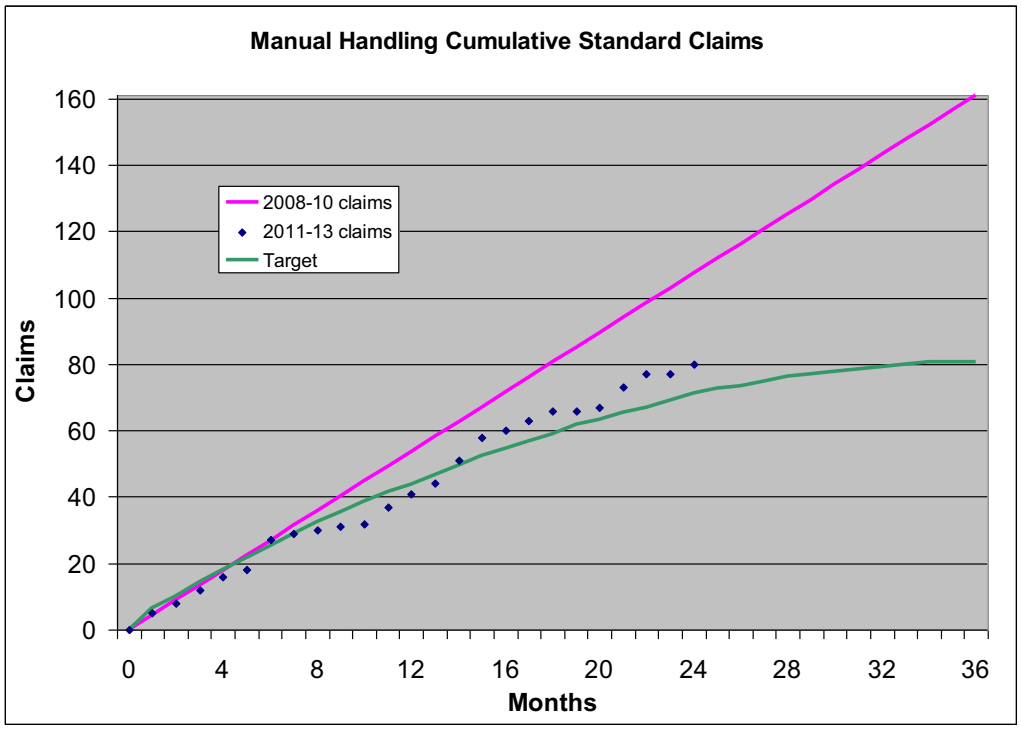
Strategic leadership in OHS is provided by the Health Service Executive Committee. Key organisational risks are overseen by risk-specific committees, and there are a range of consultation mechanisms in place, including a large number of trained Health and Safety Representatives.

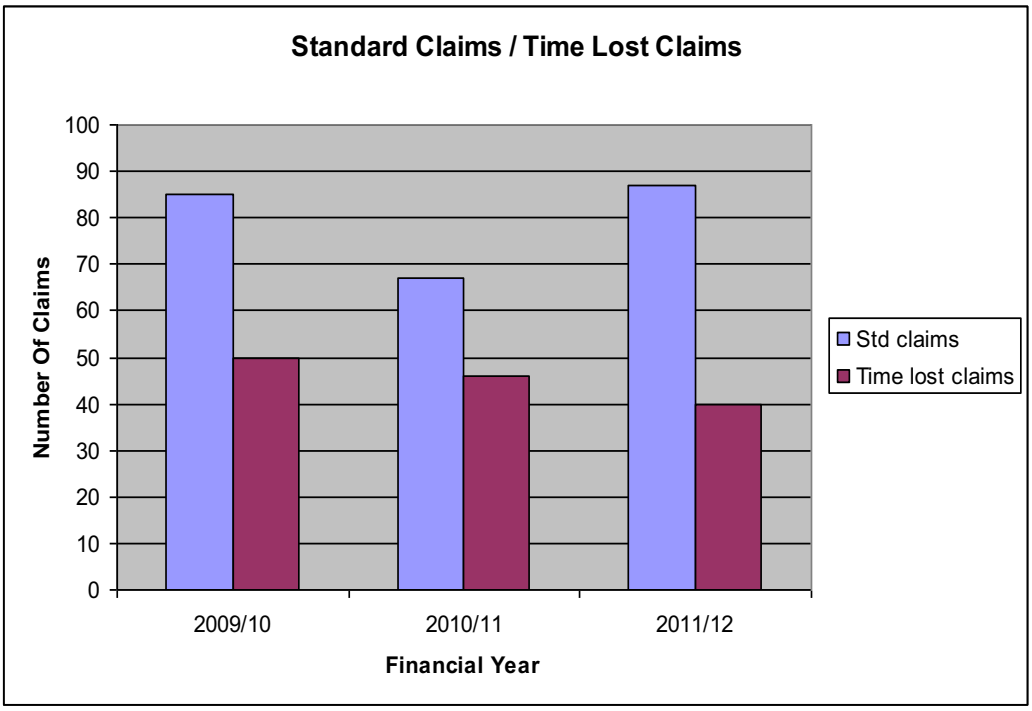
The organisation has continued its focus on reducing manual handling claims through the Alfred Health Manual Handling Strategic Plan 2011-13. Currently in its second year the strategy has continued to deliver historically low levels of standard manual handling claims.

Key elements of the plan include oversight by a multi-disciplinary committee, a 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.

In the 2011/2012 financial year, injury severity rates decreased, resulting in a reduction of weekly claim costs of 37%*.

*** Based on provisional Allianz Data for 2011/2012**





Overall claims performance has improved over the past 3 years. In the 2011/2012 financial year, time loss claims decreased by 12%.

6. Workforce Data

Labour Category	JUNE Current Month FTE*		JUNE YTD FTE*	
	2011	2012	2011	2012
Nursing	2233.7	2277.6	2158.0	2251.2
Administration and Clerical	839.7	852.2	810.3	835.1
Medical Support	719.5	743.8	706.8	746.7
Hotel and Allied Services	221.4	222.3	223.9	216.1
Medical Officers	163.2	175.4	163.4	170.1
Hospital Medical Officers	460.0	457.9	456.5	466.3
Sessional Clinicians	145.1	141.0	128.2	133.8
Ancillary Staff (Allied Health)	479.8	494.2	463.2	481.3

* The FTE figures exclude overtime and contracted staff

Alfred Health had more than 7,800 employees on the payroll system at 30 June 2012.

Campus	Full Time	Part Time	Casual	Grand Total
The Alfred	2919	2173	740	5832
Caulfield Hospital	497	637	174	1308
Sandringham Hospital	109	445	158	712
Grand Total	**3525**	**3255**	**1072**	**7852**

7. Application and Operation of the Freedom of Information Act 1982

Freedom of Information Decisions 2011/2012

Total number of requests received	2596
Access granted in full	2456
Access granted in part	13
Access denied	0
Other	44
Not finalised	83
Not finalised 2010/2011	66
Access granted in full	64
Access granted in part	2

8. Application and Operation of the Whistleblowers Protection Act 2001

Summary of Procedures

1. Statement of Support

Alfred Health does not tolerate improper conduct by its employees or reprisals being taken against those who disclose such conduct, 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 – all campuses

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:

- 1 disclosure was 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.

9. 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 2011/12 with certificates of final completion:

- Alfred Short Stay Expansion Project
- Alfred Ward 6 East Refurbishment
- Alfred Emergency Department Pharmacy
- Alfred Nuclear Medicine PET/CT Project
- Alfred Radiology CT Room
- Alfred Foundation Fitout
- Sandringham CSSD Project
- Sandringham Dialysis Expansion
- Sandringham Maternity Unit, Bay Room Refurbishment
- Demolition of Caulfield Laundry
- 75 Alma Road St Kilda Renovations
- 28 & 30 Adelaide St, Armadale Renovations

Projects under construction with building permits:

- AMREP Lecture Theatre Project
- Alfred Recovery Expansion Project
- Alfred Radiology Seminar Room
- Caulfield Baringa Kitchen Renovation
- Caulfield Hospital Nursing Home Air-conditioning Upgrade
- St Kilda Rd Clinic/MAPrc Fitout, 609 St Kilda Road
- Headspace Fitout, Glenhuntly Road, Elsternwick

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. Through water and energy consumption, waste generation and purchasing preference, we aim to responsibly manage our contributions to climate change.

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 to the conservation of our natural resources having reduced our overall water consumption at our main sites by almost 20% over the last six years and by 28% per discharged bed day.

10. Consultancies

Using the definition set out in FRD22C, there were 16 consultancies costing less than $10,000 undertaken at a total cost of $60,950.

Consultancies in 2011/2012 costing in excess of $10,000.

Consultant	Purpose of Consultancy	Total Fees Approved			Total Expenditure			Committed Expenditure
		$0 - $25k	$25k - $50k	$50k - $75k	$0 - $25k	$25k- $50k	$50k - $75k	
Boyd Health Management	Review: Victorian Adult Burns Service		✓			✓		x
Paul Scown	Review: Melbourne Sexual Health Centre and Alfred Infectious Diseases Service	✓			✓			x
Fenton Consultants	Sandringham community engagement study		✓			✓		x
Bolt Partners	Review: Orthopaedics and Colorectal surgery services			✓			✓	x
Paul Tridgell Pty Limited	Review: Outpatient clinic billing practices	✓			✓			x

The total spend in the period 2011/12 on consultancies costing more than $10,000, as set out in the table above was $109,084.

11. 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.

11.1 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 2011/2012, the Audit Committee consisted of Ms F. Bennett (Chair), Ms H. Crawford, Ms H. Shardey and Mr A. Starkins, all of whom are independent directors.

11.2 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.

The Community Advisory Committee has contributed to the Alfred Health Disability Action Plan which sits within the broader Community Participation Plan. Bi-monthly progress reports are provided to the Community Advisory Committee and the Executive Committee. Consultation with the Community Advisory Committee and other key stakeholders late in 2012 will inform the development of a revised Disability Action Plan for Alfred Health, aligning it with the new 'Patients Come First' strategy. The aim of this strategy is to increase consumer partnership in individual and organisational decision making to ensure high levels of service quality and safety while complying with relevant policy and health care standards.

In 2011/2012 the members of the Committee were Mr D. Menadue (Chair), Mr N. Caswell, Dr C. Cheah, Ms D. Dybner, Mr J. Gardner, Ms S. Gray, Mr B. Hayhoe, Ms V. Johnstone, Ms N. Ross, Dr C. Spencer, Mrs L. Stanton and Ms J. Richardson (associate).

11.3 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 2011/2012, the Finance Committee consisted of Ms H. Crawford (Chair), Ms F. Bennett, Ms H. Shardey, Mr A. Starkins and Mr A. Way.

11.4 Primary Care & Population Health Advisory Committee

The Primary Care & Population Health Advisory Committee assists the Board 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 2011/2012, the Primary Care & Population Health Advisory Committee consisted of Prof H. Swerissen (Chair), Ms K. Corben, Assoc Prof P. Hunter, Ms H. Shardey, Mr A. Way and Mr T. Wilson.

11.5 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 D. Menadue, Ms H. Shardey, Prof H. Swerissen and Mr T. Wilson.

11.6 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 2011/2012, the Remuneration Committee consisted of Ms H. Shardey (Chair), Ms F. Bennett, Ms H. Crawford and Mr A. Starkins.

12. 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 injuries, medication safety and behaviours of concern. This ensures focus and coordination of effort on the important issues for Alfred Health.

13. Financial Information

Summary of Financial Results

	2011/12 $000	2010/11 $000	2009/10 $000	2008/09 $000	2007/08 $000	2006/07 $000
Operating Revenue	868,912	820,999	758,860	713,592	645,543	597,273
Operating Expenses	(868,869)	(820,967)	(762,713)	(711,188)	(648,365)	(595,821)
Operating Result	**43**	**32**	**(3,853)**	**2,404**	**(2,822)**	**1,452**
Capital and Specific Items	(18,507)	(43,723)	(26,865)	(1,505)	19,965	(2,059)
Net Result for the Year	**(18,464)**	**(43,691)**	**(30,718)**	**899**	**17,143**	**(607)**

Financial Performance

Alfred Health's Operating Result was a net surplus of $0.04m, $0.01m above the prior year result. The current year result reflects an increase in operational activity which resulted in a increase in operating revenue of $47.9m (5.8%), offset by higher expense costs of $47.9m (5.8%) to deliver these extra services. The increase was largely in the area of employee expenses, which contributed $35.4m of the additional expense, and supplies and consumables ($10.5m).

	2011/12 $000	2010/11 $000	2009/10 $000	2008/09 $000	2007/08 $000	2006/07 $000
Total Revenue (1)	913,310	840,672	793,268	739,671	692,343	615,818
Total Expenses (2)	931,774	884,363	823,986	738,772	675,200	616,425
Net Result for the Year	**(18,464)**	**(43,691)**	**(30,718)**	**899**	**17,143**	**(607)**
Movement in Reserves	(5,871)	23,697	(15,305)	7,637	(6,171)	(10,554)
Accumulated (Deficit)	**(159,084)**	**(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

	2011/12 $000	2010/11 $000	2009/10 $000	2008/09 $000	2007/08 $000	2006/07 $000
Total Assets	811,236	826,132	844,796	839,100	662,042	617,647
Total Liabilities	285,834	275,006	273,676	240,139	193,089	166,813
Net Assets	**525,402**	**551,126**	**571,120**	**598,961**	**468,953**	**450,834**
Total Equity	**525,402**	**551,126**	**571,120**	**598,961**	**468,953**	**450,834**

Financial Analysis of Operating Revenues and Expenses

	2011/12 $000	2010/11 $000
REVENUES		
SERVICES SUPPORTED BY HEALTH SERVICES AGREEMENT		
Government grants	713,203	682,236
Indirect contributions by Department of Health	7,527	11,941
Patient and Resident fees	31,620	26.796
Recoupment from private practice for use of Hospital facilities	31,071	22,664
Other revenue	19,028	16,733
	802,449	**760,370**
SERVICES SUPPORTED BY HOSPITAL & COMMUNITY INITIATIVES		
Recoupment from private practice for use of Hospital facilities	10,519	8,794
Donations and Bequests	11,939	13,010
Interest	5,207	5,729
Other Revenue	38,798	33,096
	66,463	**60,629**
Total Operating Revenue	**868,912**	**820,999**

	2011/12 $000	2010/11 $000
EXPENSES		
SERVICES SUPPORTED BY HEALTH SERVICES AGREEMENT		
Employee Benefits	(549,489)	(515,842)
Non Salary Labour Costs	(11,832)	(11,732)
Supplies & Consumables	(179,819)	(169,217)
Other Expenses from Continuing Operations	(89,483)	(89,585)
	(830,623)	**(786,376)**
SERVICES SUPPORTED BY HOSPITAL & COMMUNITY INITIATIVES		
Employee Benefits	(23,244)	(21,502)
Non Salary Labour Costs	(728)	(440)
Supplies & Consumables	(1,301)	(1,445)
Other Expenses from Continuing Operations	(12,973)	(10,410)
	(38,246)	**(34,133)**
Total Operating Expenses	**(868,869)**	**(820,173)**
NET RESULT FROM CONTINUING OPERATIONS BEFORE CAPITAL AND SPECIFIC ITEMS	**43**	**32**
Capital Purpose Income	44,398	19,673
Depreciation and Amortisation	(61,360)	(61,787)
Finance Costs	(1,545)	(1,609)
NET RESULT FOR THE YEAR	**(18,464)**	**(43,691)**

Balance Sheet

	2011/12 $'000	2010/11 $'000
Current Assets		
Cash and Cash Equivalents	25,126	17,884
Receivables & Prepayments	33,994	21,198
Inventories	7,210	6,430
Total Current Assets	**66,330**	**45,512**
Current Liabilities		
Payables	53,792	60,139
Loans	1,093	1,026
Employee Entitlements	142,993	125,349
Other Liabilities	73	63
Total Current Liabilities	**197,951**	**186,577**
Working Capital	**(131,621)**	**(141,065)**
Non-Current Assets		
Receivable (Long Service Leave)	12,270	11,128
Investments	44,478	53,279
Property, Plant & Equipment	639,912	666,671
Total Non-Current Assets	**696,660**	**731,078**
Non-Current Liabilities		
Loans	22,450	23,543
Employee Entitlements	17,187	15,344
Other Liabilities	46,949	48,246
Total Non-Current Liabilities	**39,637**	**38,887**
Net Assets	**525,402**	**551,126**
Equity	**525,402**	**551,126**
Current Asset Ratio	**0.33**	**0.24**

Significant Changes in the Balance Sheet

Current Assets increased from $45.5m to $66.3m due to an increase in closing cash balances and patient fees receivable.

