AlfredHealth

Annual Report 2015-16

Improving the lives of patients and their families

theAlfred Caulfield HOSPITAL Sandringham HOSPITAL MSHC MELBOURNE SEXUAL HEALTH CENTRE

Our story

Across our diverse organisation, we value and respect life from beginning to end.

We provide treatment, care and compassion to the people of Melbourne and Victoria. Our research and education programs advance the science of medicine and health and contribute to innovations in treatment and care. Through partnerships we build our knowledge and share it with the world.

Contents

Our purpose

To improve the lives of our patients and their families, our communities and humanity.

Our beliefs

Patients are the reason we are here – they are the focus of what we do.

How we do things is as important as what we do.

Respect, support and compassion go hand in hand with knowledge, skills and wisdom. Safety and care of patients and staff are fundamental.

Excellence is the measure we work towards every day. Through research and education we set new standards for tomorrow.

We work together. We all play vital roles in a team that achieves extraordinary results.

We share ideas and demonstrate behaviours that inspire others to follow.

About this report

This annual report outlines the operational and financial performance for Alfred Health from 1 July 2015 to 30 June 2016. Alfred Health is a major health service provider, with three hospital campuses – The Alfred, Caulfield Hospital and Sandringham Hospital – as well as several clinics and a range of community-based services.

There were two relevant Ministers for the period. The Minister for Health was 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. Established as Bayside Health, the name was changed to Alfred Health from 10 September 2008, by order of the Governor in Council.

This report is available on line at:
www.alfredhealth.org.au/about/about-alfred-health/alfred-health-publications

About Alfred Health

We are a leading major metropolitan health service, caring for our local community in southern and Bayside Melbourne as well as for the broader Victorian community through our many statewide services.

Our focus is also on improving the lives of our patients through excellent healthcare whether in hospital, through rehabilitation, at home or in the community. We work with our patients to improve their independence and wellbeing at all stages of life.

Our role is to discover and deliver the next generation of healthcare through:

1. **Research** – translating medical research into clinical practice. This way we can offer our patients the very best and latest care to achieve the greatest possible health outcomes.
2. **Education** – we continue to develop and foster our staff as a teaching hospital committed to excellence. Patients are placed at the centre of all that we do to give them the best possible healthcare experience.
3. **Replication** – by striving for new and improved practices, Alfred Health remains at the forefront of healthcare developments and medical research. Other hospitals in Australia and overseas have followed our lead and adopted our innovative approach.

Highlights

108,520	episodes of inpatient care
94,983	Emergency Department presentations (admitted and non-admitted)
11,351	elective surgeries performed
98%	of elective waitlist patients treated within clinically recomended times
94 & 31	lung and heart transplants gave many a second chance of life
8,570	employees
510	volunteers

Our Emergency Department staff work hard to treat the increasing number of patients presenting each year.

About Alfred Health (continued)

Three hospital campuses

The Alfred, a major tertiary referral hospital, is best known as one of Australia's busiest emergency and trauma centres and home to many statewide services including the Victorian Adult Burns Service, Victorian Melanoma Service and heart and lung transplant service.

Caulfield Hospital specialises in community services, rehabilitation, aged care and aged mental health. The hospital delivers many services through outpatient and community-based programs and plays a statewide role in providing rehabilitation services, which includes the new Acquired Brain Injury Rehabilitation Centre.

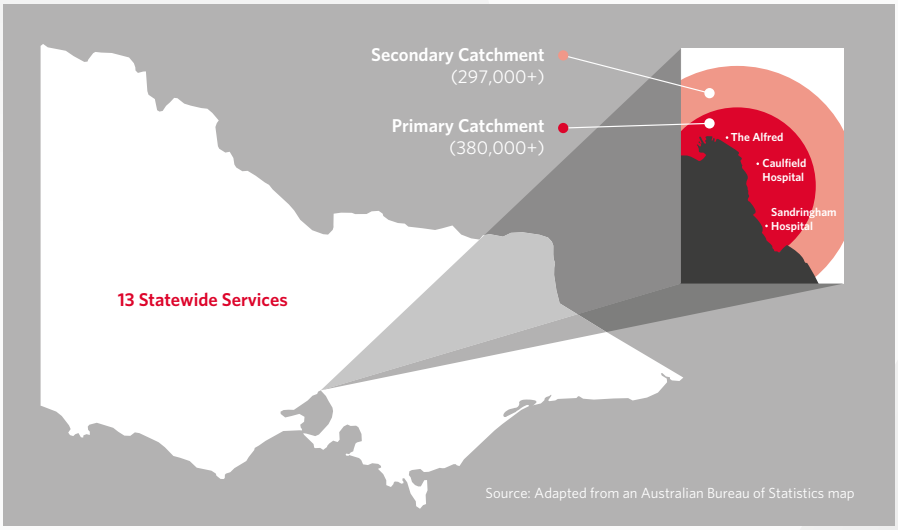
Sandringham Hospital is community focused, providing hospital healthcare needs for the local area through emergency, paediatrics, general medicine and outpatient services. The hospital works closely with local community healthcare providers.

Community services and clinics

Melbourne Sexual Health Centre has dedicated clinics for men and women, onsite testing for sexually transmitted infections and provides counselling, advice and health information.

Community clinics: In line with the expectations of our patients for treatment in their communities or at home, we have developed numerous clinics to deliver this care, including new service GEM (Geriatric Evaluation and Management) at Home, Hospital in The Home, community rehabilitation programs and psychiatric help for all ages.

Alfred Health's Primary and Secondary catchments



Alfred Health National Service

- Paediatric Lung Transplant Service

Alfred Health Statewide Services

1. Bariatric Service
2. Clinical Haematology and Haemophilia Services
3. Cystic Fibrosis Service
4. Heart and Lung Transplant Service
5. Hyperbaric Medicine Service
6. Major Trauma Service
7. Malignant Haematology and Stem Cell Transplantation Service
8. Psychiatric Intensive Care Service
9. Sexual Health Service
10. Specialist Rehabilitation Service
11. Victorian Adult Burns Service
12. Victorian HIV/AIDS Service
13. Victorian Melanoma Service

Clinical services

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

Clinical services include:

- Aged Care (Geriatric Evaluation and Management)
- Allied Health
- Cancer care (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 (Gastroenterology, Gastrointestinal Surgery)
- General Medicine
- General Surgery
- Neurosciences (Neurology, Neurosurgery)
- Orthopaedics
- Pathology (Anatomical, Clinical Biochemistry, Laboratory Haematology, Microbiology)
- Pharmacy
- Psychiatry (Adult, Child, Adolescent, Youth, Aged)
- Radiology
- Rehabilitation (Acquired Brain Injury Rehabilitation Centre, Amputee, Cardiac, Spinal, Neurological, Orthopaedic)
- Renal Services (Nephrology, Urology, Haemodialysis, Renal Transplantation)
- Special Care Nursery
- Specialist Medicine (Clinical Immunology, Clinical Pharmacology, Dermatology, Endocrinology/Diabetes, Hyperbaric, Infectious Diseases, Rheumatology)
- Specialist Surgery (Dental Surgery, Faciomaxillary Surgery, Plastic Surgery, Vascular Surgery)

Chairperson and Chief Executive's Year in Review

We continued to care for more Victorians than ever before, while we focused on staff wellbeing, system transformation and setting the bar for the future.

Caring for Victorians

Through a shared commitment to improving the health and wellbeing of our community, the Alfred Health team provided quality care to more people than ever before in 2015-16. We delivered a strong performance on all measures, balancing quality care with increased demand for our services, all within a sound financial framework.

In 2015-16:

- we provided 108,520 episodes of inpatient care.
- there were 94,983 Emergency Department presentations at The Alfred and Sandringham Hospital and an 8 per cent increase in emergency operations.
- 78 per cent of patients waited less than four hours in The Alfred's Emergency Department, falling only slightly short of the government's 81 per cent target despite increased demand for complex emergency care. Our Emergency Department at Sandringham Hospital met target.
- 98 per cent of elective waitlist patients were treated within clinically recommended times and 11,351 elective surgeries were performed well above the current performance standard.
- many people were given a second chance at life through 94 lung and 31 heart transplants as we continued to be one of the world's busiest heart and lung transplantation services.
- our financial operating result of a $0.3 million surplus was a slight increase from last year ($0.2 million).

Our new strategic plan

A highlight for the year was the launch of *Alfred Health's Strategic Plan 2016-20*.

Approved by the Minister for Health in February, the plan outlines an ambitious agenda that responds to the challenges of a rapidly changing healthcare environment. It features three flagship projects – eTQC, the new St Kilda Wing and the Respect and Quality Improvement Project – to change the face of our healthcare service.

At the heart of the plan lies our new beliefs. They place the patient – staff relationship front and centre, emphasising the importance of compassion, care and respect. Our new purpose, which articulates our role in improving lives, recognises that our work extends beyond the walls of our hospitals into the community, where there is great opportunity to educate people about their health to prevent disease and improve wellbeing.

Meeting standards and expectations

As one of Victoria's leading public healthcare services, it is imperative our care meets and, where possible, exceeds the expectations of our patient community.

Patient feedback about their care remained at high levels. The Alfred Health Patient Experience Survey showed that 94 per cent of patients rated the quality of their overall care as 'good', 'very good' or 'exceptional'. Importantly, 96 per cent felt they were always or almost always treated with respect and dignity.

Accreditation: National accreditation is another significant measure for hospital performance, rigorously assessing day-to-day healthcare alongside ten exacting standards. In May, Alfred Health was again fully accredited by the Australian Council on Healthcare Standards, receiving 51 'Met with Merits' from the independent surveyors. This positive result gives us the confidence and reassurance to know we are consistently providing our community with quality care.

Health Service of the Year: It was a proud moment when Alfred Health was awarded the 2015 Premier's Health Service of the Year award (Large Health Service) at the Victorian Public Healthcare Awards in November.

This prestigious award highlighted the work undertaken by our dedicated staff over the past five years to transform our model of care through the Timely Quality Care (TQC) program.

Staff driving change and innovation

Staff continued to be agents of change, focusing the TQC principles on care delivery within wards. Local ward leadership teams introduced practical tools to inform patients and their families about the clinicians providing care and ward performance on safety and quality criteria.

During the year we introduced *Alfred Health's Innovation Grants* to support staff transform patient experiences through technology.

As a result, four projects were successfully developed and launched, using technology common in other industries to improve service experiences. For example 'boarding passes' were trialled at The Alfred's Heart Centre to help patients check-in for their appointments and an SMS theatre event tracking system was introduced, following patients through their theatre journey, and messaging next-of-kin at key times.

A culture of safety and respect

Our ability to provide excellent care is predicated on a genuine culture of safety and respect.

This year our internal engagement program helped us to better understand staff experiences at work and provide improved support for their demanding and challenging roles.

Results from the *2016 Patient and Safety Culture Survey* indicated that staff felt they worked in a supportive and caring work environment that reinforced patient safety. However, our *2016 Occupational Violence Survey* showed staff experienced increased aggression and occasional violence at work.

Chairperson and Chief Executive's Year in Review (continued)

Helen Shardey
Chairperson

Andrew Way
Chief Executive

While this is often due to patients affected by delirium or drugs and alcohol, we are determined to address this worrying and unacceptable trend that is increasingly evident across healthcare.

This year we introduced new training and de-escalation techniques as well as education and debriefing processes. Future plans will focus on improving staff safety in community settings as well as effective follow-up after incidents.

Also, we introduced the Respect and Quality Project, to focus the health service on the 'how' we work as well as what we do. Its aim is to create a culture of shared expectations and mutual accountability that increasingly engages our frontline staff in change.

Delivering the best care in partnerships

Providing the best possible healthcare for patients and the community often requires collaboration with other skilled and specialist providers.

We successfully deployed this approach in 2013 with the Royal Women's Hospital taking over our maternity and gynaecological service at Sandringham Hospital, providing our community with tertiary level care in a local environment.

In May, we announced that we would extend this 'Sandringham model', with the Women's managing the Special Care Nursery service from September 2016. As part of this change the nursery will be refurbished and expanded in 2017, allowing more newborns to be cared for closer to home.

During the year we furthered partnerships with regional health centres and communities, making assessment and treatment for complex conditions available closer to where people live.

Discovering the next generation of care

Partnerships continued to underpin significant research developments that informed clinical practice in Australia and overseas.

Researchers from The Alfred answered the long-held debate over whether aspirin should be stopped before coronary artery surgery. The results of the 10-year international study showed no increased risk of surgical bleeding or need for blood transfusion associated with asprin use.

Scientists from The Alfred and Monash University made a breakthrough in targeting aggressive blood cancers through combination therapy, giving hope to people suffering from Acute Myeloid Leukaemia.

At our Caulfield campus, early research results from the international drug trial of Anavex 2-73, which aims to address the symptoms of dementia, were positive.

Also significant was the announcement of PrEPX, a new public health research study supported by Alfred Health, the Victorian Government and the Victorian AIDS Council. This study will expand access to pre-exposure prophylaxis ('PrEP') medication to prevent HIV infection in people who are at high risk.

Infrastructure and technology

Infrastructure: During the year there was significant facility development at The Alfred. In January we opened a new Admissions Unit, next to the main hospital's operating suites and recovery. Work also started on expanding our cardiac facilities on Ward 3West in response to increased need for specialised services.

The Emergency & Trauma Centre (E&TC) redevelopment progressed with the appointment of the main contractor. Made possible through the support of the Eva and Les Erdi Humanitarian Charitable Foundation, this project will transform the existing facility. Treatment spaces will increase by one-third and diagnostic imaging capacity will double. Works will take place over 18 months.

We launched a capital appeal, asking the local community to help us build a new Day Procedure Centre at Sandringham Hospital to provide a range of same day procedures. The exponential growth in surgical procedures at Sandringham demonstrates a strong need to provide such straightforward procedures close to home.

The new Strategic Plan outlined our vision for The St Kilda Wing Project – the most important capital development at The Alfred since 1970. Plans for the new wing include a state-of-the-art operating suite and pathology facilities, and expanded modern wards and intensive care unit. It will support The Alfred's role as a major trauma centre and transplant centre for Victoria.

Technology: Our program of system renewal made substantial progress. A new Patient Administration System – iPM – was successfully implemented while Cerner, our main clinical system was upgraded.

Important improvements in their own right, these new and upgraded systems underpin our digital hospital program –eTQC (electronic Timely Quality Care). Central to our strategic plan, eTQC is a rolling three-year project that will transform the way that we practice care, through creating a single unified view of patients, available to clinicians in real time.

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. Their generosity inspires our work.

Appreciation must also go to the Board for their guidance and direction and to the Alfred Health Executive team for their continued support.

And lastly, thanks to Alfred Health's dedicated staff whose unfailing commitment to improving the lives of our patients and community remains the lynchpin of our great public healthcare service.

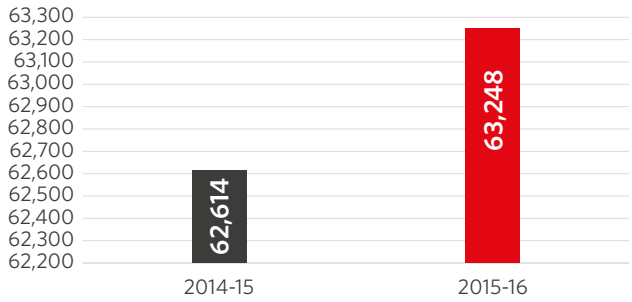
Helen Shardey
Chairperson
Board of Directors

Andrew Way
Chief Executive

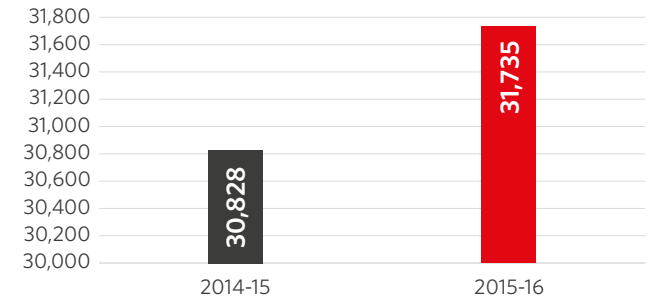
15 August 2016

Key indicators 2015–16

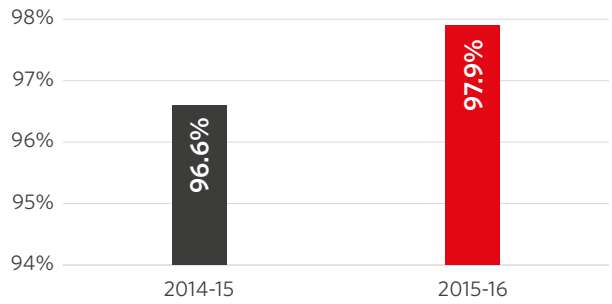
↑634 Emergency Department presentations (The Alfred)



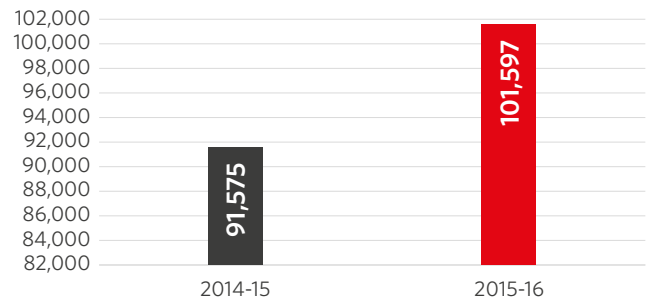
↑907 Emergency Department presentations (Sandringham excl. Urgent Care Centre)



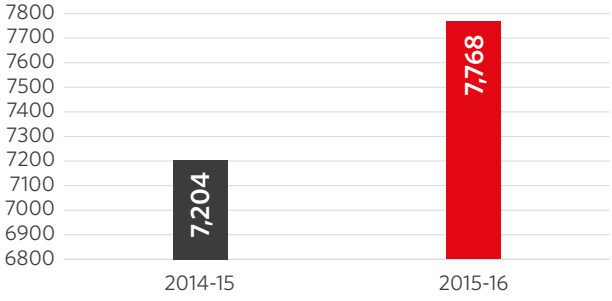
↑1.3% Percentage of Elective Waitlist Patients Treated within Clinically Recommended Times (Alfred Health)



↑10,022 Subacute Weighted Beddays (Caulfield)



↑564 Emergency Operating Room Procedures (The Alfred)



Our employees

Staff welfare was a greater focus this year, along with new education opportunities, new systems and health and wellbeing programs.

Highlights

8,570 employees as at 30 June

627 employees received length of service awards

There was strong staff engagement around several research and staff programs, including the:

- *2016 Culture and Patient Safety survey* occupational violence survey (see page 8)
- *2016 People Matter survey* (results due later in 2016).

The programs helped us better understand our workplace and provided valuable information on how we can better support our staff in their roles.

The *2016 Culture and Patient Safety Survey* results showed us that:

- staff feel safe in reporting clinical errors, and
- patient handover and transition processes have improved.

We learned that:

- 89 per cent of participants said team members help each other with heavy workloads and pressures
- 77 per cent agree supervisors reinforce a patient safety culture
- 74 per cent said they're moderately, very or extremely satisfied with their work (compared to 60 per cent in 2012).

In the future we aim to:

- increase the frequency of positive feedback and praise, and
- build feedback skills into our leadership and team programs.

Recruiting and retaining

In 2015–16 we welcomed 1504 new employees and by year end there were 8,570 people working across our health service.
We honoured 627 staff at our service recognition ceremonies, including staff who have worked for our health service for 40 years.

Headcount

	2015				2016			
	Casual	Full Time	Part Time	Grand Total	Casual	Full Time	Part Time	Grand Total
Caulfield	176	377	463	1016	178	367	490	1035
Sandringham	92	70	246	408	93	68	260	421
The Alfred*	877	3104	3027	7009	885	3026	3203	7114
Grand Total	**1145**	**3551**	**3736**	**8432**	**1156**	**3461**	**3953**	**8570**

* This figure also includes MSHC and community services staff.

Workforce (EFT)

		Current Month FTE*		YTD FTE*	
	Hospitals Labour Category	**2015**	**2016**	**2015**	**2016**
1	Nursing	2404	2399	2373	2380
2	Administration/ Clerical	881	912	847	888
3	Medical Support	844	899	812	871
4	Hotel and Allied Services	192	189	194	195
5	Medical Officers	194	194	186	191
6	Hospital Medical Officers	499	509	491	503
7	Sessional Clinical	143	153	133	146
8	Anciliary Staff (Allied Health)	546	533	518	536

* The average EFT is calculated based on the weighted average of employees in each category in the 2015–16 year.

