AlfredHealth

Annual Report 2012–13

Contents

About the cover:

Alfred Health's Emergency and Trauma Centre is one of the most advanced and recognised in the world, treating more than 6,500 trauma patients in 2012–13.

Team members (L–R), Dr Sean Arendse, Nurse Tim Phillips and Nurse Rosie Perkins are captured at work.

Our vision

Trusted to deliver outstanding care

Our mission

Highest-quality clinical practice:

> Delivered in partnership with patients, carers, the community and other healthcare 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.

Integrity

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.

Accountability

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.

Collaboration

Knowledge

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

Knowledge

About this report

This annual report outlines the operational and financial performance for Alfred Health from 1 July 2012 to 30 June 2013. It covers the activities at Alfred Health's three locations – The Alfred, Caulfield Hospital and Sandringham Hospital. The relevant Minister for the reporting period was the Minister for Health and the Minister for Ageing, the Hon. David Davis MP.

Alfred Health is a metropolitan health service established under section 181 of the *Health Services Act 1988* (Vic) in June 2000. Established as Bayside Health, the name was changed to Alfred Health from 10 September 2008, by order of the Governor in Council.

This report is available on line at: www.alfredhealth.org.au/publications

About Alfred Health

96,372
EPISODES OF INPATIENT CARE

6,568
TRAUMA PATIENTS TREATED

11,124
ELECTIVE SURGERIES PERFORMED

92,197
EMERGENCY DEPARTMENT PRESENTATIONS (admitted and non-admitted)

450+
ALFRED HEALTH VOLUNTEERS

Alfred Health is a leading major metropolitan health service, serving more than 680,000 people living in Melbourne's bayside and inner southeast area. We strive to provide the best possible health outcomes for our patients and community by integrating clinical practice with research and education.

We provide the most comprehensive range of specialist medical and surgical services in Victoria.

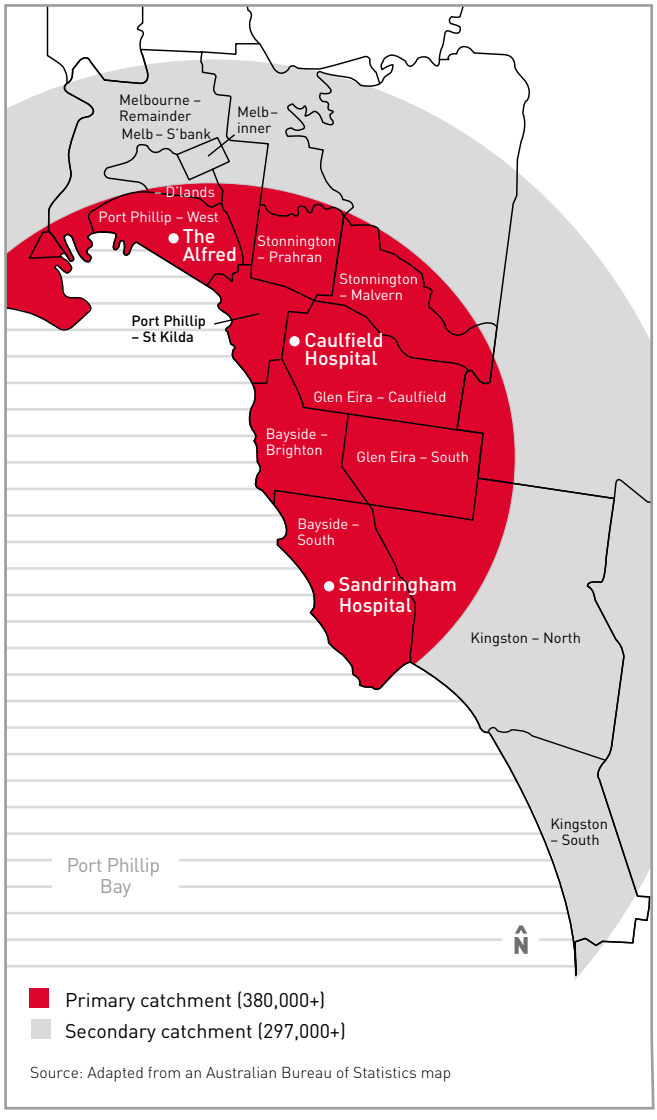
While best known as one of Australia's busiest trauma centres and home to the largest and most advanced intensive care unit in the region, Alfred Health provides a range of specialist statewide services to the people of Victoria. These services include Cystic Fibrosis, Heart and Lung Transplantation, Adult Burns, Clinical Haematology Unit and Haemophilia, Malignant Haematology and Stem Cell Transplantation, Sexual Health, Victorian HIV/AIDS, Hyperbaric Medicine, Victorian Melanoma, Rehabilitation and Psychiatric Intensive Care.

Alfred Health services are provided from three locations: The Alfred, Caulfield Hospital and Sandringham Hospital.

The Alfred is a major tertiary referral teaching hospital. We have a strong commitment to research, undergraduate and postgraduate training for medical, nursing, allied health and other support staff through partnerships with Monash University and La Trobe University. We also have important research and development links with the Baker IDI, the Burnet Institute and Monash University, our partner in the Alfred Medical Research & Education Precinct (AMREP).

We are recognised as a national pacesetter, consistently linked to progressive developments in healthcare practice, medical research and teaching. Our focus is on leading clinical service development and implementing new models that deliver accessible, efficient and quality care for our patients and community.

Primary and secondary catchment and key campuses



Source: Adapted from an Australian Bureau of Statistics map

AlfredHealth

Statewide services

- Cystic Fibrosis Service
- Heart and Lung Transplant Service
- Major Trauma Service
- Victorian Adult Burns Service
- Clinical Haematology Unit and Haemophilia Services
- Malignant Haematology and Stem Cell Transplantation Service
- Sexual Health Service
- Victorian HIV/AIDS Service
- Hyperbaric Medicine Service
- Victorian Melanoma Service
- Rehabilitation Services
- Psychiatric Intensive Care Service

Clinical services

We provide the most comprehensive range of specialist medical and surgical services in Victoria. We offer almost every form of medical treatment across our three locations at The Alfred, Caulfield Hospital and Sandringham Hospital.

- **Cancer Services**
  - Bone Marrow
  - Transplantation
  - Radiotherapy
  - Oncology
  - Cancer Surgery
  - Palliative Care
- **Cardiothoracic Services**
  - Heart and Lung Transplantation
  - Cardiology
  - Cardiac Surgery
  - Cardiac Rehabilitation
  - Respiratory Medicine
  - Thoracic Surgery
  - Adult Cystic Fibrosis
- **Emergency Medicine**
  - Intensive Care
  - Burns
  - Adult Major Trauma
- **Eye and Ear, Nose & Throat**
  - Head Surgery
  - Neck Surgery
- **Gastrointestinal Services**
  - Gastroenterology
  - Gastrointestinal Surgery
- **General Medicine**
- **General Surgery**
  - Breast
  - Endocrine
  - Colorectal Surgery
- **Infectious Disease Treatment Services**
  - HIV/AIDS
- **Neurosciences**
  - Neurology
  - Neurosurgery
- **Obstetrics & Gynaecology**
- **Orthopaedics**
- **Renal Services**
  - Nephrology
  - Urology
  - Haemodialysis
  - 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
  - Management
- **Rehabilitation**
- **Community Programs**
  - Melbourne Sexual Health Centre
  - Community Medicine
  - Alcohol & Drug Services
  - Carer Support Programs
  - Community Health

Chairman and Chief Executive's Review

Highlights 2012–13

> Timely Quality Care initiative introduced to improve patient experiences
> Acquired Brain Injury Unit construction underway at Caulfield Hospital
> Monash Partners Academic Health Science Centre launched
> Partnership with the Royal Women's Hospital announced
> Accreditation under new national standards achieved

2012–13 saw Alfred Health maintain its status as one of the best-performing and most trusted health services in the country as we strove to deliver outstanding care, not only by meeting the performance targets that govern public health service performance, but by exceeding them.

Demand for care remained high across our community. We saw more patients requiring emergency care, accessing outpatient services and benefiting from rehabilitation expertise than ever before – all achieved while maintaining the sound operating result of $0.11 million in a climate of financial change.

Need remained strong across our trauma program, which provided specialist care for close to 1,200 critically injured patients with multiple life-threatening injuries, and more than 5,300 less serious traumas. Each arrived by air or road, and all required urgent medical attention.

If 2011–12 was about meeting growing demand for healthcare, this year was about innovative service redesign and new models of care.

In November 2012, we introduced *Timely Quality Care* (TQC), a team-based initiative to help ensure all patients receive timely, high-quality care consistent with their clinical needs.

While this principle applies to all patients, for those visiting emergency this means prompt and upfront assessment by the most senior doctor available, reducing time spent waiting.

Advancing on more traditional models of triage, the implementation of TQC resulted in three in every four emergency patients being seen, then discharged or admitted within four hours of arrival. With this achievement, Alfred Health became one of only a small number of Victorian hospitals to achieve the Federal Government's four-hour wait target in 2012–13.

Trusted with care

In June 2013, Alfred Health became the first major metropolitan health service in Victoria to achieve accreditation under the new National Safety and Quality Health Service Standards (NSQHS).

This set a new benchmark, not only for ourselves but for health services throughout the state. Most importantly, it means our patients and local community can be assured that all our services meet the rigorous standards applied to the delivery of modern public healthcare.

Our *Patients Come First* strategy – the organisational framework supporting consumer, carer and community participation – gained momentum this year and we continued to work closely with our Community Advisory Committee with its ongoing implementation.

Commitment to research

The Monash Partners Academic Health Science Centre took its first steps in 2012–13.

A collaboration between public and private health services and research institutions, the centre aims to increase the pace and scale of research by linking it directly with clinical practice.

Researchers and clinicians are already working across major themes such as cancer and blood diseases, cardiovascular disease and trauma to improve health outcomes.

We are proud to be a founding member of Monash Partners, working alongside Baker IDI Heart and Diabetes Institute, Cabrini Health, Epworth Healthcare, Burnet Institute, Monash Health, Monash University and Prince Henry's Institute.

Our other collective research entity is the Alfred Medical Research and Education Precinct (AMREP), which achieved one of its most productive years ever.

In 2012–13, AMREP researchers secured more research funding than any year since its formation in 2002. At the same time they increased research publication by almost 17 per cent on the prior year.

Our staff played an important role in this growth, with several major and new NHMRC grants secured – across areas including trauma brain injury, anaesthesia and respiratory medicine – ensuring research remains embedded in clinical practice at Alfred Health.

One of the most significant research discoveries of the year at Alfred Health moved medical science a step closer to finding a cure for HIV.

The Alfred made international headlines with news that a cancer drug alters how HIV genes are 'turned on and off', paving the way for further studies to find a cure for the virus.

When the Transcranial Magnetic Stimulation (TMS) Clinic at the Monash Alfred Psychiatry Research Centre (MAPrc) opened in October 2012, it became the first clinic of its kind in a public hospital in Australia.

Pioneered by mental health experts at The Alfred, the treatment uses a magnetic field to put the symptoms of depression into remission. This alternative treatment offers hope to the 30 per cent of patients diagnosed with clinical depression who do not respond to medical or psychological treatment.

In addition to launching Australia's first TMS Clinic, the Minister for Mental Health, Mary Wooldridge, officially opened Alfred Health's new mental health precinct, which includes the community-based St Kilda Road Clinic and the co-located Monash Alfred Psychiatry Research Centre.

Capital projects

Progress on several infrastructure projects was made, with construction on Caulfield Hospital's $36 million statewide rehabilitation service, the Acquired Brain Injury (ABI) Unit, commencing in January 2013.

Opening in 2014, the 42-bed inpatient unit, community rehabilitation service, and transitional living service, will house specialist treatment for patients with moderate to severe acquired brain injury. It will offer care from the early stages of injury through to rehabilitation and return to the community.

At Sandringham Hospital, the first stage of construction of the hospital's new Emergency Department was completed in June.

With more than 30,000 presentations from local residents each year, the $6.5 million enhancement ensures the hospital can provide best-practice emergency care as demand for services increases.

As part of the upgrades to Sandringham Hospital, the maternity ward was re-born through the much anticipated $770,000 refurbishment that delivered new en-suite bathrooms for all birth suites, an upgrade of patient bathrooms and an increase in post-natal beds.

The redevelopment of maternity paved the way for a new partnership with the Royal Women's Hospital (the Women's) that will see the transfer of maternity and gynaecology services to the Women's.

Due to take place in October 2013, the partnership between Alfred Health and the Women's will ensure the long-term provision of a high-quality women's health service in the bayside area.

Patient safety

Patient safety was given another boost with the introduction of an Australian-first enhancement to support more accurate requesting, collection and labelling of blood samples.

A new software package, called BRIDGE, was developed to link the hospital's patient information system with the existing laboratory system.

With more than 2,000 requests for blood each day, the advancement improves accuracy, with pathology collectors now armed with portable scanners to electronically cross-reference orders for blood with patients.

Antimicrobial stewardship rounds are also continuing to ensure appropriate and targeted prescription of antibiotics. As antibiotic resistance increases globally, hospitals are perfectly positioned to take a lead role to address appropriate use of these drugs.

Our multidisciplinary stewardship team reviews patients who fall outside approved indications for antibiotic use and make recommendations to the treating team such as stopping antibiotics, changing doses or de-escalating to a narrower spectrum drug.

More than 80 per cent of recommendations made by the stewardship physicians were adopted during the year.

Helen Shardey
Board Chairman

Andrew Way
Chief Executive

Healthcare awards

Each year, the Victorian Public Healthcare Awards recognise excellence in public healthcare and, in 2012, Alfred Health was again among the winners.

Health Leaders Award: The Alfred's Direct Admission of Referred Patients to the Acute Medical Unit (DART-AMU) program received the Secretary's Award for delivering joined-up healthcare.

The DART-AMU model links carer referrals directly to the inpatient unit at The Alfred, providing opportunity for primary care teams and general practitioners to access consultation and advice. In turn, the program allows patients who may require admission, but not emergency resuscitation, to bypass the Emergency Department.

Health Innovation Award: The innovative ambulatory very-low intensity allogenic stem cell transplantation program was awarded for excellence in quality healthcare for improving outcomes for older patients with blood cancers by using clinical and practice innovations in stem cell transplantation.

Several other Alfred Health teams and programs were highly commended at the awards, including the entries for patient-centred team-based ward rounds, the women's mental health clinic team at Monash Alfred Psychiatry Research Centre, and advanced practice musculoskeletal physiotherapy services.

Our community

Alfred Health remains fortunate to have a dedicated community of staff, volunteers, donors and other supporters.

Our 450-strong volunteer group provided thousands of work hours across Alfred Health. This was further supported by the goodwill of tens of thousands of donors whose generosity made a tangible difference to our patients – whether through the support of research or the purchase of additional equipment such as the $4.5 million 3T MRI machine.

A champion of our MRI campaign was Life Governor of The Alfred and Board member of The Alfred Foundation, Tony Charlton, who passed away in December 2012. His long-term support touched all areas of The Alfred and his contribution will be forever remembered.

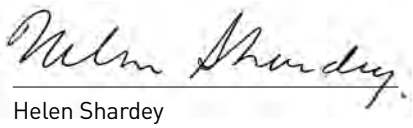
At the end of the reporting period, we farewelled Alfred Health Board Deputy Chairman, Fiona Bennett, and Board Member Hannah Crawford, and thanked them for their contributions to the health service during their terms.

2012–13 was an important year, equipping us with the processes, facilities and relationships needed to meet growing demands and expectations. As we continue to attract the best staff, engage in the best research and involve our patients in their care, the Victorian community can trust Alfred Health to continue delivering excellence in healthcare.

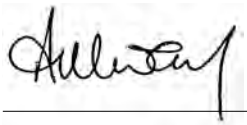
CEO Scorecard: 2012–13

Emergency Indicators	Target	Result
Alfred Hospital		
< 4 Hr in ED (Jul to Dec)	70%	69%
< 4 Hr in ED (Jan to Jun)	75%	75%
> 24 Hr in ED	0	0
Attendances	N/A	58,823
Triage Seen in Time	80%	73%
Sandringham Hospital		
< 4 Hr in ED (Jul to Dec)	70%	76%
< 4 Hr in ED (Jan to Jun)	75%	79%
> 24 Hr in ED	0	0
Attendances	N/A	33,374
Triage Seen in Time	80%	81%

Elective Indicators	Target	Result
Alfred Hospital		
Cat 1 Admit < 30 Days	100%	100%
Cat 2 Admit < 90 Days (Jul to Dec)	75%	84%
Cat 2 Admit < 90 Days (Jan to Jun)	80%	77%
Cat 3 Admit < 365 Days (Jul to Dec)	93%	99%
Cat 3 Admit < 365 Days (Jan to Jun)	94.5%	100%
HiPs	8	6.4
Alfred Health		
Waiting List	3,059	2,319
Sandringham Hospital		
Cat 1 Admit < 30 Days	100%	100%
Cat 2 Admit < 90 Days (Jul to Dec)	75%	93%
Cat 2 Admit < 90 Days (Jan to Jun)	80%	95%
Cat 3 Admit < 365 Days (Jul to Dec)	93%	100%
Cat 3 Admit < 365 Days (Jan to Jun)	94.5%	100%
HiPs	8	3.5



Helen Shardey
Board Chairman



Mr Andrew Way
Chief Executive

Employees

7,741
EMPLOYEES

1,298
NEW EMPLOYEES

1,504
STAFF PARTICIPATED IN WORK HEALTH CHECKS

533
EMPLOYEES RECEIVED SERVICE AWARDS

$1.5m
SAVED IN CLAIMS OVER THREE YEARS

The year was marked by strong collaboration with staff in redesigning care models, building internal leadership and improving staff safety.

Redesigning care

Alfred Health has a strong history of continuous improvement and innovation, and 2012–13 was no exception. Substantial work was undertaken to redesign the patient experience to improve care outcomes under the Timely Quality Care (TQC) initiative (see page 9).

The Hospital at Night program, part of TQC, demonstrates Alfred Health's collaborative approach to work redesign. Aiming to transform patient care at night, this program involved the newly formed Junior Medical Officer Leadership Group, patient representatives and nursing.

Throughout the year, over 300 staff were directly included in TQC and a further 1,000 influenced the new model of care through their feedback and participation.

Education

Building employee capability is vital to care excellence.

New and emerging leaders along with unit heads were involved in leadership development activities. This included the first Medical Unit Head Leadership Program. Further developments are planned for 2013–14.

During the year, a comprehensive suite of professional education programs was delivered across Alfred Health:

> Nursing Education conducted 204 professional development sessions attended by 2,276 participants.

> Allied Health delivered 9,642 hours of teaching and training.

> The Medical Education Unit continued to develop a series of innovative programs for junior medical officers, including a well-reviewed e-prescribing module.

New e-learning programs were put in place to support professional education and increase accessibility of learning opportunities. These programs included modules on:

> safety, quality and patient-centred care

> manual handling

> hand hygiene

> falls prevention.

Culture Survey 2012

A positive, cohesive and healthy culture emerged from the findings of Alfred Health's Culture Survey 2012, conducted between September and October 2012. Participation was high, with more than 3,440 staff (44 per cent of all staff) completing the survey from all sites and most work groups. Key findings were high levels of:

> trust that staff have in front-line management

> emotional commitment that staff have to Alfred Health.

Many employee groups reported levels of intrinsic job satisfaction well above industry comparison.

The major finding from the Patient Safety Survey 2012 was the improvement in key patient safety domains when compared to levels observed in 2008. Teamwork within and across units uniformly improved, as did the frequency with which benign errors were reported. More than 2,600 clinical staff took part in the survey.

Recruitment

During the year, 1,298 new employees joined Alfred Health, with over 90 per cent attending the corporate orientation program. Overseas recruitment of health professionals continued to complement our workforce supply and

capacity. In 2012–13, we saw an increase in demand, with 72 new international recruits holding a 457 visa out of a total of 121 new international recruits.

Alfred Health continues to be an employer of choice, typically attracting high-calibre applicants – both national and international – for all roles.

Length of service

During the year, 533 Alfred Health employees were recognised for 10, 20, 25, 30, 35, 40, 45 and 50 years of service in presentation ceremonies.