Current Liabilities increased $11.4m due to an increase of $17.6m in the value of employee entitlements and a decrease of $6.3m in payables due to timing of payments for operational activities and capital over the year end period.

Non-Current Assets decreased $34.4m, mainly due to a $8.8m reduction in investments and a net $26.8m decrease in the value of Property, Plant & Equipment from purchases and depreciation charges for the year.

There were no significant movements in Non Current Liabilities in the year.

Operational and Budgetary Objectives for 2011/12

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 2011/12 Statement of Priorities.

14. Statement of Priorities 2011/12

14.1 Statement of Part A 2011/12 Outcomes

Victorian Government's Priorities 2012-2022	Deliverables	Outcomes
Implementing continuous improvements and innovation	Maintain and improve current level of quality/safety by • Implementing the Recognising and responding to clinical deterioration project across inpatient units • Halving the current central line associated bloodstream infection rate in ICU between Sep 11 & March 2012, compared to the period July 2010 – June 2011 • Ensuring there are no central line associated bloodstream infections in ICU from April-June 2012 Prepare and implement a framework that supports general practitioners to	**Achieved** All clinical areas have received education on new graphic observation chart and escalation guideline **Not achieved** Rate decreased from 2.01 to 1.96 for period. Rates over a comparable one year period reduced from 2.01 in 10/11 to 1.36 in 11/12 **Not achieved** One recorded. A rate of 0.41 / 1000 device days **Achieved**

Victorian Government's Priorities 2012-2022	Deliverables	Outcomes
Developing a system that is responsive to people's needs	access acute services in a more appropriate and timely manner	Direct referral pathway to Acute Assessment Unit established
	A process will be developed and implemented to capture and utilise patient and community feedback to improve services across Alfred Health	**Achieved** Patient Engagement and Patient Feedback Working Group established
	Internal and external communication processes will be reviewed, documented and promoted across Alfred Health	**Not achieved** In view of the Board's discussions on reputation management this has been deferred to 2012/13
Increasing accountability and transparency	Outcome Indicator scorecards for clinicians will be developed and implemented across all programs	**Achieved** Semi-automated Nursing Scorecard and visual management tools implemented in all inpatient wards. Not achieved for Medicine
	A transitional plan from Australian Council on Health Care Standards to Australian Commission on Safety and Quality in Healthcare standards will be documented	**Achieved** Self assessment in Nov 2012
Utilising e-health and communications technology	A process will be identified for the delivery of a stable platform for the health service clinical information system	**Achieved** Estimated go-live Dec 2013
Expanding service, workforce and system capacity	Accreditation by NHMRC for South Eastern Academic Health Science Centre will be achieved	**Not progressed** NHMRC still indicating submissions for accreditation will be called for 'soon'
	Academic and clinical excellence will be achieved through the continued development of partnerships with universities, other research/education institutions and the finalisation of a further three joint appointments	**Achieved** Renal Gastroenterology Cardio-Thoracic Surgery
Expanding service, workforce and system capacity	A staff reward system will be implemented across Alfred Health.	**Achieved**
	The recruitment process will be reviewed and revised to reflect Health Service Mission, Vision and Values	**Achieved**
	The 2011-12 Manual Handling strategic plan initiatives will be implemented	**Achieved** Work environment survey Further equipment purchased

Victorian Government's Priorities 2012-2022	Deliverables	Outcomes
	An employee well being strategy will be established	**Achieved** Healthy Workforce Strategy developed, prioritising; reducing prolonged sitting, managing nicotine dependency and supporting healthy nutrition
	A plan will be documented to ensure Alfred Health workforce capacity aligns with the service plan	**Achieved**
Increasing the system's financial sustainability and productivity **Increasing accountability and transparency**	Financial performance will be maintained and improved by • Ensuring that achievement of access targets is underpinned by service redesign principles • Ensuring that financial balance is achieved in accordance with the agreed savings program Planned levels of activity will be achieved in accordance with the Statement of Priorities	**Achieved** **Achieved**
Improving every Victorian's health status and experiences. **Expanding service, workforce and system capacity**	The Master Planning process will be completed across The Alfred and Caulfield Hospital and commenced at Sandringham Hospital	**Achieved**

14.2 Statement of Priorities Part B: Service Performance & Access Performance

Part B: Performance priorities
Financial performance

Operating result	Target	2011-12 actuals
Annual Operating result ($m)	$0	$0.04m
Cash management/liquidity	**Target**	**2011-12 actuals**
Creditors	60 days	45 days
Debtors	60 days	58 days

Service performance

WIES activity performance	**Target**	**2011-12 actuals**
WIES (public and private) performance to target (%)	± 2%	-0.8%

Elective Surgery	**Target**	**2011-12 actuals**
Elective surgery admissions – quarter 1	2,480	3,158
Elective surgery admissions – quarter 2	2,560	2,898
Elective surgery admissions – quarter 3	2,400	2,657
Elective surgery admissions – quarter 4	2,560	2,839

Critical Care	**Target**	**2011-12 actuals**
No. of days below ICU minimum operating capacity	0	0

Quality and Safety	**Target**	**2011-12 actuals**
Health service accreditation	Full	Full
Residential aged care accreditation	Full	Full
Cleaning standards	Achieved	Achieved
VICNISS Infection Clinical Indicators	No outliers	No outliers
Hand Hygiene Program compliance (%)	65%	76%
SAB rate per 10,000 bed days	2.0	1.3
Consumer Participation Indicator	75%	72%
Victorian Patient Satisfaction Monitor (VPSM)	73%	72%

Maternity	Target	2011-12 actuals
Percentage of women with prearranged postnatal home care	100%	97.7%

Mental Health	Target	2011-12 actuals
28 day readmission rate (%)	14%	19%
Post-discharge follow-up rate (%)	75%	73%
Seclusion rate per 1,000 bed days	20	19.2

Access performance	Target	2011-12 actuals The Alfred	2011-12 actuals Sandringham
Percentage of operating time on hospital bypass	3%	1.2%	n/a
Percentage of emergency patients admitted to an inpatient bed within 8 hours	80%	80%	85%
Percentage of non-admitted emergency patients with length of stay of less than 4 hours	80%	84%	83%
Number of patients with length of stay in the emergency department greater than 24 hours	0	0	0
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%	100%
Percentage of Triage Category 2 emergency patients seen within 10 minutes	80%	87%	84%
Percentage of Triage Category 3 emergency patients seen within 30 minutes	75%	80%	79%

Elective surgery	Target	2011-12 actuals
Percentage of Category 1 elective patients admitted within 30 days	100%	100%
Percentage of Category 2 elective surgery patients waiting less than 90 days	80%	93%

Percentage of Category 3 elective surgery patients waiting less than 365 days	90%	100%
Number of patients on the elective surgery waiting list	3,100	2,206
Number of Hospital Initiated Postponements (HiPs) per 100 scheduled admissions	8.0	5.8

14.3 Statement of Priorities Part C: Activity & Funding

Part C: Activity and Funding

Activity **Acute Inpatient**	**2011-12** Activity
WIES Public	69,198
WIES Private	12,589
Total WIES (Public and Private)	81,787
WIES Renal	1,029
WIES DVA	1,294
WIES TAC	6,794
WIES Total	90,904
Sub Acute Inpatient	
CRAFT	867
Rehab L1 (non DVA)	4,504
Rehab L2 (non DVA)	2,269
Rehab – Paediatric	0
GEM (non DVA)	33,017
Palliative Care – Inpatient	0
Transition Care (non DVA) – bed day	26,074
Restorative Care	3,203
Rehab 1 – DVA	131
Rehab 2 – DVA	351
GEM – DVA	2,517
Palliative Care – DVA	0
Ambulatory	
VACS – Allied Health	50,172
VACS – Variable	122,802
Transition Care (non DVA) – Home day	6,002
SACS – Non DVA	44,190

SACS – Paediatric	0
Post Acute Care	0
VACS – Allied Health – DVA	319
VACS – Variable - DVA	1,216
SACS – DVA	280
Post Acute Care – DVA	0
Aged Care	
Aged Care Assessment Service	3,965
Residential Aged Care	29,205
Mental Health	
MH – Inpatient	22,167
MH – Ambulatory	110,399
Community Health/Primary Care	
Community Health – Direct Care	38,979

Activity

Admitted Patient	Acute	Sub-Acute	Mental Health	Other	Total
Separations					
Same Day	54,056	1	82	0	54,139
Multi Day	40,216	3,606	1,528	0	45,350
Total Separations	94,272	3,607	1,610	0	99,489
Emergency	36,826	52	1,053	0	37,931
Elective	56,107	3,555	558	0	60,220
Other inc Maternity	1,339	0	0	0	1,339
Total Separations	94,272	3,607	1,611	0	99,490
Total WIES	90,904				
Total Bed Days	270,629	128,685	22,374	0	421,688

Breakdown of Sub-Acute Bed Days	
Rehab Lv1 (Non DVA)	4,504
Rehab Lv2 (non DVA non CRAFT)	2,269
GEM (Non DVA)	33,017
Rehab Lv1 (DVA)	131
Rehab Lv2 (DVA)	351
GEM DVA	2,517
Transition Care (Non DVA) Bed Days	26,074
Transition Care Non DVA Home Days	6,002
Residential Aged Care (Bed Days)	29,205
CRAFT	24,615
Other	0
Total	128,685

Non-Admitted Patients	Acute	Sub-Acute	Mental Health	Other	Total
Emergency Department Presentations	90,700	0	0	0	90,700
Outpatient Services - Occasions of Service (VACS and Non-VACS)	276,362	41,077	19	0	317,458
Other Services - Ocassions of Service	86,242	58,000	110,399	0	254,641
Total Occasions of Service	452,674	99,077	110,418	0	662,169
Victorian Ambulatory Classification System - Number of encounters	154,503	0	19	0	154,503

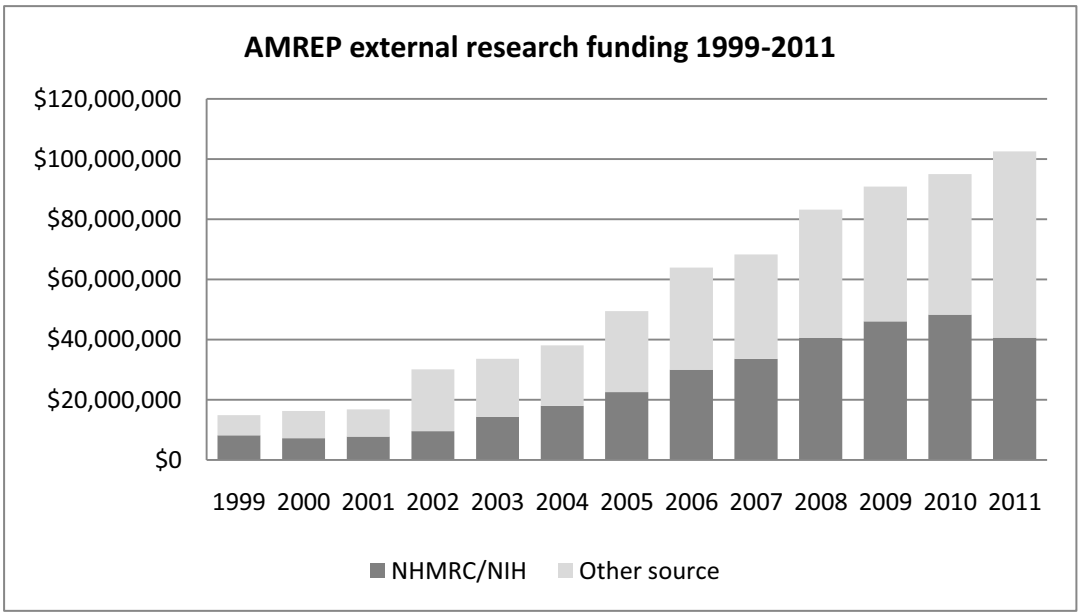
15. Research

AMREP – 10th anniversary

2012 marked 10 years since the opening of AMREP – Alfred Medical Research and Education Precinct, one of Australia's leading centres of clinical and biomedical research, education and health care delivery. Alfred Health is a collaborative partner in AMREP with Monash University, Baker IDI Heart and Diabetes Institute, the Burnet Institute, Deakin University and La Trobe University.

AMREP's Research Outputs

AMREP's external research revenue rose 7% in 2011 to more than $102 million. Of this amount, 60% came from the National Health and Medical Research Council (NHMRC) and the US National Institutes of Health. At the same time, the number of publications (refereed journal articles, book chapters and books) fell slightly from 1,462 in 2010 to 1,380 but the number of completed and passed masters and doctoral degrees increased to 177 in 2011 from 168 in 2010.



New NHMRC funding

Major new NHMRC grants commencing in 2012 were awarded to many of Alfred Health's clinical leaders to support their research programs.

Professor Peter Cameron (Emergency) received a five-year Centre of Research Excellence grant of $2.5 million for the Australian Resuscitation Outcomes Consortium.

