

Western Health Annual Report 2008/09



Our Vision

- Caring for the West – our patients, staff, community and environment.

Our Purpose

- Working collaboratively to provide quality health and well-being services for the people of the West.

Our Values

- C ompassion – consistently acting with empathy and integrity
- A ccountability – empowering our staff to serve our community
- R espect – for the rights, beliefs and choice of every individual
- E xcellence – inspiring and motivating, innovation and achievement
- S afety – working in an open, honest and safe environment.

Our Priorities

- Safe and effective patient care
- People and culture
- Community and partnerships
- Research and learning
- Self-sufficiency and sustainability



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Chair of the Board



We have completed another year of great achievements at Western Health at a time of significant challenges and reform in the health care arena. I believe that Western Health is well positioned to respond to new opportunities with the professionalism of our staff and the proven effectiveness of our services.

Through our Clinical Service Plan we have identified that the health care needs of our community are projected to grow much faster than anticipated.

The Western suburbs population is expected to expand by an extra 365,000 people over the next 15 years - a population greater than that of Canberra. We are working in partnership with the Victorian Government and the Department of Health on planning the facilities and workforce strategies to meet this growth in demand.

Critical to meeting this projected demand is the expansion of our capital infrastructure to provide substantial additional capacity.

Construction of the new \$21.4 million Sunbury Day Hospital has commenced with completion expected in late 2010.

Major capital works are well underway at Sunshine with the construction of the new Teaching Training and Research building and the development of the new radiotherapy building.

Next year we anticipate receiving further funding to build a new inpatient and ambulatory care building at Sunshine. The new facility will include 128 multiday beds, 30 same day oncology and medical chairs for cancer and other treatments and specialist services including diagnostic laboratories and an expanded outpatients clinic.

These developments will transform Sunshine into a major tertiary hospital for the people of the West.

The Board acknowledges the strong on-going support of the Victorian Government, the Departments of Health and Human Services, and the Commonwealth in providing quality health care for the people of the Western suburbs.

We work in partnership with organisations as diverse as community health services, private providers, local government, and service organisations in the Western suburbs.

We are extremely grateful to our community supporters. I acknowledge the strong support we receive from philanthropic trusts, businesses and individuals. These funds make a significant difference to our health services and I thank our supporters for their generosity.

I would like to acknowledge the work of Board Director Mr Victor Borg whose full nine-year term on the Board concluded on 30 June 2009.

In addition, I thank Mr Tass Mousaferiadis who resigned from his role on the Board after a short period of service, due to his appointment to a position in the Victorian Government.

This year we welcome Ms Linda Hornsey and Ms Vivienne Nguyen who were appointed to the Board, with terms commencing 1 July 2009. We are very fortunate to have people of such high calibre serving on our Board.

I would also like to thank all current Board Directors for their hard work and dedicated contribution to the governance of Western Health over the past twelve months.

2008/09 was a year when Western Health treated more patients than ever before, expanded services and improved service quality.

On behalf of the Board, I thank Chief Executive Kathryn Cook, the Executive Team and staff at all levels in the organisation for their strong contribution throughout the year. It's the people that make an organisation and we have great people.

The Board of Directors is delighted and encouraged about what the future holds for Western Health.

A handwritten signature in black ink that reads "Ralph Willis".

Ralph Willis
Chair Western Health

Chief Executive

Western Health is providing more services than ever before with over 104,000 hospital admissions, 45,000 emergency department presentations and 161,000 outpatient appointments, positioning us as one of the busiest health services in the state. Our maternity service at Sunshine assisted with the birth of 3,600 babies, making it the third biggest birthing unit in metropolitan Melbourne.

During 2008/09 Western Health's elective surgery performance was very strong, with 48,000 patients receiving care. Our emergency departments faced considerable challenges with increased demand. This winter we treated approximately 3000 additional emergency department patients during the peak of the H1N1 Human Swine Influenza outbreak. This put additional pressure on our three emergency departments and their overall performance.