Driving innovation through engagement

Alfred Health's Innovation Grants encouraged employees to transform patient experiences through the innovative use of technology. Staff developed four projects through the year for launch in July 2016:

1. **SMS – theatre event tracking:** This system tracks patients through their theatre journey and messages next-of-kin at key times, such as at surgery commencement and arrival in recovery. It aims to reduce stress and reassure loved ones. Inpatient areas will also have access to a live tracking board to monitor patient progress.
2. **Outpatient Boarding Pass:** This project adopts learnings from the airline industry. The patient letter works like an airline boarding pass, guiding patients to their clinic by wayfinding kiosks so they can check in for their appointments. Visual systems will direct patients to their clinic room. The trial has commenced in The Alfred's Heart Centre.
3. **Your Healthcare at Caulfield:** This patient portal provides practical advice to new patients, in four languages. It contains several short videos to assist patients orientate themselves to the hospital environment and actively contribute to their own rehabilitation program. Patients can get directly involved by adding their own information into their electronic medical record (EMR).
4. **ICU Alerts:** This system provides automated alerts to clinicians when a decision has been made to discharge a patient from ICU. Using a patient's clinical profile, it calculates the risk for that individual patient, against a predicative algorithm developed from two years of patient data. The patient's risk status will be displayed in their electronic medical record, allowing targeted discharge planning and follow-up.

Health and wellbeing

Appropriate workplace behaviour: We made significant advances in relation to supporting a positive and supportive workplace. During the year:

- 92 per cent of staff completed online training on *Our Responsibilities* (which focused on educating about bullying and harassment), and
- 90 per cent of staff completed online training in Managing Unprofessional Behaviour.

Other significant initiatives and improvements included:

- launching a Respect and Quality Improvement project which will reinforce respect, safety and innovation as cornerstones of our workplace
- expanding Code of Conduct to highlight our position and expectations around bullying and harassment
- new policies and guidelines on unacceptable behaviour in the workplace, reinforces expectations on employee behaviour plus outlines reporting mechanisms, investigation processes and potential repercussions of bullying
- mandatory training around responsibilities and appropriate behaviour

Staff were enthusiastic about leaving cars at home and using the new Active Travel Zone.

- clear information to all new employees during staff orientation on our expectations around appropriate behaviour.

We also contributed to the Royal Australian College of Surgeons Report on bullying issues within the surgical profession. We held forums on these issues through our Grand Round, nursing and clinical staff forums. Also, we conducted extensive training with Human Resources and Employee Relations staff around reporting, investigations of bullying and counselling processes.

Safe and healthy workplace

A focus on staff wellbeing led to further activities to encourage health and wellness, including:

- recognition, within the State Government's *Achievement Program for Workplaces* initiative for meeting benchmarks in the areas of physical activity, smoking and healthy eating.
- Active Travel Zone – a new, secure staff facility, with 300 bike spaces, which opened in September. The facility, which has lockers, showers and change rooms, was welcomed by staff who choose to leave cars at home.
- further sit-to-stand workstations – over 750 employees are now able to stand and work at their desks. Whole desk sit-to-stand options have been installed in some non-clinical areas and a trial of a sit-to-stand meeting room is underway.

Employee Assistance Program (EAP)

Our EAP's individual counselling service was well used throughout the year and an encouraging number of staff accessed the Davidson Trahaire Corpsych's Manager Assist service.

Staff gave positive feedback on the EAP's response to critical incidents, indicating trust in the provider's expertise and level of care. EAP supports the health service build and sustain the emotional and overall wellbeing of our staff.

Our employees (continued)

Leadership development

We support staff in achieving excellence in patient care. This year's programs built on staff feedback from organisation-wide surveys and emphasised:

- innovation and change
- culture and our way of working
- giving and receiving feedback
- improving the patient experience
- managing occupational violence and aggression, and
- what respect means for our consumers.

Education and learning

As part of the organisation's renewal of its systems, we implemented new educational systems:

- the Learning Exchange (LEX) – the online learning management system went live in December, creating a centralised, integrated learning management system.
- Simulation-based education – now widespread in health professional training and for ongoing skills maintenance. We developed a two-day course to introduce clinicians to teaching methods using simulation, with follow-up supervised practice. Education was also provided to over 1000 students, including Alfred Health staff and staff of the future through programs with La Trobe and Monash Universities.

Staff training

- Across Alfred Health we rolled out telephone interpreting and this involved a major communication, training and education exercise with administrative and clinical staff trained in using telephone interpreting services.
- Cultural Diversity is now included as part of the 'Core Skills' training for all psychiatry staff.
- Over 200 Alfred Health staff received cultural diversity training in 2015–16.

Occupational health and safety

During the year we increased our focus on occupational violence to increase staff safety at work. Decreasing injuries obtained through manual handling also remained a focus.

Occupational violence

Keeping our staff safe while providing high-quality care remained a priority. We noted an increase in occupational violence, driven by patients suffering delirium and affected by drugs and alcohol. Management of clinical aggression and occupational violence strengthened through rollout of staff education and training programs and stronger internal policies.

During the year we:

- employed a Management of Clinical Aggression trainer – a newly created position – in January 2016.
- trialled and created the AWARE dynamic risk assessment model and training. To date, 80 staff have attended the specifically designed one-day course on managing occupational violence in the workplace. Following positive feedback from staff this program will continue next year, with a further 50 courses planned.
- engaged an OH&S consultant to support the development of an occupational violence strategy. The results of this project have been used to develop our OH&S framework.

Occupational violence survey

Information from our survey on staff experiences of occupational violence helped us develop the AWARE training model. Survey results showed:

- 66 per cent of participants had experienced occupational violence and aggression in their current role
- the skills most needed were de-escalation, break-away techniques and risk assessment
- staff wanted clarification around what constitutes acceptable behaviour from patients.

Based on these results we will focus on:

- providing a greater amount and variety of training and debriefing
- designing active, face-to-face training for ward or aggression management teams
- providing regular feedback on how incidents are followed up
- designing processes to make staff safer in community, outreach and home settings.

Occupational violence statistics		2015–16
1.	Workcover accepted claims with an occupational violence cause per 100 FTE	0.22
2.	Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	0.97
3.	Number of occupational violence incidents reported	293
4.	Number of occupational violence incidents reported per 100 FTE	5.54
5.	Percentage of occupational violence incidents resulting in a staff injury, illness or condition	13%

Manual handling

We continued to work on reducing injuries due to manual handling.

This year:

- funding was provided to upgrade our patient lifting equipment across all three sites, and
- our SafeMoves Coordinator presented at the Manual Handling of People Conference in May on our holistic approach to supporting a person who has fallen and has a suspected spinal fracture. Our process in transferring patients considers both patient and staff safety requirements.

WorkCover claims

Despite an increase in severity of injury this year, our performance was 20 per cent better than the industry. The cost of claims and the premium rate increased, affecting our performance rating as it stands against other comparable health services.

We are developing a new occupational health and safety wellbeing strategy to guide future activities.

Accepted WorkCover claims – total 89

51	Manual handling
15	Struck by or against an object
12	Occupational violence
9	Slips, trips and falls
2	Other

Recognising excellence

We honoured staff members for their expertise in various fields during 2015–16.

- Physiotherapist **Natalie Fini**, who works in the Acquired Brain Injury Rehabilitation Centre, received The Stroke Society of Australasia Nursing and Allied Health Service Award. This is judged by a multidisciplinary team panel recognising efforts and achievements for stroke.
- Alfred graduate nurse **Shelley Cook** was named Outstanding Graduate at the 2016 HESTA Australian Nursing Awards. The national nursing award recognised Ms Cook's courage and leadership in advocating for patient care and for playing a leading role in developing a staff training project focusing on communication strategies when working with culturally and linguistically diverse patients.

Australia Day Honours

- The Alfred's **Professor Robyn O'Hehir** received an Order of Australia (AO), recognising her distinguished service to clinical immunology and respiratory medicine as an academic and clinician, to tertiary education, and to specialist health and medical organisations.
- Alfred intensivist **Professor Steve Bernard** received an Australian Service Medal for his distinguished service to the Ambulance Service.
- **Mr Ian Cootes**, Board Member of The Alfred Foundation received a Member (AM) in the General Division of the Order of Australia for significant service to the road transport industry, to the development of improved safety and efficiency standards, and to philanthropy.
- **Mrs Carolyn Stubbs**, Board Member of The Alfred Foundation received a Medal (OAM) in the General Division of the Order of Australia for service to the community in fundraising roles.

Queen's Birthday Honours

Two Alfred staff received a Medal (OAM) of the Order of Australia in the General Division:

- **A/Prof Nina Sacharias** – for her services to medicine in the field of radiology, and
- **Ms Anne Griffiths**, who recently retired, for her service to nursing and to organ transplantation programs.

Medical oncology head, **Prof Max Schwarz** received a Member (AM) in the General Division of the Order of Australia award for significant service to medicine in the field of oncology as a clinician, mentor and researcher.

Staff recognition

Alfred Health's annual awards once again recognised outstanding staff and teams who embody the organisation's values. All our staff, no matter their positions, have a role in caring for patients. The award ceremony, hosted by ABC presenter Virginia Trioli, recognised individual and team achievements. More than 130 staff were nominated for awards over four categories.

2016 Recognising Excellence award winners:

Partnering with patients:

Individual – joint recipients – Jude Armishaw and Danielle Sansonetti

Team – Adult Inpatient Psychiatry Unit

Exceptional leadership:

Individual – John Di Nunzio

Team – Alfred Main Operating Suite

Effective teamwork:

Individual – Zaf Alam

Team – ITS Service Delivery team

Fostering education:

Individual – Nat Adams

Team – Brachytherapy team

Our patients

Listening to our patients and finding new ways to better engage them in their own care were highlights this year. Our improvements were recognised through a successful accreditation process.

Patient information

We worked with our consumers this year to improve the quality of our patient information. Results included:

- a new website that focuses on patient information
- development of short videos that answer key patient questions, accessible on patient TVs
- new, easy-to-read information guides for inpatients.

Improving access to good, quality patient information was also the focus of a project designed to improve the overall patient experience.

Following a comprehensive audit of patient information in September, we identified 850 materials across the health service. Consumers then provided advice to ensure all information was evidence-based, user-friendly and written in plain English. We now have:

- 400 materials on our intranet easily accessible by staff, and
- a searchable patient resource on our new website, with over 200 resources (including information about conditions, treatments and services) produced by health professionals in partnership with consumers.

Accreditation

Our work in patient information was well recognised by surveyors who undertook our accreditation survey. In particular, our work in Standard 2 (Partnering with Consumers) demonstrated a high level of performance. Since the last survey, and guided by the Patients Come First Strategy, consumer participation has markedly increased throughout Alfred Health clinical programs. We achieved nine 'Met with Merits' for this standard. Consumers also participated in the survey process.

Cultural diversity

With our patients coming from a wide range of cultural and linguistic backgrounds, we work hard to ensure our services are responsive to those who speak a language other than English.

Most common languages spoken by our patients are:

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

Better access to interpreters for our patients

A redesign of our Interpreter Services led to a new way of delivering the service, giving patients with the greatest need for a face-to-face interpreter access to one. Telephone interpreting is available for all other appointments at all hours of the day, seven days a week.

Inpatients, AUSLAN patients, patients with cognitive or hearing impairment or patients requiring psychiatry or neuropsychology assessments continue to receive a face-to-face language service.

Highlights

22,243	total occasions of interpreting
18,896	face-to-face occasions of interpreting
3,347	telephone interpreting occasions

Our Aboriginal community

Work has continued in identifying Aboriginal patients and recognising their individual needs. During the year:

- 622 Aboriginal patients were admitted
- the largest group (255) were from metropolitan Melbourne.

Several initiatives furthered this care:

- External evaluations, as part of the Koolin Balit (Healthy People) Strategy, looked at improving cultural responsiveness in hospitals and exploring the extent Aboriginal people's experiences in hospitals has changed.
- Approval of an Executive sponsored Reconciliation Action Plan (RAP) Working Group to continue the work commenced with the Boon Wurrung Foundation in developing a RAP.
- Continued work on ensuring all Aboriginal patients accessing Alfred Health are accurately identified, which has resulted in an increase in identification rates. The information sessions and education to staff regarding the purpose around identification contributed to this increase.
- Attendance at the 2nd Public Symposium on Aboriginal health and wellbeing in May 2016 and the Urban South Koolin Balit meetings.
- Consumer satisfaction survey to gain a better understanding of what our Aboriginal consumers want and need from our service.

Wellbeing programs

Trends that we see in the community translate to our care within our health service to keep our patients safe and well.

Smokefree

We continued to help our patients quit smoking. Current areas of focus are:

- our outpatient smoking cessation clinic, which has cessation rates around 42 per cent, which is far higher than similar benchmarks, despite our complex patient population.
- a new trial looking at pre-admission support for patients interested in quitting smoking prior to planned admissions at The Alfred.
- a new project, partnering with VicHealth, exploring ways to expand access to and use of nicotine replacement therapy to improve smoking cessation.

Family violence

With a growing incidence of reported family violence in our community, we developed an organisation-wide policy and guidelines.

Our social workers, who are heavily involved in working with families, have participated in professional development on family violence, assault, elder abuse and sexual assault issues. Part of this work involved a forum with domestic violence campaigner, and 2015 Australian of the Year, Rosie Batty as keynote speaker.

We sought hospital-wide feedback, including the views of consumers, in developing the policy. An executive sponsored working group will oversee education and governance of the policy and guidelines.

Patient feedback

There are several ways to understand our patients' experience – through complaints, compliments and regular surveys. Our results remained consistent, with the majority of our patients rating their experience highly.

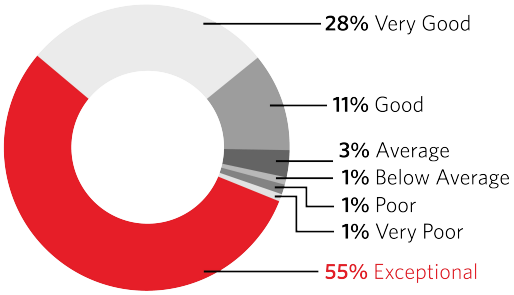
Victorian Healthcare Experience Survey (VHES): This statewide survey documents patients' views of their hospital experience. It is conducted by independent contractor the Ipsos Social Research Institute.

In the period from March 2015–March 2016:

- an average of 91 per cent of Alfred Health patients rated their experience as either 'very good' or 'good', which matches last year's result.
- 86.5 per cent felt they were treated with respect and dignity while in hospital always or sometimes.
- 75 per cent felt they were listened to and understood by the people looking after them always or sometimes.

Alfred Health Patient Experience Survey (PES): Our trained volunteers administer this survey to patients and families. Overall, 94 per cent of Alfred Health patients rated quality of care as 'good', 'very good' or 'exceptional' (compared to 94.5 per cent last year).

94% rated overall care as good, very good or exceptional at Alfred Health



Other results showed that overall:

- 96 per cent felt they were always or almost always treated with respect and dignity.

Patients surveyed noted we were 'doing well' in the areas of:

- respect for patients' values and needs
- care co-ordination and integration
- information and education.

We noted that the significant areas for improvement were those involving physical comfort, which reflects our ageing facilities in some areas, like Caulfield Hospital, which consistently attracts negative feedback for its environment.

By campus, patients rated overall quality of care as 'good', 'very good' or 'exceptional' as:

- 93.7 per cent at The Alfred
- 96 per cent at Sandringham Hospital
- 94.6 per cent at Caulfield Hospital.

Our patients (continued)

Compliments and complaints

We are always seeking feedback from our patients. In the six months from January–June 2016 we:

- received 584 complaints – an increase from 559 complaints from July to December 2015, however, the number of complaints per 1000 bed days remains the same
- had a decrease in complaints for Sandringham and Caulfield Hospitals
- had 554 compliments, a decrease from 623 for the previous period.

Following feedback, we looked at opportunities for systemic improvements, which included:

- revision of patient information brochures in radiology, physiotherapy and pathology, following complaints from patients unsure of requirements for procedures, clinic details and availability of services
- a patient discharge summary in the Emergency & Trauma Centre, confirming post-discharge instructions, so patients are aware of follow-up care and medications required
- an electronic outpatient check-in system in cardiology outpatients to minimise delays and allow patients to monitor their progress in the queue on a visual display monitor
- additional orthopaedic clinic at Sandringham Hospital
- patient communication rounds at Caulfield Hospital.

We've focused on improving communication with our patients and their families and loved ones.

Carer involvement

The *Carers Recognition Act 2012* (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.

HeLP Clinic continues to grow

The Alfred's Health Legal Partnership Clinic (HeLP) assisted almost 600 patients with health-related legal issues in the last year, 33 per cent of whom had multiple legal issues. The aim of the clinic – an alliance between law firm Maurice Blackburn and the Michael Kirby Centre for Public Health and Human Rights at Monash University, Justice Connect and Alfred Health – is to detect legal problems early and thus help achieve better health outcomes.

Patients received help in various areas of law, including:

- medical and legal power of attorney
- superannuation
- wills
- crime
- traumatic injury
- family law
- housing, and
- immigration.

Car parking for vulnerable patients

In February we implemented a car parking policy to reduce the financial burden of vulnerable patients who frequently attend our health service.

The concession rate is for those who can demonstrate financial hardship and is in addition to the discounted rate already available for holders of Pension Concession Cards, Health Care Cards and a disability parking permit.

The policy, developed to comply with DHHS requirements, was approved by the Board in February 2016 and will be reviewed annually.

Alfred Health complies with the DHHS hospital circular on car parking fees effective 1 February 2016 and details of car parking fees and concession benefits can be viewed at **www.alfredhealth.org.au**

Delivering quality care

With a strong history of improvement and innovation, we continued to introduce projects that transform the way we provide care and improve the experience for patients. This commitment was recognised through recent accreditation, with 51 'Met with Merits'.

Redesigning care

Timely Quality Care (TQC): This year, the TQC program focused on developing and implementing initiatives to improve our progression of patient care 24 hours a day, seven days a week. Ward leadership teams improved care by:

- giving patients an up-to-date treatment plan at the time of admission and an expected date of discharge
- reviewing a patient's progress against the treatment plan twice daily, and addressing any deviations from that plan in a timely way
- introducing new bedside boards and charts across our hospitals. These provide patients and their families with information on who is looking after them and encourages them to write down any questions for the clinical team.

Infection prevention

Infection Prevention remains an essential aspect of patient safety and care in reducing risks of hospital-acquired infection and improving patient experience.

Influenza vaccination campaign: The 2015 influenza campaign, which ended in August, saw 83.3 per cent of staff vaccinated, exceeding the Department of Health and Human Service's target of 75 per cent. As of 30 June, and part way through the 2016 campaign, 82 per cent of staff have been vaccinated. This year we have also been promoting vaccination for our high risk patient population and longer-term patients who go on day leave from the hospital.

Hand hygiene: We again improved hand hygiene compliance this year. With a government target set at 80 per cent, our compliance rate was 78.8 per cent for the first audit period of 2015 , 79.1 per cent for the first audit period of 2016 and 80.7 per cent for the second audit period. This year's activities included:

- the development of an educational hand hygiene DVD
- increased number of auditors at ward level
- an innovative awareness campaign.

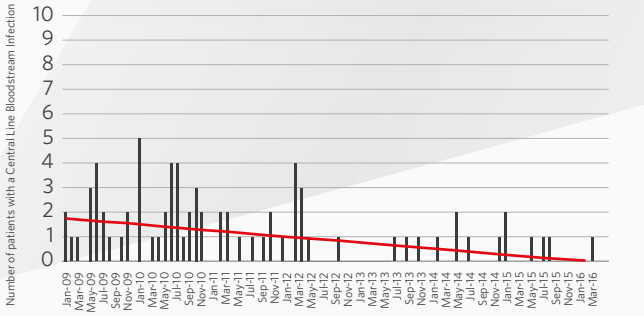
Aseptic technique: Education and auditing of aseptic technique continued across the organisation to increase compliance with best practice initiatives. A publicity campaign began in early 2016 to raise awareness of the core principles and practices of aseptic technique. Following a consultative process with staff, we created five posters around ways to protect patients from contamination. Following feedback from the recent National Standards accreditation process, we will continue to educate staff on aseptic technique requirements and ensure all disciplines of staff are included in this training to reduce any variation in practice and knowledge across the organisation.

Emerging diseases: In accordance with Department recommendations, we reviewed our guidelines around multi-resistant organisms to reduce the risk of Carbapenemase Producing Enterobacteriaceae (CPE). A point prevalence survey at the end of 2015 revealed no identification of CPE amongst the population screened.

- Actions regarding improving the effectiveness of the antimicrobial stewardship program received a 'met with merit' rating in our 2016 accreditation.

CLABSI decline: We saw a sustained reduction in Central Line-associated Bloodstream Infection (CLABSI) in our ICU.

Alfred Hospital Central Line Associated Bloodstream Infections Ward ICU



Delivering quality care (continued)

Significant operational activities

theAlfred

The Alfred is a major tertiary referral hospital providing a comprehensive range of acute and mental health services to local residents. It is also a teaching hospital with strong roots in integrating clinical practice with research discoveries, providing many statewide services. We continued to see increases in presentations to our Emergency & Trauma Centre.

Significant developments and initiatives in 2015–16 at The Alfred included:

Radiation oncology Australian-first: The stereotactic radiosurgery and stereotactic ablative radiotherapy programs at The Alfred's Radiation Oncology have been described as 'exceptional' by an independent panel. This panel has accredited the service as meeting the highest international standards for cancer care. The 'Novalis Certification' is a first for Australia. It recognises the experience of The Alfred team and its commitment to safe and quality clinical practice in using radiotherapy beams to precisely target tumours. The team also continues to work in effective partnership with Latrobe Regional Hospital in Traralgon delivering radiotherapy for that region.

