2018-19
ANNUAL REPORT

Western Health

OUR VISION

Together, caring for the West
Our patients, staff, community and environment

OUR PURPOSE

Leading the delivery of a connected and consistent patient experience and providing the best care to save and improve the lives of those in our community most in need

OUR VALUES

Compassion
Consistently acting with empathy and integ**rity**

Accountability
Taking responsibility for our decisions and actions

Respect
Respect for the rights, beliefs and choice of every individual

Excellence
Inspiring and motivating, innovation and excellence

Safety
Prioritising safety as an essential part of everyday practice

OUR STRATEGIC AIMS

Growing & improving the delivery of safe, high quality care

Connecting the care provided to our community

Communicating with our patients, our partners and each other with transparency and purpose

Being socially responsible and using resources sustainably

Valuing and empowering our people

Acknowledgement of Traditional Owners

Western Health respectfully acknowledges the Traditional Owners and Custodians, on which all of our sites stand, the Wurundjeri and Boon Wurrung peoples of the Kulin Nation. We pay our respects to their Elders past, present and emerging.

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Board Chair and CEO Message

A message from the Board Chair and the Chief Executive

It has been a demanding but exciting year for Western Health, with the results of the organisation's hard work and years of planning and community effort coming to fruition with the opening of the Joan Kirner Women's and Children's facility, construction planned for a new Footscray Hospital, and organisation-wide roll-out of an electronic medical record.

With Western Health now providing over 700,000 instances of patient care annually, these exciting developments represent another step in the right direction to providing best care closer to home for people in the west.

It is a testament to the resilience and dedication of our staff and the patience of our community that these significant projects have been smoothly and successfully implemented in an environment where providing timely access to safe and effective care for a rapidly growing population with complex health needs is an ongoing challenge.

NEW ERA FOR WOMEN'S & CHILDREN'S SERVICES

An exciting era for Women's and Children's services at Western Health began on 15 May 2019 when the Joan Kirner building (JKWC) opened its doors to patients. This is a truly momentous development for families of the western suburbs, who now have access to the best care possible closer to home.

The JKWC offers local women and families world-class maternity and paediatric services, and features the western suburbs' first neonatal intensive care unit to care for the most critically-ill babies. It includes 20 maternity delivery rooms, 237 beds, 39 special care nursery cots, four theatres and additional clinics.

The opening followed a Community Open Day on 5 May for the building that attracted an estimated crowd of over 3,000 attendees. Earlier in the morning the new facility was officially opened by the Victorian Minister for Health and Minister for Ambulance Services, Jenny Mikakos with Ron Kirner, the husband of the late Premier of Victoria, the Honourable Joan Kirner after whom the building is named, also present alongside family members.

PLANNING FOR A NEW FOOTSCRAY HOSPITAL

Planning work for a New Footscray Hospital is continuing apace ahead of construction starting next year, with a number of consultations held to engage the community in this process. A site at Ballarat Road in Footscray has been formally chosen following on from the Victorian Government's pledge in October last year to provide a new hospital for the area, meaning improved proximity to public transport and access for staff and patients.

Scheduled for completion in 2025, the New Footscray Hospital will be the biggest hospital build in the State to-date. As the population of the West continues to grow at a steady rate the hospital will provide modern facilities to support the care of almost 15,000 extra patients, as well as providing for almost 20,000 additional emergency department admissions.

PROVIDING BEST CARE

Our vision of 'Best Care' is that we work together and in partnership with our patients to achieve high quality care that is safe, person-centred, right and co-ordinated.

In support of Best Care, Western Health has engaged in a global program and committed 500 inpatient beds across four sites (Footscray, Sunshine, Williamstown and Hazeldean) to a 100 day challenge to End PJ Paralysis. Wherever possible from 26 June 2019, we are giving our patient's PJs a rest! Instead we will be getting them into their day-clothes and up and moving around as much as possible. This is proven to not only keep patients healthier and prevent adverse events such as falls and pressure injuries, but also promote a wellness model and get them home sooner.

Engagement in Better Care Victoria (BCV) sponsored projects is also supporting Western Health to provide Best Care.

Participation in the BCV Sepsis Pathway Project has assisted our care teams to recognise patients at risk of sepsis (the body's overwhelming and life-threatening response to infection) and guide management of such cases including timely administration of antibiotics. The results of the trial of the Sepsis Pathway in our wards and emergency departments have been impressive, with significant reductions in sepsis-related admissions to our Intensive Care Units and patient length of stay.

Western Health has also received funding from BCV to participate in a state-wide project to implement 'Choosing Wisely'. This is a global initiative aimed at reducing unnecessary and potentially harmful tests, procedures or treatments for patients. The Western Health Choosing Wisely campaign urges staff to 'Ask Why and Justify' the necessity of certain tests in the area of medical imaging.

Board Chair and CEO Message

SUPPORTING THE BEST CLINICAL DECISIONS

The past year saw Western Health complete a major project to implement an Electronic Medical Record (EMR) across the organisation. This was a detailed and complex process but an important step in supporting clinical decision making and electronic ordering of medications, pathology, imaging and more. For a project of such scale and complexity the EMR team and our staff right across Western Health have done an incredible job of delivering this functionality.

Tying in with patient information on the Electronic Medical Record, patients at Western Health now have their meal preferences and allergy information saved on a new menu management system rolled out across all food services. The new CBORD system represents a quantum leap in the ordering and delivery of meals and creating a record of the dietary and nutritional needs of patients, as well as their preferences.

SUPPORTING BEST CARE THROUGH RESEARCH

Western Health has expanded its research efforts over the past year in support of best care, with an emphasis on clinical research that can be translated into every day practice.

Recruitment of our large and diverse patient population into clinical trials has been enhanced to provide greater access to new treatments. For example, our IMPROVE-GAP trial recruited more than 800 inpatients with community-acquired pneumonia into a study of a new model of care.

Through our Western Health Chronic Disease Alliance we have extended our research to engage general practices and the community. The Alliance focuses on better detection of early chronic kidney disease and diabetes, and the shared risk factors leading to these conditions, as well as to cardiovascular disease and stroke.

Western Health is also home to the Australian Institute for Musculoskeletal Science (AIMSS). AIMSS brings together clinicians, epidemiologists and biomedical researchers from Western Health, Victoria University and The University of Melbourne to improve the health and wellbeing of our communities through innovative and integrative musculoskeletal research and advocacy. This year AIMSS has been successful in obtaining almost one million dollars from several major funding agencies to conduct research activities in sarcopenia (muscle wasting) and osteoporosis (bone loss).

Further details about Western Health's broader research achievements can be found in our annual Research Report, located on our website.

TACKLING CHRONIC DISEASE

The challenge of caring for a diverse community with higher than average rates of chronic and complex disease inspires us to design and deliver innovative service delivery models.

Our pilot of the Western HealthLinks program has allowed us to take a different approach to how we manage the needs of patients with complex illnesses. This innovative program, made possible through a new funding option provided by the Victorian Government, aims to improve these patients' experience of care and ultimately provide them with more healthy days back in their own homes.

At the 21 month mark of the pilot program, over six thousand patients have been identified for enrolment in the program run in collaboration with the Silver Chain Group. Western HealthLinks continues to achieve positive results, with high levels of patient satisfaction, hospital avoidance and reduced bed days.

IMPROVING TIMELY ACCESS TO CARE

Providing timely access to safe and effective patient care for a rapidly growing population with complex health needs, continues to present our health service with big challenges. Record numbers of patients attend our emergency departments, use our maternity services and are added to our elective surgery and outpatient service waiting lists. We are also seeing sicker patients compared with previous years.

We continue with a range of initiatives to enhance patient flow, and we appreciate the support of Better Care Victoria and the Department of Health and Human Services to focus and advance these strategies; in particular the opportunity to redevelop the Sunshine Hospital Emergency Department.

Western Health staff are enthusiastically engaged in the design phase of developing a much bigger and better emergency department at Sunshine Hospital, thanks to a $29.6 million redevelopment funded by the State Government.

Once completed by 2021, the emergency department will have capacity to treat an extra 59,000 emergency patients per year.

In addition, the department will have a dedicated mental health crisis hub to support the significant demand from patients seeking mental health care at Western Health.

It is very challenging when patients experience long delays in accessing mental health beds and we continue to work closely with the Department of Health and Human Services and with the agencies that provide mental health services to our patients (Mercy Mental Health and North West Mental Health) to support the needs of this vulnerable patient group.

Board Chair and CEO Message (continued)

SUPPORTING MENTAL HEALTH

People who are dealing with drug and/or alcohol problems and mental health issues in the West have improved support following the opening in late 2018 of Westside Lodge, a dual diagnosis residential facility located on our Sunshine Hospital site. The new 20-bed residential facility provides individually tailored three-month treatment programs to help patients prepare for a successful future in the community by gaining new skills and making positive changes on their pathway to recovery.

SUPPORTING THE HEALTH NEEDS OF ABORIGINAL PATIENTS

At Western Health, we are proud of our achievements to partner with and support our Aboriginal and Torres Strait Islander (Aboriginal) Community. Over the past year, we have reviewed the achievements of our 2015-2018 Aboriginal Health Plan. These include developing a sustainable community pharmacy program to improve access to PBS medicines for Aboriginal patients living with chronic disease, implementing a Koori Maternity Service, almost doubling the number of inpatients identified as Aboriginal, and introducing education and employment programs for Aboriginal members of our community.

In consultation with the Aboriginal Community and the Department of Health and Human Services we have created a new Aboriginal Health Cultural Safety Plan for 2019-2021. This aims to advance both the cultural and clinical care of our Aboriginal patients and increase Aboriginal employment opportunities.

SUPPORTING A POSITIVE WORKPLACE

It is important that our staff and patients experience a positive workplace. We are continuing to implement our "Sustaining a Positive Workplace" Strategy which has engaged our staff and volunteers in a shared and supported responsibility for building and maintaining a positive and respectful workplace. The success of our Strategy was recognised at the prestigious Victorian Public Healthcare Awards in October 2018 as the winner of the Award category Improving Workforce Wellbeing and Safety.

To support ongoing Strategy implementation, a research project has been implemented called SCORE (Sustaining a Culture of Respect and Engagement).

DOING MORE TO HELP VULNERABLE MEMBERS OF OUR COMMUNITY

Our Health Equity team is overseeing Western Health's role in the Victorian Government's "10-year action plan" on family violence. Over the past year, the team has worked hard to roll out a comprehensive, whole of workforce training program, and to strengthen screening, risk assessment and information sharing processes. In addition, Western Health is one of five Victorian health services trialling a new model supporting the identification and response to elder abuse.

DEVELOPING OUR WORKFORCE

Western Health's Nursing and Midwifery team has undertaken a number of strategies over the past year to reduce the use of agency nursing staff. These include the review and improvement of processes to replace staff who are unavailable for shifts, introduction of a new workforce informatics system, centralisation of recruitment of nurses and midwives, and an aggressive recruitment campaign to fill staff vacancies. These strategies have resulted in a significant decrease in the use of agency nursing staff. Western Health has also been selected to take the state-wide lead on the 'Working Together' pilot and is working in partnership with Northeast Health Wangaratta and Deakin University to deliver this important piece of work. This 12 month project is funded by the Department of Health and Human Services and has the primary aims of both improving the consistency and quality of care provided to patients, and the working lives of nurses and midwives.

OUR WONDERFUL VOLUNTEERS

Western Health is immensely grateful to the 700+ volunteers who, as well as a number of local schools and community groups, generously donate their time and resources to support our patients and staff. Our volunteers have supported care at Western Health over the past year in a number of ways including assisting patients and visitors find their way around our hospital sites, sitting with families during times of grief, helping patients with their meals, and recognising the time in our emergency departments when a person might need a refreshment or a visitor needs help with the car park machine. They are a truly amazing group of people and they are busy making the world of difference, every moment they are here at Western Health.

Board Chair and CEO Message (continued)

ADDRESSING OCCUPATIONAL VIOLENCE

At Western Health we are committed to Best Care for our patients, but to do this we need our staff to be safe, uninjured and healthy. A number of initiatives have been rolled out across Western Health over the past 12 months to support our staff to predict and prevent occupational violence, and effectively and safety manage it when it does occur. Along with awareness and education campaigns for staff and visitors, a behaviours of concern risk assessment tool has been rolled out, along with adoption of new personal duress alarms and new procedures for response to aggression.

IMPROVING CAR PARKING

The issue of car parking is no stranger to both patients and staff at Western Health who regularly flag it as a problem in feedback surveys. For more than 18 months, Western Health has been working towards the development of a multi deck car park for Sunshine Hospital to relieve the high volume of demand. The new car park will provide invaluable additional parking capacity for some 800 vehicles. Construction of the car park is now completed.

STRIVING FOR SUSTAINABILITY

We continue to be a leader in environmental sustainability among Victoria's hospitals. For the third year running, Western Health has been a finalist in the prestigious Victorian Premier's Sustainability Awards Health category; this year for a project that has swapped anaesthetic gases to reduce greenhouse impacts and achieve financial benefits.

The sustainability team at Western Health has also collaborated with a local designer to transform unneeded plastic syringes into designer cutlery specifically adapted for use by people with a disability.

More details on the extensive sustainability measures taken at Western Health, can be found in the Sustainability Report on our website.

A SUSTAINABLE APPROACH TO OUR FINANCES

The high value we place on Western Health remaining financially responsible is once again evident in our financial results. We have recorded a surplus of $4 million in the 2018-19 year in a budget of over $800 million and we continue to have a strong cash position.

RECOGNISING FINANCIAL SUPPORT FROM OUR COMMUNITY

The Western Health Foundation has had a productive year, with a strong financial return to support our health service. We've been pleased to see new activities, such as contact with past patients and increased use of social media, which have introduced new donors to the Foundation.

Particular support has been received through the local community with over $1.2 million in funds secured for the new Joan Kirner Women's and Children's facility.

We were also pleased to be able to progress important upgrades to Williamstown Hospital patient and community facilities through the Heart of Williamstown Appeal, which saw over $2 million secured through our community for building works which have commenced.

THANKS

Finally, we would like to thank Western Health's incredible staff, volunteers and board members, as well as our many community stakeholders, including our local members of parliament at both the State and Commonwealth levels.

Thank you to the Department of Health and Human Services and the Victorian Government. Thank you to our financial donors, through the Western Health Foundation.

Your support is greatly appreciated and makes an incredible difference to the care we are able to provide. We look forward to working with you over the next year.

In accordance with the Financial Management Act 1994, we are pleased to present the Report of Operations for Western Health for the year ending 30 June 2019.

The Hon Bronwyn Pike
Chair of the Board, Western Health
16 August 2019

Russell Harrison
Chief Executive, Western Health
16 August 2019

About Western Health

Western Health (WH) manages three acute public Hospitals: Footscray Hospital, Sunshine Hospital and the Williamstown Hospital. It also operates the Sunbury Day Hospital and a transition care program at Hazeldean in Williamstown. A wide range of community services are also managed by Western Health, along with a large Drug Health and Addiction Medicine Service.

Services are provided to the western region of Melbourne which has a population of over 900,000 people.

Western Health provides a comprehensive, integrated range of services from its various sites; ranging from acute tertiary services in areas of emergency medicine, intensive care, medical and surgical services, through to subacute care and specialist ambulatory clinics. Western Health provides a combination of hospital and community-based services to aged, adult and paediatric patients and newborn babies.

Employing approximately 6,500 staff, Western Health has a strong philosophy of working with its local community to deliver excellence in patient care.

Western Health has long-standing relationships with health providers in the western region of Melbourne and strong affiliations with numerous colleges and academic institutions. We have academic partnerships with the University of Melbourne, Victoria University and Deakin University.

OUR COMMUNITY:

- is growing at an unprecedented rate
- is among the fastest growth corridors in Australia
- covers a total catchment area of 1,569 square kilometres
- has a population of over 900,000 people
- is ageing, with frailty becoming an increasing challenge to independent healthy living
- has high levels of cancer, heart disease, stroke and mental illness, with diabetes and depression also significant population health issues
- has a diverse social and economic status
- is one of the most culturally diverse communities in the State
- speaks more than 110 different languages/dialects
- provides a significant number of our staff
- has a strong history of working collaboratively with Western Health to deliver excellence in patient care.

Our Facilities

Western Health provides services to residents of the following local government municipalities:

- Brimbank
- Hobsons Bay
- Maribyrnong
- Melton
- Moonee Valley
- Moorabool
- Hume
- Wyndham

Western Health provides a range of services to the patients who are also serviced by health services such as Werribee Mercy and Djerriwarrh at Bacchus Marsh.

SUNSHINE HOSPITAL

Sunshine Hospital is an acute and subacute teaching hospital with approximately 600 beds. The hospital provides elective and emergency services with a range of inpatient and outpatient services including intensive care and coronary care, acute medical and surgical services, sub-specialty medicine and surgical services, and rehabilitation, aged care and palliative care services. Sunshine Hospital's emergency department, incorporating a paediatric service, is one of the busiest general emergency departments in the state. Sunshine Hospital also has a comprehensive range of women's and children's services, including the addition of the new Joan Kirner Women's and Children's facility.

SUNSHINE HOSPITAL RADIATION THERAPY CENTRE

The Sunshine Hospital Radiation Therapy Centre, a partnership between Western Health and the Peter MacCallum Cancer Centre, provides a state-of-the-art radiation planning system and two linear accelerators to deliver treatment to patients with a range of cancers.

WESTERN CENTRE FOR HEALTH RESEARCH AND EDUCATION

Located at Sunshine Hospital, the Western Centre for Health Research and Education provides a range of purpose built, state-of-the-art teaching, research and simulation laboratory facilities. The Centre is the result of partnerships with the University of Melbourne and Victoria University and plays a pivotal role in staff and student education and research activities. The Centre is home to the Western Clinical School for Medicine and Allied Health in partnership with the University of Melbourne and also houses researchers, Academics and educators from Western Health, Victoria University and the University of Melbourne. Western Health is a Registered Training Organisation (RTO) that offers high quality training. Our training is aimed at professional development and offers innovative, valuable and accredited programs that are evaluated externally.

FOOTSCRAY HOSPITAL

Footscray Hospital is an acute and subacute teaching hospital with approximately 300 beds. It provides elective and emergency services, with a range of inpatient and outpatient services including acute general medical and surgical, intensive and coronary care, sub-specialty medicine, surgical services, rehabilitation and aged care and related clinical support.

WILLIAMSTOWN HOSPITAL

Williamstown Hospital is a 90 bed facility providing emergency services, surgical services, rehabilitation and geriatric evaluation and management services, renal dialysis services and community rehabilitation and transition care services.

HAZELDEAN TRANSITION CARE

Hazeldean Transition Care is located close to the Williamstown Hospital and provides Transition Care Program services to the people of the west. The Transition Care Program provides goal oriented, time limited and therapy focused care to help older people at the conclusion of their hospital stay.

SUNBURY DAY HOSPITAL

The Sunbury Day Hospital provides day medical, day surgical, day chemotherapy and haemodialysis treatment and a number of specialist clinics.