To ensure our strong sustainable future we have continued with business improvement initiatives that have yielded approximately \$8 million in efficiencies in 2008/09. This would not have been possible without the strong efforts of management and staff in identifying and implementing initiatives to improve our efficiency - which in turn allows us to provide additional patient care. During the financial year we achieved a modest operating deficit of less than 0.5% of turnover.

This year we have developed more detailed service plans for our future as we move into the second year of our Strategic Plan. We have produced a Paediatric Services Plan to further develop children's services at Sunshine, and completed a Maternity Services Plan which supports the further development of our innovative caseload model of care. Western Health's Cardiac Services Plan positions our cardiac services for the growth in demand over the next decade. Our Cancer Service Plan, which is well progressed, aligns with the state-wide Integrated Cancer Action Plan and takes account of the Radiotherapy development at Sunshine.

Western Health is now established as a Renal Dialysis Hub with the recent successful changeover of management of the dialysis service at Williamstown and plans well underway to expand these services.

Our Information Systems Strategic Plan outlines a strategic approach to our future information needs, and will help us provide improved patient care. Business systems have been modernised with implementation of the HealthSMART iPM system and we are now planning for the next stage of upgrading our clinical systems.

These plans and others have involved a tremendous amount of work throughout the organisation.

Western Health covers some of the fastest growing and diverse communities in Australia and we are strongly committed to providing high quality services now and into the future.

In addition to major capital works we are currently undertaking infrastructure works across Western Health to provide an environment for continued safe and effective patient care - and a safe working environment for our staff.

Western Health's research focus continues with a strong emphasis on cardiovascular disease, obesity, diabetes, cancer, asthma and chronic inflammatory conditions in line with national priorities. This year our Office for Research published its first stand alone Research Report of which we are justifiably proud.

I would like to thank the Board, the Executive, our dedicated and professional staff and our volunteers for their efforts during the past year.

We are proud of Western Health's achievements, and the positive impact we have on the community we serve. We trust that you enjoy reading this report.



Kathryn Cook
Chief Executive





Board of Directors

Mr Ralph Willis BCom – Chairman

Ralph Willis is a life-long resident of Melbourne's West and represented the seat of Gellibrand in the Federal Parliament for 26 years. For 13 of those years, he was a Cabinet Minister in the Hawke and Keating Governments, holding the portfolios of Employment and Industrial Relations, Transport and Communications, Finance and Treasurer.

Mr Willis is also a Director of Melbourne City Opera, Director of the Mietta Foundation, Director of Franklyn Scholar Pty Ltd, Director of Victoria University Foundation, Director of Melba Foundation, Trustee of the Stan Willis (Charitable) Trust and Chair of LeadWest, a regional representational body for the Western suburbs of Melbourne. He was previously the Chair of the Construction and Building Industry Superannuation Fund (CBUS).

Mr Willis is a member of the Finance Committee, Governance and Remuneration Committee and Quality and Safety Committee.

Appointed July 2004

Mr Victor Borg AM LLB (Melb), LLM (Lond)

Victor Borg has been a solicitor in private practice since 1970 with offices in both Melbourne and Sunshine. Mr Borg has been a long-time advocate and lobbyist for Australian citizens and residents born overseas. He has a special interest in the legal and social justice needs of people of non-English speaking backgrounds.

Mr Borg is currently the Honorary Consul for the Republic of Malta and President of the Maltese Community Council of Victoria Inc. He is a member of the Chief Justices Advisory Committee on Ethnic Issues (Family Court.) Mr Borg is also Honorary Chairperson, Rosary Home Hostel for the Aged, Keilor Downs, and Honorary Board Member, St Dominic's Hostel for the Aged, Blacktown, NSW.

Mr Borg is Chair of the Cultural Diversity and Community Advisory Committee and a member of the Primary Care and Population Health Advisory Committee.

Appointed July 2000. Term concluded June 2009.