Milestones

Trauma care

The Alfred celebrated 25 years of trauma care, with Victoria's first dedicated trauma centre and helipad opening in 1990. With high patient survival rates and increasing levels of expertise, The Alfred's leading trauma care system has been taken on by other international centres.

Lung transplantation

After 25 years, The Alfred's Lung Transplant Unit has transplanted lungs into over 1,200 patients and built an international reputation for using donor organs more effectively than others around the world. We have one of the world's biggest transplant programs, internationally-leading results and a 98 per cent survival rate one year after transplant.

New cardiac procedure: Cardiology and cardiac surgery joined forces to undertake a successful new procedure – a mitral valve replacement – in the catheter lab. The procedure involves a limited thoracotomy to access the apex of the heart and a catheter is inserted at the apex of the beating heart (with no bypass). An artificial mitral valve is then introduced, catheter withdrawn and heart sutured.

We continued to see an increase in Alfred Emergency & Trauma Centre patients.

New Admissions and Perioperative Unit: The opening of this new unit in January has led to increased surgical efficiency, improvement in the number of cases starting on time and fewer patient delays due to administration processes. The unit features spacious, private consultation areas, separate areas for pre- and post-operative patients, a flexible 'just in time' scheduling system, and an electronic patient tracking tool. We have had positive feedback from patients and families.

Long distance life-saving: We continued to develop our expertise in ECMO (extracorporeal membrane oxygenation), an advanced form of heart-lung bypass. This year our specialists undertook the furthest retrieval we've ever done, flying more than 15,000 kilometres to save a 41-year-old man. He had suffered complications caused by an aggressive strain of flu, which led to an infection that triggered heart, liver and kidney failure. Sent to a Japanese intensive care unit, he needed to return to Australia to continue his treatment and be considered for transplantation. The collaborative venture involved The Alfred, Prince Charles Hospital in Brisbane, and Careflight. The Alfred performs ECMO on 60 patients each year – more than any other centre in Australia.

New corneal transplant services: We have provided three new surgical ophthalmological treatments to patients over the last year. The Alfred is one of the first public hospitals in Australia to offer corneal collagen cross-linking for keratoconus, a degenerative condition of the cornea. The new procedures mean that patients recover their sight more quickly.

Caulfield Hospital's work in rehabilitation has continued to grow, with the opening of the Transitional Living Service and increased numbers of more acutely ill patients needing care.

Caulfield HOSPITAL

Caulfield Hospital specialises in community services, rehabilitation, aged care and aged mental health. The hospital plays a statewide role in rehabilitation services, which includes the Acquired Brain Injury Rehabilitation Centre. Added to this care for those with brain injuries is the recently opened Transitional Living Service, which works to further independence before discharge. The hospital's services are provided in hospital, in the community and at home. Despite ageing facilities, responses to patient care continue to be positive.

More complex patients: This year we have seen a higher acuity of patients – patients who are sicker and have more complex care needs. This is mainly due to the group of patients admitted to our Acquired Brain Injury (ABI) Rehabilitation Centre, which celebrated its first full year of operation in 2015–16. ABI patients make up 13 per cent of the rehabilitation patients treated at Caulfield. For the best chance of recovery, these patients come to Caulfield Hospital to begin their rehabilitation early and so are often quite unwell on arrival. This has translated to longer lengths of stay and a growing expertise in our subacute hospital.

ABI Transitional Living Service (TLS): While the hospital's Acquired Brain Injury Rehabilitation Centre marked its first year of operation, a new, attached service opened in November. The Transitional Living Service allows patients with an acquired brain injury to focus on skill acquisition and development of community living skills within a home environment, with 24-hour supervision. An interdisciplinary rehabilitation team supports the residents and provides individual program development to help them move on to less supported accommodation. To date, 10 patients have been discharged from the service.

My Aged Care: With the implementation of National Aged care reforms, the Aged Care Assessment Service (ACAS) in Victoria moved to the My Aged Care platform in March. All referrals for Aged Care services must now be done through the My Aged Care website, leading to a significant change for referral and assessment processes. New processes implemented by Caulfield ACAS has resulted in little or no impact on inpatient services, with only a slight increase in wait times for community-based referrals. Home Care Packages at Caulfield Community Health Service transitioned all packages to a consumer-directed care model, allowing clients to have greater control and choice over the care they receive.

Cardiac Rehabilitation walking track: We completed a closed circuit walking track in Caulfield Hospital grounds so cardiac clients can be monitored by nursing staff when exercising. The hut, donated by the Cardiac Support Group, provides shelter for clients and a space to rest and monitor their heart rate.

GEM at Home: This new program, which enables elderly people (often with cognitive impairment) to receive their medical, nursing, Allied Health and pharmacy treatment in their own home, started in September. The program offers an additional treatment option for elderly people who would otherwise need to be inpatients. We have also developed a Victorian GEM at Home benchmarking working group.

Rehabilitation Patient and Family Hub: The Hub, which includes kitchen and lounge facilities, provides rehabilitation inpatients and their families with additional space for socialising, relaxing and indoor leisure activities. Created following patient feedback, the Hub's development was undertaken in close consultation with past and present inpatients, their family members and interdisciplinary rehabilitation staff.

Making Every Moment Count: We continued developing innovative and resourceful approaches to ensure patients are actively engaged and participate in therapy during their stay. These initiatives, including a high intensity functional exercise group for aged care inpatients, benefit patients by increasing their strength, confidence and independence. We have had positive feedback from patients, with outcomes being increased socialisation with peers and increased motivation to participate in physiotherapy.

Delivering quality care (continued)

Sandringham HOSPITAL

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

Increased activity: There has been an almost three per cent increase in patient attendance at our Emergency Department. Despite this increase, we were successful in meeting our target of treating 81 per cent of people under four hours in Emergency. This highlights the successful partnership between our Emergency Department and the Urgent Care Centre (UCC) onsite. This year, the UCC saw an eight per cent increase of patients (8181 patients) compared to 2014–15.

Our elective surgery performance is also tracking well; the hospital saw 100 per cent of patients within clinically recommended times.

New procedure centre: The number of surgical procedures has grown exponentially over the past couple of years, to more than 4,000 cases a year. We are now the third largest cataract service in the state, just 18 months since the service's introduction. This success has demonstrated a strong need for surgical procedures close to home, which is important for our growing and ageing population. In line with this, we have launched a capital appeal to build a day surgery centre. Our vision is for this new centre to cater for a range of day of surgery admissions and same day procedures, such as orthopaedic, general, ophthalmology and gynaecology, so thousands of locals can receive best practice care just around the corner.

ED sepsis alerts: Delays in antibiotic administration in patients with sepsis can contribute to increased mortality risk. In line with developments at The Alfred, the Sepsis Alert model was implemented at Sandringham to deliver timely care sepsis management. This involves paging the Emergency pharmacist for patients who present with sepsis, allowing collaboration between pharmacist and doctor to allow early administration of antibiotics.

Continued partnership with The Women's: The Women's Hospital has been providing maternity and gynaecological services from within Sandringham Hospital since October 2013. In the next stage of this successful partnership we will transfer management of the Special Care Nursery to The Women's. This move will better align the nursery with the Women's-operated maternity program (at Sandringham Hospital) and bring the backing of tertiary specialist service to an already highly-regarded program. We also introduced an obstetric and post natal emergency response system, in partnership with The Royal Women's Hospital.

MSHC MELBOURNE SEXUAL HEALTH CENTRE

Melbourne Sexual Health Centre (MSHC) offers a range of services relating to sexual health including counselling, HIP (HIV Integrated Prevention), HIV clinic, results and information line, laboratory testing, pharmacy and STI screening. See the MSHC's Annual Report for more information.

Busy year: We undertook 42,466 consultations in 2015 and treated over 2000 cases of chlamydia, 1500 cases of gonorrhoea and the highest number of syphilis and mycoplasma cases we've ever recorded. This is almost double the amount of people we treated a decade ago. To manage increasing numbers of high-risk clients, we introduced two new clinics.

Test and Go (TAG): An express testing service for men who have sex with men was initiated in August to operate every Wednesday for men with a current Medicare card. TAG is a nurse-led 15 minute appointment service for men who are symptom free, do not require any other intervention and are comfortable to self-collect some of the samples. In 2015, 363 men made use of this service and 275 used this service in the first quarter of 2016.

HIV Integrated Prevention (HIP): This service, which gives clients information about using daily HIV treatment as prevention, began in June 2016. Currently the medication can be purchased online, as it is not available in Australia. Following the initial consultation, appointments are available every three months to monitor the health of those electing to take the daily HIV prevention pills.

Effect of HPV (human papilloma virus) vaccination: A study at MSHC demonstrated notable HPV infection reduction in young heterosexual men within a few years of the introduction of the vaccination for young Australian women. A reduction in prevalence of the four vaccine-targeted HPV genotypes (6, 11, 16, 18) found among unvaccinated Australian-born heterosexual men suggests herd protection from the female program. This has important implications for the control of HPV-associated cancers.

Right: Paediatric care – Sandringham Hospital's Emergency Department and Short Stay Unit has newly decorated, child-friendly waiting areas in a bid to make the environment less daunting for our young patients.

Community clinics and programs

Milestone for psychiatry community care: The Alfred's Alma Rd Community Care Units (CCU) celebrated its 21st year of helping those with mental illness. Alma Rd CCU opened in St Kilda in 1995, with a small group of residents with complex, severe mental illnesses who could access 24-hour support in a non-acute environment, as their illness stabilised. The aim remains the same today – to restore independence in these patients.

Mental Health: After seeking feedback from our consumers, we prepared a comprehensive submission on the government's draft 10-year Mental Health Plan for Victoria. Following launch of the plan, the principles outlined through the Mental Health Act will guide ongoing service delivery and development, including infrastructure planning to deliver best quality mental health services. We will table an annual report in the Victorian Parliament each year to update the community on our progress.

Headspace: Since headspace Bentleigh, led by Alfred Health, was officially opened in July 2015, it has been well utilised by local youth. Together with headspace Elsternwick, more than 2200 young people accessed the two centres in 2015. Of those, 58.5 per cent of users were female and most (75.8 per cent) were aged between 15 and 23 years old, with 11.5 per cent aged 12-14 years.

Young people are seeking help for:

31%	Anxiety and stress
29%	Depressive symptoms
9%	Relationship problems

Youth Early Psychosis Program: We established Early Psychosis Centres in Bentleigh, Frankston, Narre Warren and Elsternwick in 2014–15 to build upon the headspace model and to tackle issues early for young people experiencing a first episode psychosis or showing symptoms warranting a diagnosis of psychosis and assessed as ultra-high risk. On average there are about 240 active clients at any time, with an average of 30 new referrals a month.

During 2015, 64 per cent of users were male and 82 per cent were aged 18-25 years. Of these:

- 291 young people accessed the Youth Early Psychosis Program
- 171 young people received a service from the Continuing Care Team (CCT)
- 169 young people received a service from the Mobile Assessment & Treatment Team (MATT)
- 53 young people received a service from both CCT and MATT

Clinical governance

Quality care through sound governance

Sustaining national standards: Again we received accreditation, with full compliance achieved after the Australian Council for Healthcare Standards organisational survey in May 2016 for the 10 National Safety and Quality Health Service (NSQHS) standards and the National Standards for Mental Health Services (NSMHS). The survey involved preparing a comprehensive timetable of meetings and observational visits with nine surveyors. In addition, we constructed an extensive evidence register in the SharePoint platform to demonstrate compliance and achievement against 256 action items.

The survey team noted we:

- demonstrated leadership by participating in a number of state and national initiatives, including pilot programs aimed at improving patient care.
- strive to provide high quality care and services to patients, carers and families.
- provide opportunities for staff learning, development and research. The clinical governance structure, which is now operational at ward/unit level, helps to strengthen staff awareness of safe, quality patient care.
- have demonstrated clear purpose, story, beliefs and goals with the Alfred Health Strategic Plan 2016–2020, which involved broad stakeholder, community and staff consultation.
- support medication management with a well-designed and resourced Pharmacy service.

Met with Merits

We received 51 'Met with Merits' overall, achieving this high recognition in nine of the 11 standards. Most significantly:

18	in Standard 4 (Medication Safety)
9	in Standard 2 (Partnering with Consumers)
8	in Standard 1 (Governance for safety and quality)
6	in Standard 3 (Infection Prevention)

Using benchmarking data: In 2015–16, we continued to use 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).

Delivering quality care (continued)

Activity

Admitted Patients	Acute	Subacute	Mental Health	Other	Total
Separations					
Same Day	60,842	14	27	0	60,883
Multi Day	42,355	3,840	1,442	0	47,637
Total Separations	103,197	3,854	1,469	0	108,520
Emergency	45,549	8	1,142	0	46,699
Elective	57,648	3,846	327	0	61,821
Other, inc. Maternity	0	0	0	0	0
Total separations	**103,197**	**3,854**	**1,469**	**0**	**108,520**
Other					
Total bed days	**284,921**	**109,749**	**23,885**	**0**	**418,555**
Total WIES	**104,322**	**0**	**0**	**0**	**104,322**

Non-Admitted Patients	Alfred	Caulfield	Sandringham	Other	Total
Emergency Department presentations	63,248	0	31,735	0	94,983
Specialist outpatient appointments	133,891	4,419	9,334	0	147,644
Allied Health outpatient appointments	40,606	0	2,695	0	43,301
Diagnostic outpatient events	138,201	3,249	28,913	0	170,363
Radiotherapy occasions of service	32,832	0	0	21,036	53,868
Other services – occasions of service	85,823	218,717	0	44,412	348,952
Total occasions of service	**494,601**	**226,385**	**72,677**	**65,448**	**859,111**

* Due to a system rebuild, we are unable to provide data on major trauma admissions at time of printing.

Report of Operations Responsible Body Declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the Report of Operations for Alfred Health for the year ending 30 June 2016.

Helen Shardey
Chairperson
Board of Directors

15 August 2016

Performance

Strategic performance

Accountability for Alfred Health's operational performance is set by the Minister for Health through the Statement of Priorities (SOP) agreement.

Victorian Government priority actions 2015–16	Alfred Health Deliverables for 2015–16	Progress as at 30 June 2016	Status
Patient experience and outcomes			
Drive improved health outcomes through a strong focus on patient-centred care in the planning, delivery and evaluation of services, and the development of new models for putting patients first.	Improve health outcomes for patients in planning, delivery and evaluation of services by enhancing systems to support patient information (including revision of patient handbooks) and health literacy (including auditing patient information against guidelines).	Patient information has been updated which includes new welcome videos, patient handbooks and new website. • Website content developed • Health Literacy Guideline approved and on PROMPT • Working with Swinburne and General Medicine on health literacy project for people with chronic conditions • Enhancing concierge program and wayfinding signage project • Scoping rollout of teachback technique in July.	Completed
Strengthen the response of health services to family violence. This includes implementing interventions, processes and systems to prevent, identify and respond appropriately to family violence at an individual and community level.	Develop and implement a framework that includes interventions, processes and systems to prevent, identify and respond appropriately to family violence.	A family violence response and referral guideline has been approved and is available to all staff. A Family Violence Project Officer position has been approved and work commenced on a TOR for the Family Violence Steering Committee. Alfred Health presented at the Strengthening Hospitals Response to Family Violence Forum.	Completed
Use consumer feedback and develop participation processes to improve person and family centred care, health service practice and patient experiences.	Trial freestanding continuous customer feedback devices in addition to continuing to use existing feedback mechanisms from surveys, advisory groups and community consultations to improve patient experience and health service practice.	Trial of HappyorNot™ customer feedback devices successfully completed and extended through Patients Come First (PCF) Committee. Patients can provide feedback in a range of digital, verbal and hard copy processes. Patient feedback used in development of PCF Strategy and Alfred Health Strategic Plan.	Completed
Implement an organisation-wide approach to advance care planning including a system for identifying, documenting and/or receiving advance care plans in partnership with patients, carers and substitute decision makers so that people's wishes for future care can be activated when medical decisions need to be made.	Approved End of Life Care Guidelines and Advance Care Planning processes will continue to be implemented through all Alfred Health units and supported through staff and community education programs.	End of Life Care Guidelines and Advanced Care Planning continue to be implemented and utilised across Alfred Health clinical units. Processes supported by staff and community education programs and implementation of clinical tools. Consumer input gained for new ACP brochure.	Good progress
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.			
Governance, leadership and culture			
Demonstrate an organisational commitment to Occupational Health and Safety, including mental health and wellbeing in the workplace. Ensure accessible and affordable support services are available for employees experiencing mental ill health. Work collaboratively with the Department of Health and Human Services and professional bodies to identify and address systemic issues of mental ill health amongst the medical professions.	Actively promote the range of employee support and learning services available, including the Employee Assistance Program (EAP) and leader training to enable early identification of staff mental health issues. Design and implement a comprehensive OH&S strategy and plan.	OH&S strategy plan developed and is undergoing stakeholder consultation process. EAP services continue to be well utilised by health industry standards. EAP provider has been engaged to conduct group counselling or de-briefing sessions after trauma related situations have occurred.	Good progress

Performance (continued)

Victorian Government priority actions 2015–16	Alfred Health Deliverables for 2015–16	Progress as at 30 June 2016	Status
Governance, leadership and culture			
Monitor and publicly report incidents of occupational violence. Work collaboratively with the Department of Health and Human Services to develop systems to prevent the occurrence of occupational violence.	Implement responsive action management strategies for all incidents of occupational violence and collaborate with DHHS to establish systems to report and prevent occupational violence.	Management of clinical aggression and occupational violence strengthened through appointment of staff, rollout of staff education and training programs, and strengthened internal policies. Occupational Violence (OV) strategy completed and undergoing stakeholder consultation. A total of 80 staff members have completed OV training and a further 50 courses planned for 2016.	Good progress
Promote a positive workplace culture and implement strategies to prevent bullying and harassment in the workplace. Monitor trends of complaints of bullying and harassment and identify and address organisational units exhibiting poor workplace culture and morale.	Ensure OH&S objectives and organisational values are embedded in the system, including through the employee life cycle processes, ward governance systems and learning and development programs. Intervene in areas of poor culture as identified by organisational surveys and other sources of data.	Following the launch of Alfred Health's 2016–2020 Strategic Plan, the respect and quality improvement project has been initiated. Policies, procedures and position descriptions have been updated to reflect new beliefs and the Code of Conduct has been revised. Work has begun on communicating new beliefs organisation wide.	Good progress
Improve data reporting systems to increase accountability and transparency, consistent with the Transparency in Government Bill.	Development and implementation of Phase One of the electronic Timely Quality Care (eTQC) project that will significantly improve clinical information capture, management and patient care service delivery, to progress towards a fully electronic medical record across Alfred Health.	Phase one of the electronic Timely Quality Care (eTQC) project is well underway. Program planning has commenced including recruitment of staff for change management, project managers, a test manager and business analysts. A current state assessment of clinical systems has also been completed and development of the program initiation document is underway. The eTQC inaugural meeting was held in late June 2016 with formal kick-off planned for mid-July 2016. It is anticipated the project will be completed by 2020.	Good progress
Contribute to the development and implementation of the 10-year Mental Health Plan for Victoria and *State of Victoria's Mental Health Services Annual Report*. Embed the principles of the *Mental Health Act 2014* (Vic) into all levels of service and system design and delivery.	Further strengthen the quality of care for psychiatric clients including through contributing to the development of statewide mental health policy and service delivery and continuing to implement the principles of the Mental Health Act across Alfred Psychiatry.	Based on stakeholders' feedback and input, Alfred Health prepared a comprehensive submission on the government's draft 10-year Mental Health Plan for Victoria. Following launch of the plan, the principles outlined through the Mental Health Act will guide ongoing service delivery and development, including infrastructure planning to deliver best quality mental health services. An annual report will be tabled to the Victorian Parliament each year to inform the community about progress towards the outcomes.	Completed
Adopt the Healthy Choices: Food and Drink Guidelines for Victorian public hospitals, to increase the availability of healthy food and drinks for purchase by staff, visitors and the general public.	Strengthen Alfred Health's approach to population health by adopting a leadership role in implementing Healthy Choices at Alfred Health and in the wider Victorian health system.	Exceeded Healthy Choices benchmarks in retail settings (first major health service to do so). Completed four world-first behavioural insights trials to show how changes to display and pricing lead consumers to make more healthy drinks choices while maintaining financial viability for retailers. Continued to actively share Alfred Health experiences and expertise with other health services and organisations to drive improvement in food environments across the sector and achieve implementation at scale.	Completed
Safety and quality			
Ensure management plans are in place to prevent, detect and contain Carbapenem Resistant Enterobacteriaceae as outlined in Hospital Circular 02/15 (issued 16 June 2015).	Ensure management plans are in place, including antimicrobial stewardship standards to prevent, detect and contain Carbapenem Resistant Enterobacteriaceae in compliance with the relevant national and Victorian guidelines.	Alfred Health is complying with Victoria's new Carbapenem Resistant Enterobacteriaceae (CRE) guidelines (released Dec 2015). Internal guidelines and management plans have been revised in response to the new CRE guidelines and the Operations Leadership and Infection Prevention Committees provide overarching governance. Implementing improved screening processes for patients in contact with CRE cases. Education and training provided to support the prevention, detection and containment of CRE. Actions regarding improving the effectiveness of the antimicrobial stewardship program received a 'Met with Merit' rating in 2016 accreditation.	Completed
Implement effective antimicrobial stewardship practices and increase awareness of antimicrobial resistance, its implications and actions to combat it, through effective communication, education and training.	Evaluate and expand existing antimicrobial stewardship program to build capacity for the development of an integrated approach to antimicrobial resistance education and awareness across Alfred Health.		Completed
Ensure that emergency response management plans are in place, regularly exercised and updated, including trigger activation and communication arrangements.	Finalise and implement an Alfred Health Critical Infrastructure Resilience Plan to ensure that Alfred Health can respond and recover from key sector emergency risks.	The Alfred Health Critical Infrastructure Resilience policy and guidelines were approved and are now guiding the organisation's prevention response and recovery from significant emergencies.	Completed