Headcount

	Full Time	Part Time	Casual	Grand Total
The Alfred*	2,795	2,331	658	5,784
Caulfield Hospital	476	675	160	1,311
Sandringham Hospital	95	398	153	646
Grand Total	**3,366**	**3,404**	**971**	**7741**

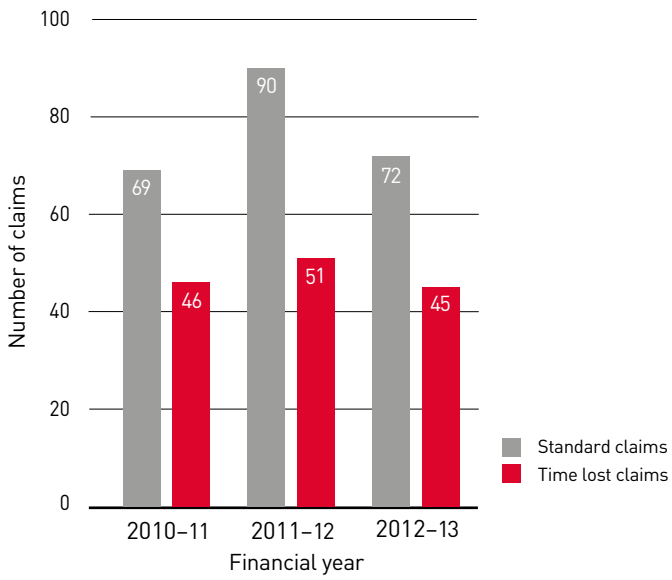
*Includes Alfred Health administrative staff.

Labour Category	JUNE Current Month FTE		JUNE YTD FTE	
	2012	**2013**	2012	**2013**
Nursing	2,277.6	2,276.9	2,251.2	2,266.8
Administration and Clerical	852.2	820.3	835.1	830.8
Medical Support	743.8	750.3	746.7	744.0
Hotel and Allied Services	222.3	219.8	216.1	216.2
Medical Officers	175.4	179.8	170.1	177.8
Hospital Medical Officers	457.9	458.8	466.3	459.3
Sessional Clinicians	141.0	128.5	133.8	133.1
Ancillary Staff (Allied Health)	494.2	493.7	481.3	491.7

Occupational health and safety

Staff safety and well-being remained priorities during the year, with initiatives, such as the Manual Handling Strategy, contributing to a 20 per cent decrease in standard claims (premium sensitive claims).*

Alfred Health Workcover Claims



Manual handling

In 2012–13, the implementation of the three-year Manual Handling Strategy (2010–13) was completed. Main strategic elements included:

> developing a central manual handling risk register

> investing $1.1 million in equipment to eliminate/reduce manual handling risks

> developing tools for managers to help address manual handling risks

> independently reviewing manual handling competencies, work design and equipment.

Achievements during the strategy's lifespan included a 17.5 per cent reduction in manual handling claims (representing 28 fewer claims as compared to 2008–10). This equated to a saving in net claims costs of over $1.5 million. Reduced manual handling claims also had a positive impact on the Worker's Compensation premium, with an estimated reduction of around $1.5 million.*

*This information is based on Allianz Insurance data as at 29 June 2013.

Well-being initiatives

We recognise that the work environment provided for our employees has a significant influence on their health.

Acting on emerging evidence that sedentary work environments can prove harmful, Alfred Health initiated a three-month trial of sit-stand workstations in 2012–13. Around 100 employees participated, using new workstations where they could either sit or stand to use their computers.

Results at the end of the trial were encouraging:

> sitting time had reduced from 91 per cent to 54 per cent

> 87 per cent of participants reported benefits from using the workstation, which included increasing their sense of health and well-being and ability to concentrate, while reducing pain and discomfort as well as feelings of fatigue.

Following a high degree of user acceptance for the sit-stand workstations, a program is in place to make similar solutions more widely available across the Alfred Health workforce.

Other well-being initiatives that benefited employees as well as patients were:

> Work Health Checks, with 1,504 staff taking part

> Our Totally Smokefree commitment (see page 10), which continued to make progress

> Healthy Choices, which has improved nutrition by offering healthy food and drink options onsite over the past three years (see page 10).

The Emergency Department team at work in Sandringham Hospital – collaboration in improving patient care was a focus for the year.

Delivering Quality Care

96,372

EPISODES OF INPATIENT CARE PROVIDED

75%

OF EMERGENCY PATIENTS EXPERIENCED A LENGTH OF STAY OF LESS THAN FOUR HOURS

1st

MAJOR METROPOLITAN HEALTHCARE SERVICE ACCREDITED AGAINST NEW STANDARDS

In 2012–13, we drove quality care further through the Timely Quality Care initiative and the Patients Come First Strategy. Our focus on quality and safety was recognised through a national accreditation survey against the new standards.

Accreditation

Alfred Health is regularly assessed against a range of independent and rigorous accreditation programs to ensure our healthcare services remain safe and of a high standard. During the year, Alfred Health retained 100 per cent accreditation in all operational areas.

The following services were assessed and re-accredited in 2012–13:

> Alfred Emergency Ultrasound and Echocardiography
> Alfred Psychiatry
> Alfred Rheumatology Unit
> Anatomical Pathology
> Caulfield Aged Care Residential facility
> Caulfield Community Health Service
> Commonwealth Respite and Carelink Centre
> Department of Anaesthesia and Perioperative Medicine
> Malignant Haematology and Stem Cell Transplantation Service
> Namarra Aged Care Residential facility

New national standards

In June 2013, Alfred Health became the first major metropolitan healthcare service in Victoria to achieve accreditation under the new national standards set by the Australian Commission on Safety and Quality in Healthcare. These standards apply to health services nationally.

From 24 to 28 June 2013, surveyors from the Australian Council on Healthcare Standards (ACHS)* surveyed all services at The Alfred and Sandringham and Caulfield hospitals. Their final assessment found that Alfred Health met all minimum requirements and achieved full accreditation status.

Specifically:

> Minimum requirements in three standards were 'Met' – 3/3 (100 per cent).
> 209 core actions required were 'Satisfactorily Met'
  – 209/209 (100 per cent)
  – 17 of these actions were 'Met with Merit'.
> 42 out of 47 non-compulsory developmental actions were 'Met' (94 per cent).

Timely Quality Care

In November 2012, Alfred Health initiated a 'whole-of-health' clinical service redesign to ensure all patients receive timely, high-quality care consistent with their clinical needs. Called Timely Quality Care (TQC), this initiative involved staff across the organisation and has generated several quality-improvement projects.

During the year, significant changes were made to the traditional triage model in the Emergency Department (ED). All patients, regardless of their clinical urgency, are now seen on arrival by an ED-consultant-led interdisciplinary team that initiates assessment, investigations and treatment.

Consequently patients spend less time in ED waiting to be seen, go home or be admitted. From January to June, three in every four emergency patients were seen, and either discharged or admitted within four hours of arrival. This met the 'wait' target set by the Commonwealth Government.

In 2013–14, TQC will extend to Caulfield's Rehabilitation and Aged Care Services as well as Sandringham Hospital.

*Commission accredited surveyors

Patients come first

The objective of increasing the role of consumers in service planning and delivery was achieved during the year through development and implementation of our 'Patients Come First' Strategy. This strategy supports consumer, carer and community participation through five priorities:

1) the Patient Charter of Rights

2) patient-centred-care education

3) patient information

4) patient feedback

5) consumer and carer engagement.

As part of this strategy, we introduced a pilot in May 2013 to measure patient perceptions of their hospital experience. Of the 150 patients sampled, 95.5 per cent reported their overall quality of care was either 'very good', 'excellent' or 'exceptional'. A larger pilot, supported by an online component, will be conducted later this year with the aim of introducing this measurement tool from early 2014.

Consumer participation is a central focus in the new national standards, and the recent accreditation survey confirmed that Alfred Health's partnership with consumers was working well. All relevant actions were rated by the surveyors as 'Satisfactorily Met', with the 'consumer partnership in service planning and designing care' criterion receiving a 'Met with Merit' rating.

Promoting better health

As part of our commitment to improve the health of our population Alfred Health continued to develop health promotion programs during the year. With a focus that remains on developing strategies that address and manage nicotine dependency in our patients, the *Totally Smokefree* campaign integrated with the pharmacy team in 2012.

More than 90 per cent of inpatients at Alfred Health now have their smoking identified and nicotine dependency assessed by pharmacists soon after admission. This is followed by the offer of support, which may include nicotine replacement therapy, to help adapt to a smoke-free environment.

Since introducing the clinical model, the number of inpatients smoking outside The Alfred has fallen by more than 60 per cent, with some patients using the experience as a stepping stone to stop altogether.

The Healthy Choices initiative has improved nutrition, healthy food and drink options on-site over the past 18 months. The food and drink retailed on our sites are substantially healthier now with 43 per cent categorised as 'green' or 'most healthy' category (compared with 30 per cent in 2010) and only 27 per cent classified as 'red' or 'least healthy' (down from 42 per cent in 2010). Alfred Health has been identified as a best practice case study for implementing Healthy Choices within the public hospital setting.

Significant operational achievements

The Alfred *is a major tertiary referral hospital providing a comprehensive range of acute and mental health services to local residents. Also a teaching hospital with strong roots in integrating clinical practice with research discoveries, we provide many statewide services (see page 2).*

Significant developments and initiatives in 2012–13 at The Alfred included:

Gender-sensitive approach to psychiatric care: A women's-only area in Alfred Psychiatry, the first in a Victorian public hospital, was introduced during the year. Research showed that the women's-only area resulted in significantly more positive experiences for female patients in acute psychiatry care, as compared to the experiences of women in a traditional mixed-gender unit – reinforcing the need for gender-sensitive practice in psychiatry.

Predicting health outcomes: The results of common blood work may soon serve as a 'crystal ball' for hospital staff, revealing which patients may soon require emergency intervention. Experts from intensive care, pathology, emergency medicine and health informatics at The Alfred and Austin hospitals began studying whether a series of commonly performed laboratory tests could help predict clinical events.

By applying an algorithm to common blood indicators, researchers tested whether they can identify which patients may require urgent medical attention to keep them alive within the 36-hour period that follows.

Safer blood handling: An Australian-first initiative designed to enhance accurate requesting, collection and labelling of blood samples was implemented at The Alfred. A new software package, called BRIDGE, has linked the hospital's patient information system with the existing laboratory system.

With requests for blood work as frequent as 2,000 each day at The Alfred, paper-based ordering introduces the possibility of interpretation and transcription errors, input errors and missing details. To address these issues, faced by hospitals all around the world, pathology collectors are now armed with portable scanners to electronically cross-reference the order with the patient and print specimen labels at the bedside.

The system provides a further boost to patient safety and has the potential to remove errors in patient identification, test transcription and wrongly labelled tubes.

Caulfield Hospital *specialises in community services, rehabilitation, aged care, residential care and aged mental health. In addition, the hospital plays a statewide role in providing rehabilitation services. Many of these services are provided through outpatient and community-based programs that focus on enhancing the health, independence and overall well-being of people residing in the community.*

Significant developments and initiatives in 2012–13 at Caulfield Hospital included:

The Improving Care for Older People (IC4OP) initiative: (2006–13) was completed during the year. Alfred Health has invested the $3 million received in project and capital funding from the Department of Health to create environments, processes and systems that prevent functional decline of older people who are hospitalised, regardless of their care location.

The outcomes from this initiative were embedded into existing Alfred Health governance and monitoring mechanisms.

Community Home Care: We were successful in the Aged Care Approvals Round application for home care packages for 2013–14, receiving a total of 58 across four levels of increasing care intensity. These packages are significant as they allow people to remain in their own homes while they receive care. The different levels of support can provide continuity of care for patients as their conditions and needs change. Alfred Health was one of only three providers in the southern metro region to receive packages across all four levels.

Home Care Packages	
Level One (Equivalent to case management) **15 new packages**	**Level Two** (Equivalent to low-level residential care) **30 additional packages**
Level Three (Equivalent to high-level residential care) **5 additional packages**	**Level Four** (Equivalent to high-level residential care with additional requirements) **8 new packages**

Cognitive, Dementia and Memory Service (CDAMS) Telehealth Project: A successful 12-month pilot for CDMAS Telehealth was undertaken with Bendigo Health and Sunraysia Community Health. This service is the first of its kind in Victoria and the Department of Health has committed to ongoing funding of this initiative.

Preventing functional decline: An educational DVD that educates staff and patients on best-practice care for older patients was developed during the year. It promotes 'person-centred care' and includes interviews with health service consumers across Victoria. Commissioned by the Department of Health, the DVD's development was guided by a statewide advisory group and involved consumer input.

Carer recognition: Carers play an important role in supporting the daily care for many patients at Caulfield Hospital. Procedures are in place to ensure the care relationship principles outlined in the *Carer Recognition Act 2012* (Cth) are reflected in daily practice. During the year, 100 per cent of new carer respite staff attended awareness and education sessions about the importance of recognising and supporting carers.

The need to comply with requirements of the Act will be written into staff position descriptions during 2013–14 to ensure it is embedded within daily operations.

Sandringham Hospital: *is a community hospital focused on meeting hospital healthcare needs of the local area through emergency, maternity, special care nursery, paediatrics, general medicine and outpatient services. The hospital works closely with local community healthcare providers.*

Significant developments and initiatives during 2012–13 at Sandringham Hospital included:

Maternity: Demand continued to grow for maternity services during the year, with 1,398 mothers delivering their babies at Sandringham, up almost 17 per cent on the previous year. To ensure the local community receives the best-possible maternity service backed by the expertise of a tertiary maternity hospital, Alfred Health and the Royal Women's Hospital announced a joint partnership in April 2013.

This partnership means the Women's, a specialist hospital for women and newborn babies, will provide maternity and gynaecology services at Sandringham. Services will be transferred on 1 October 2013.

Improving paediatric care: The review of paediatric services across Alfred Health identified 13 recommendations for improvement, which were implemented during the year. These include the formation of an Alfred Health Paediatric Governance Committee to ensure that management systems and processes are in place to comply with the Australian Safety and Quality Framework for Healthcare.

Emergency Department redevelopment: The first stage of the $6.5 million Emergency Department redevelopment opened in June this year. Work is well under way for the second stage to be operational by the end of October 2013. During the year, there were more than 30,000 presentations and this redevelopment will ensure the hospital can provide best-practice emergency care as demand continues to grow.

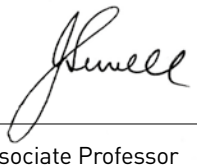
An important project milestone for the project was the upgrade of the hospital's power supply. Due to the age and configuration of the electrics, this required a temporary weekend closure of all hospital services in June. Extensive planning and communication were required to safely relocate services (mainly to The Alfred) for this period.

Activity

Admitted Patient	Acute	Sub-Acute	Mental Health	Other	Total
Separations					
Same Day	50,516	8	20	0	50,544
Multi Day	40,737	3,802	1,289	0	45,828
Total Separations	**91,253**	**3,810**	**1,309**	**0**	**96,372**
Emergency	33,430	17	913	0	34,360
Elective	56,334	3,793	396	0	60,523
Other, inc. Maternity	1,489	0	0	0	1,489
Total Separations	**91,253**	**3,810**	**1,309**	**0**	**96,372**
Total WIES	**91,461**				
Total Bed Days	**268,806**	**149,384**	**23,797**	**0**	**441,987**
Breakdown of Sub-Acute Bed Days					
Rehab Lv1 (Non-DVA)	4,229				
Rehab Lv2 (Non-DVA non CRAFT)	3,640				
GEM (Non-DVA)	33,471				
Rehab Lv1 (DVA)	279				
Rehab Lv2 (DVA)	343				
GEM DVA	2,087				
Transition Care (Non-DVA) Bed Days	23,745				
Transition Care Non-DVA Home Days	6,509				
Residential Aged Care (Bed Days)	53,685				
CRAFT	21,396				
Other	0				
Total	**149,384**				
Non-Admitted Patients					
Emergency Department Presentations	92,197	0	0	0	92,197
Outpatient Services – Occasions of Service (VACS and Non-VACS)	345,668	41,077	208	0	386,953
Other Services – Occasions of Service	98,392	58,000	112,093	0	268,485
Total Occasions of Service	**536,257**	**99,077**	**112,301**	**0**	**747,635**
Victorian Ambulatory Classification System – Number of Encounters	187,633	0	208	0	187,841
Major Trauma Admissions	**1,188**	**0**	**0**	**0**	**1,188**

Report of Operations Responsible Body Declaration

In accordance with the *Financial Management Act 1994* (Vic), I am pleased to present the Report of Operations for Alfred Health for the year ending 30 June 2013.



Associate Professor
Jillian Sewell
Acting Board Chairman

Melbourne, 7 August 2013

Performance

Strategic Performance

Accountability for Alfred Health's operational performance is set by the Minister for Health through the Statement of Priorities (SOP) agreement. This annual agreement tracks our progress towards three important shared objectives:

> access to healthcare services

> quality of services to our community

> financial viability

Part A: Performance against Strategic Priorities 2012–13

Victorian Government Priority	Actions	Alfred Health Deliverable	Outcomes
Developing a system that is responsive to people's needs	Align service mix and distribution to address the health needs of the local population	Review and update as required current clinical practice in specialties, for example: > mental health deterioration in the community > renal therapies at home > expanding direct access model to AMU > obesity > diabetes	**Completed** Clinical practice improvements developed across range of specialties. All unplanned readmission rates across measured specialties within satisfactory limits.
	In partnership with other local providers, apply existing service capability frameworks to maximise the use of available resources across the catchment	Care of patient groups: > the deteriorating patient > the dying patient > event-driven discharge	**Good progress** Improvements in care for deteriorating, dying and discharged patients. Improvement projects will be completed during 2013–14.
Improving every Victorian's health status and experience	In collaboration with key partners, support local implementation of relevant components of the Victorian Health and Well-being Plan 2011–15	Patients/consumers are supported in their understanding of their illness/ disease process and treatment options via service planning and the development of models of care in the areas of: > melanoma services > bariatric health improvement program > acquired brain injury	**Good progress** Improvement activities well advanced and will be completed in 2013–14. Melanoma service planning underway; improved models of care developed for bariatric patients in weight management and various specialties; statewide ABI service on track for operation by June 2014.
	Create new partnership working with Bayside Medicare Local	A small number of joint programs, for example, chronic disease management and urgent and emergency admissions	**Completed** Effective partnership with Bayside Medicare Local established and focused on population health and service development initiatives.

Victorian Government Priority	Actions	Alfred Health Deliverable	Outcomes
Expanding service, work-force and system capacity	Build workforce capability and flexibility to meet service requirements, and be accountable for supporting the professional education process	Explore, and if considered beneficial, create and implement service-delivery models and roles in: > nurse practitioner roles in peritoneal dialysis and endoscopy > assistants in nursing > Hospital Medical Officers (HMO) examination of newborns > pharmacy technicians	**Completed** Workforce flexibility and capability supported by accredited education underway in multiple programs, including nurse practitioners, allied health, pharmacy and HMOs.
Increasing the system's financial sustainability and productivity	Identify opportunities for efficiency and better-value service delivery	Efficiency savings realised across care pathways	**Completed** Efficiency programs implemented across programs, including emergency, psychiatry and surgery.
		Implement pharmaceutical waste-reduction strategies	**Completed** Implementation of new medication review and dispensing systems has reduced pharmaceutical waste.
		Processes developed to support competitive bidding for elective surgery at marginal cost	**Completed** Elective surgery bid processes designed, tested and successfully implemented.
	Examine and reduce variation in administrative overheads	Explore options to reduce variations in administrative overheads	**Completed** Total administrative expenses reduced as proportion of total revenue.
Implementing continuous improvements and innovation	Develop and implement improvement strategies that better support patient flow and the quality and safety of hospital services	Implement outcomes delivered from selected redesigning care projects to improve: > identification of a patient's consultant > patient access and efficiencies to care > reduced in-patient length of stay	**Good progress** Major redesign project – Timely Quality Care – to ensure all patients receive timely, high-quality care consistent with clinical needs well under way, with positive initial results, including reduction in patients leaving emergency without treatment completed. Multi-year project that will be completed in 2013–14.
Increasing accountability and transparency	Engage patients and consumers in achieving good governance and achievement of National Safety and Quality Health Service Standards	Automated Medical and Nursing scorecards established for ward/unit display	**Completed** Ongoing work to expand organisational dashboards continuing through data warehousing and adoption of QlikView reporting system.
		Revised CEO dashboard and its publication and range of published information increased	**Completed** CEO Scorecard, has been updated daily on Alfred Health internet site, expanded to show performance indicators on admissions, surgery, emergency, quality and safety. National Standards dashboard established internally to show performance indicators for all standards. Alfred Health was first major metropolitan hospital in Victoria to achieve accreditation under new national standards. Also accredited against National Mental Health and Home and Community Care Standards.