Mr Michael Feehan DipAppSc MAICD

Michael Feehan is the Chief Operating Officer of Slater & Gordon Limited. He previously ran his own consulting business, specialising in business planning and corporate communications. Prior to that, Mr Feehan held a number of senior executive positions with Orica Limited, including marketing, business, operational and corporate management roles. Mr Feehan's most recent positions were General Manager of the company's Adhesives businesses, Site Manager of its major manufacturing operations at Deer Park, Melbourne and Botany, Sydney, and Group Corporate Affairs Manager. While with Orica, Mr Feehan also served the Footscray Football Club for seven years as Vice President and Marketing Director.

Mr Feehan is Chair of the Finance and Resources Committee and a member of the Audit and Risk Committee and Governance and Remuneration Committee.

Appointed July 2001

Ms Juliann Byron BCom, Postgrad Dip (Corp Mgt), FCPA, FICD, FTIA, ACIS

Juliann Byron has extensive experience as a Finance Director and Company Secretary with public and private companies and is currently a consultant in the areas of financial management, corporate governance and company secretarial matters.

Ms Byron is also the Treasurer of the Victorian Cytology Service and Director and Treasurer of the Bendigo Community Bank in Canterbury, Surrey Hills and Ashburton.

Ms Byron is Chair of the Audit and Risk Committee and Chair of the Governance and Remuneration Committee.
Appointed July 2004

Mr Philip Moran BA(Hons), Grad Dip (Bus Admin), MAICD, MACHSE

Philip Moran has been the CEO of Moreland Community Health Service Inc since 1996. Moreland Community Health Service is a major provider of community-based health and welfare services in the northwest region of Melbourne. Mr Moran has previously held positions in the state public service and on the staff of various State Government Ministers.

Mr Moran served nine years on the Council of Box Hill Institute of TAFE including three years as Council Chair and a member of its Finance and Audit Committees. He is currently the President of the Richmond Junior Soccer Club and a Board Member of Windemere Family Services.

Mr Moran is Chair of the Primary Care and Population Health Advisory Committee and member of the Finance and Resources Committee.
Appointed July 2003

Ms Jill Hennessy BA, LLB, LLM (Public and International), MAICD, MIPAA

Jill Hennessy is a qualified lawyer who specialises in corporate governance and risk management in the public and not-for profit sectors.

Ms Hennessy has worked in the private sector and in federal, state and local governments. Among various panels and committees that Ms Hennessy sits on, she is presently the Chair of the Victorian Working Families Council and the independent member of the Governance Committee for Amnesty International Australia. She has previously been a director of the Legal Industry Superannuation Fund and on the boards of many community-based organisations. Ms Hennessy has also been involved in community and health advocacy in the Western suburbs for many years, as well as having been the Director (Legal) of the Western Region Health Service Inc. for seven years.

Ms Hennessy is a member of the Audit and Risk Committee, Education, Research and Development Committee and Governance and Remuneration Committee.
Appointed July 2005

Associate Professor Afif Hadj MB BS FRACS

Afif Hadj is currently the Director of Surgery and Medical Training at Maroondah Hospital which is part of Eastern Health. He graduated in Medicine from the University of Melbourne in 1971 and became a surgeon in 1979. He has since specialised in Breast and Trauma surgery. He has been in private practice and a consultant surgeon at PANCH prior to moving to Eastern Health.

Associate Professor Hadj is a Fellow of the Royal Australasian College of Surgeons and a member of its General Surgery Division, Breast Section and Trauma Section.

He is the Chair of the Quality and Safety Committee and the Education, Research and Development Committee.
Appointed July 2006

Mr Graeme Houghton BA (Sc), MA (Health Administration)

Graeme Houghton holds a Science Degree and Masters in Health Administration. He began his hospital management career at Royal Melbourne Hospital. He was the Chief Executive Officer of Fairfield Hospital from 1981 to 1985; then the Austin Hospital until 1995. He was a Regional Director with Healthscope Limited from 1995-96 and, from 1997-2002, he was the Chief Executive Officer of the Repatriation General Hospital in Adelaide. From April 2002 until August 2008, he was the Chief Executive Officer of the Royal Victorian Eye and Ear Hospital. Mr Houghton has particular interests in organisation theory, patient safety and clinical governance and he is a surveyor with the Australian Council on Healthcare Standards. He is also active in the Australian College of Health Service Executives.