Victorian Government priority actions 2015–16	Alfred Health Deliverables for 2015–16	Progress as at 30 June 2016	Status
Financial sustainability			
Improve cash management processes to ensure that financial obligations are met as they are due.	Improve processes for managing debtors and capital expenditure to achieve cash neutrality.	Debtor days reduced from 70+ in 2015 to 57 generating more than $3 million in cash. 120 days debt significantly reduced to 12% of debt net of specific provisions. Continued concentration is on overseas debt. Capital expenditure planning now part of Finance Committee reports. Cash for next four years planned in conjunction with capital expenditure forward projections.	Completed 
Identify opportunities for efficiency and better value service delivery.	Improve organisational efficiency and productivity through implementation of a more streamlined and automated Human Resources Information System.	Planning for the implementation of HRIS (Employee Hub) continues with the payroll, self-service and HR modules to be implemented during 2016–17.	Some progress 
Invest in revenue optimisation initiatives to ensure maximisation of revenue from both public and private sources.	Strengthen processes and systems to improve revenue collection including upgrades to patient administration and billing systems.	Inpatient billing module was successfully implemented. Full implementation planned during 2016–17. Revenue maximisation activities have generated over $1.5 million in 2015–16 with prostheses backbilling and pathology billing optimisation both contributing.	Good progress 
Access			
Implement integrated care approaches across health and community support services to improve access and responses for disadvantaged Victorians.	Work with the Department of Health and Human Services to co-design and test a flexible funding approach that better responds to the care needs of a targeted group of people with multiple chronic and complex health conditions that require ongoing specialist care.	HealthLinks model of care was established with initial focus on patients with chronic obstructive pulmonary disease. Project implementation awaiting statewide DHHS approval expected in 2016–17.	Good progress 
Progress partnerships with other health services to ensure patients can access treatments as close to where they live when it is safe and effective to do so, making the most efficient use of available resources across the system.	Improve access for more complex patients from outer metropolitan and regional communities through implementation of integrated management pathways for cardiac and cancer care.	Partnerships with a number of outer metropolitan and regional health services in Gippsland and southeast Victoria have been established and are now providing improved access for more complex patients. Specialties include cardiac services, geriatric and subacute care and infectious diseases. Discussions progressing to expand collaborations and number of clinical specialties.	Completed 
Optimise alternatives to hospital admission.	Alfred Health will develop, implement and evaluate a home based Geriatric Evaluation and Management Program (GEM at Home) that provides an alternative to hospital admission.	GEM at Home program successfully implemented with average occupancy of 11 patients (exceeding target of nine) and lower average length of stay than predicted. More than 210 patients admitted since commencement and a median of two patients per week coming direct from Acute and avoiding Caulfield inpatient stay. Planning expansion opportunities for 2016–17 and ongoing collaboration with other Victorian GEM at Home providers.	Completed 
Ensure that policies, procedures and service models are in place to manage and monitor colonoscopy referrals and ensure timely access for patients with an urgent clinical need.	Alfred Health will reduce average waiting times for colonoscopy by increasing the number of procedures in 2015–16.	Alfred Health successfully reduced average waiting times for gastroenterology services through the addition of eight endoscopist lists per month. Endoscopy Nurse practitioners have received additional training in gastroscopies. The additional endoscopy services are improving access for patients with an urgent clinical need.	Completed 

Performance (continued)

Part B: Performance Priorities

Service Performance

Critical Care	Target	2015-16 actuals
Number of days operating below agreed Adult ICU minimum operating capacity	0	0

Patient Experience and Outcomes	Target	2015-16 actuals
Victorian Healthcare Experience Survey (VHES) - data submission	Full compliance	Fully compliant
VHES - patient experience Quarter 1	95% positive experience	90.5%
VHES - patient experience Quarter 2	95% positive experience	90.5%
VHES - patient experience Quarter 3	95% positive experience	91.3%
Surgical site infection surveillance	No outliers	Achieved
ICU central line associated bloodstream infections (ICU CLABSI)	No outliers	Achieved
SAB rate per occupied bed days	< 2/10,000	<0.7/10,000
28 day readmission rate (%)	14%	14%
Adult post-discharge follow-up	75%	81%
Adult seclusion rate per 1000 bed days	< 15/1,000	15/1,000
CAMHS post-discharge follow-up	75%	88%
Aged post-discharge follow-up	75%	95%
Aged seclusion rate per 1000 bed days	< 15/1,000	< 2/1,000

Governance, Leadership and Culture	Target	2015-16 actuals
Patient safety culture*	80%	91%

Safety and quality	Target	2015-16 actuals
Health service accreditation	Full compliance	Fully compliant
Cleaning standards	Full compliance	Fully compliant
Cleaning standards (AQL- A)	90%	96.1%
Cleaning standards (AQL- B)	85%	96.6%
Cleaning standards (AQL- C)	85%	96.9%
Hand hygiene (rate) - quarters 2-4	80%	79.5%
Health care worker immunisation - influenza	75%	83.3%

* 2014 result. Results from 2016 survey pending at time of writing.

Financial Sustainability Performance

	Target	2015-16 actuals
Finance		
Annual Operating Result ($m)	$0	$0.3M (parent)
Creditors	< 60 days	57 days
Debtors	< 60 days	42 days
Percentage of WIES (Public and Private) Performance to Target	100%	102.8%
Adjusted Current Asset ratio	0.7	0.6
Days Available Cash	14	4.0
Asset management		
Basic asset management plan	Full compliance	Achieved

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

Emergency Care	Target	2015-16 actuals The Alfred	2015-16 actuals Sandringham
Percentage of ambulance transfers within 40 minutes	90%	82%	82%
Percentage of emergency patients with a length of stay less than four hours*	81%	78%	81%
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%	72%	68%

*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 2015-16
Number of patients admitted from the elective surgery waiting list - annual total	11,200	11,351
Percentage of Urgency Category 1 elective patients treated within 30 days	100%	100%
Percentage of elective patients removed within clinically recommended timeframes	94%	98%
Number of Hospital Initiated Postponements per 100 scheduled admissions	8	4.1
10% longest waiting category 2 and 3 removals	100%	99%

Elective Surgery Waiting list	Target	Actual 2015-16
Number of patients on the elective surgery waiting list	2,100	2,044

Performance (continued)

Part C: Activity and Funding

	2015–16 activity
Acute Admitted	
WIES Public	81,620
WIES Private	15,055
WIES (Public and Private)	96,675
WIES DVA	1,037
WIES TAC	6,610
WIES Total	104,322
Acute non-admitted	
Radiotherapy WAUs Public	78,534
Radiotherapy WAUs DVA	1,477
Renal dialysis – Home ADF	113
Mental Health and Drug Services	
Mental Health Inpatient – Beddays	23,955
Mental Health inpatient – WOt	25,018
Mental Health Ambulatory	55,693
Mental Health Residential	6,220
Mental Health Subacute	2,702

	2015–16 activity
Subacute & Non-acute Admitted	
Rehab Public	43,261
Rehab Private	15,892
Rehab DVA	564
GEM Public	28,153
GEM Private	12,225
GEM DVA	1,502
Transition Care – Beddays	24,684
Transition Care – Homeday	6,515
Aged Care	
HACC	15,445
Primary Health	
Community Health/Primary Care Programs	18,336
Subacute Non-Admitted	
Health Independence Program	87,468

Despite increases in patient attendances across the network and growing acuity of patients, performance remained strong.

Financial summary 2015–16

The operating result for 2015–16 saw a $0.3 million surplus, consistent with last year's result. Revenue increased by $87.1 million, largely due to government grants that had increased due to activity growth.

The comprehensive result was a profit of $13.5 million, compared to a loss of $28.3 million in the previous year, largely due to an asset revaluation of $36.0 million. The result includes capital donations revenue of $22.2 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 $7.6 million from the last financial year.

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 continuing its commitment to achieve savings targets through efficiency programs and close monitoring of the costs of growing activity.

	2015-16 $M	2014-15 $M	2013-14 $M	2012-13 $M	2011-12 $M
Total Revenue	1,062.4	975.3	915.7	894.5	868.9
Total Expenses	1,062.1	975.1	915.5	894.4	868.9
Operating Result	**0.3**	**0.2**	**0.2**	**0.1**	**0.0**
Capital and Specific Items	(24.6)	(30.8)	(25.1)	(25.3)	(18.5)
Other**	37.9	2.3	286.7	7.9	0.0
Comprehensive Result	**13.5**	**(28.3)**	**261.8**	**(17.3)**	**(18.5)**
Transfers to Reserves	(17.3)	2.2	7.1	(8.4)	(10.8)
Retained Surplus/Deficit	(228.1)	(186.5)	(159.4)	(141.5)	(159.1)
Total Assets	1,085.1	1,056.8	1,086.2	808.2	763.0
Total Liabilities	294.2	279.4	265.1	248.9	237.6
Net Assets	791.0	777.4	821.1	559.3	525.4

** Other includes Asset revaluation and Investment revaluation.

Information and Communication Technology (ITC) expenditure

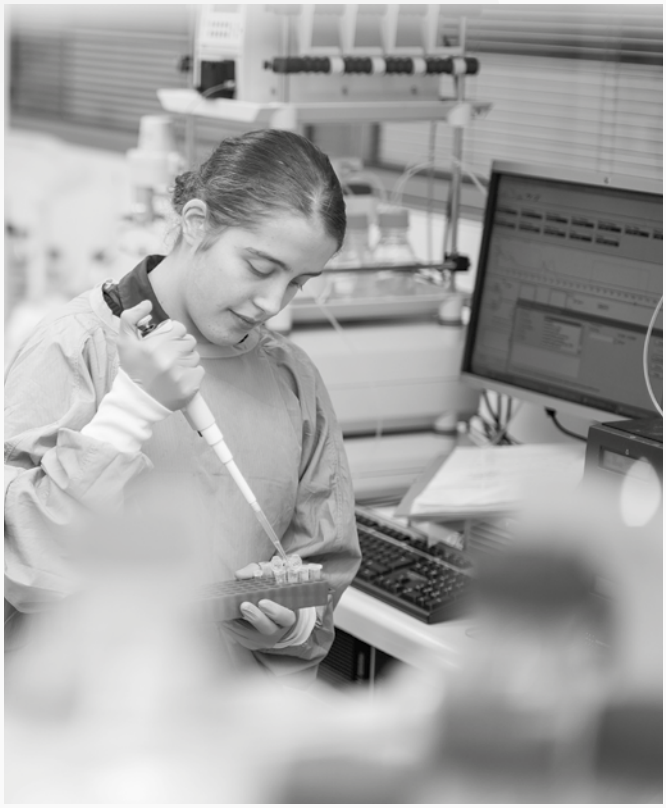
The total ICT expenditure incurred during 2015-16 is $35.8 million (excluding GST) with the details shown below.

($ million)

Business As Usual (BAU) ICT expenditure	Non-Business As Usual (non-BAU) ICT expenditure	Operational expenditure	Capital expenditure
$26.8m	$9.0m	$0.0m	$9.0m

Research through partnership

This year's achievements included care to prevent HIV infection, hope for those suffering severe asthma and dementia and a breakthrough in fighting blood cancer. We continued to attract a high level of funding from the National Health and Medical Research Council.



Our researchers are working on improving patient care by finding more effective treatments and by exploring innovative technologies.

Major research highlights

With a broad range of specialties across our health service, our research areas are broad. Here were some of the highlights:

Researching new technologies

We are taking a leadership role in improving patient outcomes via medical technology innovation, in a new strategic partnership with Monash Institute of Medical Engineering (MIME). Our clinicians are identifying and proposing areas of unmet clinical need, where leading edge engineering or IT skills are needed to develop better solutions. This can include new medical devices, diagnostics, surgical tools or digital health.

More than 55 opportunities have been proposed and over $1.3 million in joint funding was committed by Monash University, The Alfred Foundation, the Alfred Health Research Trust and CSIRO to initiate 21 new collaborative projects co-led by Alfred clinicians over the past year.

Progress on 11 seed-funded projects including design and development of:

- a self-automated device for emergency drainage of blood in the chest cavity
- a new device that gives greater mobility to patients with hip arthritis
- an improved laryngoscope for better surgical outcomes.

Also, 10 PhD scholarships have been awarded, with topics as diverse as:

- wearables for cardiac monitoring
- tissue engineering for burns and heart repair
- cancer therapeutics and diagnostics, and
- trauma decision support.

Changing international practice

Researchers from The Alfred answered the long-held debate over whether aspirin should be stopped before coronary artery surgery, finding it to be safe.

The results of the 10-year international study were published in the *New England Journal of Medicine* and showed that patients having heart surgery can safely take aspirin right up until the day of their procedure.

These results, from this highly influential piece of research, were significant, due to conflicting advice from health professionals. The study showed no increased risk of surgical bleeding or need for blood transfusion.

More than 2000 patients were enrolled into the study in 21 hospitals across four continents. A $3.5 million NHMRC grant supported this study, with further support from the Australian and New Zealand College of Anaesthetists.

Breakthrough in targeting aggressive blood cancer

Scientists from The Alfred and Monash University have had success with new combination therapy to fight Acute Myeloid Leukaemia (AML), an aggressive blood cancer.

Scientists used a small molecule to target the cancer, which works by finding its way into a groove on one of the proteins (BCL2) that controls the survival of leukemic cells. This technique, together with low dose chemotherapy, weakens and destabilises the cells, allowing the molecule to be much more effective at killing them.

Previously, most doctors saw AML as an untreatable and inevitably fatal condition for elderly patients. In the first wave of patients who received the new combination therapy, more than 60 per cent of trial participants have gone into remission.

Alzheimer's drug trial success

Early research results of Anavex 2-73, a drug which aims to address the symptoms of dementia, are positive.

Trials at Caulfield Hospital are using Anavex, which, unlike current medications, is the only drug designed to both relieve symptoms and slow the disease's progression.

The first phase of the trial began in December 2014 and the next steps will involve further research with a larger group of participants in 2017.

Treating asthma as a rash

The Alfred is trialling a new approach by treating asthma not as a respiratory disease, but as a rash. The work is part of the Centre for Research Excellence on Asthma, a national effort involving investigators around the country.

The research on people with 'steroid-resistant asthma' will see them take a commonly used antibiotic that has an anti-inflammatory property and can be inhaled. Up to 60 participants will be involved in the four-year study at The Alfred.

PrEPX research study

Alfred Health, along with the Victorian Government and Victorian AIDS Council, are involved in a new public health research study which will expand access to pre-exposure prophylaxis ('PrEP').

PrEP is the use of medication to prevent HIV infection in people who are at high risk. The new study called, PrEPX, will see up to 2,600 people access PrEP medication. The aim is to prevent the spread of HIV among Victorians at high risk of infection.

AMREP

Alfred Health is a collaborative 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.

Academic Health Science Centre update

The Monash Partners Academic Health Science Centre, of which Alfred Health is a lead agency, continued to work towards enhancing the health of our community. With further health services joining the Centre, it is expected that Monash Partners will soon cover 15 per cent of the population (3.5M Australians). During the year Monash Partners:

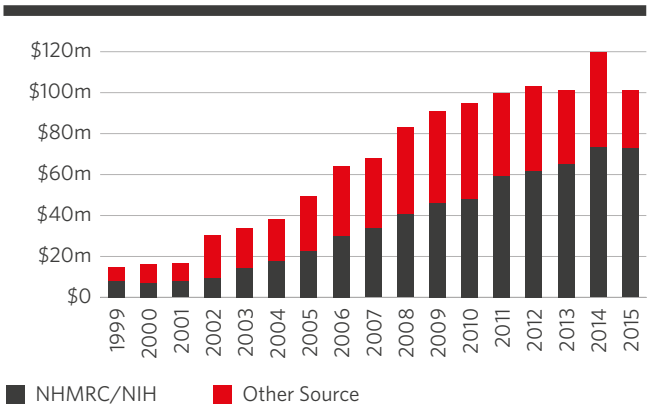
- made accredited clinical research practice training programs accessible
- focused on improving data quality and linkages to drive healthcare advancement
- looked at opportunities to enhance primary care collaboration and integration
- began building a national alliance of Academic Health Science Centres.

AMREP research

In 2015 AMREP researchers received $101 million in external competitive research funding, the majority (72 per cent) of which was from the National Health and Medical Research Council (NHMRC) and the US National Institutes of Health. The drop in funding is, in large part, due to the lack of further government investment in medical research in recent years.

The number of publications (refereed journal articles, book chapters and books) increased 12 per cent in 2015 to 2,168 and 229 students completed and passed their masters and doctoral degrees.

External research funding 1999-2015



Research through partnership (continued)

Our researchers were again successful in receiving grants for exciting new research.

NHMRC funding

Alfred Health researchers were lead investigators of several new NHMRC grants commencing in 2016.

Project Grants:

- **Professor Stephen Bernard:** *Reduction of oxygen after cardiac arrest: the EXACT trial*. 2016–2020: $1,891,020.
- **Professor Anne Holland:** *Tele-rehabilitation for chronic obstructive pulmonary disease*. 2016–2019: $697,942.
- **Professor Stephen Jane:** *Identification of factors critical for maintenance of the epidermal barrier*. 2016–2018: $616,950.
- **Professor Paul Myles:** *IV iron for treatment of anaemia before cardiac surgery (ITACS trial)*. 2016–2020: $2,285,289.
- **Professor Robyn O'Hehir:** *Phase I/IIa trials of a novel T cell epitope-based peptide therapy for peanut allergy*. 2016–2018: $1,440,000.

Partnership Projects:

- **Professor Tracey Bucknall:** *Prioritising responses of nurses to deteriorating patient observations (PRONTO)*. 2018–2018: $459,688.
- **Dr Julian Elliot:** *Evidence innovation: transforming the efficiency of systematic review*. 2016–2018: $928,417.

Early Career Fellowships:

- **Dr Ingrid Hopper**
- **Dr James McMahon**
- **Dr Stuart Lee**
- **Dr Zoe McQuilten**

Translating Research Into Practice (TRIP) Fellowship:

- **Associate Professor Natasha Lannin**

Research Poster Display and Research Day

The 2015 Alfred Week Research Poster Display in October showcased 182 research posters from across AMREP, with prizes awarded for those judged best in their category.

Research Day featured a keynote address by Professor Christina Mitchell, Dean of the Monash University Faculty of Medicine, Nursing and Health Sciences, titled 'Challenges in Medical Research: what can academic health science centres deliver?' The AMREP Research Prizes, awarded annually for the highest impact original clinical and basic research articles published by AMREP researchers in the previous year, were presented to Dr Paul Gilson, Burnet Institute, and Professor Paul Myles, Department of Anaesthesia and Perioperative Medicine, The Alfred.

Projects and infrastructure

Alfred Health undertook significant capital and planning projects during the year, supported by both community and government funding for new facilities and equipment. The Alfred Foundation was also very important in raising awareness and funds for patient resources.

The new Admissions and Peri-operative Unit has vastly improved the patient experience.

Admissions and Peri-operative Unit redevelopment

In January 2016, the new Admissions Unit became operational next to The Alfred's main operating suites and recovery area. The new facility includes:

- new reception and waiting areas for elective patients and their families and carers
- six interview spaces for the admission process
- six day beds and 12 multiday beds, and
- a consolidated 'one stop' location for surgical admissions.

The new suite has improved the patient experience with simpler wayfinding, being closer to the car park, with co-location of functions, modern amenity and more comfortable waiting space for families and carers. It also allows patients to walk to the operating room (where appropriate), provide for 'day of surgery' admissions as well as planning for post-operative care.

The Alfred Foundation largely provided the funding for this project through supporting the redevelopment through its partnership with the community and donor contributions.

Ward 3 West at The Alfred – redevelopment

With an increase in demand for cardiac services, an updated, expanded facility was a priority.

The project included:

- a redevelopment, including expansion, of the Day Procedure Unit
- additional inpatient bedrooms, including more single-bed rooms
- upgraded bathrooms
- improved patient and visitor waiting areas, and
- contemporary areas for staff education and training.

The Alfred Foundation continues to fundraise for the redeveloped facility, which will open later in 2016.

Infrastructure works

During the year, site infrastructure and facilities upgrades continued as a major focus:

- We received an allocation of $4.1 million to undertake a scope of fire services upgrade works. These works are underway with a completion date of early 2017.
- The hospital secured funding to replace the concrete parapet on the Philip Block, with the works commencing in early 2016.
- Upgrade to lifts including the trauma service lift, East Block and the William Buckland building were completed this financial year.

