IMPROVING LIVES

AlfredHealth

2014-15 annual report

CONTENTS

Cover: Patient Diego Mercado has been an Alfred Health patient since a motorbike accident in November 2014. Flown to The Alfred, his serious injuries required care in the ED and ICU before he was transferred to Caulfield's Acquired Brain Injury Rehabilitation Centre. Now an outpatient, Diego (with the help of Occupational Therapist Danielle Sansonetti pictured in top image) is back in the community, running again and enjoying normal daily activities.

Back Cover: Sandringham Hospital staff say 'thank you' to the Bayside community for their strong support of the hospital's 50th birthday celebrations.

Printed on FSC certified and carbon neutral paper.
Around 450 kilograms of CO_2 were neutralised on this project.
Designed by Campbell Design Group www.cdgroup.biz

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.

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

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

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

ABOUT THIS REPORT

This annual report outlines the operational and financial performance for Alfred Health from 1 July 2014 to 30 June 2015. Alfred Health is a leading health service provider, with three hospital campuses, as well as clinics and a range of community-based services.

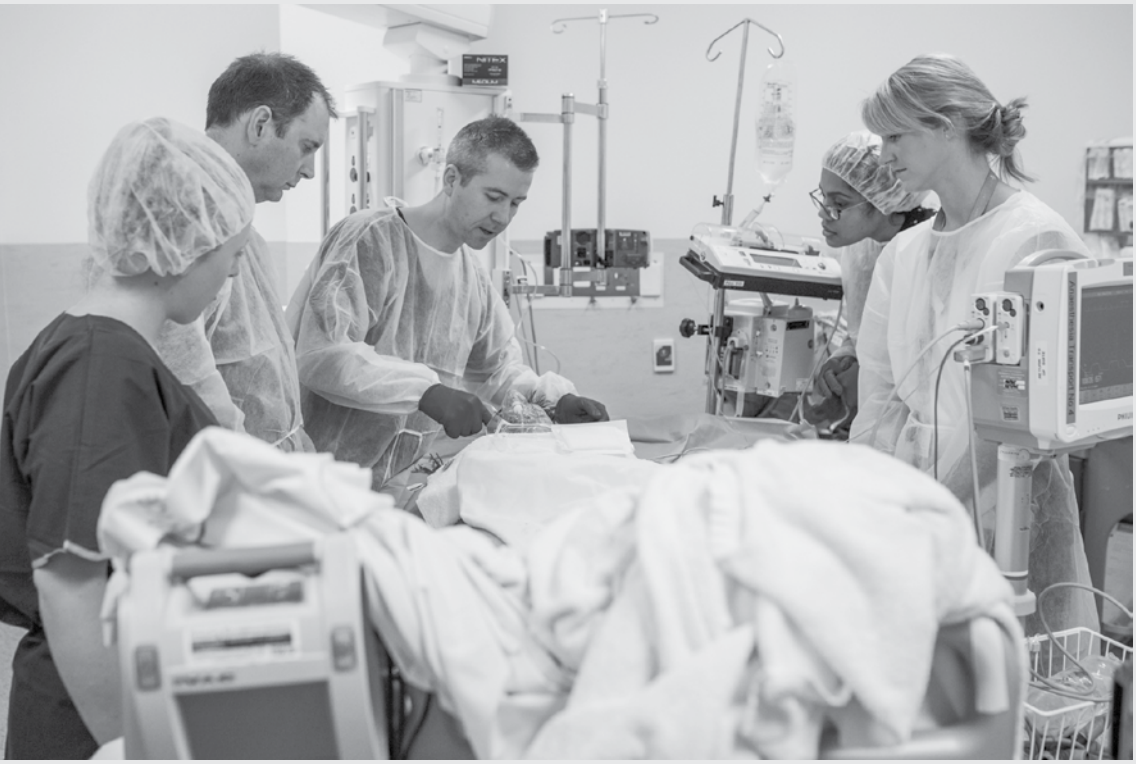
With the state election held in November 2014, there were four relevant Ministers for the period. Prior to December 2014 the Minister for Health and the Minister for Ageing was the Hon. David Davis MLC and the Hon. Mary Wooldridge MLA was Minister for Mental Health. Following the election, the relevant Ministers were the Minister for Health the Hon. Jill Hennessy MP and the Minister for Mental Health, Minister for Housing, Disability and Ageing, the Hon. Martin Foley MP.

Alfred Health is a metropolitan health service established under section 181 of the *Health Services Act 1988* (Vic) in June 2000. Our name changed from Bayside Health to Alfred Health on 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

Alfred Health is a leading major metropolitan health service. We care for more than 680,000 people living in southern and Bayside Melbourne through our three hospital campuses, numerous clinics and community-based services.



Our ability to respond to increased demand while providing high-quality patient care comes from our developing culture of improvement and innovation.

We offer the most comprehensive range of statewide services in Victoria, with 13 services delivering expert care to people throughout the state. Every day we work to provide the best possible health outcomes for our patients and community by bringing together clinical practice with research.

We have a strong focus on education, including undergraduate and postgraduate training for medical, nursing, allied health, and support staff through partnerships with Monash University and La Trobe University. We also share important research and development links with the Baker IDI, the Burnet Institute and Monash University – our partners in the Alfred Medical Research & Education Precinct (AMREP).

We strive to deliver tomorrow's care today by understanding, anticipating and addressing our community's health needs now and in the future.

Recognised as a national pacesetter, Alfred Health is consistently linked to progressive developments in healthcare and services, medical research and teaching. This influences healthcare in Australia and overseas.

106,950
episodes of inpatient care

93,443
Emergency Department presentations (admitted and non-admitted, excluding UCC)

12,339
elective surgeries performed

99
lives saved through heart and lung transplants

8,432
Alfred Health employees

7,349
trauma patients treated

544
Alfred Health volunteers

ABOUT ALFRED HEALTH

Hospital campuses:

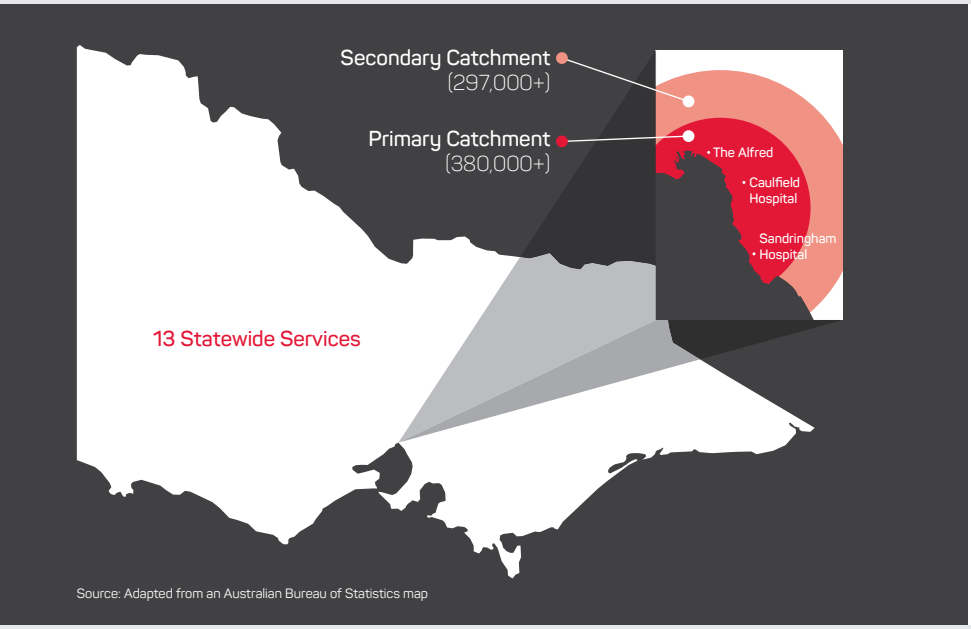
The Alfred, a major tertiary referral hospital, is best known as having one of Australia's busiest emergency and trauma centres as well as the state's largest Intensive Care Unit. We are home to statewide services including the Victorian Adult Burns Service and Victoria's only heart and lung transplant service.

Caulfield Hospital specialises in community services, rehabilitation, aged care and aged mental health. Many services are delivered through outpatient and community-based programs. The hospital plays a statewide role in rehabilitation services, which includes the newly opened Acquired Brain Injury Rehabilitation Centre.

Sandringham Hospital is community focused, providing hospital healthcare needs for the local area through emergency, paediatrics, special care nursery, general medicine, and outpatient services. The hospital works closely with local community healthcare providers.

Community care:

We provide community care through clinics and programs such as the Melbourne Sexual Health Centre, Hospital in the Home and a range of psychiatry care, including community care units, headspace services and homeless outreach.



Source: Adapted from an Australian Bureau of Statistics map

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
- Specialist Rehabilitation Service
- Psychiatric Intensive Care Service
- Bariatric Service

National Service:

- Paediatric Lung Transplant Service

OUR SERVICES

Alfred Health offers the most comprehensive range of specialist medical and surgical services in Victoria. We offer almost every form of medical treatment for adults across our multiple sites and three hospital campuses.

Clinical Services:

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

THE YEAR IN REVIEW

Our unwavering commitment to improve the lives of our patients, underpinned Alfred Health's strong performance for 2014-15.

The community's need for services grew across our many specialities, programs and statewide services. Significantly:

- there were 7, 349 trauma presentations at The Alfred and Sandringham Hospital – with 1,240 patients requiring intensive care after experiencing a major trauma, a concerning 10 per cent increase on last year.
- we continued to be one of the world's busiest heart and lung transplantation services giving, 99 people a second chance of life.
- a five per cent increase in elective surgery (12,339 surgeries, compared to 11,756 last year) meant that by the year's end no patient was waiting longer than clinically recommended for surgery.
- the new Acquired Brain Injury (ABI) Centre at our Caulfield Hospital campus treated 110 patients in its first six months with 51 discharged home.
- 94.5 per cent of our patients rated the quality of their overall care as good, very good or exceptional at Alfred Health.

Across the health service episodes of inpatient care grew by eight per cent to 106,950. Our ability to respond to increased demand while providing high-quality patient care comes from our developing culture of improvement and innovation.

Redesigning how we deliver care by placing the patient front and centre, has improved patient experiences and also contributed to achieving government targets. The government target for the number of patients waiting less than four hours in the Emergency Department is 81 per cent. At The Alfred our result was 82 per cent and at Sandringham Hospital, 87 per cent.

We also delivered a sound financial operating result; a $0.20 million surplus, which was consistent with last year's result of $0.22 million and in line with expectations.

Working with others

The ability to provide the best possible healthcare for patients and the community often requires collaboration with the other skilled and specialist providers.

Through our partnership with headspace we help young people, their families and friends with mental health, alcohol and other drug support. This year the service's reach extended through the new headspace centre in Bentleigh to meet growing community need.

The independently run Urgent Care Centre played an important part in reducing waiting times at Sandringham Hospital's Emergency Department, where presentations increased by 10 per cent. The GP-styled centre located next to the Emergency Department, treated 7,526 this year, allowing our emergency team to provide timely care for more urgent and serious cases.

In October we achieved a landmark agreement with residential aged care specialist HammondCare, who took responsibility for providing residential care services on the Caulfield Hospital site from March 2015. This agreement will see residential aged care services continue on the Caulfield campus for decades to come, with HammondCare building a new $30 million residential aged care village onsite, replacing ageing facilities.

Research and education

Alfred Health's ongoing involvement in research that changes and improves clinical practice, saw Caulfield Hospital become the lead site for testing a new treatment for Alzheimer's disease. Several significant research partnerships were forged during the year including the new five-year $2.5 million Centre for Research Excellence project in Advanced Cardio-respiratory Therapies Improving Organ Support.

The Monash Partners Academic Health Science Centre, of which Alfred Health is a founding member, made significant progress during the year. Most notably it was recognised as one of only four Advanced Health Research and Translation Centres (AHRTCs) in Australia by the National Health and Medical Research Council (NHMRC), acknowledging its world-class research credentials.

This significant achievement was due in large part to the outstanding leadership of Monash Partners' Managing Director, Michael Wright, who completed his term in March 2015. Our congratulations go to Professor Helena Teede, who took up the leadership role as Executive Director at the end of the year.

A culture of safety and respect driving excellence

Staff innovation and excellence were recognised locally and internationally during the year. This included two Victorian Public Healthcare Awards for the rapid deployment of extra-corporeal membrane oxygenation treatment (ECMO) for patients in cardiac arrest and our partnership with Barwon Health and The Royal Children's Hospital which brought world-class intensive care services to the Barwon South West region.

The ability to deliver and discover excellent care requires a genuine culture of safety and respect.

With the growing incidents of aggression, as outlined by the Victorian Auditor General's Report into Occupational Violence in Health Services, we explored further improvements in keeping frontline staff safe at work while they provide the best care possible.

Also important were the reports of bullying and harassment within Australia's leading teaching hospitals. At Alfred Health our response has been demonstrable – action is taken immediately when reports of concerning behaviour are made. Our ongoing task is to create an environment where all staff feel comfortable and encouraged to raise issues.

Shaping the future

It was a year of looking to the future. Through the Alfred Health 2020 program, staff, patients, community and other stakeholders contributed to developing our 2015-20 Strategic Plan. Clear themes emerged:

- extend 'patient experiences' beyond the excellent clinical treatment
- focus on health literacy and health promotion
- use digital technology to improve health outcomes; and
- deliver healthcare in new environments consistent with community expectations.

This feedback will be incorporated into our strategic goals and objectives.

Engagement: This year there were significant improvements in direct community participation through several new consultative groups. While the subject matters are diverse (from HIV to disability, mental health to Aboriginal reconciliation), the underlying principle remained the same – involving people with relevant personal experience in service planning and evaluation.

Promotion: In terms of health promotion, we made substantial inroads through our successful *Start the Conversation* microsite, encouraging GPs to talk to their patients about quitting smoking, and our red drink strategy, reducing the purchase of unhealthy soft drinks at Alfred Health by 12 per cent over six months.

Technology: Our vision of the 'digital hospital' came closer with plans in place to integrate our hospital systems to create one single view of the patient record. Rolling out over the next three years, this will be our largest IT transformation yet.

Infrastructure: In terms of bricks and mortar, the next five years will lay the groundwork for significant development of Alfred Health's facilities.

In June the Eva and Les Erdi Humanitarian Charitable Foundation donated the single largest gift that The Alfred has ever received. Supported through other community donations, this generous gift will enable the redevelopment of The Alfred's Emergency and Trauma Centre, benefiting not only our local catchment but also the people of Victoria.

Working with the Department of Health and Human Services, we will progress plans for The Alfred's next major development. Initial plans are for modern wards, new theatres, an expanded ICU, as well as research and education facilities on the western side of the site. We will also pursue replacing the ageing 'Breezeway' at Caulfield Hospital with a new Inpatient Unit.

Appreciation for continued support

Gratitude goes to our many donors and volunteers whose constant support and tireless efforts make a difference to our patients' health and wellbeing. Thanks must also go to the Board for their guidance and direction and to the Alfred Health Executive team for their unfailing support.

It has been a significant year for the organisation and one on which we will build in 2015-16.

2014-15 Performance Scorecard

Emergency Indicators

Target		Result*	
81%	< 4hr in ED	82%	The Alfred
0	> 24hr in ED	0	The Alfred
N/A	Attendances	62,614	The Alfred
80%	Triage Seen in Time	81%	The Alfred
81%	< 4hr in ED	87%	Sandringham Hospital
0	> 24hr in ED	0	Sandringham Hospital
N/A	Attendances	30,829**	Sandringham Hospital
80%	Triage Seen in Time	75%	Sandringham Hospital

Elective Indicators

Target		Result*	
1,966	Waiting List	2,099	Alfred Health
100%	Cat 1 Admit < 30 Days	100%	The Alfred
88%	Cat 2 Admit < 90 Days	91%	The Alfred
97%	Cat 3 Admit < 365 Days	100%	The Alfred
8	HiPs (Hospital initiated Postponements per 100 scheduled admissions)	4.4	The Alfred
100%	Cat 1 Admit < 30 Days	100%	Sandringham Hospital
88%	Cat 2 Admit < 90 Days	99%	Sandringham Hospital
97%	Cat 3 Admit < 365 Days	100%	Sandringham Hospital
8	HiPs	3	Sandringham Hospital

* Alfred Health results. They are checked and referenced to equivalent Department of Health and Human Services results for accuracy and consistency.

** This excludes 7,526 presentations to the Urgent Care Centre at Sandringham Hospital

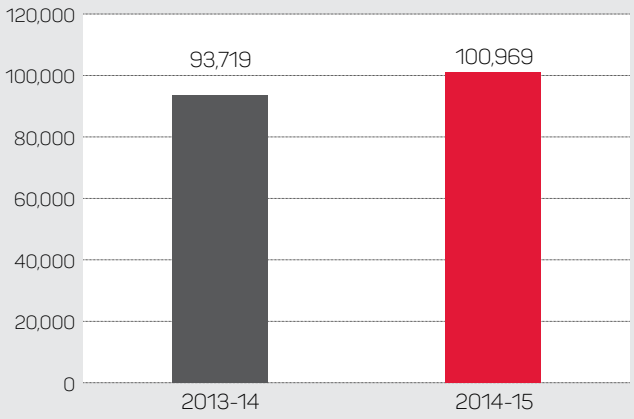
Helen Shardey
Chairwoman, Board of Directors

Andrew Way
Chief Executive

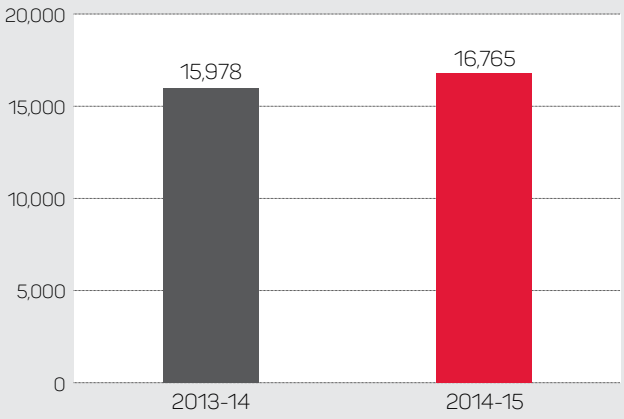
KEY INDICATORS 2014-15

Patient outcomes continued to improve following further innovation and new clinical practices.

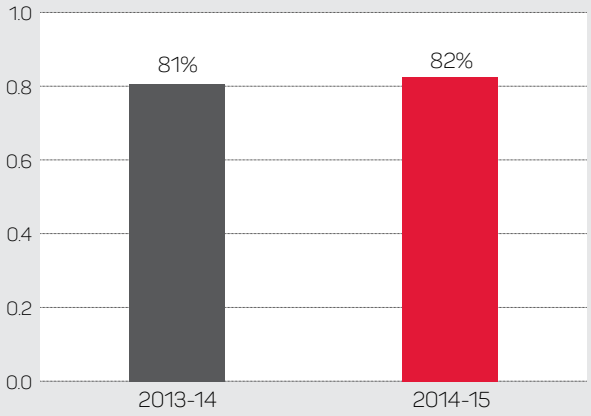
Emergency Department and Urgent Care Centre presentations (Alfred Health) – up 7.7%



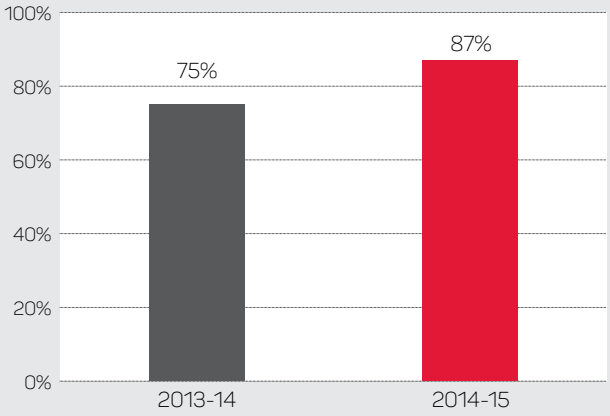
Surgical operating room procedures (Alfred Health) – increased by 4.9%



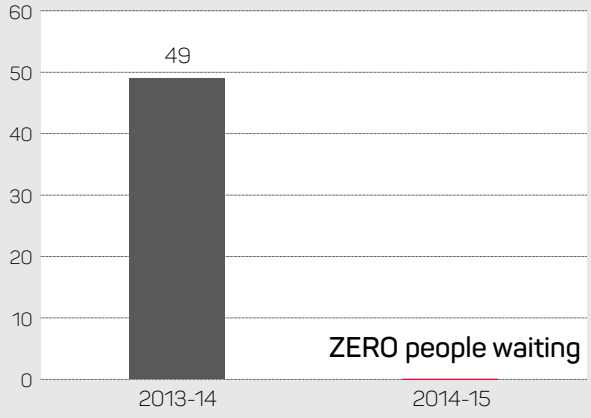
Emergency Department LOS <4 hours (The Alfred) – maintained high rate of treating majority of patients within 4 hours



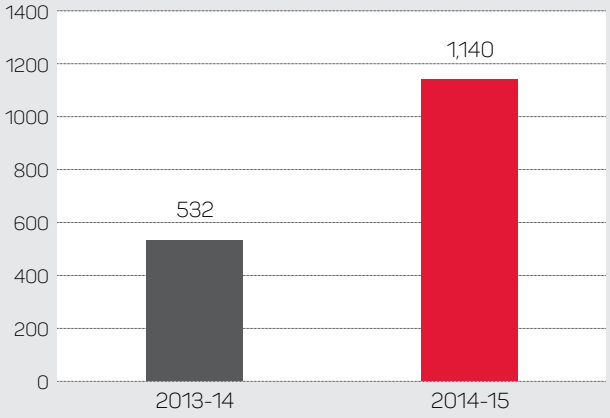
Emergency Department LOS <4 hours (Sandringham) – 12% improvement on patients seen within 4 hours



Elective waitlist patients waiting longer than clinically recommended times (Alfred Health) – ZERO at 30 June 2015



Direct patient transfers to Caulfield's sub-acute care increased by 114% – seamless patient journeys



OUR EMPLOYEES

8,432
employees (as at 30 June)

530
pledges made for Change Day

$180,000
designated for manual handling equipment

483
employees received length of service awards

22%
Workcover claims reduced

Involvement in redesigning models of care increased staff satisfaction and supported improved patient outcomes. Safety and wellbeing initiatives remained a priority, recognising the link between outstanding care and staff welfare.

RECRUITING AND RETAINING

In 2014-15 we welcomed:

- 1,553 new recruits
- 89.5 per cent of whom attended an orientation program within their first six weeks of employment.

By year end, there were 8,432 people working across the health service. This 5.5 per cent increase from last year was due to the employment of staff at Caulfield Hospital's new Acquired Brain Injury Centre and the new headspace centre in Bentleigh.

As an employer of choice, we continued to attract outstanding candidates locally as well as overseas:

- 138 international candidates were employed
- 68 candidates sponsored for 457 visas.

We acknowledge staff members with more than 10 years of service through presentation ceremonies and this year 483 staff were recognised, including individuals who had worked for the health service for 40 and 45 years.