Mr Houghton is a member of the Cultural Diversity and Community Advisory Committee and Quality and Safety Committee.
Appointed July 2008

Mr Tass Mousaferiadis BEd, Grad Dip (Health Ed) Grad Cert (Bus Mgt)

Tass Mousaferiadis has over 20 years experience in the public health sector in senior policy, program and advisory roles. He has extensive knowledge of the health service system and a range of program areas including acute health, mental health, primary care, public health and health promotion. More recently, Mr Mousaferiadis worked as a senior adviser to Victorian health ministers.

Mr Mousaferiadis was born and raised in the Western suburbs of Melbourne by Greek immigrant parents.
Appointed July 2007. Resigned July 2008.



- 1 Reg Geary House Melton South
- 2 Sunbury Day Hospital (2010)
- 3 Sunshine Hospital
- 4 Western Hospital
- 5 Hazeldean Nursing Home
- 6 Williamstown Hospital

Our facilities

Western Health at Footscray

Western Health at Footscray is an acute teaching hospital that provides the majority of acute services for Western Health. It provides elective and emergency services, intensive and coronary care services, inpatient and outpatient acute general medical and surgical services, as well as sub-speciality medicine and surgical services, and relevant clinical support.

Western Health is affiliated with the University of Melbourne Medical School for undergraduate medical training, and other Universities for nursing and allied health training.

The hospital conducts research in gastroenterology, colorectal cancer, emergency medicine, oncology, respiratory and sleep disorders medicine, endocrine and cardiovascular medicine, and vascular surgery.

DASWest

DASWest provides alcohol and drug services to the West, and is one of the largest services of this nature provided in the state of Victoria.

Western Health at Sunshine (St Albans)

Western Health at Sunshine is a teaching hospital and has the busiest Emergency Department of the three Western Health sites. Sunshine Hospital provides elective and emergency services, acute medical and surgical services including acute geriatric admissions, sub-acute care including geriatric evaluation and management (GEM), rehabilitation, palliative care, community rehabilitation, women's health services, maternity services, special care nursery and paediatric services. Sub-acute services are currently concentrated at this hospital. Renal maintenance dialysis services are provided at the Sunshine site, while adult and older person's mental health services are provided on site by North West Mental Health Service.

Western Health at Williamstown

Western Health at Williamstown provides emergency services, acute medical and surgical services, geriatric medicine, aged care, community rehabilitation and community health services. Renal dialysis services, previously provided by North West Dialysis Services, are now operated by Western Health.

Reg Geary House

Established in 1994, Reg Geary House is one of the key providers of residential aged care within the Melton community, providing 30 high care beds for frail elderly people.

Hazeldean Nursing Home

Hazeldean is located close to Western Health at Williamstown. The 40 bed facility provides residential aged care services for the people of the West.

About Western Health

Western Health is one of Victoria's leading health care services and the major public provider of health services for people living in Western metropolitan Melbourne.

Western Health provides clinical expertise and leadership across a comprehensive range of services including pregnancy and newborn care, children's and adolescent health, gynaecology, cancer, alcohol and drug dependency, aged care, heart and kidney disease, palliative care, surgery and emergency care. We are a renowned teaching facility with a strong commitment to training the allied health professionals, nurses, midwives, doctors and health professionals of the future.

Our services embrace an inspiring and vibrant community, which is culturally rich and diverse and people who are vulnerable and in need; who each day strive to overcome some of life's greatest challenges. We care for a population of 700,000 people, who speak more than 100 different languages and dialects, and every day our care is shaped by the needs and requirements of each individual.

Western Health is a leading advocate for improving health outcomes in the West and our ground-breaking research focuses on the diseases and risk factors which burden our community in greater numbers than any other.