Projects and infrastructure (continued)

Emergency & Trauma Centre (E&TC) redevelopment

We have appointed a main contractor to transform the existing facility into an expanded and contemporary department. The redevelopment will result in a doubling of the diagnostic imaging capacity, and patient treatment spaces will increase by a third. Works will take place over 18 months.

This project was made possible due to the significant support of the Eva and Les Erdi Humanitarian Charitable Foundation, who gave the single largest gift to The Alfred to help fund the redevelopment.

High-value equipment and infrastructure funding

In 2015–16 Alfred Health received $6.68 million in funding from the Department of Health and Human Services' High Value Statewide Replacement Fund for specific medical equipment replacement and engineering infrastructure upgrades. The funded projects were:

	$000
Equipment:	
Computed Tomography (CT) unit	$2,000
Echocardiography unit with 3D imaging	$350
Angiographic-fluoroscopy unit	$680
Magnetic Resonance Imaging unit – 3T	$2,000
Echocardiography unit with GLS imaging	$350
Infrastructure:	
Steam infrastructure upgrade works	$400
Helipad fire services upgrade	$400
Lift upgrade – Centre Block	$500

Building project status

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

2015–16 Building Projects Status

Projects completed (*with certificates of final completion*)

The Alfred – Admissions and Perioperative Unit redevelopment
The Alfred – MRI removal
The Alfred – East Block Level 2 renovations
The Alfred – Nuclear Medicine/PET redevelopment
The Alfred – Lift upgrades projects (East Block, South Block, MWB and Trauma)
The Alfred – Philip Block – electrical upgrade
The Alfred – Hugh Trumble room
Caulfield – Lift upgrade
Caulfield – Baringa bathroom upgrade

Projects with building permits under construction

The Alfred – Main Ward Block Level 3 West
The Alfred – Medical Record refurbishment
The Alfred – Emergency Department redevelopment
The Alfred – Renal office refurbishment
The Alfred – MWB stairwell refurbishment
The Alfred – Philip Block capping replacement
The Alfred – interim fire upgrade works

In line with requirements, Alfred Health used registered building practitioners on all building projects, with maintenance of their registered status for the duration of the works a condition of their contract. We maintain all buildings in a safe and serviceable condition, with routine inspections and ensure that we undertake scheduled maintenance programs. We also inspected all buildings' essential services for compliance, as required by legislation.

Community and environment

Health promotion initiatives continued to encourage the health of our community and our environmental initiatives focused on recycling.
Our community also supported our health service through volunteering and donations.

Healthy living

Healthy Choices: We worked with onsite retailers to improve the variety and availability of healthy food and drinks, including modifying recipes, sourcing new products and recipes and reviewing placement, pricing and serving sizes. For the first time, we exceeded the healthy choices targets of at least 50 per cent availability of 'green' rated foods and drinks and no more than 20 per cent availability of 'red' rated foods and drinks. Alfred Health is the first major health service to meet this target.

World-first behavioural insights trials: We teamed up with onsite retailers, Deakin University, Monash University, VicHealth and the Behavioural Insights Team (UK) to conduct a series of world-first behavioural insight trials on the drinks environment. We found that by removing the least healthy 'red' drinks from retail display or by increasing the cost of these drinks, we had a positive impact on public health while maintaining financial viability for the retailers. The net result was around 36,500 fewer 'red' drinks being sold at The Alfred each year.

Environmental sustainability

As a major health service, we continued to work on ways to decrease our water, energy and waste consumption to reduce our environmental impact.

Sustainability Committee: This committee, which meets monthly, is responsible for the maintenance and implementation of the Environmental Management Plan (EMP) and the communication and reporting of activities across a range of stakeholder groups. The EMP includes:

- action plans and performance targets across a range of operational areas
- management of our energy, water and waste consumption and on carbon emissions, compared to comparative healthcare agencies.

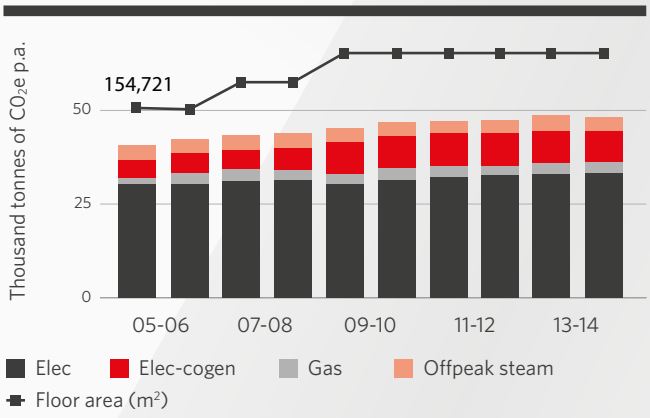
We remain a member of the Victorian Green Round Table Waste Committee, which meets bi-monthly and brings together all Victorian public health services waste/sustainability representatives to discuss and promote new green initiatives.

In terms of consumption during the 2014-15 year (latest available data as provided by DHHS) our:

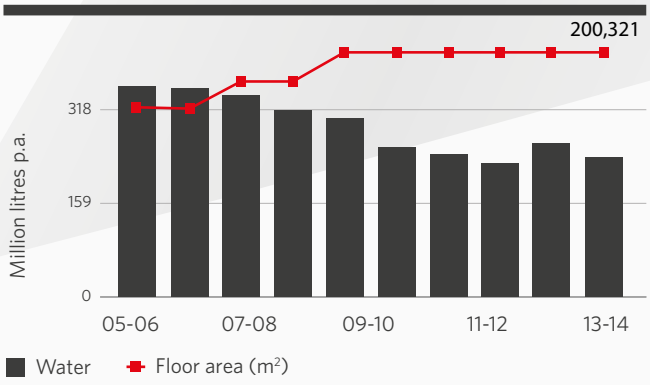
- water usage decreased significantly (9 per cent), due to the infrastructure improvement to the condensate (steam) plant and the reuse of water (from the water purification filter system) at The Alfred.
- electricity and gas reduced, in part due to the infrastructure improvements and the continued rollout of LED lighting and energy efficiency communications and information technology.
- steam usage decreased by 9 per cent, due to our ongoing investment in steam, related infrastructure and in modern building control systems.

Our footprint: Our overall Carbon Emissions (relating to fossil fuel consumption) reduced by 0.83 per cent in the year.

Carbon emission



Water use



In terms of cost in 2014–15 (latest available data):

- water costs decreased by 7 per cent
- electricity costs decreased by 13 per cent and gas costs decreased by 9 per cent primarily due to the cessation of the carbon pricing tax.

Community and environment (continued)

The new Active Travel Zone supports our environmental sustainability plan by converting 19 car spaces into 300 bike parks.

During the year, our new improvement activities included:

- **Little Blue Towels Initiative** – The Alfred's Main Theatres have joined this initiative where the small blue cotton towels used to dry hands after completing a surgical scrub are recycled. The used towels are transported to Echuca where a laundry run by adults with disabilities will wash them and package them ready for sale to the public. The money raised is donated to the OTIS Foundation, which runs country retreats for women suffering from breast cancer, their families and friends. We estimate this initiative will recycle around 500 little blue towels weekly.
- **KIMGUARD recycling program** – Since starting this project, which sees uncontaminated KIMGUARD sterile wraps recycled, we have diverted over 3000 kg of waste from landfill. The wraps are recycled and made into decking and benches. We have donated three new polypropylene benches made solely from recycled Alfred Health polypropylene KIMGUARD® plastics for installation and use in a school playground. We are looking at expanding this recycling initiative to other plastics utilised across the organisation.
- **Active Travel Zone (ATZ):** We converted 19 car spaces into 300 bike parks to improve our active travel culture. To date, we have 367 registered users and approximately 200 bicycles within the ATZ on any given day. It is estimated that our staff riding to work save over 72,000 car trips per year; helping to reduce greenhouse gas emissions, ease traffic congestions and improve traffic flow. Review of the facilities and bike parking throughout The Alfred was undertaken by Bicycle Network in May 2016.
- **Printer optimisation program:** This program standardises multi-function options and phasing out stand-alone printers. During the year we reduced paper consumption by 15 per cent by:
  - setting all printers to two-sided printing
  - converting paper-based processes to digital (like digitising medical record forms)
  - replacing copying and faxing with scanning.

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.

Community involvement

We rely on our engaged community to further our work in supporting patients and their families. One of those groups is our host volunteers, who give their time to improve care, facilities and equipment.

Alfred Health volunteers

510 volunteers regularly contribute their time:

250	at The Alfred
140	at Caulfield Hospital
120	at Sandringham Hospital

How R U

A new program run by our volunteers demonstrates how essential they are in providing valuable additional assistance for our patients. The How R U program, a post Emergency & Trauma Centre (E&TC) weekly discharge support service is delivered by telephone. Our volunteers provide this service for older patients who may be socially isolated as well as for other patients showing signs of depression, who are first assessed by an E&TC clinical nurse.

- 22 patients were involved in the Alfred Health program, aged between 70 and 93 years
- Telephone calls averaged 24 minutes
- After three months, seven of the 22 patients reported reduced feelings of social isolation, half experienced less loneliness and 16 felt reduced depression.

The three-month pilot was run as a partnership with the Monash School of Public Health, our E&TC and Volunteer Service and the Cabrini Health Volunteer Service. The Monash Partner Academic Health Science Centre funded this program.

Other volunteer programs

In particular, volunteers improved patient experience through:

- **Emergency and Trauma Centre:** Volunteers have been part of the E&TC team and helped support isolated families as well as families, patients or visitors with specific needs. The volunteer team was shortlisted for a Minister for Health Volunteer Award.
- **Meal Support Program:** volunteers are trialling a new program on Ward 4WB where they use verbal cueing to encourage patients to eat. Following a four-hour training course with the nutrition department, they help open containers, butter bread and place food in easy reach.
- **Pet visiting program:** We teamed up with Lort Smith Animal Hospital, with 10 dogs visiting patients each fortnight, as part of improving wellbeing. The dogs visit aged care and rehabilitation wards at Caulfield Hospital and Alfred psychiatry and wards. Volunteers also assist with an increased number of pet visitors to our hospitals.

Volunteer recognition

Our volunteers received recognition for their outstanding care and commitment this year:

- Caulfield Hospital volunteer **Peter Watson** was named Outstanding Adult Volunteer in the Victorian Premier's Volunteer Champions Awards 2015. Mr Watson spends around 12 hours a week in multiple roles, including being a 'pool pal', assisting hydrotherapy patients with exercise routines, as well as in a concierge role, directing patients throughout the hospital. He also surveys patients to measure patient and family views on the care they receive and where we can improve our services.
- Sandringham Hospital volunteer **Lorraine Plecher** was nominated for a Volunteer Lifetime Achievement Award, recognising her commitment over 28 years. Her roles include meeting and greeting patients arriving for elective surgery in the early morning when reception is closed, orienting new nurses and doctors to the hospital as well as assisting with orientation for new volunteers. She also assists with fundraising and volunteers in the dialysis department, proving a valuable support for patients.

Peter Watson, with Premier Hon. Daniel Andrews.

Volunteer Lorraine Plecher.

Gifts and donations

Each year the support of the community allows us to further improve our care and facilities. We thank all our supporters for their ongoing commitment.

The Alfred Foundation

The Alfred Foundation raised more than $15.4 million in 2015–16 for The Alfred.

Through strong community support, The Alfred Foundation continued to have a positive impact on the lives of The Alfred's patients and their families. Support came from individuals, community groups, estates, corporate partners, trusts and foundations and media organisations.

We focused our activities on expanding The Alfred's Cardiac Centre and establishment of the Tony Charlton Chair of Oncology.

Significant support was received from:

- Eva and Les Erdi Humanitarian Charitable Foundation
- Estate of Professor Donald Esmore
- Estate of Marjorie Champion
- Fox Family Foundation
- Elgin and Leslie Charles Gordon
- Nucleus Network
- Mr John and Mrs Betty Laidlaw
- Muriel May and Leslie Talbot Batten Foundation
- Estate of Yvonne Spencer
- The Pratt Foundation
- Estate of Harold Pugh
- Gandel Philanthropy
- Estate of Robert Sproule Sinnatt
- Merrin Foundation
- Estate of Carl James Bendix
- Estate of Donald Davis
- Estate of Mary Lillian Hayes
- Estate of Louis Gervais Augustin
- Estate of Ida Joyce Bourke
- Swiss Concept Australia
- Harris Scarfe

Women@The Alfred: For more than 14 years, Women@The Alfred has championed men's health, raising millions of dollars towards the purchase of lifesaving equipment to treat prostate cancer. The group continued its support of The Alfred with the 2015 Annual Chairman's Lunch, which attracted more than 500 guests and raised funds for the establishment of The Alfred's Tony Charlton Chair of Oncology.

Community fundraising: A number of individuals and groups organise fundraising events to support the hospital. The Dry July campaign – a national fundraiser to support adults living with cancer drew increased support. We used funds raised to improve hospital areas where cancer patients and their families spend a considerable amount of time.

Father's Day Appeal: The Alfred Healthy Heroes Father's Day Appeal encouraged all men to become 'healthy heroes' by embracing a healthier lifestyle. Funds raised went towards the expansion of The Alfred's Cardiac Centre. Healthy Heroes Ambassador and former North Melbourne footballer Jason McCartney joined 3AW's breakfast program as part of their four-day broadcast from The Alfred. The annual publication *Healthy Men* educated men about cardiac health.

Community and environment (continued)

Life Support Committee: This committee, which raise funds to support trauma care at The Alfred, hosted a number of successful events, including a theatre event, cocktail party and, for the second consecutive year, a marquee at the Portsea Polo.

In 2015–2016, The Alfred Foundation Board comprised:

- Sir Rod Eddington AO (Chairman)
- Mr Ian Cootes AO (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 OAM
- Professor Andrew Way (Chief Executive, Alfred Health)
- Mr Alan Williams
- Sir Donald Trescowthick AC KBE (Patron)

Caulfield Hospital

Pin & Win: Alfred Health was named the official Pin and Win charity partner for the 2016 BMW Caulfield Cup Carnival. Proceeds from the sale of each pin will be used to support the vital services provided by both Caulfield Hospital and The Alfred in caring for those with brain injuries. Caulfield Hospital's hydrotherapy pool is one area that will benefit from this fundraising activity. With many rehabilitation patients, the hydrotherapy pool becomes an integral part of care, allowing them to move in a supported way, which they can't do on land. The hydrotherapy pool – which now needs to be redeveloped – is a well-used community resource, as well as rehabilitation for our inpatients.

Helmsmen Kiosk: The onsite Helmsmen Auxiliary Kiosk provided the hospital with a significant donation of more than $60,000 this year, taking its tally to over $1.1 million since 1979. This year, we used the donation to purchase equipment for the aged care wards, Baringa Aged Psychiatry and rehabilitation wards.

The hospital used general donations received throughout the year from community groups and individuals to purchase defibrillators and emergency carts for the rehabilitation wards.

Significant gifts were received from:

- The Estate of Mary Lillian Hayes
- Helmsmen Kiosk Auxiliary
- Mr Wilfrid Omer-Cooper
- Mr & Mrs Kay & Graeme Ellis
- The Estate of Henry Herbert Yoffa
- The Estate of William Galloway
- The Estate of Ivan Geoffrey Sarkies

Sandringham Hospital

Day Procedure Centre Capital Appeal: In the last two years, Sandringham Hospital has seen a 50 per cent increase in same-day surgical procedures. We launched an appeal in February seeking community support to raise $2.5 million to build a day procedure centre. Activities throughout the year kick-started this campaign, with our community supporting the idea of great care available just around the corner.

Community support: We received generous support from individuals, community groups, businesses, trusts and foundations. Major fundraising events held in support of the hospital included the PRG 24-hour Charity Bike Ride, the Black Rock Sports Auxiliary Annual Charity Golf Day at Royal Melbourne Golf Club, Oaks Day lunches at Sandringham Yacht Club and Royal Brighton Yacht Club, The Mad Paddle and the Brighton Golf Club Ladies Charity Day.

Community support allowed us to purchase new medical equipment and update our facilities. New equipment included obstetric dopplers to monitor unborn babies, a jaundice meter to assess newborn babies, paediatric resuscitation trolleys, and a transport ventilator to care for critically ill patients. The facilities updated included the children's waiting room and the Emergency Department's Short Stay area.

Significant gifts were received from:

- All Souls Opportunity Shop
- Goodman Foundation
- Bayside Companion Dog Training School
- J & Hope Knell Trust Fund
- Black Rock Sports Auxiliary
- Lord Mayor's Charitable Foundation
- Brighton Golf Club Ladies Charity Day
- PRG 24-hour Charity Bike Ride
- Collier Charitable Fund
- Royal Brighton Yacht Club
- Estate of Florence Jean Beckett
- Sandringham Hospital Kiosk Auxiliary
- F & M Hofmann
- Sandringham Yacht Club
- Goldman Sachs
- The Mad Paddle

Governance

Being responsive and making good, transparent decisions are key principles of 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 elected for a period of up to three years and can be re-elected to serve for up to nine years.

Our staff were all invited to give their thoughts around our new strategic plan and be involved in its development.

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 individual needs;
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 service's financial viability;
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.

Alfred Health's new Strategic Plan 2016–20

Our new strategic plan brings together the experiences, opinions and aspirations of our staff, patients and community. A uniting theme, gained through extensive engagement, was to better reflect in our vision and values, the care and compassion that our staff provide to our patients every day.

Our plan includes seven goals, underwritten by specific objectives and measures that will be reviewed annually. We also have three flagship projects – eTQC, the new St Kilda Wing and our Respect and Quality Improvement Project – that will change the face of the health service. At front and centre are patients and staff.

Governance (continued)

Board of Directors
as at 30 June 2016

Ms Helen Shardey BComm TSTC MAICD (Chairperson)

Chair: Remuneration Committee
Member: Finance and Quality Committees

Ms Shardey was a Member of the Victorian Parliament for 14 years until her retirement in 2010, including five years as the Shadow Minister for Health, 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 and is President of the National Jewish Fund Victoria. She is a member of the Australian Institute of Company Directors and a past board member of the Victorian Reproductive Treatment Authority.

Mr Julian Gardner AM BA LLB FIPAA

Deputy Chair of the Board
Chair: 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 the Vice-Chair of the Australian Press Council. He has previously held positions as Victoria's Public Advocate, President of the Mental Health Review Board, National Convenor of the Social Security Appeals Tribunal, Chairperson of the WorkCare Appeals Board and Director of the Victorian Legal Aid Commission. He is a Fellow of the Institute of Public Administration Australia (Victoria) and a Fellow of International House, University of Melbourne where he was the Council Chair.

Mr Carl Putt BSc MHA

Chair: Finance Committee
Member: Audit and Remuneration Committee

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. He returned to Melbourne to lead 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 James Turcato CPA GAICD AIMM

Chair: Audit Committee
Member: Quality Committee

Mr Turcato is a Certified Practising Accountant, 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 from the private, public and not-for-profit sectors including healthcare organisations 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, Nursing and Midwives Board of Australia, the Australian Dental Council and many other not-for-profit boards.

Ms Kaye McNaught BA (PSYCH,CRIM) LLB (MELB)

Member: Audit Committee and Community Advisory Committee

Ms McNaught has over 20 years' experience working in the public health system. Between 1985 and 1995 she was employed at the Royal Children's Hospital Melbourne as the HIV/AIDS and Haemophilia Clinical Nurse Consultant and Counsellor. This statewide service was provided to families, individuals and staff. During this time Ms McNaught was a member of various committees, some of which included 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)

Chair: Community Advisory Committee
Member: Finance and Remuneration Committee

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 as a driver to systematically improve service delivery; she is also a strong advocate for the role of consumers in shaping services. Ms Duncan is an independent consultant, community member of the Mental Health Tribunal, was previously a member of the Ministerial Advisory Committee for Senior Victorians and previously National President of Better Hearing Australia.

Dr Benjamin Goodfellow FRANZCP MBBS MPM CAPC

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

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 the consultant for the infant psychiatry program and paediatric consultation-liaison service at Geelong University Hospital, a standing member of the High-risk Infant Panel at DHS–Child Protection Geelong. 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.

Ms Miriam Suss OAM BA MSW

Member: Primary Care & Population Health Advisory Committee and Quality Committee

Ms Suss is a social worker by profession who has served as the Director of Social Work and Community Development Services at Jewish Care, was the Executive Director of the Jewish Community Council of Victoria, the Ethnic Communities' Council of Victoria, and has held the position of General Manager Development, Communications and Marketing at Jewish Care. She recently retired as General Manager of the Caulfield Hebrew Congregation. Ms Suss is currently the Deputy Chair of Multicultural Arts Victoria, and is Deputy Chair of the Victorian Interpreter and Translation Service, a Victorian Government business enterprise.

Ms Melanie Eagle BA BSW LLB Post Graduate Diploma of International Development GAICD

Member: Finance Committee, Remuneration Committee and Primary Care & Population Health Advisory Committee

Ms Melanie Eagle has qualifications in Arts, Social Work, the Law, and is a graduate of the Australian Institute of Company Directors. She is the Chief Executive Officer at Hepatitis Victoria – the peak organisation providing advocacy, awareness raising, information, support and health promotion for people living with or affected by viral hepatitis. Her professional work has included the public sector (city strategic planning, social policy, women's policy, law reform, and equal opportunity); the private sector (a solicitor); and the union movement. She has been the Mayor and a Councillor of the City of St Kilda and on the Boards of a wide range of organisations including Hanover Welfare, Prahran Mission and St Kilda Skillshare. She is a Director of the Inner South Community Health Centre, a committee member of the Chronic Illness Alliance of Victoria and a Patron of the Epilepsy Foundation.