Victorian Government Priority	Actions	Alfred Health Deliverable	Outcomes
Utilising e-health and communication technology	Trial, implement and evaluate strategies that use e-health as an enabler of better patient care	Establish an expert group to lead e-health initiatives and build on the work of The Australian Centre for Health Innovation (CHI)	**Completed** Information Development Strategy Committee established and providing strategic advice and policy direction to Alfred Health on major initiatives in information development, including recent successful Cerner Millennium clinical information system upgrade. CHI's growing role in providing a unique medical grade, test-bed architecture that provides education and professional development and allows health technology and device performance testing in complex, real-world settings for acute, chronic, community and primary, aged and home care.
		Develop and enhance e-solutions to improve communications and medication management	**Some progress** Modernised dictation and transcription system for clinic letters reducing cost and greatly speeding up specialist communication of findings to GPs. Progressing implementation of new process changes to shift to paper-free procurement medication system.

We provide aged care services at our Caulfield campus. Here, Caulfield Aged Care Medical Registrar Khai Ooih involves his patient in setting her own care plan.

Part B: Performance Priorities

Financial Performance		
Operating Result	**Target**	**2012–13 actuals**
Annual Operating Result ($m)	$0	$0.11m
WIES Activity Performance		
Percentage of WIES (Public and Private) Performance to Target	100%	-1.35%
Cash Management		
Creditors	<60 days	30
Debtors	<60 days	57

Access Performance (Note: Emergency indicators are to be reported at campus/hospital level)			
Emergency Care	**Target**	**2012–13 actuals The Alfred**	**2012–13 actuals Sandringham**
Percentage of operating time on hospital bypass	3	1.5%	n/a
Percentage of ambulance transfers within 40 minutes	90	77%	89%
NEAT* (July–December 2012)	70	69%	76%
NEAT* (January–June 2013)	75	75%	75%
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 1 to 5 emergency patients seen within clinically recommended times	80%	73%	81%

* Percentage of emergency presentations to physically leave the Emergency Department for admissions to hospital, be referred to another hospital for treatment or be discharged within four hours

Elective Surgery		**Alfred Health**
Percentage of Urgency Category 1 elective patients treated within 30 minutes	100%	100%
NEST – Percentage of Urgency Category 2 elective surgery patients treated within 90 days (July–December 2012)	75%	85%
NEST – Percentage of Urgency Category 2 elective surgery patients treated within 90 days (January–June 2013)	80%	80%
NEST – Percentage of Urgency Category 3 elective surgery patients treated within 365 days (July – December 2012)	93%	99%
NEST – Percentage of Urgency Category 3 elective surgery patients treated within 365 days (January–June 2013)	94.5%	100%
Number of patients on the elective surgery waiting list	3,059	2,335
Number of Hospital Initiated Postponements per 100 scheduled admissions	8.0	6.0

Service Performance		
Elective Surgery	**Target**	**2012–13 actuals**
Number of patients admitted from the elective surgery waiting list – quarter 1	2,800	3,017
Number of patients admitted from the elective surgery waiting list – quarter 2	2,791	2,766
Number of patients admitted from the elective surgery waiting list – quarter 3	2,676	2,689
Number of patients admitted from the elective surgery waiting list – quarter 4	2,829	2,631
Critical Care	**Target**	**2012–13 actuals**
Number of days operating below agreed Adult ICU minimum operating capacity	0	1

Service Performance (continued)		
Quality and Safety	**Target**	**2012–13 actuals**
Health service accreditation	Full Compliance	Achieved
Residential aged care accreditation	Full Compliance	Achieved
Cleaning standards	Full Compliance	Achieved
Submission of data to VICNISS	Full Compliance	Achieved
Hospital acquired infection surveillance	No outliers	Achieved
Hand hygiene (rate)	70	Achieved
SAB rate per occupied bed days	2/10,000	1.2/10,000
Victorian Patient Satisfaction Monitor (OCI)	73	Not achieved
Consumer Participation Indicator	75	Not achieved
People Matter Survey	Full Compliance	Achieved
Maternity	**Target**	**2012–13 actuals**
Percentage of women with pre-arranged post-natal home care	100%	97.7%
Mental Health	**Target**	**2012–13 actuals**
28-day readmission rate (%)	14	19%
Post-discharge follow-up rate (%)	75	73%
Seclusion rate per occupied bed days	<20/1,000	19.2%

Part C: Activity and Funding

Activity Acute Inpatient	**2012–13 activity**
WIES Public	69,521
WIES Private	13,286
Total WIES (Public and Private)	82,807
WIES Renal	1,773
WIES DVA	1,168
WIES TAC	5,713
WIES Total	91,461
Sub-Acute Inpatient	
CRAFT	814
Rehab L1 (non-DVA)	4,229
Rehab L2 (non-DVA)	3,640
Rehab – Paediatric	0
GEM (non-DVA)	33,471
Palliative Care – Inpatient	0
Transition Care (non-DVA) – bed day	23,745
Restorative Care	3,072
Rehab 1 – DVA	279
Rehab 2 – DVA	343
GEM – DVA	2,087
Palliative Care – DVA	0

	2012–13 activity
Ambulatory	
VACS – Allied Health	50,172
VACS – Variable	122,802
Transition Care (non-DVA) – Home day	6,509
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

Financial summary 2012–13

The Operating Result*– the key financial result for 2012–13 – was $0.11 million. This is a sound result, compared with a breakeven budget target and the $0.04 million result for the previous year.

The Comprehensive Result for 2012–13 was $37.4 million and includes capital donations of $3 million, which were designated for specific capital purchases, including a new 3T MRI (to be purchased in 2013–14) and various surgical, ICU and other capital equipment.

Total Assets decreased by $17.8 million, driven by depreciation charges of $59.4 million and partially offset by growth in the Investments held by the WTMS and ANZ Trustees. The Investment Trusts experienced considerable growth due to a buoyant share market during the reporting period. Intangible Assets increased by $2.6 million, reflecting the investment to upgrade the Cerner Patient Medical records and implement a remote hosting environment.

A successful annual leave reduction program resulted in a smaller growth in the overall annual leave provision at $1.1 million compared with a $3.0 million increase in the prior year. Overall, liabilities increased by $11.2 million, due to increases in Creditor Balances. This reflects active management of creditor terms and recognition of funding grants from the Department of Health that are expected to be repaid in 2013–14.

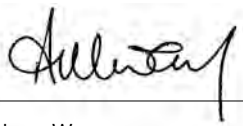
*Operating Result is the net result before capital and specific items.

Financial summary 2012–13

	2013	2012	2011	2010	2009
	$m	$m	$m	$m	$m
Total Revenue	894.5	868.9	821.0	758.9	713.6
Total Expenses	894.4	868.9	821.0	762.7	711.2
Operating Result	**0.1**	**0.0**	**0.0**	**(3.8)**	**2.4**
Capital and Specific Items	(37.5)	(18.5)	(43.7)	(26.9)	(1.5)
Comprehensive Result	(37.4)	(18.5)	(43.7)	(30.7)	0.9
Transfers to Reserves	(8.4)	(10.8)	(11.7)	(15.3)	7.6
Retained Surplus/Deficit	(204.9)	(159.1)	(129.8)	(74.4)	(28.4)
Total Assets	744.7	763.0	826.1	844.8	839.1
Total Liabilities	248.9	237.6	275.0	273.7	240.1
Net Assets	495.9	525.4	551.1	571.1	598.0
Total Equity	**495.9**	**525.4**	**551.1**	**571.1**	**598.0**

Attestation on Data Integrity

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, 7 August 2013

Research through Partnership

↑3.5%

$103.4M IN EXTERNAL RESEARCH FUNDING UP 3.5%

↑17%

1,627 PUBLICATIONS, UP 17% FROM LAST YEAR

01

NEW ACADEMIC HEALTH SCIENCE CENTRE LAUNCHED

HIV RESEARCH BREAKTHROUGH

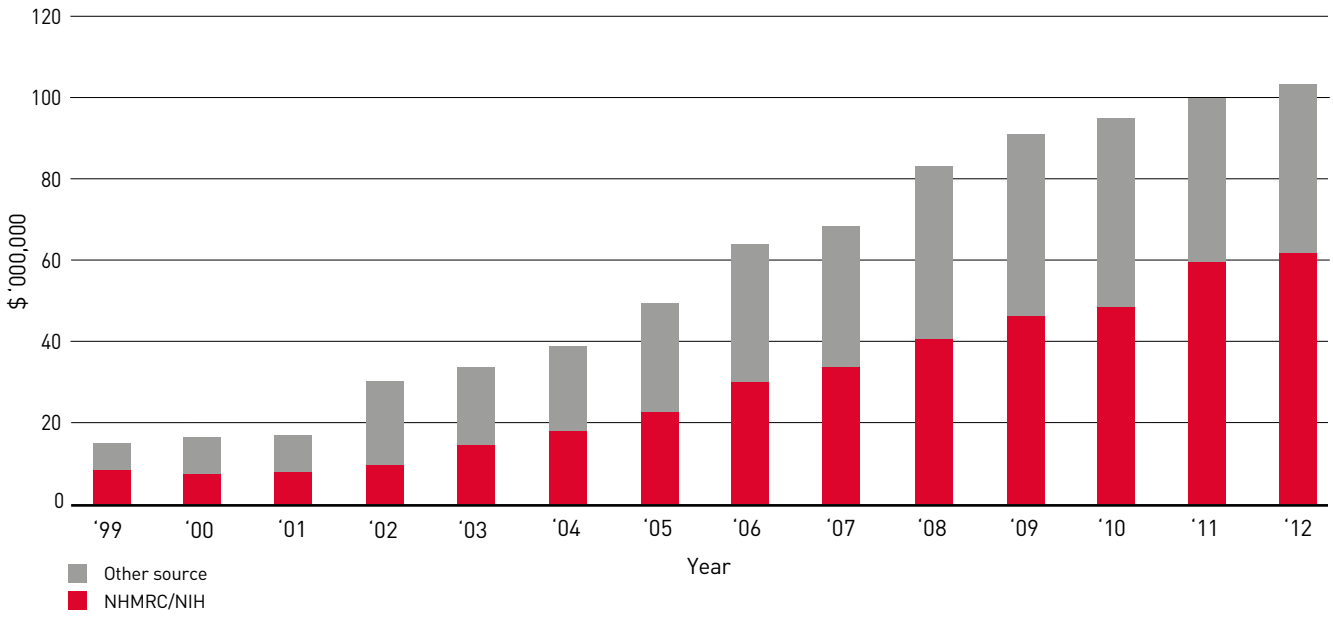
In research terms, 2012–13 was a successful year for Alfred Health. Research partnerships strengthened through the new Monash Partners initiative, external research funding increased and a significant breakthrough in HIV/AIDS was achieved.

AMREP

Alfred Health is a collaborative partner in AMREP – Alfred Medical Research and Education Precinct – along with Monash University, Baker IDI Heart and Diabetes Institute, the Burnet Institute, Deakin University and La Trobe University.

In 2012, AMREP's external research revenue rose by 3.5 per cent to more than $103.4 million. Of this, 60 per cent came from the National Health and Medical Research Council (NHMRC) and the US National Institutes of Health. The number of publications (refereed journal articles, book chapters and books) increased by 17 per cent from the previous year to 1,627.

AMREP external research funding 1999–2012



New NHMRC funding

Alfred Health staff had a successful year, securing many major new NHMRC grants, including a Centre of Research Excellence Partnership Project Grant, several large Project Grants and three Practitioner Fellowships.

Professor Jamie Cooper (Director of Research, Intensive Care) and team were awarded a five-year $2.5 million grant for the 'Centre of Excellence for Patient Blood Management in Critical Illness and Trauma'.

Professor Peter Cameron (Emergency and Trauma Centre) is a chief investigator of a $1.5 million Partnership Project Grant. Alfred Health is a funding partner of the study, a multi-centre randomised controlled trial to prevent secondary falls in older people presenting to the Emergency Department with a fall.

NHMRC Project Grants Awarded to Alfred Health Staff

CIA*	Department	Research Title	Funding
Professor Jamie Cooper	Director of Research, Intensive Care	'Centre of Excellence for Patient Blood Management in Critical Illness and Trauma'	**$2.5 million (5 years)**
Professor Peter Cameron	Emergency and Trauma Centre	'A multi-centre randomised controlled trial to prevent secondary falls in older people presenting to the emergency department with a fall'	**$1.5 million**
Professor Paul Myles	Director, Anaesthesia and Perioperative Medicine	'Restrictive versus Liberal Fluid Therapy in Major Abdominal Surgery (The RELIEF Trial)'	**$2,384,173**
Professor Russell Gruen	Director, National Trauma Research Institute	'Pre-hospital Antifibrinolytics for Traumatic Coagulopathy and Haemorrhage (The PATCH Study)'	**$1,668,152**
Dr Andrew Wei	Haematology Department	'A randomised study to optimise clinical outcomes in patients with FLT3 mutant AML'	**$1,111,891**
Professor Stephen Jane	Director of Research, The Alfred	'Translating molecular insights in Squamous Cell Carcinoma into novel therapeutics'	**$823,336**
Professor Jayashri Kulkarni	Head, Monash Alfred Psychiatry Research Centre MAPrc	'Selective oestrogen receptor modulators – a new adjunctive treatment for men with schizophrenia?'	**$788,419**
Professor Stephen Jane	Director of Research, The Alfred	'The role of the mammalian Grainyhead-like gene family in neural tube closure'	**$613,612**
Professor Jayashri Kulkarni	Head, Monash Alfred Psychiatry Research Centre MAPrc	'Adjunctive hormone therapy for treatment resistant depression in perimenopausal women'	**$599,514**
Professor Peter Gibson	Head, Gastroenterology,	'Use of oral enzymes to treat carbohydrate intolerance: adjunct therapy to the low FODMAP dietary treatment of irritable bowel syndrome'	**$590,365**
Professor Paul Fitzgerald	MAPrc	'Accelerated repetitive transcranial magnetic stimulation in the treatment of depression'	**$471,252**
Associate Professor Anne Holland	Physiotherapy	'Benefits and costs of home-based pulmonary rehabilitation in chronic obstructive pulmonary disease'	**$364,360**
Professor Elsdon Storey	Head, Neurology Department	'Mechanisms of ataxia in spinocerebellar ataxia type 1 transgenic mice'	**$348,864**

*Chief investigator for research project.

Professor Paul Myles (Director, Anaesthesia and Perioperative Medicine) was awarded a Project Grant of $2,384,173 over five years to conduct the RELIEF Trial: 'Restrictive versus Liberal Fluid Therapy in Major Abdominal Surgery'. Professor Myles' application was ranked as 'outstanding by international standards', a significant achievement for a multi-centre clinical trial.

During the year, Professors Sharon Lewin, Paul Myles and Jamie Cooper received Practitioner Fellowships to continue their clinical research programs for the next five years.

Understanding the mechanism of HIV infection

Researchers have long known the HIV virus can lie dormant in the cells of patients for extended periods of time, remaining unaffected by combined antiretroviral therapies (cART). Understanding the mechanisms of how this latency is established and maintained is paramount to developing therapeutics that may potentially lead to a cure.

After more than five years' work, Professor Sharon Lewin (Director of the Infectious Diseases Unit at The Alfred; Co-Head of the Burnet Institute's Centre for Virology, and Professor of Medicine, Monash University), colleague Dr Paul Cameron, and their team, identified how HIV latency is established in certain cells. They have shown that a family of proteins, called chemokines, that guide resting cells through the blood and into lymph node tissue, 'unlock the door' and allow HIV to enter and set up a silent infection.

Understanding this mechanism is a significant breakthrough, and will enable the development of new treatment options, which could block latent infection. It may also allow researchers to find new treatments to flush out latent virus already inhabiting resting cells. This is of great importance, as most people on combined cART treatment today will already have latently infected resting cells.

Professor Lewin has been named as local chair of the world's largest HIV and AIDS conference, which will be held in Melbourne in 2014. *AIDS 2014* is expected to attract more than 25,000 delegates.

Monash Partners Academic Health Science Centre

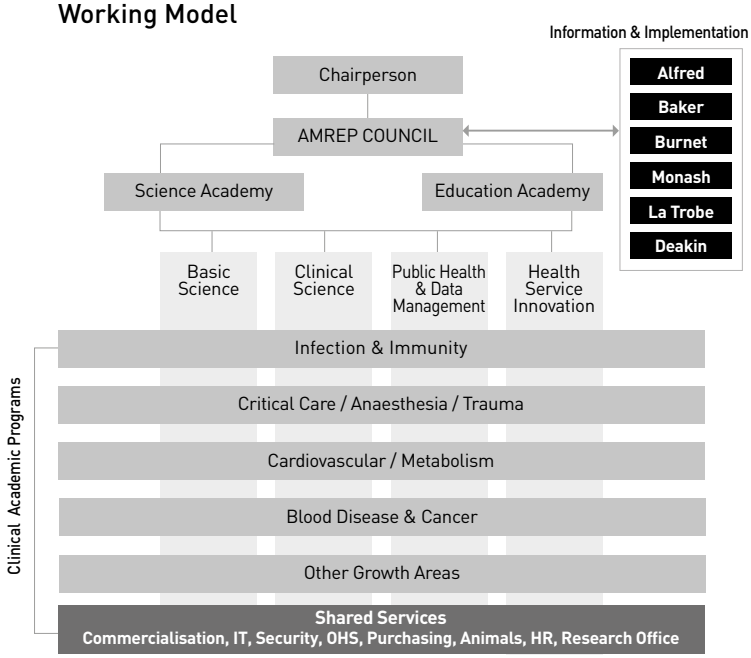
The Monash Partners Academic Health Science Centre (AHSC) is a recent collaboration that brings together AMREP with Southern Health, Prince Henry's Institute, Cabrini Health and Epworth Healthcare. One of only two such centres in Melbourne, Monash Partners promises to enhance the health and well-being of our community through integrating healthcare, education and research. Development of designated themes and disciplines is progressing.

Research Poster Display and Research Day

The annual Alfred Week Research Poster Display showcases AMREP's latest research. Held in October, this year the display attracted 175 posters and generous prizes were awarded for those judged to be the best in their category.

Research Day, held during Alfred Week, featured a keynote address titled 'Health and Medical Research in Australia' by Professor Doug Hilton, Director of the Walter and Eliza Hall Institute of Medical Research. Professor Hilton presented the AMREP Research Prizes (clinical and basic) to Professor Jamie Cooper (Alfred Intensive Care Unit) and Dr Charbel Darido (Monash Central Clinical School) in recognition of their original research articles published, respectively, in the leading journals *New England Journal of Medicine* and *Cancer Cell*. The Research Day session also included four short presentations by AMREP staff on their latest research breakthroughs.

Alfred Medical Research and Education Precinct, Academic Health Centre Working Model



Projects

07
PROJECTS COMPLETED

$36m
ABI UNIT UNDER CONSTRUCTION

05
PROJECTS UNDER DEVELOPMENT

34%
REDUCTION IN WATER CONSUMPTION PER BED DAY FROM 2007 TO 2013

We continued to improve our facilities during the year, with significant projects including the redevelopment of Sandringham Hospital's Emergency Department and the state's new Acquired Brain Injury (ABI) Unit.

Building Act 1993 (Vic)

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 2012–13 with certificates of final completion were:

> St Kilda Road Clinic/MAPrc Fit-out, 609 St Kilda Road
> AMREP Lecture Theatre
> Alfred Theatre Recovery Upgrade
> Alfred Radiology Seminar Room
> Headspace Fit-out, Glenhuntly Road, Elsternwick
> Caulfield Baring Kitchen Renovation
> Caulfield Hospital Nursing Home Air-conditioning Upgrade

Projects under construction with building permits included:

> Caulfield ABI Unit
> Sandringham Emergency Department
> Alfred Centre Ground Floor Outpatients
> Alfred Civil Work Entry
> Healthy Living, Caulfield

In line with requirements, registered building practitioners were 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 were inspected for compliance as required by legislation.