Western Health has commenced an ambitious capital development program that aims to ensure facilities and services meet the future needs of a population expected to grow by 40% over the next decade. The program will also enable a significant advance in the delivery of complex clinical care; progressing Western Health at Sunshine from a secondary-level to tertiary-level facility.

Western Health employs approximately 5,000 staff across our facilities, supported by 300 volunteers and auxiliary members, with a significant proportion of our staff live in the Western suburbs. We recognise the significant life choice individuals make to serve their community through involvement in our health service.

Western Health also partners with a broad range of community health organisations and has established links with the University of Melbourne, La Trobe University and Victoria University.

Western Health is one of Victoria's largest health care services. We provide quality health care across the lifespan; from pre-natal to palliative care and strive to improve the health and well-being of communities in the West.

On a typical day, Western Health

- provides over \$1 million dollars of health and well-being services to the people of the West
- treats 324 patients in our three Emergency Departments
- welcomes 10 babies into the world at our Sunshine site
- treats 100 patients in an elective surgery procedure
- discharges 260 patients from our hospitals back to their homes
- treats approximately 120 patients in an orthopaedic outpatients clinic
- 89 people will attend Community Based Rehabilitation at our Sunshine or Williamstown sites
- 103 people will receive rehabilitation at our hydrotherapy pool at Sunshine
- 31 volunteers provide a range of services including patient comfort and basic administrative duties.



**Safe and
effective
patient care**

Western Health's primary purpose is the consistent provision of quality health services that are safe, effective and appropriate – meeting the needs of the communities we care for.

We endeavour to deliver services that place a priority on quality of care and patient experience, while ensuring our broad health care priorities accurately reflect the needs of the population.

The last 12 months has seen an impressive evolution in the way Western Health meets the needs of its patients through safe and effective care.

Quality & Clinical Governance Framework

Western Health's Quality & Clinical Governance Framework was revised in 2009 and is built upon a foundation of patient-focused 'Dimensions of Quality'. These dimensions include safety, participation, effectiveness and accessibility.

Supporting these Quality Dimensions is Western Health's Continuous Quality Improvement System. The system consists of a number of structures and processes called 'Quality Enablers' – helping us to continually monitor, review and improve care and service delivery.

The Quality & Clinical Governance Unit has undertaken significant activities in the past year to enhance these quality enablers. This has included improving systems and supports for incident system management, policy and procedure development and review, and quality plan development and report.

Accreditation

Western Health received Australian Council on Healthcare Standards (ACHS) accreditation in May 2008. In October 2009, Western Health will complete the 'Periodic Review' phase of the ACHS Accreditation cycle. This will involve a small survey team from ACHS reviewing our services against mandatory criteria to ensure we continue to have systems and processes in place to provide quality, safe care and services.

Annually, Western Health produces a Quality of Care Report to share with the community and external agencies outlining how we endeavour to deliver and continuously improve safe and effective patient care. The 'Western Health 2008 Quality of Care Report' was highly commended in the Victorian Public Healthcare Awards following external assessment by a panel of independent judges.

Surgical Safety and Quality Committee

The Safety and Quality Committee was established to ensure continuous quality improvements and the development of safe systems to facilitate improved patient outcomes within the Division of Surgical Services.

The Committee consists of key members of the Surgical Division, whose monthly meetings help in the monitoring and evaluation of divisional audits, with a focus on quality and safety in patient care. The committee also identifies and plans for the implementation of risk minimisation strategies.

Time Out

The 'Time Out' project is designed to ensure consistency of documentation and awareness for every Western Health surgical patient. 'Time Out' is a unique system of checking procedures before the commencement of every operation. There is currently a high compliance with the 'Time Out' system.

Ongoing auditing of all patients in theatre, as well as active staff participation in the policy review will ensure that 'Time Out' will continue to play an important role in the development of safe and effective care for all Western Health patients.

HARP (Hospital Admission Risk Program) Outreach Pharmacist Home Medication Review

The innovative 'HARP Outreach Pharmacist Home Medication Plan' enables a HARP pharmacist to visit patients in their homes who are at risk of hospital presentation due to an adverse medication event. The project is a community based program that assists in the minimisation of medication misadventure, while also reducing subsequent admissions to hospital wards and emergency departments. The program is one of many HARP initiatives that aim to reduce demand on emergency departments, and improve patient outcomes and quality of life.