Board changes

- The terms of Board membership for Mr Julian Gardner AM, Mr Carl Putt and Mr James Turcato ended on 30 June 2016.
- Ms Miriam Suss OAM and Ms Melanie Eagle commenced as Board members on 1 July 2015.

Board committees

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

Audit Committee

The Audit Committee assists the Board to fulfil its statutory and fiduciary duties relating to the financial management of Alfred Health with respect to internal controls, accounting and reporting practices. It aims to ensure that those duties are carried out in accordance with the Act, the Financial Management Compliance Framework, the Risk Management Framework and any other relevant legislation. This committee is responsible for overseeing the internal audit function and developing and reviewing the Alfred Health Internal Audit Plan. Also, it is responsible for:

- overseeing the maintenance of an effective system of internal monitoring and control of data integrity risk management;
- reviewing the implications of external audit findings for internal controls; and
- reviewing the annual accounts for recommendation to the Board.

Governance (continued)

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 provided meet the needs of our communities
- the views of users and providers are taken into account; and
- arrangements are put in place with other relevant agencies and service providers to enable effective and efficient service delivery and continuity of care.

Quality Committee

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

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

Remuneration Committee

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

Committee Membership
as at 30 June 2016

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
- Ms Sara Duncan
- Ms Melanie Eagle
- Prof. Andrew Way

Community Advisory Committee
- Ms Sara Duncan (Chair)
- Ms Kaye McNaught
- Dr Chan Cheah (resigned early 2016)
- Ms Natalie Ross
- Ms Melissa Lowrie (resigned early 2016)
- Dr Lindsay McMillan (resigned early 2016)
- Ms Estie Teller
- Mr Barry Westhorpe
- Ms Mary Close
- Mr John Hawker
- Mr Stuart Martin
- Ms Carol Gordon (appointed April 2016)
- Mr David Mills (appointed April 2016)
- Mr Chris Karagiannis (appointed April 2016)

Primary Care & Population Health Advisory Committee
- Dr Benjamin Goodfellow (Chair)
- Ms Miriam Suss OAM
- Ms Melanie Eagle
- Prof. Andrew Way
- Ms Janet Weir-Phyland

Quality Committee
- Mr Julian Gardner AM (Chair)
- Ms Helen Shardey
- Mr Jim Turcato
- Dr Benjamin Goodfellow
- Ms Miriam Suss

Remuneration Committee
- Ms Helen Shardey (Chair)
- Mr Carl Putt
- Ms Sara Duncan
- Ms Melanie Eagle

Risk management

The incident reporting system, RiskMan, is an integral component of Alfred Health's risk management system. Alfred Health provided regular training and information for staff on the use of RiskMan during the year. Staff routinely analyse incidents and report trends to the Executive Committee, the Quality Committee and the Audit Committee. Should serious incidents arise, staff will conduct 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 specific committees address. These include falls prevention, pressure injuries, medication safety and behaviours of concern. This ensures focus and coordination of effort on the important issues for Alfred Health.

Senior officers

Chief Executive

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, Professor Way has been Chief Executive at Alfred Health since July 2009.

During this time 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 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.

He originally trained as a clinical psychologist and subsequently undertook further studies in an MBA program. He 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.

(Mr Stripp resigned from this position in May 2016.)

Executive Director, Strategy & Planning

Mr Paul Butler

As Executive Director, Strategy and Planning, Mr Butler is responsible for ensuring Alfred Health has a clear future direction through our Strategic Plan.

The plan, with its defined goals and objectives, supports the health and wellbeing of all Victorians and builds capability as a quaternary teaching hospital and international health and medical research centre. Mr Butler also has responsibility for Alfred Health's capital and infrastructure, legal and service planning functions. These functions are central to providing clinical and other corporate programs with a safe, efficient and effective operating environment.

Mr Butler has had an extensive career in the Victorian public health system, including executive and senior management roles in the Victorian Department of Health (now Health and Human Services) in regional and program management, and in disability services. Mr Butler has been a Board director on a variety of non-government organisations in the health and human services fields.

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.

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.

Governance (continued)

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 and Chief Financial Officer

Mr Peter Joyce BCom CPA

As Executive Director Finance, CFO and CPO Peter is responsible for the finance function which includes financial accounting, management accounting and analysis, clinical performance unit, payroll services, revenue services, procurement and internal and external reporting.

Peter joined Alfred Health after a long and diverse career 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 with significant experience in process improvement and change. He has a particular interest in driving efficiency through innovation and installing a customer service ethic into business service teams.

Executive Director, People and Culture

Ms Chris McLoughlin BSW

Ms McLoughlin leads the People and Culture Department at Alfred Health. She is responsible for the Human Resources team, Occupational Health & Safety, the design and innovation team (who collaborate to redesign healthcare), organisational development and library teams. Her work involves building a safety culture at Alfred Health, expanding the capabilities of staff and supporting research skills.

Chris brings many years of experience in leadership and consulting roles to her current role focused on cultivating staff engagement in innovation and improvement.

Ms McLoughlin is on the Board of the Victorian Hospitals' Industrial Association.

Executive Director Information Development

Ms Ann Larkins MBT, CCRN, AAICD

As Executive Director of Information Development, Ms Larkins is responsible for supporting the organisation through significant technological change, ensuring strategic use of data, and systems for excellence in patient care.

The Information Development Division (IDD) includes EMR team, Health Information Services, Technology Services and the Project Management Office. IDD has been tasked with supporting the transition of Alfred Health to a fully integrated EMR as a strategic priority over the next five years.

Prior to her role at Alfred Health, Ms Larkins was the Chief Knowledge and Information Officer/CIO at Victoria's largest regional health service and has a critical care, clinical operations and hospitality background. Ms Larkins has a strong interest in data, and the use of predictive analytics to support clinical decision making, and is a Fellow at Deakin University's Centre for Pattern Recognition and Data Analytics (PRaDA).

General Counsel

Mr David Ruschena PhD, LLB(Hons)/BSc(Hons)

Responsible for providing legal advice across Alfred Health.

Mr Ruschena was appointed as General Counsel in August 2015.

Alfred Health Organisational Structure June 2016

Governance (continued)

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 2015–16

Applications Received	2568
Applications granted (Full)	2157
Applications granted (part)	11
Access denied	7
No documents	36
Other	140
Not finalised	217

Not finalised 2014/2015	203
Access granted in full	195
Access granted in part	1
Access denied	1
Other	6

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 (GST)	Future Approved Expenditure
Canyon	Alfred Creative – Concept & Design Development	71,200	71,200	0
Deloitte Touche Tohmatsu	Capability Model and PACS/RIS Review	151,060	151,060	0
Mercer	ICU Review	35,000	35,000	0
Umow Lai	Fire Risk Assessment & Safety Audit report	58,983	58,983	0

There were no consultancies under $10,000.

Additional information

In compliance with the requirements of FRD 22G *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 the Health Service and where they can be obtained;

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

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

f. Details of major research and development activities undertaken by the Health Service 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 the Health Service to develop community awareness of the Health Service 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 the Health Service 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 the Health Service, 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.

Attestations

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.

Professor Andrew Way
Chief Executive

Melbourne
15 August 2016

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.

Professor Andrew Way
Chief Executive

Melbourne
15 August 2016

Disclosure index

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

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Charter and purpose		
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FRD 22G	Compliance with building and maintenance provisions of *Building Act 1993*	30
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Financial Statements

Year Ended 30 June 2016

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 Direction 4.2 of the Standing Directions of the Minister for Finance under 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 2016 and financial position of Alfred Health and the Consolidated Entity at 30 June 2016.

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
15 August 2016

Professor Andrew Way
Accountable Officer

Melbourne
15 August 2016

Mr Peter Joyce
Chief Finance & Accounting Officer

Melbourne
15 August 2016

Audit 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

Website www.audit.vic.gov.au

INDEPENDENT AUDITOR'S REPORT

To the Board Members, Alfred Health

The Financial Report

I have audited the accompanying financial report for the year ended 30 June 2016 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 of Alfred Health and the consolidated entity. The consolidated entity comprises 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 28 to the financial statements.

The Board Members' Responsibility for the Financial Report

The Board Members of Alfred Health are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, 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, I and my staff and delegates have complied with all applicable independence pronouncements.

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 2016 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 2016

Dr Peter Frost
Acting Auditor-General

Auditing in the Public Interest

Comprehensive Operating Statement

for the financial year ended 30 June 2016

	Note	Parent Entity 2016 $'000	Parent Entity 2015 $'000	Consol'd 2016 $'000	Consol'd 2015 $'000
Revenue from operating activities	3	1,058,303	971,980	1,058,303	971,980
Revenue from non-operating activities	3	4,048	4,080	4,955	5,209
Employee expenses	4	(684,384)	(645,717)	(684,384)	(645,717)
Non salary labour costs	4	(12,780)	(12,947)	(12,780)	(12,947)
Supplies and consumables	4	(245,202)	(208,538)	(245,202)	(208,538)
Other expenses	4	(118,444)	(107,307)	(119,174)	(108,395)
Finance costs – self funded activity	4,6	(1,290)	(1,330)	(1,290)	(1,330)
Net Result Before Capital & Specific Items		**251**	**221**	**428**	**262**
Capital purpose income	3	42,442	32,103	42,442	32,103
Other capital expenses	4	(139)	-	(1,089)	(1,044)
Depreciation and amortisation	4,5	(66,088)	(65,477)	(66,088)	(65,477)
Finance costs	4,6	(337)	(489)	(337)	(489)
Net Result After Capital & Specific Items		**(23,871)**	**(33,642)**	**(24,644)**	**(34,645)**
Other economic flows included in net result					
Net gain/(loss) on non-financial assets	3a	(147)	(846)	(147)	(846)
Net gain/(loss) on financial instruments		-	-	950	1,045
Gain on disposal of operation	2	-	4,500	-	4,500
Revaluation of Long Service Leave		(324)	(619)	(324)	(619)
Total other economic flows included in net result		**(471)**	**3,035**	**479**	**4,080**
Net Result from Continuing Operations		**(24,342)**	**(30,607)**	**(24,165)**	**(30,565)**
Net Result From Discontinued Operations	2	-	(23)	-	(23)
Net Result for the Year		**(24,342)**	**(30,630)**	**(24,165)**	**(30,588)**
Other Comprehensive Income					
Items that will not be reclassified to net result					
Changes in Physical Asset Revaluation Surplus		35,997	-	35,997	-
Items that may be reclassified subsequently to net result					
Changes to financial assets available-for-sale revaluation surplus		1,867	2,316	547	1,774
Total Other Comprehensive Income	**19**	**37,864**	**2,316**	**36,544**	**1,774**
COMPREHENSIVE RESULT		**13,522**	**(28,314)**	**12,379**	**(28,814)**

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

Balance Sheet

as at 30 June 2016

	Note	Parent Entity 2016 $'000	Parent Entity 2015 $'000	Consol'd 2016 $'000	Consol'd 2015 $'000
Current Assets					
Cash and cash equivalents	7	28,005	18,889	28,647	19,093
Receivables	8	50,094	38,143	50,299	38,422
Inventories	10	9,547	7,671	9,547	7,671
Prepayments and Other assets	11	2,705	2,060	2,705	2,060
Total Current Assets		**90,351**	**66,763**	**91,198**	**67,246**
Non-Current Assets					
Receivables	8	7,839	6,926	7,839	6,926
Investments and other financial assets	9	41,619	44,161	54,606	58,673
Property, plant and equipment	13	943,636	935,677	943,636	935,677
Intangible assets	14	1,701	3,311	1,701	3,311
Total Non-Current Assets		**994,795**	**990,075**	**1,007,782**	**1,004,587**
TOTAL ASSETS		**1,085,146**	**1,056,838**	**1,098,980**	**1,071,833**
Current Liabilities					
Payables	15	77,884	58,141	77,997	58,271
Interest bearing liabilities	16	3,908	1,321	3,908	1,321
Provisions	17	157,436	162,909	157,436	162,909
Other current liabilities	18	69	63	69	63
Total Current Liabilities		**239,297**	**222,434**	**239,410**	**222,564**
Non-Current Liabilities					
Interest bearing liabilities	16	24,515	28,045	24,515	28,045
Provisions	17	30,362	28,911	30,362	28,911
Total Non-Current Liabilities		**54,877**	**56,956**	**54,877**	**56,956**
TOTAL LIABILITIES		**294,174**	**279,390**	**294,287**	**279,520**
NET ASSETS		**790,972**	**777,448**	**804,693**	**792,313**
EQUITY					
Property, plant and equipment revaluation surplus	19	547,298	511,301	547,298	511,301
Financial assets available for sale revaluation surplus	19	20,901	19,033	21,237	20,690
General purpose surplus	19	76,057	57,409	76,057	57,409
Restricted specific purpose surplus	19	50,700	52,032	63,793	66,571
Contributed capital	19	324,134	324,134	324,134	324,134
Accumulated deficits	19	(228,118)	(186,461)	(227,826)	(187,792)
TOTAL EQUITY		**790,972**	**777,448**	**804,693**	**792,313**
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 2016

Consolidated	Property, Plant and Equipment Revaluation Surplus $'000	Financial Assets Available for Sale Revaluation Surplus $'000	General Purpose Surplus $'000	Restricted Specific Purpose Surplus $'000	Contributions by Owners $'000	Accumulated Surpluses/ (Deficits) $'000	Total $'000
Balance at 30 June 2014	**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	**511,301**	**20,690**	**57,409**	**66,571**	**324,134**	**(187,792)**	**792,313**
Net result for the year	-	-	-	-	-	(24,165)	(24,165)
Other comprehensive income for the year	35,997	547	-	-	-	-	36,544
Transfer from accumulated surplus	-	-	18,648	(2,778)	-	(15,870)	-
Balance at 30 June 2016	**547,298**	**21,237**	**76,057**	**63,793**	**324,134**	**(227,826)**	**804,693**

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

Statement of Changes in Equity

for the financial year ended 30 June 2016

Parent	Property, Plant and Equipment Revaluation Surplus $'000	Financial Assets Available for Sale Revaluation Surplus $'000	General Purpose Surplus $'000	Restricted Specific Purpose Surplus $'000	Contributions by Owners $'000	Accumulated Surpluses/ (Deficits) $'000	Total $'000
Balance at 30 June 2014	**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	**511,301**	**19,033**	**57,409**	**52,032**	**324,134**	**(186,461)**	**777,448**
Net result for the year	-	-	-	-	-	(24,342)	(24,342)
Other comprehensive income for the year	35,997	1,868	-	-	-	-	37,864
Transfer from accumulated surplus	-	-	18,648	(1,332)	-	(17,316)	-
Balance at 30 June 2016	**547,298**	**20,901**	**76,057**	**50,700**	**324,134**	**(228,118)**	**790,972**

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

Cash Flow Statement

for the financial year ended 30 June 2016

	Note	Parent Entity 2016 $'000	Parent Entity 2015 $'000	Consol'd 2016 $'000	Consol'd 2015 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating grants from government		877,711	815,189	877,711	815,189
Capital grants from government		20,396	18,237	20,396	18,237
Patient and resident fees received		43,371	39,682	43,371	39,682
Private practice fees received		49,718	47,251	49,718	47,251
Donations and bequests received		15,968	17,640	15,968	17,640
GST received from/(paid to) ATO		30,128	29,087	30,128	29,087
Other capital receipts		3,763	5,041	3,763	5,041
Other receipts		71,248	62,808	71,511	62,999
Total Receipts		**1,112,303**	**1,034,935**	**1,112,566**	**1,035,126**
Employee expenses paid		(688,741)	(635,662)	(688,741)	(635,662)
Non salary labour costs		(12,780)	(13,092)	(12,780)	(13,092)
Payments for supplies and consumables		(369,046)	(348,062)	(370,679)	(350,007)
Finance costs		(1,290)	(1,330)	(1,290)	(1,330)
Total Payments		**(1,071,857)**	**(998,146)**	**(1,073,490)**	**(1,000,091)**
NET CASH FLOW FROM OPERATING ACTIVITIES	**20**	**40,446**	**36,789**	**39,076**	**35,035**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(36,588)	(38,968)	(36,588)	(38,968)
Proceeds from sale of non-financial assets		29	5,954	29	5,954
Proceeds from sale of investments		6,505	2,910	8,312	4,659
NET CASH USED IN INVESTING ACTIVITIES		**(30,054)**	**(30,104)**	**(28,247)**	**(28,355)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of borrowings		(1,281)	(1,241)	(1,281)	(1,241)
NET CASH USED IN FINANCING ACTIVITIES		**(1,281)**	**(1,241)**	**(1,281)**	**(1,241)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD		**9,111**	**5,444**	**9,548**	**5,439**
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		**18,826**	**13,382**	**19,030**	**13,591**
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	**7**	**27,937**	**18,826**	**28,578**	**19,030**

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

Notes to the Financial Statements

30 June 2016

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Notes to the Financial Statements (continued)

30 June 2016

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 2016. 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 15 August 2016.

(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 2016, and the comparative information presented in these financial statements for the year ended 30 June 2015.

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 Service (DHHS) has confirmed in writing its intention to continue to provide financial support to Alfred Health up until 30 September 2017.

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 when new indices are published by the Valuer General 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.

Judgements, 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 include all reporting entities controlled by Alfred Health as at 30 June 2016, 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:

Alfred Hospital Whole Time Medical Specialists' Private Practice Trust.

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 1(j) 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(j) 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.

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.

Notes to the Financial Statements (continued)

30 June 2016

Note 1 – Summary of Significant Accounting Policies (continued)

(e) Scope and Presentation of Financial Statements (continued)

Capital and specific items, which are excluded from this subtotal, 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(f)). 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(j) and (k).
- Depreciation and amortisation, as described in Note 1(g).
- Assets provided or received free of charge (refer to Notes 1(f) and (g)).
- 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.

Other economic flows are changes arising from market remeasurements. They include:

- gains and losses from disposals of non-financial assets;
- revaluations and impairments of non-financial physical and intangible assets;
- remeasurement arising from defined benefit superannuation plans; and
- fair value changes of financial instruments.

Balance sheet

Assets and liabilities, 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) 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.

(g) 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 the employer contributions that are paid or payable in respect of employees who are members of these plans during the reporting period. Contributions to defined contribution superannuation plans are expensed when incurred.

Defined benefit superannuation plans

The amount charged to the comprehensive operating statement in respect of defined benefit superannuation plans represents the contributions made by Alfred Health to the superannuation plans in respect of the services of current Alfred Health staff during the reporting period. Superannuation contributions are made to the plans based on the relevant rules of each plan, and are based upon actuarial advice.

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

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

		Contributions Paid or Payable for the year	
	Fund	**2016 $'000**	**2015 $'000**
Defined benefit plans:	Health Super	792	1,002
Defined contribution plans:	First State	29,836	29,109
	VicSuper	138	133
	HESTA	17,549	16,629
	Other	5,327	4,421
	Total	**53,642**	**51,294**

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.

	2015/16	**2014/15**
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.

Notes to the Financial Statements (continued)

30 June 2016

Note 1 – Summary of Significant Accounting Policies (continued)

(g) Expense Recognition (continued)

Alfred Health does not have any intangible assets with indefinite useful lives. Any excess of the carrying amount over the recoverable amount is recognised as an impairment loss. Intangible assets with finite lives are amortised over a 3 to 4 year period.

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 contributions 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 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(j) 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 Service 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.

(h) Other Economic Flows Included in Net Result

Other economic flows are changes in the 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(k) 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(j)); and
- disposals of financial assets and derecognition of financial liabilities.

Revaluations of financial instrument at fair value

Refer to Note 1(i) Financial instruments.

Share of net profits/(losses) of associates and jointly controlled entities, excluding dividends.

Refer to Note 1(d) Principles of consolidation.

Other gains/(losses) from other economic flows

Other gains/(losses) include:

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates, this will also include the impact of changes related to the impact of moving from the 2004 long service leave model to the 2008 long service leave model; and
- transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

(i) Financial Instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of Alfred Health's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets

and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*. For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract.

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

The following refers to financial instruments unless otherwise stated.

Loans and receivables

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

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

Available-for-sale financial assets

Available-for-sale financial instrument assets are those designated as available-for-sale or not classified in any other category of financial instrument asset. Such assets are initially recognised at fair value. Subsequent to initial recognition, gains and losses arising from changes in fair value are recognised 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.

(j) 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 uncollectable 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 Alfred Hospital Whole Time Medical Specialists' Private Practice 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.

Notes to the Financial Statements (continued)

30 June 2016

Note 1 – Summary of Significant Accounting Policies (continued)

(j) Financial Assets (continued)

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 of 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 2016 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 2015. 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.

(k) Non-Financial Assets

Inventories

Inventories include goods and other property held either for sale, consumption or for distribution at no or nominal cost in the ordinary course of business operations. It 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(h) Other economic flows in net result.