Environmental sustainability

Alfred Health recognises the need to manage the environmental impact of our operational activities. Through responsible water and energy consumption, waste generation and purchasing preference, we aim to manage our contributions to climate change.

During the year, we continued to report our energy consumption to the Department of Health and the Australian Government Department of Climate Change and Energy Efficiency's National Greenhouse and Energy Report.

We continued to show commitment to conserving natural resources, reducing overall water consumption at our main sites by almost 20 per cent over the last seven years and by 34 per cent for every discharged bed day.

New ABI Unit started

Construction started on the new Acquired Brain Injury Rehabilitation Unit (ABI) at Caulfield Hospital in January 2013. This new facility was funded by Commonwealth and State Governments along with the Transport Accident Commission. Its focus is on improving the quality of care and rehabilitation of patients with moderate to severe brain injuries. This new statewide service will comprise three service components:

> *a 42-bed inpatient rehabilitation service*
> *a community and ambulatory rehabilitation service*
> *a four-bed transitional living service.*

Planning work for the service was well advanced during the year and involved consultation with key stakeholders.

It is due to open in mid-2014.

Community Support

450
VOLUNTEERS PROVIDE THOUSANDS OF HOURS TO SUPPORT PATIENTS AND FAMILIES

13th
FATHER'S DAY APPEAL

3T MRI
FUNDS RAISED FOR PURCHASE

The Alfred Health community continued its generous support of the service in 2012–13 donating time and taking part in fundraising activities.

Alfred Health volunteers

During the year, over 450 volunteers gave thousands of hours of their time to support patients, carers, families and staff across Alfred Health. Volunteer services provide extra comfort and care, and include:

> patient and family support at Emergency Departments and Intensive Care Unit
> Library Trolley Service
> admissions support
> kiosk management
> concierge
> The Pink Ladies.

Recognising the importance of volunteers, orientation and training programs were developed and implemented. For example, at Sandringham Hospital seven volunteers underwent a special training program to become Consumer Volunteers during the year.

Gifts and donations

The loyal and growing family of supporters – individuals, community groups, trusts, foundations and sponsors – continued their trademark generosity throughout 2012–13. Their support helped fund specialist equipment, facilities and research, and contributed to an overall enhancement in the quality of patient care.

Importantly, after years of fundraising, The Alfred Foundation finally raised sufficient funds to purchase the 3T MRI Scanner and cover its installation.

Significant gifts

During the year, significant gifts were received from:

THE ALFRED

> Duchesa Estate
> Estate of Adolf Haas
> Estate of Allan Raymond Armstrong
> Estate of Elsie Cavies
> Estate of Imelda Francis Foster
> Vincent Chiodo Charitable Foundation
> Estate of Ruby Violet Ashcroft
> Estate of Cynthia Sparks
> The Jack Korhnauser Family
> Mr and Mrs J. D. and K. J. Mackintosh
> Estate of John A Thompson
> Estate of Barbara Whilton Shearer
> Snowdome Foundation
> Ilhan Food Allergy Foundation
> Estate of Doreen Taylor
> AAMI
> John Swire & Sons

CAULFIELD HOSPITAL

> Helmsmen Kiosk Auxiliary
> Aged Persons Welfare Foundation
> Collier Charitable Trust
> Glen Eira City Council
> The William Angliss Charitable Fund

SANDRINGHAM HOSPITAL

> Collier Charitable Trust
> Lions Club of Moorabbin
> Black Rock Sports Auxiliary
> Kiosk Volunteers

The Alfred Foundation

The Alfred Foundation Board is pivotal in raising funds for The Alfred.

Board members are:

- Sir Rod Eddington (Chairman)
- Mr Ian Cootes (Deputy Chairman)
- Mr Ravi Bhatia
- Mr Peter Barnett
- Mr Anthony Charles
- Mr Tony Charlton (to December 2012)
- 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)

The Foundation's fundraising activities for 2012–13

- **The Alfred Fathers' Day Appeal 2012**, the 13th consecutive appeal, raised awareness of men's health issues through different live stages. It was supported by long-term media partners 3AW, Channel Nine, *The Age* and Austereo as well as other corporate sponsors.
- **Life Support Committee** delivered an event program to "raise funds for trauma services at The Alfred. The highlight of the program was a 'Bollywood Banquet' hosted by cricketing legend, Max Walker.
- **Women @ The Alfred** – the Chairman's Lunch hosted 500 leading businessmen and raised awareness and funds for men's health, specifically prostate cancer. Special guest, Alan Joyce, CEO Qantas, spoke about his battle with prostate cancer.
- **The Great Alfred Bike Ride** took 22 keen cyclists through regional Victoria with cycling professional Phil Anderson. They successfully raised money for a Digital Wireless X-Ray Machine.
- **Swimtember,** a swimming challenge for individuals and teams, ran throughout September and was a new initiative with Swimming Victoria, which designated The Alfred as its designated charity.

Tribute to a true champion

In December 2012, Tony Charlton, one of The Alfred's most passionate and committed supporters, passed away after a battle with cancer.

Widely known as a celebrated sports broadcaster, Tony was a tireless fundraiser and advocate for The Alfred for 20 years. He was instrumental in establishing The Alfred Foundation and served as its chairman for a decade, continuing as an active Board member until his final days. His connection with the hospital began when Alfred staff saved his youngest daughter, Cathy, more than 20 years ago.

His dedication never wavered and, through his significant networks, he attracted support for the hospital, making our fundraising programs a success.

Tony was named a Life Governor in 2003. He was one of our brightest champions and his compassion and dedication are missed by all.

Governance

Alfred Health's Board is accountable to the Minister for Health.

Its role is to exercise good governance in achieving the objectives as outlined in Alfred Health's Strategic Plan 2012–15 and the Annual Statement of Priorities.

The Board comprises nine independent non-executive directors who are elected for a period of up to three years and can be re-elected to serve for up to nine years.

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* (VIC) ('the Act').

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

a) provide high-quality health services to the community, which aim to meet community needs effectively and efficiently;

b) integrate care as needed across service boundaries in order to achieve continuity of care and promote the most appropriate level of care to meet the needs of individuals;

c) ensure that health services are aimed at improvements in individual health outcomes and population health status by allocating resources according to best-practice healthcare 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 Act.

Board of Directors

Ms Helen Shardey BComm TSTC MAICD

Chairman

Chair: Remuneration Committee. Member: Audit, Finance, Quality and Primary Care & Population Advisory committees

Ms Shardey was a Member of the Victorian Parliament for 14 years until her retirement in 2010, including five years as the Shadow Minister for Health. She also served as the Shadow Minister for Aged Care; Community Services; Housing; and Multicultural Affairs. Ms Shardey has an in-depth understanding of the health portfolio, the structure and governance of the health system, both state and federal, as well as the development of strategy and health policy. She has previously worked as a corporate consultant and senior policy adviser (Commonwealth Parliament), and was recently appointed Ambassador at Large for the Jewish National Fund of Australia. Ms Shardey is a member of the Australian Institute of Company Directors and a board member of the Assisted Victorian Reproductive Treatment Authority.

Ms Fiona Bennett BA(Hons)
FCA FAICD FAIM (term expired 30 June 2013)

Deputy Chair

Chair: Audit Committee. Member: Finance and Remuneration committees

Ms Bennett is a business consultant and a director on a number of boards, including the Institute of Chartered Accountants in Australia, WPC Group Limited and the Legal Services Board. She is a Chartered Accountant with extensive experience in commercial and financial management, governance, risk management and audit. She has held senior executive positions at BHP Billiton Limited and Coles Group Limited, and has been Chief Financial Officer at several organisations in the health sector.

Ms Hannah Crawford BCom LLB CA FFin
(term expired 30 June 2013)

Chair: Finance Committee. Member: Audit and Remuneration committees

Ms Crawford is a Director of Grant Samuel. She is a chartered accountant with expertise in corporate strategy, independent expert's reports, business valuations, and mergers and acquisitions. She has provided independent corporate advice in respect to capital market transactions to public and private companies. She has considerable experience in transactions in the healthcare sector. Ms Crawford previously worked in the corporate finance division of Arthur Andersen and the taxation division of Ernst & Young. She is also Vice President of the Queen Elizabeth Centre.

Mr Julian Gardner BA LLB FIPAA

Chair: Primary Care & Population Health Advisory Committee. Member: Quality and Community Advisory committees

Mr Gardner is a lawyer whose consultancies include law reform, advance care planning and public administration. He is the Chair of the Board of Mind Australia Ltd and the National Reference Group of the Respecting Patient Choices program. He is also Deputy Chair, Child Protection Practice Standards and Compliance Committee. He has previously held positions as Victoria's Public Advocate, President of the Mental Health Review Board, National Convenor of the Social Security Appeals Tribunal, Chairperson of the WorkCare Appeals Board and Director of the Victorian Legal Aid Commission. He is a Fellow of the Institute of Public Administration Australia (Victoria) and a Fellow of International House, University of Melbourne.

Mr David Menadue OAM BA BEd

Chair: Community Advisory Committee. Member: Quality Committee

Mr Menadue is a former teacher and editor. He was a founding member of People Living with HIV/AIDS Victoria, holding a variety of roles between 1989 and 2008, including President and Vice President. He was also a founding member of the National Association of People Living with HIV/AIDS. Mr Menadue has held board positions with the Victorian AIDS Council/Gay Men's Health Centre, where he is currently Vice-President. He was a Director of the AIDS Trust of Australia from 2002 to 2008, a member of the Disability Caucus of Australia from 1998 to 2002 and a Board Member of the Consumer Health Forum between 2001 and 2003. He was made a member of the Order of Australia in 1995 for services to community health.

Associate Professor Jillian Sewell
AM MBBS FRACP FAICD

Chair: Quality Committee

Associate Professor Sewell is a consultant paediatrician and Deputy Director of the Centre for Community Child Health at the Royal Children's Hospital. She is responsible for clinical services in developmental/behavioural paediatrics and runs the Victorian Training Program in Community Child Health for advanced paediatric trainees. Her special interests are in learning difficulties, language delay, attention deficit disorder and other behavioural problems. She is a past President of the Royal Australasian College of Physicians, and was previously President of the Paediatrics and Child Health Division of the College. She has also served on the Australian Council for Safety and Quality in Health Care, the Victorian Quality Council and the National Health and Medical Research Council. Assoc. Prof. Sewell was made a Member of the Order of Australia in January 2005, for services to child health.

Mr Anthony Starkins LLB BEc FFin MAICD

Member: Finance, Audit and Remuneration committees

Mr Starkins is the Founder and Executive Director of First Samuel Limited. He has over 30 years' experience in the investment and finance industry. His previous experience includes working with J.P. Morgan Investment and Schroders PLC in a variety of capital markets and treasury-related capacities in Melbourne, Sydney, Tokyo, London and Singapore. He is an executive director of First Samuel Limited. He was, until recently, a Director of the Melbourne Football Club and Ruyton Girls' School. He is also a trustee of a number of charitable foundations.

Mr Tim Wilson DipBus BA MDiplomacy&Trade

Member: Primary Care & Population Health Advisory and Quality committees

Mr Wilson is an international public policy analyst specialising in trade, public health, intellectual property and climate change policy and has a particular interest in policy implementation and delivery. He is currently Director of Climate Change Policy and the IP and Free Trade Unit at the Institute of Public Affairs and regularly contributes to public debate. He is also a Senior Fellow at New York's Centre for Medicine in the Public Interest. Mr Wilson has previously served on the Council of Monash University and the board of a commercial retail and food services company.

Mr Damien Kenny BCom BBus Systems (term commenced 1 July 2012)

Member: Quality Committee

Mr Kenny is a commercialisation specialist in IT and digital communications. His experience includes launching and managing the Australian businesses of a number of UK and US software and internet-based companies addressing sectors as diverse as social housing, Allied Health Practice Management and industry-wide data collection and analysis in the performing arts. He has a Bachelor of Commerce and a Bachelor of Business Systems from Monash University.

Board committees

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

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 Act, the Financial Management Compliance Framework, the Risk Management Framework and any other relevant legislation. This committee is responsible for overseeing the internal audit function and developing and reviewing the Alfred Health Internal Audit Plan. Also, it is 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.

Community Advisory Committee

The Community Advisory Committee (CAC) provides advice to the Board on consumer, carer and community participation and other Alfred Health community initiatives. It advises on priority areas and issues requiring consumer and carer participation. This includes matters of community interest and concern to culturally, religiously and linguistically diverse (CALD) communities. It is a forum through which members of the community can work in partnership with Alfred Health as consumer representatives to improve patient experiences.

Finance Committee

The Finance Committee assists the Board to fulfil its financial responsibilities. This includes 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, and overseeing and supervising the management and implementation of actions to address financial management risks. In addition, the committee considers and recommends to the board financial commitments that require approval.

Primary Care & Population Health Advisory Committee

The Primary Care and Population Health Advisory Committee assists the Board in ensuring that:

> the health services provided meet the needs of our communities;

> the views of users and providers are taken into account; and

> arrangements are put in place with other relevant agencies and service providers to enable effective and efficient service delivery and continuity of care.

Quality Committee

The Quality Committee was established to ensure that effective and accountable systems are in place to monitor and improve the quality and effectiveness of health services. This involves making certain that:

> any systemic problems identified with the quality and effectiveness of health services are addressed;

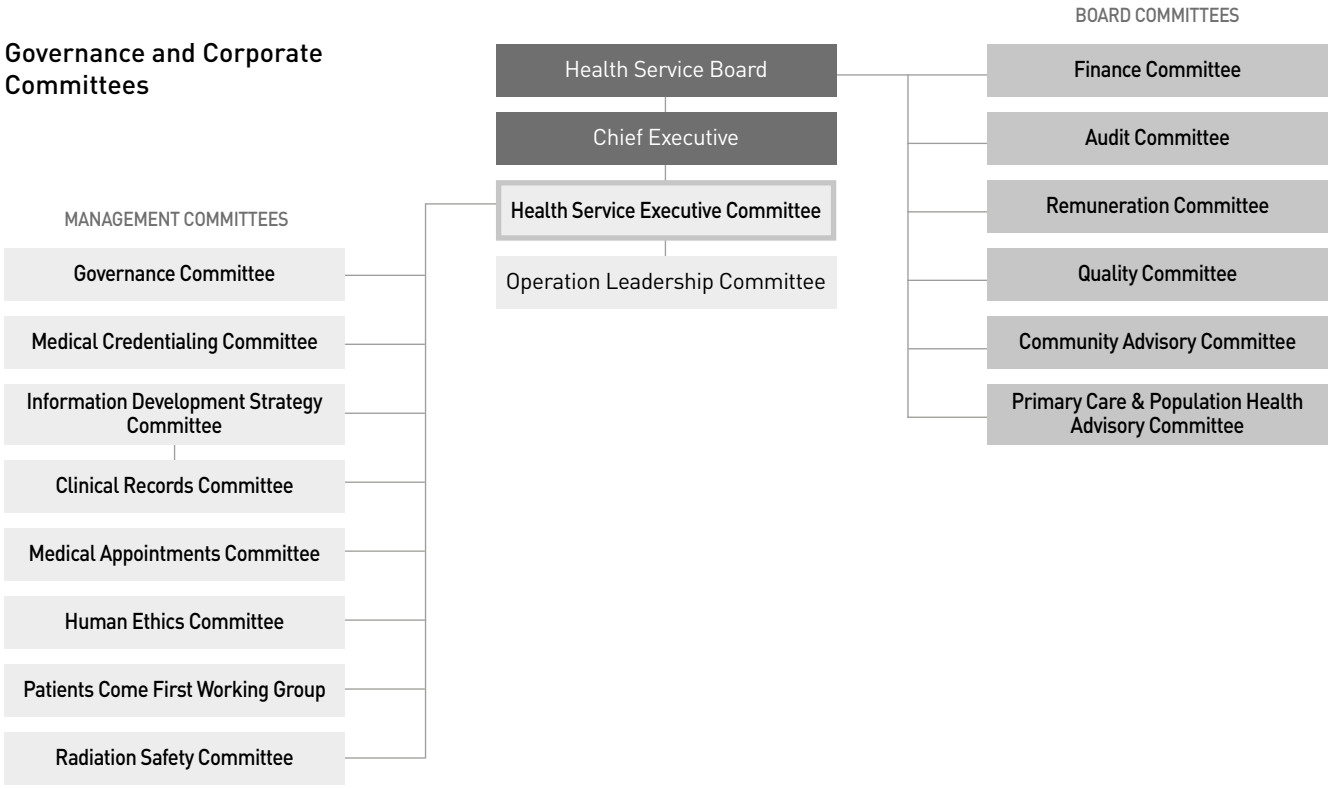
> continuous improvement and innovation are fostered within Alfred Health.

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, GSERP policies, and prevailing legislation.

Governance

Governance and Corporate Committees



Committee Membership 2012–13

Audit Committee

Ms Fiona Bennett (Chair)
Ms Hannah Crawford
Ms Helen Shardey
Mr Anthony Starkins

Finance Committee

Ms Hannah Crawford (Chair)
Ms Fiona Bennett
Ms Helen Shardey
Mr Anthony Starkins
Mr Andrew Way

Community Advisory Committee*

Mr Julian Gardner (Acting Chair)
Mr David Menadue (Chair – suspended)
Dr Caroline Spencer (Community Representative)
Ms Val Johnstone (Community Representative)
Ms Sarah Gray (Community Representative)
Mr Brett Hayhoe (Community Representative)
Mr Steve Barrand
Dr Chan Cheah
Ms Natalie Ross
Mrs Lynn Stanton
Ms Melissa Lowrie

Primary Care & Population Health Advisory Committee

Mr Julian Gardner (Chair)
Mr Tim Wilson
Ms Helen Shardey
Mr Andrew Way

Quality Committee

Assoc. Prof. Jill Sewell (Chair)
Mr Julian Gardner
Mr David Menadue
Ms Helen Shardey
Mr Damien Kenny
Mr Tim Wilson

Remuneration Committee

Ms Helen Shardey (Chair)
Ms Fiona Bennett
Ms Hannah Crawford
Mr Anthony Starkins

*Membership as at 30 June 2013. There were several membership changes during the year due to two resignations and filling outstanding positions.

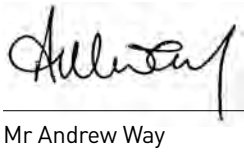
Risk management

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 were provided during the year. 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 specific 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.

Attestation on Compliance with Australian/New Zealand Risk Management Standard

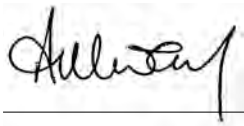
I, Andrew Way, certify that Alfred Health has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard and that an internal control system is in place that enables the executives to understand, manage and satisfactorily control risk exposures. The Audit Committee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



Mr Andrew Way
Accountable Officer
Melbourne, 7 August 2013

Attestation on Compliance with the Ministerial Standing Direction 4.5.5.1 – Insurance

I, Andrew Way, certify that Alfred Health has complied with Ministerial Direction 4.5.5.1 – Insurance.



Mr Andrew Way
Accountable Officer
Melbourne, 7 August 2013

Senior officers

Chief Executive

Mr Andrew Way RN BSc(Hons) MBA FAICD

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

Chief Operating Officer and Deputy Chief Executive

Mr Andrew Stripp BBSc(Hons) MSc

Responsible for the leadership of the Operations Division across Alfred Health, including Cardio-respiratory; Intensive Care; Cancer and Medical Specialties; Surgical Services and Outpatients; Emergency and Acute Medicine; Rehabilitation, Aged and Community Care Services; Sandringham Hospital Medical and Surgical Services; and Workforce.