Advanced Practice Allied Health Clinics

Allied Health has focussed on service review and redesign to ensure its services are targeted to areas of clinical need. Allied Health staff are committed to providing a flexible and accessible service that meets patient needs. In striving for excellence in clinical care, allied health has introduced, and continues to maintain, a number of specialist clinical positions.

Advanced Practice Physiotherapy Clinics have been established in Paediatric Orthopaedics, Adult Orthopaedics and in Osteoarthritis management with our new OAHKS clinic (Osteoarthritis Hip & Knee Service). Since our OAHKS clinic began in August 2008, waiting times to the first appointment have decreased to less than one week. Approximately 30% of patients are fast tracked to an orthopaedic surgeon with the majority listed for surgery within four weeks.

Our Advanced Practice Physiotherapist Paediatric Orthopaedic Clinic has significantly reduced wait times for orthopaedic assessment and management. Children in the Western Region now have timely access to orthopaedic services locally, avoiding the need for families to travel to the city for care.



Safe and effective patient care

Paediatric Service Plan

The past year has seen the development of a Paediatric Service Plan that covers neonates, surgery, medicine and emergency care. Paediatric services has been identified as a growing area of need with increased population growth in the West.

Western Health has committed to a plan that meets the needs of our growing and diverse community. This plan was developed with the input of key stakeholders and has established both short and long term goals to ensure the progression of Western Health's standing as an excellent provider of paediatric health services.

Maternity Service Plan

The recent development of a Maternity Service Plan underscores a commitment to meet the growing demand for maternity care in the Western region. We have developed a series of goals designed to increase the capacity of our service from 3600 births to 6000 births per year in line with population projections.

The plan considers service models, workforce requirements, physical needs and clinical risks around a rapidly growing maternity unit, together with providing a tertiary service for neonatal care. This plan for growth is both forward-looking and practical and guarantees the development of Western Health's commitment to caring for families in the West.

Early Pregnancy Assessment Service

Women presenting to the Sunshine Hospital Emergency Department with bleeding in the early stages of pregnancy were identified as waiting significant lengths of time to be reviewed. It was found that inconsistencies existed in the management of patients.

An Early Pregnancy Assessment Clinic (EPAS) has been established to improve services for this group of women. The clinic operates Monday to Friday from 9:30am – 12:00pm. It is staffed by an Obstetrics & Gynaecology Registrar with the assistance of the Emergency Department Nurse Practitioner.

The service is primarily targetted at providing more effective and streamlined care for women in early pregnancy who have potential or proven miscarriage risk.

The Clinic has already made a significant impact on review, with waiting times for patients in early pregnancy being considerably reduced.

Acute Stroke Unit Established

Western Health's involvement with the state wide 'Stroke Care Strategy' commenced in June, 2008.

Review of the activity profile indicated that 30% of patients from the Western region were bypassing Western Health facilities and presenting to other health services for treatment. This was due to the absence of a dedicated stroke unit in the Western suburbs.

Western Health has since developed a dedicated four bed Acute Stroke Unit incorporated within the Neurology Unit at Footscray, providing local treatment options for the community.

Reduced Fasting Times in Coronary Care

The nursing staff from the Cardiac Care Unit recently undertook a project to prevent unnecessary prolonged fasting times for inpatients awaiting cardiac procedures in the laboratory.

Prior to this project, inpatients could be fasted from fluid and food for up to 11 hours pre procedure, resulting in patient discomfort and dehydration. In collaboration and consultation with the Director of Anaesthetics, the Cardiac Care Unit Nursing Project Team led a change in practice in Cardiology.

Implementing new guidelines resulted in a change of practice. Post implementation, average fasting times were reduced by 80%.

Nursing Home Accreditation

Western Health nursing homes are required to undergo a stringent external accreditation process through the Federal Department of Health and Ageing.