Impairment of non-financial assets

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

If there is an indication of impairment, the assets concerned are tested 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. 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.

(I) 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 Net 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 the net result over the period of the borrowing using the effective interest method.

Notes to the Financial Statements (continued)

30 June 2016

Note 1 – Summary of Significant Accounting Policies (continued)

(l) Liabilities (continued)

Borrowings (continued)

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 wholly settle within 12 months; and
- nominal value – the component that Alfred Health expects to wholly 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 another 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 related to employee expenses

Provisions for 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.

(m) 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.

(n) 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 and 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.

(o) Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to Note 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.

(p) Contingent Assets and Contingent Liabilities

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

(q) Goods and Services Tax ('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.

(r) Rounding

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

Notes to the Financial Statements (continued)

30 June 2016

Note 1 – Summary of Significant Accounting Policies (continued)

(s) AASs Issued That Are Not Yet Effective

Certain new Australian accounting standards and interpretations have been published that are not mandatory for 30 June 2016 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 2016, 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 2018	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 2018	Ongoing work is being done to monitor and assess the impact of this standard.
AASB 16 *Leases*	This standard introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	1 Jan 2019	Alfred Health will assess the impact of this standard for future periods.
AASB 2015-6 *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not for Profit Public Sector Entities*	This standard extends the scope of AASB 124 *Related Party Disclosures* to not for profit public sector entities. Guidance has been included to assist the application of the Standard by not for profit public sector entities.	1 July 2016	Ongoing work is being done to monitor and assess the impact of this standard.

(t) Category Groups

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

Admitted Patient Services (Admitted Patients) comprises all 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-licenced 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, Koori 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 have been classified as discontinued operations.

	Consol'd 2016 $'000	Consol'd 2015 $'000
Revenues from ordinary activities	-	9,164
Expenses from ordinary activities	-	(9,187)
Net Result From Discontinued Operations Before Capital & Specific Items	**-**	**(23)**
Gain on disposal of operation	-	4,500
Net Result from discontinued operations	**-**	**4,477**
Cash Flows from discontinued operations		
Cash inflow/(outflow) from operating activities	-	(23)
Cash inflow/(outflow) from investing activities	-	4,702
Total cash inflow (outflow)	**-**	**4,679**

Note 3 – Analysis of Revenue by Source

Consolidated	Admitted Patients 2016 $'000	Non-Admitted 2016 $'000	EDs 2016 $'000	Mental Health 2016 $'000	Aged Care 2016 $'000	Primary Health 2016 $'000	Other 2016 $'000	Total 2016 $'000
Government Grant	598,285	65,543	30,934	51,713	4,413	9,679	129,661	890,228
Indirect contributions by Department of Health and Human Services	1,694	-	-	-	-	-	-	1,694
Patient & Resident Fees	42,145	-	-	283	72	329	-	42,829
Commercial Activities	-	-	-	-	-	-	11,355	11,355
Recoupment from Private Practice for Use of Hospital Facilities	16,362	-	1,190	113	74	-	30,365	48,104
Other Revenue from Operating Activities	5,010	84	196	9,369	2	2	49,430	64,093
Total Revenue from Operating Activities	**663,496**	**65,627**	**32,320**	**61,478**	**4,561**	**10,010**	**220,811**	**1,058,303**
Interest	-	-	-	-	-	-	4,270	4,270
Other Revenue from Non-Operating Activities	-	-	-	-	-	-	685	685
Total Revenue from Non-Operating Activities	**-**	**-**	**-**	**-**	**-**	**-**	**4,955**	**4,955**
Capital Purpose Income (excluding Interest)	-	-	-	-	-	-	42,442	42,442
Total Capital Purpose Income	**-**	**-**	**-**	**-**	**-**	**-**	**42,442**	**42,442**
TOTAL REVENUE	**663,496**	**65,627**	**32,320**	**61,478**	**4,561**	**10,010**	**268,209**	**1,105,700**

Notes to the Financial Statements (continued)

30 June 2016

Note 3 – Analysis of Revenue by Source (continued)

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
Government Grant	542,655	64,731	37,131	50,323	4,114	9,504	99,195	807,654
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	-	49,294	60,112
Total Revenue from Operating Activities	**603,259**	**64,874**	**38,517**	**57,378**	**4,566**	**9,504**	**193,882**	**971,980**
Interest	-	-	-	-	-	-	4,640	4,640
Other Revenue from Non-Operating Activities	-	-	-	-	-	-	569	569
Total Revenue from Non-Operating Activities	**-**	**-**	**-**	**-**	**-**	**-**	**5,209**	**5,209**
Capital Purpose Income (excluding Interest)	-	-	-	-	-	-	32,103	32,103
Total Capital Purpose Income	**-**	**-**	**-**	**-**	**-**	**-**	**32,103**	**32,103**
TOTAL REVENUE	**603,259**	**64,874**	**38,517**	**57,378**	**4,566**	**9,504**	**231,194**	**1,009,292**

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 2016 $'000	Consol'd 2015 $'000
Proceeds from Disposals of Non-Current Assets		
Plant & Equipment	29	1,252
Less: Written Down Value of Non-Current Assets Sold		
Land	-	(1,400)
Medical equipment	(176)	(689)
Other equipment	-	(9)
NET GAIN/(LOSS) ON DISPOSAL OF NON-FINANCIAL ASSETS	**(147)**	**(846)**

Note 4 – Analysis of Expenses by Source

Consolidated	Admitted Patients 2016 $'000	Non-Admitted 2016 $'000	EDs 2016 $'000	Mental Health 2016 $'000	Aged Care 2016 $'000	Primary Health 2016 $'000	Other 2016 $'000	Total 2016 $'000
Employee Expenses	350,750	12,115	45,058	50,135	5,192	2,982	218,152	684,384
Non Salary Labour Costs	8,239	30	686	1,521	3	-	2,301	12,780
Supplies and Consumables	129,350	44,808	3,202	564	2,182	40	65,056	245,202
Domestic services and supplies	5,561	73	737	250	-	5	23,333	29,959
Other Expenses	19,377	2,870	735	6,046	1,446	-	58,741	89,215
Medical Support Costs	229,511	26,500	23,087	24,383	3,428	1,407	(308,315)	-
Finance Costs-Self Funded Activity (refer note 6)	-	-	-	-	-	-	1,290	1,290
Total Expenditure from Operating Activities	**742,788**	**86,396**	**73,505**	**82,899**	**12,250**	**4,434**	**60,558**	**1,062,830**
Expenditure for Capital Purposes	-	-	-	-	-	-	1,089	1,089
Depreciation and Amortisation (refer note 5)	-	-	-	-	-	-	66,088	66,088
Finance Costs (refer note 6)	-	-	-	-	-	-	337	337
Total other expenses	**-**	**-**	**-**	**-**	**-**	**-**	**67,514**	**67,514**
Total Expenses	**742,788**	**86,396**	**73,505**	**82,899**	**12,250**	**4,434**	**128,072**	**1,130,344**

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	205,183	645,717
Non Salary Labour Costs	8,701	11	785	1,588	14	-	1,847	12,947
Supplies & Consumables	100,736	43,100	3,112	546	1,782	32	59,229	208,538
Domestic services and supplies	5,319	74	736	204	-	3	22,913	29,249
Other Expenses	21,398	2,408	673	5,399	1,667	57	47,544	79,146
Medical Support Costs	201,452	24,753	21,678	21,344	3,144	1,268	(273,639)	-
Finance Costs-Self Funded Activity (refer note 6)	-	-	-	-	-	-	1,330	1,330
Total Expenditure from Operating Activities	**669,926**	**82,094**	**70,461**	**74,112**	**11,787**	**4,140**	**64,407**	**976,927**
Expenditure for Capital Purposes	-	-	-	-	-	-	1,044	1,044
Depreciation and Amortisation (refer note 5)	-	-	-	-	-	-	65,477	65,477
Finance Costs (refer note 6)	-	-	-	-	-	-	489	489
Total other expenses	**-**	**-**	**-**	**-**	**-**	**-**	**67,010**	**67,010**
Total Expenses	**669,926**	**82,094**	**70,461**	**74,112**	**11,787**	**4,140**	**131,417**	**1,043,937**

Notes to the Financial Statements (continued)

30 June 2016

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

	Expense		Revenue	
	Consol'd 2016 $'000	Consol'd 2015 $'000	Consol'd 2016 $'000	Consol'd 2015 $'000
Commercial Activities				
Private Practice and Other Patient Activities	5,372	5,817	6,460	7,556
Car Park	2,997	2,969	9,835	9,384
Property Expense/Revenue	89	352	164	452
Other Activities				
Fundraising and Community Support	2,820	2,865	15,883	14,425
Research and Scholarship	21,483	23,732	22,228	22,479
Other	10,052	9,996	19,186	13,402
TOTAL	**42,813**	**45,731**	**73,756**	**67,698**

Note 5 – Depreciation and Amortisation

	Consol'd 2016 $'000	Consol'd 2015 $'000
Depreciation		
Buildings	47,034	46,571
Medical	10,800	10,992
Computers	2,483	1,927
Furniture and Fittings	336	371
Other Plant and Equipment	3,694	3,749
Motor Vehicles	-	2
TOTAL DEPRECIATION	**64,347**	**63,612**
Amortisation		
Leasehold Improvements	131	131
Computer Software	1,610	1,733
TOTAL AMORTISATION	**1,741**	**1,864**
TOTAL DEPRECIATION AND AMORTISATION	**66,088**	**65,477**

Note 6 – Finance Costs

	Consol'd 2016 $'000	Consol'd 2015 $'000
Finance Costs-Self Funded Activity	1,290	1,330
	1,290	**1,330**
Interest on Long-Term Borrowings (Note 16)	337	489
TOTAL FINANCE COSTS	**1,627**	**1,819**

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 2016 $'000	Consol'd 2015 $'000
Cash on Hand	44	43
Cash at Bank	28,603	19,050
TOTAL CASH AND CASH EQUIVALENTS	**28,647**	**19,093**
Represented by		
Cash held for:		
Health Service Operations	11,366	2,227
Pre-funded Capital Projects	15,762	13,294
Employee Salary Packaging	1,450	3,509
Total per Cash Flow Statement	**28,578**	**19,030**
Monies held in Trust on behalf of patients*	69	63
Total	**69**	**63**
TOTAL CASH AND CASH EQUIVALENTS	**28,647**	**19,093**

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.

Notes to the Financial Statements (continued)
30 June 2016

Note 8 – Receivables

	Consol'd 2016 $'000	Consol'd 2015 $'000
Current		
Contractual		
Inter Hospital Debtors	2,453	2,502
Trade Debtors	5,908	8,323
Patient Fees Receivable	12,156	18,387
Accrued Revenue – Other	21,897	10,922
Less Allowance for Doubtful Debts (a)		
Trade Debtors	(400)	(464)
Patient Fees	(3,314)	(3,251)
Subtotal	**38,700**	**36,419**
Statutory		
GST Receivable	2,682	2,003
Accrued Revenue - Department of Health and Human Services	8,917	-
TOTAL CURRENT RECEIVABLES	**50,299**	**38,422**
Non-Current		
Statutory		
Long Service Leave – Department of Health and Human Services	7,839	6,926
TOTAL NON-CURRENT RECEIVABLES	**7,839**	**6,926**
TOTAL RECEIVABLES	**58,138**	**45,348**

(a) Movement in the Allowance for Doubtful Debts

Balance at beginning of year	(3,715)	(5,984)
Amounts written off/(on) during the year	3,554	1,933
Increase in allowance recognised in net result	(3,552)	336
BALANCE AT END OF YEAR	**(3,713)**	**(3,715)**

(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	
Non-Current Assets	**2016 $'000**	**2015 $'000**
Available for sale		
Managed Investment Schemes	54,606	58,673
TOTAL NON-CURRENT	**54,606**	**58,673**
Represented by:		
Investments Held in Trust	54,606	58,673
TOTAL	**54,606**	**58,673**

(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.
These investments are exempt from complying with Standing Direction 4.5.6, as granted by the Victorian Treasurer on 18 September 2015.

Note 10 – Inventories

	Consol'd 2016 $'000	Consol'd 2015 $'000
Pharmaceuticals		
At cost	6,295	4,094
Medical and Surgical Lines		
At cost	1,429	1,689
Radiology Stores		
At cost	305	412
Theatre Stores		
At cost	1,518	1,476
TOTAL INVENTORIES	**9,547**	**7,671**

Note 11 – Prepayment and Other Assets

	Consol'd 2016 $'000	Consol'd 2015 $'000
Current		
Prepayments	2,705	2,060
TOTAL	**2,705**	**2,060**

Note 12 – Interests in Subsidiary and Unconsolidated Structured Entities

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

AASB 10 (*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 2016, the Trust had net assets of $13.721m (2015: $14.865m) which have been included in the financial statements of the consolidated entity.

Notes to the Financial Statements (continued)

30 June 2016

Note 13 – Property, Plant and Equipment

(a) Gross carrying amount and accumulated depreciation

	Consol'd 2016 $'000	Consol'd 2015 $'000
Land		
Crown Land at Fair Value	210,924	174,927
Total Land	**210,924**	**174,927**
Buildings		
Buildings Under Construction at cost	5,352	5,410
Buildings at Fair Value	732,538	725,776
Less Accumulated Depreciation	(93,606)	(46,571)
Total Buildings	**644,284**	**684,615**
Leasehold Improvements at Fair Value		
Leasehold Improvements	4,385	4,385
Less Accumulated Amortisation	(1,106)	(975)
Total Leasehold Improvements	**3,279**	**3,410**
Plant & Equipment, Furniture & Fittings at Fair Value		
Medical Equipment	133,931	126,277
Less Accumulated Depreciation	(96,341)	(85,976)
Total Medical Equipment	37,590	40,301
Computers & Communication Equipment	54,769	49,739
Less Accumulated Depreciation	(46,420)	(43,936)
Total Computers & Communication Equipment	8,349	5,803
Furniture & Fittings	7,237	7,237
Less Accumulated Depreciation	(5,823)	(5,487)
Total Furniture & Fittings	1,414	1,750
Other Equipment	52,907	51,833
Less Accumulated Depreciation	(33,817)	(30,132)
Total Other Equipment	19,090	21,701
Plant & Equipment – Work in Progress	18,706	3,170
Total Plant and Equipment and Furniture & Fittings	**85,149**	**72,725**
Motor Vehicles		
Motor Vehicles at Fair Value	60	119
Less Accumulated Depreciation	(60)	(119)
Total Motor Vehicles	**-**	**(0)**
TOTAL	**943,636**	**935,677**

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.

In accordance with FRD 103F Alfred Health performed an annual fair value assessment of all non-financial physical assets taking into account all fair value indicators, which includes VGV land and building indices. Based on the managerial valuation Alfred Health has revalued land by $35,997k in the financial year. The next scheduled full revaluation will be conducted in 2019.

(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 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 (note 5)	-	(46,571)	(131)	(10,992)	(1,928)	(371)	(3,749)	(2)	(63,744)
Balance at 1 July 2015	**174,927**	**684,615**	**3,410**	**40,301**	**5,803**	**1,750**	**24,871**	**-**	**935,677**
Net additions and transfers between classes	-	6,704	-	8,265	5,029	-	16,620	-	36,616
Disposals (WDV)	-	-	-	(176)	-	-	-	-	(176)
Revaluation Increments	35,997	-	-	-	-	-	-	-	35,997
Depreciation (note 5)	-	(47,034)	(131)	(10,800)	(2,483)	(336)	(3,694)	-	(64,478)
Balance at 30 June 2016	**210,924**	**644,284**	**3,279**	**37,590**	**8,349**	**1,414**	**37,797**	**-**	**943,636**

(c) Fair Value Measurement Hierarchy for Assets as at 30 June 2016

	Carrying Amount As At 30 June 2016 $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Land at Fair Value				
Specialised Land	210,924	-	-	210,924
Total Land at Fair Value	**210,924**	**-**	**-**	**210,924**
Buildings at Fair Value				
Non-Specialised Buildings	-	-	-	-
Specialised Buildings	644,284	-	-	644,284
Total Buildings at Fair Value	**644,284**	**-**	**-**	**644,284**
Leasehold Improvements at Fair Value				
Leasehold Improvements	3,279	-	-	3,279
Total Leasehold Improvements Fair Value	**3,279**	**-**	**-**	**3,279**
Plant and Equipment, Furniture & Fittings at Fair Value				
Medical Equipment	37,590	-	-	37,590
Computers & Communication Equipment	8,349	-	-	8,349
Furniture & Fittings	1,414	-	-	1,414
Other Equipment	19,090	-	-	19,090
Plant & Equipment, Furniture & fittings – Work in Progress	18,706	-	-	18,706
Total Plant and Equipment and Furniture & Fittings Fair Value	**85,149**	**-**	**-**	**85,149**
TOTAL ASSETS AT FAIR VALUE	**943,636**	**-**	**-**	**943,636**

There have been no transfers between levels during the period.

Notes to the Financial Statements (continued)

30 June 2016

Note 13 – Property, Plant and Equipment (continued)

(c) Fair Value Measurement Hierarchy for Assets as at 30 June 2016 (continued)

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 Fair Value	**3,410**	**-**	**-**	**3,410**
Plant and 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 and Equipment and Furniture & Fittings Fair Value	**72,725**	**-**	**-**	**72,725**
Motor Vehicles Fair Value				
Motor Vehicles at fair value	-	-	-	-
Total Motor Vehicles Fair Value	**-**	**-**	**-**	**-**
TOTAL ASSETS AT FAIR VALUE	**935,677**	**-**	**-**	**935,677**

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.

In accordance with FRD 103F Alfred Health performed an annual fair value assessment of all non-financial physical assets taking into account all fair value indicators, which includes VGV land and building indices. Based on the managerial valuation Alfred Health has revalued land by $35,997k in the financial year.

The next scheduled full revaluation will be conducted in 2019.

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.

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.

Specialised land and specialised buildings (continued)

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.

In accordance with FRD 103F Alfred Health performed an annual fair value assessment of all non-financial physical assets taking into account all fair value indicators, which includes VGV land and building indices. Based on the managerial valuation Alfred Health has revalued land by $35,997k in the financial year. The next scheduled full revaluation will be conducted in 2019.

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 2016.

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

(d) Reconciliation of Level 3 Fair Value

30 June 2016	Land $'000	Buildings $'000	Leasehold Improvements $'000	Plant & Equipment, Furniture & Fittings $'000	Motor Vehicles $'000	Totals $'000
Opening Balance	**174,927**	**684,615**	**3,410**	**72,725**	**-**	**935,677**
Purchases/(Sales)	-	6,704	-	29,913	-	36,616
Gains or losses recognised in net result	-	-	-	(176)	-	(176)
- Depreciation	-	(47,034)	(131)	(17,312)	-	(64,478)
Subtotal	**174,927**	**644,284**	**3,279**	**85,149**	**-**	**907,639**
Items recognised in other comprehensive income						
- Revaluation	35,997	-	-	-	-	35,997
Subtotal	**35,997**	**-**	**-**	**-**	**-**	**35,997**
Closing Balance	**210,924**	**644,284**	**3,279**	**84,149**	**-**	**943,636**

There have been no transfers between levels during the period.

Notes to the Financial Statements (continued)

30 June 2016

Note 13 – Property, Plant and Equipment (continued)

(d) Reconciliation of Level 3 Fair Value (continued)

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
- 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**

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

	Valuation Technique	Significant Unobservable Inputs
Specialised Land	Market Approach	Community Service Obligation (CSO) adjustment
Specialised Buildings	Depreciated Replacement Cost	Useful life of specialised buildings
Leasehold Improvements	Depreciated Replacement Cost	Useful life of leasehold improvements
Plant and Equipment, Furniture & Fittings	Depreciated Replacement Cost	Useful life of plant, equipment, furniture & fittings
Motor Vehicles	Depreciated Replacement Cost	Useful life of motor vehicles

Note 14 – Intangible Assets

	Consol'd 2016 $'000	Consol'd 2015 $'000
Computer Software at cost	14,895	14,895
Less Accumulated Amortisation	(13,194)	(11,584)
TOTAL	**1,701**	**3,311**

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 2014	**4,924**
Additions	120
Amortisation (Note 5)	(1,733)
Balance at 1 July 2015	**3,311**
Additions	-
Amortisation (Note 5)	(1,610)
Balance at 30 June 2016	**1,701**

Note 15 – Payables

Current	Consol'd 2016 $'000	Consol'd 2015 $'000
Contractual		
Trade Creditors [(i)]	29,128	18,449
Accrued Expenses	35,467	21,516
Salary Packaging	5,768	7,828
Superannuation	6,434	4,897
	76,797	**52,690**
Statutory		
Department of Health and Human Services [(ii)]	1,200	5,581
	1,200	**5,581**
TOTAL	**77,997**	**58,271**

(i) The average credit period is 42 days (2015: 42 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 2016 $'000	Consol'd 2015 $'000
Current		
Australian Dollar Borrowings		
- Department of Health and Human Services	2,500	-
- Treasury Corporation Victoria Loan	1,408	1,321
Total Current	**3,908**	**1,321**
Non-Current		
Australian Dollar Borrowings		
- Department of Health and Human Services	7,159	9,322
- Treasury Corporation Victoria Loan	17,356	18,723
Total Non-Current	**24,515**	**28,045**
TOTAL	**28,423**	**29,366**

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 2016 is $5.1m.