DRUG HEALTH SERVICES

Drug Health Services provide a diverse range of services for individuals and families affected by substance abuse related problems. As a community-based program of Western Health, Drug Health Services offers an innovative mix of inpatient and outpatient client-centred recovery programs. Our non-residential services include specialist programs for Adult, Women, Young People and their families, and are delivered in both office-based and outreach modes, depending on client need. Community-based Residential Withdrawal Services are available for both Adults and Young People. Services are currently offered from our Footscray based sites, with a 20-bed Dual Diagnosis Residential Rehabilitation Centre opened in late 2018 at Westside Lodge in St Albans. We also offer access to Addiction Medicine Consultants and Nurse Practitioners to support people with substance dependence issues.

Western Health Statement of Priorities 2018-19

Each year, Western Health identifies how it will contribute to Victorian Government policy directions and priorities. The following tables list outcomes against deliverables for 2018/19 agreed between our health service and the Minister for Health.

BETTER HEALTH

GOALS	STRATEGIES	WESTERN HEALTH DELIVERABLES	OUTCOME
A system geared to prevention as much as treatment Everyone understands their own health and risks Illness is detected and managed early Healthy neighborhoods and communities encourage healthy lifestyles	Reduce statewide risks Build healthy neighborhoods Help people to stay healthy Target health gaps	Implement year two of Western Health's Health Equity Roadmap, with a focus in 2018-19 on training and education for clinical management of family violence, promotion of 'safety of children is everyone's responsibility', and participation in the DHHS funded Elder Abuse Project	**ACHIEVED** Implementation of the organisation's Health Equity Roadmap has progressed with information and training sessions on clinical management of Family Violence and Elder Abuse well attended. Work on Western Health's Child Safety Action Plan has continued, with a Commitment to Child Safety statement finalised and presented at an event attended by 88 people, including representatives from the Commission for Children and Young People. Western Health is one of five Victorian health services trialing a new model supporting the identification and response to elder abuse. The Department of Health and Human Services has confirmed funding for another two years (2019-2020) to support consolidation of this program.
		Implement year two of the five year vaccination program to improve women's and children's immunisation rates across the western catchment.	**ACHIEVED** Western Health's drop-in immunisation service for pregnant women reached a milestone in March 2019 of 10,000 vaccinations, less than two years after commencing operation. The service offers free Boostrix and Influenza vaccinations for pregnant women attending the Maternity Specialist Clinics at Sunshine Hospital, and has closed a previously significant gap in access to maternal immunisation services.
		Progress the Western Health Chronic Disease Alliance with a focus in 2018-19 on continued implementation of the Chronic Disease early detection and Improvement Management in PrimAry Care project (IMPACT)	**ACHIEVED** The Western Health Chronic Disease Alliance has reviewed its governance arrangements and continues to pursue opportunities to implement technology supported health care for individuals with one or more chronic conditions. The IMPACT project is meeting milestones to engage general practices and the community in better detection of chronic disease, with progress reports submitted to the Department of Health and Human Services. A successful application has secured a grant of $199K to progress this project further. In addition, Western Health has partnered with the University of Melbourne and has secured a significant grant from a philanthropic foundation to continue to promote chronic disease and technology across primary care.

Statement of Priorities 2018/19 (continued)

BETTER ACCESS

GOALS	STRATEGIES	WESTERN HEALTH DELIVERABLES	OUTCOME
Care is always there when people need it More access to care in the home and community People are connected to the full range of care and support they need There is equal access to care	Plan and invest Unlock innovation Provide easier access Ensure fair access	Action agreed next steps to progress planning for a new Footscray Hospital	**ACHIEVED** Planning work for a New Footscray Hospital is continuing apace in line with the Premier's announced timetable, ahead of construction starting late 2020. A number of consultations have been held to engage the community in this process. A site at Ballarat Road in Footscray has been formally chosen following on from the Victorian Government's pledge in October last year to provide a new hospital for the area. Scheduled for completion in 2025, the New Footscray Hospital will be the biggest hospital build to-date in the State.
		Complete construction and commissioning for occupation of the new Joan Kirner Women's and Children's facility (JKWC)	**ACHIEVED** The JKWC building remained on program with practical completion by 30 March 2019. A comprehensive project plan, governance structure and 'Welcome Home' micro-site supported a safe and successful transition to the Joan Kirner Women's & Children's facility for patients and staff on 15 May 2019. The opening followed a Community Open Day on 5 May for the building that attracted an estimated crowd of over 3,000 attendees.
		Continue the HealthLinks Innovative Pilot to increase care outside hospital walls for patients in our community suffering from chronic disease	**ACHIEVED** At the 21 month mark of the Western HealthLinks pilot, over six thousand patients have been identified for enrolment in the program run in collaboration with the Silver Chain Group. Western HealthLinks continues to achieve positive results, with high levels of patient satisfaction, hospital avoidance and reduced bed days. The 21 month review demonstrated that 74% of Priority Response and Assessment (PRA) episodes for HealthLinks patients had the outcome of patients being able to remain at home. The project has also reduced readmissions in this patient cohort by 17% and saved 10,000 bed days or 14 beds on average every day of the 21 months.

Statement of Priorities 2018/19 (continued)

BETTER CARE

GOALS	STRATEGIES	WESTERN HEALTH DELIVERABLES	OUTCOME
Target zero avoidable harm Healthcare that focusses on outcomes Patients and carers are active partners in care Care fits together around people's needs	Put quality first Join up care Partner with patients Strengthen the workforce Embed evidence Ensure equal care	Continue application of version 2 of the National Standards for safe, quality care, with specific focus in 2018-19 on the new Comprehensive Care and Communicating for Safety Standards	**ACHIEVED** An organisation-wide project plan is being implemented to integrate application, monitoring and improvement against the National Safety and Quality Health Service (NSQHS) Standards within the existing Western Health Best Care Framework. WH clinical practice and improvement work undertaken/ planned to-date against all NSQHS Standards has been identified and centralised with a clear way forward to ready the organisation for assessment against the Standards in March 2020. A 'Live Best Care' Communications Plan has been developed and aims to engage staff in understanding how the NSQHS Standards (including Comprehensive Care and Communicating for Safety) translate to our every day delivery of best patient care.

SPECIFIC 2018-19 PRIORITIES (MANDATORY)

STRATEGIES	WESTERN HEALTH DELIVERABLES	OUTCOME
Volunteer Engagement Ensure that the health service executives have appropriate measures to engage and recognise volunteers	Review coverage of the 650+ Western Health Volunteer team and continue recognition of volunteers through the Western Health INSPIRE awards and annual Appreciation Event.	**ACHIEVED** The Western Health Volunteer Program has expanded into the HealthLinks Program and the newly opened Joan Kirner Women's & Children's facility. National Volunteer Week celebrations for 2019 included events across the week and across the sites. Board Members continued to attend INSPIRE Awards and were engaged in National Volunteers Week activities, including the 300 strong Volunteer Appreciation lunch.
Bullying and Harassment Actively promote positive workplace behaviours and encourage reporting. Utilise staff surveys, incident reporting data, outcomes of investigations and claims to regularly monitor and identify risks related to bullying and harassment, in particular include as a regular item in the Board and Executive meetings. Appropriately investigate all reports of bullying and harassment and ensure there is a feedback mechanism to staff involved and the broader health service staff	Progress Western Health's Positive Workplace Strategy implementation with specific focus in 2018-19 on engagement in a research project on "Sustaining a Culture of Respect and Engagement" (SCORE)	**ACHIEVED** Strategy implementation has progressed, with a Positive Workplace week rolled out across Western Health and well received. Five programs of SCORE have been implemented, with positive results. In addition, an article on SCORE was published in the Australian HR Institute (AHRI) National magazine and featured in an ABC radio interview. Western Health won a Premier's Victorian Public Healthcare Award in October 2018 for work undertaken against the health service's Positive Workplace Strategy.

Statement of Priorities 2018/19 (continued)

SPECIFIC 2018-19 PRIORITIES (MANDATORY)

STRATEGIES	WESTERN HEALTH DELIVERABLES	OUTCOME
Disability Action Plans Draft disability action plans are completed in 2018-19.	Submit a draft disability action plan to the department by 30 June 2019. The draft plan to outline the approach to full implementation within three years of publication	**ACHIEVED** The Western Health Disability Action Group has drafted a three year Disability Action Plan (DAP). Part of drafting the DAP has involved identifying and documenting some of the current initiatives on disability being undertaken by different areas within the organisation. These have included our Volunteer and Reception personnel working towards Communication Access Accreditation through Scope Victoria.
Occupational Violence Ensure all staff who have contact with patients and visitors have undertaken core occupational violence training, annually. Ensure the department's occupational violence and aggression training principles are implemented	Continue implementation of Western Health's Occupational Violence & Aggression (OVA) Action Plan, with specific focus in 2018-19 on review of OVA education, implementation of a standardised review process for serious OVA incidents, and development of a psychological first aid response post serious OVA incidents	**ACHIEVED** The implementation of Western Health's OVA Action Plan has progressed, with an OVA training review completed. Our annual online education package has been redesigned and New Starter orientation information refreshed to include an OVA component. An OVA adverse event investigation procedure has been developed, with a Psychological First Aid procedure in the consultation phase. Western Health's Behaviour of Concern clinical assessment process has been endorsed for use beyond the emergency department, where it has supported a decrease in aggressive patient behaviour and a corresponding reduction in staff injury.
LGBTI Develop and promulgate service level policies and protocols, in partnership with LGBTI communities, to avoid discrimination against LGBTI patients, ensure appropriate data collection, and actively promote rights to free expression of gender and sexuality in healthcare settings	Continue organisation-wide implementation of the Western Health 2017-20 LGBTI Inclusion Plan, with specific focus in 2018-19 on organisation awareness and celebration activities such as participation in the 2019 Pride March, and staff and volunteer LGBTI awareness training	**ACHIEVED** Implementation of the Western Health 2017-20 LGBTI Inclusion Plan has progressed over the year, with staff engaging in LGBTI awareness training and planning and promotion for Western Health's participation in the Pride March event held on Sunday 3 February, 2019.

Statement of Priorities 2018/19 (continued)

SPECIFIC 2018-19 PRIORITIES (MANDATORY)

STRATEGIES	WESTERN HEALTH DELIVERABLES	OUTCOME
Environmental Sustainability Actively contribute to the development of the Victorian Government's policy to be net zero carbon by 2050 and improve environmental sustainability by identifying and implementing projects, including workforce education, to reduce material environmental impacts with particular consideration of procurement and waste management, and publicly reporting environmental performance data, including measurable targets related to reduction in clinical, sharps and landfill waste, water and energy use and improved recycling	Continue implementation of Western Health's Environmental Roadmap 2015-20, with specific focus in 2018-19 on identifying energy savings	**ACHIEVED** Environmental Roadmap implementation has progressed, with a number of projects supporting an overall 2.3% reduction in energy usage across Western Health. Projects contributing to reduced energy usage include new lifts at Footscray and Sunshine Hospitals which has reduced the energy consumed in their operation by 60—80%; replacement of steam coils with heated hot water coils at Footscray Hospital which now provide more energy efficient heating and air flow; and a new Chiller at Footscray Hospital which has improved efficiency and is reducing the use of cooling towers (water). For the third year running, Western Health has been a finalist in the prestigious Victorian Premier's Sustainability Awards Health category; this year for a project that has swapped anaesthetic gases to reduce greenhouse impacts and achieve financial benefits.

Key Performance Statistics[1]

HIGH QUALITY AND SAFE CARE

KEY PERFORMANCE INDICATOR	TARGET	2018-19 RESULT
Accreditation		
Accreditation against the National Safety and Quality Health Service Standards	Full compliance	Achieved
Infection Prevention and control		
Compliance with the Hand Hygiene Australia program	80%	90%
Percentage of healthcare workers immunised for influenza	80%	80%
Patient experience		
Victorian Healthcare Experience Survey (VHES) —data submission	Full Compliance	Achieved
VHES —percentage of positive patient experience Quarter 1	95% positive experience	89.9%
VHES —percentage of positive patient experience Quarter 2	95% positive experience	91.3%
VHES —percentage of positive patient experience Quarter 3	95% positive experience	88.1%
VHES —percentage of very positive responses on discharge care Quarter 1	75% very positive experience	74.7%
VHES —percentage of very positive responses on discharge care Quarter 2	75% very positive experience	71.8%
VHES —percentage of very positive responses on discharge care Quarter 3	75% very positive experience	70.6%
VHES —patient perception of cleanliness Quarter 1	70%	59.7%
VHES —patient perception of cleanliness Quarter 2	70%	60.9%
VHES —patient perception of cleanliness Quarter 3	70%	58.5%
Healthcare associated infections (HAI's)		
Number of patients with surgical site infections	No outliers	Not Achieved
ICU central line associated blood stream infection (CLABSI)	Nil	Achieved
Rate of patients with SAB[2] per occupied bed days	$\leq$ 1/10,000	0.3/10,000
Adverse events		
Number of sentinel events—root cause analysis (RCA) reporting	All RCA reports submitted within 30 business days	Not Achieved
Maternity and Newborn		
Singleton term infants without birth anomalies with Apgar score <7 to 5 minutes	$\leq$ 1.4%	0.8%
Severe foetal growth restriction in singleton pregnancy undelivered by 40 weeks	$\leq$ 28.6%	12.6%
Proportion of urgent maternity patients referred for obstetric care to a level 4,5 or 6 maternity service who were booked for a specialist clinic appointment within 30 days of accepted referral	100%	76.0%
Continuing Care		
Functional Independence gain from an episode of rehabilitation admission to discharge relative to length of stay	$\geq$ 0.645	0.972

[1]Results are as at June 2019
[2]SAB is Staphylococcus Aureus Bacteraemia

Key Performance Statistics (continued)

TIMELY ACCESS TO CARE

KEY PERFORMANCE INDICATOR	TARGET	FOOTSCRAY	SUNSHINE	W'TOWN
Emergency Care				
Percentage of ambulance patients transferred within 40 minutes	90%	77.1%	69.7%	99.0%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%	100%	100%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended time	80%	62.5%	49.2%	81.5%
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%	54.1%	56.2%	84.2%
Number of patients with a length of stay in the emergency department greater than 24 hours	0	27	31	0

KEY PERFORMANCE INDICATOR	TARGET	2018-19 RESULT
Elective Surgery		
Percentage of urgency category 1 elective patients admitted within 30 days	100%	100%
Percentage of urgency category 1, 2 and 3 elective surgery patients admitted within clinically recommended timeframes	94%	95.3%
Percentage of patients on the waiting list who have waited longer than clinically recommended time for their respective triage category	15% proportional improvement from prior year	18.7%
Number of patients on the elective surgery waiting list[5]	3,250	3,161
Number of hospital initiated postponements per 100 scheduled elective surgery	≤ 7/100	6.6%
Number of patients admitted from the elective surgery waiting list	15,598	14,955
Specialist Clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	62.4%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	85.8%

[5]the target shown is the number of patients on the elective surgery waiting list as at 30 June 2019

Key Performance Statistics (continued)

STRONG GOVERNANCE, LEADERSHIP AND CULTURE

KEY PERFORMANCE INDICATOR	TARGET	2018-19 RESULT
Organisational Culture		
People matter survey - percentage of staff with an overall positive response to safety and culture questions	80%	91%
People matter survey - percentage of staff with a positive response to the question, "I am encouraged by my colleagues to report any patient safety concerns I may have"	80%	96%
People matter survey - percentage of staff with a positive response to the question, "Patient care errors are handled appropriately in my work area"	80%	95%
People matter survey - percentage of staff with a positive response to the question, "My suggestions about patient safety would be acted upon if I expressed them to my manager"	80%	93%
People matter survey - percentage of staff with a positive response to the question, "The culture in my work area makes it easy to learn from the errors of others"	80%	90%
People matter survey - percentage of staff with a positive response to the question, "Management is driving us to be a safety-centred organisation"	80%	93%
People matter survey - percentage of staff with a positive response to the question, "This health service does a good job of training new and existing staff"	80%	86%
People matter survey - percentage of staff with a positive response to the question, "Trainees in my discipline are adequately supervised"	80%	87%
People matter survey - percentage of staff with a positive response to the question, "I would recommend a friend or relative to be treated as a patient here"	80%	90%

EFFECTIVE FINANCIAL MANAGEMENT

KEY PERFORMANCE INDICATOR	TARGET	2018-19 RESULT
Finance		
Operating result ($m)	0.00	$3.9M*
Average number of days to paying trade creditors	60 days	60 days
Average number of days to receiving patient fee debtors	60 days	45 days
Public and Private WIES[6] activity performance to target	100%	102.9%
Adjusted current asset ratio	0.7	0.7
Forecast number of days the health service can maintain its operations with unrestricted available cash (based on end of year forecast)	14 days	22.2 days
Actual number of days a health service can maintain its operations with unrestricted available cash, measured on the last day of each month	14 days	Achieved
Measures the accuracy of forecasting the Net result from transactions (NRFT) for the current financial year ending 30 June	Variance <$250,000	Not Achieved

[6]WIES is a Weighted Inlier Equivalent Separation
* $4.1K = WH Operational Performance; SoP includes Western Health and Western Health Foundation. ($0.2M) = Jointly Controlled Operations with the Victorian Comprehensive Cancer Centre (VCCC)

Key Performance Statistics (continued)

ACTIVITY & FUNDING

FUNDING TYPE	2018-19 ACTIVITY ACHIEVEMENT
Acute Admitted	
WIES Public*	74,838
WIES Private	5,915
WIES DVA	404
WIES TAC	226
Acute Non-Admitted	
Home Enteral Nutrition	655
Home Renal Dialysis	79
Radiotherapy Non Admitted Shared Care	15
Specialist Clinics	149,583
Subacute & Non-Acute Admitted	
Subacute WIES—Rehabilitation Public	762
Subacute WIES—Rehabilitation Private	121
Subacute WIES—GEM Public	2,117
Subacute WIES—GEM Private	245
Subacute WIES—Palliative Care Public	290
Subacute WIES—Palliative Care Private	57
Subacute WIES—DVA	68
Transition Care—Bed Days	11,912
Transition Care—Home days	9,940
Subacute Non-Admitted	
Health Independence Program—Public	95,457
Mental Health and Drug Services	
Drug Services	5,560
Primary Health	
Community Health / Primary Care Programs	2,500
Other	
Health Workforce	237

* This WIES figure excludes 2018-19 WIES for HealthLinks patients

Financial Snapshot

WORKFORCE FULL TIME EQUIVALENT (FTE) PER ANNUAL ACCOUNTS

HOSPITALS LABOUR CATEGORY	JUNE CURRENT MONTH FTE		AVERAGE MONTHLY FTE	
	2018	2019	2018	2019
Nursing	2131	2318	2098	2201
Administration & Clerical	699	767	673	734
Medical Support	388	453	380	425
Hotel and Allied Services	430	410	425	389
Medical Officers	119	134	119	122
Hospital Medical Officers	476	529	476	500
Sessional Clinicians	108	128	104	115
Ancillary Staff (Allied Health)	376	398	360	390
Total	**4728**	**5136**	**4634**	**4875**

FINANCIAL POSITION

SUMMARY OF SIGNIFICANT CHANGE IN FINANCIAL POSITION 2019

There has been no significant change in the Health Service's financial position in the last 12 months.

OPERATIONAL AND FINANCIAL PERFORMANCE 2019

The Net Operating Result for the 2018/19 year was a surplus of $93,246,230.

The Net Result, after Other Economic Flows, for the 2018/19 year was a surplus of $81,722,721.

The Comprehensive Result, after the Revaluation of Assets, for the 2018/19 year was a surplus of $161,131,660.