Headcount

	2014*				2015			
	Casual	Full Time	Part Time	Grand Total	Casual	Full Time	Part Time	Grand Total
Caulfield	182	385	522	**1088**	194	367	457	**1018**
Sandringham	108	74	267	**449**	108	71	247	**426**
The Alfred	778	2945	2729	**6452**	843	3113	3032	**6988**
Grand Total	**1068**	**3403**	**3518**	**7989**	**1145**	**3551**	**3736**	**8432**

* 2014 figures amended due to reallocation of work groups across campuses.

Workforce (EFT)

		As at 30 June		Average*	
		2014	2015	Jun-14	Jun-15
1	Nursing	2,323	2368	2,275	2,404
2	Administration/ Clerical	741	772	740	801
3	Medical Support	769	812	768	844
4	Hotel/Allied	202	195	200	192
5	Medical	187	185	181	194
6	HMO	485	487	469	499
7	Sessional Clinical	129	133	128	143
8	Allied Health	501	518	495	546

*The average EFT is calculated based on the weighted average of employees in each category for the 26 pay-fortnights paid in the 2014-15 year.

Staff drive improvement

Over the past three years, Alfred Health has developed an 'improvement culture' that engages staff and consumers in designing and implementing the models of care they are responsible for delivering.

At the centre of this improvement culture is the Timely Quality Care (TQC) approach, which redesigns care around patient needs. The TQC approach was rolled out across Alfred Health's three hospital campuses (see page 12).

Recent research has demonstrated that involving staff in positive change:

- increased staff workplace satisfaction and feelings of support
- improved patient experiences and outcomes.

For example, the interdisciplinary team on The Alfred's 6West Ward developed a new model of care for treating people with severe burns. The model, which was first introduced in 2013-14 and then assessed in 2014-15, substantially improved communication between medical and nursing staff (described as good by 66 per cent of staff in 2013 and 84 per cent in 2014) and career progression (satisfaction grew from 58 per cent to 92 per cent). At the same time there was an improvement in patient care, with a reduction in falls, pressure injuries and medication incidents over the same timeframe.

HEALTH AND WELLBEING INITIATIVES

Alfred Health recognises the important link between employee wellbeing and the delivery of outstanding patient care. During the year, we increased our focus on health and wellness initiatives by:

- increasing the rollout of sit-stand workstations, purchasing an additional 300 during the year, to reverse risks associated with sedentary work. Now, more than 500 employees are able to stand and work at their desks;
- taking part in the State Government's *Healthy Together Victoria Achievement Program for Workplaces*;
- partnering with the Bicycle Network to understand our employees' travel behaviours resulted in the commissioning of a new 'Active Travel Zone' at The Alfred with 300 bicycle spaces, and new lockers and showers;
- supporting staff physical fitness through onsite facilities and funded programs including *Break4Health* outdoor group training;
- piloting a mindfulness program that successfully supported its participants in managing stress and pressures at work and home.

Employee Assistance Program (EAP): Alfred Health's EAP supports both staff and managers with a comprehensive range of services. In March 2015, we appointed Davidson Trahaire Corpsych (DTC) as the new program provider.

Culture of care and safety: Building a culture of care and safety for all staff and patients continued to be a priority during 2014-15.

Our approach included:

- zero tolerance for inappropriate behaviour at work, including bullying and harassment
- developing a wellbeing strategy, particularly focusing on junior doctors
- raising awareness of appropriate behaviours, policies and procedures through education
- encouraging reporting of concerns through online training programs, forums, and orientation.

LEADERSHIP DEVELOPMENT

Alfred Health continued to sponsor several leadership development programs to achieve excellence in ward leadership and business (non-clinical) services. This included programs for:

- Allied Health leaders
- Nurse Managers and Associate Nurse Managers
- Business Services Managers
- Unit Heads.

Development programs focused on activities in wards and across interdisciplinary teams. Building on staff feedback from the *2014 People Matters Survey*, programs emphasised innovation, improving patient experiences and involving frontline staff in change initiatives.

Staff development and education

Alfred Health's education program develops the capacity, performance and capability of our employees. Education programs delivered in 2014-15 were:

Program	Attendees
Nursing	2922
Medical	2162
Allied Health	1395
Psychiatry	1275
Pharmacy	1800

Change Day encouraged staff to share ideas about improving patient care. Some attached handwritten notes to our pledge trees, while others highlighted their ideas online. Pictured: 7East nurses Jessica Balson and Eugenija Johnson.

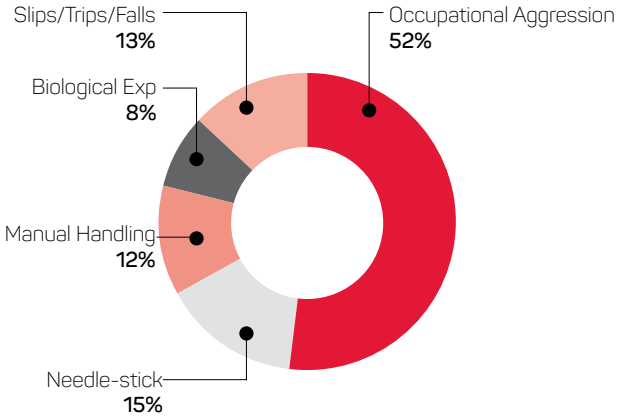
CHANGE DAY

In March 2015 we took part in International Change Day, a social movement aimed at enhancing health and community care systems. Staff made 530 pledges to improve the health and wellbeing of our patients, community and staff, many of which are being implemented by Alfred Health. For example, The Alfred's Psychiatry Principal Registrar, Dr Tracy Long, pledged to "improve junior medical staff wellbeing". This led to the successful pilot of a peer support group in Alfred Psychiatry, which discusses issues with training and offers support.

OCCUPATIONAL HEALTH AND SAFETY

Throughout the year, we increased our focus on safe practice in every day work. Manual handling, needle-stick and patient aggression continued as the top three causes of injuries.

Top six incidents causing injury



WorkCover claims reduced

Alfred Health's WorkCover claims strategy focuses on early intervention to ensure all injured employees are supported in their return to work in a safe and timely manner.

Our WorkCover premium decreased again this year, with Alfred Health performing 21 per cent better than comparable health services. The cost of WorkCover claims reduced by 22 per cent compared to the previous year. This was driven by a reduction in the severity of injuries, following implementation of our manual handling strategy as well as better return to work planning and outcomes.

Manual handling: Alfred Health's Manual Handling Strategy 2014-16 continued to further reduce injuries across the health service from 64 in the period from April 2014-June 2015 to 50 incidents in 2014-15. The decision to invest $180,000 in new manual handling equipment each financial year was approved.

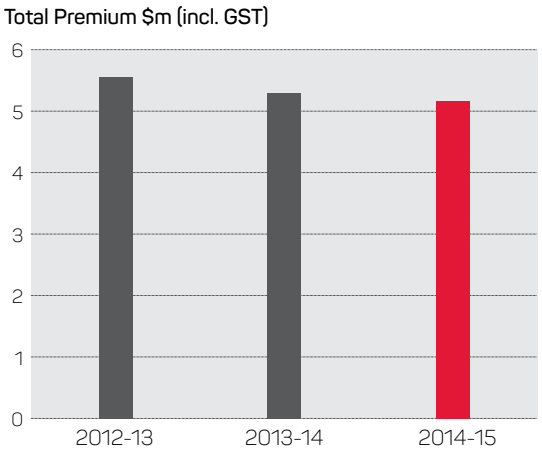
Nurse practitioner Lisa Dennis, who works in The Alfred Emergency and Trauma Centre.

Celebrating nurse practitioners

The Alfred Health nurse practitioner program, which celebrated 10 years in November 2014, continues to provide professional development for those keen on pursuing a clinical nursing career.

The project was introduced in 2004 to explore options around reducing wait times in our emergency department. Now more than 20 of our nurses have completed the advanced nursing education program, with some among the first in Australia to be fully endorsed in aged care, sexual health, psychiatry, pain management and renal dialysis.

WorkCover premiums



Response to occupational violence

With the growing trend in occupational violence within healthcare, Alfred Health explored further improvements in keeping frontline staff safe at work while they provide the best care possible.

Most patients who are aggressive towards healthcare staff suffer from delirium (often a short-term medical condition) or are affected by drugs or alcohol.

Extra training has been implemented for:

- staff in Psychiatry, following the recommendations of an external review
- nursing staff groups, (medical staff to be trained in 2015)
- staff in Caulfield's Acquired Brain Injury (ABI) Rehabilitation Centre, focusing on behaviours common to brain injury patients.

Following the Victorian Auditor General's report into *Occupational Violence Against Healthcare Workers*, Alfred Health reviewed procedures in relation to mechanical restraints, physical restraints, seclusion guidelines, restrictive interventions management and the constant observation guideline.

Other work has included:

- reviewing and updating the Emergency Code Grey (Aggression) Response Plan in the Emergency and Trauma Centre (E&TC) to clearly articulate roles and responsibilities
- extra aggression management training for staff at Sandringham Hospital
- establishing a local 'Behaviours of Concern' working group at the ABI Centre at Caulfield Hospital to review control measures
- developing a new daily Code Grey report to ensure timely review of incidents and early referral to specialist teams.

RECOGNISING EXCELLENCE

Alfred Health staff were recognised for a range of outstanding achievements during 2014-15.

★ Dr Susan Davis, Head of Women's Speciality Health Clinic at The Alfred, was one of 14 awardees worldwide to be named an Endocrine Society 2015 Laureate Award winner. Dr Davis, the only Australian recipient, was recognised for her exceptional contributions to endocrinology. Her research encompasses breast cancer, cardiovascular function, obesity, cognitive function, mood, sexual function and musculoskeletal health.

★ Professor Jayashri Kulkarni, Director, Monash Alfred Psychiatry Research Centre was named the 2014 winner of the Contribution to Community by an Individual in the Melbourne Awards. Prof Kulkarni was recognised for her work in mental health, particularly in leading the way in understanding gender-specific mental illness and improved treatment options.

★ Alfred Health was a gold winner of two prizes in the 2014 Victorian Public Healthcare Awards.

- The *Excellence in Quality Healthcare Award* recognised the ICU team's life-saving work in developing the rapid deployment of extra-corporeal membrane oxygenation treatment (ECMO) for patients in cardiac arrest. This program has resulted in a 48 per cent survival rate among a group of patients who previously had close to 100 per cent mortality.
- The *Secretary's Award for Improving Patient Outcomes and Patient Experience* acknowledged the partnership between Barwon Health, Alfred Health and The Royal Children's Hospital, in bringing world-class intensive care services to the Barwon South West Region.
- Alfred Health was highly commended in the *Premier's Metropolitan Health Service of the Year* award.

OUR PATIENTS

To better understand needs and expectations of our diverse and varied communities, we increased patient and family involvement in service planning and delivery.

Alfred Health's *Patients Come First* Strategy continued to provide the roadmap for involving our patient community in the health services we provide. It focuses on developing the partnership between clinicians and patients and supports people in making informed decisions about their healthcare.

ENGAGING WITH DIFFERENT PATIENT COMMUNITIES

Our patients come from a wide range of cultural and linguistic backgrounds. The top six languages spoken are:

- Greek
- Russian
- Italian
- Mandarin
- Cantonese
- Turkish.

In 2014-15, Alfred Health delivered over 20,000 occasions of interpreting, provided face to face as well as over the phone by qualified interpreters.

We established several new consultative groups so different patients groups could contribute to service planning, implementation and evaluation. They are:

1. HIV Services Advisory Group (HSAG)
2. Lesbian, gay, bisexual, transgender, intersex and queer (LGBTIQ) Working Group
3. Disability Working Group
4. Aboriginal Reconciliation Action Plan (RAP) Working Group; and
5. Redesigning Care Interpreter Steering Committee.

These groups included patients with relevant personal experiences, as well as community members and staff representation.

In addition, Alfred Health Psychiatry developed a new patient and family forum – the Lived Experience Advisory Group (LEAG) – to ensure the voice of the patient is reflected in care and service delivery.

PATIENT INFORMATION FOCUS GROUPS

Alfred Health involved patients, staff and volunteer consumers in reviewing important resources, such as patient information and public health campaigns.

Several focus groups evaluated the current patient information handbook and identified the main information requirements of patients before and during their stay. Information priorities for patients were:

- getting to and from the hospital and knowing what to bring
- communication with their health team and understanding their care plan; and
- plans for discharge and follow-up.

These insights will help develop future communication materials and methods.

Consumer groups of current and past patients, volunteers, Community Advisory Committee Members (CAC) and other local Culturally and Linguistically Diverse (CALD) community representatives, reviewed Alfred Health's draft 2015-20 strategic plan, and provided constructive feedback on the goals, objectives and priorities for the healthcare service.

CARER INVOLVEMENT

The *Carer Recognition Act 2012c* (Vic) promotes and values the role of people in carer relationships and recognises the contribution that carers and people in carer relationships make to the social and economic fabric of the Victorian community. We have taken measures to comply with our obligations under the Act. This includes developing guidelines designed to ensure that the needs of carers are recognised and responded to when the person for whom they care is admitted to Alfred Health or when the carer is admitted to Alfred Health.

In 2014-15, the *Let me know* program, which directly involves carers and patients' families in patient care, was implemented across Alfred Health. This program encourages patients and their families to raise concerns directly with nurses and doctors, as well as through a dedicated *Let me know* hotline, if they are observing concerning changes in a patient condition. As expected, there were a low number of calls through our hotline – 23 calls since program inception – in line with international benchmarks. This indicates that our escalation systems around medical care work well.

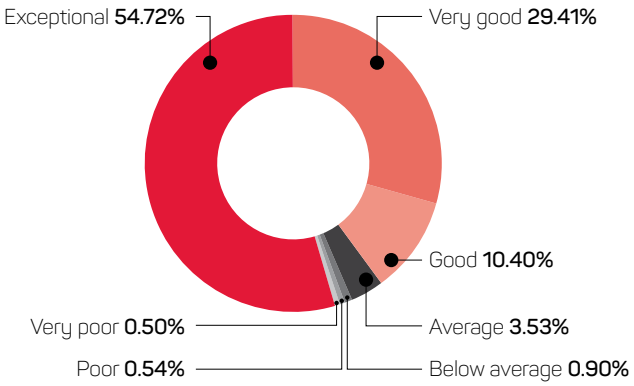
CARE OF OUR INDIGENOUS COMMUNITY

We built stronger and constructive relationships with Aboriginal and Torres Strait Islander communities during the year through several initiatives.

Increased identification of Aboriginal patients: Aboriginal Hospital Liaison Officers (AHLO's) worked in partnership with reception and administration staff at The Alfred to ensure the status of all Aboriginal patients is accurate. This is expected to occur upon admission; however, the AHLO's also provide a follow-up check after patient admission. The status of patients, if incorrect, is then updated once an alert from the AHLO has been received. As a result there was a 54 per cent increase in the number of people who identified themselves as Aboriginal within the past 12 months.

Culturally sensitive respite care: In May 2015, nine carers of Aboriginal and Torres Strait Islander background had respite from caring for people suffering from Alzheimer's Disease. Carers learnt more about caring for themselves and others and were part of a workshop discussion on memory loss strategies.

94.5 per cent of patients rated their overall quality of care as good, very good or exceptional at Alfred Health



PATIENT FEEDBACK

Victorian Healthcare Experience Survey (VHES): This statewide survey documents a patient's public healthcare experience. Independent contractor, the Ipsos Social Research Institute, conducts the survey on behalf of the Victorian Department of Health, replacing the Victorian Patient Satisfaction Monitor (VPSM) this year.

The VHES questionnaires are distributed to a randomly selected group of eligible people from each health service in the month following hospital discharge or an emergency department attendance. Over the July 2014-March 2015 reporting period, an average of 90 per cent of Alfred Health patients rated their overall hospital experience as either 'very good' or 'good'.

Alfred Health Patient Experience Survey (PES): This in-hospital survey is administered to patients and families by specially trained volunteers/consumers. In the six months from January- June 2015, 94.5 per cent of patients rated their overall quality of care as good, very good or exceptional at Alfred Health. In terms of feedback by campus:

- **93.7 per cent of patients rate their quality of care as good, very good or exceptional at The Alfred**
- **93.9 per cent at Caulfield Hospital**
- **98.7 per cent at Sandringham Hospital.**

Importantly, 95.5 per cent of Alfred Health's patients reported they were treated with respect and dignity always or almost always.

Feedback from patients at Caulfield Hospital highlighted the negative impact of the ageing rehabilitation facilities in the Breezeway, despite the excellent medical care received.

Of the 42 consumers formally recruited, 70 per cent participated in formal training to effectively administer the PES surveys with patients and families.

DELIVERING QUALITY CARE

- **82%** of Alfred's patients waited less than four hours at ED*
- **87%** of Sandringham's patients waited less than four hours at ED*
- **106,950** episodes of inpatient care increased by over 8% to 106,950
- **12,339** elective surgeries performed, a growth of almost 5%
- **100%** acute patients transferred to Caulfield with medical summaries

* Government target is 81 per cent

In 2014-15 Alfred Health treated more patients than ever before, while continuing to meet and exceed targets.

REDESIGNING CARE FOR BETTER OUTCOMES

Timely Quality Care (TQC) places patients at the centre of care redesign and puts decision makers at the front of service delivery. The TQC principles were further embedded throughout the healthcare service, improving patient experiences, care outcomes and efficiencies.

Key achievements during the 2014-15 year included:

Ward excellence: Ward leadership teams were established across the service. With representation across medical, nursing, Allied Health and pharmacy, the groups focused on improving patient and staff experiences and generating local ideas for quality improvement. Some of the local initiatives conducted by the leadership teams were:

- risk rounds, looking at tailored interventions for individual patients relating to falls, pressure and nutrition
- orientation and welcome programs for new patients
- patient experts involved in staff study days
- improved orientation programs for new staff
- family/patient lounges
- interdisciplinary education.

Direct access to specialist aged care and rehabilitation: A new direct transfer process improved patient progression from acute care at The Alfred to sub-acute services at Caulfield Hospital.

Medical clinical handover prior to bed allocation meant that 100 per cent of patients were transferred from The Alfred with a medical discharge summary and no significant increase in clinical incidents and minimal duplication in assessment.

TQC at Sandringham: After implementing TQC principles, four-hour waiting targets in ED were consistently met at Sandringham, while patient presentations increased by 10 per cent. The new Urgent Care Centre played an important part in reducing waiting times, treating 7,526 presentations in the year. The number of emergency short stay beds increased, improving continuity of care and minimising patient handover.

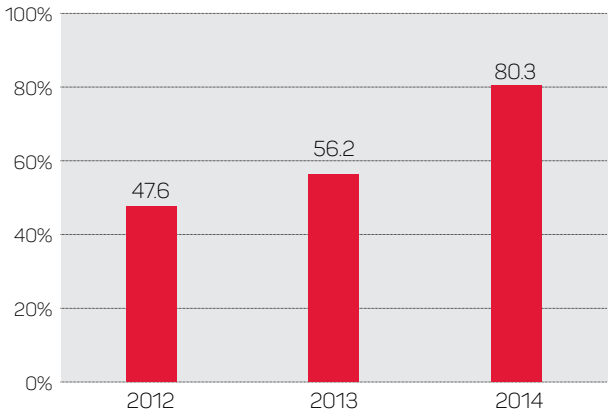
INFECTION PREVENTION

Infection prevention is an essential part of our approach to patient safety. During the year strategies to minimise hospital acquired infections included:

PIVC project: Initiatives to reduce Staphylococcus aureus Bacteraemia (SAB) associated with peripheral intravenous cannulation (PIVC) were successful. Numbers of PIVC related SAB decreased from 15 out of 40 cases (37.5 per cent) in 2012 to four out of 35 cases (11.4 per cent) in 2014. Healthcare-associated SAB is associated with increased morbidity, mortality and increased costs to the healthcare system.

Influenza vaccination campaign: Staff vaccination rates for influenza increased substantially from 56 per cent in 2013 to 80.3 per cent in July 2014, exceeding the Department of Health and Human Services' target of 75 per cent. At 30 June 2015 and part way through the season's vaccination program, 77.3 per cent of staff had been vaccinated.

Alfred Health staff influenza vaccination rates



Hand hygiene: Auditing of hand hygiene compliance continued as an important safety initiative. Alfred Health achieved the Department's targets in all audits up until the March – June 2015 audit period, when the 80 per cent target was not reached across the whole health service.

To improve hand hygiene, we have:

- increased trained auditors at ward level
- introduced ongoing feedback and compliance reporting to clinical staff at ward level
- started to develop an innovative awareness campaign
- funded a DVD to enhance staff knowledge
- introduced a dedicated hand hygiene project position.

Aseptic technique: A DVD has been developed to promote knowledge and understanding of aseptic technique, complementing the current e-learning package for staff. Auditing and feedback on this procedure, a key initiative to reduce the risk of infection, has begun in 'high risk' areas of the organisation.

Emerging diseases: More than 80 Emergency & Trauma Centre staff at The Alfred undertook training in the use of enhanced personal protective equipment to prepare for the presentation of a patient with an infectious disease like Ebola. A detailed guideline on management of patients with suspected viral haemorrhagic fever was also developed.

SIGNIFICANT OPERATIONAL ACTIVITIES

The Alfred

The Alfred is a major tertiary referral hospital providing a comprehensive range of acute and mental health services to all Victorians. Also a teaching hospital with strong roots in integrating clinical practice with research discoveries, we provide many statewide services.

Five year old Zoe Brookes was the youngest and smallest patient in Australia to undergo a heart and double lung transplant.

Significant developments and initiatives

Responding to increased demand: We cared for 7,349 trauma patients, compared to 6,986 in 2013-14. Of those, 1,240 were major trauma patients requiring intensive care and rehabilitation, an almost 10 per cent increase on the previous year. With around 3,000 admissions to the Intensive Care Unit, complex patient cases increased.

The five per cent growth in elective surgery (12,339 surgeries, compared to 11,756 last year) meant that by the year's end no patient waited longer than clinically recommended for surgery. This result was achieved through consolidating and coordinating operating theatre schedules across Alfred Health.

Youngest transplant recipient: We continued to be one of the world's busiest heart and lung transplantation services, with 75 lung and 22 heart transplants undertaken this year. Two people received heart and lung transplantations. This included a five-year-old girl, who was the youngest patient in Australia to undergo a heart and double lung transplant. Since becoming the Nationally Funded Centre (NFC) for Paediatric Lung and Heart-Lung Transplantation and Australia's only dedicated paediatric lung transplant service, 27 children have received transplants.

DELIVERING QUALITY CARE (CONT.)

Lead investigator of ERAS at The Alfred Dr Nick Christelis.

Enhanced recovery post-surgery (ERAS): A successful Australian-first study into Enhanced Recovery After Surgery (ERAS) at The Alfred, which involved patients undergoing hip and knee surgery, saw faster patient recovery times and fewer post-surgery complications.

Accepted as best practice globally, the ERAS guidelines help patients recover after a major operation through intravenous fluids and pain management, changes to food intake and regulating anaesthesia. This is a substantial change from the traditional practice of prolonged fasting, giving litres of fluids and powerful medications.

Discussions are underway to create similar ERAS protocols for other surgical services at Alfred Health.