Project Grants were awarded to:

- Professor Jamie Cooper (Director Research, Intensive Care) – STandaRd Issue TrANsfusion versus Fresher red blood cell Use in intenSive carE (TRANSFUSE): a randomised controlled trial: $2,761,870

- Professor Stephen Jane (Director of Research, The Alfred) – A novel genetic element controlling adult haemoglobin production: $477,260
- Professor Stephen Jane – Identification of critical factors for the establishment and maintenance of the epidermal barrier: $648,675
- Professor Sharon Lewin (Director, Infectious Diseases) – Liver disease in HIV-HBV co-infection: $682,330
- Dr Alistair Nichol (Intensive Care) – A multi-centre RCT of an open lung strategy including permissive hypercapnia, alveolar recruitment and low airway pressure in patients with ARDS: $997,535
- Professor Robyn O'Hehir (Director, AIRmed) – Impaired respiratory tolerance in obesity – the link with asthma? $644,685
- Professor Elsdon Storey (Director, Neurology) – The SNORE-ASA study: a study of neurocognitive outcomes, radiological and retinal effects of aspirin in sleep apnoea: $850,000
- Dr Andrew Taylor (Cardiology) – The role of diffuse myocardial fibrosis in myocardial stiffness: $479,940

Professor Russell Gruen, Director of the National Trauma Research Institute, was awarded a Practitioner Fellowship, which will provide him with the opportunity to undertake research linked to his clinical work for the next five years.

Cancer gene breakthrough

A breakthrough in understanding what stops a common form of skin cancer from developing could make new cancer treatments and prevention available to the public in five years. In research published in November 2011 in international cancer journal, *Cancer Cell*, a team of scientists led by Professor Stephen Jane (The Alfred's Director of Research) and Dr Charbel Darido (Monash University Central Clinical School) has discovered a gene that helps protect the body from squamous cell carcinoma (SCC) of the skin.

Professor Jane and his team discovered that a gene with an important role in skin development in the foetus is missing in adult SCC tumour cells. Although the researchers initially focused on skin cancer, they found that the protective gene is also lost in SCC that arises in other tissues, including head and neck cancers that are often associated with a very poor outcome for the patient. They showed that loss of this particular gene knocks out the signal to stop skin cells from growing. Without this stop signal, the cells keep increasing in number and eventually form a cancer. Identifying this driver of cancer in skin and other organs provides a clear direction for developing strategies for both prevention and treatment in the relatively near future.

Monash Partners Academic Health Science Centre

The Monash Partners Academic Health Science Centre (AHSC) is a developing collaboration that brings together Alfred Health, Monash University, Baker IDI Heart and Diabetes Institute, Burnet Institute, Southern Health, Prince Henry's Institute, Cabrini Health and Epworth Healthcare, and promises to enhance the health and wellbeing of our community through the integration of healthcare, education and research. It is the largest such grouping in Australia and is well equipped to be recognised for its clinical service, research and education activities on a world stage. The partnership will grow to include primary care and other education partners in the future.

The Monash Partners AHSC Steering Committee has identified seven Themes on which future activities will be focused:

- Cardiovascular Disease: Innovation, Intervention, Imaging and Care
- Infection and Inflammation
- Critical Care, Trauma and Perioperative Medicine
- Endocrinology, Diabetes and Metabolic Health
- Cancer and Blood Diseases
- Neuroscience and Mental Health
- Women's, Children's and Reproductive Health

Research Day

Research Day, held during Alfred Week in late October, was a celebration of excellence in research at AMREP. The successful lunchtime session featured keynote speaker Professor David de Kretser AC, followed by four short presentations on recent research developments at AMREP. Professor de Kretser presented the AMREP Research Prizes (clinical and basic) for the highest impact original journal articles published in 2010. A selection of scientific posters showcasing AMREP's research was displayed for the duration of Alfred Week.

16. Alfred Health Annual Meeting 2011

In accordance with Section 65ZG *Annual meetings* of the Health Services Act, Alfred Health held its Annual Meeting on Thursday 1 December 2011 at Caulfield Hospital. The guest speaker was Associate Professor Peter Hunter, Clinical Program Director of Rehabilitation, Aged & Community Care, who spoke about Alfred Health's role in health promotion and its accreditation by the World Health Organisation as a member of the Health Promoting Hospitals and Health Services network.

17. Gifts and Donations

Every year, tens of thousands of individuals, community groups, trusts, foundations and sponsors give generously to support the work of Alfred Health. Their support has contributed to an overall enhancement in the quality of care which Alfred Health can deliver to its patients.

The list below acknowledges the gifts of our most significant donors but every donation we receive is valuable to our operation. Alfred Health is grateful to all donors for their interest and commitment to our work.

The Alfred Foundation Board plays a vital role in helping Alfred Health raise the funds to deliver its outstanding services. We recognise the dedication and careful stewardship of each Board member, all of whom make a vital contribution to our work throughout the year. The members of the Alfred Foundation Board are:

- Sir Rod Eddington (Chairman)
- Mr Ian Cootes (Deputy Chairman)
- Mr Ravi Bhatia
- Mr Peter Barnett
- Mr Anthony Charles
- Mr Tony Charlton

- Mr Didier Elzinga
- Mr Peter Fox AM
- Mr Ian Johnson
- Mr Michael Kiely
- Mr Eddie McGuire AM
- Ms Angela Mihelcic (Director, The Alfred Foundation)
- Mr Chris Nolan
- Mr Tony Phillips
- Mr George Richards
- Mr Rob Sayer
- Mr Paul Sheahan
- Mrs Carolyn Stubbs
- Mr Andrew Way (Chief Executive, Alfred Health)
- Mr Alan Williams
- Mrs Sadhna Wilson
- Sir Donald Trescowthick AC, KBE (Patron)

3T MRI Scanner
The major priority for The Alfred Foundation's fundraising work in 2011/12 was for the purchase of a new 3T MRI scanner and a capital works project for its installation in The Alfred Centre. Various channels were utilised to address this, including Direct Marketing appeals, major gifts and donations raised through special community events.

Life Support Committee
Led by Chairman, Ms Sadhna Wilson, the Life Support Committee has set out a program of events to re-engage supporters, the first of which was an Italian-themed dinner offering a taste of the Mediterranean with Italian food and drink, live entertainment and an auction. Held at Church Street Enoteca in Richmond in October 2011, significant funds were raised on the night for trauma services at The Alfred.

The Alfred Fathers' Day Appeal 2011
The Alfred Fathers' Day Committee was once again chaired by Alfred Foundation Board member, Mr George Richards. The twelfth consecutive year of the appeal consolidated previous years' campaigning with health promotion messages to men and different fundraising activities across the Fathers' Day weekend.

The appeal once again received the invaluable support of media partners 3AW, Channel Nine, *The Age* and Austereo as well as assistance from a range of corporate sponsors.

A Men's Health publication was again produced, this year headed *Tests & Scans Made Easy: The Alfred's Guide to Modern Diagnostics*, a theme dovetailing with the appeal's fundraising focus, the purchase of a 3T MRI scanner and a capital works project to install it.

The Alfred

Significant gifts to benefit The Alfred were received from:

Estate of Adolf Haas
Estate of Miss Beryl Simmons
Peter & Lyndy White Foundation

Estate of Hernan Rodriguez
Estate of Kathleen Noel Cotes
Estate of Edward Hynes
Estate of Ann M McLaughlin
Dulux
Ilhan Food Allergy Foundation
Estate of Benjamin Paul Jones
The Kefford Family
John Swire & Sons

Caulfield Hospital

Significant gifts to benefit Caulfield Hospital were received from:

Collier Charitable Fund
Estate of Edward Joseph Hynes
Helmsmen Kiosk Auxiliary
R&EC Kiosk Auxiliary
Ian Rollo Currie Estate Foundation (Trust Company)
The Honda Foundation
Estate of Henry Herbert Yoffa
Mrs Gweneth Cooper

Sandringham Hospital

Significant gifts to benefit Sandringham Hospital were received from:

Cybec Foundation
Sandringham Kiosk Auxiliary
Black Rock Sports Auxiliary
Collier Charitable Fund
SUPVIC Mad Paddle
Sandringham Community Bank Branch, Bendigo Bank
Alfred & Jean Dickson Foundation
Brighton Ladies Golf Club

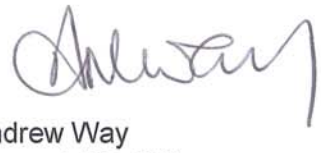
Alfred Health
The Alfred Health Web site features information about Alfred Health as a whole and each campus, including the Board of Directors, clinical and support services, employment opportunities, policies, community participation, annual reports and other publications and recent news items. The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

18. Attestations

Annual Report 2011/2012

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
13 August 2012

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
13 August 2012

19. 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.

A – Report of Operations
F – Financial Statements

Legislation	Requirement	Page
Ministerial Directions		
Report of Operations – FRD Guidance		
Charter and purpose		
FRD 22B	Manner of establishment and the relevant Ministers	A10, F60
FRD 22B	Objectives, functions, powers and duties	A12
FRD 22B	Nature and range of services provided	A11
Management and structure		
FRD 22B	Organisational structure	A15
Financial and other information		
SD 4.5.5	Risk management compliance	A24, A42, F50
FRD 22B	Operational and budgetary objectives and performance against objectives	A29
FRD 22B	Statement of merit and equity	A13
FRD 22B	Workforce data disclosures	A17
FRD 22B	Occupational health and safety	A16
FRD 22B	Summary of the financial results for the year	A25
FRD 22B	Significant changes in financial position during the year	A29
FRD 22B	Major changes or factors affecting performance	A25
FRD 22B	Subsequent events	N/A
FRD 22B	Application and operation of *Freedom of Information Act 1982*	A18
FRD 22B	Compliance with building and maintenance provisions of *Building Act 1993*	A21

Legislation	Requirement	Page
FRD 25	Victorian Industry Participation Policy disclosures	N/A
FRD 22B	Statement on National Competition Policy	A13
FRD 22B	Application and operation of the *Whistleblowers Protection Act 2001*	A18
FRD 22B	Details of consultancies over $100,000	A22
FRD 22B	Details of consultancies under $100,000	A22
FRD 22B	Statement of availability of other information	A13
FRD 10	Disclosure index	A43
FRD 11	Disclosure of ex-gratia payments	N/A
FRD 21A	Responsible person and executive officer disclosures	F60-61
SD 4(j)	Report of Operations signed and dated by the accountable officer	A5
SD 4.5.5	Attestation on compliance with Australian/New Zealand Risk Management Standard	A42
Financial statements required under Part 7 of the FMA		
SD 4.2(b)	Operating Statement	F4
SD 4.2(b)	Balance Sheet	F5
SD 4.2(b)	Statement of Changes in Equity	F6
SD 4.2(b)	Cash Flow Statement	F8
SD 4.2(c)	Accountable officer and chief finance and accounting officer declaration	F1
SD 4.2(c)	Compliance with Australian accounting standards and other authoritative pronouncements	F10
SD 4.2(c)	Compliance with Ministerial Directions	A13, F10
SD 4.2(d)	Rounding of amounts	F22
Legislation		
Freedom of Information Act 1982		A18
Whistleblowers Protection Act 2001		A18
Victorian Industry Participation Act 2003		N/A
Building Act 1993		A21
Financial Management Act 1994		A13, F1

AlfredHealth

FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2012

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 have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable *Financial Reporting Directions*, Australian Accounting Standards, Australian Accounting Interpretations and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2012 and financial position of Alfred Health and the Consolidated Entity at 30 June 2012.

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

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

Ms Helen Shardey
Board Chairman

Melbourne
10 August 2012

Mr Andrew Stripp
Acting Chief Executive
Accountable Officer

Melbourne
10 August 2012

Mrs Deirdre Blythe
Chief Finance & Accounting Officer

Melbourne
10 August 2012

VAGO
Victorian Auditor-General's Office

Level 24, 35 Collins Street
Melbourne VIC 3000
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Website www.audit.vic.gov.au

INDEPENDENT AUDITOR'S REPORT

To the Board Members, Alfred Health

The Financial Report

The accompanying financial report for the year ended 30 June 2012 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, and the financial reporting requirements of the *Financial Management Act 1994* and for such internal control as the Board Members determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on 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 the 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, as well as evaluating the overall presentation of the financial report.

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

Independent Auditor's Report (continued)

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, 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 2012 and of their financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994.*

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 2012 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
13 August 2012

for D D R Pearson
Auditor-General

Comprehensive Operating Statement for the Year Ended 30 June 2012

	Note	Parent Entity 2012 $'000	Parent Entity 2011 $'000	Consol'd 2012 $'000	Consol'd 2011 $'000
Revenue from Operating Activities	2	860,952	813,649	861,685	813,649
Revenue from Non-Operating Activities	2	6,128	6,212	7,227	7,350
Employee Expenses	3	(572,733)	(537,344)	(572,733)	(537,344)
Non Salary Labour Costs	3	(12,560)	(12,172)	(12,560)	(12,172)
Supplies & Consumables	3	(181,120)	(170,662)	(181,120)	(170,662)
Other Expenses	3	(96,745)	(99,995)	(102,456)	(100,789)
Net Result Before Capital & Specific Items		**3,922**	**(312)**	**43**	**32**
Capital Purpose Income	2	44,398	19,673	44,398	19,673
Depreciation and Amortisation	3	(61,360)	(61,787)	(61,360)	(61,787)
Finance Costs	3	(1,545)	(1,609)	(1,545)	(1,609)
Net Result For the Year		**(14,585)**	**(44,035)**	**(18,464)**	**(43,691)**
Other Comprehensive Income					
Net fair value gains /(losses) on Available for sale Financial Assets	17	(5,546)	1,771	(5,871)	2,634
Net fair value revaluation on Non Financial Assets		-	21,063	-	21,063
COMPREHENSIVE RESULT FOR THE YEAR		**(20,131)**	**(21,201)**	**(24,335)**	**(19,994)**