SUBSEQUENT EVENTS

No circumstances have arisen since 30 June 2019 that have, or may in the future, significantly affect Western Health's operation or financial position.

FINANCIAL SNAPSHOT

$'000	2018/19	2017/18	2016/17	2015/16	2014/15
OPERATING RESULT +	**3,935**	**1,158**	**590**	**320**	**1,408**
Total Revenue	968,706	854,829	757,595	686,303	644,174
Total Expenses	887,048	791,422	757,478	712,133	657,369
Net result from transactions					
Total other economic flows					
Net Result	**81,658**	**63,407**	**(117)**	**(25,830)**	**(13,195)**
Total Assets	1,069,028	840,333	698,076	684,212	679,764
Total Liabilities	266,854	199,289	174,029	164,166	142,636
Net Assets/Total equity	**802,174**	**641,044**	**524,047**	**520,046**	**537,128**

+ The result for which Western Health is monitored in its Statement of Priorities

* $4.1K = WH Operational Performance; SoP includes Western Health and Western Health Foundation. ($0.2M) = Jointly Controlled Operations with the Victorian Comprehensive Cancer Centre (VCCC)

Financial Snapshot (continued)

FINANCIAL SNAPSHOT

$'000	2018/19
Net operating result*	**3,935**
Capital and specific items	
Capital purpose income	138,621
Specific income	0
Assets provided free of charge	0
Assets received free of charge	0
Expenditure for capital purpose	6,457
Depreciation and amortisation	48,028
Impairment of non-financial assets	0
Finance costs (other)	225

* The Net operating result is the result which the health service is monitored against in its Statement of Priorities

DETAILS OF CONSULTANCIES [UNDER $10,000]
In 2018-19, there were two (2) consultancies where the total fees payable *to* the consultant were less than $10,000.
The total expenditure incurred during 2018-19 in relation to these consultancies is $3,800 (excl. GST)

DETAILS OF CONSULTANCIES [VALUED AT $10,000 OR GREATER]
In 2018-19, there was one (1) consultancy where the total fees payable to the consultant were $10,000 or greater.
The total expenditure incurred during 2018-19 in relation to the consultancy is $10,608 (excl. GST). Details of individual consultancy are as follows:

CONSULTANCIES

OVER 10,000

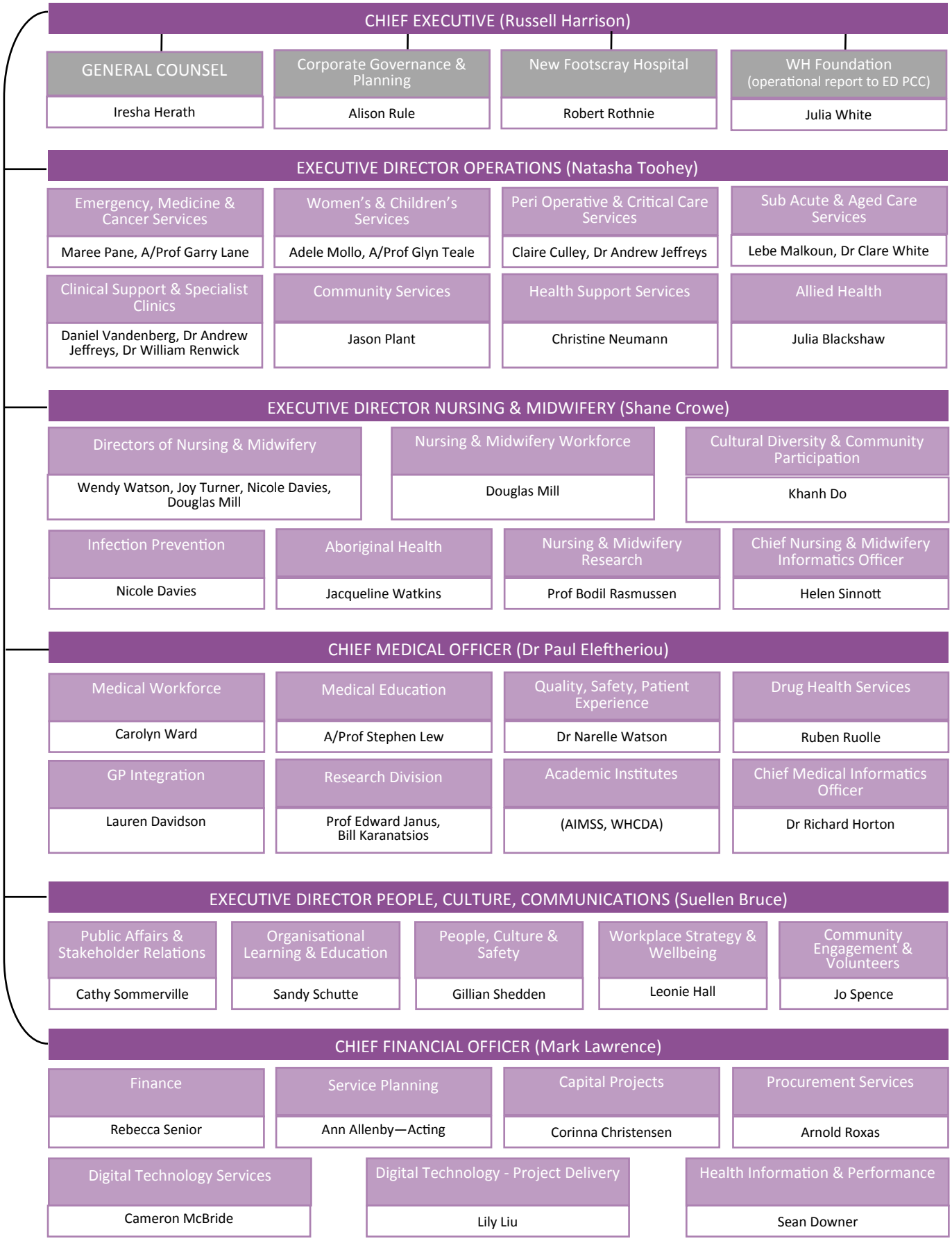
Consultant	Purpose of consultancy	Start Date	End Date	Total approved project fee (excluding GST)	Expenditure 2018-19 (excluding GST)	Future expenditure (excluding GST)
Harman Jayne Lesley	Review on patient flow and after hours co-ordinator and commissioned by the Executive Director of Operations	Apr-19	Jul-19	$11,380	$10,608	$772
	TOTALS			**$11,380**	**$10,608**	**$772**

DETAILS OF INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

The total ICT expenditure incurred during 2018-19 is $27.7 million (excluding GST) with the details shown below:

Business As Usual (BAU) ICT expenditure	Non-Business As Usual (non-BAU) ICT expenditure		
Total (excluding GST)	**Total = Operational expenditure and Capital Expenditure (excluding GST) (a) + (b)**	**Operational expenditure (excluding GST) (a)**	**Capital expenditure (excluding GST) (b)**
$14.0 million	$15.8 million	$8.9 million	$6.9 million

Organisational Structure (as at end June 2019)



Western Health Services

EMERGENCY, MEDICINE AND CANCER SERVICES

- Dermatology
- Endocrinology and Diabetes
- Emergency Medicine
- Gastroenterology
- General Medicine
- Haematology
- Hospital In The Home
- Infectious Diseases
- Medical Oncology
- Nephrology
- Neurology
- Renal Dialysis
- Respiratory and Sleep Disorders
- Rheumatology
- Palliative Care
- Stroke Service

SUBACUTE AND AGED CARE SERVICES

- Acute Aged Care
- Cardio-Geriatric Service
- Dementia Management Unit
- Geriatric Evaluation and Management
- Transition Care Program
- Ortho-Geriatric Service
- Palliative Care (inpatient service)
- Inpatient Rehabilitation
- Subacute and Non acute Access and Pathways Service
- Wellcare Program

WOMEN'S AND CHILDREN'S SERVICES

- Gynaecology
- Obstetric Services
- Maternal Fetal Medicine
- Newborn Services, including Special Care Nursery
- Paediatric Medicine

PERIOPERATIVE AND CRITICAL CARE SERVICES

- Anaesthetics and Pain Management
- Cardiology Services
- Central Sterilising Services
- General and Colorectal Surgery
- Elective Booking Service
- Preadmission Service
- General and Endocrine Surgery
- General and Breast Surgery
- Intensive Care Services (incorporating ICU liaison and Organ Donation Services)
- Neurosurgery
- Ophthalmology
- Orthopaedic Surgery
- Otolaryngology, Head, Neck Surgery
- Paediatric Surgery
- Plastic and Reconstructive Surgery
- Facio-Maxillary Surgery
- Thoracic Surgery
- General & Upper Gastrointestinal Surgery
- Urology Surgery
- Vascular Surgery

ALLIED HEALTH

- Audiology
- Exercise Physiology
- Language Services
- Neuropsychology
- Nutrition and Dietetics
- Occupational Therapy
- Pastoral Care
- Physiotherapy
- Podiatry
- Psychology
- Social Work
- Speech Pathology

CLINICAL SUPPORT AND SPECIALIST CLINIC SERVICES

- Specialist Clinics (Adult)
- Interventional Radiology
- Medical Imaging
- Pathology
- Pharmacy

COMMUNITY SERVICES

Health Independence Programs (HIP)

- Hospital Admission Risk Program
- Subacute Ambulatory Care Services (community based rehabilitation and specialist clinics)
- Aged Care Assessment Service
- ACE (Advice, Co-ordination and Expertise)
- Transition Care Program (Community)
- Children's Allied Health Service
- Central Access Unit (CAU)
- HIP Community Services

DRUG HEALTH SERVICES

- Adolescent Community Programs
- Women's Therapeutic Day Rehabilitation Program
- Adult and Specialist Services
- Nurse Practitioner Clinics
- Psychology Clinics
- Community Residential Drug Withdrawal Units
- Dual Diagnosis Residential Rehabilitation Centre (Westside Lodge)

OTHER

- Aboriginal Health, Policy and Planning
- GP Integration
- Infection Prevention
- Office of Research
- Service Planning

Corporate Governance

The Board of Western Health consists of independent non-executive members from a range of backgrounds and with local ties to Melbourne's West. The Board consists of nine Directors at 30 June 2019. Directors also have a role on Board Committees.

Western Health is incorporated as a metropolitan health service pursuant to the Health Services Act 1988 (VIC). Established in 2000, Western Health operates under the authority of the Act and its own by-laws.

Western Health is governed by the Board of Directors appointed by the Governor in Council on the recommendation of the Minister for Health. The Board's role is to govern the health service, consistent with applicable legislation and the terms and conditions attached to the funds provided to it.

The Board is responsible to the Minister for Health for setting the strategic direction of Western Health, within the framework of government policy, and ensuring that the health service:

- Is effective and efficiently managed
- Provides high quality care and service delivery
- Meets the needs of the community; and performance targets

Over the period 1 July 2018 to 30 June 2019, the Board comprised of nine-ten members, including the Chair.

THE HON BRONWYN PIKE

BA, Grad Dip Education, GAICD

CHAIR

The Hon Bronwyn Pike is a former Victorian Minister for Housing, Aged Care, Community Services, Health, Education, Skills and Workforce Participation. Bronwyn's 13 year parliamentary career included 11 as a Minister.

Prior to entering parliament in 1999, Bronwyn headed up the Uniting Church welfare program in Victoria, now known as Uniting Care, which provided children, youth, family and aged care services. Bronwyn trained as a secondary school teacher and taught in Adelaide and Darwin and at RMIT.

Having left Parliament in 2012, Bronwyn chairs the Renewal SA Board, the Uniting Victorian/ Tasmania Board, and the Uniting Care Australia Board. Bronwyn is also a board member of Uniting NSW/ACT, LeapIn and the Australian Health Policy Collaborative.

The Hon Bronwyn Pike is a member of Western Health's Finance Committee, Governance and Remuneration Committee, Quality and Safety Committee and the Audit and Risk Committee.

Appointed July 2014

DR ROBERT MITCHELL AM

LLB, MPhil, Grad Dip Tax, MTHST, PhD

Dr Robert (Bob) Mitchell has been a solicitor for 30 years, and was a Tax Partner at Pricewaterhouse Coopers for 14 years. He has served on boards of several not-for-profit organisations including BlueCare, The Timor Children's Foundation, The PwC Foundation, World Relief Australia, and the Global Health and Development Network.

Bob has a strong interest in international development work and justice issues and has served in senior executive roles with World Vision Australia. Bob is currently the CEO of Anglican Overseas Aid and serves on the global board of the ACT Alliance, one of the largest humanitarian networks in the world.

Bob has also served as a member of the Federal Attorney-General's International Pro Bono Advisory Group, and currently is a board member of Mission Australia.

During 2018-19, Dr Robert Mitchell was Chair of the Audit and Risk Committee and Chair of the Governance and Remuneration Committee.

Appointed July 2010
Term Completed June 2019

PROFESSOR COLIN CLARK

BBus, Dip Ed, MBA, PhD, FCPA, FCA, FIPAA, FAICD

Professor Colin Clark is Professor of Accounting at Victoria University; and until recently was Dean of Business prior to being appointed as Dean International.

Colin has been active within CPA Australia having been a member of the Victorian Council, including as State President, and also a member of the board of CPA Australia including serving as Vice President. Colin has undertaken a range of research and consulting projects in Australia and overseas. Colin's area of specialisation is public sector accounting and corporate governance.

Professor Colin Clark is Chair of the Finance and Resources Committee.

Appointed July 2010

Corporate Governance (continued)

MRS ELLENI BEREDED-SAMUEL OAM

MEd, Grad Dip Counselling, Grad Cert Management, BA (foreign languages and literature and english as a second language)

Mrs Elleni Bereded-Samuel was born in Ethiopia and has focused her life's work on strengthening education, training and employment for Culturally and Linguistically Diverse communities in Australia. Elleni's dynamic leadership has resulted in new solutions for community to access and participate in society. Elleni is currently employed with Australian Unity as Strategic Development Manager.

For six years Elleni served as a Commissioner of the Victorian Multicultural Commission and on the Board of Directors of The Women's Hospital and chaired the Community Advisory Committee.

Elleni also served for three years as the inaugural member of the Australian Social Inclusion Board and for five years as a Director of the SBS Board.

Elleni is one of 40 Australian champions independently selected as the People of Australia Ambassadors appointed by the Prime Minister. Elleni has been recognized as one of the hundred most influential African Australians and inducted into the Hall of Fame for her exceptional work in assisting the Australian community. In 2014 Elleni was inducted into Westpac & Financial Review Award as one of 100 Women of Influence in Australia.

Mrs Elleni Bereded-Samuel is Chair of the Cultural Diversity and Community Advisory Committee and a Member of the Governance & Remuneration Committee

Appointed July 2011

DR PHUONG PHAM

DPhil, MA, BA, BSc

The son of Vietnamese immigrants, Phuong feels a strong connection to the community in the west.

Dr Pham has a background of public policy and financial governance with a wealth of experience in senior roles for the Commonwealth Government Department of Health and Department of Prime Minister and Cabinet. Phuong was Head of Strategy and Policy for Telstra Health, the largest Australian-based provider of software products, solutions and platforms for healthcare providers and funders.

During 2018-19, Dr Phuong Pham was Chair of the Quality and Safety Committee and a Member of both the Audit & Risk and Governance & Remuneration Committees.

Appointed July 2015

Resigned June 2019

MR KELVYN LAVELLE

Dip.YA, Grad Dip Urban Research and Policy, MA by Research, GAICD

Born and raised in the western suburbs, Mr Kelvyn Lavelle saw being a Director of Western Health as an opportunity to contribute to the long-term development of health services in the west, including improving the environment for patient care.

Over the past 15 years, Kelvyn has had a distinguished career as a corporate and public affairs professional based in Melbourne. Firstly as a strategic advisor to senior executives at some of the nation's best known companies and now, as an Executive Director at leading international infrastructure company Plenary Group. Kelvyn is a Director of Plenary Conventions Pty Ltd and a member of the Advisory Board for the McKell Institute Victoria.

Highly collaborative by nature, Kelvyn places great value on strategic and effective communications and has applied this focus to positions on Boards and advisory committees.

During 2018-19, Mr Kelvyn Lavelle was a member of the Finance and Resources Committee.

Appointed September 2015

Resigned February 2019

MS TRICIA MALOWNEY OAM

DLI, MAICD

Ms Patricia (Tricia) Malowney was the inaugural president of the Victorian Disability Services Board and inaugural Chair of the Board of Women with disabilities Victoria. Tricia has roles on a range of boards and committees including chair of Independent Disability Services Board, a member of Australian Orthotics and Prosthetics Association and a director at Scope. Tricia is a member of the Eastern Metropolitan Family Violence Partnership Executive Committee and a member of the Victorian Government Diversity and Inclusion Community of Practice.

Tricia received a medal in the general division (OAM) in 2017 for service to people with a disability through advocacy roles. Tricia contracted polio at age four months and used calipers until 16 years of age. At age 36, Tricia developed post-polio syndrome, was retired from a middle management position with Victoria Police at age 46 and now uses a range of mobility aids.

Ms Patricia Malowney is a Member of the Cultural Diversity and Community Advisory Committee and a Member of the Quality and Safety Committee.

Appointed July 2018

Corporate Governance (continued)

MS COLLEEN GATES

BA Chemical Engineering, GAICD

Ms Colleen Gates has resided in and been passionate about Melbourne's west for the last 20+ years. Colleen has been an active participant on various State, Local Government and not-for-profit committees and stakeholder groups during this time, advocating for improvements to public transport and infrastructure, disability services/access, community wellbeing, and environmental sustainability.

In addition to a Board role at Western Health, Colleen also serves as a Councillor at Hobsons Bay City Council and Chairperson of the Metropolitan Waste and Resource Recovery Board. Combined with a long standing professional career in environmental compliance and management, currently within the food manufacturing sector, Colleen's diverse background and knowledge has been of great benefit with respect to driving strategic focus, encouraging innovation and supporting community capacity building.

During 2018-19, Ms Colleen Gates was Chair of the Primary Care and Population Health Advisory Committee and a member of the Cultural Diversity and Community Advisory Committee.

Appointed July 2016

Term Completed June 2019

DR CATHERINE HUTTON

MBBS, DRCOG, FRACGP, MPH, GAICD

Dr Catherine (Cathy) Hutton has worked as a general practitioner for over 30 years. Cathy's work includes general family medicine, women's health and antenatal care, chronic disease management, health prevention, and care of disadvantaged people.

Cathy is an experienced board member specialising in clinical governance, strategy and GP-hospital integration, and has held health service Board Director positions at both Peter MacCallum Cancer Centre and the Royal Women's Hospital. Additionally, Cathy has experience as a Director of North West Melbourne Division of General Practice from 2002 to 2008, Inner North West Medicare Local 2013 to 2015, and the AMA Victoria Board for 3 years. Cathy is currently a Director for the North West Melbourne Primary Health Network. Cathy has a Fellowship of the College of General Practitioners, has a Masters of Public Health from Melbourne University and is a Graduate member of the Australian Institute of Company Directors.

Cathy has a broad working knowledge of the health system, both primary and secondary, state and federal, and private and public and holds positions in the Australian Medical Association (AMA) Victoria Section of General Practice, and the AMA Federal Council of General Practice and has a Fellowship Awarded by the Australian Medical association.