(b) Average interest rate applied during 2015/16 was 6.39% (2014/15: 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 2016 is $13.7m.

(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)	**1,627**	**1,819**

(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.

Notes to the Financial Statements (continued)

30 June 2016

Note 17 – Provisions

	Consol'd 2016	Consol'd 2015
Current Provisions		
Employee Benefits (Note 17(a))		
Annual Leave (Note 17(a))		
- Unconditional and expected to be settled within 12 months [i]	45,717	45,508
- Unconditional and expected to be settled after 12 months [ii]	7,418	7,295
Long Service Leave (Note 17(a))		
- Unconditional and expected to be settled within 12 months [i]	77,619	72,667
- Unconditional and expected to be settled after 12 months [ii]	-	-
Other	13,315	24,585
	144,069	**150,055**
Provisions related to Employee Benefit On-Costs		
- Unconditional and expected to be settled within 12 months [i]	12,604	12,096
- Unconditional and expected to be settled after 12 months [ii]	763	758
	13,367	**12,854**
Total Current Provisions	**157,436**	**162,909**
Non-Current Provisions		
Employee Benefits [ii]	27,529	26,188
Provisions related to Employee Benefit On-Costs	2,833	2,723
Total Non-Current Provisions	**30,362**	**28,911**
TOTAL PROVISIONS	**187,798**	**191,820**

(a) Employee Benefits and Related On-Costs

Current Employee Benefits and Related On-Costs		
Unconditional LSL Entitlements	85,607	80,222
Annual Leave Entitlements	58,514	58,102
Accrued Wages and Salaries	11,424	22,567
Accrued Days Off	1,891	2,018
Non-Current Employee Benefits and related on-costs		
Conditional Long Service Leave Entitlements [ii]	30,362	28,911
Total Employee Benefits	**187,798**	**191,820**
Related On-Costs		
Current On-Costs	13,367	12,854
Non-Current On-Costs	2,833	2,723
Total On-Costs	**16,200**	**15,577**

(b) Movement in Provisions

Movement in Long Service Leave:		
Balance at start of year	109,133	99,966
Provision made during the year	16,027	17,007
Settlement made during the year	(9,191)	(7,840)
Balance at end of year	**115,969**	**109,133**

(i) Provisions for employee benefits consist of amounts for annual leave and long service leave accrued by employees, not including on-costs.

(ii) The amounts disclosed are discounted to present values.

Note 18 – Other Liabilities

	Consol'd 2016 $'000	Consol'd 2015 $'000
Current		
Patient Monies held in Trust	69	63
TOTAL	**69**	**63**
Total Monies held in Trust		
Represented by the following assets:		
Cash Assets (Note 7)	69	63

Note 19 – Equity

(a) Surpluses

	Consol'd 2016 $'000	Consol'd 2015 $'000
(i) Property, Plant and Equipment Revaluation Surplus [1]		
Balance at the Beginning of the Reporting Period	511,301	511,301
Revaluation Increment		
Land	35,997	-
Buildings	-	-
Balance at the End of the Reporting Period	**547,298**	**511,301**
Represented by: Land	161,660	125,663
Buildings	385,638	385,638
	547,298	**511,301**
(ii) Financial Assets Available-for-Sale Revaluation Surplus [2]		
Balance at the Beginning of the Reporting Period	20,690	18,916
Valuation gain/loss recognised	547	1,774
Balance at the End of the Reporting Period	**21,237**	**20,690**
(iii) General Purpose Surplus		
Balance at the Beginning of the Reporting Period	57,409	58,721
Transfers (to)/from Accumulated Deficit	18,648	(1,312)
Balance at the End of the Reporting Period	**76,057**	**57,409**
(iv) Restricted Specific Purpose Surplus		
Balance at the Beginning of the Reporting Period	66,571	67,428
Transfers (to)/from Accumulated Deficit	(2,778)	(857)
Balance at the End of the Reporting Period	**63,793**	**66,571**
Total Surpluses	**708,385**	**655,971**

(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	(187,792)	(159,373)
Net Result for the Year	(24,165)	(30,588)
Transfers to General Purpose Surplus	(18,648)	1,312
Transfers to Restricted Specific Purpose Surplus	2,778	857
Balance at the End of the Reporting Period	**(227,826)**	**(187,792)**
TOTAL EQUITY AT END OF FINANCIAL YEAR	**804,693**	**792,313**

(1) The Property, Plant and Equipment asset revaluation surplus arises on the revaluation of property, plant and 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 the net result.

Notes to the Financial Statements (continued)

30 June 2016

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

	Consol'd 2016 $'000	Consol'd 2015 $'000
Net Result for the Year	**(24,165)**	**(30,588)**
Non-cash movements:		
Depreciation and Amortisation	66,088	65,477
Provision for Doubtful Debts	(2)	(2,268)
DH Loan Discount	337	489
Non-cash Investment Income	(3,763)	(4,674)
Movements Included in Investing and Financing Activities		
Net Loss from Disposal of Non-Financial Assets	147	845
Gain on Disposal of Operation	-	(4,500)
Movements in Assets & Liabilities		
- (Decrease)/Increase in Employee Benefits	(4,022)	12,998
- Increase in Payables	19,727	2,248
- Increase in Other Liabilities	39	10
- (Increase) in Receivables	(12,789)	(4,737)
- (Increase)/Decrease in Prepayments	(645)	124
- (Increase) in Inventories	(1,876)	(389)
NET CASH INFLOWS/(OUTFLOWS) FROM OPERATING ACTIVITIES	**39,076**	**35,035**

Note 21 – Financial Instruments

(a) Financial Risk Management Objectives and Policies

Alfred Health's principal financial instruments comprise:

- 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.

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 2016 $'000	Contractual Financial Assets – Loans and Receivables 2016 $'000	Contractual Financial Liabilities at Amortised Cost 2016 $'000	Total 2016 $'000
Financial Assets				
Cash and Cash equivalents	-	28,647	-	28,647
Receivables	-	42,413	-	42,413
Other Financial Assets	54,606	-	-	54,606
Total Financial Assets [i]	**54,606**	**71,060**	**-**	**125,666**
Financial Liabilities				
Payables	-	-	76,798	76,798
Borrowings	-	-	28,423	28,423
Other Liabilities	-	-	69	69
Total Financial Liabilities [ii]	**-**	**-**	**105,290**	**105,290**

	Contractual Financial Assets – Available for Sale 2015 $'000	Contractual Financial Assets – Loans and Receivables 2015 $'000	Contractual Financial Liabilities at Amortised Cost 2015 $'000	Total 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**

(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 payable).

Notes to the Financial Statements (continued)

30 June 2016

Note 21 – Financial Instruments (continued)

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

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

	Net Holding gain/ (loss) 2016 $'000	Net Holding gain/ (loss) 2015 $'000
Financial Assets		
Cash and Cash equivalents	4,270	4,640
Available for Sale Investments	547	1,774
Total Financial Assets	**4,817**	**6,414**
Financial Liabilities		
Borrowings	(1,627)	(1,819)
Total Financial Liabilities	**(1,627)**	**(1,819)**

(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.

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

	Financial institutions (AAA credit rating) $'000	Government agencies (AAA credit rating) $'000	Government agencies (BBB credit rating) $'000	Other (min BBB credit rating) $'000	Total $'000
2016					
Financial Assets					
Cash and Cash Equivalents	28,647	-	-	-	28,647
Trade debtors	-	5,907	-	-	5,907
Other receivables	-	2,453	-	34,053	36,506
Other Financial Assets (i)	54,606	-	-	-	54,606
Total Financial Assets	**83,253**	**8,360**	**-**	**34,053**	**125,666**
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**

(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 2016

	Consol'd Carrying Amount $'000	Not Past Due and Not Impaired $'000	Past due but not impaired				Impaired Financial Assets $'000
			Less than 1 Month	1-3 Months $'000	3 months - 1 Year $'000	1-5 Years $'000	
2016							
Financial Assets							
Cash and Cash Equivalents	28,647	28,647	-	-	-	-	-
Receivables	42,413	21,930	7,110	5,401	4,259	-	3,713
Other Financial Assets	54,606	54,606	-	-	-	-	-
Total Financial Assets	**125,666**	**105,183**	**7,110**	**5,401**	**4,259**	**-**	**3,713**
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**

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.

Notes to the Financial Statements (continued)

30 June 2016

Note 21 – Financial Instruments (continued)

(c) Liquidity Risk

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

Alfred Health's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet.

Alfred Health manages its liquidity risk by a number of avenues. Cash assets are held with more than one financial institution, and a reasonable amount of cash is held at call to enable access as required.

The following table discloses the contractual maturity analysis for Alfred Health's financial liabilities. For interest rates applicable to each class of liability refer to individual notes to the financial statements.

Maturity analysis of financial liabilities as at 30 June 2016

	Consol'd Carrying Amount $'000	Consol'd Nominal Amount $'000	Maturity Dates				
			Less than 1 Month	1-3 Months $'000	3 Months - 1 Year $'000	1-5 Years $'000	Over 5 Years $'000
2016							
Financial Liabilities							
Payables	76,798	76,798	75,862	568	368	-	-
Borrowings	28,423	28,764	-	301	3,607	16,041	8,815
Other Financial Liabilities	69	69	69	-	-	-	-
Total Financial Liabilities	**105,290**	**105,631**	**75,931**	**869**	**3,975**	**16,041**	**8,815**
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**

(d) Market Risk

Currency risk

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

Interest rate risk

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

Inflation rate risk

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

Interest rate exposure of financial assets and liabilities as at 30 June 2016

			Interest Rate Exposure		
	Weighted Average Effective Interest Rate (%)	Carrying Amount $'000	Fixed Interest Rate $'000	Variable Interest Rate $'000	Non Interest Bearing $'000
2016					
Financial Assets					
Cash and Cash Equivalents	1.75	28,647	1,607	26,996	44
Receivables:					
Trade Debtors	-	5,907	-	-	5,907
Other Receivables	-	36,506	-	-	36,506
Other Financial Assets	-	54,606	-	-	54,606
Total Financial Assets		**125,666**	**1,607**	**26,996**	**97,063**
2016					
Financial Liabilities					
Payables	-	76,798	-	-	76,798
Borrowings	6.39	28,423	28,423	-	-
Other Financial Liabilities	1.75	69	69	-	-
Total Financial Liabilities		**105,290**	**28,492**	**-**	**76,798**
2015					
Financial Assets					
Cash and Cash Equivalents	2.0	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**
2015					
Financial Liabilities					
Payables	-	52,690	-	-	52,690
Borrowings	6.39	29,366	29,366	-	-
Other Financial Liabilities	2.0	63	63	-	-
Total Financial Liabilities		**82,119**	**29,429**	**-**	**52,690**

Notes to the Financial Statements (continued)

30 June 2016

Note 21 – Financial Instruments (continued)

(d) Market Risk (continued)

Sensitivity disclosure analysis

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

- A parallel shift of +0.5% and -0.5% in market interest rates (AUD) from year-end rates of 1.75%;
- A parallel shift of +0.5% and -0.5% in inflation rate from year-end rates of 1.0%;
- 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.

		Interest Rate Risk				Other Price Risk			
		-0.50%		0.50%		-10%		10%	
	Carrying Amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
2016									
Financial Assets									
Cash and Cash Equivalents	28,647	(143)	(143)	143	143	-	-	-	-
Receivables:									
Trade Debtors	5,908	-	-	-	-	-	-	-	-
Other Receivables	36,505	-	-	-	-	-	-	-	-
Other Financial Assets	54,606	-	-	-	-	-	(5,461)	-	5,461
Total Financial Assets	**125,666**	**(143)**	**(143)**	**143**	**143**	**-**	**(5,461)**	**-**	**5,461**
2016									
Financial Liabilities									
Payables:	76,798	-	-	-	-	-	-	-	-
Borrowings	28,423	-	-	-	-	-	-	-	-
Other Financial Liabilities	69	-	-	-	-	-	-	-	-
Total Financial Liabilities	**105,290**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
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**
2015									
Financial Liabilities									
Payables	52,690	-	-	-	-	-	-	-	-
Borrowings	29,366	-	-	-	-	-	-	-	-
Other Financial Liabilities	63	-	-	-	-	-	-	-	-
Total Financial Liabilities	**82,119**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

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

(e) Fair Value

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

- Level 1 – the fair value of financial instruments with standard terms and conditions and traded in active liquid markets is 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 2016 $'000	Fair value 2016 $'000	Consol'd Carrying Amount 2015 $'000	Fair value 2015 $'000
Financial Assets				
Cash and Cash Equivalents	28,647	28,647	19,093	19,093
Receivables [(i)]				
- Trade Debtors	5,908	5,908	8,323	8,323
- Other Receivables	36,505	36,505	31,811	31,811
Other Financial Assets [(i)]	54,606	54,606	58,673	58,673
Total Financial Assets	**125,666**	**125,666**	**117,900**	**117,900**
Financial Liabilities				
Payables	76,798	76,798	52,690	52,690
Borrowings	28,423	28,423	29,366	29,366
Other Financial Liabilities [(i)]	69	69	63	63
Total Financial Liabilities	**105,290**	**105,290**	**82,119**	**82,119**

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

Notes to the Financial Statements (continued)

30 June 2016

Note 21 – Financial Instruments (continued)

(e) Fair Value (continued)

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
2016				
Available for sale financial assets				
- Equities and managed funds	54,606	54,606	-	-
Total Financial Assets	**54,606**	**54,606**	**-**	**-**
2015				
Available for sale financial assets				
- Equities and managed funds	58,673	58,673	-	-
Total Financial Assets	**58,673**	**58,673**	**-**	**-**

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 2016.

Managed investment schemes

Investments include Alfred Health's trustee investments. The trusts receive an income from managed investment schemes. The managed investment schemes invest in listed securities and the assets are valued with reference to a quoted (unadjusted) market price from an active market. Alfred Health categorises these assets as Level 1.

Note 22 – Commitments for Expenditure

	Consol'd 2016 $'000	Consol'd 2015 $'000
Capital Expenditure Commitments:		
Payable:		
Building Works	3,078	2,291
Plant & Equipment		
- Medical Equipment	10,899	6,164
- Computer Equipment	1,593	1,414
Total Capital Expenditure Commitments	**15,570**	**9,869**
Capital Expenditure Commitments:		
Not later than one year	15,570	9,869
Later than one year but not later than five years	-	-
Total Capital Expenditure Commitments	**15,570**	**9,869**
Other Expenditure Commitments		
Payable:		
Supplies and Consumables		
- Medical	3,539	2,409
- Other	24,893	49,930
Maintenance Contracts		
- Medical	15,581	15,633
- Information Technology	37,112	18,287
Total Other Expenditure Commitments	**81,125**	**86,259**
Other Expenditure Commitments:		
Not later than one year	43,866	40,842
Later than one year but not later than five years	37,024	45,326
Later than five years	235	91
Total Other Expenditure Commitments	**81,125**	**86,259**
Operating Leases Commitments		
Commitments in relation to leases contracted for at the reporting date:		
Operating leases		
- Property	10,702	12,373
- Medical Equipment	230	543
- Motor Vehicle	1,808	917
Total Operating Leases Commitments	**12,740**	**13,833**
Operating Leases Commitments Payable as Follows:		
Non-Cancellable		
Not later than one year	3,577	3,531
Later than one year but not later than five years	9,080	10,152
Later than five years	83	150
Total Operating Leases Commitments	**12,740**	**13,833**
Total Commitments for Expenditure (inclusive of GST)	**109,435**	**109,961**
Less GST recoverable from the Australian Tax Office	**(9,949)**	**(9,996)**
Total Commitments for Expenditure (exclusive of GST)	**99,486**	**99,965**

(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.

Notes to the Financial Statements (continued)

30 June 2016

Note 23 – Contingent Assets and Contingent Liabilities

No contingent assets or liabilities are present for the year ending 30 June 2016.

Note 24 – Operating Segments

	Residential Aged Care Services		Other		Consol'd Total	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
REVENUE						
External Segment Revenue	-	9,164	1,100,642	1,004,652	1,100,642	1,013,816
Total Revenue	**-**	**9,164**	**1,100,642**	**1,004,652**	**1,100,642**	**1,013,816**
EXPENSES						
External Segment Expenses	-	(9,187)	(1,128,879)	(1,042,118)	(1,128,879)	(1,051,305)
Total Expenses	**-**	**(9,187)**	**(1,128,879)**	**(1,042,118)**	**(1,128,879)**	**(1,051,305)**
Net Result from ordinary activities	**-**	**(23)**	**(28,237)**	**(37,466)**	**(28,237)**	**(37,489)**
Interest Expense	-	-	(1,627)	(1,819)	(1,627)	(1,819)
Interest Income	-	-	5,220	4,640	5,220	4,640
Gain on disposal of operation	-	4,500	-	-	-	4,500
Net gain/(loss) on non-financial assets	-	-	(147)	-	(147)	(846)
Net gain/(loss) on financial instruments	-	-	950	-	950	1,045
Revaluation of Long Service Leave	-	-	(324)	-	(324)	(619)
Net result for the year	**-**	**4,477**	**(24,165)**	**(34,645)**	**(24,165)**	**(30,588)**
OTHER INFORMATION						
Segment Assets	-	-	1,098,980	1,071,833	1,098,980	1,071,833
Total Assets	**-**	**-**	**1,098,980**	**1,071,833**	**1,098,980**	**1,071,833**
Segment Liabilities	-	-	294,287	279,520	294,287	279,520
Total Liabilities	**-**	**-**	**294,287**	**279,520**	**294,287**	**279,520**
Depreciation & Amortisation Expense	-	-	(66,088)	(65,477)	(66,088)	(65,477)

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 Jill Hennessy, Minister for Health, Minister for Ambulance Services

The Honourable Martin Foley, Minister for Housing, Disability and Ageing, Minister for Mental Health

Responsible persons are as follows (all are Directors of Alfred Health and except where noted held their office for the period 1 July 2015 to 30 June 2016)

Ms Helen Shardey *BComm TSTC MAICD*

Mr Julian Gardner *BA LLB FIPAA*

Mr Carl Putt *BSc MHA*

Mr James Turcato *CPA FAICD AIMM*

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

Mr Ben Goodfellow *FRANZCP, MBBS, MPM, CAPC*

Ms Kaye McNaught *BA (PSYCH, CRIM), LLB (MELB)*

Ms Miriam Suss OAM *BA MSW*

Ms Melanie Eagle *BA BSW LLB, GAICD, GradDip (International Development)*

Accountable Officer

Professor Andrew Way (Chief Executive) *RN BSc (Hons) MBA FAICD*

Responsible Persons' Remuneration

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

	Consolidated	
Income Band	**2016**	**2015**
$10,000 - $19,999	-	-
$20,000 - $29,999	-	-
$30,000 - $39,999	8	8
$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:	**$764,607**	**$735,517**

Amounts relating to Responsible Ministers are reported in the financial statements of the Department of Premier and Cabinet. For information regarding related party transactions of ministers, the register of members' interests is publicly available from: **www.parliament.vic.gov.au/publications/register-of-interests**.

Other Transactions of Responsible Persons and their Related Entities

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 arm's length dealings.

Notes to the Financial Statements (continued)

30 June 2016

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	2016	2015	2016	2015
$190,000 - $199,999	-	-	-	-
$200,000 - $209,999	-	-	-	-
$210,000 - $219,999	-	-	-	-
$220,000 - $229,999	1	1	1	2
$230,000 - $239,999	-	1	-	1
$240,000 - $249,999	-	1	-	-
$250,000 - $259,999	-	-	1	-
$260,000 - $269,999	2	-	1	-
$270,000 - $279,999	-	-	1	1
$280,000 - $289,999	-	1	-	1
$290,000 - $299,999	1	-	1	-
$300,000 - $309,999	1	1	-	-
$320,000 - $329,999	-	-	-	-
$330,000 - $339,999	-	-	-	-
$340,000 - $349,999	-	-	-	1
$350,000 - $359,000	-	-	1	1
$360,000 - $369,999	1	1	1	-
$380,000 - $389,999	1	1	-	-
Total Number of Staff	**7**	**7**	**7**	**7**
Total Annualised Employee Equivalents (AEE) (i)	**7**	**7**	**7**	**7**
Total Remuneration ($)	**2,108,999**	**2,028,405**	**2,017,542**	**1,939,525**

(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 2016 $'000	Consol'd 2015 $'000
Victorian Auditor-General's Office		
Audit of financial statements	246	232
Total Auditor Remuneration	**246**	**232**

Note 28 – Controlled Entities

Name of Entity	Country of Residence
Alfred Hospital Whole Time Medical Specialists' Private Practice Trust	Australia

Note 29 – Economic Dependency

The financial performance and position of Alfred Health has improved since the prior year, with the Department of Health and Human Services reporting a deficit net result of $24,342,000 (2015: $30,630,000), a net current asset deficit position of $148,946,000 (2015: deficit $148,212,000), resulting in a current asset ratio of 0.37 (2015: 0.30) and a (continued) cash outflow from operations of $40,446,000 (2015: $36,789,000).

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 2017. A letter was also obtained for the previous financial year. On that basis, the financial statements have been prepared on a going concern basis.

AlfredHealth

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