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

Balance Sheet as at 30 June 2012

	Note	Parent Entity 2012 $'000	Parent Entity 2011 $'000	Consol'd 2012 $'000	Consol'd 2011 $'000
ASSETS					
Current Assets					
Cash and Cash Equivalents	6	24,634	17,674	25,126	17,884
Receivables	7	32,281	18,328	32,547	18,897
Inventories	9	7,210	6,430	7,210	6,430
Other Current Assets	10	1,447	2,301	1,447	2,301
Total Current Assets		**65,572**	**44,733**	**66,330**	**45,512**
Non-Current Assets					
Receivables	7	12,270	11,128	12,270	11,128
Investments and Other Financial Assets	8	33,873	37,121	44,478	53,279
Property, Plant & Equipment	11	636,898	664,840	636,898	664,840
Intangible Assets	12	3,014	1,831	3,014	1,831
Total Non-Current Assets		**686,055**	**714,920**	**696,660**	**731,078**
TOTAL ASSETS		**751,627**	**759,653**	**762,990**	**776,590**
LIABILITIES					
Current Liabilities					
Payables	13	53,773	60,139	53,792	60,139
Borrowings	14	1,093	1,026	1,093	1,026
Provisions	15	142,993	125,349	142,993	125,349
Other Liabilities	16	73	63	73	63
Total Current Liabilities		**197,932**	**186,577**	**197,951**	**186,577**
Non-Current Liabilities					
Borrowings	14	22,450	23,543	22,450	23,543
Provisions	15	17,187	15,344	17,187	15,344
Total Non-Current Liabilities		**39,637**	**38,887**	**39,637**	**38,887**
TOTAL LIABILITIES		**237,569**	**225,464**	**237,588**	**225,464**
NET ASSETS		**514,058**	**534,189**	**525,402**	**551,126**
EQUITY					
Property Plant & Equipment Revaluation Surplus	17	226,303	226,303	226,303	226,303
Financial Assets Available for Sale Revaluation Surplus	17	8,979	14,525	9,280	16,540
General Purpose Reserves	17	59,121	53,019	59,121	53,019
Restricted Specific Purpose Reserves	17	51,109	46,370	65,648	60,909
Contributed Capital	17	324,134	324,134	324,134	324,134
Accumulated Deficits	17	(155,588)	(130,162)	(159,084)	(129,779)
TOTAL EQUITY		**514,058**	**534,189**	**525,402**	**551,126**
Commitments	20				
Contingent Assets and Contingent Liabilities	21				

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

Statement of Changes in Equity for the Year Ended 30 June 2012

Parent	Note	Property, Plant & Equipment Revaluation Surplus	Financial Assets Available for Sale Revaluation Surplus	General Purpose Reserves	Restricted Specific Purpose Reserves	Contributions by Owners	Accumulated Surpluses/ (Deficits)	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
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 from 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**
Net result for the year		-	-	-	-	-	(14,585)	(14,585)
Other comprehensive income for the year		-	(5,546)	-	-	-	-	(5,546)
Transfer from accumulated surplus		-	-	6,102	4,739	-	(10,841)	-
Balance at 30 June 2012		**226,303**	**8,979**	**59,121**	**51,109**	**324,134**	**(155,588)**	**514,058**

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

Statement of Changes in Equity for the Year Ended 30 June 2012

Consolidated	Note	Property, Plant & Equipment Revaluation Surplus	Financial Assets Available for Sale Revaluation Surplus	General Purpose Reserves	Restricted Specific Purpose Reserves	Contributions by Owners	Accumulated Surpluses/ (Deficits)	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
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		-	40	(14,618)	14,578	-	-	-
Transfer from accumulated surplus		-	-	5,798	5,854	-	(11,652)	-
Balance at 30 June 2011		**226,303**	**16,540**	**53,019**	**60,909**	**324,134**	**(129,779)**	**551,126**
Net result for the year		-	-	-	-	-	(18,464)	(18,464)
Other comprehensive income for the year		-	(5,871)	-	-	-	-	(5,871)
Sale of financial assets		-	(1,389)	-	-	-	-	(1,389)
Transfer from accumulated surplus		-	-	6,102	4,739	-	(10,841)	-
Balance at 30 June 2012		**226,303**	**9,280**	**59,121**	**65,648**	**324,134**	**(159,084)**	**525,402**

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

Cash Flow Statement for the Year Ended 30 June 2012

	NOTE	Parent Entity 2012 $'000	Parent Entity 2011 $'000	Consol'd 2012 $'000	Consol'd 2011 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Grants from Government		720,497	682,155	720,497	682,155
Patient and Resident Fees Received		24,027	27,388	24,027	27,388
Private Practice Fees Received		41,590	31,458	41,590	31,458
Donations and Bequests Received		11,939	13,010	11,939	13,010
GST received from / (paid to) ATO		25,867	23,387	25,867	23,365
Other Receipts (i)		52,946	55,495	53,920	58,084
Employee Expenses Paid		(553,246)	(530,271)	(553,246)	(530,271)
Non Salary Labour Costs		(12,560)	(12,172)	(12,560)	(12,172)
Payments for Supplies and Consumables		(321,412)	(291,737)	(327,104)	(293,926)
Finance Costs		(1,545)	(1,608)	(1,545)	(1,608)
Cash Generated from Operations		**(11,897)**	**(2,895)**	**(16,615)**	**(2,517)**
Capital Grants from Government		43,837	18,448	43,837	18,448
NET CASH INFLOW FROM OPERATING ACTIVITIES	18	**31,940**	**15,553**	**27,222**	**15,931**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of Property, Plant and Equipment		(24,326)	(26,443)	(24,326)	(26,639)
Proceeds from Sale of Non-Financial Assets		335	47	335	47
Purchase of Investments		-	-	-	-
Proceeds from Sale of Investments		332	(233)	5,332	(1,432)
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		**(23,659)**	**(26,629)**	**(18,659)**	**(28,024)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of Borrowings		(1,026)	(965)	(1,026)	(965)
NET CASH (OUTFLOW) FROM FINANCING ACTIVITIES		**(1,026)**	**(965)**	**(1,026)**	**(965)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD		**7,255**	**(12,041)**	**7,537**	**(13,058)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**9,879**	**21,920**	**10,089**	**23,147**
CASH AND CASH EQUIVALENTS AT END OF YEAR	6	**17,134**	**9,879**	**17,626**	**10,089**

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

Notes to and Forming Part of the Financial Statements for the Year ended 30 June 2012

CONTENTS

Note 1: Summary of Significant Accounting Policies

(a) Statement of compliance

These Financial Statements are general purpose financial statements which have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards (AASs) issued by the Australian Accounting Standards Board (AASB) and other mandatory requirements.

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" Health Services under the AASs.

The annual financial statements were authorised for issue by the Board of Alfred Health on 10 August 2012.

(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 2012, and the comparative information presented in these financial statements for the year ended 30 June 2011.

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 2013.

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

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;
- Available-for-sale investments which are measured at fair value with movements reflected in equity until the asset is derecognised; and
- 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 AASs 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 professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised 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.

Note 1: Summary of Significant Accounting Policies (continued)

(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

In accordance with AASB127 *Consolidated and Separate Financial Statements*, the consolidated financial statements of Alfred Health incorporate the assets and liabilities of all entities controlled by Alfred Health as at 30 June 2012, and their income and expenses for that part of the reporting period in which control existed. 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 include 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 income and expenses. The exclusion of these items is made to enhance matching of income and expenses so as to facilitate the comparability and consistency of results between years and Victorian Public Health Services. The 'Net Result Before Capital & Specific Items' is used by the management of Alfred Health, the Department of Health and the Victorian State Government to measure the ongoing performance of Alfred Health in operating hospital services.

Note 1: Summary of Significant Accounting Policies (continued)

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 (refer Note 1(g)). Consequently the recognition of revenue as capital purpose income is based on the intention of the provider of the revenue at the time the revenue is provided.
- Specific income/expense comprises the following items, where material:
    - Litigation settlements
- Impairment of financial and non-financial assets, includes all impairment losses (and reversal of previous impairment losses) which have been recognised in accordance with Notes 1 (j) and (i)
- Depreciation and amortisation, as described in Note 1 (h)
- Assets provided or received free of charge (refer to Notes 1 (g) and (h))
- 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*.

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

(f) Change in Accounting Policies

There were no changes in accounting policies during the year ended 30 June 2012.

(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.

Note 1: Summary of Significant Accounting Policies (continued)

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 when the right to receive payment is established.

Interest Revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield of 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 superannuation plans
In relation to defined contribution (i.e. accumulation) superannuation plans, the associated expense is simply the employer contributions that are paid or payable in respect of employees who are members of these plans during the reporting period. Contributions to defined contribution superannuation plans are expensed when incurred.

Note 1: Summary of Significant Accounting Policies (continued)

Defined benefit superannuation 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	
		2012	**2011**
		$'000	**$'000**
Defined benefit plans:	Health Super	1,214	1,366
	ESSC	-	178
Defined contribution plans:	Health Super	28,670	26,666
	Vic Super	225	158
	HESTA	12,931	11,212
	Other	828	2,288
	Total	**43,868**	**41,868**

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.

	2011/12	**2010/11**
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 and 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 asset concerned is tested as to whether its carrying value exceeds its recoverable amount.

Note 1: Summary of Significant Accounting Policies (continued)

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 (2011: 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 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.

(i) Financial Instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of Alfred Health's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 Financial Instruments: Presentation. For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract.

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB132 and those that do not.

The following refers to financial instruments unless otherwise stated.

Loans and Receivables
Loans and receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Loans and receivables category includes cash and deposits (refer to Note 1(j)), term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

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

Available-for-sale Financial Assets
Available-for-sale financial instrument assets are those designated as available-for-sale or not classified in any other category of financial instrument asset. Such assets are initially recognised at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the investments is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in net result for the period. Fair value is determined in the manner described in Note 19.

Financial liabilities at amortised cost
Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method.

Note 1: Summary of Significant Accounting Policies (continued)

Financial instrument liabilities measured at amortised cost include all of Alfred Health's contractual payables, deposits held and advances received, and interest-bearing arrangements other than those designated at fair value through profit and loss.

(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.

Receivables

Receivables consist of:

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

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

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

Trade debtors are carried at nominal amounts due and are due for settlement within 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 the debts may not be collected and bad debts are written off when identified.

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 in the following categories:

- Loans and Receivables; and
- 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.

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

Receivables are assessed for bad and doubtful debts on a regular basis. Bad debts considered as written off and allowances for doubtful receivables are expensed.

Note 1: Summary of Significant Accounting Policies (continued)

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 asset is treated as impaired.

In order to determine an appropriate fair value as at 30 June 2012 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 2012. 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. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

Note 1: Summary of Significant Accounting Policies (continued)

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 asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the asset(s) are not taken into account until it is virtually certain that any restrictions will no longer apply.

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 are measured at fair value and are revalued in accordance with FRD 103D *Non-current physical assets*. This revaluation process normally occurs at least every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are used to conduct these scheduled revaluations and any interim revaluations are determined in accordance with the requirements of the FRD. 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 without 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 in the comprehensive operating statement 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

Apart from intangible assets with indefinite useful lives, all other non-financial assets are assessed annually for indications of impairment.

Note 1: Summary of Significant Accounting Policies (continued)

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

Payables consist of:

- contractual payables which consist predominantly of accounts payable representing liabilities for goods and services provided to the health service prior to the end of the financial year that are unpaid, and arise when the health service becomes obliged to make future payments in respect of the purchase of those goods and services.

  The normal credit terms are usually Nett 30 days.

- statutory payables, such as goods and services tax and fringe benefits tax payables.

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

Borrowings

All borrowings are initially recognised at fair value of consideration received, less directly attributed transaction costs (refer also to Note 1(m)). The measurement basis subsequent to initial recognition is at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowing using the effective interest method.

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

Note 1: Summary of Significant Accounting Policies (continued)

Those liabilities that are not expected to be settled within 12 months are recognised in the provision for employee benefits as current liabilities, but are 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 the requisite years of service. Conditional LSL is required to be measured at present value. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates of Commonwealth Government guaranteed securities in Australia.

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 benefit 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 administers 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 lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

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.

Note 1: Summary of Significant Accounting Policies (continued)

In the event that lease incentives are received by the lessee 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 diminished.

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 usage of these funds.

Specific Restricted 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

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to note 20) at their nominal value and are inclusive of the goods and services tax (“GST”) payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

(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 associated GST, unless the GST incurred is not recoverable from the taxation authority (ATO). In this case it is recognised as part of the cost of acquisition of the asset or part of the expense.

Note 1: Summary of Significant Accounting Policies (continued)

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the Balance Sheet.

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

(r) Rounding

All amounts shown in the financial statements are expressed to the nearest $1,000 unless otherwise stated. Minor discrepancies in tables between totals and sum of components are due to rounding.

(s) AASs issued that are not yet effective

Certain new Australian accounting standards and interpretations have been published that are not mandatory for 30 June 2012 reporting period.

As at 30 June 2012, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. 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 Alfred Health 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*).	1 Jan 2013	Detail of impact is still being assessed.
AASB 10 *Consolidated Financial Statements*	This Standard establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities and supersedes those requirements in AASB 127 *Consolidated and Separate Financial Statements* and Interpretation 112 *Consolidation – Special Purpose Entities*.	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 10 in a not-for-profit context. As such, impact will be assessed after the AASB's deliberation.
AASB 11 *Joint Arrangements*	This Standard requires entities that have an interest in arrangements that are controlled jointly to assess whether the arrangement is a joint operation or joint venture. AASB 11 shall be applied for an arrangement that is a joint operation. It also replaces parts of requirements in AASB 131 *Interests in Joint Ventures*.	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 11 in a not-for-profit context. As such, impact will be assessed after the AASB's deliberation.

Note 1: Summary of Significant Accounting Policies (continued)

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on Alfred Health financial statements
AASB 12 *Disclosure of Interests in Other Entities*	This Standard requires disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on the financial statements. This Standard replaces the disclosure requirements in AASB 127 and AASB 131.	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 12 in a not-for-profit context. As such, impact will be assessed after the AASB's deliberation.
AASB 13 *Fair Value Measurement*	This Standard outlines the requirements for measuring the fair value of assets and liabilities and replaces the existing fair value definition and guidance in other AASs. AASB 13 includes a 'fair value hierarchy' which ranks the valuation technique inputs into three levels using unadjusted quoted prices in active markets for identical assets or liabilities; other observable inputs; and unobservable inputs.	1 Jan 2013	Disclosure for fair value measurements using unobservable inputs are relatively onerous compared to disclosure for fair value measurements using observable inputs. Consequently, the Standard may increase the disclosures for public sector entities that have assets measured using depreciated replacement cost.
AASB 119 *Employee Benefits*	In this revised Standard for defined benefit superannuation plans, there is a change to the methodology in the calculation of superannuation expenses. In particular there is now a change in the split between superannuation interest expense (classified as transactions) and actuarial gains and losses (classified as 'Other economic flows – other movements in equity') reported on the comprehensive operating statement.	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. While the total superannuation expense is unchanged, the revised methodology is expected to have a negative impact on the net result from transactions of the general government sector and for those few Victorian public sector entities that report superannuation defined benefit plans.
AASB 127 *Separate Financial Statements*	This revised Standard prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 127 in a not-for-profit context. As such, impact will be assessed after the AASB's deliberation.

Note 1: Summary of Significant Accounting Policies (continued)

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on Alfred Health financial statements
AASB 128 *Investments in Associates and Joint Ventures*	This revised Standard sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 128 in a not-for-profit context. As such, impact will be assessed after the AASB's deliberation.
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.	1 July 2013	The Victorian State 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 in 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.	1 Jan 2013	No significant impact is expected from these consequential amendments on entity reporting.
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.	1 July 2013	The Victorian State 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 in the Victorian public sector.
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 consequential amendments are in relation to the introduction of AASB 9.	1 Jan 2013	No significant impact is expected from these consequential amendments on entity reporting.