Innovations in General Medicine

Growing complexity in patients' healthcare was reflected in a 17 per cent increase in patient admissions to the General Medicine Unit in 2014-15. There was also a refurbishment of one of the major General Medicine wards 4GMU.

During the year, the innovative Structured Interdisciplinary Bedside Rounds (SIBR) was expanded to include all General Medicine units. Through SIBR, patient families are invited to attend team based ward rounds and encouraged to ask questions of the whole care team.

New innovations under evaluation included a Team and Patient Alignment Score (TAPAS), a tool designed to close the gap between the medical team's view of a patient's condition and the patient's experience.

TAPAS provides two corresponding visual images – the medical team's clinical perspective and the patients' view. This systematic 'real time' feedback helps the team respond to any gaps in care immediately, rather than waiting for feedback after discharge. The tool objectively assesses daily rates of improvement and hopes to predict important outcomes, including length of stay, readmission, deterioration and patient satisfaction. It also helps the team plan the best care for every patient from both medical and allied health perspectives.

HeLP Clinic: More than 300 patients/families with health-related legal issues were given free legal advice and referrals through our HeLP (Health Legal Partnership) clinic. The first of its kind in Australia, the clinic was given permanent status during the year, following a successful six month pilot period.

The aim of the clinic is to detect legal problems early, enable prevention of crises and achieve better health outcomes for patients/families.

HeLP is an alliance between law firm Maurice Blackburn; the Michael Kirby Centre for Public Health and Human Rights at Monash University; Justice Connect; and Alfred Health.

Caulfield Hospital

Caulfield Hospital specialises in community services, rehabilitation, aged 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 wellbeing of people residing in the community.

Significant developments and initiatives

Acquired Brain Injury Centre: Caulfield Hospital saw a 16 per cent increase in patient numbers, largely due to the opening of our Acquired Brain Injury (ABI) Rehabilitation Centre in September 2014.

The $36-million-centre helps people with an acquired brain injury leave acute hospitals sooner and start their rehabilitation earlier in this specialist setting, with its dedicated staff. In its first six months, 110 patients (aged from 16-82 years) were treated in the 42-bed inpatient rehabilitation service, with 51 discharged to their home or a private residence. As part of the statewide Specialist Rehabilitation Service, the ABI Centre cared for patients from across Victoria, as well as overseas.

A complementary four-bed transitional living service is due to open later in 2015 to assist patients integrate back into community living.

New era of residential aged care: A new provider of quality residential care at Caulfield Hospital – HammondCare – took responsibility for residential care services in March 2015.

As part of a landmark agreement with Alfred Health that will see residential aged care services continue on the Caulfield campus for decades to come, HammondCare will build a new $30 million residential aged care village onsite, replacing ageing facilities.

Residents, their families and staff were consulted and informed throughout the process, which was announced in December 2013. Our skilled residential care workforce has been successfully redeployed and will continue employment within Alfred Health.

New facilities: The Healthy Living Centre moved to a newly renovated space onsite in March 2014. The centre, which runs group strength training classes for the community, was relocated to the hospital's Ashley Ricketson Centre. This brought Caulfield's community services together in one location at the front of the site, closer to hospital facilities as well as parking and public transport.

Participants were kept informed of the changes, which included new car parking arrangements for patients and staff, through community forums, newsletters and posters.

Community Rehabilitation redesign update: Alfred Health's Community Rehabilitation program underwent a significant redesign during 2013-14, to increase capacity so more clients could receive more timely access to therapy.

Twelve months on, the service maintained its efficiency gains, with clients waiting no more than six days on average to access the service (down from an average of 21 days before redesign).

A review in December identified that urgent clients were now seen by clinicians within four days. As well as a 70 per cent reduction in wait times, staff spent more time providing care improving the intensity of individual therapy programs. Client satisfaction was measured at an all-time high of 96 per cent along with a 14 per cent more increase in clients.

Sandringham Hospital

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

Significant developments and initiatives

Urgent Care Centre: Since its opening in May 2014, the Urgent Care Centre has treated more than 9,000 people for non-threatening conditions (such as wounds, rashes, infections and simple fractures). Located next to Sandringham's Emergency Department (ED), the centre has improved overall patient wait times and enabled the ED team to concentrate on caring for people with more serious and urgent injuries and conditions.

Staffed by general practitioners, the centre treated up to 28 per cent of emergency patients presenting to Sandringham Hospital. The aim is to grow the work of the centre to 30-50 per cent of overall hospital emergency patients, further reducing waiting time. The hospital continues to support the skill development of the centre's GPs.

Renal service expansion: As part of planning for future growth and to give patients more flexible options for dialysis, renal services at Sandringham expanded from 12 to 18 chairs. Further improvements include a refurbished waiting area, restroom facilities and improved equipment maintenance and services space.

Women's partnership: A successful first year of obstetric and gynaecology services at Sandringham Hospital being provided by The Women's was completed. This transfer of care from October 2013 furthers our hospital-in-hospital partnership and provides specialist maternity care for local patients.

Ophthalmology work: After helping 960 patients with cataracts to see more clearly, Sandringham Hospital's Ophthalmology Unit celebrated its first birthday in January 2015. Offering this procedure has resulted in reduced travel times for many patients.

Community clinics and programs

Melbourne Sexual Health Centre (MSHC) gives quicker results: MSHC substantially shortened patients' wait for HIV results, making them available within approximately 48 hours by text message, instead of the usual seven day wait.

MSHC also introduced a new testing method for gonorrhoea (nucleic acid amplification versus culture), which will substantially improve detection.

Additional mental health services: Our mental health services grew during the year. A new headspace centre opened in Bentleigh, with Alfred Health working as the lead agency. headspace cares for 12-25 year olds with mental health care, drug and alcohol services and vocational support.

We also established Early Psychoses Centres in Bentleigh, Frankston, Dandenong, Narre Warren and Elsternwick, building on the headspace model. Their aim is to tackle issues early. The program delivers specialist treatment and care to young people experiencing a first episode psychosis or who are exhibiting symptoms warranting a diagnosis of psychosis and assessed as ultra-high risk.

Quality care through sound governance

Sustaining national standards: Alfred Health is fully accredited by the Australian Council of Health Care Standards (ACHS) for three years, with the next onsite survey due in May 2016. Work has been underway since the last survey in June 2013 to sustain and embed the National Safety and Quality Health Service (NSQHS) Standards.

There was a detailed program of activities for 2014-15, ensuring high-level governance over safety and quality and the consistent application of standards in clinical settings. This included:

- undertaking a gap analysis against all standards to ensure sustainability and identifying areas for improvement
- regular audits of safety and quality systems, as well as delivery at the 'point of care'
- staff education and training that focuses on a 'standard a month' through newsletters, promotions, displays and executive briefings
- dashboards for programs and wards, supporting ward leadership teams to review their data and audit results, then take corrective action where necessary.

Using benchmarking data : In 2014-15, Alfred Health participated in four different benchmarking systems to further clinical diagnosis and improvement initiatives. These were:

1. Health Roundtable (benchmarking with Australian health services)
2. Healthcare Evaluation Data (Health Roundtable benchmarking with Australian and UK Hospitals)
3. Dr Foster Quality Investigator (14 Victorian hospitals)
4. Dr Foster Global Comparators (collaboration with 41 health organisations from nine countries).

The focus for the year was on understanding readmissions, looking at frequently presenting patient groups, in particular patients with chronic heart failure and Chronic Obstructive Airway Disease.

ACTIVITY

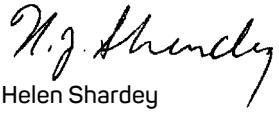
Admitted Patients	Acute	Subacute	Mental Health	Other	Total
Separations					
Same Day	59,386	8	18	0	59,412
Multi Day	42,164	4,049	1,325	0	47,538
Total Separations	**101,550**	**4,057**	**1,343**	**0**	**106,950**
Emergency	43,006	11	917	0	43,934
Elective	57,021	4,046	426	0	61,493
Other	1,523	0	0	0	1,523
Total separations	**101,550**	**4,057**	**1,343**	**0**	**106,950**
Other					
Total bed days	**274,576**	**238,286** *	**23,081**	**0**	**535,943**
Total WIES	**97,012**	**0**	**0**	**0**	**97,012**
Major trauma admissions	**1,240**	**0**	**0**	**0**	**1,240**

Non-Admitted Patients	Alfred	Caulfield	Sandringham	Other	Total
Emergency Department presentations	62,614	0	30,829	0	93,443
Specialist outpatient appointments	129,539	2,480	10,193	0	142,212
Allied Health outpatient appointments	41,260	0	3,228	0	44,488
Diagnostic outpatient events	136,900	3,091	26,590	0	166,581
Radiotherapy occasions of service	35,473	0	0	19,268	54,741
Other services – occasions of service	87,580	197,893	0	41,146	326,619
Total occasions of service	**493,366**	**203,464**	**70,840**	**60,414**	**828,084**

* Discharged bed days – as part of the transfer of residential care to HammondCare we discharged all of our residential care patients. Due to their long length of stay, this has altered the figures substantially.

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 2015.



Helen Shardey
Chairwoman
Board of Directors

13 August 2015

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 objectives:

- access to healthcare services
- quality of services to our community
- financial viability.

Performance A: Victorian Government's Priorities 2012-2022

Victorian Government Priority Actions for 2014-15	Alfred Health Deliverables for 2014-15	Progress as at 30 June 2015	Status
Developing a system that is responsive to people's needs			
Develop an organisational policy for the provision of safe, high quality end of life care in acute and subacute settings, with clear guidance about the role of, and access to, specialist palliative care.	Develop an integrated approach to end of life care across Alfred Health and embed an agreed set of principles into relevant Alfred Health Services.	Alfred Health End of Life Care Framework approved and implemented including updated Advanced Care Plan and consensus resuscitation plan. Implementation supported by professional development and training programs for health professionals within and outside Alfred Health. Further work to continue to have the approach as standard practice across health service.	Completed
Progress partnerships with other services to improve outcomes for regional and rural patients.	Create further partnerships to expand the delivery of specialist expertise to regional hospitals including smoother transfer of the most complex patients to Alfred Health.	Implementing referral agreements with regional and metropolitan health services in specialties including oncology, neurosurgery, cardiac surgery and thoracic surgery to increase timely referral of more complex patients. Cardiac referrals supported by implementation of cardiac image transfer system allowing for images to be transferred from referring health services for complex cardiac care.	Completed
Improving every Victorian's health status and experiences			
Use consumer feedback to improve person and family centred care, health service practice and patient experience.	Implement an organisation-wide patient and family escalation program (*Let me know*) that responds to concerning changes in a patient's medical condition.	*Let me know* patient and family escalation program successfully piloted at The Alfred and subsequently implemented across Alfred Health from November 2014. Monitoring and evaluation program established in Riskman.	Completed
Reduce unplanned readmissions.	Improve the patient journey from hospital to community including better handover and discharge processes and continue to look for opportunities to reduce unplanned readmission.	28 day readmission rate stable over last 12 months at 6.8% compared to 7.7% for comparator services. Bedside nursing and shift handover implemented across Alfred Health; continued improvement on completion of electronic discharge summaries and on transmission of summaries to GPs. Further work to always provide timely discharge summaries to primary care providers.	Completed
Consider new models of care and more coordinated services to respond to the specific needs of people with acquired brain injury.	Commission the Acquired Brain Injury Rehabilitation Centre at Caulfield and successfully implement a statewide rehabilitation model of care for patients with moderate to severe/catastrophic acquired brain injury.	Caulfield ABI Centre opened and fully operational with significant proportion of external referrals; community rehabilitation program implemented; research program established; and electronic documentation operational. The four-bed community-based Transitional Living Service will start taking residents in 2015-16.	Completed

PERFORMANCE (CONT.)

Victorian Government Priority Actions for 2014-15	Alfred Health Deliverables for 2014-15	Progress as at 30 June 2015	Status
Expanding service, workforce and system capacity			
Develop and implement a workforce immunisation plan that includes pre-employment screening and immunisation assessment for existing staff that work in high risk areas in order to align with Australian infection control and immunisation guidelines.	Continue to protect Alfred Health patients, staff and visitors from vaccine preventable diseases through a comprehensive occupational vaccination program including ensuring that all staff, especially those newly recruited, are aware of the immunisations recommended by Alfred Health based on their risk of exposure and the risk to others that they care for or work with.	Comprehensive occupational influenza vaccination campaign achieved 80.3% coverage in 2014 compared to statewide target of 75%. Campaign for 2015 well underway with 78% achieved at end of year towards raised statewide target of 85%.	Completed
Optimise workforce productivity through identification and implementation of workforce models that enhance individual and team capacity and support flexibility.	Finalise the principles for and progress implementation of improved practice in ward management and operations leading to safer care and reduced length of stay.	Principles and governance for ward management agreed and ward management systems implemented across program areas. Ward managers being supported by service-wide improvement programs focused on place-based leadership, progression of care and simpler wayfinding. Further work to embed new practices and fully realise benefits to patient care.	Completed
Support safe and quality care by ensuring that all staff have the appropriate level of skill, experience and support.	Achieve 85% of eligible staff having annual performance reviews through implementation of online performance management.	Online performance management system implemented and now reflects 85% of organisation with 70% of in-scope staff participating in process. HR providing support and training to managers and tracking and feeding back progress.	Good progress
Increasing the system's financial sustainability and productivity			
Identify opportunities for efficiency and better value service delivery.	Achieve length of stay and day of admission rates in the top quartile benchmarked against Victoria, Australian and international peers' services.	Achieved top quartile length of stay rate (as measured by relative stay index) benchmarked against Victoria, Australia and internationally. Day of admission rate benchmark not achieved across all specialties, however Alfred Health achieved top quartile performance for elective surgery access benchmarked against Victorian public hospitals.	Good progress
	Implement a new and ongoing improvement program focused on increasing operational efficiency and generate ongoing financial and economic value across the health service.	Progress has been made with significant ongoing and once-off savings achieved; full targeted savings are expected to be achieved although not as quickly as originally planned. Future focus will be on specific parts of revenue maximisation and cost savings initiatives as part of the 2015-16 budget planning and beyond.	Some progress

Victorian Government Priority Actions for 2014-15	Alfred Health Deliverables for 2014-15	Progress as at 30 June 2015	Status
Implementing continuous improvements and innovation			
Develop a focus on 'systems thinking' to drive improved integration and networking across healthcare settings.	Prepare Monash Partners to be able to respond successfully to NHMRC call for submissions to establish Academic Health Science Centres.	In March 2015, NHMRC recognised Monash Partners as one of only four international-standard Advanced Health Research and Translation Centres in Australia. NHMRC has recognised Monash Partners as excelling in research, the translation of evidence into excellent patient care including of the most complex cases, and with a strong research and translation focus in the education of health professionals, at an international level.	Completed
Develop and implement improvement strategies that optimise access, patient flow, system coordination and the quality and safety of hospital services.	Implement bedside nursing handover in all acute and subacute wards.	Implementation has occurred in all acute and subacute wards; regular observational audits being undertaken to sustain practice change; results fed back to local areas to address identified gaps in practice.	Completed
	Continue to meet National Quality and Safety Health Service standards and successfully complete self-assessment in November 2014.	Self-assessment completed and submitted. Monthly standards calendar successfully implemented for 2014 and 2015; action plan developed in preparation for full survey in May 2016.	Completed
Increasing accountability and transparency			
Undertake an annual board assessment to identify and develop board capability to ensure all board members are well equipped to effectively discharge their responsibilities.	Alfred Health Board will continue to complete an annual assessment to identify and develop board capability and ensure board members are well equipped to effectively discharge their responsibilities.	Alfred Health Board has continued to build strategic capability through implementation of initiatives arising from 2014 self-assessment and development plan will be reviewed and updated during 2015.	Good progress
Demonstrate a strategic focus and commitment to aged care by responding to community need as well as the Commonwealth *Living Longer Living Better* reforms.	Build capacity to expand and upgrade residential aged care at Caulfield.	Non-government specialist aged care provider, HammondCare operating Caulfield residential aged care from 2 March 2015 and will invest $30M in upgraded and expanded facility over next three years.	Completed
Provide clear vision and direction for the continued development of the health service over the next 5 years.	Complete strategic planning for Alfred Health for 2015-20.	All fieldwork completed including internal and external consultation with good engagement on draft Strategic Plan 2015-20. Board to consider finalised Strategic Plan early in 2015-16.	Good progress
Improving utilisation of e-health and communications technology			
Trial, implement and evaluate strategies that use e-health as an enabler of better patient care.	Implement departmental IT systems (e.g. patient administration, anaesthetic clinical information, emergency department, pathology) to improve patient documentation and automated billing.	Implementation of departmental IT system developments on track but at different stages. Implementation of patient administration, anaesthetic clinical information and pathology underway; emergency department upgrade linked to Emergency and Trauma Centre redevelopment and Cerner Partnership both beginning 2015-16.	Good progress
Ensure local ICT strategic plans are in place.	Implement the Alfred Health ICT Strategy including managing critical infrastructure risks (e.g. switchboard, computer network, telephone network) to support safe and high quality care to patients.	Business case and project planning completed and finance agreed for all three components; upgrades underway and on track, continuing in 2015-16.	Good progress

Performance B: Performance priorities

Financial Sustainability Performance

Finance	Target	2014-15 actuals
Annual Operating Result ($m)	$0	$0.2
Creditors	< 60 days	42 days
Debtors	< 60 days	65 days
Percentage of WIES (Public and Private) Performance to Target	100%	101.5%

Asset management		
Basic asset management plan	Full compliance	Full compliance

Access Performance (Note: Emergency Indicators are to be reported at campus/hospital level)

Emergency Care	Target	2014-15 actuals The Alfred	2014-15 actuals Sandringham
Percentage of operating time on hospital bypass	3%	0.8%	N/A
Percentage of ambulance transfers within 40 minutes	90%	87%	93%
NEAT*	81%	82%	87%
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%	81%	75%

* 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	Target	Actual 2014-15
Percentage of Urgency Category 1 elective patients treated within 30 days	100%	100%
NEST – Percentage of Urgency Category 2 elective surgery patients treated within 90 days	88%	92%
NEST – Percentage of Urgency Category 3 elective surgery patients treated within 365 days	97%	100%
Number of Hospital Initiated Postponements per 100 scheduled admissions	8	4.8

Elective Surgery Waiting list	Target	Actual 2014-15
Number of patients on the elective surgery waiting list	1,966	2,099

Service Performance

Elective Surgery	Target	2014-15 actuals
Number of patients admitted from the elective surgery waiting list – quarter 1	2,979	3,264
Number of patients admitted from the elective surgery waiting list – quarter 2	2,845	3,041
Number of patients admitted from the elective surgery waiting list – quarter 3	2,610	2,938
Number of patients admitted from the elective surgery waiting list – quarter 4	2,766	3,096
Number of patients admitted from the elective surgery waiting list – annual total	11,200	12,339

Critical Care	Target	2014-15 actuals
Number of days operating below agreed Adult ICU minimum operating capacity	0	0

Patient Experience and Outcomes	Target	2014-15 actuals
Victorian Healthcare Experience Survey	Full compliance	Full compliance
Hospital acquired infection surveillance	No outliers	No outliers*
ICU central line associated blood stream infections (ICU CLABSI)	No outliers	No outliers*
SAB rate per occupied bed days	< 2/10,000	< 2/10,000
28 day readmission rate (%)	14%	11%
Post-discharge follow up rate (%)	75%	84%
Seclusion rate per occupied bed days	< 15/1,000	10.74/1000

Governance, Leadership and Culture	Target	2014-15 actuals
Patient safety culture	80%	Scheduled Nov 2015

Governance, Leadership and Culture	Target	2014-15 actuals
Health service accreditation	Full compliance	Full compliance
Residential aged care accreditation *(until 2 March when Hammond Care took over residential care)	Full compliance	Full compliance
Cleaning standards	Full compliance	Full compliance
Cleaning standards (AQL- A)	90%	97.2%
Cleaning standards (AQL- B)	85%	97.2%
Cleaning standards (AQL- C)	85%	97.3%
Hand hygiene (rate) – quarter 2	75%	77.2%
Hand hygiene (rate) – quarter 3	77%	78.8%
Hand hygiene (rate) – quarter 4	80%	77.6%
Health care worker immunisation – influenza	75%	80.3%

* No outliers – fully compliant with data submission

+ Next survey to be launched November 2015

Performance C: Activity and funding

	2014-15 activity
Acute Admitted	
WIES Public	76,062
WIES Private	14,114
WIES (Public and Private)	90,176
WIES DVA	1,080
WIES TAC	5,756
WIES Total	97,012
Acute non-admitted	
Radiotherapy WAUs Public	73,853
Radiotherapy WAUs DVA	1,493
Mental Health and Drug Services	
Mental Health Inpatient – Bed days	23,676
Mental Health inpatient – WOt	25,421
Mental Health Ambulatory	58,445
Mental Health Residential	5,807
Mental Health Subacute	2,733

	2014-15 activity
Subacute & Non acute Admitted	
Rehab Public	30,546
Rehab Private	14,328
Rehab DVA	697
GEM Public	28,506
GEM Private	15,070
GEM DVA	2,428
Transition Care – Bed days	24,388
Transition Care – Home day	6,060
Aged Care	
Aged Care Assessment Service	3,892
Residential Aged Care	135,279*
HACC	13,886
Primary Health	
Community Health/Primary Care Programs	12,574
Subacute Non-Admitted	
Health Independence Program	82,029

* Discharged bed days – as part of the transfer of residential care to HammondCare we discharged all of our residential care patients. Due to their long length of stay, this has altered the figures substantially.

Some of the many staff involved in The Alfred's heart and lung transplant program.

Financial summary 2014-15

The operating and key financial result for 2014-15 was a $0.20 million surplus, consistent with the last year's result. Revenue increased by $59.6 million, largely due to government grants that had increased due to activity growth and funding for the new Acquired Brain Injury (ABI) Centre.

The comprehensive result was a loss of $28.3 million in 2014-15 compared to a profit of $261.8 million in the previous year, largely due to an asset revaluation of $285 million in the prior year. This result includes capital donations revenue of $14.6 million designated for specific capital purchases, including the Emergency Department Redevelopment Project, various IT projects, as well as surgical and imaging equipment. This is an increase of $7.0 million from the last financial year.

The 2014-15 comprehensive result takes into account the divestment of the Residential Aged Care Service on 2 March 2015 to HammondCare.

Total liabilities increased by $14.3 million, mainly related to employee benefit provisions.

During the year Alfred Health continued to find financial savings and efficiency improvements while providing excellent patient care. The operating surplus is a result of the organisation confirming its commitment to achieve savings targets through efficiency programs.