Chief Medical Officer

Dr Lee Hamley MBBS MBA FRACMA

Responsible 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

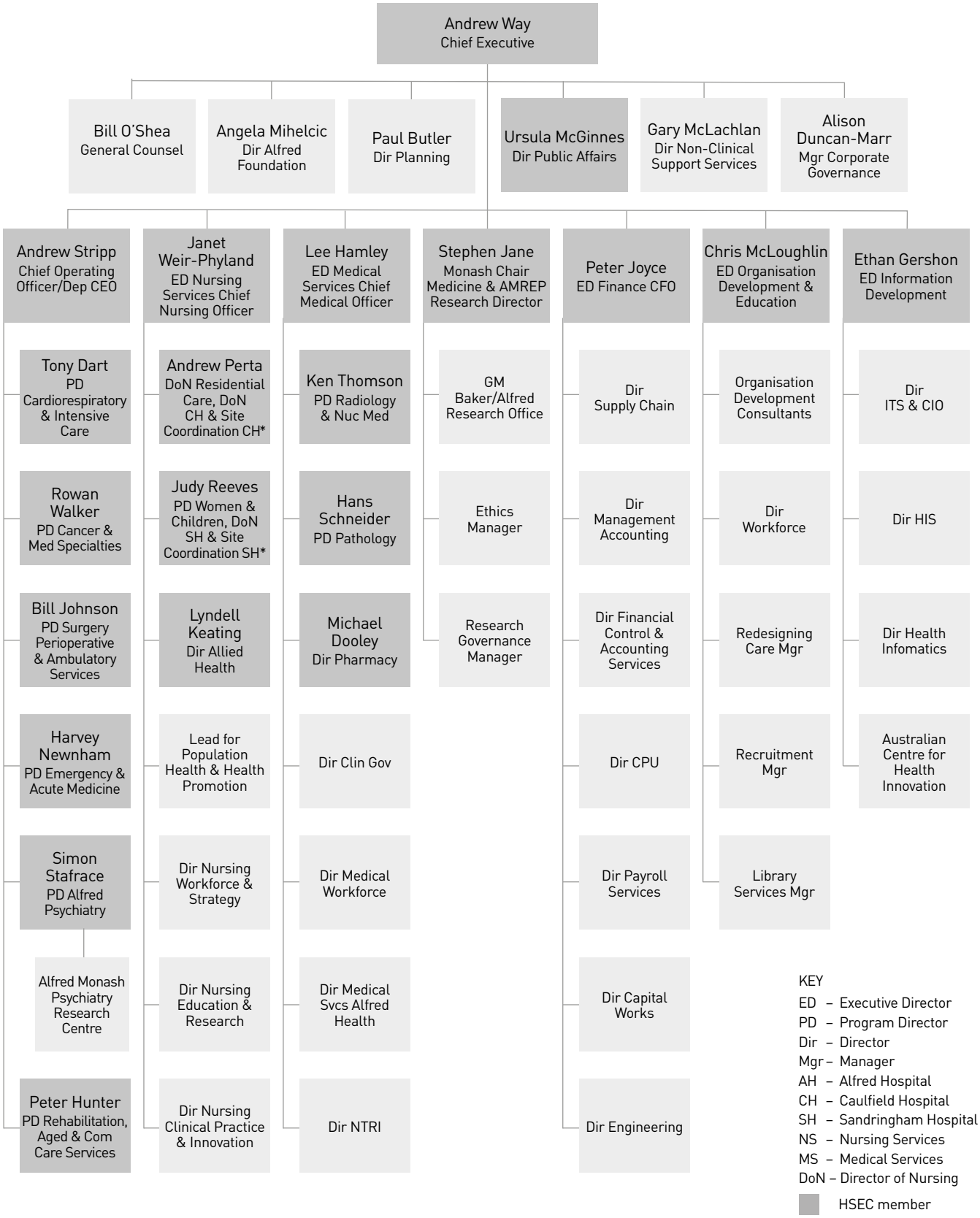
Responsible for Allied Health, the Women and Children's program and Sandringham Hospital site management, Caulfield Hospital residential care and site management. Professionally responsible for nursing practice standards, quality and clinical risk, workforce planning and education.

Executive Director Finance

Mr Peter Joyce BCom CPA (from August 2012)

Responsible for the preparation of budgets, financial analysis and review, monthly and annual financial results and key performance indicator monitoring. Supply Chain and Payroll departments also form part of the Finance division.

Alfred Health
Organisational Structure
June 2013



Executive Director Education and Organisational Development

Ms Chris McLoughlin BSW

Responsible for developing and implementing strategies and processes to improve organisational effectiveness, enhancing Alfred Health's role as a centre of excellence for teamwork, leadership, innovation and improvement. Also accountable for building a positive culture that is supported by Alfred Health's values, with teamwork as the basis for service excellence.

Executive Director Information Development

Dr Ethan Gershon MD

Responsible for managing health service information systems and continuous developing information management that advances quality of care, operational efficiency, and performance in research and education.

General Counsel

Mr Bill O'Shea BSc DipEd LLB (Hons)

Responsible for providing legal advice across Alfred Health.

General information

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. These 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 the range of policies and guidelines. This includes a policy and guideline on conflicts of interest. We ensure that policy and practice are consistent with the *Charter of Human Rights and Responsibilities Act 2006* (Vic).

Freedom of Information Act 1982 (Vic)

Freedom of Information Decisions 2012–13

Applications received	2,633
Access granted (full)	2,434
Access granted (part)	6
Access denied	2
Other	77
Not finalised	114
Not finalised 2010–11	83
Access granted in full	82
Access granted in part	1

Whistleblower legislation

During the year, there were major changes to the legislation governing protected disclosures.

The *Protected Disclosure Act 2012* (Vic) commenced on 10 February 2013. It governs all whistleblower disclosures made after that date. The *Whistleblowers Protection Act 2001* (Vic) still applies to all whistleblower disclosures made prior to that date.

Other relevant legislation that commenced during the year (all on 10 February 2013) includes:

> the *Independent Broad-based Anti-corruption Commission Act 2011* (Vic)

> amendments to the *Victorian Inspectorate Act 2011* (Vic)

> the *Integrity and Accountability Legislation Amendment Act 2012* (Vic).

Summary of procedures

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 *Protected Disclosure Act 2012* (Vic). 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.

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.

Complaints about certain serious misconduct or corruption involving public health services in Victoria can be made by individuals directly to the Independent Broad-based Anti-corruption Commission (IBAC).

Alfred Health encourages individuals to raise their concerns with IBAC if they are uncomfortable raising their concerns directly with Alfred Health or if they feel some detrimental action has been, or may be, taken against them if they make a complaint.

Preventing detrimental action

Alfred Health is committed to extend the protections under the *Protected Disclosure Act 2012* (Vic) to individuals who make protected disclosures under that Act, or who cooperate with investigations into protected disclosures.

All Alfred Health employees and officers are expected to know that it is an offence for a person to take, incite or threaten detrimental action against any person because of, or because of a substantial belief that:

1) the other person or anyone else has made, or intends to make, a protected disclosure; or

2) the other person or anyone else has cooperated, or intends to cooperate, with an investigation of a protected disclosure.

Detrimental action includes:

1) action causing injury, loss or damage;

2) intimidation or harassment; and

3) discrimination, disadvantage or adverse treatment in relation to a person's employment, career, profession, trade or business, including the taking of disciplinary action.

The penalties for taking or threatening to take detrimental action include fines and imprisonment for up to two years. Civil action may also be taken, in which case compensation may be ordered.

A person who reports actual or threatened detrimental action taken in reprisal for the making of a protected disclosure or for cooperating with the investigation into a protected disclosure must report the matter directly to IBAC. Alfred Health's Chief Executive must also be informed immediately if a report of actual or threatened detrimental action is received.

If an officer or employee suspects detrimental action may have been taken or has been threatened, they must raise their concerns with the Alfred Health Chief Executive immediately.

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.

Access to policy and procedures

The full protected disclosure policy and procedures document is available to officers and staff on the intranet and to the public at www.alfredhealth.org.au. This includes information on how to action the detrimental action procedure referred to above.

Reporting

In the reporting period:

> One disclosure was made to Alfred Health.

> One disclosure was referred to the Ombudsman under the *Whistleblowers Protection Act 2001* (Vic) for determination as to whether it was a public interest disclosure.

> No disclosures were referred to Alfred Health by the Ombudsman for investigation under the *Whistleblowers Protection Act 2001* (Vic).

> 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.

Consultancies

Details of consultancies

In 2012–13, there were two consultancies where the total fees payable to the consultants were more than $10,000. The total expenditure incurred in relation to these consultancies was $70,000 (excl. GST).

Also during the year there were six consultancies where the total fees payable to the consultants were less than $10,000. The total expenditure incurred in relation to these consultancies was $20,000 (excl. GST).

Consultancy Fees 2012–13

Consultant	Purpose of Consultancy	Start Date	End Date	Total Approved Project Fee (excl. GST)	Expenditure 2012–13 (excl. GST)	Future Expenditure (excluding GST)
Ernst & Young	Western Tower Block Feasibility Study	April 2013	TBA	$98,500	$30,000	$68,500
Paxton Partners	Women's @ Sandringham Feasibility Study*	Sept. 2012	Nov. 2012	$40,000	$40,000	–

*Fee was split 50/50 with the Royal Women's Hospital.

Natalie Ross, member of the Community Advisory Committee, and Luke Iris, consumer volunteer, discuss the new patient satisfaction survey with Robert Malanog, dialysis nurse. The new survey is part of Alfred Health's Patients Come First Strategy.

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.

Legislation	Requirement	Pages
Ministerial Directions		
Report of Operations – FRD Guidance		
Charter and purpose		
FRD 22C	Manner of establishment and the relevant Ministers	Inside cover, 87
FRD 22C	Objectives, functions, powers and duties	25
FRD 22C	Nature and range of services provided	2
Management and structure		
FRD 22C	Organisational structure	30
Financial and other information		
FRD 10	Disclosure index	34
FRD 11	Disclosure of ex gratia payments	N/A
FRD 15B	Executive officer disclosures	88
FRD 21B	Responsible person and executive officer disclosures	87
FRD 22C	Application and operation of *Freedom of Information Act 1982* (Vic)	31
FRD 22C	Compliance with building and maintenance provisions of *Building Act 1993* (Vic)	22
FRD 22C	Details of consultancies over $10,000	33
FRD 22C	Details of consultancies under $10,000	33
FRD 22C	Major changes or factors affecting performance	18
FRD 22C	Occupational health and safety	7
FRD 22C	Operational and budgetary objectives and performance against objectives	13
FRD 22C	Significant changes in financial position during the year	18
FRD 22C	Statement of availability of other information	31
FRD 22C	Statement on National Competition Policy	31
FRD 22C	Subsequent events	N/A
FRD 22C	Summary of the financial results for the year	18
FRD 22C	Workforce Data Disclosures, including a statement on the application of employment and conduct principles	6–7, 31
FRD 25A	Victorian Industry Participation Policy disclosures	N/A
SD 4.2(j)	Sign-off requirements	N/A
SD 3.4.13	Attestation on Data Integrity	18
SD 4.5.5.1	Attestation on Insurance	29
SD 4.5.5	Attestation on Compliance with Australian/ New Zealand Risk Management Standard	29
Financial statements required under Part 7 of the FMA		
SD 4.2(a)	Statement of changes in equity	40
SD 4.2(b)	Comprehensive operating statement	38
SD 4.2(b)	Balance sheet	39
SD 4.2(b)	Cash flow statement	41
Other requirements under Standing Directions 4.2		
Freedom of Information Act 1982 (Vic)		31
Victorian Industry Participation Policy Act 2003 (Vic)		N/A
Building Act 1993 (Vic)		22
Financial Management Act 1994 (Vic)		31

N/A – Not Applicable

Financial Statements

Year Ended 30 June 2013

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

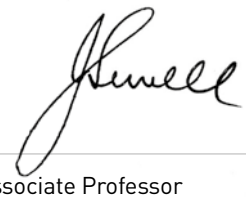
Board member's, accountable officer's and chief finance & accounting officer's declaration

We certify that the attached financial statements for Alfred Health and the Consolidated Entity have been prepared in accordance with Standing Directions 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including 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 accompanying notes, presents fairly the financial transactions during the year ended 30 June 2013 and financial position of Alfred Health and the Consolidated Entity at 30 June 2013.

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.

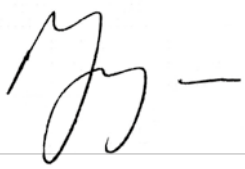


Associate Professor
Jillian Sewell
Acting Board Chairman

Melbourne
7 August 2013

Mr Andrew Way
Accountable Officer

Melbourne
7 August 2013



Mr Peter Joyce
Chief Finance & Accounting Officer

Melbourne
7 August 2013

VAGO
Victorian Auditor-General's Office

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INDEPENDENT AUDITOR'S REPORT

To the Board Members, Alfred Health

The Financial Report

The accompanying financial report for the year ended 30 June 2013 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 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 as disclosed in note 26 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 Alfred Health and the consolidated entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used, and the reasonableness of accounting estimates made by the Board Members, as well as evaluating the overall presentation of the financial report.

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

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 2013 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 2013 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
27 August 2013

for John Doyle
Auditor-General

Comprehensive Operating Statement for the Financial Year Ended 30 June 2013

	Note	Parent Entity 2013	Parent Entity 2012	Consol'd 2013	Consol'd 2012
		$'000	$'000	$'000	$'000
Revenue from operating activities	2	888,584	860,952	888,584	861,685
Revenue from non-operating activities	2	4,626	6,128	5,950	7,227
Employee expenses	3	(582,457)	(572,733)	(582,457)	(572,733)
Non salary labour costs	3	(14,734)	(12,560)	(14,734)	(12,560)
Supplies and consumables	3	(184,974)	(181,120)	(184,974)	(181,120)
Other expenses	3	(111,807)	(96,745)	(112,258)	(102,456)
Net Result Before Capital & Specific Items		**(762)**	**3,922**	**111**	**43**
Capital purpose income	2	23,374	44,398	23,374	44,398
Depreciation and amortisation	3	(59,400)	(61,360)	(59,400)	(61,360)
Finance costs	3	(1,478)	(1,545)	(1,478)	(1,545)
Net Result For the Year		**(38,266)**	**(14,585)**	**(37,393)**	**(18,464)**
Other Comprehensive Income					
Items that may be reclassified to net result					
Changes to financial assets available-for-sale revaluation surplus/(deficit)		6,695	(5,546)	7,869	(5,871)
Total Other Comprehensive Income	**17**	**6,695**	**(5,546)**	**7,869**	**(5,871)**
COMPREHENSIVE RESULT		**(31,571)**	**(20,131)**	**(29,524)**	**(24,335)**

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

Balance Sheet as at 30 June 2013

	Note	Parent Entity 2013	Parent Entity 2012	Consol'd 2013	Consol'd 2012
		$'000	$'000	$'000	$'000
Current Assets					
Cash and cash equivalents	6	18,775	24,634	18,795	25,126
Receivables	7	31,754	32,281	31,754	32,547
Inventories	9	7,259	7,210	7,259	7,210
Other current assets	10	2,069	1,447	2,069	1,447
Total Current Assets		**59,857**	**65,572**	**59,877**	**66,330**
Non-Current Assets					
Receivables	7	14,238	12,270	14,238	12,270
Investments and other financial assets	8	40,189	33,873	53,656	44,478
Property, plant & equipment	11	611,383	636,898	611,383	636,898
Intangible assets	12	5,596	3,014	5,596	3,014
Total Non-Current Assets		**671,406**	**686,055**	**684,873**	**696,660**
TOTAL ASSETS		**731,263**	**751,627**	**744,750**	**762,990**
Current Liabilities					
Payables	13	62,797	53,773	62,893	53,792
Interest bearing liabilities	14	1,093	1,093	1,093	1,093
Provisions	15	144,001	142,993	144,001	142,993
Other current liabilities	16	76	73	76	73
Total Current Liabilities		**207,967**	**197,932**	**208,063**	**197,951**
Non-Current Liabilities					
Interest bearing liabilities	14	21,357	22,450	21,357	22,450
Provisions	15	19,452	17,187	19,452	17,187
Total Non-Current Liabilities		**40,809**	**39,637**	**40,809**	**39,637**
Total Liabilities		**248,776**	**237,569**	**248,872**	**237,588**
NET ASSETS		**482,487**	**514,058**	**495,878**	**525,402**
Equity					
Property, plant & equipment revaluation surplus	17	226,303	226,303	226,303	226,303
Financial assets available for sale revaluation surplus	17	15,674	8,979	17,149	9,280
General purpose surplus	17	63,220	59,121	63,220	59,121
Restricted specific purpose surplus	17	55,445	51,109	69,984	65,648
Contributed capital	17	324,134	324,134	324,134	324,134
Accumulated deficits	17	(202,289)	(155,588)	(204,912)	(159,084)
TOTAL EQUITY		**482,487**	**514,058**	**495,878**	**525,402**
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 Financial Year Ended 30 June 2013

Parent	Note	Property, Plant & Equipment Revaluation Surplus	Financial Assets Available for Sale Revaluation Surplus	General Purpose Surplus	Restricted Specific Purpose Surplus	Contributions by Owners	Accumulated Surpluses/ (Deficits)	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 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**
Net result for the year		–	–	–	–	–	(38,266)	(38,266)
Other comprehensive income for the year		–	6,695	–	–	–	–	6,695
Transfer from accumulated surplus		–	–	4,099	4,336	–	(8,435)	–
Balance at 30 June 2013		**226,303**	**15,674**	**63,220**	**55,445**	**324,134**	**(202,289)**	**482,487**

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

Statement of Changes in Equity for the Financial Year Ended 30 June 2013

Consolidated	Note	Property, Plant & Equipment Revaluation Surplus	Financial Assets Available for Sale Revaluation Surplus	General Purpose Surplus	Restricted Specific Purpose Surplus	Contributions by Owners	Accumulated Surpluses/ (Deficits)	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 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**
Net result for the year		–	–	–	–	–	(37,393)	(37,393)
Other comprehensive income for the year		–	7,869	–	–	–	–	7,869
Transfer from accumulated surplus		–	–	4,099	4,336	–	(8,435)	–
Balance at 30 June 2013		**226,303**	**17,149**	**63,220**	**69,984**	**324,134**	**(204,912)**	**495,878**

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

Cash Flow Statement for the Financial Year Ended 30 June 2013

	Note	Parent Entity 2013	Parent Entity 2012	Consol'd 2013	Consol'd 2012
		$'000	$'000	$'000	$'000
Cash flows from operating activities					
Operating grants from government		753,533	720,497	753,533	720,497
Patient and resident fees received		36,335	24,027	36,335	24,027
Private practice fees received		42,651	41,590	42,651	41,590
Donations and bequests received		13,850	11,939	13,850	11,939
GST received from / (paid to) ATO		26,279	25,867	26,333	25,867
Other receipts		45,559	52,946	45,435	53,920
Total Receipts		**918,207**	**876,866**	**918,137**	**877,840**
Employee expenses paid		(581,912)	(553,246)	(581,912)	(553,246)
Non salary labour costs		(12,004)	(12,560)	(12,004)	(12,560)
Payments for supplies and consumables		(315,558)	(321,412)	(315,960)	(327,104)
Finance costs		(1,478)	(1,545)	(1,478)	(1,545)
Total Payments		**(910,952)**	**(888,763)**	**(911,354)**	**(894,455)**
Cash Generated from Operations		**7,255**	**(11,897)**	**6,783**	**(16,615)**
Capital grants from government		20,707	43,837	20,707	43,837
NET CASH FLOW FROM OPERATING ACTIVITIES	**18**	**27,962**	**31,940**	**27,490**	**27,222**
Cash flows from investing activities					
Purchase of property, plant and equipment		(37,083)	(24,326)	(37,083)	(24,326)
Proceeds from sale of non-financial assets		616	335	616	335
Proceeds from sale of investments		3,741	332	3,741	5,332
NET CASH USED IN INVESTING ACTIVITIES		**(32,726)**	**(23,659)**	**(32,726)**	**(18,659)**
Cash flows from financing activities					
Repayment of borrowings		(1,093)	(1,026)	(1,093)	(1,026)
Net cash used in financing activities		**(1,093)**	**(1,026)**	**(1,093)**	**(1,026)**
Net increase/(decrease) in cash and cash equivalents held		**(5,857)**	**7,255**	**(6,329)**	**7,537**
Cash and cash equivalents at beginning of financial year		**24,560**	**17,305**	**25,052**	**17,515**
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	**6**	**18,703**	**24,560**	**18,723**	**25,052**

Cash and cash equivalents at end of Financial year include Employee Salary Packaging balance per Note 6. Comparative for 2012 was aligned to comply with this requirement.