Note 1: Summary of Significant Accounting Policies (continued)

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on Alfred Health financial statements
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 2010-10 *Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters* *[AASB 2009-11 & AASB 2010-7]*	The amendments ultimately affect AASB 1 *First-time Adoption of Australian Accounting Standards* and provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.	1 Jan 2013	No significant impact is expected on entity reporting.
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.	1 July 2013	The Victorian State Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented in the 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.	1 July 2012	This amendment provides clarification to users preparing the whole of government and general govovernment sector financial reports 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 departmental or entity reporting.
AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* *[AASB 124]*	This Standard amends AASB 124 *Related Party Disclosures* by removing the disclosure requirements in AASB 124 in relation to individual key management personnel (KMP).	1 July 2013	No significant impact is expected from these consequential amendments on entity reporting.

Note 1: Summary of Significant Accounting Policies (continued)

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on Alfred Health financial statements
AASB 2011-6 *Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements* *[AASB 127, AASB 128 & AASB 131]*	The objective of this Standard is to make amendments to AASB 127 *Consolidated and Separate Financial Statements*, AASB 128 *Investments in Associates* and AASB 131 *Interests in Joint Ventures* to extend the circumstances in which an entity can obtain relief from consolidation, the equity method or proportionate consolidation.	1 July 2013	The Victorian State Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]*	This Standard outlines consequential changes arising from the issuance of the five 'new Standards' to other Standards. For example, references to AASB 127 *Consolidated and Separate Financial Statements* are amended to AASB 10 *Consolidated Financial Statements* or AASB 127 *Separate Financial Statements*, and references to AASB 131 *Interests in Joint Ventures* are deleted as that Standard has been superseded by AASB 11 and AASB 128 (August 2011).	1 Jan 2013	No significant impact is expected from these consequential amendments on entity reporting.
AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* *[AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]*	This amending Standard makes consequentical changes to a range of Standards and Interpretations arising from the issuance of AASB 13. In particular, this Standard replaces the existing definition and guidance of fair value measurements in other Australian Accounting Standards and Interpretations.	1 Jan 2013	Disclosures for fair value measurements using unobservable inputs is potentially onerous, and may increase disclosures for assets measured using depreciated replacement cost.
AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income* *[AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]*	The main change resulting from this Standard is a requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). These amendments do not remove the option to present profit or loss and other comprehensive income in two statements, nor change the option to present items of OCI either before tax or net of tax.	1 July 2012	This amending Standard could change the current presentation of 'Other economic flows- other movements in equity' that will be grouped on the basis of whether they are potentially reclassifiable to profit or loss subsequently. No other significant impact is expected.

Note 1: Summary of Significant Accounting Policies (continued)

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on Alfred Health financial statements
AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011-8 and Interpretation 14]*	This Standard makes consequential changes to a range of other Australian Accounting Standards and Interpretations arising from the issuance of AASB 119 *Employee Benefits*.	1 Jan 2013	No significant impact is expected from these consequential amendments on entity reporting.
AASB 2011-11 *Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements*	This Standard makes amendments to AASB 119 *Employee Benefits* (September 2011), to incorporate reduced disclosure requirements into the Standard for entities applying Tier 2 requirements in preparing general purpose financial statements.	1 July 2013	The Victorian State Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2011-12 *Amendments to Australian Accounting Standards arising from Interpretation 20 [AASB 1]*	This Standard makes amendments to AASB 1 *First-time Adoption of Australian Accounting Standards, as a consequence of* the issuance of IFRIC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*. This Standard allows the first-time adopters to apply the transitional provisions contained in Interpretation 20.	1 Jan 2013	There may be an impact for new agencies that adopt Australian Accounting Standards for the first time. No implication is expected for existing entities in the Victorian public sector.
2011-13 *Amendments to Australian Accounting Standard – Improvements to AASB 1049*	This Standard aims to improve the AASB 1049 *Whole of Government and General Government Sector Financial Reporting* at the operational level. The main amendments clarify a number of requirements in AASB 1049, including the amendment to allow disclosure of other measures of key fiscal aggregates as long as they are clearly distinguished from the key fiscal aggregates and do not detract from the the information required by AASB 1049. Furthermore, this Standard provides additional guidance and examples on the classification between 'transactions' and 'other economic flows' for GAAP items without GFS equivalents.	1 July 2012	No significant impact is expected from these consequential amendments on entity reporting.

Note 1: Summary of Significant Accounting Policies (continued)

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on Alfred Health financial statements
2012-1 *Amendments to Australian Accounting Standards - Fair Value Measurement - Reduced Disclosure Requirements* *[AASB 3, AASB 7, AASB 13, AASB 140 & AASB 141]*	This amending Standard prescribes the reduced disclosure requirements in a number of Australian Accounting Standards as a consequence of the issuance of AASB 13 *Fair Value Measurement*.	1 July 2013	As the Victorian whole of government and the general government (GG) sector are subject to Tier 1 reporting requirements (refer to AASB 1053 *Application of Tiers of Australian Accounting Standards*), the reduced disclosure requirements included in AASB 2012-1 will not affect the financial reporting for Victorian whole of government and GG sector.
AASB Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*	This Interpretation clarifies when production stripping costs should lead to the recognition of an asset and how that asset should be initially and subsequently measured.	1 Jan 2013	No impact is expected on entity reporting.

Note 1: Summary of Significant Accounting Policies (continued)

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

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

Note 2 – Revenue (Parent Entity)

	Note	Health Services Agreement	Health Services Agreement	Non-Health Services Agreement	Non-Health Services Agreement	Total	Total
		2012	2011	2012	2011	2012	2011
		$'000	$'000	$'000	$'000	$'000	$'000
Revenue from Operating Activities:							
Government Grants:							
- Department of Health		668,945	654,434	-	-	668,945	654.434
- Commonwealth Government							
- Residential Aged Care Subsidy		6,910	4,897	-	-	6,910	4,897
- Other		37,348	22,905	-	-	37,348	22,905
Total Government Grants		**713,203**	**682,236**	**-**	**-**	**713,203**	**682,236**
Indirect contributions by Department of Health:							
- Insurance		6,385	10,395	-	-	6,385	10,395
- Long Service Leave		1,142	1,546	-	-	1,142	1,546
Total Indirect Contributions by Department of Health		**7,527**	**11,941**	**-**	**-**	**7,527**	**11,941**
Patient and Resident Fees:							
- Patient and Resident Fees		28,623	24,043	403	374	29,026	24,417
- Residential Aged Care		2,997	2,753	-	-	2,997	2,753
Total Patient and Resident Fees	2b	**31,620**	**26,796**	**403**	**374**	**32,023**	**27,170**
Business Units & Specific Purpose Funds: -							
- Diagnostic Imaging		1,031	651	1,212	1,541	2,243	2,192
- Pharmacy Services		1,744	1,534	744	479	2,488	2,013
- Car Park		-	-	8,172	7,618	8,172	7,618
- Research		-	-	10,321	10,705	10,321	10,705
Total Business Units & Specific Purpose Funds		**2,775**	**2,185**	**20,449**	**20,343**	**23,224**	**22,528**
Donations & Bequests		-	-	11,939	13,010	11,939	13,010
Recoupment from Private Practice for Use of Hospital Facilities		31,071	22,664	10,519	8,794	41,590	31,458
Other		16,253	14,548	15,193	10,758	31,446	25,306
Sub-Total Revenue from Operating Activities		**802,449**	**760,370**	**58,503**	**53,279**	**860,952**	**813,649**
Revenue from Non-Operating Activities:							
- Interest & Dividends		-	-	4,108	4,591	4,108	4,591
- Rental / Property Income		-	-	2,020	1,621	2,020	1,621
Sub-Total Revenue from Non-Operating Activities		**-**	**-**	**6,128**	**6,212**	**6,128**	**6,212**
Capital Purpose Revenue:							
State Government Capital Grants:							
- Targeted Capital Works & Equipment		-	-	2,133	629	2,133	629
- Other		-	-	33,490	17,153	33,490	17,153
Commonwealth Government Capital Grants		-	-	140	666	140	666
Residential and Accommodation Payments	2b	-	-	475	369	475	369
Net Gain / (Loss) on Disposal of Non-Financial Assets	2c	-	-	(335)	196	(335)	196
Donations & Bequests		-	-	8,495	660	8,495	660
Sub-Total Revenue from Capital Purpose Income		**-**	**-**	**44,398**	**19,673**	**44,398**	**19,673**
TOTAL REVENUE		**802,449**	**760,370**	**109,029**	**79,164**	**911,478**	**839,534**

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
		2012	2011	2012	2011	2012	2011
		$'000	$'000	$'000	$'000	$'000	$'000
Revenue from Operating Activities:							
Government Grants:							
- Department of Health		668,945	654,434	-	-	668,945	654,434
- Commonwealth Government							
- Residential Aged Care Subsidy		6,910	4,897	-	-	6,910	4,897
- Other		37,348	22,905	-	-	37,348	22,905
Total Government Grants		**713,203**	**682,236**	**-**	**-**	**713,203**	**682,236**
Indirect contributions by Department of Health:							
- Insurance		6,385	10,395	-	-	6,385	10,395
- Long Service Leave		1,142	1,546	-	-	1,142	1,546
Total Indirect Contributions by Department of Health		**7,527**	**11,941**	**-**	**-**	**7,527**	**11,941**
Patient and Resident Fees:							
- Patient and Resident Fees		28,623	24,043	403	374	29,026	24,417
- Residential Aged Care		2,997	2,753	-	-	2,997	2,753
Total Patient and Resident Fees	2b	**31,620**	**26,796**	**403**	**374**	**32,023**	**27,170**
Business Units & Specific Purpose Funds: -							
- Diagnostic Imaging		1,031	651	1,212	1,541	2,243	2,192
- Pharmacy Services		1,744	1,534	744	479	2,488	2,013
- Car Park		-	-	8,172	7,618	8,172	7,618
- Research		-	-	10,321	10,705	10,321	10,705
Total Business Units & Specific Purpose Funds		**2,775**	**2,185**	**20,449**	**20,343**	**23,224**	**22,528**
Donations & Bequests		-	-	11,939	13,010	11,939	13,010
Recoupment from Private Practice for Use of Hospital Facilities		31,071	22,664	10,519	8,794	41,590	31,458
Other		16,253	14,548	15,926	10,758	32,179	25,306
Sub-Total Revenue from Operating Activities		**802,449**	**760,370**	**59,236**	**53,279**	**861,685**	**813,649**
Revenue from Non-Operating Activities:							
- Interest & Dividends		-	-	5,207	5,729	5,207	5,729
- Rental / Property Income		-	-	2,020	1,621	2,020	1,621
Sub-Total Revenue from Non-Operating Activities		**-**	**-**	**7,227**	**7,350**	**7,227**	**7,350**
Capital Purpose Revenue:							
State Government Capital Grants:							
- Targeted Capital Works & Equipment		-	-	2,133	629	2,133	629
- Other		-	-	33,490	17,153	33,490	17,153
Commonwealth Government Capital Grants		-	-	140	666	140	666
Residential and Accommodation Payments	2b	-	-	475	369	475	369
Net Gain / (Loss) on Disposal of Non-Financial Assets	2c	-	-	(335)	196	(335)	196
Donations & Bequests		-	-	8,495	660	8,495	660
Sub-Total Revenue from Capital Purpose Income		**-**	**-**	**44,398**	**19,673**	**44,398**	**19,673**
TOTAL REVENUE		**802,449**	**760,370**	**110,861**	**80,302**	**913,310**	**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.

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 – 2012
(Based on consolidated view)

	Admitted Patients	Out-patients	ED Services	Ambu-latory	Mental Health	RAC Mental Health	Aged Care	Primary Health	Other	Total 2012
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue from Services Supported by Health Services Agreement										
Government Grants	404,722	57,660	26,585	72,220	45,051	10,603	2,103	8,775	85,484	713,203
Indirect Contributions by Department of Health	7,527	-	-	-	-	-	-	-	-	7,527
Patient and Resident Fees (Note 2b)	21,866	48	-	5,330	95	-	-	18	1,266	28,623
Residential Aged Care (Note 2b)	-	-	-	962	-	2,035	-	-	-	2,997
Recoupment from Private Practice for Hospital Facilities	11,448	-	73	-	134	-	-	-	19,416	31,071
Business Units & Specific Purpose Funds	433	-	-	-	-	-	-	-	2,342	2,775
Other Revenue from Operating Activities	5,311	-	451	232	1,165	-	103	1	8,990	16,253
Sub-Total Revenue from Services Supported by Health Services Agreement	**451,307**	**57,708**	**27,109**	**78,744**	**46,445**	**12,638**	**2,206**	**8,794**	**117,498**	**802,449**
Revenue from Services Supported by Hospital and Community Initiatives										
Donation and Bequests (non capital)	-	-	-	-	-	-	-	-	11,939	11,939
Private Practice and Other Patient Activities	-	-	-	-	-	-	-	-	403	403
Recoupment from Private Practice for Hospital Facilities	-	-	-	-	-	-	-	-	10,519	10,519
Interest Income	-	-	-	-	-	-	-	-	5,207	5,207
Business Units & Specific Purpose Funds	35	-	-	-	-	-	-	-	20,414	20,449
Capital Purpose Income	-	-	-	-	-	-	-	-	44,398	44,398
Other Revenue from Non-Operating Activities (Rental / Property Income)	-	-	-	-	-	-	-	-	2,020	2,020
Other	-	-	-	-	26	-	-	-	15,900	15,926
Sub-Total Revenue from Services Supported by Hospital and Community Initiatives	**35**	**-**	**-**	**-**	**26**	**-**	**-**	**-**	**110,800**	**110,861**
TOTAL REVENUE	**451,342**	**57,708**	**27,109**	**78,744**	**46,471**	**12,638**	**2,206**	**8,794**	**228,298**	**913,310**

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 – 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 2b - Patient & Resident Fees

	Parent Entity 2012 $'000	Parent Entity 2011 $'000	Consol'd 2012 $'000	Consol'd 2011 $'000
Patient & Resident Fees Raised				
Acute				
- Inpatients	26,653	22,203	26,653	22,203
- Outpatients	1,970	1,840	1,970	1,840
Residential Aged Care				
- Aged Nursing Home	2,517	2,297	2,517	2,297
- Mental Health	480	456	480	456
	31,620	**26,796**	**31,620**	**26,796**
Other	403	374	403	374
TOTAL RECURRENT PATIENT & RESIDENT FEES	**32,023**	**27,170**	**32,023**	**27,170**
Capital Purpose Income:				
Residential Accommodation Payments	475	369	475	369
TOTAL CAPITAL PURPOSE INCOME	**475**	**369**	**475**	**369**