Financial Summary

	2015 $M	2014 $M	2013 $M	2012 $M	2011 $M
Total Revenue	975.3	915.7	894.5	868.9	821.0
Total Expenses	975.1	915.5	894.4	868.9	821.0
Operating Result*	**0.2**	**0.2**	**0.1**	**0.0**	**0.0**
Capital and Specific Items	(30.8)	(25.1)	(25.3)	(18.5)	(43.7)
Other Comprehensive Income**	2.3	286.7	7.9	0.0	0.0
Comprehensive Result	**(28.3)**	**261.8**	**(17.3)**	**(18.5)**	**(43.7)**
Transfers to Reserves	2.2	7.1	(8.4)	(10.8)	(11.7)
Retained Surplus/Deficit	(186.5)	(159.4)	(141.5)	(159.1)	(129.8)
Total Assets	1,056.8	1,086.2	808.2	763.0	826.1
Total Liabilities	279.4	265.1	248.9	237.6	275.0
Net Assets	777.4	821.1	559.3	525.4	551.1

* Operating result (net result before capital and specific items)
** Includes asset revaluation

RESEARCH THROUGH PARTNERSHIP

- **$120m** in external funding, increased by 19%
- **1,993** publications, up 4% from last year
- **219** students completed masters and doctoral degrees
- Monash Partners recognised by NHMRC

Achievements in 2014-15 included national recognition for our academic health science centre, with a significant increase in external research funding and involvement in clinical trials.

NATIONAL RECOGNITION

In March 2015, the Monash Partners Academic Health Science Centre was recognised by the National Health and Medical Research Council (NHMRC) as one of only four Advanced Health Research and Translation Centres in Australia.

This followed an in-depth application, assessment and interview process by an international panel of experts. This recognition among a competitive field acknowledges that Monash Partners is among the world's best in translational research and is using this research to improve patient care and health outcomes.

In 2014-15, Monash Partners and its partner organisations continued to invest in new translational health research projects arising from collaborations within the AHSC. This Monash Partners Seed Funding Initiative attracted 58 applications, with multiple projects successfully funded, including several collaborative projects across partner sites. Again this year, partners contributed funds over and above those committed directly through Monash Partners to support additional collaborative projects.

The Anovex trial, which gives Victorian participants access to a new treatment for Alzheimer's disease, attracted significant media interest. Here Assoc. Prof Stephen Macfarlane discusses Anovex with SBS.

AMREP

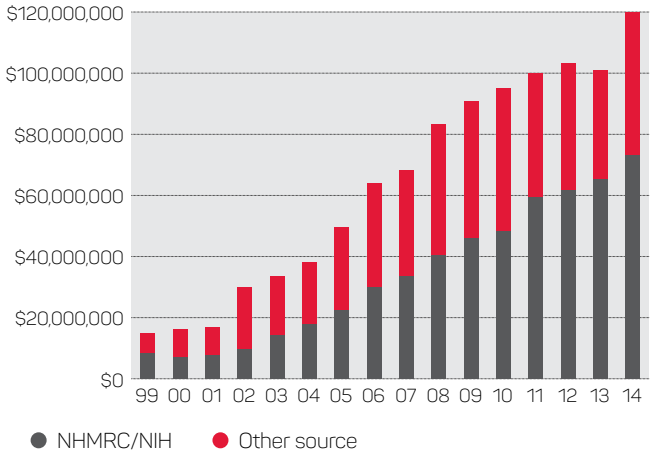
Alfred Health is a leader partner in the Alfred Medical Research and Education Precinct (AMREP) with Monash University, Baker IDI Heart and Diabetes Institute, Burnet Institute, La Trobe University and Deakin University.

This collaboration links health and medical research with education and healthcare delivery, providing the ideal environment for rapid translation of research findings into improved health policy and clinical practice.

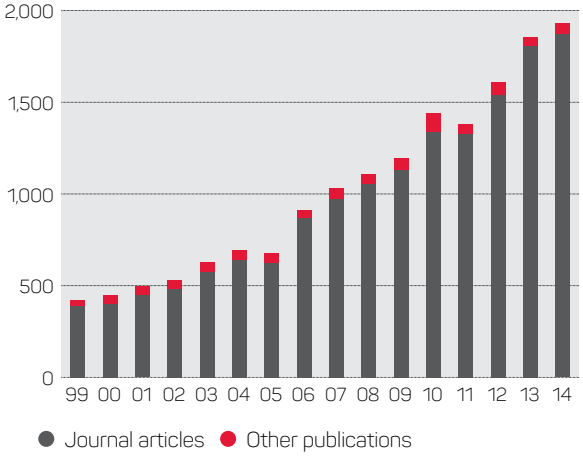
AMREP research

In the 2014 calendar year, AMREP researchers received $120 million in external competitive research funding, an increase of 19 per cent from 2013; 61 per cent of this funding was received from the National Health and Medicine Research Council (NHMRC) and the US National Institutes of Health (NIH). The number of publications (refereed journal articles, book chapters and books) increased by four per cent in 2014 to 1,933 and 219 students completed and passed their masters and doctoral degrees.

External research funding 1999-2014



Publications 1999-2014



NEW NHMRC FUNDING

Alfred Health staff members were lead investigators of several new NHMRC grants that started in 2015.

Project grants:

Associate Professor David Curtis: '*Eradicating leukaemic stem cells by targeting the arginine methyltransferase PRMT5*'. 2015-2018: $742,353.

Professor Paul Fitzgerald: '*Deep brain stimulation in the treatment of severe depression*'. 2015-2019: $967,355.

Associate Professor Natasha Lannin: '*Optimising upper limb recovery following stroke: a randomised controlled trial of the effects of botulinum toxin-A combined with intensive rehabilitation compared to botulinum toxin-A alone*'. 2015-2017: $1,036,713.

Professor Ken Thomson: '*Developing irreversible electroporation non-thermal tumour ablation for organ-confined prostate cancer treatment*'. 2015-2017: $281,746.

Other grants:

Practitioner Fellowship: **Professor Paul Fitzgerald**. PF2 level (2015-2019).

Career Development Fellowship: **Dr Kate Hoy**. Level 1 Biomedical (2015-2018).

Professor David McGiffin (Director, Cardiothoracic Surgery) and **Dr Vincent Pellegrino** (Intensive Care) became co-chief investigators, collaborating with another seven investigators, on the new five-year $2.5 million Centre for Research Excellence in Advanced Cardio-respiratory Therapies Improving Organ Support. The project is led by Professor John Fraser of Prince Charles Hospital, Brisbane.

RESEARCH POSTER DISPLAY AND RESEARCH DAY

The 2014 Alfred Week Research Poster Display showcased 183 research posters from across AMREP. Generous prizes were awarded for the posters judged best in their category.

Research Day, held during Alfred Health Week, featured a keynote address by Professor Garry Jennings AO, Director of Baker IDI Heart and Diabetes Institute, titled '*Hearts, Minds and Research at AMREP*'. Following his presentation, Professor Jennings presented the AMREP Research Prizes for the highest impact original research articles published by AMREP researchers in 2014.

MAJOR RESEARCH HIGHLIGHTS

Leading the way on Alzheimer's research

Caulfield Hospital became the lead site for a clinical trial testing a new treatment for Alzheimer's disease, which hopes to provide a good therapeutic response, with low toxicity.

The *Anavex 2-73 Study*, with lead investigator Associate Professor Steve Macfarlane, head of Caulfield Hospital's Aged Psychiatry Service, recruits patients with mild to moderate Alzheimer's disease. The trial will involve up to seven experienced Alzheimer's disease clinical trial sites in Melbourne.

Global effort in brain injury research

The Alfred is the lead Australian hospital in a major global collaboration, seeking to improve the health and quality-of-life of those who are severely brain injured.

During the year, Alfred intensivist Professor Jamie Cooper, head of intensive care research at The Alfred started collaborating on OzENTER-TBI (Australia-Europe Neuro Trauma Effectiveness Research – Traumatic Brain Injury Collaboration). This large research project was initiated in 2011 by the European Commission, the Canadian Institutes of Health Research and the National Institutes of Health.

The study's first component aims to better characterise traumatic brain injury as a disease and identify the most effective clinical interventions for managing patients. Another component will look at finding the 'holy grail' for doctors looking after TBI patients – a precise early outcome prognosis for families.

Around the world, TBI is a major cause of death and disability for people under 45 years and the incidence is growing, due to increased motor vehicle accidents in developing countries.

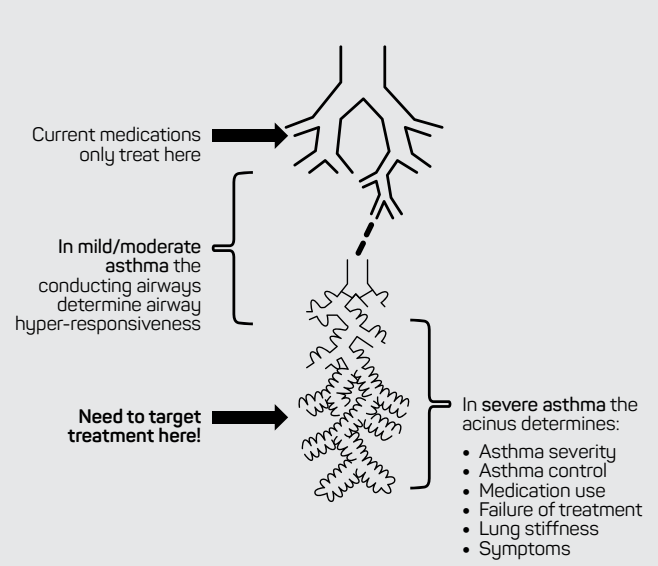
Asthma breakthrough: treating the right airways

Asthma mortality in Australia is the highest in the world and during the year Alfred researchers began working on finding the answer for those who have little relief from current medications.

Professor Bruce Thompson, Head Physiology Service in Allergy, Immunology and Respiratory medicine (AIRMED) at The Alfred is aiming to show that the wrong airways are being targeted in patients with severe asthma. The new study will treat patients with very fine particle inhaled steroids that will travel much further in the lungs.

Prof. Thompson, and fellow Alfred chief investigator Professor Robyn O'Hehir, Director, AIRMED have compelling preliminary data from pilot studies that show the small airways are the predominant site of disease activity for asthma patients.

The study, to be jointly performed with the Royal North Shore Hospital, will recruit 120 patients, aged 18-55 years, with severe asthma in 2016.



Professor Bruce Thompson in The Alfred's lung function lab, hopeful about new treatment for asthma.

PROJECTS AND INFRASTRUCTURE

Significant capital and planning projects were undertaken during the year, supported by government funding for new facilities and equipment.

Acquired Brain Injury (ABI) Rehabilitation Centre

The new ABI Centre at Caulfield Hospital was commissioned in September 2014. This purpose-built facility provides a statewide rehabilitation service for people with moderate to severe acquired brain injury. The service includes a 42-bed inpatient rehabilitation service, a community rehabilitation service and a four-bed transitional living service.

The new facility is jointly funded by Commonwealth and State Governments, along with the Transport Accident Commission.

West Wing Feasibility Study

During the year, work commenced on a feasibility study for the redevelopment of the western end of The Alfred site. The scope of the project includes:

- a new pathology service
- an operating theatre complex and sterile supply department
- an expansion to Alfred ICU
- inpatient bed units
- connection back to Main Ward building
- car parking of approximately 600 spaces
- refurbishment of the existing Main Ward building
- incorporation of Monash University space requirements, in support of an integrated medical and education precinct development.

Work on the feasibility study will be completed by the end of 2015.

headspace, Bentleigh

The new headspace Bentleigh facility was opened in February 2015. The free youth health service for young people aged 12-25 years provides access to psychologists, counsellors, youth workers and doctors.

The new facility was funded by the Commonwealth Government.

Emergency & Trauma Centre (E&TC) redevelopment

During the year, planning and preliminary design works were undertaken as part of a plan to redevelop The Alfred's Emergency & Trauma Centre. The project has subsequently been scoped at a value of $15 million, with this funding raised by public donations. The project is now entering its detailed design phase, with construction due to commence in early 2016.

The newly opened Acquired Brain Injury Rehabilitation Centre at Caulfield Hospital.

42

bed statewide ABI Unit opens

$7.73M

for medical equipment and engineering infrastructure replacement

$15M

work begins on E&TC redevelopment

EQUIPMENT AND INFRASTRUCTURE

In 2014-15, Alfred Health received $7.73 million in funding from the Victorian government's Medical Equipment and Engineering Infrastructure Replacement Program (MEIRP) to undertake the following projects:

Equipment	Funding
Positron Emission Tomography (PET CT)	$3,500,000
Digital X-ray equipment	$380,000
Stereotatic equipment	$642,000
Gamma camera	$380,000
Neurosurgical – microscope	$528,000
Liquid chromatography	$400,000

Infrastructure:	Funding
Switchboard replacement – Philip Block	$400,000
Exit sign/emergency lights upgrade	$400,000
Cardiac body protection works	$600,000
Lift upgrade – East Block	$500,000

Cardiac catheter laboratory upgrade: Through MEIRP, we also received funding to replace two cardiac catheter laboratories at The Alfred. This project included replacement of cath lab equipment and upgrades to amenities within the procedural suite area.

BUILDING PROJECTS

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

2014-15 Building Projects Status

Projects completed (with certificates of final inspection)

The Alfred – Main Ward Block Level 4 Dialysis (West)

The Alfred – Hugh Trumble redevelopment

The Alfred – Cath Labs 1, 2 and 3

The Alfred – Main Ward Block Level 4GMU (East)

The Alfred – SPECT CT installation

Sandringham – Dialysis Unit

Caulfield – Acquired Brain Injury Unit

Caulfield – Transitional Living Centre

Caulfield – Front entrance toilets

Offsite – headspace fit out

Projects with building permits under construction

The Alfred – Active Travel Zone

The Alfred – William Buckland garden

The Alfred – PET/CT

The Alfred – Emergency and exit lighting upgrade

In line with requirements, registered building practitioners were used on all building projects, with maintenance of their registered status for the duration of the works a condition of their contract. All buildings are maintained in a safe and serviceable condition, with routine inspections and scheduled maintenance programs undertaken. All buildings essential services were inspected for compliance as required by legislation.

COMMUNITY AND ENVIRONMENT

We contributed to building healthy communities through our prevention and promotion initiatives and by implementing broader environmental initiatives. The community continued its generous support through gifts and volunteering.

HEALTHY LIVING

Smokefree: Alfred Health played an important role in leading the statewide *Supporting Patients to be Smokefree* initiative on behalf of the Department of Health and Human Services. Successful management of nicotine dependency among our patients continued with research showing that patients are four times more likely to quit smoking than those who do not receive support. We have now shared our clinical model and experiences with other health services.

We developed an innovative campaign '*Start the conversation*', which won gold at the Melbourne Design Awards in 2014. In a compelling video, real patients and clinicians shared life changing stories that resulted in people quitting smoking. The campaign, which challenged health professionals to offer support, was viewed 20,000 times in its first three months.

Healthy choices: Alfred Health won a prestigious VicHealth Award in December 2014 for '*Creating a culture of healthy eating at Alfred Health*'.

In the first trial of its kind we demonstrated that removing the least healthy 'red' drinks from retail display made a significant contribution to public health, while maintaining commercial viability for retailers. Prior to this intervention at The Alfred's on-campus cafe, 'red' drinks accounted for 46 per cent of total drink sales. Within two weeks of removing 'red' drinks from display, they accounted for only 32 per cent of sales. 'Red' drinks continued to be sold at lower levels, representing 35 per cent of total sales six months on. Total drink sales were unaffected by the change.

We will partner with Vic Health and the Behavioural Insights Team from the inaugural Leading Thinker Initiative to test new and innovative approaches to tackling overweight and obesity within Victoria.

Largest ever single donation at The Alfred

554 volunteers helping patients across three hospitals

900kL predicted saving of water per week

Over 5 tonnes of waste diverted

ENVIRONMENTAL SUSTAINABILITY

Victorian health services are required, under the Department of Health Policy and Funding Guidelines, to maintain an Environmental Management Plan and an active program to promote and manage sustainable work practices.

Alfred Health monitors the environmental impact of its operations and is aiming to reduce waste.

Environmental Management Plan: During the year we approved our *Environmental Management Plan 2015-2017* which includes:

- baseline environmental performance with a focus on energy, water and waste consumption and carbon emissions, compared to 'like' healthcare agencies
- action plans and performance targets across a range of operational areas.

Sustainability Committee: During the year the Sustainability Committee was established as an advisory group to the Executive Committee to develop and implement the environmental management plan.

Improvement activities included:

- an audit of energy consumption and strategies to reduce our demand and greenhouse gas emissions, as part of the "*Greening Better Buildings*" program. Strategies progressively implemented include:
  - the replacement of existing lighting with LED lighting solutions
  - the reconfiguration of the central chilled water system
  - upgrades to the building management systems that control air conditioning and heating systems.
- the replacement of condensate heat exchangers on The Alfred site, resulting in an estimated weekly saving of 900 kilolitres of water.
- an audit of waste disposal usage patterns, which has improved waste management, including the separation and segregation between clinical and general waste.
- the ICU/KIMGUARD recycling program, which collects all clean plastics from our theatres for recycling offsite. So far over five tonnes of waste have been diverted from landfill. We have donated four outdoor benches, made from recycled materials generated from our operating theatres, to public schools in Point Cook.
- membership in the Victorian Green Round Table Waste Committee.
- re-using water supply from the renal dialysis units for watering gardens at The Alfred. Enabling works undertaken on The Alfred site will allow this water to be used in cooling towers and central flushing systems.

COMMUNITY INVOLVEMENT

Our communities contributed greatly to the work of our hospitals and services. This includes volunteers giving up their time, and people giving generously to help improve facilities and equipment.

Alfred Health volunteers

This year we experienced the highest intake of volunteers in Alfred Health's history.

After three information sessions in February that attracted a strong turnout of 120 people, a training day was held for 90 people interested in becoming volunteers. Following training and police checks, volunteers were placed in roles that matched their experience, skills and interests, including patient and family support, concierge services and consumer participation.

By the end of the year Alfred Health had 544 volunteers. Around 50 per cent of our volunteers were students, indicating an interest in young people wanting to give back to their community.

A new volunteer program was introduced into the new Acquired Brain Injury Rehabilitation Centre at Caulfield. Volunteers staff the front reception area and escort family and friends into the centre. They provide support during the lunch period – helping to set up and socialise with patients.

New volunteer programs at Sandringham Hospital included a driver program, cuddle program and volunteer tea /coffee trolley in outpatients, as well as a knitters group who make and donate knitwear to the kiosk.

GIFTS AND DONATIONS

Caulfield Hospital

The hospital's onsite kiosk, run by the Helmsmen Kiosk Auxiliary, has been a long-time supporter of Caulfield Hospital. Since 1979, the volunteer auxiliary members have raised more than $1.1 million and once again provided a significant donation to the hospital during the year. Donations have been used to purchase medical equipment and in the last year that has included an ECG machine and $12,000 patient hoist machine.

Significant gifts were received from:

- Helmsmen Kiosk Auxiliary
- Aged Persons Welfare Foundation
- Estate of Harold Osmond Shattock
- Estate of Henry Herbert Yoffa
- Mr Wilma Omer-Cooper
- Miss Elaine Joyce Fry

Sandringham Hospital

Sandringham Hospital received generous support from individuals, community groups, businesses and trusts and foundations. Major fundraising events included Oaks Day lunches at Sandringham Yacht Club and Royal Brighton Yacht Club and two golf days held at Royal Melbourne Golf Club, hosted by the Black Rock Sports Auxiliary and the Lions Club of Moorabbin.

Significant gifts were received from:

- Black Rock Sports Auxiliary
- Collier Charitable Fund
- Rotary Clubs of Beaumaris, Hampton, Mordialloc and Sandringham
- Royal Brighton Yacht Club
- Sandringham Hospital Kiosk Auxiliary
- Sandringham Yacht Club
- The Alfred & Jean Dickson Foundation
- The Cybec Foundation
- The Lions Club of Moorabbin
- The Perpetual Foundation – The Gary Thomson Endowment

Community support was also strong for the hospital's 50th birthday celebrations, which included a formal ball, golf days and past staff reunion lunch.

The Alfred Foundation

The Alfred Foundation raised more than $14.3 million in 2014-15 for The Alfred, with contributions made by individuals, community groups, trusts, foundations and estates. Activities focused on the Emergency and Trauma Centre redevelopment project.

The Alfred received the single largest gift in its history, thus enabling the redevelopment of the Eva & Les Erdi Emergency and Trauma Centre.

Significant gifts were received from:

- Eva and Les Erdi Humanitarian Charitable Foundation
- Estate of Elizabeth Ruth McArthur
- Estate of Henry (Harry) Boyd Birch
- Estate of Alma Elizabeth Yewdall
- Estate of Arthur Morris Abrahams
- Estate of Peter Morley
- Mr John & Mrs Betty Laidlaw
- Estate of John Fakkel
- AAMI
- Estate of Keith Andrew Gray
- Estate of Brian Butcher
- Firefighters Charity Fund Melbourne
- Estate of Douglas Allan Inglis
- The Pratt Foundation
- Merrin Foundation
- Estate of Kevin William Hood
- Estate of Sylvia May Sneddon
- The Margaret Pratt Foundation
- Swiss Concept Australia
- Irene Phelps Charitable Trust
- Bindy & David Koadlow

Community Fundraising: Activities included taking part for the first time in the Dry July campaign, with The Alfred becoming a beneficiary of this national online fundraiser to support adults living with cancer. Funds raised enabled the creation of a garden for the use of cancer patients at the William Buckland Radiotherapy Centre.

The Alfred Men's Health Father's Day Appeal 2014: This focused on the Emergency & Trauma Centre redevelopment project. More than 250,000 copies of the Appeal's *Healthy Men* publication were distributed. Activities included a 3AW broadcast from The Alfred during the Father's Day weekend as well as live weather broadcasts by Channel 9's *Today Show*.

Life Support Committee: The committee hosted several events, notably The Life Support Portsea Polo, a Winter Cocktail Party and an Indian Banquet, all to support critical care at The Alfred.

In 2014-15 The Alfred Foundation Board comprised:

- Sir Rod Eddington AO (Chairman)
- Mr Ian Cootes (Deputy Chairman)
- Mr Peter Barnett
- Mr Ravi Bhatia
- Mr Anthony Charles
- 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 Nicholas O'Donohue
- Mr Tony Phillips
- Mr George Richards
- Mr Rob Sayer
- Mr Paul Sheahan AM
- Mrs Carolyn Stubbs
- A/Prof Andrew Way (Chief Executive, Alfred Health)
- Mr Alan Williams
- Sir Donald Trescowthick AC KBE (Patron)

GOVERNANCE

Responsiveness along with sound and transparent decisions are key principles in Alfred Health's governance process.

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 appointed for a period of up to three years and can be re-appointed to serve up to nine years.

OBJECTIVES, FUNCTIONS, POWER AND DUTIES

The core objective 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 objectives of the service as a public health service are to:

1. provide high-quality health services to the community, which aim to meet community needs effectively and efficiently;
2. 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;
3. 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;
4. ensure that the service strives to continuously improve quality and foster innovation;
5. support a broad range of high-quality health research to contribute to new knowledge and to take advantage of knowledge gained elsewhere;
6. operate in a business-like manner, which maximises efficiency, effectiveness and cost-effectiveness and ensures the financial viability of the service;
7. ensure that mechanisms are available to inform consumers and protect their rights and to facilitate consultation with the community;
8. operate a public health service as authorised by or under the Act; and
9. 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

AS AT 30 JUNE 2015

Ms Helen Shardey

BComm TSTC MAICD (Chairwoman)

Chair: Remuneration Committee, Member: Finance and Quality committees, Attends: Audit Committee.