Dr Catherine Hutton is the Chair of the Quality and Safety Committee and a member of the Primary Care and Population Health Advisory Committee

Appointed July 2016

MR DAVID SHAW

LLB

Mr David Shaw has been a partner of law firm, Holding Redlich, since 1989. He has a wealth of experience in complex disputes involving employment, discrimination, administrative decisions and the management of organisations. These disputes often play out in Federal and State Courts and Tribunals, Royal Commissions and investigations by integrity agencies.

In the course of his practice David acts for individuals, companies, unions, not for profit bodes and government agencies. David has had an extensive pro bono practice, most often acting for Indigenous people, Indigenous groups and refugees.

In the health sector, David has acted for a major health industry union and its members, medical practitioners and health professionals. This has involved disputes over employment conditions, investigations involving the conduct and performance of health professionals, disputes over specialist accreditation and whistleblowing complaints.

David is a previous Board Member of the Falls Creek Alpine Resort Management Board, and the Alfred Health Board.

Mr David Shaw is a Member of the Quality and Safety Committee and a Member of the Audit and Risk Committee.

Appointed July 2017

Corporate Governance (continued)

BOARD MEETING ATTENDANCE 2018/19

DIRECTORS	BOARD MEETINGS ATTENDED/ MEETINGS HELD
Hon Bronwyn Pike	10/11
Dr Robert Mitchell	10/11
Professor Colin Clark	10/11
David Shaw	11/11
Elleni Bereded-Samuel	11/11
Dr Phuong Pham	10/11
Kelvyn Lavelle	7/7
Dr Catherine Hutton	10/11
Colleen Gates	10/11
Tricia Malowney	9/10

BOARD COMMITTEES

The Board has established several standing committees to assist it in carrying out its responsibilities.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee is responsible for ensuring that the financial and related reporting systems produce timely, accurate and relevant reports on the financial operations of the health service and that sufficient resources are allocated to identifying and managing organisational risk.

Committee Members (Board Directors) 2018-19:

> Dr Robert Mitchell (Chair)
> The Hon Bronwyn Pike
> Mr David Shaw
> Dr Phuong Pham

CULTURAL DIVERSITY AND COMMUNITY ADVISORY COMMITTEE

The role of the Cultural Diversity and Community Advisory Committee is to advise the Board on relevant structures, processes, key priority areas and issues to ensure effective consumer and community participation at all levels of service planning and delivery. It also advises the Board on matters involving access and equity for patients and their families from culturally and linguistically diverse backgrounds.

Committee Members (Board Directors) 2018-19:

> Mrs Elleni Bereded-Samuel (Chair)
> Ms Tricia Malowney
> Ms Colleen Gates

FINANCE AND RESOURCES COMMITTEE

The Finance and Resources Committee is responsible for advising the Board on matters relating to financial strategies and the financial performance, capital management and sustainability of Western Health.

Committee Members (Board Directors) 2018-19:

> Professor Colin Clark (Chair)
> The Hon Bronwyn Pike
> Mr Kelvyn Lavelle
> Dr Phuong Pham

GOVERNANCE AND REMUNERATION COMMITTEE

The role of the Governance and Remuneration Committee is to advise the Board and monitor matters involving organisational governance and administration, and executive and senior staff recruitment, remuneration and performance.

Committee Members (Board Directors) 2018-19:

> Dr Robert Mitchell (Chair)
> The Hon Bronwyn Pike
> Mrs Elleni Bereded-Samuel
> Dr Phuong Pham

PRIMARY CARE AND POPULATION HEALTH ADVISORY COMMITTEE

The Primary Care and Population Health Advisory Committee provides advice and recommendations to the Board on health issues affecting the population served by Western Health.

Committee Members (Board Directors) 2018-19:

> Ms Colleen Gates (Chair)
> Dr Catherine Hutton

QUALITY AND SAFETY COMMITTEE

The Quality and Safety Committee is responsible for ensuring that quality monitoring activities are systematically performed at all levels of the organisation and that deviations from quality standards are acted upon in a timely manner

Committee Members (Board Directors) 2018-2019:

> Dr Catherine Hutton (Chair)
> Dr Phuong Pham (Chair)
> The Hon Bronwyn Pike
> Mr David Shaw
> Ms Tricia Malowney

Corporate Governance (continued)

ATTESTATION FOR FINANCIAL COMPLIANCE

I, Bronwyn Pike, Board Chair, on behalf of the Responsible Body, certify that Western Health has complied with the applicable Standing Directions of the Minister for Finance under the Financial Management Act 1994 and Instructions.

The Hon Bronwyn Pike
Chair of the Board, Western Health
16 August 2019

ATTESTATION FOR DATA INTEGRITY

I, Russell Harrison, Chief Executive certify that Western Health has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. Western Health has critically reviewed these controls and processes during the year.

Russell Harrison
Chief Executive, Western Health
16 August 2019

ATTESTATION ON COMPLIANCE WITH HEALTH PURCHASING VICTORIA (HPV) HEALTH PURCHASING POLICIES

I, Russell Harrison, Chief Executive certify that Western Health has put in place appropriate internal controls and processes to ensure that it has complied with all requirements set out in the HPV Health Purchasing Policies including mandatory HPV collective agreements as required by the Health Services Act 1988 (Vic) and has critically reviewed these controls and processes during the year.

Russell Harrison
Chief Executive, Western Health
16 August 2019

ATTESTATION ON CONFLICT OF INTEREST

I, Russell Harrison, Chief Executive certify that Western Health has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of hospital circular 07/2017 *Compliance reporting in health portfolio entities (Revised)* and has implemented a 'Conflict of Interest' policy consistent with the minimum accountabilities required by the VPSC. Declaration of private interest forms have been completed by all executive staff within Western Health and members of the board, and all declared conflicts have been addressed and are being managed. Conflict of interest is a standard agenda item for declaration and documenting at each executive and board meeting.

Russell Harrison
Chief Executive, Western Health
16 August 2019

ATTESTATION FOR INTEGRITY, FRAUD AND CORRUPTION

I, Russell Harrison, Chief Executive certify that Western Health has put in place appropriate internal controls and processes to ensure that Integrity, fraud and corruption risks have been reviewed and addressed at Western Health during the year.

Russell Harrison
Chief Executive, Western Health
16 August 2019

Corporate Governance (continued)

OCCUPATIONAL HEALTH AND SAFETY (OHS)

To minimise risk and promote the health, safety and wellbeing of our workforce, the following programs and activities were provided over 2018-19:

⇒ Occupational Violence and Aggression (OVA) has been a major focus within Western Health with significant improvements in management of this area of risk. There have been no notifiable incidents of occupational violence and aggression in our Emergency Departments (ED) since the introduction of a structured system to assess the potential for aggression with each patient attending our EDs.

⇒ A research paper on the OVA intervention in ED has been accepted for publication in the Journal Emergency Medicine Australasia.

⇒ Enhancement of the manual handling risk management program in clinical areas has improved the availability and applicability of training and reduced time away from direct patient care activities.

⇒ Care of Bariatric patients has been improved through the establishment of a specialist multi-disciplinary Bariatric Assessment Team. This team provides individualised care plans for bariatric patients and ensures we are able to provide safe care for the patients and the staff providing their care. Feedback from patients and staff have been very positive, citing improved care, patient satisfaction and a reduction in risk associated with this patient group.

⇒ Ongoing support for our employee Health and Safety Representatives (HSR Engagement Program) including initial and annual refresher training and the use of a resource package to support newly elected representatives. HSR forums continue to provide useful opportunity to share, learn and support our HSRs in performing their critical role and ensuring staff view are represented and contribute to efforts to manage OHS.

⇒ Sunshine and Footscray Hospitals were ranked 1st and 2nd from 854 Victorian workplaces registered in the Premiers *Active April* campaign. As a result, Western Health has been invited to present at the "Safety in Action—Workplace Wellness Conference" in September 2019.

⇒ Efficient and effective employee rehabilitation and return to work processes have been embedded into organisational standard practice.

⇒ Introduction and revision of the OHS related policies and procedures to ensure systematic standardised and effective policies and procedures.

⇒ A significant program of replacing old flooring throughout Footscray Hospital with modern slip resistant flooring has significantly reduced the risk of people slipping and improved infection prevention.

⇒ The opening of the new Joan Kirner Women's and Children's facility involved extensive planning and was carried out without any injuries to staff or patients. This facility significantly enhances not only the service to patients, but also the safety of our staff with contemporary well designed facilities significantly enhancing the ability to safely deliver care.

OCCUPATIONAL HEALTH AND SAFETY STATISTICS

MEASURE	2018/19	2017/18	2016/17
1. The number of reported incidents for the year per 100 FTE	16.44	18.55	20.02
2. The number of 'lost time' standard WorkCover claims for the year per 100 FTE	0.69	0.41	0.40
3. The average cost per WorkCover claim for the year ('000)	$87	$61	$90

OCCUPATIONAL VIOLENCE STATISTICS

MEASURE	2018/19
1. WorkCover accepted claims with an occupational violence cause per 100 FTE	0.02
2. Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	0.13
3. Number of occupational violence incidents reported	301
4. Number of occupational violence incidents reported per 100 FTE	5.94
5. Percentage of occupational violence incidents resulting in a staff injury, illness or condition	6.97%

Corporate Governance (continued)

STATEMENT OF MERIT AND EQUITY

Further to the requirements of the Public Sector Administration Act 2004, Western Health has established that the organisational values of compassion, accountability, respect, excellence and safety align with the public sector values of responsiveness, integrity, impartiality, accountability, respect, leadership and human rights.

Western Health is committed to the application of the public sector employment principles and has reviewed employment processes to ensure that employment decisions are based on merit. All employees are treated fairly and reasonably, equal employment opportunity is provided and employees are afforded a structured grievance procedure for redress against perceived unfair or unreasonable treatment.

Western Health has an established Code of Conduct, which aligns with and supports the public sector employment principles.

EX-GRATIA PAYMENT

Western Health made no ex-gratia payments for the year ending 30 June 2019.

CAR PARKING FEES

Western Health complies with the DHHS hospital circular on car parking fees and details of car parking fees and concession benefits can be viewed at www.westernhealth.org.au/Our Sites (transport and parking options under each of our listed hospitals).

BUILDING ACT

Western Health fully complied with the building and maintenance provisions of the Building Act 1993 for the period 1 July 2018 to 30 June 2019. Where applicable, the appropriate Building Permits and Certificates of Occupancy were obtained in line with the requirements of the Building Act 1993.

NATIONAL COMPETITION POLICY

Western Health has implemented, and continues to comply with the National Competition Policy and the requirements of the Victorian Government's Competitive Neutrality Policy.

LOCAL JOBS FIRST ACT

Western Health complies with the intent of the Local Jobs First Act (Vic) 2003 which ensures that local projects create opportunities for Victorian businesses and workers.

There were no new or completed Local Jobs First Projects at Western Health within 2018/19.

PROCUREMENT CRITICAL INCIDENT

The Western Health Chief Executive Officer invoked the critical incident procurement process in April 2018 in relation to two projects. These were the Joan Kirner Women's and Children's (JKWC) building and the Electronic Medical Record. Both projects had immoveable deadlines that were at risk requiring accelerated procurement processes. In particular, expensive delays would have been incurred for the JKWC if the completion deadlines had not been met. The incident ran from April to November 2018. Both projects met their deadlines and were successfully completed.

Corporate Governance (continued)

PROTECTED DISCLOSURE ACT

In accordance with Part 9 of the Protected Disclosure Act 2012 (Vic), Western Health has developed procedures and guidelines to facilitate the handling of a disclosure, the making of a disclosure and to ensure that the person making such disclosure is protected from detrimental action. To ensure awareness, the procedure and guidelines are available on the Western Health intranet.

In accordance with the provision of sections 21 (2) of the Act, no disclosures were received and notified to IBAC during the 2018/19 financial year.

SAFE PATIENT CARE ACT

Western Health has no matters to report in relation to its obligations under section 40 of the Safe Patient Care Act 2015 (Vic).

CARERS RECOGNITION ACT 2012

In accordance with the Carers Recognition Act 2012 (Vic), Western Health:

A) Takes all practicable measures to ensure that its employees and agents have an awareness and understanding of the care relationship principles; and

B) Takes all practicable measures to ensure that persons who are in care relationships and who are receiving services in relation to the care relationship from the care support organisation have an awareness and understanding of the care relationship principles; and

C) Takes all practicable measures to ensure that the care support organisation and its employees and agents reflect the care relationship principles in developing, providing or evaluating support and assistance for persons in care relationships

THE FREEDOM OF INFORMATION ACT

The Freedom of Information (FOI) Act (Vic) 1982 grants the public a legally enforceable right to access documents in the possession of Government agencies, including clinical and non-clinical records. Western Health processes all requests for access to documents in accordance with the provisions of the FOI Act.

Guidance to members of the public on how to make an FOI request can be viewed at www.westernhealth.org.au/ Patient and Visitors/Medical Records. This site contains information such as, an application form, the amount of the application fee, contact details and a link to OVIC's website. If a member of the public calls Western Health seeking information on the FOI process, they will be transferred to the FOI team who will provide verbal information and/or email or post a FOI application form as required.

Western Health receives approximately 1500 FOI requests annually, the vast majority of which are personal requests for medical information. Approximately 60% of these requests are from law firms (on behalf of members of the public), insurance companies and the TAC. The remaining 40% of requests are made personally by members of the public. Western Health has received approximately 5 non-personal requests from media outlets and members of the public. The majority of FOI requests received by WH were acceded to unless the requestor withdrew the request or we did not receive a response to correspondence.

TOTAL FOI REQUESTS 2018/19	**1449**
Full Access	1057
Partial Access	22
Access Denied	0
Applications Withdrawn	44
No Documents	19
Applications in Progress	276
VCAT Appeal	1
Appeal Withdrawn	0
Transfers Received	4
Time of Births	31

Corporate Governance (continued)

ADDITIONAL INFORMATION

Details in respect of the items listed below have been retained by Western 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. Declarations of pecuniary interests have been duly completed by all relevant officers;

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

C. Details of publications produced by Western Health about itself, and how these can be obtained;

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

E. Details of any major external reviews carried out on Western Health;

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

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

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

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

J. A general statement on industrial relations within Western Health and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the Report of Operations;

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

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

Disclosure Index

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

LEGISLATION	REQUIREMENT	PAGE
MINISTERIAL DIRECTIONS		
Report of Operations		
Charter and purpose		
FRD 22H	Manner of establishment and the relevant Ministers	23
FRD 22H	Purpose, functions, powers and duties	23
FRD 22H	Nature and range of services provided	8-9, 22
FRD 22H	Activities, programs and achievements for the reporting period	4-7
FRD 22H	Significant changes in key initiatives and expectations for the future	4-7
Management and structure		
FRD 22H	Organisational Structure	21
FRD 22H	Workforce data/employment and conduct principles	19, 29
FRD 22H	Occupational health and safety	28
Financial information		
FRD 22H	Summary of the financial results for the year	19-20
FRD 22H	Significant changes in financial position during the year	19
FRD 22H	Operational and budgetary objectives and performance against objectives	15-20
FRD 22H	Subsequent events	Appendix 51
FRD 22H	Details of consultancies under $10,000	20
FRD 22H	Details of consultancies over $10,000	20
FRD 22H	Disclosure of ICT expenditure	20
Legislation		
FRD 22H	Application and operation of *Freedom of Information Act 1982*	30
FRD 22H	Compliance with building and maintenance provisions of *Building Act 1993*	29
FRD 22H	Application and operation of *Protected Disclosure 2012*	30
FRD 22H	Statement on National Competition Policy	29
FRD 22H	Application and operation of *Carers Recognition Act 2012*	30
FRD 22H	Summary of the entity's environmental performance	7
FRD 22H	Additional information available on request	31

Disclosure Index (continued)

LEGISLATION	REQUIREMENT	PAGE
Other relevant reporting directives		
FRD 25C	Local Jobs First Act Disclosure	29
SD 5.1.4	Financial Management Compliance attestation	27
SD 5.2.3	Declaration in report of operations	7
Attestations		
Attestation on Data Integrity		27
Attestation on managing Conflicts of Interest		27
Attestation on Integrity, fraud and corruption		27
Other reporting requirements		
Reporting of outcomes from Statement of Priorities 2018-19		10-14
Occupational violence reporting		28
Reporting of compliance Health Purchasing Victoria policy		27
Reporting obligations under the *Safe Patient Care Act 2015*		30
Reporting of compliance regarding Car Parking Fees		29

Financial Statements & Accompanying Notes

For the Year Ended 30th June 2019

Appendix to the Western Health Annual Report

Western Health

Board Member's, Accountable Officer's and Chief Financial Officer's Declaration

The attached consolidated financial statements for Western Health have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer 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 30th June 2019 and the financial position of Western Health as at 30th June 2019.

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

We authorise the attached consolidated financial statements for issue on this day 16th August 2019.