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

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

	Parent Entity 2012 $'000	Parent Entity 2011 $'000	Consol'd 2012 $'000	Consol'd 2011 $'000
Proceeds from Disposals of Non-Current Assets				
Plant & Equipment	-	242	-	242
Less: Written Down Value of Non-Current Assets Sold				
Building	-	-	-	-
Plant & Equipment	(13)	(16)	(13)	(16)
Medical equipment	(322)	(30)	(322)	(30)
NET GAIN/(LOSS) ON DISPOSAL OF NON-FINANCIAL ASSETS	**(335)**	**196**	**(335)**	**196**

Note 3 – Expenses (Parent Entity)

	Health Services Agreement 2012 $'000	Health Services Agreement 2011 $'000	Non-Health Services Agreement 2012 $'000	Non-Health Services Agreement 2011 $'000	Total 2012 $'000	Total 2011 $'000
Employee Expenses						
Salaries and Wages	489,392	456,820	21,082	19,178	510,474	475,998
Work Cover Premium	6,394	5,057	269	264	6,663	5,321
Departure Packages	152	256	-	-	152	256
Long Service Leave	11,175	13,236	401	666	11,576	13,901
Superannuation	42,376	40,473	1,492	1,394	43,868	41,868
Total Employee Expenses	**549,489**	**515,842**	**23,244**	**21,502**	**572,733**	**537,344**
Non Salary Labour Costs						
Fees for Visiting Medical Officers	2,099	1,950	305	269	2,404	2,219
Agency Costs - Nursing	4,849	5,572	4	27	4,853	5,599
Agency Costs - Other	4,884	4,210	419	144	5,303	4,354
Total Non Salary Labour Costs	**11,832**	**11,732**	**728**	**440**	**12,560**	**12,172**
Supplies and Consumables						
Drug Supplies	38,209	32,562	-	63	38,209	32,625
S100 Drugs	59,943	59,810	-	-	59,943	59,810
Medical, Surgical Supplies and Prostheses	65,541	60,355	900	983	66,441	61,338
Pathology Supplies	6,219	7,155	107	93	6,326	7,248
Food Supplies	9,907	9,335	294	306	10,201	9,641
Total Supplies and Consumables	**179,819**	**169,217**	**1,301**	**1,445**	**181,120**	**170,662**
Other Expenses from Continuing Operations						
Domestic Services and Supplies	24,761	24,398	185	187	24,946	24,585
Fuel, Light, Power and Water	5,547	5,285	68	48	5,615	5,333
Insurance Costs Funded by DH	6,384	10,395	-	-	6,384	10,395
Motor Vehicle Expenses	615	645	-	-	615	645
Repairs & Maintenance	8,325	9,273	768	607	9,093	9,880
Maintenance Contracts	8,312	7,494	2,799	2,706	11,111	10,200
Patient Transport	2,320	1,942	1	3	2,321	1,945
Bad and Doubtful Debts	2,198	751	-	-	2,198	751
Lease Expenses	6,633	6,070	708	593	7,341	6,663
Administrative Expenses	18,416	22,887	5,396	3,874	23,812	26,761
Audit Fees – Audit of Financial Statements	267	233	-	-	267	233
Audit Fees – Other	290	212	-	-	290	212
Other Administrative Expenses	-	-	2,752	2,392	2,752	2,392
Total Other Expenses from Continuing Operations	**84,068**	**89,585**	**12,677**	**10,410**	**96,745**	**99,995**
Other Expenditure						
Depreciation and Amortisation (Note 4)	61,360	61,787	-	-	61,360	61,787
Finance Costs (Note 5)	-	-	1,545	1,609	1,545	1,609
Total Other Expenditure	**61,360**	**61,787**	**1,545**	**1,609**	**62,905**	**63,396**
Total Expenses	**886,568**	**848,164**	**39,495**	**35,405**	**926,063**	**883,569**

Note 3 – Expenses (Consolidated)

	Health Services Agreement 2012 $'000	Health Services Agreement 2011 $'000	Non-Health Services Agreement 2012 $'000	Non-Health Services Agreement 2011 $'000	Total 2012 $'000	Total 2011 $'000
Employee Expenses						
Salaries and Wages	489,392	456,820	21,082	19,178	510,474	475,998
Work Cover Premium	6,394	5,057	269	264	6,663	5,321
Departure Packages	152	256	-	-	152	256
Long Service Leave	11,175	13,236	401	666	11,576	13,902
Superannuation	42,376	40,473	1,492	1,394	43,868	41,867
Total Employee Expenses	**549,489**	**515,842**	**23,244**	**21,502**	**572,733**	**537,344**
Non Salary Labour Costs						
Fees for Visiting Medical Officers	2,099	1,950	305	269	2,404	2,219
Agency Costs - Nursing	4,849	5,572	4	27	4,853	5,599
Agency Costs - Other	4,884	4,210	419	144	5,303	4,354
Total Non Salary Labour Costs	**11,832**	**11,732**	**728**	**440**	**12,560**	**12,172**
Supplies and Consumables						
Drug Supplies	38,209	32,562	-	63	38,209	32,625
S100 Drugs	59,943	59,810	-	-	59,943	59,810
Medical, Surgical Supplies and Prostheses	65,541	60,355	900	983	66,441	61,338
Pathology Supplies	6,219	7,155	107	93	6,326	7,248
Food Supplies	9,907	9,335	294	306	10,201	9,641
Total Supplies and Consumables	**179,819**	**169,217**	**1,301**	**1,445**	**181,120**	**170,662**
Other Expenses from Continuing Operations						
Domestic Services and Supplies	24,761	24,398	185	187	24,946	24,585
Fuel, Light, Power and Water	5,547	5,285	68	48	5,615	5,333
Insurance Costs Funded by DH	6,384	10,395	-	-	6,384	10,395
Motor Vehicle Expenses	615	645	-	-	615	645
Repairs & Maintenance	8,325	9,273	768	607	9,093	9,880
Maintenance Contracts	8,312	7,494	2,799	2,706	11,111	10,200
Patient Transport	2,320	1,942	1	3	2,321	1,945
Bad and Doubtful Debts	2,198	751	-	-	2,198	751
Lease Expenses	6,633	6,070	708	593	7,341	6,663
Administrative Expenses	23,831	23,345	5,672	3,877	29,503	27,222
Audit Fees – Audit of Financial Statements	267	233	-	-	267	233
Audit Fees – Other	290	212	-	-	290	212
Other Administrative Expenses	-	-	2,772	2,726	2,772	2,726
Total Other Expenses from Continuing Operations	**89,483**	**90,043**	**12,973**	**10,747**	**102,456**	**100,789**
Other Expenditure						
Depreciation and Amortisation (Note 4)	61,360	61,787	-	-	61,360	61,787
Finance Costs (Note 5)	-	-	1,545	1,609	1,545	1,609
Total Other Expenditure	**61,360**	**61,787**	**1,545**	**1,609**	**62,905**	**63,396**
Total Expenses	**891,983**	**848,621**	**39,791**	**35,743**	**931,774**	**884,364**

Note 3a – Analysis of Expense by Source (Consolidated)
2012

	Admitted Patients	Out-patients	EDS	Ambu-latory	Mental Health	RAC Incl. Mental Health	Aged Care	Primary Health	Other	Total 2012
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Services Supported by Health Services Agreement										
Employee Expenses	259,842	11,280	29,627	35,960	36,895	10,650	4,024	2,365	158,846	549,489
Non Salary Labour Costs	7,050	25	434	939	1,376	189	17	31	1,771	11,832
Supplies & Consumables	72,693	34,490	1,426	3,103	382	1,016	180	47	66,482	179,819
Other Expenses from Continuing Operations	15,841	2,370	1,327	10,803	3,025	(1,430)	1,851	16	55,680	89,483
Medical Support Costs (Allied Health, Diagnostics, etc)	170,086	23,049	15,703	24,312	19,945	4,988	2,906	1,177	(262,166)	-
Total Expenses from Services Supported by Health Service Agreement	**525,512**	**71,214**	**48,517**	**75,117**	**61,623**	**15,413**	**8,978**	**3,636**	**20,613**	**830,623**
Services Supported by Hospital and Community Initiatives										
Employee Expenses	-	-	-	-	-	-	-	-	23,244	23,244
Non Salary Labour Costs	-	-	-	-	-	-	-	-	728	728
Supplies & Consumables	-	-	-	-	-	-	-	-	1,301	1,301
Other Expenses from Continuing Operations	-	-	-	-	-	-	-	-	12,973	12,973
Total Expenses from Services Supported by Hospital and Community Initiatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**38,246**	**38,246**
Depreciation & Amortisation (Note 4)	-	-	-	-	-	-	-	-	61,360	61,360
Finance Costs (Note 5)	-	-	-	-	-	-	-	-	1,545	1,545
TOTAL EXPENSES	**525,512**	**71,214**	**48,517**	**75,117**	**61,623**	**15,413**	**8,978**	**3,636**	**121,764**	**931,774**

Note 3a – Analysis of Expense by Source (Consolidated) (Continued)
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 & 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)	-
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 & Consumables	-	-	-	-	-	-	-	-	1,445	1,445
Other Expenses from Continuing Operations	-	-	-	-	-	-	-	-	10,746	10,746
Total Expenses from Services Supported by Hospital and Community Initiatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**34,133**	**34,133**
Depreciation & 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 3b – Analysis of Expenses by Internal & Restricted Specific Purpose Funds for Services Supported by Hospital & Community Initiatives

	Parent Entity 2012 $'000	Parent Entity 2011 $'000	Consol'd 2012 $'000	Consol'd 2011 $'000
Business Units				
Private Practice and Other Patient Activities	4,019	4,083	4,019	4,083
Car Park	2,562	2,644	2,562	2,644
Property Expenses	87	50	87	50
Other Activities				
Fundraising and Community Support	2,342	2,029	2,342	2,029
Research and Scholarships	14,030	12,647	14,030	12,647
Other	21,295	13,446	21,295	13,446
TOTAL	**44,335**	**34,899**	**44,335**	**34,899**

Note 4 – Depreciation and Amortisation

	Parent Entity 2012 $'000	Parent Entity 2011 $'000	Consol'd 2012 $'000	Consol'd 2011 $'000
Depreciation				
Buildings	44,197	45,910	44,197	45,910
Plant, Equipment, Furniture and Fittings				
Medical	9,618	9,068	9,618	9,068
Computers	3,101	2,830	3,101	2,830
Furniture and Fittings	332	314	332	314
Other Plant and Equipment	2,965	2,600	2,965	2,600
Motor Vehicles	6	19	6	19
TOTAL DEPRECIATION	60,219	60,741	60,219	60,741
Amortisation				
Leasehold Improvements	96	86	96	86
Computer Software	1,045	960	1,045	960
TOTAL AMORTISATION	1,141	1,046	1,141	1,046
TOTAL DEPRECIATION AND AMORTISATION	**61,360**	**61,787**	**61,360**	**61,787**

Note 5 – Finance Costs

	Parent Entity 2012 $'000	Parent Entity 2011 $'000	Consol'd 2012 $'000	Consol'd 2011 $'000
Interest on Long Term Borrowings (Note 14)	1,545	1,609	1,545	1,609
TOTAL	**1,545**	**1,609**	**1,545**	**1,609**

Note 6 – Cash and Cash Equivalents

For the purposes of the cash flow statement, cash assets include cash on hand and in banks, and short-term deposits which are readily convertible to cash on hand, and are subject to an insignificant risk of change in value, net of outstanding bank overdrafts.

	Parent Entity 2012 $'000	Parent Entity 2011 $'000	Consol'd 2012 $'000	Consol'd 2011 $'000
Cash on Hand	37	39	37	39
Cash at Bank	24,597	17,635	25,089	17,845
TOTAL	**24,634**	**17,674**	**25,126**	**17,884**
Represented by				
Cash held for:				
Health Service Operations	(26,757)	(8,505)	(26,265)	(8,295)
Pre-funded Capital Projects	43,891	18,384	43,891	18,384
Total	**17,134**	**9,879**	**17,626**	**10,089**
Employee Salary Packaging*	7,426	7,727	7,426	7,727
Monies held in Trust on behalf of patients*	74	68	74	68
Total	**7,500**	**7,795**	**7,500**	**7,795**
TOTAL	**24,634**	**17,674**	**25,126**	**17,884**

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 2012 $'000	Parent Entity 2011 $'000	Consol'd 2012 $'000	Consol'd 2011 $'000
Current				
Contractual				
Inter-Hospital Debtors	1,972	1,635	1,972	1,635
Trade Debtors	7,673	4,017	7,673	4,017
Patient Fees Receivable	13,861	5,865	13,861	5,865
Accrued Investment Income	-	-	240	600
Accrued Revenue – DH	-	374	-	374
Accrued Revenue – Other	6,769	4,372	6,769	4,319
Less Allowance for Doubtful Debts (a)				
Trade Debtors	(771)	(540)	(771)	(540)
Patient Fees	(1,739)	(316)	(1,739)	(316)
Total	**27,765**	**15,407**	**28,005**	**15,954**
Statutory				
GST Receivable	4,516	2,921	4,542	2,943
TOTAL CURRENT RECEIVABLES	**32,281**	**18,328**	**32,547**	**18,897**
Non-Current				
Statutory				
Long Service Leave – DH	12,270	11,128	12,270	11,128
TOTAL NON-CURRENT RECEIVABLES	**12,270**	**11,128**	**12,270**	**11,128**
TOTAL RECEIVABLES	**44,551**	**29,456**	**44,817**	**30,025**

(a) Movement in the Allowance for Doubtful Debts

Balance at beginning of year	(856)	(1,369)	(856)	(1,369)
Amounts written off during the year	544	1,264	544	1,264
Increase in allowance recognised in profit & loss	(2,198)	(751)	(2,198)	(751)
BALANCE AT END OF YEAR	**(2,510)**	**(856)**	**(2,510)**	**(856)**

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

(c) Nature and extent of risk arising from receivables
Please refer to Note 19(b) for the nature and extent of credit risk arising from contractual receivables

Note 8 – Investments and Other Financial Assets

	Parent Entity Specific Purpose Fund		Consolidated Specific Purpose Fund	
	2012 $'000	**2011 $'000**	**2012 $'000**	**2011 $'000**
Non-Current Assets				
Australian Listed Equity Securities	607	-	607	-
Managed Investment Schemes	33,266	37,121	43,871	53,279
TOTAL NON-CURRENT	**33,873**	**37,121**	**44,478**	**53,279**
Represented by:				
Investment Held in Trust	33,266	37,121	43,871	53,279
Australian Listed Equity Securities	607	-	607	-
TOTAL	**33,873**	**37,121**	**44,478**	**53,279**

(a) All these balances represent Alfred Health 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) Investments includes Available-for-sale assets