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, and at various times 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, a strong understanding of the structure and governance of the health system, both State and Federal, and expertise in strategy and policy development with a focus on health and social policy. She has previously worked as a corporate consultant, senior policy adviser (Federal Parliament), medical practice manager and secondary teacher, and has been appointed Ambassador at Large for the Jewish National Fund of Australia. She is a member of the Australian Institute of Company Directors and a board member of the Victorian Reproductive Treatment Authority.

Mr Julian Gardner AM

BA LLB FIPAA

Chair: Primary Care & Population Health Advisory Committee, Member: Quality Committee

Mr Gardner is a lawyer whose consultancy has included law reform, advance care planning and public administration. He is the Chair of the Board of Mind Australia Ltd, an NGO providing community mental health services and a Vice Chair of the Australian Press Council. He has previously held positions as Victoria's Public Advocate, President of the Mental Health Review 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 where he was the Council Chair. In June 2015 he was made a Member of the Order of Australia for significant service to the community through leadership roles with social welfare, mental health, legal aid and other legal organisations.

Mr Carl Putt

BSc MHA

Chair: Finance Committee, **Member:** Audit and Remuneration committees

Mr Putt has extensive experience in hospital management, financing and redevelopment. During his career he has held senior executive positions in a number of Victorian teaching hospitals. He was involved in the redevelopment and relocation of the Queen Victoria Medical Centre to Clayton; its amalgamation with Prince Henry's and Moorabbin Hospitals in 1987 to form Monash Medical Centre; the establishment of Jessie McPherson Private Hospital; and the subsequent creation of the Southern Health Care Network in 1996. Mr Putt was a Director and subsequently Managing Director of the Victorian Hospital's Association from 1999 to 2002 before taking on the role of Director of Hospital Services in the Northern Territory Department of Health and Community Services. After returning to Melbourne, he led the redevelopment and relocation of the Royal Women's Hospital to Parkville. Since 2013 Mr Putt has served as Ministerial Delegate to a rural hospital board and has undertaken a number of management reviews in the public hospital sector.

Mr Damien Kenny

BCom BBus Systems

Chair: Community Advisory. **Committee 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.

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 James Turcato

CPA FAICD AIMM

Chair: Audit Committee, **Member:** Quality Committee

Mr Turcato is a CPA, business consultant and professional facilitator with extensive corporate experience in financial performance, strategic financial decision-making and business case development. He has facilitated finance programs for some of Australia's leading organisations in healthcare such as Medibank, Mercy Health, The Australian Centre for Healthcare Governance, Baptcare and The Royal Australian and New Zealand College of Obstetricians and Gynaecologists. Mr Turcato is an accredited facilitator of the Australian Institute of Company Directors and has presented programs for the Loddon Mallee and Albury regional health boards. His experience as a director includes over five and half years as a Non-Executive Director of South East Water including service as Chair of the Finance, Audit and Risk Committee. He is currently a Director of Gippsland Medicare Local Ltd and Chair of that organisation's Audit and Risk Committee.

Ms Kaye McNaught

BA (PSYCH, CRIM) LLB (MELB)

Member: Audit Committee, Primary Care & Population Health Advisory Committee

Ms McNaught has over 20 years' experience working in the public health system. Between 1985 and 1995 she was employed at Melbourne's Royal Children's Hospital (RCH) as the HIV/AIDS and Haemophilia Clinical Nurse Consultant and Counsellor. During this time Ms McNaught was a member of various committees, including the National AIDS Counsellor Association, Paediatric AIDS Task Force, the AIDS Education Strategy Committee, the RCH Infection Control Committee, and the AIDS Health Department task force education program. From 1993 until 1995, she was a member of the Board of Management of the Mordialloc-Cheltenham Community Hospital. Since 2001 Ms McNaught has been a barrister at the Victorian Bar and currently is a member of the Victorian Bar Health and Wellbeing Committee.

Ms Sara Duncan

BSCBEng(Biomed) GCertArts(Sociology)

Member: Finance, Community Advisory and Remuneration committees

Ms Duncan is a policy and strategy professional with a background in biomedical engineering. She has extensive experience across the health, community and disability service sectors, having held positions with the Victorian Healthcare Association, Australian Red Cross, Victorian Government and the Women's and Children's Hospital in Adelaide. She is committed to evidence-informed policy to systematically improve service delivery and advocates for the role of consumers in shaping services. Ms Duncan is an independent consultant, Community Member of the Mental Health Tribunal and National President of Better Hearing Australia.

Dr Benjamin Goodfellow

FRANZCP MBBS MPM CAPC

Member: Primary Care & Population Health Advisory and Quality committees

Dr Goodfellow is a child and adolescent psychiatrist in public and private practice with a fellowship in infant mental health from the Royal Children's Hospital. Among his public health roles he is a consultant for the infant program and paediatric consultation-liaison service at Geelong Hospital, a standing member of the High-risk Infant Panel at DHS-Child Protection Geelong, in addition to being the perinatal psychiatrist at Bendigo Health. Dr Goodfellow has a background in health systems development and public policy with a focus on clinical standards and productivity, particularly at the interface of health services with government and NGOs. He is a senior lecturer at Deakin University, an editor of the Australian Association of Infant Mental Health newsletter and served as the registrar representative on the Faculty of Child and Adolescent Psychiatry within the Royal Australian and New Zealand College of Psychiatrists.

Board changes

- The terms of Board membership for Mr Damien Kenny and A/Prof Jill Sewell ended on 30 June 2015.
- Ms Sara Duncan, Ms Kaye McNaught and Dr Benjamin Goodfellow commenced as Board members on 1 July 2014.

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
- 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 & Population Health Advisory Committee assists the Board in ensuring that:

- the health services meet the needs of our communities
- the views of users and providers are taken into account
- 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.

Committee Membership as at 30 June 2015

Audit Committee

Mr James Turcato (Chair)
Mr Carl Putt
Ms Kaye McNaught
Ms Helen Shardey (in attendance)

Finance Committee

Mr Carl Putt (Chair)
Ms Helen Shardey
Mr Damien Kenny
Ms Sara Duncan
Assoc. Prof. Andrew Way (Alfred Health CEO)

Community Advisory Committee

Mr Damien Kenny (Chair)
Ms Sara Duncan
Dr Chan Cheah
Ms Natalie Ross
Ms Melissa Lowrie
Dr Lindsay McMillan
Ms Estie Teller
Mr Barry Westhorpe
Ms Mary Close
Mr John Hawker
Mr Stuart Martin

Primary Care & Population Health Advisory Committee

Mr Julian Gardner (Chair)
Dr Benjamin Goodfellow
Ms Kaye McNaught

Quality Committee

Assoc. Prof. Jill Sewell (Chair)
Mr Julian Gardner
Ms Helen Shardey
Mr James Turcato
Dr Benjamin Goodfellow

Remuneration Committee

Ms Helen Shardey (Chair)
Mr Carl Putt
Mr Damien Kenny
Ms Sara Duncan

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. Grand Rounds and other forums are used to provide feedback to staff on the outcomes of the review and any system changes implemented.

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 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
Chief Executive

13 August 2015

Attestation for Risk Management Framework & Processes

I, Andrew Way, certify that Alfred Health has complied with the Ministerial Standing Direction 4.5.5 – Risk Management Framework and Processes. Alfred Health's Audit Committee verifies this.

Andrew Way
Chief Executive

13 August 2015

SENIOR OFFICERS

Chief Executive

Associate Professor Andrew Way

RN BSc (Hons) MBA FAICD

Responsible to the Board of Directors for the overall effective and efficient performance of Alfred Health and attaining strategic directions, Associate Professor Way has been Chief Executive at Alfred Health since July 2009.

During this time A/Prof. Way has concentrated on improving access, ensuring high-quality and safe services with low mortality, and engaging with patient experiences, all within a strong financial framework. He holds several board directorships, including Baker IDI, and has led the development of Victoria's first Academic Health Science Centre – Monash Partners.

Prior to A/Prof. Way's relocation to Melbourne, he had an extensive career in the UK's National Health Service including his last appointment as the CEO of the Royal Free Hampstead NHS Trust, a major London teaching hospital associated with University College London.

Chief Operating Officer and Deputy Chief Executive

Mr Andrew Stripp

BBSc (Hons) MSc

Responsible for the clinical programs across the three hospitals of Alfred Health, including the acute medical and surgical program, mental health and rehabilitation and aged care, Mr Stripp is also responsible for outpatients and general site-coordination of The Alfred.

Mr Stripp chairs the Health Service's Operations Leadership Committee, which comprises all Clinical Program and Service Directors and coordinates the overall activity and patient safety related activities in the health service.

Mr Stripp has worked in a variety of hospitals and healthcare settings, and within the State Government's Department of Human Services as the Director for the State's mental health system, as Regional Director for Health, Housing and Community Services and as Director of Strategy.

Executive Director, Medical Services & Chief Medical Officer

Dr Lee Hamley

MBBS MBA FRACMA

Dr Hamley is responsible to the Chief Executive for the management of clinical governance, risk management and patient safety, the development of the clinical workforce across Alfred Health, professional medical issues, investigative services (pathology, radiology and nuclear medicine) and pharmacy.

She chairs the Alfred Health Infection Control Committee, Medical Appointments Committee and Credentialing Committee.

Dr Hamley's external appointments include being a member of the Postgraduate Medical Council of Victoria, Accreditation Sub-Committee and chair of the Melbourne Metropolitan Medical Executives Committee.

Executive Director, Nursing Services & Chief Nursing Officer

Ms Janet Weir-Phyland

RN BScN MBA

Ms Weir-Phyland provides professional leadership to Alfred Health nurses and nursing services as well as being accountable for the site coordination of Sandringham Hospital and Caulfield Hospital.

The aim of the role is to ensure the delivery of a competent, professional and capable workforce that is able to meet the ongoing challenges of providing services in the widest variety of settings, including services in the community.

With a track record of implementing clinical and quality care initiatives and developing nursing workforce strategies, Ms Weir-Phyland has a particular interest in interdisciplinary practice development.

Director, Research

Professor Stephen Jane

MBBS PhD FRACP FRCPA FAHMS

Prof. Jane is responsible to the Chief Executive for the strategic direction and governance of research at Alfred Health. An experienced haematologist, Prof. Jane has a strong interest in translational research and, through his role, is a key player in Alfred Health's efforts to establish an Academic Health Science Centre (AHSC).

He joined Alfred Health in 2011, following 10 years as head of one of the country's foremost bone marrow research laboratories at Royal Melbourne Hospital – a group of researchers he has brought with him to The Alfred.

Executive Director, Finance & Chief Financial Officer

Mr Peter Joyce

BCom CPA

Mr Joyce is responsible for all finance and procurement functions including financial accounting, management accounting and analysis, Clinical Performance Unit, payroll services, supply and internal and external financial reporting.

His diverse career includes work as a senior financial executive, general manager and small business owner. He has worked in Europe, Asia and Australia in consumer products, financial services and IT and has a significant background in process improvement and organisational change. He has had major involvement in mergers and acquisitions, including the integration of new businesses into existing structures especially related to systems, processes and human resources.

Executive Director, People and Culture

Ms Chris McLoughlin

BSW

Ms McLoughlin is responsible for developing Alfred Health's culture around its values of integrity, collaboration, accountability and knowledge and ensuring our values are modelled by our leaders and teams across the health service. Since joining Alfred Health four years ago, she has established the highly valued leadership and organisational development programs, lifting the performance of leaders and teams. Recent work has focused on integrating Human Resources and Occupational Health and Safety, and the design and innovation teams.

Ms McLoughlin is on the Board of the Victorian Hospitals' Industrial Association and in her personal time, sits on the Board of Sacred Heart Mission.

Executive Director Information Development

Mr Emilio Pozo

BCompSci, MBus

Mr Pozo is responsible for a number of departments from within the Information Development Division including Information Services, Technology Services and the Project Management Office. He has been tasked to transition Alfred Health towards becoming a 'paperless hospital' through the use of Electronic Medical Record (EMR) Information and Communication Technology (ICT) systems.

Mr Pozo has performed a number of senior management and consulting roles both locally and overseas in various private and public organisational settings to deliver major programs of work and business management activities.

(Mr Pozo resigned from this position in June 2015).

General Counsel

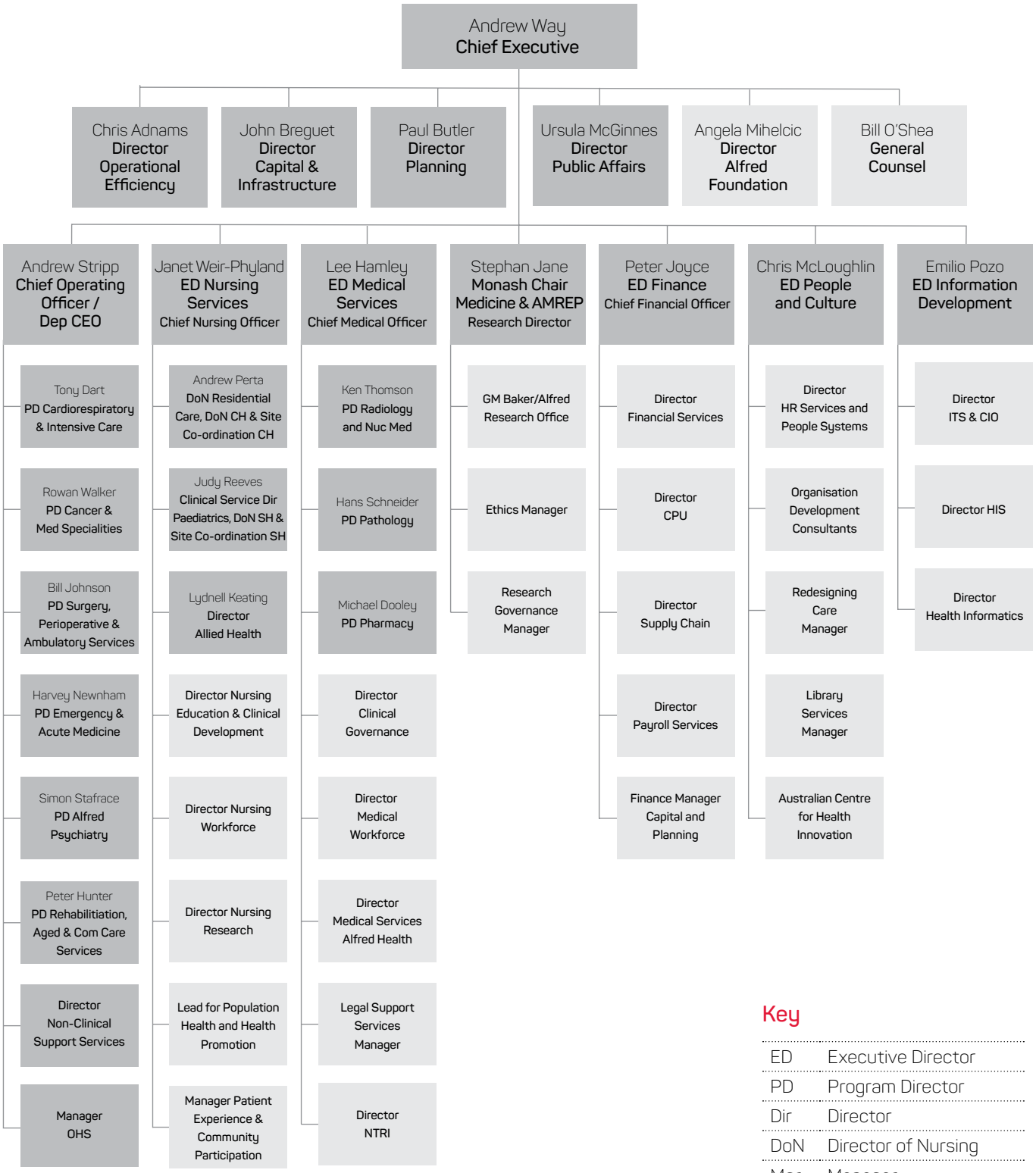
Mr Bill O'Shea

BSc DipEd LLB(Hons)

Responsible for providing legal advice across Alfred Health.

(Mr O'Shea retired from Alfred Health in July 2015).

GOVERNANCE (CONT.)



Key

ED	Executive Director
PD	Program Director
Dir	Director
DoN	Director of Nursing
Mgr	Manager
AH	Alfred Hospital
CH	Caulfield Hospital
SH	Sandringham Hospital
NS	Nursing Services
MS	Medical Services
	HSEC member

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

Applications received	2425
Applications granted (full)	2062
Applications granted (part)	15
Access denied	0
No documents	31
Other	114
Not finalised	203
Not finalised 2013-14	183
Access granted in full	182
Access granted in part	1

Mental Health Act 2014 (Vic)

The *Mental Health Act 2014* (Vic) (the Act) came into operation on 1 July 2014. The Act includes a number of major changes to the previous legislation including a presumption of capacity and a strong focus on active consumer involvement in decisions about care and treatment. The changes also support decision making through the use of Advanced Statements and Nominated Persons, access to Mental Health Advocates, second opinions and an independent Mental Health Complaints Commission. There remains independent oversight of compulsory treatment and ECT treatment through the Mental Health Tribunal (formerly the Mental Health Review Board).

In preparation for the implementation of the Act, Alfred Psychiatry employed a Project Officer from August 2013. During the year administrative and clinical processes were put in place to comply with the Act and the new Mental Health Tribunal requirements. A detailed staff training program was implemented.

In Alfred Psychiatry's inpatient unit, the implementation of the Act saw a 50 per cent increase in hearings at the tribunal, which provides oversight of clients admitted to hospital under the Act. We are working constructively with these changes, which are designed to increase collaborative practice with clients and their families.

Protected Disclosure Act 2012 (Vic)

Alfred Health complies with its obligations under the *Protected Disclosure Act 2012* (Vic). In particular, procedures for the protection of persons from detrimental action can be found in the Alfred Health policy on Protected Disclosure which is located on the Alfred Health web page: www.alfredhealth.org.au. Hard copies are available from the office of the Alfred Health Legal Counsel.

Complaints about misconduct or corruption involving public health services in Victoria can be made by individuals directly to the Independent Broad-based Anti-corruption Commission (IBAC) on 1300 735 135 or via their website at www.ibac.vic.gov.au.

DataVic access

In August 2012, the Victorian Government released the DataVic Access Policy, which enables the sharing of Government data at no, or minimal, cost to users. Government data from all agencies will be progressively supplied in a machine-readable format that will minimise access costs and maximise use and reuse.

CONSULTANCIES

Consultant	Purpose of Consultancy	Total Approved Project Fee (excl GST)	Expenditure (excl GST)	Future expenditure (excl GST)
Canyon	Perceptions research and strategy	71,130	71,130	-
PWC	Western Tower Block feasibility study	*100,000	22,032	-
Umow Lai	Fire safety audits	27,570	27,570	-
Bridge Advisory	Residential aged care advisory	*199,000	141,000	-
Data Agility	Technical IT advice	17,500	17,500	-
Deloitte Touche Tohmatsu	Business case review	77,900	77,900	-
Lyons Architects	The Alfred masterplan review	11,728	11,728	-
Rubida Research	Education precinct design	13,680	13,680	-
Advisian	Critical Infrastructure Framework Development	240,000	240,000	-

*The remaining consultancy fee was paid in 2013-14.

Notes: There were no consultancies under $10,000 during the year

ADDITIONAL INFORMATION

In compliance with the requirements of FRD 22F Standard Disclosures in the Report of Operations, details in respect of the items listed below have been retained by Alfred Health and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the freedom of information requirements, if applicable):

a. A statement of pecuniary interest has been completed;

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

c. Details of publications produced by the Department about the activities of Alfred Health and where they can be obtained;

d. Details of changes in prices, fees, charges, rates and levies charged by Alfred Health;

e. Details of any major external reviews carried out on Alfred Health;

f. Details of major research and development activities undertaken by Alfred Health that are not otherwise covered either in the Report of Operations or in a document that contains the financial statements and Report of Operations;

g. Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;

h. Details of major promotional, public relations and marketing activities undertaken by Alfred Health to develop community awareness of Alfred Health and its services;

i. Details of assessments and measures undertaken to improve the occupational health and safety of employees;

j. General statement on industrial relations within Alfred Health and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the Report of Operations;

k. A list of major committees sponsored by Alfred Health, the purposes of each committee and the extent to which those purposes have been achieved;

l. Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

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	Page
Ministerial Directions		
Charter and purpose		
FRD 22F	Manner of establishment and the relevant Ministers	Inside front cover
FRD 22F	Objectives, functions, powers and duties	32
FRD 22F	Initiatives and key achievements	3-5, 12-15
FRD 22F	Nature and range of services provided	1-2
Management and structure		
FRD 22F	Organisational structure	38
Financial and other information		
FRD 10	Disclosure index	41
FRD 11A	Disclosure of ex gratia payments	N/A
FRD 12A	Disclosure of major contracts	N/A
FRD 21B	Responsible person and executive officer disclosures	87
FRD 22F	Application and operation of *Protected Disclosure Act 2012*	39
FRD 22F	Application and operation of *Carers Recognition Act 2012c*	10
FRD 22F	Application and operation of *Freedom of Information Act 1982*	39
FRD 22F	Compliance with building and maintenance provision of *Building Act 1993*	28
FRD 22F	Details of consultancies over $10,000	40
FRD 22F	Details of consultancies under $10,000	40
FRD 22F	Employment and conduct principles	39
FRD 22F	Major changes or factors affecting performance	23
FRD 22F	Occupational health and safety	8-9
FRD 22F	Operational and budgetary objectives and performance against objectives	17-19
FRD 24C	Reporting of office-based environmental impacts	30
FRD 22F	Significant changes in financial position during the year	23
FRD 22F	Statement on National Competition Policy	39
FRD 22F	Subsequent events	N/A
FRD 22F	Summary of the financial results for the year	23
FRD 22F	Workforce Data Disclosures including a statement on the application of employment and conduct principles	6-9, 39
FRD 25B	Victorian Industry Participation Policy disclosures	N/A
FRD 29A	Workforce Data disclosures	6-9
SD 4.2(g)	Specific information requirements	40
SD 4.2(j)	Sign-off requirements	N/A
SD 3.4.13	Attestation on data integrity	35
SD 4.5.5	Risk Management compliance attestation	35
Financial statements required under Part 7 of the FMA		
SD 4.2(a)	Statement of changes in equity	47
SD 4.2(b)	Comprehensive operating statement	45
SD 4.2(b)	Balance sheet	46
SD 4.2(b)	Cash flow statement	48
Other requirements under Standing Directions 4.2		
SD 4.2(a)	Compliance with Australian accounting standards and other authoritative pronouncements	50
SD 4.2(c)	Accountable officer's declaration	42
SD 4.2(c)	Compliance with Ministerial Directions	50
SD 4.2(d)	Rounding of amounts	60
Legislation		
Freedom of Information Act 1982		39
Protected Disclosures Act 2012		39
Carers Recognition Act 2012c		10
Victorian Industry Participation Act 2003		N/A
Building Act 1993		28
Financial Management Act 1994		23

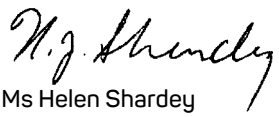
BOARD MEMBER'S, ACCOUNTABLE OFFICER'S AND CHIEF FINANCE & ACCOUNTING OFFICER'S DECLARATION

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 2015 and financial position of Alfred Health and the Consolidated Entity at 30 June 2015.