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

Notes to the Financial Statements

30 June 2013

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Note 1 – Summary of Significant Accounting Policies

These annual financial statements represent the audited general purpose financial statements for Alfred Health and the Consolidated Entity for the period ended 30 June 2013. The purpose of the report is to provide users with information about the Health Services' stewardship of resources entrusted to it.

(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), which include interpretations issued by the Australian Accounting Standards Board (AASB). They are presented in a manner consistent with the requirements of AASB101 *Presentation of Financial Statements*.

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

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 7 August 2013.

(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 2013, and the comparative information presented in these financial statements for the year ended 30 June 2012.

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 2014.

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 a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent losses. Revaluations are made and are reassessed 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 (i.e. other comprehensive income items that may be reclassified subsequent to net result); 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 2013, 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 26.

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 Government to measure the ongoing operating performance of Alfred Health in operating hospital services.

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

- Capital purpose income, which comprises all tied grants, donations and bequests received for the purpose of acquiring non-current assets, such as capital works, plant and equipment or intangible assets. It also includes donations of plant and equipment (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 (non-current being those assets or liabilities expected to be recovered/settled more than 12 months after reporting period), are disclosed in the notes where relevant.

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 2013.

(g) Income from Transactions

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 05/2013.

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.

FAIR VALUE OF ASSETS AND SERVICES RECEIVED FREE OF CHARGE OR FOR NOMINAL CONSIDERATION

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

Note 1 – Summary of Significant Accounting Policies (continued)

(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;
- Workcover; 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.

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	
		2013	2012
		$'000	$'000
Defined benefit plans:	Health Super	1,101	1,214
	ESSC	–	–
Defined contribution plans:	Health Super	26,936	28,670
	Vic Super	151	225
	HESTA	14,098	12,931
	Other	3,069	828
	Total	**45,355**	**43,868**

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.

	2012/13	2011/12
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	3–4 years	3–4 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.

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 3–4 year period (2012: 3–4 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*.

GRANTS AND OTHER TRANSFERS

Grants and other transfers to third parties (other than contribution to owners) are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as: grants, subsidies and personal benefit payments made in cash to individuals.

OTHER OPERATING EXPENSES

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

SUPPLIES AND CONSUMABLES

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

BAD AND DOUBTFUL DEBTS

Refer to Note 1 (k) Impairment of financial assets.

FAIR VALUE OF ASSETS, SERVICES AND RESOURCES PROVIDED FREE OF CHARGE OR FOR NOMINAL CONSIDERATION

Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another Health Service as a consequence of a restructuring of administrative arrangements. In the latter case, such a transfer will be recognised at its 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.

BORROWING COSTS OF QUALIFYING ASSETS

In accordance with the paragraphs of AASB 123 Borrowing Costs applicable to not-for-profit public sector entities, the Health Services continues to recognise borrowing costs immediately as an expense, to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset.

(i) Other comprehensive income

Other comprehensive income measures the change in volume or value of assets or liabilities that do not result from transactions.

NET GAIN/(LOSS) ON NON-FINANCIAL ASSETS

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

REVALUATION GAINS/(LOSSES) OF NON-FINANCIAL PHYSICAL ASSETS

Refer to Note 1 (l) Revaluations of non-financial physical assets.

DISPOSAL OF NON-FINANCIAL ASSETS

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

Note 1 – Summary of Significant Accounting Policies (continued)

NET GAIN/(LOSS) ON FINANCIAL INSTRUMENTS

Net gain/(loss) on financial instruments includes:

> realised and unrealised gains and losses from revaluations of financial instruments at fair value;

> impairment and reversal of impairment for financial instruments at amortised cost (refer to Note 1 (k)); and

> disposals of financial assets and derecognition of financial liabilities

REVALUATIONS OF FINANCIAL INSTRUMENT AT FAIR VALUE

Refer to Note 1 (k) Financial instruments.

SHARE OF NET PROFITS/(LOSSES) OF ASSOCIATES AND JOINT ENTITIES, EXCLUDING DIVIDENDS

Refer to Note 1 (d) Basis of consolidation.

OTHER GAINS/(LOSSES) FROM OTHER COMPREHENSIVE INCOME

Other gains/(losses) include:

> the revaluation of the present value of the long service leave liability due to changes in the bond interest rates; and

> transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

(j) 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.

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. Subsequent to initial recognition, gains and losses arising from changes in fair value are recognised 'other comprehensive income' 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.

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.

(k) 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 Government and Goods and Services Tax (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.

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 2013 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 2013. 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 136 *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.

Note 1 – Summary of Significant Accounting Policies (continued)

(l) 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 or amortisation.

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. Assets transferred as part of a merger/machinery of government are transferred at their carrying amount.

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

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

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

Revaluation surplus is not 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.

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. Refer to note 1(i) – 'other comprehensive income'.

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.

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.

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

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.

Note 1 – Summary of Significant Accounting Policies (continued)

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

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

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

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

Those liabilities that 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.

(n) Leases

A lease is a right to use an asset for an agreed period of time in exchange for payment. 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

ENTITY AS LESSEE

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. The leased asset is not recognised in the balance sheet.

LEASE INCENTIVES

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

In the event that lease incentives are received 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.

(o) 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 surplus 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 surplus arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold that portion of the surplus 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 surplus which relates to that financial asset is recognised in the comprehensive operating statement.

GENERAL PURPOSE SURPLUS

General purpose surpluses 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 SURPLUSES

A specific restricted purpose surpluses are 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.

(p) 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 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.

(q) 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.

(r) Goods and Services Tax ("GST")

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from or payable to, 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.

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

(s) 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.

(t) AASs issued that are not yet effective

Certain new Australian accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting period. DTF assesses the impact of all these new standards and advises Alfred Health of their applicability and early adoption where applicable.

As at 30 June 2013, 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 2015	Subject to AASB's further modifications to AASB 9, together with the anticipated changes resulting from the staged projects on impairments and hedge accounting, details of impacts will be assessed.
AASB 10 *Consolidated Financial Statements*	This Standard forms the basis for determining which entities should be consolidated into an entity's financial statements. AASB 10 defines 'control' as requiring exposure or rights to variable returns and the ability to affect those returns through power over an investee, which may broaden the concept of control for public sector entities. The AASB has issued an exposure draft ED 238 Consolidated Financial Statements – Australian Implementation Guidance for Not- for-Profit Entities that explains and illustrates how the principles in the Standard apply from the perspective of not-for-profit entities in the private and public sectors.	1 Jan 2014	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. Subject to AASB's final deliberations on ED 238 and any modifications made to AASB 10 for not-for-profit entities, the entity will need to re-assess the nature of its relationships with other entities, including those that are currently not consolidated.
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 Separate Financial Statements and AASB 131 Interests in Joint Ventures. The exposure draft ED 238 proposes to add some implementation guidance to AASB 12, explaining and illustrating the definition of a 'structured entity' from a not-for-profit perspective.	1 Jan 2014	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. Impacts on the level and nature of the disclosures will be assessed based on the eventual implications arising from AASB 10, AASB 11 and AASB 128 Investments in Associates and Joint Ventures.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on Alfred Health financial statements
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 2014	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.
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 1055 *Budgetary Reporting*	AASB 1055 extends the scope of budgetary reporting that is currently applicable for the whole of government and general government sector (GGS) to NFP entities within the GGS, provided that these entities present separate budget to the parliament.	1 Jan 2014	This Standard is not applicable as no budget disclosure is required.

Note 1 – Summary of Significant Accounting Policies (continued)

(u) Category Groups

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

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

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

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

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

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

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

Off Campus, Ambulatory Services (Ambulatory) comprises all recurrent health revenue/expenditure on public hospital type services including palliative care facilities and rehabilitation facilities as well as services provided under the following agreements: Services that are provided or received by hospitals (or area health services) but are delivered/ received outside a hospital campus, services which have moved from a hospital to a community setting since June 1998, services which fall within the agreed scope of inclusions under the new system, 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	Hospital & Community Initiatives	Hospital & Community Initiatives	Total	Total
		2013	2012	**2013**	2012	**2013**	2012
Revenue from Operating Activities		$'000	$'000	$'000	$'000	$'000	$'000
Government Grants:							
> Department of Health		359,396	668,945	–	–	359,396	668,945
> Victorian Health Funding Pool		288,517	–	–	–	288,517	–
> Commonwealth Government							
– Residential Aged Care Subsidy		7,143	6,910	–	–	7,143	6,910
– Other		95,811	37,348	–	–	95,811	37,348
Total Government Grants		**750,867**	**713,203**	**–**	**–**	**750,867**	**713,203**
Indirect contributions by Department of Health:							
> Insurance		1,014	6,385	–	–	1,014	6,385
> Long Service Leave		1,450	1,142	–	–	1,450	1,142
Total Indirect Contributions by Department of Health		**2,464**	**7,527**	**–**	**–**	**2,464**	**7,527**
Patient and Resident Fees:							
> Patient and Resident Fees		29,622	28,623	–	403	29,622	29,026
> Residential Aged Care		3,135	2,997	–	–	3,135	2,997
Total Patient and Resident Fees	2b	**32,757**	**31,620**	**–**	**403**	**32,757**	**32,023**
Business Units & Specific Purpose Funds: -							
> Diagnostic Imaging		1,038	1,031	1,681	1,212	2,719	2,243
> Pharmacy Services		2,646	1,744	855	744	3,501	2,488
> Car Park		–	–	8,639	8,172	8,639	8,172
> Research		–	–	9,109	10,321	9,109	10,321
Total Business Units & Specific Purpose Funds		**3,684**	**2,775**	**20,284**	**20,449**	**23,968**	**23,224**
Donations & Bequests		–	–	10,852	11,939	10,852	11,939
Recoupment from Private Practice for Use of Hospital Facilities		30,220	31,071	12,431	10,519	42,651	41,590
Other		13,252	16,253	11,773	15,193	25,025	31,446
Total Revenue from Operating Activities		**833,244**	**802,449**	**55,340**	**58,503**	**888,584**	**860,952**
Revenue from Non-Operating Activities:							
> Interest & Dividends		–	–	3,853	4,108	3,853	4,108
> Rental / Property Income		–	–	773	2,020	773	2,020
Total Revenue from Non-Operating Activities		**–**	**–**	**4,626**	**6,128**	**4,626**	**6,128**
Capital Purpose Revenue							
State Government Capital Grants:							
> Targeted Capital Works & Equipment*		–	–	4,313	2,133	4,313	2,133
> Other		–	–	16,181	33,490	16,181	33,490
Commonwealth Government Capital Grants		–	–	–	140	–	140
Residential and Accommodation Payments	2b	–	–	498	475	498	475
Net Gain / (Loss) on Disposal of Non-Financial Assets	2c	–	–	(616)	(335)	(616)	(335)
Donations & Bequests		–	–	2,998	8,495	2,998	8,495
Total Revenue from Capital Purpose Income		**–**	**–**	**23,374**	**44,398**	**23,374**	**44,398**
TOTAL REVENUE		**833,244**	**802,449**	**83,340**	**109,029**	**916,584**	**911,478**

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.

*This program has been replaced by the 'Medical Equipment and Infrastructure Replacement Program' (MEIRP) in the 2013 financial year.

Note 2 – Revenue (Consolidated)

	Note	Health Services Agreement	Health Services Agreement	Hospital & Community Initiatives	Hospital & Community Initiatives	Total	Total
		2013	2012	**2013**	2012	**2013**	2012
Revenue from Operating Activities		$'000	$'000	$'000	$'000	$'000	$'000
Government Grants:							
> Department of Health		359,396	668,945	–	–	359,396	668,945
> Victorian Health Funding Pool		288,517	–	–	–	288,517	–
> Commonwealth Government							
– Residential Aged Care Subsidy		7,143	6,910	–	–	7,143	6,910
– Other		95,811	37,348	–	–	95,811	37,348
Total Government Grants		**750,867**	**713,203**	**–**	**–**	**750,867**	**713,203**
Indirect contributions by Department of Health:							
> Insurance		1,014	6,385	–	–	1,014	6,385
> Long Service Leave		1,450	1,142	–	–	1,450	1,142
Total Indirect Contributions by Department of Health		**2,464**	**7,527**	**–**	**–**	**2,464**	**7,527**
Patient and Resident Fees:							
> Patient and Resident Fees		29,622	28,623	–	403	29,622	29,026
> Residential Aged Care		3,135	2,997	–	–	3,135	2,997
Total Patient and Resident Fees	**2b**	**32,757**	**31,620**	**–**	**403**	**32,757**	**32,023**
Business Units & Specific Purpose Funds: -							
> Diagnostic Imaging		1,038	1,031	1,681	1,212	2,719	2,243
> Pharmacy Services		2,646	1,744	855	744	3,501	2,488
> Car Park		–	–	8,639	8,172	8,639	8,172
> Research		–	–	9,109	10,321	9,109	10,321
Total Business Units & Specific Purpose Funds		**3,684**	**2,775**	**20,284**	**20,449**	**23,968**	**23,224**
Donations & Bequests		–	–	10,852	11,939	10,852	11,939
Recoupment from Private Practice for Use of Hospital Facilities		30,220	31,071	12,431	10,519	42,651	41,590
Other		13,252	16,253	11,773	15,926	25,025	32,179
Total Revenue from Operating Activities		**833,244**	**802,449**	**55,340**	**59,236**	**888,584**	**861,685**
Revenue from Non-Operating Activities:							
> Interest & Dividends		–	–	5,177	5,207	5,177	5,207
> Rental / Property Income		–	–	773	2,020	773	2,020
Total Revenue from Non-Operating Activities		**–**	**–**	**5,950**	**7,227**	**5,950**	**7,227**
Capital Purpose Revenue							
State Government Capital Grants:							
> Targeted Capital Works & Equipment*		–	–	4,313	2,133	4,313	2,133
> Other		–	–	16,181	33,490	16,181	33,490
Commonwealth Government Capital Grants		–	–	–	140	–	140
Residential and Accommodation Payments	2b	–	–	498	475	498	475
Net Gain / (Loss) on Disposal of Non-Financial Assets	2c	–	–	(616)	(335)	(616)	(335)
Donations & Bequests		–	–	2,998	8,495	2,998	8,495
Total Revenue from Capital Purpose Income		**–**	**–**	**23,374**	**44,398**	**23,374**	**44,398**
TOTAL REVENUE		**833,244**	**802,449**	**84,664**	**110,861**	**917,908**	**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.

This note relates to revenues above the net result line only, and does not reconcile to comprehensive income.

*This program has been replaced by the 'Medical Equipment and Infrastructure Replacement Program' (MEIRP) in the 2013 financial year.

Note 2a – Analysis of Revenue by Source – 2013

(Based on consolidated view)

	Admitted Patients	Out–patients	ED Services	Ambu–latory	Mental Health	RAC incl. Mental Health	Aged Care	Primary Health	Other	Total 2013
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue from Services Supported by Health Services Agreement										
Government Grants	423,453	60,832	35,059	72,455	45,875	10,941	2,182	9,294	90,776	750,867
Indirect Contributions by Department of Health	2,464	–	–	–	–	–	–	–	–	2,464
Patient and Resident Fees (Note 2b)	18,625	59	–	8,735	386	–	73	324	1,420	29,622
Residential Aged Care (Note 2b)	–	–	–	993	–	2,142	–	–	–	3,135
Recoupment from Private Practice for Use of Hospital Facilities	12,681	–	124	101	148	–	89	–	17,077	30,220
Business Units & Specific Purpose Funds	622	–	–	–	–	–	–	–	3,062	3,684
Other Revenue from Operating Activities	3,752	4	352	437	1,206	1	–	–	7,500	13,252
Sub–Total Revenue from Services Supported by Health Services Agreement	**461,597**	**60,895**	**35,535**	**82,721**	**47,615**	**13,084**	**2,344**	**9,618**	**119,835**	**833,244**
Revenue from Services Supported by Hospital and Community Initiatives										
Donation and Bequests (non capital)	–	–	–	–	–	–	–	–	10,852	10,852
Private Practice and Other Patient Activities	–	–	–	–	–	–	–	–	–	–
Recoupment from Private Practice for Use of Hospital Facilities	–	–	–	–	–	–	–	–	12,431	12,431
Interest Income	–	–	–	–	–	–	–	–	5,177	5,177
Business Units & Specific Purpose Funds	–	–	–	–	–	–	–	–	20,284	20,284
Capital Purpose Income	–	–	–	–	–	–	–	–	23,374	23,374
Other Revenue from Non–Operating Activities (Rental / Property Income)	–	–	–	–	–	–	–	–	773	773
Other	–	–	–	–	–	–	–	–	11,773	11,773
Sub–Total Revenue from Services Supported by Hospital and Community Initiatives	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**84,664**	**84,664**
TOTAL REVENUE	**461,597**	**60,895**	**35,535**	**82,721**	**47,615**	**13,084**	**2,344**	**9,618**	**204,499**	**917,908**

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 – 2012

(Based on consolidated view)

	Admitted Patients	Out-patients	ED Services	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
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 Use of 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 Use of 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 2b - Patient & Resident Fees

	Parent Entity	Parent Entity	Consol'd	Consol'd
	2013	2012	**2013**	2012
	$'000	$'000	$'000	$'000
Patient & Resident Fees Raised				
Acute				
> Inpatients	27,318	26,653	27,318	26,653
> Outpatients	1,895	1,970	1,895	1,970
Residential Aged Care				
> Aged Nursing Home	2,635	2,517	2,635	2,517
> Mental Health	501	480	501	480
	32,349	**31,620**	**32,349**	**31,620**
Other	408	403	408	403
TOTAL PATIENT & RESIDENT FEES	**32,757**	**32,023**	**32,757**	**32,023**
Capital Purpose Income:				
Residential Accommodation Payments	498	475	498	475
TOTAL CAPITAL PURPOSE INCOME	**498**	**475**	**498**	**475**

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

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

	Parent Entity	Parent Entity	Consol'd	Consol'd
	2013	2012	**2013**	2012
	$'000	$'000	$'000	$'000
Proceeds from Disposals of Non-Current Assets				
Plant & Equipment				
Less: Written Down Value of Non-Current Assets Sold	–	–	–	–
Building	–	–	–	–
Plant & Equipment	(29)	(13)	(29)	(13)
Medical equipment	(585)	(322)	(585)	(322)
Other equipment	(2)	–	(2)	–
NET GAIN/(LOSS) ON DISPOSAL OF NON-FINANCIAL ASSETS	**(616)**	**(335)**	**(616)**	**(335)**

Note 3 – Expenses (Parent Entity)

	Health Services Agreement	Health Services Agreement	Hospital & Community Initiatives	Hospital & Community Initiatives	Total	Total
	2013	2012	**2013**	2012	**2013**	2012
Employee Expenses	$'000	$'000	$'000	$'000	$'000	$'000
Salaries and Wages	492,460	489,392	22,557	21,082	515,017	510,474
Workcover Premium	4,798	6,394	309	269	5,107	6,663
Departure Packages	841	152	–	–	841	152
Long Service Leave	15,602	11,175	511	401	16,113	11,576
Superannuation	43,794	42,376	1,585	1,492	45,379	43,868
Total Employee Expenses	**557,495**	**549,489**	**24,962**	**23,244**	**582,457**	**572,733**
Non Salary Labour Costs						
Fees for Visiting Medical Officers	2,368	2,099	502	305	2,870	2,404
Agency Costs - Nursing	6,823	4,849	2	4	6,825	4,853
Agency Costs - Other	4,842	4,884	197	419	5,039	5,303
Total Non Salary Labour Costs	**14,033**	**11,832**	**701**	**728**	**14,734**	**12,560**
Supplies and Consumables						
Drug Supplies	32,133	38,209	111	–	32,244	38,209
Highly Specialised Drugs	68,976	59,943	–	–	68,976	59,943
Medical, Surgical Supplies and Prostheses	66,043	65,541	884	900	66,927	66,441
Pathology Supplies	6,442	6,219	138	107	6,580	6,326
Food Supplies	9,997	9,907	250	294	10,247	10,201
Total Supplies and Consumables	**183,591**	**179,819**	**1,383**	**1,301**	**184,974**	**181,120**
Other Expenses from Continuing Operations						
Domestic Services and Supplies	26,391	24,761	176	185	26,567	24,946
Fuel, Light, Power and Water	6,461	5,547	56	68	6,517	5,615
Insurance Costs Funded by DH	13,365	6,384	–	–	13,365	6,384
Motor Vehicle Expenses	761	615	–	–	761	615
Repairs & Maintenance	5,961	8,325	457	768	6,418	9,093
Maintenance Contracts	11,360	8,312	2,483	2,799	13,843	11,111
Patient Transport	2,924	2,320	1	1	2,925	2,321
Bad and Doubtful Debts	2,785	2,198	–	–	2,785	2,198
Lease Expenses	6,381	6,633	766	708	7,147	7,341
Administrative Expenses	22,829	18,416	5,080	5,396	27,909	23,812
Audit Fees – VAGO – Audit of Financial Statements	220	267	–	–	220	267
Other	370	290	–	–	370	290
Other Expenses	–	–	2,980	2,752	2,980	2,752
Total Other Expenses from Continuing Operations	**99,808**	**84,068**	**11,999**	**12,677**	**111,807**	**96,745**
Other Expenditure						
Depreciation and Amortisation (Note 4)	59,400	61,360	–	–	59,400	61,360
Finance Costs (Note 5)	–	–	1,478	1,545	1,478	1,545
Total Other Expenditure	**59,400**	**61,360**	**1,478**	**1,545**	**60,878**	**62,905**
Total Expenses	**914,327**	**886,568**	**40,523**	**39,495**	**954,850**	**926,063**