Note 9 - Inventories

	Parent Entity 2012 $'000	Parent Entity 2011 $'000	Consol'd 2012 $'000	Consol'd 2011 $'000
Pharmaceuticals				
At cost	3,747	3,233	3,747	3,233
Medical and Surgical Lines				
At cost	1,530	1,640	1,530	1,640
Radiology Stores				
At cost	569	511	569	511
Theatre Stores				
At cost	1,364	1,046	1,364	1,046
TOTAL INVENTORIES	**7,210**	**6,430**	**7,210**	**6,430**

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

Note 10 – Other Assets

	Parent Entity 2012 $'000	Parent Entity 2011 $'000	Consol'd 2012 $'000	Consol'd 2011 $'000
Current				
Prepayments	1,447	2,301	1,447	2,301
TOTAL	**1,447**	**2,301**	**1,447**	**2,301**

Note 11 – Property, Plant and Equipment

	Parent Entity 2012 $'000	Parent Entity 2011 $'000	Consol'd 2012 $'000	Consol'd 2011 $'000
Land				
Crown Land at Fair Value	159,912	154,493	159,912	154,493
Total Land	**159,912**	**154,493**	**159,912**	**154,493**
Buildings				
Buildings Under Construction	13,438	33,459	13,438	33,459
Buildings at Valuation	440,331	437,676	440,331	437,676
Less Accumulated Depreciation	(127,882)	(87,318)	(127,882)	(87,318)
Total Building at Valuation	325,887	350,358	325,887	350,358
Buildings at Cost	78,714	46,431	78,714	46,431
Less Accumulated Depreciation	(3,999)	(1,663)	(3,999)	(1,663)
Total Building at Cost	74,715	44,768	74,715	44,768
Total Buildings	**400,602**	**428,585**	**400,602**	**428,585**
Leasehold Improvements at cost				
Leasehold Improvements	3,575	3,277	3,575	3,277
Less Accumulated Amortisation	(584)	(488)	(584)	(488)
Total Leasehold Improvements	**2,991**	**2,789**	**2,991**	**2,789**
Plant & Equipment, Furniture & Fittings at Fair Value				
Medical Equipment	100,203	94,068	100,203	94,068
Less Accumulated Depreciation	(57,853)	(48,824)	(57,853)	(48,824)
Total Medical Equipment	42,350	45,244	42,350	45,244
Computers & Communication Equipment	44,647	42,282	44,647	42,282
Less Accumulated Depreciation	(39,393)	(36,453)	(39,393)	(36,453)
Total Computers & Communication Equipment	5,254	5,829	5,254	5,829
Furniture & Fittings	7,157	7,037	7,157	7,037
Less Accumulated Depreciation	(5,034)	(4,718)	(5,034)	(4,718)
Total Furniture & Fittings	2,123	2,319	2,123	2,319
Other Equipment	41,279	38,605	41,279	38,605
Less Accumulated Depreciation	(21,034)	(18,144)	(21,034)	(18,144)
Total Other Equipment	20,245	20,461	20,245	20,461
Plant & Equipment – Work in Progress	3,416	5,109	3,416	5,109
Total Plant & Equipment and Furniture & Fittings	**73,388**	**78,962**	**73,388**	**78,962**
Motor Vehicles				
Motor Vehicles at Cost	119	119	119	119
Less Accumulated Depreciation	(114)	(108)	(114)	(108)
Total Motor Vehicles	**5**	**11**	**5**	**11**
TOTAL	**636,898**	**664,840**	**636,898**	**664,840**

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 as at 30 June 2009. 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 2009.

A revaluation assessment was performed by management as at 30 June 2012. It was identified that a revaluation is not required as it was less than 10% in accordance with FRD103D.

At 30 June 2012 and 30 June 2011 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 is set out below.

	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 2010	**133,430**	**466,123**	**2,612**	**47,048**	**6,053**	**2,376**	**20,234**	**30**	**677,906**
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**	**428,585**	**2,789**	**45,244**	**5,829**	**2,319**	**25,570**	**11**	**664,840**
Net additions and transfers between classes	5,419	14,918	298	7,046	2,529	137	1,065	-	31,412
Disposals (WDV)	-	-	-	(322)	(3)	(1)	(9)	-	(335)
Depreciation	-	(42,901)	(96)	(9,618)	(3,101)	(332)	(2,965)	(6)	(59,019)
Balance at 30 June 2012	**159,912**	**400,602**	**2,991**	**42,350**	**5,254**	**2,123**	**23,661**	**5**	**636,898**

Land and Buildings carried at valuation

Note 12 - Intangible Assets

	Parent Entity 2012 $'000	Parent Entity 2011 $'000	Consol'd 2012 $'000	Consol'd 2011 $'000
Computer Software at cost	9,135	6,908	9,135	6,908
Less Accumulated Amortisation	(6,121)	(5,077)	(6,121)	(5,077)
TOTAL	**3,014**	**1,831**	**3,014**	**1,831**

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 2010	**2,237**
Additions	554
Amortisation (Note 4)	(960)
Balance at 30 June 2011	**1,831**
Additions	2,228
Amortisation (Note 4)	(1,045)
Balance at 30 June 2012	**3,014**

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 2012, EM had issued share capital of $8,888,889 (2011: $8,888,889). Alfred Health owned 135,701 $1 shares (held in trust by Melbourne Health) – 1.97% of EM's issued share capital (2011: 135,701). These shares were issued in exchange for granting EM a licence to use Alfred Health intellectual property. At 30 June 2012, 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 2012, EM generated a net loss of $289,952 (2011 – a net loss of $249,114).

As EM has continued to generate losses Alfred Health, at 30 June 2012, has placed no value on its investment in EM.

Note 13 - Payables

	Parent Entity 2012 $'000	Parent Entity 2011 $'000	Consol'd 2012 $'000	Consol'd 2011 $'000
Current				
Trade Creditors	23,936	29,862	23,936	29,862
Accrued Expenses	18,707	14,708	18,726	14,708
Department of Health	1,022	3,146	1,022	3,146
Salary Packaging	7,426	7,914	7,426	7,914
Superannuation	2,682	4,509	2,682	4,509
TOTAL	**53,773**	**60,139**	**53,792**	**60,139**

(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 2012 $'000	Parent Entity 2011 $'000	Consol'd 2012 $'000	Consol'd 2011 $'000
Current				
Australian Dollar Borrowings				
- Treasury Corporation Victoria Loan	1,093	1,026	1,093	1,026
Total Current	**1,093**	**1,026**	**1,093**	**1,026**
Non – Current				
Australian Dollar Borrowings				
- Treasury Corporation Victoria Loan	22,450	23,543	22,450	23,543
Total Non-Current	**22,450**	**23,543**	**22,450**	**23,543**
TOTAL	**23,543**	**24,569**	**23,543**	**24,569**

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. The principal outstanding for this loan at 30 June 2012 is $6.86m.

b) Average interest rate applied during 2011/12 was 6.39% (2010/11: 6.39%). Interest rate is fixed for the life of the loans.

c) Repayments for the Alfred Centre Car Park are quarterly starting September 2007 and with the final instalment due on 15 June 2027. The principal outstanding for this loan at 30 June 2012 is $16.68m.

d) Repayment of these loans has been guaranteed in writing by the Treasurer.

Amount of Borrowing Costs Recognised as Expense (Note 5)	**1,545**	**1,609**

(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 2012 $'000	Parent Entity 2011 $'000	Consol'd 2012 $'000	Consol'd 2011 $'000
Current Provisions				
Employee Benefits (i)				
- Unconditional and expected to be settled within 12 months (ii)	74,507	57,883	74,507	57,883
- Unconditional and expected to be settled after 12 months (iii)	68,268	66,849	68,268	66,849
Employee Termination Benefits				
- Unconditional and expected to be settled within 12 months (ii)	218	617	218	617
- Unconditional and expected to be settled after 12 months (iii)	-	-	-	-
Other	-	-	-	-
Total Current Provisions	142,993	125,349	142,993	125,349
Non-Current Provisions				
Employee Benefits (ii)	17,187	15,344	17,187	15,344
Total Non-Current Provisions	17,187	15,344	17,187	15,344
TOTAL PROVISIONS	**160,180**	**140,693**	**160,180**	**140,693**
(a) Employee Benefits and Related On-Costs				
Current Employee Benefits and Related On-Costs				
Unconditional LSL Entitlements	67,671	64,063	67,671	64,063
Annual Leave Entitlements	49,093	46,035	49,093	46,035
Accrued Wages and Salaries	24,201	12,693	24,201	12,693
Accrued Days Off	1,810	1,941	1,810	1,941
Other	218	617	218	617
Non-Current Employee Benefits and related on-costs				
Conditional Long Service Leave Entitlements (iii)	17,187	15,344	17,187	15,344
Other	-	-	-	-
Total Employee Benefits & Related On-Costs	**160,180**	**140,693**	**160,180**	**140,693**
(b) Movement in Provisions				
Movement in Long Service Leave:				
Balance at start of year	79,407	70,958	79,407	70,958
Provision made during the year	12,648	15,032	12,648	15,032
Settlement made during the year	(7,197)	(6,583)	(7,197)	(6,583)
Balance at end of year	**84,858**	**79,407**	**84,858**	**79,407**

(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 4.31% p.a. (2011 – 4.60% p.a.) discounted by the future bond rate as at 30 June 2012.

Note 16 - Other Liabilities

	Parent Entity 2012 $'000	Parent Entity 2011 $'000	Consol'd 2012 $'000	Consol'd 2011 $'000
Current				
Patient Monies held in Trust	73	63	73	63
TOTAL	**73**	**63**	**73**	**63**
Total Monies held in Trust Represented by the following assets:				
Cash Assets (Note 6)	74	68	74	68

Note 16a - Prior Year Adjustment - Rental Received in Advance from Burnet Institute

In prior periods Alfred Health recognised a property asset ('Buildings at Cost' in Note 11) and an offsetting other liability ('Rental Received in Advance' in Note 16) in relation to the lease of floors within Alfred Centre stage 2 to the Burnet Institute for a value of $51.4m as at 30 June 2010 and $49.5m as at 30 June 2011.

On further review of the accounting treatment for this transaction it has been determined that this treatment was not correct and the property asset and offsetting liability should not have been recognised for this transaction. Consequently the property asset and corresponding liability have been removed from the 2011 comparatives. Accordingly, Property, Plant and Equipment and Other Liabilities have been reduced by $49.5m with resulting reductions in Total Non-Current Assets, Total Assets, Total Current and Non-Current Liabilities and Total Liabilities. However, there has been no impact on overall net assets from this change.

Note 17 – Reserves

	Parent Entity 2012 $'000	Parent Entity 2011 $'000	Consol'd 2012 $'000	Consol'd 2011 $'000
(a) Reserves				
(i) Property, Plant & Equipment Revaluation Reserve (1)				
Balance at the Beginning of the Reporting Period	226,303	205,240	226,303	205,240
Revaluation Increments				
- Land	-	21,063	-	21,063
- Building	-	-	-	-
Balance at the End of the Reporting Period	**226,303**	**226,303**	**226,303**	**226,303**
Represented by: Land	109,448	109,448	109,448	109,448
Buildings	116,855	116,855	116,855	116,855
	226,303	**226,303**	**226,303**	**226,303**
(ii) Financial Assets Available-for-Sale Revaluation Reserve (2)				
Balance at the Beginning of the Reporting Period	14,525	12,754	16,540	13,906
Sale of financial assets	-	-	(1,389)	-
Valuation (Loss)/Gain recognised	(5,546)	1,771	(5,871)	2,634
Balance at the End of the Reporting Period	**8,979**	**14,525**	**9,280**	**16,540**
(iii) General Purpose Reserves				
Balance at the Beginning of the Reporting Period	53,019	47,221	53,019	47,221
Transfers to Accumulated Deficit	6,102	5,798	6,102	5,798
Balance at the End of the Reporting Period	**59,121**	**53,019**	**59,121**	**53,019**
(iv) Restricted Specific Purpose Reserves				
Balance at the Beginning of the Reporting Period	46,370	40,477	60,909	55,055
Transfers (to)/from Accumulated Deficit	4,739	5,893	4,739	5,854
Balance at the End of the Reporting Period	**51,109**	**46,370**	**65,648**	**60,909**
Total Reserves	**345,512**	**340,217**	**360,352**	**356,771**
(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	(130,162)	(74,436)	(129,779)	(74,436)
Surplus/(Deficit) for the Year	(14,585)	(44,035)	(18,464)	(43,691)
Transfers from General Reserves	(6,102)	(5,798)	(6,102)	(5,798)
Transfers from/(to) Restricted Specific Purpose Reserves	(4,739)	(5,893)	(4,739)	(5,854)
Balance at the End of the Reporting Period	**(155,588)**	**(130,162)**	**(159,084)**	**(129,779)**
TOTAL EQUITY AT THE END OF FINANCIAL YEAR	**514,058**	**534,189**	**525,402**	**551,126**

(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.

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

	Parent Entity 2012 $'000	Parent Entity 2011 $'000	Consol'd 2012 $'000	Consol'd 2011 $'000
Net Result for the Year	**(14,585)**	**(44,035)**	**(18,464)**	**(43,691)**
Depreciation and Amortisation	61,360	61,787	61,360	61,787
Provision for Doubtful Debts	1,654	(513)	1,654	(513)
Net (Gain)/Loss from Disposal of Non-Financial Assets	-	(196)	-	(196)
Assets received free of charge	(9,626)	(660)	(9,626)	(660)
Non-cash Investment Income	(2,023)	-	(3,131)	-
Change in Operating Assets & Liabilities				
- Increase/(Decrease) in Employee Benefits	19,487	8,317	19,487	8,317
- Increase/(Decrease) in Payables	(6,366)	(4,214)	(6,347)	(4,214)
- Increase/(Decrease) in Other Liabilities	(1,286)	(1,808)	(1,286)	(1,808)
- Decrease/(Increase) in Receivables	(16,749)	(2,647)	(16,499)	(2,613)
- Decrease/(Increase) in Prepayments	854	(506)	854	(506)
- Decrease/(Increase) in Inventories	(780)	28	(780)	28
NET CASH INFLOWS/(OUTFLOWS) FROM OPERATING ACTIVITIES	**31,940**	**15,553**	**27,222**	**15,931**

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
- Borrowings

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.
The main purpose in holding financial instruments is to 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 2012 $'000	Carrying Amount 2011 $'000
Financial Assets		
Cash and Cash equivalents	25,126	17,884
Receivables	30,515	16,810
Other Financial Assets	44,478	53,279
Total Financial Assets (i)	**100,119**	**87,973**
Financial Liabilities		
Payables	53,792	60,139
Borrowings	23,543	24,569
Other Liabilities	73	63
Total Financial Liabilities (ii)	**77,408**	**84,771**

(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	
	2012	**2011**
	$'000	**$'000**
Financial Assets		
Cash and Cash equivalents	5,207	5,729
Available for Sale Investments	(5,871)	2,634
Total Financial Assets	**(664)**	**8,363**
Financial Liabilities		
Borrowings	(1,545)	(1,609)
Total Financial Liabilities	**(1,545)**	**(1,609)**

(i) 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.