The Honourable Bronwyn Pike Board Chair	Russell Harrison Chief Executive Officer	Mark Lawrence Chief Financial Officer
Melbourne 16th August 2019	Melbourne 16th August 2019	Melbourne 16th August 2019

Western Health
Comprehensive Operating Statement
For the Financial Year Ended 30th June 2019

	Note	2019 $'000	2018 $'000
Income from Transactions			
Operating Activities	2.1	964,817	847,924
Non-operating Activities	2.1	3,890	2,418
Other Income	2.1	-	247
Total Income from Transactions		**968,707**	**850,589**
Expenses from Transactions			
Employee Expenses	3.1	(630,114)	(570,711)
Supplies and Consumables	3.1	(117,489)	(116,902)
Finance Expenses	3.1	(225)	(51)
Depreciation and Amortisation	4.4	(48,028)	(41,088)
Other Operating Expenses	3.1	(79,604)	(61,347)
Other Non-operating Expenses	3.1	-	3,674
Total Expenses from Transactions		**(875,460)**	**(786,425)**
Net Result from Transactions - Net Operating Balance		**93,247**	**64,164**
Other Economic Flows Included in Net Result			
Net gain/(loss) on Sale of Non-Financial Assets	3.2	-	(20)
Other gains/(losses) from Other Economic Flows	3.2	(8,978)	567
Net gain/(loss) on Financial Instruments at Fair Value	3.2	(2,546)	(1,304)
Total Other Economic Flows Included in Net Result		**(11,524)**	**(757)**
Net Result for the Year		**81,723**	**63,407**
Other Comprehensive Income			
Items that will not be reclassified to Net Result			
Changes in Property, Plant & Equipment Revaluation Surplus	4.2b	79,408	52,825
Items that may be reclassified subsequently to net result			
Changes to Financial Assets Available-for-Sale Revaluation Surplus		**-**	765
Total Other Comprehensive Income		**79,408**	**53,590**
Comprehensive Result for the year		**161,131**	**116,997**

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

Western Health
Balance Sheet
As at 30th June 2019

	Note	2019 $'000	2018 $'000
Current Assets			
Cash and Cash Equivalents	6.2	22,104	26,355
Receivables	5.1	19,488	12,301
Investments and Other Financial Assets	4.1	58,656	48,591
Inventories		2,352	2,248
Prepayments and Other Non Financial Assets		3,122	2,361
Total Current Assets		**105,722**	**91,856**
Non-Current Assets			
Receivables	5.1	35,103	28,134
Investments and Other Financial Assets	4.1	1	1
Property, Plant & Equipment	4.2 (a)	901,458	715,243
Intangible Assets	4.3	26,745	5,099
Total Non-Current Assets		**963,307**	**748,477**
TOTAL ASSETS		**1,069,029**	**840,333**
Current Liabilities			
Payables	5.2	72,388	55,602
Borrowings	6.1	874	-
Provisions	3.4	130,663	109,564
Other Current Liabilities	5.3	14,236	10,626
Total Current Liabilities		**218,161**	**175,792**
Non-Current Liabilities			
Borrowings	6.1	19,491	-
Provisions	3.4	29,202	23,497
Total Non-Current Liabilities		**48,693**	**23,497**
TOTAL LIABILITIES		**266,854**	**199,289**
NET ASSETS		**802,175**	**641,044**
EQUITY			
Property, Plant & Equipment Revaluation Surplus	4.2(f)	438,474	359,066
Financial Asset Available-for-Sale Revaluation Surplus		-	1,286
Restricted Specific Purpose Surplus		8,311	6,606
Contributed Capital		202,980	202,980
Accumulated Surplus		152,410	71,106
TOTAL EQUITY		**802,175**	**641,044**

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

Western Health
Statement Of Changes In Equity
For the Financial Year Ended 30th June 2019

	Note	Property, plant & equipment revaluation surplus	Financial asset Available-for-Sale Revaluation Surplus	Restricted Specific Purpose Surplus	Contributed Capital	Accumulated surpluses/ (deficits)	Total
		$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1st July 2017		**306,241**	**521**	**4,279**	**202,980**	**10,026**	524,047
Net result for the year		-	-	-	-	63,407	63,407
Other comprehensive income for the year	4.2(b)	52,825	765	2,327	-	(2,327)	53,590
Share of decrements in surplus attributed to joint venture		-	-	-	-	-	-
Transfer from/(to) accumulated surplus		-	-	-	-	-	-
Balance at 30th June 2018		**359,066**	**1,286**	**6,606**	**202,980**	**71,106**	**641,044**
Net result for the year		-	-	-	-	81,723	81,723
Other comprehensive income for the year	4.2(b)	79,408	-	1,705	-	(1,705)	79,408
Opening balance adjustment on adoption of AASB9	4.1	-	(1,286)	-	-	1,286	-
Share of decrements in surplus attributed to joint venture		-	-	-	-	-	-
Transfer from/(to) accumulated surplus		-	-	-	-	-	-
Balance at 30th June 2019		**438,474**	**-**	**8,311**	**202,980**	**152,410**	**802,175**

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

Western Health
Cash Flow Statement
For the Financial Year Ended 30th June 2019

	Note	2019 $'000	2018 $'000
Cash flows from Operating Activities			
Operating Grants from Government		732,359	671,031
Capital Grants from Government		127,461	100,275
Patient Fees		25,403	24,993
Private Practice Fees		13,378	24,785
Donations and Bequests		2,987	2,289
GST received from ATO		(14,135)	11,785
Recoupment from Private Practice for use of Hospital Facilities		816	828
Interest and Investment Income		3,873	2,318
Other Capital Receipts		11,086	50
Other Receipts		19,434	34,346
Total Receipts		**922,662**	**872,700**
Employee Expenses		(611,979)	(553,026)
Payments for Supplies and Consumables		(91,030)	(127,387)
Payments for Medical Indemnity Insurance		(14,358)	(13,854)
Payments for Repairs and Maintenance		(9,568)	(4,835)
Finance Expenses		(225)	(51)
Other Payments		(33,637)	(52,617)
Total payments		**(760,797)**	**(751,770)**
Net Cash Flows from/(used in) Operating Activities	8.1	**161,865**	**120,930**
Cash flows from Investing Activities			
Purchase of Non-Financial Assets		(176,481)	(111,623)
Purchase of Investments		(10,000)	(10,650)
Proceeds from Disposal of Investments		-	10,000
Proceeds from Disposal of Non-Financial Assets		-	101
Net Cash Flows from/(used in) Investing Activities		**(186,481)**	**(112,172)**
Cash flows from Financing Activities			
Borrowings		20,365	-
Net Cash Flows from /(used in) Financing Activities		**20,365**	**-**
Net Increase/(Decrease) in Cash and Cash Equivalents Held		**(4,251)**	**8,757**
Cash and Cash Equivalents at End of Year		26,355	17,597
Cash and Cash Equivalents at End of Year	6.2	**22,104**	**26,355**

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

Notes To The Financial Statements

Table of Contents

Basis Of Presentation

These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in preparing these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Note 1: Summary Of Significant Accounting Policies

These annual financial statements represent the audited general purpose financial statements for Western Health, (the "Health Service"), and its controlled entities for the year ended 30th June 2019. The report provides users with information about the Health Service's stewardship of the 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 AASBs, which include interpretations issued by the Australian Accounting Standards Board (AASB). They are presented in a manner consistent with the requirements of AASB 101 *Presentation of Financial Statements* .

These 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 Assistant Treasurer.

The Health Service is a not-for profit entity and applies the additional AUS paragraphs applicable to "not-for-profit" Health Services under the AASBs.

The annual financial statements were authorised for issue by the Board of Western Health on the 16th August 2019.

(b) Reporting Entity

The financial statements include all the controlled entities of the Health Service. The only controlled entity is the Western Health Foundation Limited.

The principal address of Western Health is:

Footscray Hospital
Gordon Street, Footscray
Victoria 3011

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

(c) 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 events are reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30th June 2019 and the comparative information presented in these financial statements for the year ended 30th June 2018.

The financial statements are prepared on a going concern basis. Refer to note 8.9 Economic Dependency for information pertaining to this issue.

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

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

The Health Service operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds. The Health Service's Capital Fund includes all purchase and sale transactions which relate to land, buildings, equipment and furniture, whether funded by the Department of Health and Human Services or from other sources and the Specific Purpose Fund includes all transactions where there is some form of restriction placed on the use of the funds.

Note 1: Summary Of Significant Accounting Policies (continued)

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.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. 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.

Revisions to accounting estimates are recognised in the period within which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AASBs that have significant effects on the financial statements and estimates relate to:

- The fair value of land, buildings and plant and equipment (refer to Note 4.2 Property, Plant and Equipment);
- Defined Benefit Superannuation expense (refer to Note 3.5 Superannuation); and
- Employee benefit provisions are based on the likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.4 Employee Benefits in the Balance Sheet).

Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case the GST payable is recognised as part of the cost of acquisition of the asset or as 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 components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are presented as operating cash flow.

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

(d) Jointly Controlled Assets and Operations

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

In respect of any interests in joint operations, the Health Service recognises in the financial statements:
- its assets, including its share of any assets held jointly;
- any liabilities, including its share of liabilities that it had incurred;
- its revenue from the sale of its share of the output from the joint operation;
- its share of the revenue from the sale of the output by the operation; and
- its expenses, including its share of any expenses incurred jointly.

The Health Service is a member of the Victorian Comprehensive Cancer Care Centre (VCCC), which it has classified as a joint operation. Interests in jointly controlled assets or operations are not consolidated by the Health Service, but are accounted for in accordance with the policy outlined in Note 8.8 Jointly Controlled Operations. The VCCC is the only jointly controlled asset or operation of the Health Service.

Note 1: Summary Of Significant Accounting Policies (continued)

(e) Principles of Consolidation

These financial statements are presented on a consolidated basis in accordance with AASB 10 *Consolidated Financial Statements* :

- The consolidated financial statements of the Health Service includes all reporting entities controlled by the Health Service as at the 30th June 2019.
- Control exists when the Health Service has the power to govern the financial and operating policies of an organisation so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.
- The parent entity is not shown separately in the notes.

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 entities adopt dissimilar accounting policies and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

The only entity consolidated into the Health Service reports is the Western Health Foundation. There were no occasions during the financial period where a new entity came under control of the Health Service.

Intersegment Transactions

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

(f) Equity

Contributed Capital

Consistent with the requirements of AASB 1004 *Contributions,* contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Health Service.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

Other transfers that are in the nature of contributions or distributions or that have been designated as contributed capital are also treated as contributed capital.

Financial Assets 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.

Specific Restricted Purpose Surplus

The Specific Restricted Purpose Surplus is established where the Health Service has possession or title to the funds but has no discretion to amend or vary the restriction and/or condition underlying the funds received.

(g) Comparatives

Where applicable, the comparative figures have been restated to align with the presentation in the current year. Figures have been restated at Notes 2.1, 3.1, 3.4, 5.2, 5.3, 7.1 and 8.1.

Note 2: Funding for Delivery Of Services

The overall objective of the Health Service is to provide quality health services, deliver programs and services that support and enhance the wellbeing of all Victorians. The Health Service is predominantly funded by accrual based grant funding for the provision of outputs. The Health Service also receives income from the supply of services.

Structure
2.1 Income from Transactions

Note 2.1: Income from Transactions

	2019 $'000	2018 $'000
Government Grants - Operating	748,142	668,585
Government Grants - Capital	127,460	100,275
Other Capital Purpose Income (including capital donations)	11,067	100
Patient Fees	26,073	24,632
Private Practice Fees	20,230	22,199
Commercial Activities [(i)]	9,393	10,183
Other Revenue from Operating Activities (including non capital donations)	22,452	21,950
Total Income from Operating Activities	**964,817**	**847,924**
Operating Interest	3,796	2,339
Capital Interest	94	79
Total Income from Non-Operating Activities	**3,890**	**2,418**
Available-for-sale revaluation surplus gain/ (loss) recognised	-	247
Total Other Income	**-**	**247**
Total Income from Transactions	**968,707**	**850,589**

(i) Commercial activities represent business activities which the health service entered into to support its operations

Revenue/Income Recognition

Income is recognised in accordance with AASB 118 *Revenue* and is recognised to the extent that it is probable that the economic benefits will flow to the Health Service 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, 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 the Health Service gains control of the underlying assets irrespective of whether conditions are imposed on the Health Service's use of the contributions.

The Department of Health and Human Services makes certain payments on behalf of the Health Service. These amounts have been brought to account as grants in determining the operating result for the year by recording them as revenue.

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

In the 2018/19 and 2017/18 years there was a significant Capital Purpose Grant of $103 million & $75 million respectively for the Joan Kirner Women's and Children's Hospital.

Note 2.1: Income from Transactions (continued)

Non Cash Contributions from the Department of Health and Human Services (DHHS)
The Department of Health and Human Services makes some payments on behalf of health services as follows:

- The Victorian Managed Insurance Authority non-medical indemnity insurance payments are 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 long service leave funding arrangements set out in the relevant Department of Health and Human Services Hospital Circular.
- The Department of Health and Human Services also makes certain payments on behalf of the Health Service. These amounts have been brought to account as grants in determining the operating result for the year by recording them as revenue and also recording the related expense. The same commentary is contained in Note 3.1 under 'Other Operating Expenses' to reflect the related expenditure.

Patient Fees
Patient fee revenue is recognised on an accrual basis.

Private Practice Fees
Private practice fees are recognised as revenue at the time invoices are raised, and include recoupments from private practice for the use of hospital facilities.

Revenue from Commercial Activities
Revenue from commercial activities is recognised on an accrual basis.

Interest Revenue
Interest revenue is recognised on a time proportionate basis that takes into account the effective yield of the financial asset, which allocates interest over the relevant period.

Fair Value of Assets 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 amount. Contributions in the form of services are only recognised when a fair value can be reliably determined and the service would have been purchased if not received as a donation.

Other Income

Other income is recognised as revenue when received. Other income includes recoveries for salaries and wages and external services provided, and donations and bequests. If donations are for a specific purpose, they may be appropriated to a surplus, such as the specific restricted purpose surplus.

Note 3: The Cost Of Delivering Services

This section provides an account of the expenses incurred by the Health Service in delivering services and outputs. In Note 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are recorded.

Structure

3.1 Expenses from Transactions
3.2 Other Economic Flows
3.3 Analysis of Expense and Revenue by Internally Managed and Restricted Specific Purpose Funds
3.4 Employee Benefits in the Balance Sheet
3.5 Superannuation

Note 3.1: Expenses from Transactions

	2019 $'000	2018 $'000
Salaries and Wages	499,876	452,927
On-Costs	120,030	106,792
Agency Expenses	2,998	3,888
Fee for Service Medical Officer Expenses	2,863	2,913
Workcover Premium	4,347	4,191
Total Employee Expenses	**630,114**	**570,711**
Drug Supplies	30,041	30,992
Medical and Surgical Supplies (including Prostheses)	40,773	41,830
Diagnostic and Radiology Supplies	13,667	12,229
Other Supplies and Consumables	33,008	31,851
Total Supplies and Consumables	**117,489**	**116,902**
Finance Expenses	225	51
Total Finance Expenses	**225**	**51**
Fuel, Light, Power and Water	8,408	7,573
Repairs and Maintenance	9,568	4,835
Maintenance Contracts	8,706	8,209
Medical Indemnity Insurance	14,358	13,854
Other Administrative Expenses	32,107	25,236
Expenditure for Capital Purposes	6,457	1,640
Total Other Operating Expenses	**79,604**	**61,347**
Depreciation and Amortisation (refer Note 4.4)	48,028	41,088
Assets and Services Provided Free of Charge for Nominal Consideration [(i)]	-	(3,674)
Total Other Non-Operating Expenses	**48,028**	**37,414**
Total Expenses from Transactions	**875,460**	**786,425**

(i) Donation of a building (Westside Lodge) from Melbourne Health for use as a Dual Diagnosis Rehabilitation centre at the Sunshine Hospital site.

Note 3.1: Expenses from Transactions (continued)

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

Employee Expenses
Employee expenses include:
- Salaries and wages (including fringe benefits tax, leave entitlements, termination payments);
- On-costs;
- Agency expenses;
- Fee for service medical officer expenses; and
- Workcover premiums.

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.

Finance Expenses
Finance expenses include:
- Interest on bank overdrafts and short-term and long-term borrowings (Interest expense is recognised in the period in which it is incurred);
- 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 which are recognised in accordance with AASB 117 *Leases.*

Other Operating Expenses
Other operating expenses represent the day-to-day running costs incurred in normal operations and include such
- Fuel, light and power;
- Repairs and maintenance;
- Other administrative expenses; and
- Expenditure for capital purposes (the purchase of assets that are below the capitalisation threshold).

The Department of Health and Human Services also makes certain payments on behalf of the Health Service. These amounts have been brought to account as grants in determining the operating result for the year by recording them as revenue and also recording the related expense. The same commentary is also contained in Note 2.1 under 'Non Cash contributions from the Department of Health and Human Services (DHHS)' to reflect the related revenue.

Non Operating Expenses
Other non-operating expenses represent expenditure for items outside the normal operations such as depreciation and amortisation, and assets and services provided free of charge or for nominal consideration.

Note 3.2: Other Economic Flows

	2019 $'000	2018 $'000
Net gain/(loss) on sale of non-financial assets		
Impairment of property plant and equipment (including intangible assets)	-	-
Revaluation of investment property	-	-
Net gain on disposal of property plant and equipment	-	(20)
Total net gain/(loss) on non-financial assets	**-**	**(20)**
Net gain/(loss) on financial instruments at fair value		
Allowance for impairment losses of contractual receivables	(2,611)	(1,304)
Net gain/(loss) on disposal of financial instruments	-	-
Other gains/(losses) from other economic flows	65	-
Total Net gain/(loss) on financial instruments at fair value	**(2,546)**	**(1,304)**
Other gains/(losses) from Other Economic Flows		
Net gain/(loss) arising from revaluation of long service liability	(8,978)	567
Total other gains/(losses) from other economic flows	**(8,978)**	**567**
Total other gains/(losses) from economic flows	**(11,524)**	**(757)**

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from:

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates; and
- reclassified amounts relating to available-for-sale financial instruments from the reserves to net result due to a disposal or derecognition of the financial instrument. This does not include reclassification between equity accounts due to machinery of government changes or 'other transfers' of assets.

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 4.2 Property, Plant and Equipment)
- Net gain/(loss) on disposal of non-financial assets
- Any gain/(loss) on the disposal of non-financial assets is recognised at the date of disposal.

Net gain/(loss) on financial instruments at fair value

Net gain/(loss) on financial instruments at fair value 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 4.1 Investments and Other Financial Assets; and
- disposals of financial assets and derecognition of financial liabilities.

Note 3.2: Other Economic Flows (continued)

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 rate movements, inflation rate movements and the impact of changes in probability factors.

Inventories
Inventories include goods and other property held either for sale, consumption or for distribution at nil 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 for no cost or nominal considerations are measured at current replacement cost at the date of acquisition.

The basis used in assessing the value of 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 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.

Fair Value of Assets, Services 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 receiver obtains control over them.

Note 3.3: Analysis Of Revenue And Expenses By Internally Managed And Restricted Specific Purpose Funds

	Revenue		Expense	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Commercial Activities				
Diagnostic Imaging	10,770	12,399	6,606	6,318
Car Parking	4,857	4,831	750	675
Property	76	112	8	24
Internal and Specific Purpose Funds	924	1,450	807	1,134
Other	1,895	1,443	787	272
Total Commercial Activities	**18,522**	**20,235**	**8,958**	**8,423**
Other Activities				
Fundraising and Community Support	2,764	2,239	418	598
Research	2,591	2,730	3,076	2,543
Total Other Activities	**5,355**	**4,969**	**3,494**	**3,141**
TOTAL	**23,877**	**25,204**	**12,452**	**11,564**

Note 3.4: Employee Benefits In The Balance Sheet

	2019 $'000	2018 $'000
EMPLOYEE BENEFITS[(i)] - CURRENT PROVISIONS		
Unconditional and expected to be settled wholly within 12 months[(ii)]		
Accrued Days Off	1,313	933
Annual Leave	38,271	34,097
Long Service Leave	9,424	8,319
On-Costs	4,939	4,483
	53,947	47,832
Unconditional and expected to be settled wholly after 12 months[(iii)]		
Annual Leave	6,344	5,649
Long Service Leave	63,028	50,174
On-Costs	7,344	5,909
	76,716	61,732
TOTAL EMPLOYEE BENEFITS - CURRENT PROVISIONS	**130,663**	**109,564**
EMPLOYEE BENEFITS [(i)] - NON-CURRENT PROVISIONS		
Long Service Leave	26,405	21,247
On-Costs	2,797	2,250
TOTAL EMPLOYEE BENEFITS - NON-CURRENT PROVISIONS	**29,202**	**23,497**
TOTAL EMPLOYEE BENEFITS PROVISION	**159,865**	**133,061**
(a) EMPLOYEE BENEFITS PROVISION RESTATED		
Current Employee Benefits including On-Costs		
Long service leave	80,108	64,691
Annual leave	49,241	43,844
Accrued days off	1,313	1,030
Non-Current Employee Benefits including On-Costs		
Long service leave	29,202	23,497
TOTAL EMPLOYEE BENEFITS PROVISION	**159,864**	**133,061**
(b) MOVEMENT IN LONG SERVICE LEAVE PROVISION		
Balance at start of year	**88,188**	**80,203**
Loss/(Gain) on revaluation	8,978	(567)
Increase in entitlement	19,843	15,833
Payments made	(7,699)	(7,281)
Balance at end of year	**109,310**	**88,188**

Notes:
(i) Employee benefits consist of amounts for accrued days off, annual leave and long service leave accrued by employees, not including on-costs.
(ii) The amounts disclosed are nominal amounts.
(iii) The amounts disclosed are discounted to present values.