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

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



Ms Helen Shardey
Board Chairman

Melbourne

13 August 2015

Assoc. Prof. Andrew Way
Accountable Officer

Melbourne

13 August 2015

Mr Peter Joyce
Chief Finance & Accounting Officer

Melbourne

13 August 2015

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.

INDEPENDENT AUDITOR'S REPORT

VAGO
Victorian Auditor-General's Office

Level 24, 35 Collins Street
Melbourne VIC 3000
Telephone 61 3 8601 7000
Facsimile 61 3 8601 7010
Email comments@audit.vic.gov.au
Website www.audit.vic.gov.au

INDEPENDENT AUDITOR'S REPORT

To the Board Members, Alfred Health

The Financial Report

The accompanying financial report for the year ended 30 June 2015 of Alfred Health which comprises 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 & accounting officer's declaration has been audited. The financial report is the consolidated financial statements of the consolidated entity, comprising Alfred Health and the entities it controlled at the year's end or from time to time during the financial year as disclosed in note 1(d) to the consolidated financial statements.

The Board Members' Responsibility for the Financial Report

The Board Members of Alfred Health are responsible for the preparation and the fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the Financial Management Act 1994 and for such internal control as the Board Members determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated entity as at 30 June 2015 and 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 Australian accounting profession.

MELBOURNE
17 August 2015

John Doyle
Auditor-General

COMPREHENSIVE OPERATING STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	Parent Entity 2015 $'000	Parent Entity 2014 $'000	Consol'd 2015 $'000	Consol'd 2014 $'000
Revenue from operating activities	3	971,269	896,436	971,269	896,436
Revenue from non-operating activities	3	4,080	4,899	6,254	6,472
Employee expenses	4	(646,337)	(594,770)	(646,337)	(594,770)
Non salary labour costs	4	(12,947)	(11,579)	(12,947)	(11,579)
Supplies and consumables	4	(208,538)	(188,834)	(208,538)	(188,834)
Other expenses	4	(107,307)	(105,763)	(109,439)	(106,086)
Net Result From Continuing Operations Before Capital & Specific Items		220	389	262	1,639
Net Result From Discontinued Operations Before Capital & Specific Items	2	(23)	(1,412)	(23)	(1,412)
Net Result Before Capital & Specific Items		**197**	**(1,023)**	**239**	**227**
Capital purpose income	3	32,814	21,865	32,814	21,865
Other capital expenses	4	(845)	(685)	(845)	(685)
Depreciation and amortisation	5	(65,477)	(46,117)	(65,477)	(46,117)
Finance costs	6	(1,819)	(240)	(1,819)	(240)
Gain on disposal of operation	2	4,500	-	4,500	-
Net Result for the Year		**(30,630)**	**(26,200)**	**(30,588)**	**(24,950)**
Other Comprehensive Income					
Items that will not be reclassified to net result					
Changes in Physical Asset Revaluation Surplus		-	284,998	-	284,998
Items that may be reclassified subsequently to net result					
Changes to financial assets available-for-sale revaluation surplus		2,316	1,043	1,774	1,767
Total Other Comprehensive Income	19	**2,316**	**286,041**	**1,774**	**286,765**
COMPREHENSIVE RESULT		**(28,314)**	**259,841**	**(28,814)**	**261,815**

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

BALANCE SHEET

AS AT 30 JUNE 2015

	Note	Parent Entity 2015 $'000	Parent Entity 2014 $'000	Consol'd 2015 $'000	Consol'd 2014 $'000
Current Assets					
Cash and cash equivalents	7	18,889	13,493	19,093	13,702
Receivables	8	38,143	33,645	38,422	33,843
Inventories	10	7,671	7,282	7,671	7,282
Other current assets	11	2,060	2,184	2,060	2,184
Total Current Assets		**66,763**	**56,604**	**67,246**	**57,011**
Non-Current Assets					
Receivables	8	6,926	4,500	6,926	4,500
Investments and other financial assets	9	44,161	41,904	58,673	56,880
Property, plant & equipment	13	935,677	962,875	935,677	962,875
Intangible assets	14	3,311	4,924	3,311	4,924
Total Non-Current Assets		**990,075**	**1,014,203**	**1,004,587**	**1,029,179**
TOTAL ASSETS		**1,056,838**	**1,070,807**	**1,071,833**	**1,086,190**
Current Liabilities					
Payables	15	58,141	56,005	58,271	56,023
Interest bearing liabilities	16	1,321	1,241	1,321	1,241
Provisions	17	162,909	153,226	162,909	153,226
Other current liabilities	18	63	98	63	98
Total Current Liabilities		**222,434**	**210,570**	**222,564**	**210,588**
Non-Current Liabilities					
Interest bearing liabilities	16	28,045	28,878	28,045	28,878
Provisions	17	28,911	25,597	28,911	25,597
Total Non-Current Liabilities		**56,956**	**54,475**	**56,956**	**54,475**
TOTAL LIABILITIES		**279,390**	**265,045**	**279,520**	**265,063**
NET ASSETS		**777,448**	**805,762**	**792,313**	**821,127**
Equity					
Property, plant & equipment revaluation surplus	19	511,301	511,301	511,301	511,301
Financial assets available for sale revaluation surplus	19	19,033	16,717	20,690	18,916
General purpose surplus	19	57,409	58,721	57,409	58,721
Restricted specific purpose surplus	19	52,032	52,889	66,571	67,428
Contributed capital	19	324,134	324,134	324,134	324,134
Accumulated deficits	19	(186,461)	(158,000)	(187,792)	(159,373)
TOTAL EQUITY		**777,448**	**805,762**	**792,313**	**821,127**

Commitments	22	
Contingent assets and contingent liabilities	23	

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	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
Parent								
Balance at 30 June 2013	19	**226,303**	**15,674**	**63,220**	**55,445**	**324,134**	**(138,855)**	**545,921**
Net result for the year		-	-	-	-	-	(26,200)	(26,200)
Other comprehensive income for the year		284,998	1,043	-	-	-	-	286,041
Transfer from accumulated surplus		-	-	(4,499)	(2,556)	-	7,055	-
Balance at 30 June 2014	19	**511,301**	**16,717**	**58,721**	**52,889**	**324,134**	**(158,000)**	**805,762**
Net result for the year		-	-	-	-	-	(30,630)	(30,630)
Other comprehensive income for the year		-	2,316	-	-	-	-	2,316
Transfer from accumulated surplus		-	-	(1,312)	(857)	-	2,169	-
Balance at 30 June 2015	19	**511,301**	**19,033**	**57,409**	**52,032**	**324,134**	**(186,461)**	**777,448**

	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
Consolidated								
Balance at 30 June 2013	19	**226,303**	**17,149**	**63,220**	**69,984**	**324,134**	**(141,478)**	**559,312**
Net result for the year		-	-	-	-	-	(24,950)	(24,950)
Other comprehensive income for the year		284,998	1,767	-	-	-	-	286,765
Transfer from accumulated surplus		-	-	(4,499)	(2,556)	-	7,055	-
Balance at 30 June 2014	19	**511,301**	**18,916**	**58,721**	**67,428**	**324,134**	**(159,373)**	**821,127**
Net result for the year		-	-	-	-	-	(30,588)	(30,588)
Other comprehensive income for the year		-	1,774	-	-	-	-	1,774
Transfer from accumulated surplus		-	-	(1,312)	(857)	-	2,169	-
Balance at 30 June 2015	19	**511,301**	**20,690**	**57,409**	**66,571**	**324,134**	**(187,792)**	**792,313**

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

CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	Parent Entity 2015 $'000	Parent Entity 2014 $'000	Consol'd 2015 $'000	Consol'd 2014 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating grants from government		815,189	779,342	815,189	779,342
Patient and resident fees received		39,682	34,880	39,682	34,880
Private practice fees received		47,251	43,663	47,251	43,663
Donations and bequests received		17,640	15,933	17,640	15,933
GST received from / (paid to) ATO		29,087	30,104	29,087	30,132
Other receipts		67,849	50,079	68,040	50,241
Total Receipts		**1,016,698**	**954,001**	**1,016,889**	**954,191**
Employee expenses paid		(635,662)	(590,817)	(635,662)	(590,817)
Non salary labour costs		(13,092)	(9,488)	(13,092)	(9,488)
Payments for supplies and consumables		(348,062)	(333,511)	(350,007)	(333,940)
Finance costs		(1,330)	(1,407)	(1,330)	(1,407)
Total Payments		**(998,146)**	**(935,223)**	**(1,000,091)**	**(935,652)**
Cash Generated from Operations		**18,552**	**18,778**	**16,798**	**18,539**
Capital grants from government		18,237	14,097	18,237	14,097
NET CASH FLOW FROM OPERATING ACTIVITIES	**20**	**36,789**	**32,875**	**35,035**	**32,636**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(38,968)	(49,190)	(38,968)	(49,190)
Proceeds from sale of non-financial assets		5,954	-	5,954	-
Proceeds from sale of investments		2,910	2,158	4,659	2,586
NET CASH USED IN INVESTING ACTIVITIES		**(30,104)**	**(47,032)**	**(28,355)**	**(46,604)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		-	10,000	-	10,000
Repayment of borrowings		(1,241)	(1,164)	(1,241)	(1,164)
NET CASH USED IN FINANCING ACTIVITIES		**(1,241)**	**8,836**	**(1,241)**	**8,836**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD		**5,444**	**(5,321)**	**5,439**	**(5,132)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		13,382	18,703	13,591	18,723
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	**7**	**18,826**	**13,382**	**19,030**	**13,591**

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

TABLE OF CONTENTS

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 2015. 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 13 August 2015.

(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 2015, and the comparative information presented in these financial statements for the year ended 30 June 2014.

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 and Human Services (DHHS) has confirmed in writing its intention to continue to provide financial support to Alfred Health up until September 2016.

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:

- 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 impairment losses. Revaluations are made and are reassessed with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair values;
- 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.

Estimates and assumptions are required to be made 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.

Consistent with AASB 13 Fair Value Measurement, Alfred Health determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment, and financial instruments, and for non-recurring fair value measurements such as non-financial physical assets held for sale, in accordance with the requirements of AASB 13 and the relevant FRDs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, Alfred Health has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, Alfred Health determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Valuer-General Victoria (VGV) is Alfred Health's independent valuation agency. Alfred Health, in conjunction with VGV monitors the changes in the fair value of each asset and liability through relevant data sources to determine whether a revaluation is required.

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

(c) Reporting Entity

The financial statements include all the controlled activities of Alfred Health. Its principal address is:

55 Commercial Road
Melbourne
Victoria 3004

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

(d) Principles of Consolidation

In accordance with AASB 10 *Consolidated Financial Statements*:

- the consolidated financial statements of Alfred Health incorporates the assets and liabilities of all entities controlled by Alfred Health as at 30 June 2015, and their income and expenses for that part of the reporting period in which control existed; and
- the consolidated financial statements exclude bodies of Alfred Health that are not controlled by Alfred Health, and therefore are not consolidated.
- control exists when Alfred Health has the power to govern the financial and operating policies of a Health Service 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 28.

Where control of an entity is obtained during the financial period, its results are included in the comprehensive operating statement from the date on which control commenced. Where control ceases during a financial period, the entity's results are included for that part of the period in which control existed. Where dissimilar accounting policies are adopted by entities and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

Entities consolidated into Alfred Health reporting entity include:-

Whole Time Medical Specialist's Private Practice Scheme and Trust Fund.

Intersegment Transactions

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

Associates and Joint Ventures

Associates and joint ventures are accounted for in accordance with the policy outlined in Note 1(f) changes in accounting policy, and 1(k) financial assets.

Jointly Controlled Assets or Operations

Interests in jointly controlled assets or operations are not consolidated by Alfred Health but are accounted for in accordance with the policy outlined in Note 1(k) Financial Assets.

(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 Human Services 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 were an integral part of Alfred Health up until when they were sold on 2 March 2015, and shared 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 2 to the financial statements.

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

Note 1 – Summary of Significant Accounting Policies (continued)

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 Human Services 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.
- 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 (k) and (l)
- 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 changes in equity from 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.

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

The following new and revised accounting standards were adopted by Alfred Health.

AASB 10 Consolidated Financial Statements

AASB 10 provides a new approach to determine whether an entity has control over another entity, and therefore must present consolidated financial statements. The new approach requires the satisfaction of **all three** criteria for control to exist over an entity for financial reporting purposes:

(a) The investor has power over the investee;

(b) The investor has exposure, or rights to variable returns from its involvement with the investee; and

(c) The investor has the ability to use its power over the investee to affect the amount of investor's returns.

Based on the new criteria prescribed in AASB 10, Alfred Health has reviewed the existing arrangements to determine if there are any additional entities that need to be consolidated into the group. The review did not identify any additional entities that need to be consolidated in the group.

AASB 11 Joint Arrangements

In accordance with AASB 11, there are two types of joint arrangements, i.e. joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportionate consolidation of joint ventures is no longer permitted.

Alfred Health has reviewed its existing contractual arrangements with other entities to ensure they are aligned with the new classifications under AASB 11.

AASB 12 Disclosure of Interests in Other Entities

AASB 12 Disclosure of Interests in Other Entities prescribes the disclosure requirements for an entity's interests in subsidiaries, associates and joint arrangements; and extends to the entity's association with unconsolidated structured entities.

Alfred Health has disclosed information about its interests in associates and joint ventures, including any significant judgements and assumptions used in determining the type of joint arrangement in which it has an interest.

(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 at fair value. 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 and Human Services

- Insurance is recognised as revenue following advice from the Department of Health and Human Services.
- 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 surplus, such as the specific restricted purpose surplus.

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.

(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.

Note 1 – Summary of Significant Accounting Policies (continued)

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 2015 $'000	2014 $'000
Defined benefit plans:		
Health Super	1,002	1,092
Defined contribution plans:		
First State	29,109	27,678
Vic Super	133	143
HESTA	16,629	15,114
Other	4,421	3,612
Total	**51,294**	**47,639**

Depreciation

Assets with a cost in excess of $2,500 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 and Human Services.

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.

	2014/15	2013/14
Buildings	25 –56 years	25 –56 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 to 4 year period (2014: 3 to 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 agency 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.

Net Gain/(Loss) on 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 the difference between the proceeds and the carrying value of the asset at the time.

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 (j) Financial Instruments.

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(k)), 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 in 'other comprehensive income' until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net result for the period. Fair value is determined in the manner described in Note 21.

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.

Note 1 – Summary of Significant Accounting Policies (continued)

(k) Financial Assets

Cash and Cash Equivalents

Cash and cash equivalents recognised on the balance sheet 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 and 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 2015 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 2014. 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.

(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 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.

Inventories acquired at no cost or nominal considerations are measured at current replacement cost at the date of acquisition.

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.

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 of disposal, 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.

More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 13 Property, Plant and Equipment.

Crown Land is measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or physical 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. Therefore unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best uses.

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 103F *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 103F, 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 are 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.

Note 1 – Summary of Significant Accounting Policies (continued)

(l) Non-Financial Assets (continued)

If there is an indication of impairment, the assets concerned are tested to determine 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. The 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 attributable transaction costs. 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.

The classification depends on the nature and purpose of the borrowing. Alfred Health determines the classification of its borrowing at initial recognition.

Provisions

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

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

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

Employee Benefits

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, and Accrued Days Off

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accrued days off are all recognised in the provision for employee benefits as 'current liabilities', because the Health Service does not have an unconditional right to defer settlements of those liabilities.

Depending on the expectation on the timing of the settlement, liabilities for wages and salaries, annual leave, and accrued days off are measured at:

- undiscounted value – if the Health Service expects to wholly settle within 12 months; and
- present value – if the Health Service does not expect to wholly settle within 12 months.

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.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an economic flow.

Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date or when an employee decides to accept an offer of benefits in exchange for the termination of employment.

The Alfred Health recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

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 119A *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 to or distributions by owners 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

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.

Note 1 – Summary of Significant Accounting Policies (continued)

(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 22) 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, or payable to, from the taxation authority (ATO). In this case it is recognised as part of the cost of acquisition of the asset or part of the expense.

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 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 2015 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 2015, 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 2017	The preliminary assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 15 Revenue from Contracts with Customers	This Standard requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 Jan 2017	Ongoing work is being done to monitor and assess the impact of this standard.

(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 acute and subacute admitted patient services, where services are delivered in public hospitals.

Mental Health Services (Mental Health) comprises all specialised mental health services providing a range of inpatient, community based residential, rehabilitation and ambulatory services which treat and support people with a mental illness and their families and carers. These services aim to identify mental illness early, and seek to reduce its impact through providing timely acute care services and appropriate longer-term accommodation and support for those living with a mental illness.

Non Admitted Services comprises acute and subacute non admitted services, where services are delivered in public hospital clinics and provide models of integrated community care, which significantly reduces the demand for hospital beds and supports the transition from hospital to home in a safe and timely manner.

Emergency Department Services (EDs) comprises all emergency department services.

Aged Care comprises a range of in home, specialist geriatric, residential care and community based programs and support services, such as Home and Community Care (HACC) that are targeted to older people, people with a disability, and their carers.

Primary, Community and Dental Health comprises a range of home based, community based, community, primary health and dental services including health promotion and counselling, physiotherapy, speech therapy, podiatry and occupational therapy and a range of dental health services.

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 the department 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 and secure extended care units.

Other Services not reported elsewhere – (Other) comprises 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, 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 – Discontinued Operations

On 2 March 2015 Alfred Health sold its Residential Aged Care activities at Caulfield. The results for Residential Aged Care from 1 July 2014 to 2 March 2015 and the prior year have been classified as discontinued operations.

	Consol'd	Consol'd
	2015 $'000	2014 $'000
Revenues from Ordinary Activities	9,164	12,828
Expenses from Ordinary Activities	(9,187)	(14,240)
Net Result From Discontinued Operations Before Capital & Specific Items	**(23)**	**(1,412)**
Gain on Disposal of Operation	4,500	-
Net Result from Discontinued Operations	**4,477**	**(1,412)**
Cash Flows from Discontinued Operations		
Cash (outflow) from Operating Activities	(23)	(1,412)
Cash Inflow from Investing Activities	4,702	-
Total Cash Inflow/(Outflow)	**4,679**	**(1,412)**

Note 3 – Analysis of Revenue by Source

Consolidated	Admitted Patients	Non-Admitted	EDs	Mental Health	Aged Care	Primary Health	Other	Total
	2015 $'000	2015 $'000	2015 $'000	2015 $'000	2015 $'000	2015 $'000	2015 $'000	2015 $'000
Government Grants	542,655	64,731	37,131	50,323	4,114	9,504	99,195	807,653
Indirect contributions by Department of Health and Human Services	3,273	-	-	-	-	-	-	3,273
Patient & Resident Fees	39,057	-	-	346	446	-	1,493	41,342
Commercial Activities	-	-	-	-	-	-	11,001	11,001
Recoupment from Private Practice for Use of Hospital Facilities	14,464	-	1,086	149	-	-	32,899	48,598
Other Revenue from Operating Activities	3,810	143	300	6,560	6	-	48,583	59,402
Total Revenue from Operating Activities	**603,259**	**64,874**	**38,517**	**57,378**	**4,566**	**9,504**	**193,171**	**971,269**
Interest	-	-	-	-	-	-	5,685	5,685
Other Revenue from Non-Operating Activities	-	-	-	-	-	-	569	569
Total Revenue from Non-Operating Activities	**-**	**-**	**-**	**-**	**-**	**-**	**6,254**	**6,254**
Capital Purpose Income (excluding Interest)	-	-	-	-	-	-	32,814	32,814
Total Capital Purpose Income	**-**	**-**	**-**	**-**	**-**	**-**	**32,814**	**32,814**
TOTAL REVENUE	**603,259**	**64,874**	**38,517**	**57,378**	**4,566**	**9,504**	**232,239**	**1,010,337**

Consolidated	Admitted Patients 2014 $'000	Non-Admitted 2014 $'000	EDs 2014 $'000	Mental Health 2014 $'000	Aged Care 2014 $'000	Primary Health 2014 $'000	Other 2014 $'000	Total 2014 $'000
Government Grants	510,931	62,328	36,394	47,396	3,917	10,093	88,458	759,517
Indirect Contributions by Department of Health and Human Services	2,040	-	-	-	-	-	-	2,040
Patient & Resident Fees	30,621	21	-	318	64	337	1,473	32,834
Commercial Activities	-	-	-	-	-	-	9,947	9,947
Recoupment from Private Practice for Use of Hospital Facilities	13,849	-	491	112	110	-	31,259	45,821
Other Revenue from Operating Activities	3,297	18	180	1,970	2	-	40,810	46,277
Total Revenue from Operating Activities	**560,738**	**62,367**	**37,065**	**49,796**	**4,093**	**10,430**	**171,947**	**896,436**
Interest	-	-	-	-	-	-	5,622	5,622
Other Revenue from Non-Operating Activities	-	-	-	-	-	-	850	850
Total Revenue from Non-Operating Activities	**-**	**-**	**-**	**-**	**-**	**-**	**6,472**	**6,472**
Capital Purpose Income (excluding Interest)	-	-	-	-	-	-	21,865	21,865
Total Capital Purpose Income	**-**	**-**	**-**	**-**	**-**	**-**	**21,865**	**21,865**
TOTAL REVENUE	**560,738**	**62,367**	**37,065**	**49,796**	**4,093**	**10,430**	**200,284**	**924,773**

Indirect contributions by Department of Health (1 July 2014 – 31 Dec 2014) / Department of Health and Human Services (1 Jan 2015 – 30 June 2015).

Department of Health / Department of Health and Human Services makes certain payments on behalf of the Health Service.

These amounts have been brought to account in determining the operating result for the year by recording them as revenue and expenses.