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

(b) Credit Risk

Credit risk 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.

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

Credit risk associated with Alfred Health's contractual financial assets is minimal because the main debtor is the Victorian State Government, it is Alfred Health's policy to only deal with entities with high credit ratings of a minimum Triple-A 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.

Note 19 - Financial Instruments (Continued)

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
2012					
Financial Assets					
Cash and Cash Equivalents	25,126	-	-	-	25,126
Trade debtors	-	7,673	-	-	7,673
Other receivables	-	22,842	-	-	22,842
Other Financial Assets (i)	44,478	-	-	-	44,478
Total Financial Assets	**69,604**	**30,515**	**-**	**-**	**100,119**
2011					
Financial Assets					
Cash and Cash Equivalents	17,884	-	-	-	17,884
Trade debtors	-	4,017	-	-	4,017
Other receivables	-	12,793	-	-	12,793
Other Financial Assets (i)	53,279	-	-	-	53,279
Total Financial Assets	**71,163**	**16,810**	**-**	**-**	**87,973**

(i) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian State Government and GST input tax credits recoverable).

Ageing analysis of financial asset as at 30 June 2012

	Consol'd Carrying Amount	Not Past Due and Not Impaired	Past Due but Not Impaired				Impaired Financial Assets
			Less than 1 Month	1 – 3 Months	3 Months – 1 Year	1 – 5 Years	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2012							
Financial Assets							
Cash and Cash Equivalents	25,126	25,126	-	-	-	-	-
Receivables	30,515	3,599	8,248	7,467	8,691	-	2,510
Other Financial Assets	44,478	44,478	-	-	-	-	-
Total Financial Assets	**100,119**	**73,203**	**8,248**	**7,467**	**8,691**	**-**	**2,510**
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**

Note 19 - Financial Instruments (Continued)

(c) Liquidity Risk

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

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.

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 2012

			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**
2012							
Financial Liabilities							
Payables	53,792	53,792	21,257	31,708	827	-	-
Borrowings	23,543	23,543	-	273	820	4,372	18,078
Other Financial Liabilities	73	73	73	-	-	-	-
Total Financial Liabilities	**77,408**	**77,408**	**21,330**	**31,981**	**1,647**	**4,372**	**18,078**
2011							
Financial Liabilities							
Payables	60,139	60,139	47,785	9,572	2,782	-	-
Borrowings	24,569	24,569	-	256	770	4,104	19,439
Other Financial Liabilities	63	63	63	-	-	-	-
Total Financial Liabilities	**84,771**	**84,771**	**47,848**	**9,828**	**3,552**	**4,104**	**19,439**

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 due to 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 may 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 2012

	Weighted Average Effective Interest Rate (%)	Carrying Amount	Interest Rate Exposure		
			Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
		$'000	$'000	$'000	$'000
2012					
Financial Assets					
Cash and Cash Equivalents	3.42	25,126	1,482	23,607	37
Receivables:					
Trade Debtors	-	7,673	-	-	7,673
Other Receivables	-	22,842	-	-	22,842
Other Financial Assets:	-	44,478	-	44,478	-
Total Financial Assets		**100,119**	**1,482**	**68,085**	**30,552**
2012					
Financial Liabilities					
Payables	-	53,792	-	-	53,792
Borrowings	6.39	23,543	23,543	-	-
Other Financial Liabilities:	3.42	73	73	-	-
Total Financial Liabilities		**77,408**	**23,616**	**-**	**53,792**
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	63	63	-	-
Total Financial Liabilities		**84,771**	**24,632**	**-**	**60,139**

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 3.42%;
- A parallel shift of +0.5% and -0.5% in inflation rate from year-end rates of 1.2%

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 as presented to key management personnel, 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
2012									
Financial Assets									
Cash and Cash Equivalents	25,126	(126)	(126)	126	126	-	-	-	-
Receivables:									
Trade Debtors	7,673	-	-	-	-	-	-	-	-
Other Receivables	22,842	-	-	-	-	-	-	-	-
Other Financial Assets:	44,478	-	-	-	-	-	(4,448)	-	4,448
Total Financial Assets	**100,119**	**(126)**	**(126)**	**126**	**126**	**-**	**(4,448)**	**-**	**4,448**
2012									
Financial Liabilities									
Payables:	53,792	-	-	-	-	-	-	-	-
Borrowings	23,543	-	-	-	-	-	-	-	-
Other Financial Liabilities:	73	-	-	-	-	-	-	-	-
Total Financial Liabilities	**77,408**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
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:	63	-	-	-	-	-	-	-	-
Total Financial Liabilities	**84,771**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Please note that a change in interest rates will not affect the borrowings balance above due to the interest rate in relation to these loans being fixed for the length of their term.

Note 19 - Financial Instruments (Continued)

(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 2012 $'000	Fair value 2012 $'000	Consol'd Carrying Amount 2011 $'000	Fair value 2011 $'000
Financial Assets				
Cash and Cash Equivalents	25,126	25,126	17,884	17,884
Receivables (i)				
- Trade Debtors	7,673	7,673	4,017	4,017
- Other Receivables	22,842	22,842	12,793	12,793
Other Financial Assets (i)	44,478	44,478	53,279	53,279
Total Financial Assets	**100,119**	**100,119**	**87,973**	**87,973**
Financial Liabilities				
Payables	53,792	53,792	60,139	60,139
Borrowings	23,543	23,543	24,569	24,569
Other Financial Liabilities (i)	73	73	63	63
Total Financial Assets	**77,408**	**77,408**	**84,771**	**84,771**

(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
2012	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets at fair value through profit & loss				
Available for sale financial assets				
- Equities and managed funds	44,478	44,478	-	-
Total Financial Assets	**44,478**	**44,478**	**-**	**-**
2011				
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**	**-**	**-**

Note 20 – Commitments for Expenditure

	Parent Entity 2012 $'000	Parent Entity 2011 $'000	Consol'd 2012 $'000	Consol'd 2011 $'000
Capital Expenditure Commitments:				
Building Works	50,097	18,444	50,097	18,444
Plant & Equipment				
- Medical Equipment	19,758	3,005	19,758	3,005
- Computer Equipment	674	58	674	58
- Other Equipment	-	89	-	89
Furniture and Fittings	145	17	145	17
Computer Software	22	10	22	10
Total Capital Expenditure Commitments	**70,696**	**21,623**	**70,696**	**21,623**
Capital Expenditure Commitments:				
Not later than one year	34,331	21,623	34,331	21,623
Later than one year but not later than five years	32,247	-	32,247	-
Later than 5 years	4,118	-	4,118	-
Total Capital Expenditure Commitments	**70,696**	**21,623**	**70,696**	**21,623**
Other Expenditure Commitments				
Supplies and Consumables				
- Medical	5,821	4,701	5,821	4,701
- Other	141,137	26,043	141,137	26,043
Maintenance Contracts				
- Medical	7,276	3,521	7,276	3,521
- Information Technology	1,778	2,781	1,778	2,781
Total Other Expenditure Commitments	**156,012**	**37,046**	**156,012**	**37,046**
Other Expenditure Commitments:				
Not later than one year	43,175	24,970	43,175	24,970
Later than one year but not later than five years	112,837	12,076	112,837	12,076
Later than 5 years	-	-	-	-
Total Other Expenditure Commitments	**156,012**	**37,046**	**156,012**	**37,046**
Operating Leases Commitments				
Commitments in relation to leases contracted for at the reporting date:				
Operating leases				
- Property	9,642	9,060	9,642	9,060
- Medical Equipment	1,547	9,816	1,547	9,816
- Motor Vehicle	636	816	636	816
Total Operating Leases Commitments	**11,825**	**19,692**	**11,825**	**19,692**
Operating Leases Commitments Payable as Follows:				
Cancellable				
Not later than one year	281	520	281	520
Later than one year but not later than five years	74	296	74	296
Non-Cancellable				
Not later than one year	4,772	6,291	4,772	6,291
Later than one year but not later than five years	5,517	12,585	5,517	12,585
Later than 5 years	1,181	-	1,181	-
Total Operating Leases Commitments	**11,825**	**19,692**	**11,825**	**19,692**
Total Commitments for Expenditure (inclusive of GST)	**238,533**	**78,361**	**238,533**	**78,361**
Less GST recoverable from the Australian Tax Office	**(21,685)**	**(7,124)**	**(21,685)**	**(7,124)**
Total Commitments for Expenditure (exclusive of GST)	**216,848**	**71,237**	**216,848**	**71,237**

(i) 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

Details of estimates of maximum amounts of Contingent Assets or Contingent Liabilities are as follows:

	Parent Entity 2012 $'000	Parent Entity 2011 $'000	Consol'd 2012 $'000	Consol'd 2011 $'000
Quantifiable:				
Other – Recallable Capital Grant (i)	500	1,500	500	1,500
Total Quantifiable Liabilities	**500**	**1,500**	**500**	**1,500**

(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 Victorian 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 2011/12 financial year the Department of Health has withheld $1m from the September 2011 allocation. As at 30 June 2012 a contingent liability of $0.5m remains and no indication has been received from the Department as to whether future amounts will be withheld.

(ii) Make Good Costs

Alfred Health is currently in dispute with a landlord in relation to make good costs for premises which have been recently vacated by Alfred Health. The timing and the potential amount that may be payable in relation to these make good costs are uncertain.

Note 22 – Operating Segments

CONSOLIDATED	Residential Aged Care Services		Other		Total	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000
REVENUE						
External Segment Revenue	12,638	11,461	895,465	823,480	908,103	834,941
Total Revenue	12,638	11,461	895,465	823,480	908,103	834,941
EXPENSES						
External Segment Expenses	(15,413)	(14,482)	(914,816)	(868,271)	(930,229)	(882,753)
Total Expenses	(15,413)	(14,482)	(914,816)	(868,271)	(930,229)	(882,753)
Net Result from ordinary activities	(2,775)	(3,021)	(19,351)	(44,791)	(22,126)	(47,812)
Interest Expense	-	-	(1,545)	(1,608)	(1,545)	(1,608)
Interest Income	-	-	5,207	5,729	5,207	5,729
Net result for the year	(2,775)	(3,021)	(15,689)	(40,670)	(18,464)	(43,691)
OTHER INFORMATION						
Segment Assets	10,427	11,714	752,563	764,876	762,990	776,590
Total Assets	10,427	11,714	752,563	764,876	762,990	776,590
Segment Liabilities	-	-	237,588	225,464	237,588	225,464
Total Liabilities	-	-	237,588	225,464	237,588	225,464
Depreciation & Amortisation Expense	(1,320)	(2,714)	(60,040)	(59,073)	(61,360)	(61,787)

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

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

Note 23a - Responsible Persons Disclosures

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

Responsible Ministers

The Honourable David Davis, MP, Minister for Health and Ageing (1 July 2011 to 30 June 2012)
The Honourable Mary Woodridge, MLA, Minister for Mental Health (1 July 2011 to 30 June 2012)

Responsible persons are as follows (all are Directors of Alfred Health and except where noted held their office for the period 1 July 2011 to 30 June 2012)

Ms Helen Shardey BComm TSTC MAICD
Ms Fiona Bennett BA(Hons) FCA FAICD FAIM
Ms Hannah Crawford BCom LLB CA FFin
Mr Julian Gardner BA LLB FIPAA
Mr David Menadue OAM BA BEd
Associate Professor Jillian Sewell AM MBBS FRACP FAICD
Mr Anthony Starkins LLB BEc FFin MAICD
Professor Hjalmar Swerissen BAppSc GradDip(Psych) BA(Hons) MAppSc (term expired 30 June 2012)
Mr Tim Wilson DipBus BA MDiplomacy&Trade

Accountable Officer

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

Responsible Persons' Remuneration

Income Band	Parent		Consolidated	
	Number		Number	
	2012	2011	2012	2011
$0 - $9,999	-	1	-	1
$30,000 - $39,999	8	7	8	7
$50,000 - $59,999	-	-	-	-
$60,000 - $69,999	1	1	1	1
$390,000 - $399,999	-	-	-	-
$440,000 - $449,999	-	1	-	1
$460,000 - $469,999	1	-	1	-
Total remuneration received or due and receivable by Responsible Persons amounted to:	**$781,017**	**$705,666**	**$781,017**	**$705,666**

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

Other Transactions of Responsible Persons and their Related 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 2012		At 30 June 2012	
Board Member	**Organisation**	**Sales**	**Purchases**	**Receivable**	**Payable**
		$	**$**	**$**	**$**
Julian Gardner	Mind Australia Ltd	-	4,950	-	-
Fiona Bennett	Hills Holdings Ltd	-	30,977	-	-
David Menadue	Victorian AIDS Council	2,200	33	-	-
Jill Sewell	OzChild	-	9,306	-	-

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 23b - Executive Officer Disclosures

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	
	2012	2011	2012	2011	2012	2011	2012	2011
$ 100,000 - $ 109,999	-	-	-	1	-	-	-	1
$ 170,000 - $ 179,999	1	-	1	-	1	-	1	-
$ 180,000 - $ 189,999	1	-	1	-	1	-	1	-
$ 190,000 - $ 199,999	-	-	-	1	-	-	-	1
$ 200,000 - $ 209,999	-	2	-	1	-	2	-	1
$ 210,000 - $ 219,999	1	1	1	1	1	1	1	1
$ 230,000 - $ 239,999	-	1	-	1	-	1	-	1
$ 240,000 - $ 249,999	-	-	1	-	-	-	1	-
$ 250,000 - $ 259,999	1	-	-	-	1	-	-	-
$ 270,000 - $ 279,999	-	-	-	1	-	-	-	1
$ 280,000 - $ 289,999	-	-	1	-	-	-	1	-
$ 290,000 - $ 299,999	-	1	-	-	-	1	-	-
$ 300,000 - $ 309,999	1	-	-	-	1	-	-	-
$ 310,000 - $ 319,999	-	-	1	1	-	-	1	1
$ 320,000 - $ 329,999	-	-	-	1	-	-	-	1
$ 330,000 - $ 339,999	-	-	1	-	-	-	1	-
$ 340,000 - $ 349,999	1	2	-	-	1	2	-	-
$ 350,000 - $ 359,999	1	-	-	-	1	-	-	-
$ 360,000 - $ 369,999	-	1	-	-	-	1	-	-
Total Number of Staff	**7**	**8**	**7**	**8**	**7**	**8**	**7**	**8**
Total Remuneration ($)	**$1,847,021**	**$2,206,179**	**$1,761,387**	**$1,874,351**	**$1,847,021**	**$2,206,179**	**$1,761,387**	**$1,874,351**

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

Note 24 – Events Occurring after the Balance Sheet Date

No events after the Balance Sheet date which may have a material impact on these financial statements have occurred.

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 2012, the Trust had net assets of $11.346m (2011: $16.938m) which have been included in the financial statements of the consolidated entity.

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ANNUAL REPORT 2011/2012