Note 3 – Expenses (Consolidated)

	Health Services Agreement	Health Services Agreement	Hospital & Community Initiatives	Hospital & Community Initiatives	Total	Total
	2013	2012	**2013**	2012	**2013**	2012
Employee Expenses	$'000	$'000	$'000	$'000	$'000	$'000
Salaries and Wages	492,460	489,392	22,557	21,082	515,017	510,474
Work Cover Premium	4,798	6,394	309	269	5,107	6,663
Departure Packages	841	152	–	–	841	152
Long Service Leave	15,602	11,175	511	401	16,113	11,576
Superannuation	43,794	42,376	1,585	1,492	45,379	43,868
Total Employee Expenses	**557,495**	**549,489**	**24,962**	**23,244**	**582,457**	**572,733**
Non Salary Labour Costs						
Fees for Visiting Medical Officers	2,368	2,099	502	305	2,870	2,404
Agency Costs - Nursing	6,823	4,849	2	4	6,825	4,853
Agency Costs - Other	4,842	4,884	197	419	5,039	5,303
Total Non Salary Labour Costs	**14,033**	**11,832**	**701**	**728**	**14,734**	**12,560**
Supplies and Consumables						
Drug Supplies	32,133	38,209	111	–	32,244	38,209
Highly Specialised Drugs	68,976	59,943	–	–	68,976	59,943
Medical, Surgical Supplies and Prostheses	66,043	65,541	884	900	66,927	66,441
Pathology Supplies	6,442	6,219	138	107	6,580	6,326
Food Supplies	9,997	9,907	250	294	10,247	10,201
Total Supplies and Consumables	**183,591**	**179,819**	**1,383**	**1,301**	**184,974**	**181,120**
Other Expenses from Continuing Operations						
Domestic Services and Supplies	26,391	24,761	176	185	26,567	24,946
Fuel, Light, Power and Water	6,461	5,547	56	68	6,517	5,615
Insurance Costs Funded by DH	13,365	6,384	–	–	13,365	6,384
Motor Vehicle Expenses	761	615	–	–	761	615
Repairs & Maintenance	5,961	8,325	457	768	6,418	9,093
Maintenance Contracts	11,360	8,312	2,483	2,799	13,843	11,111
Patient Transport	2,924	2,320	1	1	2,925	2,321
Bad and Doubtful Debts	2,785	2,198	–	–	2,785	2,198
Lease Expenses	6,381	6,633	766	708	7,147	7,341
Administrative Expenses	23,272	23,831	5,080	5,672	28,352	29,503
Audit Fees – VAGO – Audit of Financial Statements	228	267	–	–	228	267
Other	370	290	–	–	370	290
Other Expenses	–	–	2,980	2,772	2,980	2,772
Total Other Expenses from Continuing Operations	**100,259**	**89,483**	**11,999**	**12,973**	**112,258**	**102,456**
Other Expenditure						
Depreciation and Amortisation (Note 4)	59,400	61,360	–	–	59,400	61,360
Finance Costs (Note 5)	–	–	1,478	1,545	1,478	1,545
Total Other Expenditure	**59,400**	**61,360**	**1,478**	**1,545**	**60,878**	**62,905**
Total Expenses	**914,778**	**891,983**	**40,523**	**39,791**	**955,301**	**931,774**

Note 3a – Analysis of Expense by Source (Consolidated) 2013

	Admitted Patients	Out-patients	EDS	Ambu-latory	Mental Health	RAC Incl. Mental Health	Aged Care	Primary Health	Other	Total 2013
Services Supported by Health Services Agreement	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Employee Expenses	259,506	11,126	34,645	38,181	39,943	11,427	4,852	2,426	155,389	557,495
Non Salary Labour Costs	8,857	34	855	964	1,977	153	39	–	1,154	14,033
Supplies & Consumables	73,575	34,470	1,631	3,389	499	1,087	995	38	67,907	183,591
Other Expenses from Continuing Operations	22,847	2,535	1,786	11,186	3,300	802	2,521	17	55,265	100,259
Medical Support Costs (Allied Health, Diagnostics, etc)	164,123	21,555	17,416	24,041	20,472	2,915	3,771	1,110	(255,403)	–
Total Expenses from Services Supported by Health Service Agreement	**528,908**	**69,720**	**56,333**	**77,761**	**66,191**	**16,384**	**12,178**	**3,591**	**24,312**	**855,378**
Services Supported by Hospital and Community Initiatives										
Employee Expenses	–	–	–	–	–	–	–	–	24,962	24,962
Non Salary Labour Costs	–	–	–	–	–	–	–	–	701	701
Supplies & Consumables	–	–	–	–	–	–	–	–	1,383	1,383
Other Expenses from Continuing Operations	–	–	–	–	–	–	–	–	11,999	11,999
Total Expenses from Services Supported by Hospital and Community Initiatives	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**39,045**	**39,045**
Depreciation & Amortisation (Note 4)	–	–	–	–	–	–	–	–	59,400	59,400
Finance Costs (Note 5)	–	–	–	–	–	–	–	–	1,478	1,478
TOTAL EXPENSES	**528,908**	**69,720**	**56,333**	**77,761**	**66,191**	**16,384**	**12,178**	**3,591**	**124,235**	**955,301**

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
Services Supported by Health Services Agreement	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
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 3b – Analysis of Expenses by Internally Managed and Restricted Specific Purpose Funds for Services Supported by Hospital & Community Initiatives

	Parent Entity	Parent Entity	Consol'd	Consol'd
	2013	2012	**2013**	2012
Business Units	$'000	$'000	$'000	$'000
Private Practice and Other Patient Activities	4,335	4,019	4,335	4,019
Car Park	2,434	2,562	2,434	2,562
Property Expenses	106	87	106	87
Other Activities				
Fundraising and Community Support	2,618	2,342	2,618	2,342
Research and Scholarships	12,961	14,030	12,961	14,030
Other	16,725	21,295	16,725	21,295
TOTAL	**39,179**	**44,335**	**39,179**	**44,335**

Note 4 – Depreciation and Amortisation

	Parent Entity	Parent Entity	Consol'd	Consol'd
	2013	2012	**2013**	2012
Depreciation	$'000	$'000	$'000	$'000
Buildings	40,843	44,197	40,843	44,197
Plant, Equipment, Furniture and Fittings				
Medical	10,404	9,618	10,404	9,618
Computers	2,729	3,101	2,729	3,101
Furniture and Fittings	406	332	406	332
Other Plant and Equipment	3,157	2,965	3,157	2,965
Motor Vehicles	1	6	1	6
TOTAL DEPRECIATION	**57,540**	**60,219**	**57,540**	**60,219**
Amortisation				
Leasehold Improvements	128	96	128	96
Computer Software	1,732	1,045	1,732	1,045
TOTAL AMORTISATION	**1,860**	**1,141**	**1,860**	**1,141**
TOTAL DEPRECIATION AND AMORTISATION	**59,400**	**61,360**	**59,400**	**61,360**

Note 5 – Finance Costs

	Parent Entity	Parent Entity	Consol'd	Consol'd
	2013	2012	**2013**	2012
	$'000	$'000	$'000	$'000
Interest on Long Term Borrowings (Note 14)	1,478	1,545	1,478	1,545
TOTAL	**1,478**	**1,545**	**1,478**	**1,545**

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	Parent Entity	Consol'd	Consol'd
	2013	2012	**2013**	2012
Cash on Hand	37	37	37	37
Cash at Bank	18,738	24,597	18,758	25,089
TOTAL	**18,775**	**24,634**	**18,795**	**25,126**
Represented by	$'000	$'000	$'000	$'000
Cash held for:				
Health Service Operations	(28,168)	(26,757)	(28,148)	(26,265)
Pre-funded Capital Projects	38,609	43,891	38,609	43,891
Employee Salary Packaging	8,262	7,426	8,262	7,426
Total	**18,703**	**24,560**	**18,723**	**25,052**
Monies held in Trust on behalf of patients*	72	74	72	74
Total	**72**	**74**	**72**	**74**
TOTAL	**18,775**	**24,634**	**18,795**	**25,126**

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

Note 7 – Receivables

	Parent Entity	Parent Entity	Consol'd	Consol'd
	2013	2012	**2013**	2012
	$'000	$'000	$'000	$'000
Current				
Contractual				
Inter Hospital Debtors	1,470	1,972	1,470	1,972
Trade Debtors	8,939	7,673	8,939	7,673
Patient Fees Receivable	10,283	13,861	10,283	13,861
Accrued Investment Income	–	–	–	240
Accrued Revenue – Department of Health	–	–	–	–
Accrued Revenue – Other	10,201	6,769	10,201	6,769
Less Allowance for Doubtful Debts (a)				
Trade Debtors	(2,818)	(771)	(2,818)	(771)
Patient Fees	(2,046)	(1,739)	(2,046)	(1,739)
Total	**26,029**	**27,765**	**26,029**	**28,005**
Statutory				
GST Receivable	5,725	4,516	5,725	4,542
Total current receivables	**31,754**	**32,281**	**31,754**	**32,547**
Non-Current				
Statutory				
Long Service Leave – Department of Health	14,238	12,270	14,238	12,270
TOTAL NON-CURRENT RECEIVABLES	**14,238**	**12,270**	**14,238**	**12,270**
TOTAL RECEIVABLES	**45,992**	**44,551**	**45,992**	**44,817**
(a) Movement in the Allowance for Doubtful Debts				
Balance at beginning of year	(2,510)	(856)	(2,510)	(856)
Amounts written off during the year	805	544	805	544
Increase in allowance recognised in net result	(3,159)	(2,198)	(3,159)	(2,198)
BALANCE AT END OF YEAR	**(4,864)**	**(2,510)**	**(4,864)**	**(2,510)**

(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	
	2013	2012	**2013**	2012
	$'000	$'000	$'000	$'000
Non-Current Assets				
Australian Listed Equity Securities	1,935	607	1,935	607
Managed Investment Schemes	38,254	33,266	51,721	43,871
TOTAL NON-CURRENT	**40,189**	**33,873**	**53,656**	**44,478**
Represented by:				
Investments Held in Trust	38,254	33,266	51,721	43,871
Australian Listed Equity Securities	1,935	607	1,935	607
TOTAL	**40,189**	**33,873**	**53,656**	**44,478**

(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	Parent Entity	Consol'd	Consol'd
	2013	2012	**2013**	2012
	$'000	$'000	$'000	$'000
Pharmaceuticals				
At cost	3,754	3,747	3,754	3,747
Medical and Surgical Lines				
At cost	1,539	1,530	1,539	1,530
Radiology Stores				
At cost	507	569	507	569
Theatre Stores				
At cost	1,459	1,364	1,459	1,364
TOTAL INVENTORIES	**7,259**	**7,210**	**7,259**	**7,210**

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

Note 10 – Other Assets

	Parent Entity	Parent Entity	Consol'd	Consol'd
	2013	2012	**2013**	2012
Current	$'000	$'000	$'000	$'000
Prepayments	2,069	1,447	2,069	1,447
TOTAL	**2,069**	**1,447**	**2,069**	**1,447**

Note 11 – Property, Plant and Equipment

	Parent Entity	Parent Entity	Consol'd	Consol'd
	2013	2012	**2013**	2012
Land	$'000	$'000	$'000	$'000
Crown Land at Fair Value	159,912	159,912	159,912	159,912
Total Land	**159,912**	**159,912**	**159,912**	**159,912**
Buildings				
Buildings Under Construction	14,063	13,438	14,063	13,438
Buildings at Valuation	440,331	440,331	440,331	440,331
Less Accumulated Depreciation	(165,659)	(127,882)	(165,659)	(127,882)
Total Building at Valuation	288,735	325,887	288,735	325,887
Buildings at Cost	98,307	78,714	98,307	78,714
Less Accumulated Depreciation	(7,617)	(3,999)	(7,617)	(3,999)
Total Building at Cost	90,690	74,715	90,690	74,715
Total Buildings	**379,425**	**400,602**	**379,425**	**400,602**
Leasehold Improvements at cost				
Leasehold Improvements	4,333	3,575	4,333	3,575
Less Accumulated Amortisation	(712)	(584)	(712)	(584)
Total Leasehold Improvements	**3,621**	**2,991**	**3,621**	**2,991**
Plant & Equipment, Furniture & Fittings at Fair Value				
Medical Equipment	106,164	100,203	106,164	100,203
Less Accumulated Depreciation	(67,132)	(57,853)	(67,132)	(57,853)
Total Medical Equipment	39,032	42,350	39,032	42,350
Computers & Communication Equipment	44,106	44,647	44,106	44,647
Less Accumulated Depreciation	(40,373)	(39,393)	(40,373)	(39,393)
Total Computers & Communication Equipment	3,733	5,254	3,733	5,254
Furniture & Fittings	8,027	7,157	8,027	7,157
Less Accumulated Depreciation	(5,436)	(5,034)	(5,436)	(5,034)
Total Furniture & Fittings	2,591	2,123	2,591	2,123
Other Equipment	44,746	41,279	44,746	41,279
Less Accumulated Depreciation	(23,740)	(21,034)	(23,740)	(21,034)
Total Other Equipment	21,006	20,245	21,006	20,245
Plant & Equipment – Work in Progress	2,059	3,416	2,059	3,416
Total Plant & Equipment and Furniture & Fittings	**68,421**	**73,388**	**68,421**	**73,388**
Motor Vehicles				
Motor Vehicles at Cost	119	119	119	119
Less Accumulated Depreciation	(115)	(114)	(115)	(114)
Total Motor Vehicles	**4**	**5**	**4**	**5**
TOTAL	**611,383**	**636,898**	**611,383**	**636,898**

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 managerial revaluation of Alfred Health's land and buildings was performed to determine the fair value of the land and buildings as at 30 June 2011. The valuation was determined by reference to the annual indices for land and buildings supplied by Valuer General Victoria. effective date of the valuation was 30 June 2011.

A revaluation assessment was performed by management as at 30 June 2013. It was identified that a revaluation is not required as it was less than 10% in accordance with FRD103D. At 30 June 2013 and 30 June 2012 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 Improvements	Medical Equipment	Computers	Furniture & Fittings	Other Plant & Equipment	Motor Vehicles	Totals
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 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 1 July 2012	**159,912**	**400,602**	**2,991**	**42,350**	**5,254**	**2,123**	**23,661**	**5**	**636,898**
Net additions and transfers between classes		19,666	758	7,671	1,209	875	2,590		32,769
Disposals (WDV)				(585)	(1)	(1)	(29)		(616)
Depreciation		(40,843)	(128)	(10,404)	(2,729)	(406)	(3,157)	(1)	(57,668)
Balance at 30 June 2013	**159,912**	**379,425**	**3,621**	**39,032**	**3,733**	**2,591**	**23,065**	**4**	**611,383**

Note 12 – Intangible Assets

	Parent Entity	Parent Entity	Consol'd	Consol'd
	2013	2012	**2013**	2012
	$'000	$'000	$'000	$'000
Computer Software at cost	13,449	9,135	13,449	9,135
Less Accumulated Amortisation	(7,853)	(6,121)	(7,853)	(6,121)
TOTAL	**5,596**	**3,014**	**5,596**	**3,014**

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 2011	**1,831**
Additions	2,228
Amortisation (Note 4)	(1,045)
Balance at 1 July 2012	**3,014**
Additions	4,314
Amortisation (Note 4)	(1,732)
Balance at 30 June 2013	**5,596**

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 2013, EM had issued share capital of $8,888,889 (2012: $8,888,889). Alfred Health owned 135,701 $1 shares (held in trust by Melbourne Health) – 1.97% of EM's issued share capital (2012: 135,701). These shares were issued in exchange for granting EM a licence to use Alfred Health intellectual property. At 30 June 2013, 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.

During financial year ended 30 June 2013 EM was sold to a third party after approval by Alfred Health. The contract of sale has been finalised at the time of signing of these financial statements and Alfred Health will not be receiving any proceeds from this sale.

As EM was sold with no proceeds receivable by Alfred Health, and previously no value was recognised for this investment by Alfred Health, no value is attributable to Alfred Health's share of EM at 30 June 2013

Note 13 – Payables

	Parent Entity 2013	Parent Entity 2012	Consol'd 2013	Consol'd 2012
Current	$'000	$'000	$'000	$'000
Contractual				
Trade Creditors	27,408	23,936	27,408	23,936
Accrued Expenses	13,031	18,707	13,127	18,726
Salary Packaging	10,247	7,426	10,247	7,426
Superannuation	4,260	2,682	4,260	2,682
	54,946	52,751	55,042	52,770
Statutory				
Department of Health	7,851	1,022	7,851	1,022
	7,851	**1,022**	**7,851**	**1,022**
TOTAL	**62,797**	**53,773**	**62,893**	**53,792**

(i) The average credit period is 38 days. No interest is charged on the other payables.

(ii) Terms and conditions of amounts payable to the Department of Health vary according to the particular agreement with the Department.

(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 2013	Parent Entity 2012	Consol'd 2013	Consol'd 2012
Current	$'000	$'000	$'000	$'000
Australian Dollar Borrowings				
> Treasury Corporation Victoria Loan	1,093	1,093	1,093	1,093
Total Current	**1,093**	**1,093**	**1,093**	**1,093**
Non – Current				
Australian Dollar Borrowings				
> Treasury Corporation Victoria Loan	21,357	22,450	21,357	22,450
Total Non-Current	**21,357**	**22,450**	**21,357**	**22,450**
TOTAL	**22,450**	**23,543**	**22,450**	**23,543**

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 2013 is $6.45m.

b) Average interest rate applied during 2012/13 was 6.39% (2011/12: 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 2013 is $16.00m.

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

Amount of Borrowing Costs Recognised as Expense (Note 5)	**1,478**	**1,545**

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	Parent Entity	Consol'd	Consol'd
	2013	2012	**2013**	2012
Current Provisions	$'000	$'000	$'000	$'000
Employee Benefits (i)				
> Unconditional and expected to be settled within 12 months (ii)	70,792	74,507	70,792	74,507
> Unconditional and expected to be settled after 12 months (iii)	72,972	68,268	72,972	68,268
Employee Termination Benefits				
> Unconditional and expected to be settled within 12 months (ii)	237	218	237	218
> Unconditional and expected to be settled after 12 months (iii)	–	–	–	–
Other	–	–	–	–
Total Current Provisions	**144,001**	**142,993**	**144,001**	**142,993**
Non-Current Provisions				
Employee Benefits (ii)	19,452	17,187	19,452	17,187
Total Non-Current Provisions	**19,452**	**17,187**	**19,452**	**17,187**
TOTAL PROVISIONS	**163,453**	**160,180**	**163,453**	**160,180**
(a) Employee Benefits and Related On-Costs				
Current Employee Benefits and Related On-Costs				
Unconditional LSL Entitlements	72,716	67,671	72,716	67,671
Annual Leave Entitlements	50,186	49,093	50,186	49,093
Accrued Wages and Salaries	18,893	24,201	18,893	24,201
Accrued Days Off	1,969	1,810	1,969	1,810
Other	237	218	237	218
Non-Current Employee Benefits and related on-costs				
Conditional Long Service Leave Entitlements (iii)	19,452	17,187	19,452	17,187
Other	–	–	–	–
Total Employee Benefits & Related On-Costs	**163,453**	**160,180**	**163,453**	**160,180**
(b) Movement in Provisions				
Movement in Long Service Leave:				
Balance at start of year	84,858	79,407	84,858	79,407
Provision made during the year	15,185	12,648	15,185	12,648
Settlement made during the year	(7,915)	(7,197)	(7,915)	(7,197)
Balance at end of year	**92,128**	**84,858**	**92,128**	**84,858**

(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 2.4% p.a. (2012 – 4.31% p.a.) discounted by the future bond rate as at 30 June 2013.