Note 3.4: Employee Benefits In The Balance Sheet (continued)

Employee Benefits Recognition
Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date as an expense during the period the services are delivered.

Provisions
Provisions are recognised when the Health Service 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.

Annual Leave and Accrued Days Off
Liabilities for 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 payment of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for annual leave and accrued days off are measured at:
- Nominal value - if the Health Service expects to wholly settle within 12 months; or
- Present value - if the Health Service does not expect to wholly settle within 12 months.

Long Service Leave (LSL)
Unconditional LSL is disclosed in the notes to the financial statements as a current liability, even where the Health Service does not expect to settle (pay) 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 unconditional right arises after a qualifying period.

The components of this current LSL liability are measured at:
- Nominal 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.

Conditional LSL is disclosed as a non-current liability. Any gain or loss followed 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 estimations, e.g. bond rate movements, inflation rate movements and changes in probability factors which are then recognised as other economic flows.

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.

On-Costs Related to Employee Expense
Provision for on-costs, such as workers compensation and superannuation are recognised separately from provisions for employee benefits.

Note 3.5: Superannuation

	Contributions Paid during the Year		Contribution Outstanding at Year End (i)	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Defined benefit plans(ii):				
State Superannuation Fund - revised and new	318	405	11	13
Defined contribution plans:				
First State Super	26,750	25,459	755	660
Hesta	14,558	13,355	504	397
Choice of Funds (various)	3,191	1,826	270	196
	44,817	**41,045**	**1,540**	**1,266**

(i) The Contribution Outstanding at Year End refers to the accrual taken up at year end relating to the last pay period in June.

(ii) The basis for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans.

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

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

Defined Benefit Superannuation Plans
Defined benefit funds are superannuation funds where contributions are pooled rather than being allocated to particular members. Retirement benefits are determined by a formula based on factors such as an employee's salary and the duration of their employment.

The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by the Health Service to the superannuation plans in respect of the services of current Health Service employees 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.

The Health Service does not recognise any unfunded defined benefit liability in respect of the plan(s) because the entity has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance discloses the State's defined benefits liabilities in its disclosure for administered items.

Superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of the Health Service. The major employee superannuation funds and contributions made by the Health Service are disclosed above.

Note 4: Key Assets To Support Service Delivery

The Health Service controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to the Health Service to be utilised for delivery of those outputs.

Structure

4.1 Investments And Other Financial Assets
4.2 Property, Plant And Equipment
4.3 Intangible Assets
4.4 Depreciation And Amortisation

Note 4.1: Investments And Other Financial Assets

	Operating Fund		Specific Purpose Fund		Capital Fund		Total	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
CURRENT								
Loans and Receivables								
Term Deposit								
- Term deposit > 3 months	-	-	950	950	-	-	950	950
Available for sale								
Managed Investment								
- VFMC Multi Strategy Funds	23,310	14,979	10,135	14,872	24,261	17,790	57,706	47,641
Total Current	**23,310**	**14,979**	**11,085**	**15,822**	**24,261**	**17,790**	**58,656**	**48,591**
NON CURRENT								
Investment								
- Cancer Therapeutics CRC	-	-	1	1	-	-	1	1
Total Non Current	**-**	**-**	**1**	**1**	**-**	**-**	**1**	**1**
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	**23,310**	**14,979**	**11,086**	**15,823**	**24,261**	**17,790**	**58,657**	**48,592**
Represented by:								
Health Service Investments	23,310	14,979	10,135	14,872	24,261	17,790	57,706	47,641
Foundation investments	-	-	-	-	-	-	-	-
Jointly Controlled Operations Investments	-	-	951	951	-	-	951	951
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	**23,310**	**14,979**	**11,086**	**15,823**	**24,261**	**17,790**	**58,657**	**48,592**

Note 4.1: Investments And Other Financial Assets (continued)

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

Investments are classified as loans and receivables or available-for-sale financial assets.

The Health Service classifies its other financial assets between current and non-current assets based on the Board's intention at balance date with respect to the timing of disposal of each asset. The Health Service assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

The Health Service's investments must comply with Standing Direction 3.7.2 - Treasury including Central Banking System.

The investment portfolio of the Health Service is managed by the Victorian Funds Management Corporation (VFMC) through specialist fund managers and a Master Custodian. The Master Custodian holds the investments and conducts settlements pursuant to instructions from the specialist fund managers.

All financial assets, except those measured at fair value through the Comprehensive Operating Statement are subject to annual review for impairment.

Derecognition of Financial Assets
A financial asset, (or where applicable, a part of a financial asset or part of a group of similar financial assets), is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Health Service retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Health Service has transferred its rights to receive cash flows from the asset and either:
  - has transferred substantially all the risks and rewards of the asset; or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Health Service has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Health Service's continuing involvement in the asset.

Impairment of Financial Assets
At the end of each reporting period, the Health Service 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 the Comprehensive Operating Statement, are subject to annual review for impairment.

In order to determine an appropriate fair value as at 30th June 2019 for its portfolio of financial assets, the Health Service used the market value of investments held, as provided by the portfolio managers.

The above valuation process was used to quantify the level of impairment (if any) on the portfolio of financial assets as at year end.

Note 4.2: Property, Plant & Equipment

Initial Recognition
Items of property, plant and equipment are initially measured at cost and subsequently revalued at fair value less accumulated depreciation and impairment loss. 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 change are transferred at their carrying amounts.

The initial cost for non-financial physical assets under finance lease (refer to Note 6.1) is measured at amounts equal to fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

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 accumulated impairment loss.

Revaluations of Non-Current Physical Assets
Non-current physical assets are measured at fair value and are revalued in accordance with FRD 103H Non-Current Physical Assets. This revaluation process normally occurs 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 FRDs. 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 increments and revaluation decrements 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 de-recognition of the relevant asset, except where an asset is transferred via contributed capital.

In accordance with FRD 103H, the Health Service's non-current physical assets were assessed to determine whether revaluation of the non-current physical assets was required.

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

In addition, the Health Service determines whether transfers have occurred between levels in the hierarchy by reassessing 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 the Health Service's independent valuation agency.

The estimates and underlying assumptions are reviewed on an ongoing basis.

Note 4.2: Property, Plant & Equipment (continued)

Valuation Hierarchy
In determining fair values a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

- 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; and
- Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Identifying Unobservable Inputs (Level 3) Fair Value Measurements
Level 3 fair value inputs are unobservable valuation inputs for an asset or liability. These inputs require significant judgement and assumptions in deriving fair value for both financial and non-financial assets.

Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, i.e., an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs shall reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

Consideration of highest and best use (HBU) for non-financial physical assets
Judgements about highest and best use must take into account the characteristics of the assets concerned, including restrictions on the use and disposal of assets arising from the asset's physical nature and any applicable legislative/contractual arrangements.

In accordance with paragraph AASB 13.29, the Health Service has assumed the current use of a non-financial physical asset is its HBU unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

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 the Valuer-General Victoria (VGV) 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 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 was 30th June 2019.

Note 4.2: Property, Plant & Equipment (continued)

Specialised Land and Specialised Buildings
Specialised land includes Crown Land which 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 assets 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 use.

During the reporting period, the Health Service held Crown land. The nature of this asset means that there are certain limitations and restrictions imposed on its use and/or disposal that may impact their fair value.

The market approach is also used for specialised land 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 is also equally applicable to market participants. This approach is in light of 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 is classified as a Level 3 asset.

For the Health Service, 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 VGV. The effective date of the valuation was 30th June 2019.

Vehicles
The Health Service 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 the Health Service 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 amount (depreciated cost).

Plant and Equipment
Plant and equipment (including medical equipment, computers and communication equipment, and furniture and fittings) are held at carrying amount (depreciated cost). When plant and equipment is 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 amount.

There were no changes in valuation techniques throughout the period to 30th June 2019.

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

Note 4.2: Property, Plant & Equipment

(a) Gross carrying amount and accumulated depreciation

	2019 $'000	2018 $'000
Land		
Land at Fair Value	129,926	90,180
Total Land	**129,926**	**90,180**
Buildings		
Buildings under Construction at Cost	67,656	109,079
Buildings at Fair Value	644,575	545,687
less Accumulated Depreciation	(651)	(113,206)
Total Buildings	**711,580**	**541,560**
Plant and Equipment		
Plant and Equipment at Fair Value	37,981	55,155
less Accumulated Depreciation	(14,688)	(13,488)
Total Plant and Equipment	**23,293**	**41,667**
Motor Vehicles		
Motor Vehicles at Fair Value	262	93
less Accumulated Depreciation	(97)	(93)
Total Motor Vehicles	**165**	**-**
Medical Equipment		
Medical Equipment at Fair Value	110,245	108,843
less Accumulated Depreciation	(80,703)	(72,717)
Total Medical Equipment	**29,542**	**36,126**
Non Medical Equipment		
Non Medical Equipment at Fair Value	7,202	6,718
less Accumulated Depreciation	(5,136)	(4,647)
Total Non Medical Equipment	**2,066**	**2,071**
Computers and Communication		
Computers and Communication at Fair Value	20,762	18,122
less Accumulated Depreciation	(18,239)	(17,183)
Total Computers and Communications	**2,523**	**939**
Furniture and Fittings		
Furniture and Fittings at Fair Value	7,925	7,566
less Accumulated Depreciation	(5,562)	(4,866)
Total Furniture and Fittings	**2,363**	**2,700**
TOTAL PROPERTY, PLANT & EQUIPMENT	**901,458**	**715,243**

Share of jointly controlled assets included in property, plant and equipment are separately disclosed in Note 8.8 Jointly Controlled Operations.

Note 4.2: Property, Plant & Equipment (continued)

(b) Reconciliations of the carrying amounts of each class of asset

Consolidated	Land $'000	Buildings $'000	Buildings Under Constn $'000	Plant and Equipment $'000	Motor Vehicles $'000	Medical Equipment $'000	Non Medical Equipment $'000	Computer & Comm $'000	Furniture and Fittings $'000	Total $'000
Balance at 1 July 2017	**78,552**	**414,302**	**24,040**	**33,451**	**-**	**35,842**	**2,367**	**617**	**3,370**	**592,541**
Additions	2,663	2,357	85,259	14,265	-	4,570	39	679	11	109,842
Disposals	-	-	-	-	-	(118)	-	-	(4)	(122)
Revaluation increments/ (decrements)	8,965	43,860	-	-	-	-	-	-	-	52,825
Net transfers between classes	-	574	(220)	(4,784)	-	3,948	145	324	13	-
Depreciation and amortisation (note 4.4)	-	(28,612)	-	(1,265)		(8,116)	(480)	(681)	(690)	- (39,844)
Balance at 1 July 2018	**90,180**	**432,481**	**109,079**	**41,667**	**-**	**36,126**	**2,071**	**939**	**2,700**	**715,243**
Additions	-	93,027	69,194	2,085	170	1,209	303	1,302	271	167,561
Disposals	-	-	-	-	-	-	-	-	-	-
Revaluation increments/ (decrements)	39,746	39,662	-	-	-	-	-	-	-	79,408
Net transfers between classes [(i)]	-	110,617	(110,617)	(19,259)	-	193	181	1,342	88	(17,455)
Depreciation and amortisation (note 4.4)	-	(31,863)	-	(1,200)	(5)	(7,986)	(489)	(1,060)	(696)	(43,299)
Balance at 30 June 2019	**129,926**	**643,924**	**67,656**	**23,293**	**165**	**29,542**	**2,066**	**2,523**	**2,363**	**901,458**

(i) The total of net transfers between classes is usually zero as it is a 'net' figure, however in this instance there was a transfer to Intangible Assets from the Plant and Equipment category. This value is included in note 4.3(b) Intangible Assets in the 'Additions' line.

Land and Buildings Carried At Valuation

The Valuer-General Victoria (VGV) undertook to re-value all of the Health Service's owned land and buildings to determine their fair value. The valuation, which conforms to Australian Valuation 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 30th June 2019.

Subsequent to the VGV valuation, it was determined that the new Footscray hospital would open in 2025, and therefore the existing Footscray hospital site needed to be revalued to reflect the revised useful life of 6 years. A $54.2M decrease adjustment was made to the existing Footscray Hospital revaluation reducing the fair value from the VGV valuation of $139.9M to $85.7M.

Note 4.2: Property, Plant & Equipment (continued)

(c) Fair value measurement hierarchy for assets

	Consolidated Carrying amount	Fair value measurement at end of reporting period using:		
		Level 1[(i)]	Level 2[(i)]	Level 3[(i)]
	$'000	$'000	$'000	$'000
Balance at June 30 2019				
Land at fair value				
Specialised Land	127,146	-	-	127,146
Non-Specialised Land [(ii)]	2,780	-	2,780	-
Total Land at fair value	**129,926**	**-**	**2,780**	**127,146**
Buildings at fair value				
Specialised Buildings	643,024	-	-	643,024
Non-Specialised Buildings	900	-	900	-
Total Buildings at fair value	**643,924**	**-**	**900**	**643,024**
Buildings under construction at fair value	67,656	-	-	67,656
Plant and Equipment at fair value	23,293	-	-	23,293
Motor Vehicles at fair value	165	-	165	-
Medical Equipment at fair value	29,542	-	-	29,542
Non-Medical Equipment at fair value	2,066	-	2,066	-
Computers and Communication at fair value	2,523	-	2,523	-
Furniture and Fittings at fair value	2,363	-	2,363	-
TOTAL PROPERTY, PLANT & EQUIPMENT	**901,458**	**-**	**10,797**	**890,661**

Note 4.2: Property, Plant & Equipment (continued)

(c) Fair value measurement hierarchy for assets

	Consolidated Carrying amount	Fair value measurement at end of reporting period using:		
		Level 1[(i)]	Level 2[(i)]	Level 3[(i)]
	$'000	$'000	$'000	$'000
Balance at June 30 2018				
Land at fair value				
Specialised Land	81,714	-	-	81,714
Non-Specialised Land	8,466	-	8,466	-
Total Land at fair value	**90,180**	**-**	**8,466**	**81,714**
Buildings at fair value				
Specialised Buildings	432,133	-	-	432,133
Non-Specialised Buildings	348	-	348	-
Total Buildings at fair value	**432,481**	**-**	**348**	**432,133**
Buildings under construction at fair value	109,079	-	-	109,079
Plant and Equipment at fair value	41,667	-	-	41,667
Motor Vehicles at fair value	-	-	-	-
Medical Equipment at fair value	36,126	-	-	36,126
Non-Medical Equipment at fair value	2,071	-	2,071	-
Computers and Communication at fair value	939	-	939	-
Furniture and Fittings at fair value	2,700	-	2,700	-
TOTAL PROPERTY, PLANT & EQUIPMENT	**715,243**	**-**	**14,524**	**700,719**

(i) Classified in accordance with the fair value hierarchy.

(ii) There has been one transfer between levels during the period in relation to Hazeldean which was reclassified from a Level 2 to a Level 3 per the VGV valuation

Note 4.2: Property, Plant & Equipment (continued)

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

Consolidated	Land $'000	Buildings $'000	Assets Under Constn $'000	Plant and Equipment $'000	Medical Equipment $'000	Total $'000
Balance at 1st July 2018	**81,714**	**432,133**	**109,079**	**41,667**	**36,126**	**700,719**
Additions/(disposals)	-	93,027	69,194	2,085	1,209	165,515
Net transfers between classes	5,730	110,617	(110,617)	(19,259)	193	(13,336)
Gains/(losses) recognised in net result						
- Depreciation	-	(31,861)	-	(1,200)	(7,986)	(41,047)
	87,444	**603,916**	**67,656**	**23,293**	**29,542**	**811,851**
Items recognised in other comprehensive income						
- Revaluation	39,702	39,108	-	-	-	78,810
Balance at 30th June 2019	**127,146**	**643,024**	**67,656**	**23,293**	**29,542**	**890,661**

Consolidated	Land $'000	Buildings $'000	Assets Under Constn $'000	Plant and Equipment $'000	Medical Equipment $'000	Total $'000
Balance at 1st July 2017	**71,054**	**413,918**	**24,040**	**33,451**	**35,842**	**578,305**
Additions/(disposals)	-	1,922	85,259	14,265	4,452	105,898
Assets received free of charge	2,662	1,012	-	-	-	3,674
Net transfers between classes	-	-	(220)	(4,784)	3,948	(1,056)
Gains/(losses) recognised in net result						
- Depreciation	-	(28,579)	-	(1,265)	(8,116)	(37,960)
- Impairment loss	-	-	-	-	-	-
	73,716	**388,273**	**109,079**	**41,667**	**36,126**	**648,861**
Items recognised in other comprehensive income						
- Revaluation	7,998	43,860	-	-	-	51,858
Balance at 30th June 2018	**81,714**	**432,133**	**109,079**	**41,667**	**36,126**	**700,719**

Note 4.2: Property, Plant & Equipment (continued)

(e) Fair Value Determination

Asset Class	Likely Valuation Approach	Significant Inputs (Level 3 only)
Non-Specialised Land	Market approach	N/A
Specialised Land	Market approach	Community Service Obligation adjustments [(b)]
Non-Specialised Buildings	Market approach	N/A
Specialised Buildings[(a)]	Depreciated replacement cost approach	-Cost per square metre -Useful life
Infrastructure	Depreciated replacement cost approach	-Cost per square metre -Useful life
Vehicles	Market approach Depreciated replacement cost approach	N/A - Cost per unit - Useful life
Plant and Equipment[(a)]	Depreciated replacement cost approach	- Cost per unit - Useful life

(a) Newly built/acquired assets could be categorised as Level 2 assets as depreciation would not be a significant unobservable input (based on the 10 percent materiality threshold)
(b) CSO adjustment of 20% was applied to reduce the market approach value for the Health Service's specialised land. There were no changes in valuation techniques throughout the period to 30th June 2019

(f) Property, Plant and Equipment Revaluation Surplus:

	2019 $'000	2018 $'000
Property, Plant and Equipment Revaluation Surplus		
Balance at the beginning of the reporting period	359,066	306,241
Revaluation Increment		
- Land (refer Note 4.2b)	39,746	8,965
- Buildings	39,662	43,860
Balance at the end of the reporting period	438,474	359,066
Represented by:		
- Land	115,087	75,342
- Buildings	323,387	283,724
	438,474	**359,066**

Note 4.3: Intangible Assets

(a) Intangible assets - Gross carrying amount and accumulated amortisation

	2019 $'000	2018 $'000
Intangible Produced Assets - Software [(i)]	44,710	18,335
less Accumulated Amortisation	(17,965)	(13,236)
Total Intangible Assets	**26,745**	**5,099**

(i) Additions during the year related to the CERNER EMR Software which was implemented in November 2018.

(b) Intangible assets - Reconciliation of the carrying amount by class of asset

	Software $'000	Total $'000
Balance at 1st July 2017	**888**	**888**
Additions	5,455	5,455
Amortisation (Note 4.4)	(1,244)	(1,244)
Balance at 1st July 2018	**5,099**	**5,099**
Additions [(i)]	26,375	26,375
Amortisation (Note 4.4)	(4,729)	(4,729)
Balance at 30th June 2019	**26,745**	**26,745**

(i) Includes a transfer from Plant and Equipment. This value is shown in note 4.2(b) in the net total of 'Net Transfers Between Classes'.

Intangible assets represent identifiable non-monetary assets without physical substance such as computer software and development costs.