Note 3a – Net Gain/(Loss) on Disposal of Non-Financial Assets

	Consol'd 2015 $'000	Consol'd 2014 $'000
Proceeds from Disposals of Non-Current Assets		
Plant & Equipment	1,252	-
Less: Written Down Value of Non-Current Assets Sold		
Land	(1,400)	-
Medical Equipment	(689)	(680)
Other Equipment	(8)	(5)
NET GAIN/(LOSS) ON DISPOSAL OF NON-FINANCIAL ASSETS	**(845)**	**(685)**

Note 4 – Analysis of Expenses by Source

Consolidated	Admitted Patients 2015 $'000	Non-Admitted 2015 $'000	EDs 2015 $'000	Mental Health 2015 $'000	Aged Care 2015 $'000	Primary Health 2015 $'000	Other 2015 $'000	Total 2015 $'000
Employee Expenses	332,320	11,748	43,477	45,031	5,180	2,780	205,801	646,337
Non Salary Labour Costs	8,701	11	785	1,588	14	-	1,848	12,947
Supplies and Consumables	63,039	460	3,112	546	1,782	32	139,567	208,538
Domestic Services and Supplies	5,319	74	736	204	-	3	22,913	29,249
Other Expenses	21,398	2,408	674	5,399	1,667	57	48,588	80,189
Medical Support Costs	201,450	24,753	21,678	21,344	3,144	1,268	(273,639)	-
Total Expenditure from Operating Activities	**632,227**	**39,454**	**70,462**	**74,112**	**11,787**	**4,140**	**145,078**	**977,260**
Expenditure for Capital Purposes	-	-	-	-	-	-	845	845
Depreciation & Amortisation (refer note 5)	-	-	-	-	-	-	65,477	65,477
Finance Costs (refer note 6)	-	-	-	-	-	-	1,819	1,819
Total Other Expenses	**-**	**-**	**-**	**-**	**-**	**-**	**68,141**	**68,141**
Total Expenses	**632,227**	**39,454**	**70,462**	**74,112**	**11,787**	**4,140**	**213,219**	**1,045,401**

Consolidated	Admitted Patients 2014 $'000	Non-Admitted 2014 $'000	EDs 2014 $'000	Mental Health 2014 $'000	Aged Care 2014 $'000	Primary Health 2014 $'000	Other 2014 $'000	Total 2014 $'000
Employee Expenses	311,978	11,449	38,254	39,758	4,811	2,523	185,997	594,770
Non Salary Labour Costs	6,964	19	861	1,411	-	-	2,324	11,579
Supplies & Consumables	94,806	36,870	2,643	522	1,869	30	52,095	188,834
Domestic Services and Supplies	5,108	74	663	179	-	5	21,805	27,834
Other Expenses	16,882	2,334	652	3,766	1,534	14	53,068	78,252
Medical Support Costs	177,503	20,672	17,546	18,591	3,347	1,048	(238,706)	-
Total Expenditure from Operating Activities	**613,241**	**71,418**	**60,619**	**64,227**	**11,561**	**3,620**	**76,583**	**901,269**
Expenditure for Capital Purposes	-	-	-	-	-	-	685	685
Depreciation & Amortisation (refer note 5)	-	-	-	-	-	-	46,117	46,117
Finance Costs (refer note 6)	-	-	-	-	-	-	240	240
Total Other Expenses	**-**	**-**	**-**	**-**	**-**	**-**	**47,042**	**47,042**
Total Expenses	**613,241**	**71,418**	**60,619**	**64,227**	**11,561**	**3,620**	**123,625**	**948,311**

Note 4a – Analysis of Expense and Revenue by Internally Managed and Restricted Specific Purpose Funds

	Expense		Revenue	
	Consol'd 2015 $'000	Consol'd 2014 $'000	Consol'd 2015 $'000	Consol'd 2014 $'000
Commercial Activities				
Private Practice and Other Patient Activities	3,946	4,870	5,873	6,200
Car Park	2,869	2,370	9,066	8,855
Property Expense/Revenue	346	95	190	187
Other Activities				
Fundraising and Community Support	2,865	2,639	14,425	12,127
Research and Scholarship	18,670	13,545	17,320	11,836
Other	16,948	18,302	20,824	18,538
TOTAL	**45,644**	**41,821**	**67,698**	**57,743**

Note 5 – Depreciation and Amortisation

	Consol'd 2015 $'000	Consol'd 2014 $'000
Depreciation		
Buildings	46,571	27,393
Medical	10,992	10,571
Computers	1,927	2,162
Furniture and Fittings	371	389
Other Plant and Equipment	3,749	3,488
Motor Vehicles	2	2
TOTAL DEPRECIATION	**63,612**	**44,005**
Amortisation		
Leasehold Improvements	131	132
Computer Software	1,733	1,980
TOTAL AMORTISATION	**1,864**	**2,112**
TOTAL DEPRECIATION AND AMORTISATION	**65,477**	**46,117**

Note 6 – Finance Costs

	Consol'd 2015 $'000	Consol'd 2014 $'000
Interest on Long Term Borrowings (Note 16)	1,819	240
TOTAL	**1,819**	**240**

Note 7 – 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.

	Consol'd 2015 $'000	Consol'd 2014 $'000
Cash on Hand	43	43
Cash at Bank	19,050	13,659
TOTAL	**19,093**	**13,702**
Represented by		
Cash held for:		
Health Service Operations	2,227	(10,248)
Pre-funded Capital Projects	13,294	20,256
Employee Salary Packaging	3,509	3,583
Total	**19,030**	**13,591**
Monies Held in Trust on Behalf of Patients*	63	111
Total	**63**	**111**
TOTAL	**19,093**	**13,702**

Alfred Health has an overdraft facility of $1,808,000 with Westpac Banking Corporation.
* Not available for cash flow statement presentation purposes as the cash is not available to be used for day to day operating activities of Alfred Health.

Note 8 – Receivables

	Consol'd 2015 $'000	Consol'd 2014 $'000
Current		
Contractual		
Inter Hospital Debtors	2,502	2,466
Trade Debtors	8,323	9,188
Patient Fees Receivable	18,387	15,782
Accrued Revenue – Other	10,922	9,282
Less Allowance for Doubtful Debts (a)		
Trade Debtors	(464)	(3,771)
Patient Fees	(3,251)	(2,213)
Subtotal	**36,419**	**30,734**
Statutory		
GST Receivable	2,003	3,109
TOTAL CURRENT RECEIVABLES	**38,422**	**33,843**
Non-Current		
Statutory		
Long Service Leave – Department of Health and Human Services	6,926	4,500
TOTAL NON-CURRENT RECEIVABLES	**6,926**	**4,500**
TOTAL RECEIVABLES	**45,348**	**38,343**

(a) Movement in the Allowance for Doubtful Debts

Balance at Beginning of Year	(5,984)	(4,864)
Amounts Written off/(on) During the Year	1,933	(1,035)
Increase in Allowance Recognised in Net Result	336	(85)
BALANCE AT END OF YEAR	**(3,715)**	**(5,984)**

(b) Ageing analysis of receivables

Please refer to Note 21(b) for the ageing analysis of contractual receivables

(c) Nature and extent of risk arising from receivables

Please refer to Note 21(b) for the nature and extent of credit risk arising from contractual receivables

Note 9 – Investments and Other Financial Assets

	Consolidated	
	Specific Purpose Fund	
	2015 $'000	2014 $'000
Non-Current Assets		
Available for sale		
Managed Investment Schemes	58,673	56,880
TOTAL NON-CURRENT	**58,673**	**56,880**
Represented by:		
Research & Education Trusts	58,673	56,880
TOTAL	**58,673**	**56,880**

(a) Refer to Note 21(b) for the ageing analysis of, and for the nature and extent of credit risk arising from, other financial assets.

(b) Standing Direction 4.5.6 of the Standing Directions of the Minister of Finance under the Financial Management Act 1994 requires public sector agencies to undertake all borrowings, investments and financial arrangements with a financial institution which is either a state owned entity or has a credit rating that is the same or better than the State of Victoria, subject to various exceptions. The above investments are held in trust. Alfred Health is not the trustee of the trusts and has no legal power to direct the trustees to invest in a particular way. Alfred Health cannot comply with Standing Direction 4.5.6 to the extent that it purports to require Alfred Health to invest the investments in the (or a) trust in a particular way or to the extent it purports to require Alfred Health to direct a trustee to invest in a particular way. Alfred Health wrote to the Victorian Treasurer on 19 June 2015 seeking an exemption from Standing Direction 4.5.6 and as at the date of this report has not received a response.

Note 10 – Inventories

	Consol'd 2015 $'000	Consol'd 2014 $'000
Pharmaceuticals		
At Cost	4,094	3,756
Medical and Surgical Lines		
At Cost	1,689	1,600
Radiology Stores		
At Cost	412	467
Theatre Stores		
At Cost	1,476	1,459
TOTAL INVENTORIES	**7,671**	**7,282**

Note 11 – Other Assets

	Consol'd 2015 $'000	Consol'd 2014 $'000
Current		
Prepayments	2,060	2,184
TOTAL	**2,060**	**2,184**

Note 12 – Interests in Subsidiary and Unconsolidated Structured Entities

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

AASB10 (Consolidated Financial Statements) is applied in the preparation of consolidated financial statements for a group of entities under the control of the parent.

AASB 10 requires the satisfaction of all of the following three criteria for control to exist over an entity for financial reporting purposes:

(a) The investor has power over the investee;

(b) The investor has exposure, or rights to variable returns from its involvement with the investee; and

(c) The investor has the ability to use its power over the investee to affect the amount of investor's returns.

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 2015, the Trust had net assets of $14.865m (2014: $15.366m) which have been included in the financial statements of the consolidated entity.

Note 13 – Property, Plant and Equipment

(a) Gross Carrying Amount and Accumulated Depreciation

	Consol'd 2015 $'000	Consol'd 2014 $'000
Land		
Crown Land at Fair Value	174,927	174,927
Land at Fair Value	-	1,400
Total Land	**174,927**	**176,327**
Buildings		
Buildings Under Construction at cost	5,410	38,398
Buildings at Fair Value	725,776	676,098
Less Accumulated Depreciation	(46,571)	-
Total Buildings	**684,615**	**714,496**
Leasehold Improvements at fair value		
Leasehold Improvements	4,385	4,385
Less Accumulated Amortisation	(975)	(844)
Total Leasehold Improvements	**3,410**	**3,541**
Plant & Equipment, Furniture & Fittings at Fair Value		
Medical Equipment	126,277	113,536
Less Accumulated Depreciation	(85,976)	(76,144)
Total Medical Equipment	40,301	37,392
Computers & Communication Equipment	49,739	45,854
Less Accumulated Depreciation	(43,936)	(42,432)
Total Computers & Communication Equipment	5,803	3,422
Furniture & Fittings	7,237	7,346
Less Accumulated Depreciation	(5,487)	(5,143)
Total Furniture & Fittings	1,750	2,203
Other Equipment	51,833	48,922
Less Accumulated Depreciation	(30,132)	(26,448)
Total Other Equipment	21,701	22,474
Plant & Equipment – Work in Progress	3,170	3,018
Total Plant & Equipment and Furniture & Fittings	**72,725**	**68,509**
Motor Vehicles		
Motor Vehicles at Fair Value	119	119
Less Accumulated Depreciation	(119)	(117)
Total Motor Vehicles	**-**	**2**
TOTAL	**935,677**	**962,875**

Land and buildings carried at valuation: An independent valuation of Alfred Health's land and buildings was performed by the Valuer-General Victoria to determine the fair value of the land and buildings. The valuation, which conforms to Australian Valuations Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation is 30 June 2014.

Note 13 – Property, Plant and Equipment (Continued)

(b) Reconciliations of the Carrying Amounts of Each Class of Asset

Consolidated	Land $'000	Buildings $'000	Leasehold Improve-ments $'000	Medical Equipment $'000	Computers $'000	Furniture & Fittings $'000	Other Plant & Equipment $'000	Motor Vehicles $'000	Totals $'000
Balance at 1 July 2013	**159,912**	**442,859**	**3,621**	**39,032**	**3,733**	**2,591**	**23,065**	**4**	**674,817**
Net additions and transfers between classes	200	30,204	52	9,526	1,847	10	6,044	-	47,883
Disposals (WDV)	-	44	-	(595)	4	(9)	(129)	-	(685)
Revaluation Increments	16,215	268,782	-	-	-	-	-	-	284,997
Depreciation	-	(27,393)	(132)	(10,571)	(2,162)	(389)	(3,488)	(2)	(44,137)
Balance at 1 July 2014	**176,327**	**714,496**	**3,541**	**37,392**	**3,422**	**2,203**	**25,492**	**2**	**962,875**
Net additions and transfers between classes	-	16,690	-	14,261	4,631	-	3,263	-	38,845
Disposals (WDV)	(1,400)	-	-	(360)	(322)	(82)	(135)	-	(2,299)
Revaluation Increments	-	-	-	-	-	-	-	-	-
Depreciation	-	(46,571)	(131)	(10,992)	(1,928)	(371)	(3,749)	(2)	(63,744)
Balance at 30 June 2015	**174,927**	**684,615**	**3,410**	**40,301**	**5,803**	**1,750**	**24,871**	**-**	**935,677**

(c) Fair Value Measurement Hierarchy for Assets as at 30 June 2015

	Carrying Amount As At 30 June 2015 $'000	Level 1 $'000	Level 2 $'000	Level 3 $0,000
Land at Fair Value				
Non-Specialised Land	-	-	-	-
Specialised Land	174,927	-	-	174,927
Total Land at Fair Value	**174,927**	**-**	**-**	**174,927**
Buildings at Fair Value				
Non-Specialised Buildings	-	-	-	-
Specialised Buildings	684,615	-	-	684,615
Total Buildings at Fair Value	**684,615**	**-**	**-**	**684,615**
Leasehold Improvements at Fair Value				
Leasehold Improvements	3,410	-	-	3,410
Total Leasehold Improvements at Fair Value	**3,410**	**-**	**-**	**3,410**
Plant & Equipment, Furniture & Fittings at Fair Value				
Medical Equipment	40,301	-	-	40,301
Computers & Communication Equipment	5,803	-	-	5,803
Furniture & Fittings	1,750	-	-	1,750
Other Equipment	21,701	-	-	21,701
Plant & Equipment – Work in Progress	3,170	-	-	3,170
Total Plant & Equipment and Furniture & Fittings at Fair Value	**72,725**	**-**	**-**	**72,725**
Motor Vehicles at Fair Value				
Motor Vehicles at fair value	-	-	-	-
Total Motor Vehicles at Fair Value	**-**	**-**	**-**	**-**
TOTAL ASSETS AT FAIR VALUE	**935,677**	**-**	**-**	**935,677**

There have been no transfers between levels during the period.

Fair Value Measurement Hierarchy for Assets as at 30 June 2014

	Carrying Amount As At 30 June 2014	Fair Value Measurement at End of Reporting Period Using		
	$'000	Level 1	Level 2	Level 3
Land at Fair Value				
Non-Specialised Land	200	-	-	200
Specialised Land	176,127	-	-	176,127
Total Land at Fair Value	**176,327**	**-**	**-**	**176,327**
Buildings at Fair Value				
Non-Specialised Buildings	-	-	-	-
Specialised Buildings	714,496	-	-	714,496
Total Buildings at Fair Value	**714,496**	**-**	**-**	**714,496**
Leasehold Improvements at Fair Value				
Leasehold Improvements	3,541	-	-	3,541
Total Leasehold Improvements at Fair Value	**3,541**	**-**	**-**	**3,541**
Plant & Equipment, Furniture & Fittings at Fair Value				
Medical Equipment	37,392	-	-	37,392
Computers & Communication Equipment	3,422	-	-	3,422
Furniture & Fittings	2,203	-	-	2,203
Other Equipment	22,474	-	-	22,474
Plant & Equipment – Work in Progress	3,018	-	-	3,018
Total Plant & Equipment, Furniture & Fittings at Fair Value	**68,509**	**-**	**-**	**68,509**
Motor Vehicles at Fair Value				
Motor Vehicles at fair value	2	-	-	2
Total Motor Vehicles at Fair Value	**2**	**-**	**-**	**2**
TOTAL ASSETS AT FAIR VALUE	**962,875**	**-**	**-**	**962,875**

There have been no transfers between levels during the period

Non-specialised land and non-specialised buildings

Non-specialised land and non-specialised buildings are valued using the market approach. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value.

For non-specialised land and non-specialised buildings, an independent valuation was performed by independent valuers Opteon as agent for the Valuer-General Victoria, and Value It Property Valuers to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2014.

To the extent that non-specialised land and non-specialised buildings do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market approach.

Note 13 – Property, Plant and Equipment (Continued)

Specialised Land and Specialised Buildings

The market approach is also used for specialised land and specialised buildings although it is adjusted for the community service obligation (CSO) to reflect the specialised nature of the assets being valued. Specialised assets contain significant, unobservable adjustments; therefore these assets are classified as Level 3 under the market based direct comparison approach.

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that it is also equally applicable to market participants. This approach is in line with the highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets.

For the health services, the depreciated replacement cost method is used for the majority of specialised buildings, adjusting for the associated depreciation. As depreciation adjustments are considered as significant and unobservable inputs in nature, specialised buildings are classified as Level 3 for fair value measurements.

An independent valuation of the Health Service's specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2014.

Plant and Equipment and Furniture and Fittings

Plant and equipment and furniture and fittings are held at carrying value (depreciated cost). When plant and equipment and furniture and fittings are specialised in use, such that it is rarely sold other than as part of a going concern, the depreciated replacement cost is used to estimate the fair value. Unless there is market evidence that current replacement costs are significantly different from the original acquisition cost, it is considered unlikely that depreciated replacement cost will be materially different from the existing carrying value.

Motor Vehicles

Alfred Health acquires new vehicles and at times disposes of them before completion of their economic life. The process of acquisition, use and disposal in the market is managed by Alfred Health who set relevant depreciation rates during use to reflect the consumption of the vehicles. As a result, the fair value of vehicles does not differ materially from the carrying value (depreciated cost).

There were no changes in valuation techniques throughout the period to 30 June 2015.

For all assets measured at fair value, the current use is considered the highest and best use.

30 June 2015	Land $'000	Buildings $'000	Leasehold Improvements $'000	Plant & Equipment, Furniture & Fittings $'000	Motor Vehicles $'000	Totals $'000
Opening Balance	**176,327**	**714,496**	**3,541**	**68,509**	**2**	**962,875**
Purchases / (Sales)	(1,400)	16,690	-	21,256	-	36,546
Transfers in / (out) of Level 3	-	-	-	-	-	-
Gains or losses recognised in net result						
- Depreciation	-	(46,571)	(131)	(17,040)	(2)	(63,744)
Subtotal	**174,927**	**684,615**	**3,410**	**72,725**	**-**	**935,677**
Items recognised in other comprehensive income						
- Revaluation	-	-	-	-	-	-
Subtotal	**-**	**-**	**-**	**-**	**-**	**-**
Closing Balance	**174,927**	**684,615**	**3,410**	**72,725**	**-**	**935,677**

There have been no transfers between levels during the period.

30 June 2014	Land $'000	Buildings $'000	Leasehold Improvements $'000	Plant & Equipment, Furniture & Fittings $'000	Motor Vehicles $'000	Totals $'000
Opening Balance	**159,912**	**442,859**	**3,621**	**68,421**	**4**	**674,817**
Purchases / (Sales)	200	30,248	52	16,698	-	47,198
Transfers in / (out) of Level 3	-	-	-	-	-	-
Gains or losses recognised in net result						
- Depreciation	-	(27,393)	(132)	(16,610)	(2)	(44,137)
Subtotal	**160,112**	**445,714**	**3,541**	**68,509**	**2**	**677,878**
Items recognised in other comprehensive income						
- Revaluation	16,215	268,782	-	-	-	284,997
Subtotal	**16,215**	**268,782**	**-**	**-**	**-**	**284,997**
Closing Balance	**176,327**	**714,496**	**3,541**	**68,509**	**2**	**962,875**

(e) Description of Significant Unobservable Inputs to Level 3 Valuations

	Valuation Technique	Significant Unobservable Inputs	Range (Weighted Average)	Sensitivity of Fair Value Measurement to Changes in Significant Unobservable Inputs
Specialised Land	Market Approach	Community Service Obligation (CSO) adjustment	50%	A significant increase or decrease in the CSO adjustment would result in a significantly lower (higher) fair value
Specialised Buildings	Depreciated Replacement Cost	Useful life of specialised buildings	30-60 Years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation
Leasehold Improvements	Depreciated Replacement Cost	Useful life of leasehold improvements	20-40 Years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation
Plant & Equipment, Furniture & Fittings	Depreciated Replacement Cost	Useful life of plant, equipment, furniture & fittings	5-10 Years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation
Motor Vehicles	Depreciated Replacement Cost	Useful life of motor vehicles	3-4 Years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation

Note 14 – Intangible Assets

	Consol'd 2015 $'000	Consol'd 2014 $'000
Computer Software at cost	14,895	14,790
Less Accumulated Amortisation	(11,584)	(9,866)
TOTAL	**3,311**	**4,924**

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 2013	**5,596**
Additions	1,308
Amortisation (Note 5)	(1,980)
Balance at 1 July 2014	**4,924**
Additions	120
Amortisation (Note 5)	(1,733)
Balance at 30 June 2015	**3,311**

Note 15 – Payables

	Consol'd 2015 $'000	Consol'd 2014 $'000
Current		
Contractual		
Trade Creditors (i)	18,449	24,124
Accrued Expenses	21,516	17,366
Salary Packaging	7,828	3,583
Superannuation	4,897	4,472
	52,690	**49,545**
Statutory		
Department of Health and Human Services (ii)	5,581	6,478
	5,581	**6,478**
TOTAL	**58,271**	**56,023**

(i) The average credit period is 42 days (2014: 43 days). No interest is charged on payables.

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

(a) **Maturity analysis of payables** – refer to Note 21(c) for the maturity analysis of payables

(b) **Nature and extent of risk arising from payables** – please refer to Note 21(c) for the nature and extent of risk arising from payables

Note 16 – Borrowings

	Consol'd 2015 $'000	Consol'd 2014 $'000
Current		
Australian Dollar Borrowings		
- Treasury Corporation Victoria Loan	1,321	1,241
Total Current	**1,321**	**1,241**
Non-Current		
Australian Dollar Borrowings		
- Department of Health and Human Services	9,322	8,833
- Treasury Corporation Victoria Loan	18,723	20,045
Total Non-Current	**28,045**	**28,878**
TOTAL	**29,366**	**30,119**

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 2015 is $5.5m.

b) Average interest rate applied during 2014/15 was 6.39% (2013/14: 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 2015 is $14.5m.

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

Department of Health and Human Services

e) Department of Health and Human Services has provided an interest free loan to Alfred Health for the amount of $10m. Repayments for this loan are not due to commence until year ended 30 June 2017.

Amount of Borrowing Costs Recognised as Expense (Note 6)	**1,819**	**240**

(a) Maturity analysis of Borrowings – refer to Note 21(c) for the maturity analysis of Borrowings

(b) Nature and extent of risk arising from Borrowings – refer to Note 21(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 17 – Provisions

	Consol'd 2015 $'000	Consol'd 2014 $'000
Current Provisions		
Employee Benefits (Note 17(a))		
Annual Leave (Note 17(a))		
- Unconditional and expected to be settled within 12 months (ii)	50,049	45,129
- Unconditional and expected to be settled after 12 months (iii)	8,053	7,174
Long Service Leave (Note 17(a))		
- Unconditional and expected to be settled within 12 months (ii)	80,222	74,369
- Unconditional and expected to be settled after 12 months (iii)	-	-
Employee Termination Benefits		
- Unconditional and expected to be settled within 12 months (ii)	-	-
- Unconditional and expected to be settled after 12 months (iii)	-	-
Other	24,585	26,554
Total Current Provisions	**162,909**	**153,226**
Non-Current Provisions		
Employee Benefits (ii)	28,911	25,597
Total Non-Current Provisions	**28,911**	**25,597**
TOTAL PROVISIONS	**191,820**	**178,823**

(a) Employee Benefits and Related On-Costs

Current Employee Benefits and Related On-Costs		
Unconditional LSL Entitlements	80,222	79,236
Annual Leave Entitlements	58,102	52,303
Accrued Wages and Salaries	22,567	24,586
Accrued Days Off	2,018	1,968
Other	-	-
Non-Current Employee Benefits and related on-costs		
Conditional Long Service Leave Entitlements (iii)	28,911	20,730
Other	-	-
Total Employee Benefits & Related On-Costs	**191,820**	**178,823**

(b) Movement in Provisions

Movement in Long Service Leave:		
Balance at start of year	99,966	92,128
Provision made during the year	17,007	14,295
Settlement made during the year	(7,840)	(6,457)
Balance at end of year	**109,133**	**99,966**

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

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

(iii) The present value determination of the non-current long service leave liability has been based on a forecast inflation rate of 4.438% p.a. (2014 – 4.438% p.a.) discounted by the future bond rate as at 30 June 2015.