Note 16 – Other Liabilities

	Parent Entity	Parent Entity	Consol'd	Consol'd
	2013	2012	**2013**	2012
Current	$'000	$'000	$'000	$'000
Patient Monies held in Trust	76	73	76	73
TOTAL	**76**	**73**	**76**	**73**
Total Monies held in Trust				
Represented by the following assets:				
Cash Assets (Note 6)	72	74	72	74

Note 17 – Equity

	Parent Entity 2013	Parent Entity 2012	Consol'd 2013	Consol'd 2012
	$'000	$'000	$'000	$'000
(a) Surpluses				
(i) Property, Plant & Equipment Revaluation Surplus (1)				
Balance at the Beginning of the Reporting Period	226,303	226,303	226,303	226,303
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 Surplus (2)				
Balance at the Beginning of the Reporting Period	8,979	14,525	9,280	16,540
Cumulative gain/(loss) transferred to Operating Statement on sale of financial assets.	–	–	–	(1,389)
Valuation gain/loss recognised	6,695	(5,546)	7,869	(5,871)
Balance at the End of the Reporting Period	**15,674**	**8,979**	**17,149**	**9,280**
(iii) General Purpose Surplus				
Balance at the Beginning of the Reporting Period	59,121	53,019	59,121	53,019
Transfers from Accumulated Deficit	4,099	6,102	4,099	6,102
Balance at the End of the Reporting Period	**63,220**	**59,121**	**63,220**	**59,121**
(iv) Restricted Specific Purpose Surplus				
Balance at the Beginning of the Reporting Period	51,109	46,370	65,648	60,909
Transfers from Accumulated Deficit	4,336	4,739	4,336	4,739
Balance at the End of the Reporting Period	**55,445**	**51,109**	**69,984**	**65,648**
Total Surpluses	**360,642**	**345,512**	**376,656**	**360,352**
(b) Contributed Capital				
Balance at the Beginning of the Reporting Period	324,134	324,134	324,134	324,134
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	(155,588)	(130,162)	(159,084)	(129,779)
Net Result for the Year	(38,266)	(14,585)	(37,393)	(18,464)
Transfers to General Purpose Surplus	(4,099)	(6,102)	(4,099)	(6,102)
Transfers to Restricted Specific Purpose Surplus	(4,336)	(4,739)	(4,336)	(4,739)
Balance at the End of the Reporting Period	**(202,289)**	**(155,588)**	**(204,912)**	**(159,084)**
TOTAL EQUITY AT END OF FINANCIAL YEAR	**482,487**	**514,058**	**495,878**	**525,402**

(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 surplus 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 surplus 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	Parent Entity	Consol'd	Consol'd
	2013	2012	**2013**	2012
	$'000	$'000	$'000	$'000
Net Result for the Year	**(38,266)**	**(14,585)**	**(37,393)**	**(18,464)**
Depreciation and Amortisation	59,400	61,360	59,400	61,360
Provision for Doubtful Debts	2,354	1,654	2,354	1,654
Net (Gain)/Loss from Disposal of Non-Financial Assets	–	–	–	–
Assets received free of charge	–	(9,626)	–	(9,626)
Non-cash Investment Income	(3,362)	(2,023)	(5,050)	(3,131)
Change in Operating Assets & Liabilities				
> Increase/(Decrease) in Employee Benefits	3,273	19,487	3,273	19,487
> Increase/(Decrease) in Payables	9,024	(6,366)	9,101	(6,347)
> Increase/(Decrease) in Other Liabilities	5	(1,286)	5	(1,286)
> Decrease/(Increase) in Receivables	(3,795)	(16,749)	(3,529)	(16,499)
> Decrease/(Increase) in Prepayments	(622)	854	(622)	854
> Decrease/(Increase) in Inventories	(49)	(780)	(49)	(780)
NET CASH INFLOWS/(OUTFLOWS) FROM OPERATING ACTIVITIES	**27,962**	**31,940**	**27,490**	**27,222**

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.

Alfred Health's main financial risks include credit risk, liquidity risk and market risk. Alfred Health manages these financial risks in accordance with its financial risk management policy.

Alfred Health uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the board finance committee of Alfred Health.

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

Note 19 – Financial Instruments (continued)

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	
	2013	2012
Financial Assets	$'000	$'000
Cash and Cash equivalents	18,795	25,126
Receivables	30,893	30,515
Other Financial Assets	53,656	44,478
Total Financial Assets (i)	**103,344**	**100,119**
Financial Liabilities		
Payables	55,042	52,770
Borrowings	22,450	23,543
Other Liabilities	76	73
Total Financial Liabilities (ii)	**77,568**	**76,386**

(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)

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

	Net Holding loss	Net Holding loss
	2013	2012
	$'000	$'000
Financial Assets		
Cash and Cash equivalents	5,177	5,207
Available for Sale Investments	7,869	(5,871)
Total Financial Assets	**13,046**	**(664)**
Financial Liabilities		
Borrowings	(1,478)	(1,545)
Total Financial Liabilities	**(1,478)**	**(1,545)**

(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 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.

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
2013	$'000	$'000	$'000	$'000	$'000
Financial Assets					
Cash and Cash Equivalents	18,795	-	-	-	18,795
Trade debtors	-	8,939	-	-	8,939
Other receivables	-	21,954	-	-	21,954
Other Financial Assets (i)	53,656	-	-	-	53,656
Total Financial Assets	**72,451**	**30,893**	**-**	**-**	**103,344**
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**

(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 2013

	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	
2013	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets							
Cash and Cash Equivalents	18,795	18,795	-		-	-	-
Receivables	30,893	16,206	7,057	5,540	2,090	-	4,864
Other Financial Assets	53,656	53,656	-	-	-	-	-
Total Financial Assets	**103,344**	**88,657**	**7,057**	**5,540**	**2,090**	**-**	**4,864**
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**

Note 19 – Financial Instruments (continued)

(c) Liquidity Risk

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

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 2013

			Maturity Dates				
	Consol'd Carrying Amount	Consol'd Nominal Amount	Less than 1 Month	1 – 3 Months	3 Months –1 Year	1–5 Years	Over 5 Years
2013	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial Liabilities							
Payables	55,042	55,042	31,894	21,739	1,409	-	-
Borrowings	22,450	22,450	-	273	820	4,372	16,985
Other Financial Liabilities	76	76	76	-	-	-	-
Total Financial Liabilities	**77,568**	**77,568**	**31,970**	**22,012**	**2,229**	**4,372**	**16,985**
2012							
Financial Liabilities							
Payables	52,770	52,770	21,257	30,686	827	-	-
Borrowings	23,543	23,543	-	273	820	4,372	18,078
Other Financial Liabilities	73	73	73	-	-	-	-
Total Financial Liabilities	**76,386**	**76,386**	**21,330**	**30,959**	**1,647**	**4,372**	**18,078**

(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 2013

	Weighted Average Effective Interest Rate (%)	Carrying Amount	Interest Rate Exposure		
			Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
2013		$'000	$'000	$'000	$'000
Financial Assets					
Cash and Cash Equivalents	2.75	18,795	1,475	17,283	37
Receivables:					
Trade Debtors	–	8,939	–	–	8,939
Other Receivables	–	21,954	–	–	21,954
Other Financial Assets:	–	53,656	–	–	53,656
Total Financial Assets		**103,344**	**1,475**	**17,283**	**84,586**
2013					
Financial Liabilities					
Payables	–	55,042	–	–	55,042
Borrowings	6.39	22,450	22,450	–	–
Other Financial Liabilities:	2.75	76	76	–	–
Total Financial Liabilities		**77,568**	**22,526**	**–**	**55,042**
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**	**23,607**	**75,030**
2012					
Financial Liabilities					
Payables	–	52,770	–	–	52,770
Borrowings	6.39	23,543	23,543	–	–
Other Financial Liabilities:	3.42	73	73	–	–
Total Financial Liabilities		**76,386**	**23,616**	**–**	**52,770**

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 2.75%;
- A parallel shift of +0.5% and -0.5% in inflation rate from year-end rates of 2.5%

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			
		-0.5%		+0.5%		-10%		+10%	
	Carrying Amount	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
2013		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets									
Cash and Cash Equivalents	18,795	(94)	(94)	94	94	–	–	–	–
Receivables:									
Trade Debtors	8,939	–	–	–	–	–	–	–	–
Other Receivables	21,954	–	–	–	–	–	–	–	–
Other Financial Assets:	53,656	–	–	–	–	–	(5,366)	–	5,366
Total Financial Assets	**103,344**	**(94)**	**(94)**	**94**	**94**	**–**	**(5,366)**	**–**	**5,366**
2013									
Financial Liabilities									
Payables:	55,042	–	–	–	–	–	–	–	–
Borrowings	22,450	–	–	–	–	–	–	–	–
Other Financial Liabilities:	76	–	–	–	–	–	–	–	–
Total Financial Liabilities	**77,568**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
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:	52,770	–	–	–	–	–	–	–	–
Borrowings	23,543	–	–	–	–	–	–	–	–
Other Financial Liabilities:	73	–	–	–	–	–	–	–	–
Total Financial Liabilities	**76,386**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

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.

(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	Fair value	Consol'd Carrying Amount	Fair value
	2013	**2013**	2012	2012
	$'000	$'000	$'000	$'000
Financial Assets				
Cash and Cash Equivalents	18,795	18,795	25,126	25,126
Receivables (i)				
> Trade Debtors	8,939	8,939	7,673	7,673
> Other Receivables	21,954	21,954	22,842	22,842
Other Financial Assets (i)	53,656	53,656	44,478	44,478
Total Financial Assets	**103,344**	**103,344**	**100,119**	**100,119**
Financial Liabilities				
Payables	55,042	55,042	52,770	52,770
Borrowings	22,450	22,450	23,543	23,543
Other Financial Liabilities (i)	76	76	73	73
Total Financial Assets	**77,568**	**77,568**	**76,386**	**76,386**

(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
2013	$'000	$'000	$'000	$'000
Financial assets at fair value through profit & loss				
Available for sale financial assets				
> Equities and managed funds	53,656	53,656	-	-
Total Financial Assets	**53,656**	**53,656**	**-**	**-**
2012				
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**	**-**	**-**

Note 20 – Commitments for Expenditure

	Parent Entity	Parent Entity	Consol'd	Consol'd
	2013	2012	**2013**	2012
	$'000	$'000	$'000	$'000
Capital Expenditure Commitments:				
Payable:				
Building Works	42,792	50,097	42,792	50,097
Plant & Equipment				
> Medical Equipment	3,542	19,758	3,542	19,758
> Computer Equipment	41	674	41	674
> Other Equipment	386	-	386	-
Furniture and Fittings	6	145	6	145
Computer Software	-	22	-	22
Total Capital Expenditure Commitments	**46,767**	**70,696**	**46,767**	**70,696**
Capital Expenditure Commitments:				
Not later than one year	21,037	34,331	21,037	34,331
Later than one year but not later than five years	25,730	32,247	25,730	32,247
Later than 5 years	–	4,118	–	4,118
Total Capital Expenditure Commitments	**46,767**	**70,696**	**46,767**	**70,696**
Other Expenditure Commitments				
Payable:				
Supplies and Consumables				
> Medical	499	5,821	499	5,821
> Other	109,048	141,137	109,048	141,137
Maintenance Contracts				
> Medical	3,806	7,276	3,806	7,276
> Information Technology	14,696	1,778	14,696	1,778
Total Other Expenditure Commitments	**128,049**	**156,012**	**128,049**	**156,012**
Other Expenditure Commitments:				
Not later than one year	37,124	43,175	37,124	43,175
Later than one year but not later than five years	89,133	112,837	89,133	112,837
Later than 5 years	1,792	-	1,792	-
Total Other Expenditure Commitments	**128,049**	**156,012**	**128,049**	**156,012**
Operating Leases Commitments				
Commitments in relation to leases contracted for at the reporting date:				
Operating leases				
> Property	6,581	9,642	6,581	9,642
> Medical Equipment	320	1,547	320	1,547
> Motor Vehicle	653	636	653	636
Total Operating Leases Commitments	**7,554**	**11,825**	**7,554**	**11,825**
Operating Leases Commitments Payable as Follows:				
Cancellable				
Not later than one year	71	281	71	281
Later than one year but not later than five years	3	74	3	74

	Parent Entity 2013	Parent Entity 2012	Consol'd 2013	Consol'd 2012
	$'000	$'000	$'000	$'000
Non-Cancellable				
Not later than one year	4,046	4,772	4,046	4,772
Later than one year but not later than five years	2,575	5,517	2,575	5,517
Later than 5 years	859	1,181	859	1,181
Total Operating Leases Commitments	**7,554**	**11,825**	**7,554**	**11,825**
Total Commitments for Expenditure (inclusive of GST)	**182,370**	**238,533**	**182,370**	**238,533**
Less GST recoverable from the Australian Tax Office	**(16,579)**	**(21,685)**	**(16,579)**	**(21,685)**
Total Commitments for Expenditure (exclusive of GST)	**165,791**	**216,848**	**165,791**	**216,848**

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

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 2013	Parent Entity 2012	Consol'd 2013	Consol'd 2012
Contingent Liabilities	$'000	$'000	$'000	$'000
Quantifiable:				
Other – Recallable Capital Grant (i)	-	500	-	500
Total Quantifiable Liabilities	**-**	**500**	**-**	**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 2012/13 financial year the Department of Health has withheld $0.5m from the September 2012 allocation. As at 30 June 2013 a contingent liability of NIL remains.

Note 22 – Operating Segments

	Residential Aged Care Services		Other		Consol'd Total	
	2013	2012	**2013**	2012	**2013**	2012
	$'000	$'000	$'000	$'000	$'000	$'000
Revenue						
External Segment Revenue	13,084	12,638	899,647	895,465	912,731	908,103
Total Revenue	**13,084**	**12,638**	**899,647**	**895,465**	**912,731**	**908,103**
Expenses						
External Segment Expenses	(16,384)	(15,413)	(937,439)	(914,816)	(953,823)	(930,229)
Total Expenses	**(16,384)**	**(15,413)**	**(937,439)**	**(914,816)**	**(953,823)**	**(930,229)**
Net Result from ordinary activities	**(3,300)**	**(2,775)**	**(37,792)**	**(19,351)**	**(41,092)**	**(22,126)**
Interest Expense	-	-	(1,478)	(1,545)	(1,478)	(1,545)
Interest Income	-	-	5,177	5,207	5,177	5,207
Net result for the year	**(3,300)**	**(2,775)**	**(34,093)**	**(15,689)**	**(37,393)**	**(18,464)**
Other information						
Segment Assets	9,119	10,427	735,631	752,563	744,750	762,990
Total Assets	**9,119**	**10,427**	**735,631**	**752,563**	**744,750**	**762,990**
Segment Liabilities	-	-	248,872	237,588	248,872	237,588
Total Liabilities	**-**	**-**	**248,872**	**237,588**	**248,872**	**237,588**
Depreciation & Amortisation Expense	(1,575)	(1,320)	(59,400)	(60,040)	(59,400)	(61,360)

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

Alfred Health operates predominantly in Metropolitan Melbourne, Victoria. More than 90% of revenue, net surplus from ordinary activities and segment assets relate to operations in Metropolitan Melbourne, Victoria.

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, MLC, Minister for Health and Minister for Ageing (1 July 2012 to 30 June 2013)

Responsible persons are as follows (all are Directors of Alfred Health and except where noted held their office for the period 1 July 2012 to 30 June 2013)

Ms Helen Shardey BComm TSTC MAICD

Ms Fiona Bennett BA(Hons) FCA FAICD FAIM (term ended 30 June 2013)

Ms Hannah Crawford BCom LLB CA FFin (term ended 30 June 2013)

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

Mr Tim Wilson DipBus BA MDiplomacy&Trade

Mr Damien Kenny BCom BBus Systems (term commenced 1 July 2012)

ACCOUNTABLE OFFICER

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

RESPONSIBLE PERSONS' REMUNERATION

Income Band	Parent Number		Consolidated Number	
	2013	2012	**2013**	2012
$20,000 – $29,999	1	–	1	–
$30,000 – $39,999	7	8	7	8
$60,000 – $69,999	1	1	1	1
$460,000 – $469,999	–	1	–	1
$500,000 – $509,999	1	–	1	–
Total Numbers	**10**	**10**	**10**	**10**
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	**$803,407**	**$781,017**	**$803,407**	**$781,017**

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 2013		At 30 June 2013	
Board Member	**Organisation**	Sales	Purchases	Receivable	Payable
		$	$	$	$
Julian Gardner	Mind Australia Ltd	–	4,789	–	–
Fiona Bennett	Hills Holding Ltd	–	3,509	–	–
David Menadue	Victorian AIDS Council	13,111	2,000	4,370	–
Jill Sewell	OzChild	–	6,394	–	–

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, redundancy payments and retirement benefits. It includes nominal base salary plus superannuation.

	Parent				Consolidated			
Range	Total Remuneration Number		Base Remuneration Number		Total Remuneration Number		Base Remuneration Number	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
$ 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	–	–	–	2	–
$ 210,000 – $ 219,999	3	1	–	1	3	1	–	1
$ 220,000 – $ 229,999	–	–	1	–	–	–	1	–
$ 230,000 – $ 239,999	1	–	–	–	1	–	–	–
$ 240,000 – $ 249,999	–	–	–	1	–	–	–	1
$ 250,000 – $ 259,999	–	1	–	–	–	1	–	–
$ 280,000 – $ 289,999	–	–	–	1	–	–	–	1
$ 290,000 – $ 299,999	–	–	2	–	–	–	2	–
$ 300,000 – $ 309,999	–	1	–	–	–	1	–	–
$ 310,000 – $ 319,999	–	–	–	1	–	–	–	1
$ 320,000 – $ 329,999	1	–	–	–	1	–	–	–
$ 330,000 – $ 339,999	–	–	–	1	–	–	–	1
$ 340,000 – $ 349,999	1	1	–	–	1	1	–	–
$ 350,000 – $ 359,999	–	1	–	–	–	1	–	–
Total Number of Staff	**6**	**7**	**6**	**7**	**6**	**7**	**6**	**7**
Total Annualised employee Equivalents (AEE)[1]	**6**	**7**	**6**	**7**	**6**	**7**	**6**	**7**
Total Remuneration ($)	**$1,950,393**	**$1,847,021**	**$1,835,180**	**$1,761,387**	**$1,950,393**	**$1,847,021**	**$1,835,180**	**$1,761,387**

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

[1]Annualised Employee Equivalent is based on paid working hours of 38 ordinary hours per week over the 52 weeks for a reporting period.

Note 23c – Payments to Other Personnel (Contractors with Significant Management Responsibilities)

Expense Band	Parent Number		Consolidated Number	
	2013	2012	**2013**	2012
$110,000 - 119,999	1	–	1	–
Total expenses (exclusive of GST)	**1**	–	**1**	–

Payments have been made to a number a contractor with significant management responsibilities, which are disclosed within the $10,000 expense band. This contractor was responsible for planning, directing or controlling, directly or indirectly, of Alfred Health's activities.

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 – Remuneration of Auditors

	Parent Entity	Parent Entity	Consol'd	Consol'd
	2013	2012	**2013**	2012
	$'000	$'000	$'000	$'000
Victorian Auditor-General's Office				
Audit or review of financial statement	220	267	228	267
Total Auditor Remuneration	**220**	**267**	**228**	**267**

Note 26 – 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 2013, the Trust had net assets of $12,519m (2012: $11.346m) which have been included in the financial statements of the consolidated entity.

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