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 the Health Service.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Amortisation
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.

Note 4.4: Depreciation And Amortisation

	2019 $'000	2018 $'000
Depreciation		
Buildings	31,863	28,612
Plant and Equipment	1,200	1,265
Motor Vehicles	5	-
Medical Equipment	7,986	8,116
Non Medical Equipment	489	480
Computers and Communication	1,060	681
Furniture and Fittings	696	690
Total Depreciation	**43,299**	**39,844**
Amortisation		
Intangibles Assets	4,729	1,244
Total Amortisation	**4,729**	**1,244**
Total Depreciation and Amortisation	**48,028**	**41,088**

Depreciation

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets (excluding items under operating leases, assets held for sale, land and investment properties) that have finite useful lives are depreciated. Depreciation is generally calculated on a straight-line basis at rates that allocate the asset's value, less any estimated residual value over its estimated useful life (refer AASB 116 *Property, Plant and Equipment)* .

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

	2019	2018
Buildings		
- Structures Shell Building Fabric	40-52 years	40-52 years
- Site Engineering Services and Central Plant	23-40 years	23-40 years
Central Plant		
- Fit Out	15-40 years	15-40 years
- Trunk Reticulated Building System	21-40 years	21-40 years
Plant and Equipment	10 Years	10 Years
Medical Equipment	5-10 Years	5-10 Years
Non Medical Equipment	10 Years	10 Years
Furniture and Fittings	10 Years	10 Years
Motor Vehicles	4 Years	4 Years
Computers and Communication	3 Years	3 Years

As part of the buildings valuation, building values were separated into components and each component assessed for its useful life which is represented above.

Note 5: Other Assets And Liabilities

This section sets out those assets and liabilities that arose from the Health Service's operations.

Structure
5.1 Receivables
5.2 Payables
5.3 Other Liabilities

Note 5.1: Receivables

	2019 $'000	2018 $'000
CURRENT		
Contractual		
Inter Hospital Debtors	2,069	852
Trade Debtors	3,033	2,291
Patient Fees	6,528	4,758
Accrued Revenue [(i)]	4,581	5,871
less: Allowance for impairment losses of contractual receivables		
Trade Debtors	(393)	(156)
Patient Fees	(3,159)	(2,279)
	12,659	**11,337**
Statutory		
GST Receivable	1,194	964
Accrued Revenue - Department of Health and Human Services [(ii)]	5,635	-
	6,829	**964**
TOTAL CURRENT RECEIVABLES	**19,488**	**12,301**
NON CURRENT		
Statutory		
Long Service Leave - Department of Health and Human Services	35,103	28,134
TOTAL NON CURRENT RECEIVABLES	**35,103**	**28,134**
TOTAL RECEIVABLES	**54,592**	**40,435**

(i) Represents uninvoiced debtors and interest not yet received relating to the VFMC investment
(ii) In the prior financial year, there were $2.4M of recallable grants which were recorded in Note 5.2 Payables. In the current financial year, the net position is a DHHS debtor. The shift from payables to debtors is due to WIES performance in the current year of 102.7% compared to the prior financial year of 98.9% of target.

Note 5.1 (a): Movement in the allowance for doubtful debts

	2019 $'000	2018 $'000
Balance at beginning of year	2,435	3,984
Reversal of allowance written off during the year as uncollectable	(1,493)	(2,853)
Increase in allowance recognised in net result	2,611	1,304
Balance at end of year	**3,553**	**2,435**

Note 5.1: Receivables (continued)

Receivables

Receivables consist of:

- contractual receivables, which consists of debts in relation to goods and services and accrued investment income. These receivables are classified as financial instruments and are categorised as 'financial assets at amortised cost'. They are initially recognised at fair value plus any directly attributable transaction costs. The Health Service holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment; and
- statutory receivables, which predominantly includes amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits recoverable. Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. The Health Service applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition.

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.*

The Health Service is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various geographical areas. Based on historical information about customer default rates, management consider the credit quality of trade receivables that are not past due or impaired to be good.

Impairment losses of contractual receivables

Refer to Note 7.1(c) Contractual receivables at amortised costs for the Health Service's contractual impairment losses.

Note 5.2: Payables

	2019 $'000	2018 $'000
CURRENT		
Contractual		
Trade Creditors	15,738	10,265
Accrued Salaries and Wages	21,805	21,851
Accrued Expenses	21,722	13,654
Salary Packaging	2,213	2,252
Amounts Payable to Governments and Agencies	10,900	5,175
Other	10	11
	72,388	**53,208**
Statutory		
Repayable Grants - Department of Health and Human Services	-	2,394
	-	**2,394**
TOTAL PAYABLES	**72,388**	**55,602**

Payables consist of:

- contractual payables, classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to the Health Service prior to the end of the financial year that are unpaid, and
- statutory payables, that are recognised and measured in the same way as 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 contracts.

The credit terms for accounts payable are usually Net 60 days.

Maturity Analysis of payables
Please refer to Note 7.1(b) for the aging analysis of payables

Note 5.3: Other Current Liabilities

	2019 $'000	2018 $'000
CURRENT		
Unearned Income	14,236	10,626
Total current	**14,236**	**10,626**
Total Other Current liabilities	**14,236**	**10,626**

Note 6: Funding For Operations

This section provides information on the sources of finance utilised by the Health Service during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of the Health Service.

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Note 7.1 provides additional, specific financial instrument disclosures.

Structure

6.1 Borrowings
6.2 Cash and Cash Equivalents
6.3 Commitments for Expenditure
6.4 Commitments for Income

Note 6.1: Borrowings

	2019 $'000	2018 $'000
CURRENT		
TCV loan (i)	850	-
Finance Lease Liability (ii)	24	-
Total Current Borrowings	**874**	-
NON CURRENT		
TCV loan	19,350	-
Finance Lease Liability	141	-
Total Non-Current Bottowings	**19,491**	-
Total Borrowings	**20,365**	-

(i) This is an unsecured loan with the Treasury Corporation of Victoria (TCV) and has an annualised weighted average interest rate of 1.448%. The loan finances the Sunshine Hospital Multi-Deck car park. The approved loan limit is $20.4M. $20.2M has been drawn down to date.
(ii) Secured by the motor vehicle assets leased. Finance leases are effectively secured as the rights to the leased assets revert to the lessor in the event of a default.

Maturity analysis of borrowings

Please refer to Note 7.1(b) for the ageing analysis of borrowings.

Defaults and breaches

During the current and prior year, there were no defaults and breaches of any of the loans.

Borrowings recognition

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 transfers substantially all the risks and rewards of ownership to the lessee. The lessor retains ownership of the asset during the lease period, whilst the lessee rents that asset during the same period and has the right to purchase the asset upon expiry of the lease. All other leases are classified as operating leases, in the manner described in Note 6.4 Commitments for Income.

Finance Leases

Finance leases are recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. Minimum lease payments are apportioned between reduction of the outstanding lease liability, and the periodic finance expense which is calculated using the interest rate implicit in the lease, and charged directly to the Comprehensive Operating Statement. Contingent rentals associated with finance leases are recognised as an expense in the period in which they are incurred.

Note 6.1: Borrowings (continued)

Borrowings

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether the Health Service has categorised its liability as either 'financial liabilities designated at fair value through profit or loss', or financial liabilities at 'amortised cost'.

Subsequent to initial recognition, interest bearing borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the net result over the period of the borrowing using the effective interest method.

Finance Lease Liabilities

	Minimum future lease payments		Present Value of minimum future lease payments	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Finance Lease payments discounted to present value				
Repayments in relation to finance leases are payable as follows:				
Not later than one year	31	-	24	-
Later than 1 year and not later than 5 years	146	-	141	-
Later than 5 years	-	-	-	-
Minimum lease payments	**177**	-	**165**	-
Less future finance charges	(12)	-	**-**	-
	165	-	**165**	-

	2019 $'000	2018 $'000
Included in the financial statements as:		
Current borrowings finance lease liability	24	-
Non-current borrowings finance lease liability	141	-
Total Finance Lease Liability	**165**	-

The weighted average interest rate implicit in the finance lease is 3.25%

Note 6.2: Cash And Cash Equivalents

	2019 $'000	2018 $'000
Cash on Hand	15	14
Cash at Bank	22,089	26,341
Total Cash and Cash Equivalents	**22,104**	**26,355**
Represented by:		
Cash for Health Service Operations (as per Cash Flow Statement)	22,104	26,355
Total Cash and Cash Equivalents	**22,104**	**26,355**

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

For the purposes of the Cash Flow Statement, Cash Assets includes cash on hand, at bank and short-term deposits.

Note 6.3: Commitments For Expenditure

	2019 $'000	2018 $'000
Capital Expenditure Commitments		
less than 1 year	26,352	74,937
Total capital expenditure commitments	**26,352**	**74,937**
Operating Expenditure Commitments		
less than 1 year	75,005	69,698
Total operating commitments	**75,005**	**69,698**
Non-cancellable Operating Lease Commitments		
less than 1 year	671	767
Longer than 1 year but not longer than 5 years	339	994
Total Non-cancellable Lease Commitments	**1,010**	**1,761**
Total Commitments for expenditure (inclusive of GST)	**102,367**	**146,396**
less: GST recoverable from the Australian Tax Office [(i)]	(8,107)	(12,109)
Total Commitments (exclusive of GST)	**94,260**	**134,287**

Future finance lease payments are recognised on the balance sheet, refer to Note 6.1 Borrowings.

(i) Supply of medical items, including drugs and diagnostic services, such as radiology and pathology are GST free.

Commitments
Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed 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.

The Health Service has entered into commercial leases on certain medical equipment, computer equipment and property where it is not in the interest of the Health Service to purchase these assets. These leases have an average life of between 1 and 7 years with renewal terms included in the contracts. Renewals are at the option of the Health Service. There are no restrictions placed upon the lessee by entering into these leases.

Prior year commitments were restated. Please refer to note 8.11 Correction to a prior period.

Note 6.4: Commitments For Income

	2019 $'000	2018 $'000
Commitments in relation to leases receivable are as follows		
less than 1 year	1,399	1,406
Later than 1 year but not later than 5 years	5,594	5,594
Total Commitments for expenditure (inclusive of GST)	**6,993**	**7,000**
less GST payable to the Australian Tax Office	(636)	(636)
Total Commitments Receivable (exclusive of GST)	**6,357**	**6,364**

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Discounts given to obtain 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 nature or form or the timing of payments.

In the event that lease incentives (discounts) are given to the lessee, the aggregate cost of incentives is recognised as a reduction of rental income over the lease term, on a straight-line basis unless another systematic basis is more appropriate of the time pattern over which the economic benefit of the leased asset is diminished.

Note 7: Risks, Contingencies And Valuation Uncertainties

The Health Service is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out the financial instrument specific information (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for the Health Service is related mainly to fair value determination.

Structure

7.1 Financial Instruments

Note 7.1: 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 the Health Service'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.*

Note 7.1 (a): Financial Instruments: Categorisation

2019	Financial Assets at Amortised Cost $'000	Financial Assets at Fair Value Through Net Result $'000	Financial Assets at Fair Value Through Other Compreh-ensive Income $'000	Financial Liabilities at Amortised Cost $'000	Total $'000
Contractual Financial Assets					
Cash and Cash Equivalents	22,104	-	-	-	22,104
Receivables					
- Trade Debtors	5,103	-	-	-	5,103
- Patient Fees	6,528	-	-	-	6,528
- Other Receivables	4,581	-	-	-	4,581
Other Financial Assets					
- Term Deposit	950	-	-	-	950
- Managed Funds	-	57,706	-	-	57,706
- Shares in Other Entities	-	1	-	-	1
Total Financial Assets [(i)]	**39,266**	**57,707**	-	-	**96,973**
Financial Liabilities					
Payables	-	-	-	72,388	72,388
Borrowings	-	-	-	20,365	20,365
Total Financial Liabilities [(i)]	-	-	-	**92,753**	**92,753**

Note 7.1: Financial Instruments (continued)

Note 7.1 (a): Financial Instruments: Categorisation (continued)

2018	Financial Assets at Amortised Cost $'000	Contract-ual financial assets - available-for-sale $'000	Contract-ual financial liabilities at amortised $'000	Total $'000
Financial Assets				
Cash and Cash Equivalents	26,355	-	-	26,355
Receivables				
- Trade Debtors	3,142	-	-	3,142
- Patient Fees	4,758	-	-	4,758
- Other Receivables	5,871	-	-	5,871
Other Financial Assets				
- Term Deposit	950	-	-	950
- Managed Funds	-	47,641	-	47,641
- Shares in Other Entities	-	1	-	1
Total Financial Assets [(i)]	**41,076**	**47,642**	**-**	**88,718**
Financial Liabilities				
Payables	-	-	53,208	53,208
Borrowings	-	-	-	-
Total Financial Liabilities [(i)]	-	-	**53,208**	**53,208**

(i) The carrying amount excludes statutory receivables (i.e. GST input tax credit recoverable and DHHS receivable) and statutory payables (i.e. Revenue in advance and DHHS payable).

From 1 July 2018, the Health Service applies AASB 9 and classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms.

Categories of financial assets under AASB 9:

Financial assets at amortised cost
Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:
- the assets are held by the Health Service to collect the contractual cash flows; and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

The Health Service recognises the following assets in this category:
- cash and deposits;
- receivables (excluding statutory receivables);
- term deposits; and
- certain debt securities.

Note 7.1: Financial Instruments (continued)

Financial assets at fair value through other comprehensive income
Debt investments are measured at fair value through other comprehensive income if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by the Health Service to achieve its objective both by collecting the contractual cash flows and by selling the financial assets, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

Equity investments are measured at fair value through other comprehensive income if the assets are not held for trading and the Health Service has irrevocably elected at initial recognition to recognise in this category.

These assets are initially recognised at fair value with subsequent change in fair value in other comprehensive income.

Upon disposal of these debt instruments, any related balance in the fair value reserve is reclassified to profit or loss. However, upon disposal of these equity instruments, any related balance in fair value reserve is reclassified to retained earnings.

The Health Service recognises certain unlisted equity instruments within this category.

Financial assets at fair value through net result

Equity instruments that are held for trading as well as derivative instruments are classified as fair value through net result. Other financial assets are required to be measured at fair value through net result unless they are measured at amortised cost or fair value through other comprehensive income as explained above.

However, as an exception to those rules above, the Health Service may, at initial recognition, irrevocably designate financial assets as measured at fair value through net result if doing so eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Categories of Financial Instruments previously under AASB 139

Loans and receivables and cash
Loans and receivables and cash 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 and for assets, less any impairment. The Health service recognised the following assets in this category:

- cash and deposits;
- receivables (excluding statutory receivables);
- term deposits; and
- certain debt securities.

Available-For-Sale financial instrument 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, they are measured at fair value with gains and losses arising from changes in fair value, recognised in 'Other economic flows – other comprehensive income' until the investment is disposed. Movements resulting from impairment and foreign currency changes are recognised in the net result as other economic flows. On disposal, the cumulative gain or loss previously recognised in 'Other economic flows – other comprehensive income' is transferred to other economic flows in the net result.

Note 7.1: Financial Instruments (continued)

Financial liabilities at amortised cost
Financial liabilities at amortised cost are initially recognised on the date they originate. 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. The Health Service recognises the following liabilities in this category:
- payables (excluding statutory payables); and
- borrowings (including finance lease liabilities).

Derecognition of financial assets:
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired.

Derecognition of financial liabilities:
A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Impairment of financial assets:
At the end of each reporting period, the Health Service assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

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. 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* .

Note 7.1 (b): Maturity Analysis of Financial Liabilities

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

				Maturity Dates				
	Note	Carrying Amount	Nominal Amount	Less than 1 Month	1-3 Months	3 Months-1 Year	1-5 Years	over 5 Years
2019		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial Liabilities								
At amortised cost								
Payables [(i)]	5.2	72,388	72,388	72,388	-	-	-	-
Borrowings	6.1	20,365	20,365	2	89	783	4,221	15,270
Total Financial Liabilities		**92,752**	**92,752**	**72,389**	**89**	**783**	**4,221**	**15,270**
2018								
Financial Liabilities								
At amortised cost								
Payables [(i)]	5.2	53,208	53,208	52,617	570	21	-	-
Borrowings	6.1	-	-	-	-	-	-	-
Total Financial Liabilities		**53,209**	**53,209**	**52,617**	**570**	**21**	**-**	**-**

(i) Ageing analysis of financial liabilities excludes the types of statutory financial liabilities (i.e. GST payable)

Note 7.1 (c) Contractual receivables at amortised cost

2019	Current	Less than 1 month	1–3 months	3 months –1 year	1–5	Total
Expected loss rate	0.8%	11.0%	70.6%	97.5%	0%	
Gross carrying amount of contractual receivables	10,947	1,472	1,481	2,313	-	**16,212**
Loss allowance	**88**	**162**	**1,046**	**2,257**	**-**	**3,553**

Impairment of financial assets under AASB 9 – applicable from 1 July 2018
From July 1st 2018, the Health Service has been recording the allowance for expected credit loss for the relevant financial instruments, replacing AASB 139's incurred loss approach with AASB 9's Expected Credit Loss approach. Subject to AASB 9 impairment assessment include the Health Service's contractual receivables, statutory receivables and its investment in debt instruments.

Contractual receivables at amortised cost
The Health Service applies AASB 9 simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. The Health Service has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on the past history, existing market conditions, as well as forward-looking estimates at the end of the financial year.

On this basis, the Health Service determines the opening loss allowance on initial application date of AASB 9 and the closing loss allowance at end of the financial year as disclosed above.

Credit loss allowance is classified as other economic flows in the net result. Contractual receivables are written off when there is no reasonable expectation of recovery and impairment losses are classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line item.

Statutory receivables and debt investments at amortised cost [AASB2016-8.4]
The Health Service's non-contractual receivables arising from statutory requirements are not financial instruments. However, they are nevertheless recognised and measured in accordance with AASB 9 requirements as if those receivables are financial instruments.

Both the statutory receivables and investments in debt instruments are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As a result, the loss allowance recognised for these financial assets during the period was limited to 12 months expected losses. No loss allowance recognised at 30th June 2018 under AASB 139. No additional loss allowance required upon transition into AASB 9 on July 1st 2018.