Note 18 – Other Liabilities

	Consol'd 2015 $'000	Consol'd 2014 $'000
Current		
Patient Monies held in Trust	63	98
TOTAL	**63**	**98**
Total Monies held in Trust Represented by the following assets:		
Cash Assets (Note 7)	63	111

Note 19 – Equity

	Consol'd 2015 $'000	Consol'd 2014 $'000
(a) Surpluses		
(i) Property, Plant & Equipment Revaluation Surplus (1)		
Balance at the Beginning of the Reporting Period	511,301	226,303
Revaluation Increment		
Land	-	16,215
Buildings	-	268,782
Balance at the End of the Reporting Period	**511,301**	**511,301**
Represented by:		
Land	125,663	125,663
Buildings	385,638	385,638
	511,301	**511,301**
(ii) Financial Assets Available-for-Sale Revaluation Surplus (2)		
Balance at the Beginning of the Reporting Period	18,916	17,149
Valuation gain/loss recognised	1,774	1,767
Balance at the End of the Reporting Period	**20,690**	**18,916**
(iii) General Purpose Surplus		
Balance at the Beginning of the Reporting Period	58,721	63,220
Transfers (to)/from Accumulated Deficit	(1,312)	(4,499)
Balance at the End of the Reporting Period	**57,409**	**58,721**
(iv) Restricted Specific Purpose Surplus		
Balance at the Beginning of the Reporting Period	67,428	69,984
Transfers (to)/from Accumulated Deficit	(857)	(2,556)
Balance at the End of the Reporting Period	**66,571**	**67,428**
Total Surpluses	**655,971**	**656,366**
(b) Contributed Capital		
Balance at the Beginning of the Reporting Period	324,134	324,134
Balance at the End of the Reporting Period	**324,134**	**324,134**
(c) Accumulated Deficit		
Balance at the Beginning of the Reporting Period	(159,373)	(141,478)
Net Result for the Year	(30,588)	(24,950)
Transfers from General Purpose Surplus	1,312	4,499
Transfers from Restricted Specific Purpose Surplus	857	2,556
Balance at the End of the Reporting Period	**(187,792)**	**(159,373)**
TOTAL EQUITY AT END OF FINANCIAL YEAR	**792,313**	**821,127**

(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 net result. 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 net result.

Note 20 – Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities

	Consol'd 2015 $'000	Consol'd 2014 $'000
Net Result for the Year	**(30,588)**	**(24,950)**
Non-Cash Movements		
Depreciation and Amortisation	65,477	46,117
Provision for Doubtful Debts	(2,268)	1,120
DHHS Loan Discount	489	(1,167)
Non-cash Investment Income	(4,674)	(4,043)
Movements Included in Investing and Financing Activities		
Net Loss from Disposal of Non-Financial Assets	845	685
Gain on Disposal of Operation	(4,500)	-
Movements in Assets & Liabilities		
- Increase in Employee Benefits	12,998	15,370
- Increase/(Decrease) in Payables	2,248	(6,909)
- Increase in Other Liabilities	10	22
- (Increase)/Decrease in Receivables	(4,737)	6,529
- Decrease/(Increase) in Prepayments	124	(115)
- (Increase) in Inventories	(389)	(23)
NET CASH INFLOWS/(OUTFLOWS) FROM OPERATING ACTIVITIES	**35,035**	**32,636**

Note 21 – 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 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 21 – 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.

	Contractual Financial Assets – Available for Sale	Contractual Financial Assets – Loans and Receivables	Contractual Financial Liabilities at Amortised Cost	Total
	2015 $'000	2015 $'000	2015 $'000	2015 $'000
Financial Assets				
Cash and Cash equivalents	-	19,093	-	19,093
Receivables	-	40,134	-	40,134
Other Financial Assets	58,673	-	-	58,673
Total Financial Assets (i)	**58,673**	**59,227**	**-**	**117,900**
Financial Liabilities				
Payables	-	-	52,690	52,690
Borrowings	-	-	29,366	29,366
Other Liabilities	-	-	63	63
Total Financial Liabilities (ii)	**-**	**-**	**82,119**	**82,119**

	Contractual Financial Assets – Available for Sale	Contractual Financial Assets – Loans and Receivables	Contractual Financial Liabilities at Amortised Cost	Total
	2014 $'000	2014 $'000	2014 $'000	2014 $'000
Financial Assets				
Cash and Cash equivalents	-	13,702	-	13,702
Receivables	-	36,718	-	36,718
Other Financial Assets	56,880	-	-	56,880
Total Financial Assets (i)	**56,880**	**50,420**	**-**	**107,300**
Financial Liabilities				
Payables	-	-	49,545	49,545
Borrowings	-	-	30,119	30,119
Other Liabilities	-	-	98	98
Total Financial Liabilities (ii)	**-**	**-**	**79,762**	**79,762**

(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 gain/ (loss)	Net Holding gain/ (loss)
	2015 $'000	2014 $'000
Financial Assets		
Cash and Cash equivalents	5,685	5,622
Available for Sale Investments	1,774	1,767
Total Financial Assets	**7,459**	**7,389**
Financial Liabilities		
Borrowings	(1,819)	(240)
Total Financial Liabilities	**(1,819)**	**(240)**

(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.

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-B rating and to obtain sufficient collateral or credit enhancements, where appropriate.

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.

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

Note 21 – Financial Instruments (Continued)

Credit Quality of Contractual Financial Assets That are Neither Past Due nor Impaired

	Financial institutions (AAA credit rating)	Government agencies (AAA credit rating)	Government agencies (BBB credit rating)	Other (min BBB credit rating)	Total
	$'000	$'000	$'000	$'000	$'000
2015					
Financial Assets					
Cash and Cash Equivalents	19,093	-	-	-	19,093
Trade debtors	-	8,323	-	-	8,323
Other receivables	-	2,502	-	29,309	31,811
Other Financial Assets (i)	58,673	-	-	-	58,673
Total Financial Assets	**77,766**	**10,825**	**-**	**29,309**	**117,900**
2014					
Financial Assets					
Cash and Cash Equivalents	13,702	-	-	-	13,702
Trade debtors	-	9,188	-	-	9,188
Other receivables	-	2,813	-	24,717	27,530
Other Financial Assets (i)	56,880	-	-	-	56,880
Total Financial Assets	**70,582**	**12,001**	**-**	**24,717**	**107,300**

(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

	Consol'd Carrying Amount	Not Past Due and Not Impaired	Past Due but Not Impaired				Impaired Financial Assets
			Less than 1 Month	1-3 months	3 Months – 1 Year	1-5 Years	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2015							
Financial Assets							
Cash and Cash Equivalents	19,093	19,093	-	-	-	-	-
Receivables	40,134	10,923	11,143	6,396	7,957	-	3,715
Other Financial Assets	58,673	58,673	-	-	-	-	-
Total Financial Assets	**117,900**	**88,689**	**11,143**	**6,396**	**7,957**	**-**	**3,715**
2014							
Financial Assets							
Cash and Cash Equivalents	13,702	13,702	-	-	-	-	-
Receivables	36,718	9,299	6,628	8,245	6,562	-	5,984
Other Financial Assets	56,880	56,880	-	-	-	-	-
Total Financial Assets	**107,300**	**79,881**	**6,628**	**8,245**	**6,562**	**-**	**5,984**

Contractual Financial Assets That are Either Past Due or Impaired

There are no material financial assets which are individually determined to be impaired. Currently the Health Service does not hold any collateral as security nor credit enhancements relating to its financial assets.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at their carrying amounts as indicated.
The ageing analysis table above discloses the ageing only of contractual financial assets that are past due but not impaired.

(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 2015

	Consol'd Carrying Amount	Consol'd Nominal Amount	Maturity Dates				
			Less than 1 Month	1-3 Months	3 Months -1 Year	1-5 Years	Over 5 Years
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2015							
Financial Liabilities							
Payables	52,690	52,690	43,650	8,297	743	-	-
Borrowings	29,366	30,045	-	323	999	16,205	12,518
Other Financial Liabilities	63	63	63	-	-	-	-
Total Financial Liabilities	**82,119**	**82,798**	**43,713**	**8,620**	**1,742**	**16,205**	**12,518**
2014							
Financial Liabilities							
Payables	49,545	49,545	31,920	16,888	737	-	-
Borrowings	30,119	31,286	-	310	931	13,326	16,719
Other Financial Liabilities	98	98	98	-	-	-	-
Total Financial Liabilities	**79,762**	**80,929**	**32,018**	**17,198**	**1,668**	**13,326**	**16,719**

(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.

Note 21 – Financial Instruments (Continued)

Interest Rate Exposure of Financial Assets and Liabilities as at 30 June 2015

	Weighted Average Effective Interest Rate (%)	Carrying Amount $'000	Interest Rate Exposure		
			Fixed Interest Rate $'000	Variable Interest Rate $'000	Non Interest Bearing $'000
2015					
Financial Assets					
Cash and Cash Equivalents	2.5	19,093	1,578	17,472	43
Receivables:					
Trade Debtors	-	8,323	-	-	8,323
Other Receivables	-	31,811	-	-	31,811
Other Financial Assets	-	58,673	-	-	58,673
Total Financial Assets		**117,900**	**1,578**	**17,472**	**98,850**
Financial Liabilities					
Payables	-	52,690	-	-	52,690
Borrowings	6.39	29,366	29,366	-	-
Other Financial Liabilities	2.5	63	63	-	-
Total Financial Liabilities		**82,119**	**29,429**	**-**	**52,690**
2014					
Financial Assets					
Cash and Cash Equivalents	2.5	13,702	1,526	12,133	43
Receivables:					
Trade Debtors	-	9,188	-	-	9,188
Other Receivables	-	27,530	-	-	27,530
Other Financial Assets	-	56,880	-	-	56,880
Total Financial Assets		**107,300**	**1,526**	**12,133**	**93,641**
Financial Liabilities					
Payables	-	49,545	-	-	49,545
Borrowings	6.39	30,119	30,119	-	-
Other Financial Liabilities	2.5	98	98	-	-
Total Financial Liabilities		**79,762**	**30,217**	**-**	**49,545**

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%;
- A parallel shift of +0.5% and -0.5% in inflation rate from year-end rates of 1.5%
- A parallel shift of +10% and -10% in prices of Australian equities.

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.

	Carrying Amount $'000	Interest Rate Risk				Other Price Risk			
		-0.50%		0.50%		-10%		10%	
		Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
2015									
Financial Assets									
Cash and Cash Equivalents	19,093	(95)	(95)	95	95	-	-	-	-
Receivables:									
Trade Debtors	8,323	-	-	-	-	-	-	-	-
Other Receivables	31,811	-	-	-	-	-	-	-	-
Other Financial Assets	58,673	-	-	-	-	-	(5,867)	-	5,867
Total Financial Assets	**117,900**	**(95)**	**(95)**	**95**	**95**	**-**	**(5,867)**	**-**	**5,867**
Financial Liabilities									
Payables:	52,690	-	-	-	-	-	-	-	-
Borrowings	29,366	-	-	-	-	-	-	-	-
Other Financial Liabilities	63	-	-	-	-	-	-	-	-
Total Financial Liabilities	**82,119**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2014									
Financial Assets									
Cash and Cash Equivalents	13,702	(69)	(69)	69	69	-	-	-	-
Receivables:									
Trade Debtors	9,188	-	-	-	-	-	-	-	-
Other Receivables	27,530	-	-	-	-	-	-	-	-
Other Financial Assets	56,880	-	-	-	-	-	(5,688)	-	5,688
Total Financial Assets	**107,300**	**(69)**	**(69)**	**69**	**69**	**-**	**(5,688)**	**-**	**5,688**
Financial Liabilities									
Payables	49,545	-	-	-	-	-	-	-	-
Borrowings	30,119	-	-	-	-	-	-	-	-
Other Financial Liabilities	98	-	-	-	-	-	-	-	
Total Financial Liabilities	**79,762**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

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

Note 21 – Financial Instruments (Continued)

(e) Fair Value

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

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

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

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

Comparison Between Carrying Amount and Fair Value

	Consol'd Carrying Amount 2015 $'000	Fair value 2015 $'000	Consol'd Carrying Amount 2014 $'000	Fair value 2014 $'000
Financial Assets				
Cash and Cash Equivalents	19,093	19,093	13,702	13,702
Receivables (i)				
- Trade Debtors	8,323	8,323	9,188	9,188
- Other Receivables	31,811	31,811	27,530	27,530
Other Financial Assets (i)	58,673	58,673	56,880	56,880
Total Financial Assets	**117,900**	**117,900**	**107,300**	**107,300**
Financial Liabilities				
Payables	52,690	52,690	49,545	49,545
Borrowings	29,366	29,366	30,119	30,119
Other Financial Liabilities (i)	63	63	98	98
Total Financial Liabilities	**82,119**	**82,119**	**79,762**	**79,762**

(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 $'000	Fair Value measurement at end of reporting period using:		
		Level 1 $'000	Level 2 $'000	Level 3 $'000
2015				
Available for Sale Financial Assets				
- Equities and managed funds	58,673	58,673	-	-
Total Financial Assets	**58,673**	**58,673**	**-**	**-**
2014				
Available for Sale Financial Assets				
- Equities and managed funds	56,880	56,880	-	-
Total Financial Assets	**56,880**	**56,880**	**-**	**-**

There have been no transfers between levels during the period.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate fair value:

Listed Securities

The listed share assets are valued at fair value with reference to a quoted (unadjusted) market price from an active market. Alfred Health categorises these instruments as Level 1.

Debt Securities

In the absence of an active market, the fair value of Alfred Health's debt securities and government bonds are valued using observable inputs such as recently executed transaction prices in securities of the issuer or comparable issuers and yield curves. Adjustments are made to the valuations when necessary to recognise differences in the instrument's terms. To the extent that the significant inputs are observable, Alfred Health categorises these investments as Level 2.

Unlisted Securities

The fair value of unlisted securities is based on the discounted cash flow method. Significant inputs in applying this technique include growth rates applied for future cash flows and discount rates utilised. To the extent that the significant inputs are unobservable, Alfred Health categorises these investments as Level 3.

The fair value of unlisted investments is based on the discounted cash flow technique. Significant inputs in applying this technique include growth rates applied for cash flows and discount rates used.

Alfred Health does not have unlisted securities as at 30 June 2015.

Note 22 – Commitments for Expenditure

	Consol'd 2015 $'000	Consol'd 2014 $'000
Capital Expenditure Commitments:		
Payable:		
Building Works	2,291	21,778
Plant & Equipment		
- Medical Equipment	6,164	1,122
- Computer Equipment	1,414	224
Total Capital Expenditure Commitments	**9,869**	**23,124**
Capital Expenditure Commitments:		
Not later than one year	9,869	23,124
Later than one year but not later than five years	-	-
Total Capital Expenditure Commitments	**9,869**	**23,124**
Other Expenditure Commitments		
Payable:		
Supplies and Consumables		
- Medical	2,409	1,050
- Other	49,930	82,221
Maintenance Contracts		
- Medical	15,633	4,260
- Information Technology	18,287	11,924
Total Other Expenditure Commitments	**86,259**	**99,455**
Other Expenditure Commitments:		
Not later than one year	40,842	38,238
Later than one year but not later than five years	45,326	60,327
Later than 5 years	91	890
Total Other Expenditure Commitments	**86,259**	**99,455**
Operating Leases Commitments		
Commitments in relation to leases contracted for at the reporting date:		
Operating leases		
- Property	12,373	6,436
- Medical Equipment	543	299
- Motor Vehicle	917	1,923
Total Operating Leases Commitments	**13,833**	**8,658**
Operating Leases Commitments Payable as Follows:		
Non-Cancellable		
Not later than one year	3,531	2,620
Later than one year but not later than five years	10,152	4,475
Later than 5 years	150	1,563
Total Operating Leases Commitments	**13,833**	**8,658**
Total Commitments for Expenditure (inclusive of GST)	**109,961**	**131,237**
Less GST recoverable from the Australian Tax Office	**(9,996)**	**(11,931)**
Total Commitments for Expenditure (exclusive of GST)	**99,965**	**119,306**

(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 23 – Contingent Assets and Contingent Liabilities

No contingent assets or liabilities are present for the year ending 30 June 2015.

Note 24 – Operating Segments

	Residential Aged Care Services		Other		Consol'd Total	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
REVENUE						
External Segment Revenue	9,164	12,828	1,004,652	919,151	1,013,816	931,979
Total Revenue	**9,164**	**12,828**	**1,004,652**	**919,151**	**1,013,816**	**931,979**
EXPENSES						
External Segment Expenses	(9,187)	(14,240)	(1,043,583)	(948,071)	(1,052,770)	(962,311)
Total Expenses	**(9,187)**	**(14,240)**	**(1,043,583)**	**(948,071)**	**(1,052,770)**	**(962,311)**
Net Result from Ordinary Activities	**(23)**	**(1,412)**	**(38,931)**	**(28,920)**	**(38,954)**	**(30,332)**
Interest Expense	-	-	(1,819)	(240)	(1,819)	(240)
Interest Income	-	-	5,685	5,622	5,685	5,622
Gain on Disposal of Operation	4,500	-	-	-	4,500	-
Net result for the year	**(4,477)**	**(1,412)**	**(35,065)**	**(23,538)**	**(30,588)**	**(24,950)**
OTHER INFORMATION						
Segment Assets	-	8,896	1,071,833	1,077,170	1,071,833	1,086,190
Total Assets	**-**	**8,896**	**1,071,833**	**1,077,170**	**1,071,833**	**1,086,190**
Segment Liabilities	-	-	279,520	265,063	279,520	265,063
Total Liabilities	**-**	**-**	**279,520**	**265,063**	**279,520**	**265,063**
Depreciation & Amortisation Expense	-	-	(65,477)	(46,117)	(65,477)	(46,117)

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 25a – 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, Minister for Ageing (1 July 2014 to 3 December 2014)

The Honourable Mary Wooldridge, MLA, Minister for Mental Health (1 July 2014 to 3 December 2014)

The Honourable Jill Hennessy, Minister for Health, Minister for Ambulance Services (4 December 2014 – 30 June 2015)

The Honourable Martin Foley, Minister for Housing, Disability and Ageing, Minister for Mental Health (4 December 2014 – 30 June 2015)

Responsible Persons are as Follows

(all are Directors of Alfred Health and except where noted held their office for the period 1 July 2014 to 30 June 2015):

Ms Helen Shardey BComm TSTC MAICD

Mr Julian Gardner BA LLB FIPAA

Mr Damien Kenny BCom BBus Systems

Mr Carl Putt BSc MHA

Mr James Turcato CPA FAICD AIMM

Ms Sara Duncan BSCBEng (Biomed), GCertArts (Sociology)

Mr Ben Goodfellow BA (PSYCH, CRIM), LLB (MELB)

Ms Kaye McNaught FRANZCP, MBBS, MPM, CAPC

Associate Professor Jillian Sewell AM MBBS FRACP FAICD

Accountable Officer

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

Responsible Persons' Remuneration

The number of responsible persons are shown in their relevant income bands:

Income Band	Consolidated	
	2015	2014
$10,000 – $19,999	-	1
$20,000 – $29,999	-	2
$30,000 – $39,999	8	5
$60,000 – $69,999	1	1
$450,000 – $459,999	1	1
Total Number	**10**	**10**
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	**$735,517**	**$733,766**

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.

Board Member	Organisation	Year to 30 June 2015		At 30 June 2015		Year to 30 June 2014		At 30 June 2014	
		Sales	Purchases	Receivable	Payable	Sales	Purchases	Receivable	Payable
		$	$	$	$	$	$	$	$
Julian Gardner	Mind Australia Ltd	-	-	-	-	-	1,247	-	-

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 25b – 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.

	Consolidated			
	Total Remuneration Number		Base Remuneration Number	
Range	2015	2014	2015	2014
$200,000 – $209,999	-	-	-	1
$210,000 – $219,999	2	-	2	-
$220,000 – $229,999	-	1	-	-
$230,000 – $239,999	-	-	-	1
$240,000 – $249,999	1	1	1	1
$250,000 – $259,999	-	1	-	-
$270,000 – $279,999	1	-	1	1
$280,000 – $289,999	-	1	-	-
$290,000 – $299,999	-	-	-	-
$300,000 – $309,999	-	-	1	1
$320,000 – $329,999	2	1	1	1
$340,000 – $349,999	-	-	-	-
$350,000 – $359,999	-	1	-	-
Total Number of Staff	6	6	6	6
Total Annualised Employee Equivalents (AEE) [i]	6	6	6	6
Total Remuneration ($)	**1,719,525**	**1,684,479**	**1,576,774**	**1,584,032**

(i) Annualised Employee Equivalent is based on paid working hours of 38 ordinary hours per week over the 52 weeks for a reporting period.

Note 26 – 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 27 – Remuneration of Auditors

	Consol'd 2015 $'000	Consol'd 2014 $'000
Victorian Auditor-General's Office		
Audit of financial statements	232	234
Total Auditor Remuneration	**232**	**234**

Note 28 – Controlled Entities

Name of Entity	Country of Residence
Whole Time Medical Specialists' Private Practice Scheme and Trust Fund	Australia

Note 29 – Economic Dependency

The financial performance and position of Alfred Health has declined since the prior year, with the health service reporting a deficit net result of $30,630,000 (2014: $26,200,000), a net current asset position of $777,448,000 (2014: $805,762,000), resulting in a current asset ratio of 0.30 (2014: 0.26) and a (continued) cash outflow from operations of $36,789,000 (2014: $32,875,000).

As a result of the financial performance and position, Alfred Health has obtained a letter of support from the State Government and in particular, the Department of Health and Human Services (DHHS), confirming that the department will continue to provide Alfred Health adequate cash flow to meet its current and future obligations up to 30 September 2016. A letter was also obtained for the previous financial year. On that basis, the financial statements have been prepared on a going concern basis.

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AlfredHealth

The Alfred

55 Commercial Road, Melbourne VIC 3004

Telephone: (03) 9076 2000
Facsimile: (03) 9076 2222

Caulfield Hospital

260 Kooyong Road, Caulfield VIC 3162

Telephone: (03) 9076 6000
Facsimile: (03) 9076 6434

Sandringham Hospital

193 Bluff Road, Sandringham VIC 3191

Telephone: (03) 9076 1000
Facsimile: (03) 9598 1539

www.alfredhealth.org.au

ABN 27 318 956 319