Note 8: Other Disclosures

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

Structure

Note 8.1: Reconciliation Of Net Result For The Year To Net Cash Flow From Operating Activities

	2019 $'000	2018 $'000
Net Result For The Year	81,723	63,407
Non-cash movements:		
Depreciation and amortisation	48,028	41,088
Revaluation of long service leave	8,978	(567)
Provision for doubtful debts	-	(1,546)
Allowance for impairment losses of contractual receivables	2,611	-
Asset received free of charge	-	(3,674)
Net gain on revaluation of managed funds	(65)	-
Movements included in investing and financing activities:		
Net (gain)/loss from disposal of non financial physical assets	-	20
Net (gain)/loss on disposal of financial assets	-	(247)
Movements in assets and liabilities:		
Change in operating assets and liabilities		
(Increase)/decrease in Receivables	(16,769)	(3,479)
(Increase)/decrease in Prepayments	(762)	(537)
Increase/(decrease) in Payables	16,786	6,302
Increase/(decrease) in Provisions	17,826	11,563
Increase/(decrease) in Inventories	(103)	191
Increase/(decrease) in Other Liabilities	3,610	8,409
NET CASH INFLOW FROM OPERATING ACTIVITIES	**161,863**	**120,930**

Note 8.2: Responsible Persons Disclosures

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

	Period
Responsible Ministers	
The Honourable Jill Hennessy, Minister for Health and Minister for Ambulance Services	1/07/2018 - 29/11/2018
The Honourable Jenny Mikakos, Minister for Health and Minister for Ambulance	29/11/2018 - 30/06/2019
The Honourable Martin Foley, Minister for Mental Health	1/07/2018 - 30/06/2019
The Honourable Martin Foley, Minister for Housing, Disability and Ageing	1/07/2018 - 29/11/2018
The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers	29/11/2018 - 30/06/2019
Governing Board	
The Honourable Bronwyn Pike (Chair)	1/07/2018 - 30/06/2019
Professor Colin Clark	1/07/2018 - 30/06/2019
Mrs Elleni Bereded-Samuel	1/07/2018 - 30/06/2019
Mr David Shaw	1/07/2018 - 30/06/2019
Dr Robert Mitchell	1/07/2018 - 30/06/2019
Dr Phuong Pham	1/07/2018 - 14/06/2019
Mr Kelvyn Lavelle	1/07/2018 - 08/02/2019
Dr Catherine Hutton	1/07/2018 - 30/06/2019
Ms Colleen Gates	1/07/2018 - 30/06/2019
Ms Patricia Malowney	1/07/2018 - 30/06/2019
Accountable Officer	
Mr Russell Harrison	1/07/2018 - 30/06/2019

Remuneration of Responsible Persons
The number of Responsible Persons are shown in their relevant income bands:

	2019 No.	2018 No.
Income Band		
$0 - $9,999	0	1
$10,000 - $19,999	0	0
$20,000 - $29,999	1	0
$30,000 - $39,999	2	2
$40,000 - $49,999	4	6
$50,000 - $59,999	2	0
$60,000 - $69,999	0	0
$70,000 - $79,999	0	0
$80,000 - $89,999	0	1
$90,000 -$99,999	1	0
$310,000 - $319,999	0	1
$400,000 - $409,999	0	1
$440,000 - $449,999	1	0
$480,000 - $489,999	0	0
Total Numbers	**11**	**12**

	2019 $'000	2018 $'000
Total remuneration received, or due to, Responsible Persons (excluding Responsible Ministers) from the reporting entity amounted to:	**$966**	**$1,216**

Note: The remuneration above includes payments made up to 30th June 2019 to Directors that have resigned as at 30th June 2019.

Payments to Responsible Ministers are excluded and are reported within the Department of Parliamentary Services Financial Report.

Note 8.3: Remuneration of Executive Officers (excludes Responsible Persons)

The number of Executive Officers, (excluding Responsible Persons), and their total remuneration during the reporting period is shown in the table below. Total annualised employee equivalent provides a measure of full time equivalent Executive Officers over the reporting period.

All Executive Officers are considered to be Key Management Personnel of the Health Service and are therefore included in note 8.4 below.

Remuneration of Executive Officers	**Total Remuneration**	
	2019 ($'000)	**2018 ($'000)**
Short-term employee benefits	1,955	1,793
Post-employment benefits	166	155
Other long-term benefits	150	137
Termination benefits	-	18
Total remuneration	**2,271**	**2,103**
Total number of executives	7	9
Total annualised employee equivalent [(i)]	**7**	**6**

(i) Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided in exchange for services rendered, and is disclosed in the following categories:

Short-term employee benefits
Salaries and wages, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits
Pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other long-term benefits
Long service leave, other long service benefit or deferred compensation.

Termination benefits
Termination of employment payments, such as severance packages.

Note 8.4: Related Parties

The Health Service is a wholly owned and controlled entity of the State of Victoria. Related parties of the Health Service include:

- All key management personnel (KMP) and their close family members;
- Cabinet ministers (where applicable) and their close family members; and
- Controlled Entities – The Health Service Foundation;
- Jointly Controlled Operation – A member of the Victorian Comprehensive Cancer Centre; and
- All hospitals and public sector entities that are controlled and consolidated into the State of Victoria financial statements.

KMPs are those people with the authority and responsibility for planning, directing and controlling the activities of the Health Service and its controlled entity, directly or indirectly.

The Board of Directors and the Executive Directors of the Health Service are deemed to be KMPs.

Entity	KMPs	Position Title
Western Health	The Honourable Bronwyn Pike	Chair of the Board
Western Health	Professor Colin Clark	Board Member
Western Health	Mrs Elleni Bereded-Samuel	Board Member
Western Health	Mr David Shaw	Board Member
Western Health	Dr Robert Mitchell	Board Member
Western Health	Dr Phuong Pham	Board Member
Western Health	Mr Kelvyn Lavelle	Board Member
Western Health	Dr Catherine Hutton	Board Member
Western Health	Ms Colleen Gates	Board Member
Western Health	Ms Patricia Malowney	Board Member
Western Health	Mr Russell Harrison	Chief Executive Officer
Western Health	Mr Mark Lawrence	Chief Financial Officer
Western Health	Ms Natasha Toohey	Chief Operating Officer
Western Health	Ms Iresha Herath	General Counsel
Western Health	Mr Paul Eleftheriou	Chief Medical Officer
Western Health	Ms Suellen Bruce	Executive Director People, Culture & Communications
Western Health	Mr Shane Crowe	Executive Director Nursing & Midwifery
Western Health	Ms Arlene Wake	Executive Director Community Integration, Allied Health & Service Planning

The compensation detailed below is reported in $'000 excludes the salaries and benefits the Portfolio Ministers receive. The Minister's remuneration and allowances are set by the *Parliamentary Salaries and Superannuation Act 1968* , and is reported within the Department of Parliamentary Services' Financial Report.

Compensation - KMPs	2019 ($'000)	2018 ($'000)
Short-term employee benefits	2,826	2,948
Post-employment benefits	224	214
Other long-term benefits	187	139
Termination benefits	-	18
Total[(i)]	**3,237**	**3,319**

(i) KMPs are also reported in Note 8.2 Responsible Persons or Note 8.3 Remuneration of Executives.

Note 8.4: Related Parties (continued)

Significant Transactions with Government Related Entities
The Health Service received funding from the Department of Health and Human Services of $743 million (2018: $664 million), including indirect contributions of $7.4 million (2018: $4 million).

Expenses incurred by the Health Service in delivering services and outputs are in accordance with Health Purchasing Victoria requirements. Goods and services including procurement, diagnostics, patient meals and multi-site operational support are provided by other Victorian Health Service Providers on commercial terms.

Professional medical indemnity insurance and other insurance products are obtained from the Victorian Managed Insurance Authority.

The Standing Directions of the Assistant Treasurer require the Health Service to hold cash (in excess of working capital) in accordance with the State's centralised banking arrangements. All borrowings are required to be sourced from Treasury Corporation Victoria unless an exemption has been approved by the Minister for Health and Human Services and the Treasurer.

Transactions with Key Management Personnel and Other Related Parties
Given the breadth and depth of State Government activities, related parties transact with the Victorian public sector in arm's length transactions similar to other members of the public, in relation to stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with the Health Service, there were no related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties. There were no related party transactions with Cabinet Ministers required to be disclosed in 2019. There were no related party transactions with Cabinet Ministers required to be disclosed in 2019.

There were no related party transactions required to be disclosed for the Health Service Board of Directors, Chief Executive Officer and Executive Directors in 2019.

Controlled entity related party transactions
Western Health Foundation

The transactions between the entities relate to donations transferred to Western Health from the Foundation and reimbursements to Western Health from the Foundation for the costs of fundraising activities.

	2019 ($'000)	2018 ($'000)
Distribution and reimbursements of funds by Western Health Foundation	890	1,116
Intercompany receivable at 30th June	-	-
Total	**890**	**1,116**

Note 8.5: Remuneration Of Auditors

	2019 $'000	2018 $'000
Victorian Auditor-General's Office		
Audit of financial statements	143	132
Protiviti		
Internal Audit services	304	159
Total Renumeration of Auditors	**447**	**291**

Note 8.6: Events Occurring After The Balance Sheet Date

There are no events occuring after the balance sheet date

Note 8.7: Controlled Entities

The Health Service's interest in the controlled entity is detailed below. The amounts are included in the consolidated financial statements under their respective categories:

Name of Entity	Principal Activity	Ownership Interest %	Country of Incorporation	Equity Holding
Western Health Foundation Limited	Managing fundraising and philanthropic activities on behalf of	100%	Australia	Limited by Guarantee

The Health Service's interest in revenues and expenses resulting from this is detailed below:

Controlled entity contributions to the consolidated results

Net Result For The Year	2019 ($'000)	2018 ($'000)
Western Health Foundation Limited	1,899	1,214
	1,899	**1,214**

Contingent Liabilities and Capital Commitments

There are no known contingent liabilities or capital commitments held by the controlled entity at balance date.

Note 8.8: Jointly Controlled Operations

Name of Entity	Principal Activity	Ownership Interest 2019 %	Ownership Interest 2018 %
Victorian Comprehensive Cancer Centre Joint Venture (VCCC)	Cancer research, education, training and patient care	10%	10%

The Health Service's interest in the above jointly controlled operations are detailed below. The amounts are included in the consolidated financial statements under the respective categories below.

	2019 $'000	2018 $'000
Current Assets		
Cash and cash equivalents	507	636
Investments and other financial assets	950	950
Receivables	20	8
Prepayments	122	101
Total Current Assets	**1,599**	**1,695**
Non-Current Assets		
Investments and other financial assets	1	1
Property, plant and equipment	14	18
Intangible Assets	8	-
Total Non-Current Assets	**23**	**19**
TOTAL ASSETS	**1,622**	**1,714**
Current Liabilities		
Payables	95	25
Accrued expenses	38	18
Provisions	25	12
Total Current Liabilities	**158**	**55**
Non-Current Liabilities		
Provisions	10	10
Total Non-Current Liabilities	**10**	**10**
TOTAL LIABILITIES	**168**	**65**
NET ASSETS	**1,454**	**1,649**
EQUITY		
Accumulated surplus	1,454	1,649
TOTAL EQUITY	**1,454**	**1,649**

Note 8.8: Jointly Controlled Operations (continued)

The Health Service's interest in revenues and expenses resulting from jointly controlled operations are detailed

	2019 $'000	2018 $'000
Revenue		
Grants	850	1,397
Members Contribution	150	147
Other Income	26	13
Interest Income	32	21
Total Revenue	**1,058**	**1,578**
Expenses		
Employee Benefits	410	242
Operating Expenses	838	221
Depreciation	5	2
Total Expenses	**1,253**	**464**
NET RESULT	**(195)**	**1,113**

Note: Figures obtained from the audited VCCC joint venture annual report.

Contingent liabilities and capital commitments
There are no known contingent liabilities or capital commitments held by the jointly controlled operations at balance date.

Jointly controlled assets and operations
Interests in jointly controlled assets or operations are not consolidated by the Health Service but are accounted for in accordance with the policy outlined below.

In respect of any interest in joint operations, the Health Service recognises in the financial statements:
- its assets, including its share of any assets held jointly;
- any liabilities, including its share of liabilities that it had incurred;
- its revenue from the sale of its share of the output from the joint operation;
- its share of the revenue from the sale of the output by the operation; and
- its expenses, including its share of any expenses incurred jointly.

The Health Service as a member of the VCCC joint operation retains joint control over the arrangement which it has classified as a joint operation. The vision of the VCCC is to save lives through the integration of cancer research, education and patient care. The VCCC is a not-for-profit organisation and has been recognised by the Australian Taxation Office as a Health Promotion Charity.

All members of the VCCC hold an equal 10 percent (2018: 10 percent) share in the assets, liabilities, revenue and expenses of the VCCC. The members own the VCCC assets as tenants in common and are severally responsible for the joint operation costs in the same proportions as their interests. Accordingly, assets, liabilities, income and expenses are consolidated in proportion to the Health Service's contractually specified share.

Interests in the VCCC are not transferable and are forfeited on withdrawal from the joint operation. Distributions are not able to be paid to members and excess property, on winding up, will be distributed to other charitable organisations with objectives similar to those of the VCCC.

Note 8.8: Jointly Controlled Operations (continued)

The VCCC member entities have created a company to conduct the affairs of the joint operation. The member entities have specifically, in their agreement, stated that they do not indemnify the company against any liabilities beyond their contribution to the joint assets of the joint operation. The member entities do not therefore bear any financial risk beyond their contribution to the joint assets. "Their contribution" means their share of the net assets. Reputational risk through membership is addressed through the appointment of representatives to the governing bodies of the VCCC. The risks associated with the VCCC have not changed from previous reporting periods.

The principal place of business for the VCCC is Level 10, 305 Grattan Street, Melbourne, Victoria.

Note 8.9: Economic Dependency

The majority of the Health Service's revenue is provided by grants from the Australian Commonwealth Government and the Victorian State Government funnelled through the Victorian Department of Health and Human Services (DHHS). In total, in the 2018/19 financial year, Commonwealth funding accounted for approximately 41 percent of revenue and State funding accounted for approximately 52 percent of revenue.

The Directors note that at the time of approving the 2018/19 annual accounts, the draft operating budget for 2019/20 is a deficit and there is a significant funding shortfall in regard to the commissioning of the Joan Kirner Women's and Children's building (JKWC) that opened in May 2019. These issues are subject to change as discussions with the DHHS continue and as the 2019/20 budget setting process is concluded.

Public health services in Victoria have periodically suffered from cash flow shortages brought on by operating deficits. The Victorian State Government stands behind the public health system and has provided additional funds as needed to health services.

Whilst the going concern test is future focussed there are criteria that are used to inform that judgement. These include cash reserves, the current asset ratio, the operating result before capital items and the net cash flow from operations. Western Health had 22 days operating cash at June 30th 2019 which exceeds the DHHS benchmark of 14. The net operating result for the year, before capital items was a $4.1M surplus, the benchmark being a surplus. The current asset ratio as at June 30th 2019 was 0.5 however this includes employee entitlements not expected to be paid within the next 12 months. Excluding these entitlements gives a current asset ratio of 0.7 which is in line with the DHHS benchmark of 0.7.

The Directors have no reason to doubt the continued financial support of its service by the Victorian State Government and consequently the financial statements have been prepared on a going concern basis.

Note 8.10: AASBs Issued That Are Not Yet Effective

Certain new Australian accounting standards have been published that are not mandatory for the 30th June 2019 reporting period. The Department of Treasury and Finance assesses the impact of all these new standards and advises the Health Service of their applicability and early adoption where applicable.

As at 30th June 2019, 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. The Health Service has not and does not intend to adopt these standards early.

Topic	Key requirements and/or Impacts	Effective date
AASB 15 Revenue from Contracts with Customers	*The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015 8 Amendments to Australian Accounting Standards – Effective Date of AASB 15 has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017 for Not-for-Profit entities.* *Management estimates that there will be no material impact for the year ended 30 June 2020.*	*1 January 2019*
AASB 2018-4 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public-Sector Licensors	*AASB 2018-4 amends AASB 15 and AASB 16 to provide guidance for revenue recognition in connection with taxes and Non-IP licences for Not-for-Profit entities.*	*1 January 2019*
AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities	*AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit-entities into AASB 9 and AASB 15.*	*1 January 2019*
AASB 16 Leases	*The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.* *Management estimates that there will be no material impact for the year ended 30 June 2020.*	*1 January 2019*
AASB 2018-8 Amendments to Australian Accounting Standards – Right of Use Assets of Not-for-Profit entities	*This standard amends various other accounting standards to provide an option for not-for-profit entities to not apply the fair value initial measurement requirements to a class or classes of right of use assets arising under leases with significantly below-market terms and conditions principally to enable the entity to further its objectives. This Standard also adds additional disclosure requirements to AASB 16 for not-for-profit entities that elect to apply this option.*	*1 January 2019*
AASB 1058 Income of Not-for-Profit Entities	*AASB 1058 will replace the majority of income recognition in relation to government grants and other types of contributions requirements relating to public sector not-for-profit entities, previously in AASB 1004 Contributions.* *The restructure of administrative arrangement will remain under AASB 1004 and will be restricted to government entities and contributions by owners in a public sector context.* *AASB 1058 establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objective.* *Management estimates there to be no material impact in the application of the standard for the first time.*	*1 January 2019*

Note 8.10: AASBs Issued That Are Not Yet Effective (continued)

AASB 17 Insurance Contracts	*The new Australian standard eliminates inconsistencies and weaknesses in existing practices by providing a single principle based framework to account for all types of insurance contracts, including reissuance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities.* *This standard currently does not apply to the not-for-profit public sector entities.*	*1 January 2021*
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material	*This Standard principally amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.*	*1 January 2020*
AASB 1059 Service Concession Arrangements: Grantor	*This standard applies to arrangements that involve an operator providing a public service on behalf of a public sector grantor. It involves the use of a service concession asset and where the operator manages at least some of the public service at its own direction. An arrangement within the scope of this standard typically involves an operator constructing the asset used to provide the public service or upgrading the assets and operating and maintaining the assets for a specified period of time.*	*1 January 2020*
AASB 2018-5 Amendments to Australian Accounting Standards – Deferral of AASB 1059	*This standard defers the mandatory effective date of AASB 1059 from 1 January 2019 to 1 January 2020.*	*1 January 2020*

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2018-19 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting.

AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-16 Cycle and Other Amendments
AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments
AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation
AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures
AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015 – 2017 Cycle
AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendments, Curtailment or Settlement
AASB 2018-3 Amendments to Australian Accounting Standards – Reduced Disclosure Requirements
AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business

Note 8.11: Correction Of A Prior Period Error

During the 2017/18 financial year, the Health Service included the JKWC commitment in Note 6.3 Commitments for Expenditure under the Capital Expenditure Commitment line. This was a commitment of the DHHS and not the Health Service and therefore should not have been included. This increased the prior year Capital Expenditure Commitments by $139.6M. This has been corrected by restating the prior year comparative to exclude that amount.

During the 2017/18 financial year, the Health Service included $282K of Annual Leave Liability in Accrued Salaries and Wages instead of Annual Leave within Note 3.4 Employee Benefits in the Balance Sheet. The prior year comparative was restated to reallocate this amount to Annual Leave, within the same note.

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Western Health

Opinion

I have audited the consolidated financial report of Western Health (the health service) and its controlled entities (together the consolidated entity), which comprises the:

- consolidated entity balance sheet as at 30 June 2019
- consolidated entity comprehensive operating statement for the year then ended
- consolidated entity statement of changes in equity for the year then ended
- consolidated entity cash flow statement for the year then ended
- notes to the financial statements, including significant accounting policies
- Board member's, accountable officer's and chief financial officer's declaration.

In my opinion, the financial report presents fairly, in all material respects, the financial positions of the consolidated entity and the health service as at 30 June 2019 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

Basis for Opinion

I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975*. My staff and I are independent of the health service and the consolidated entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Board's responsibilities for the financial report

The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board is responsible for assessing the health service and the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994,* my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 health service and the consolidated entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the health service and the consolidated entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the health service and the consolidated entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the health service and consolidated entity to express an opinion on the financial report. I remain responsible for the direction, supervision and performance of the audit of the health service and the consolidated entity. I remain solely responsible for my audit opinion.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
21 August 2019

Travis Derricott
as delegate for the Auditor-General of Victoria

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