In a testament to the work and dedication of its staff, Western Health's Hazeldean Nursing Home has successfully achieved ongoing accreditation to provide high level residential aged care to the community of Williamstown.

The process of achieving accreditation requires that 44 outcomes are achieved. Hazeldean has not only achieved these outcomes, but exceeded them in its delivery of quality aged care services to their residents.

This has resulted in an environment that is pleasant and caring for staff and residents. In the process of accreditation, Hazeldean was commended for its comprehensive quality program and initiatives.

Falls Prevention Initiative

Improved reporting has allowed a dedicated action plan to be developed. The plan assists in the continued reduction of patient falls at Western Health facilities. The falls rate is trending down with a significant reduction in falls resulting in a fracture.

Our 'Falls Prevention Initiative' is managed through a number of pathways – including: a new education and skills package accessible online, the trial of visual alerts, as well as a falls reporting and analysis tool to be completed for all moderate or major patient outcomes to be introduced in 2009/10.

Over 100 people attended the 'Forum on Falls' in April. The event presented key information on the causes of falls and the psychological impact of a fall on a patient.

The development of a falls prevention procedure and pathway for falls management has been developed, and will be implemented in the 2009/10 year. Overall falls resulting in a major or moderate outcome have reduced by 25% when compared with 2008.

Pressure Ulcer Prevention

The 'Pressure Ulcer Prevention Strategy' was implemented in an effort to make continuous reductions to the number of hospital-acquired stage three and four pressure ulcers sustained by our patients.

The past year has seen the introduction of an online system for rental of preventative equipment, as well as case reviews of all patients developing a stage three or four pressure ulcer. These strategies and others have assisted in the overall reduction of grade three and four pressure ulcers by 40%.

Brekky at Reggie

Western Health identified the need for residents at Reg Geary House Nursing Home to exercise more choice and control over their lifestyle. Consultation between staff and residents resulted in an agreement to expand the available breakfast options.

Residents are now encouraged to come and utilise the dining area where meals are served at the table rather than in their bedroom on a tray. There are now a wide range of breakfast choices, and a cooked breakfast is also available upon request.

This change in program has enabled the food service and nursing staff to spend more interactive time with residents, subsequently improving the ability of residents to fulfil their sociological and nutritional needs. The success of this program has been highlighted in positive feedback from resident's families and staff.



**People
and culture**

Western Health proudly acknowledges that it is the dedication, commitment and hard work of our talented workforce that enables the provision of quality services to improve the health and well-being of people living in the West.

We are dedicated to ensuring that our people have a safe, caring, healthy and supportive work environment and culture from which to perform their respective roles and responsibilities. We also recognise and celebrate the diversity of our staff and our community.

Leadership Capability Framework

The recently developed Leadership Capability Framework captures the skills, capabilities and behaviours that make a great leader at Western Health. This is the first step in growing our leadership capability to improve health service performance.

The capabilities are illustrated with practical examples of leadership behaviours including demonstrating strategic thinking, communicating effectively, creating a safety culture, valuing diversity and community engagement.

These areas have been identified as the critical qualities of an effective leader within our health system.

eRecruitment

Western Health implemented the Mercury eRecruitment system in September 2008, leading to a significant improvement in turnaround of approvals for recruitment requests.

Through the use of the eRecruitment system, applicants have improved access to vacancies, enabling them to receive email notification of jobs of interest and automatic acknowledgement of receipt of applications for roles.

Organisationally, the system has improved brand recognition and accessibility. The talent pool now has over 11,600 people who are actively interested in roles at Western Health.

Smoke-Free at Western Health

From July 2009 Western Health will be a smoke-free environment. No smoking will be permitted in the buildings or within the boundary of any Western Health campus by staff, volunteers, patients and visitors.

As a health promoting organisation, Western Health is committed to becoming a smoke-free environment. Detailed stakeholder engagement and communication plans will be implemented to ensure all people affected understand the smoke-free message and comply with the new arrangements. Information for patients will be translated into 10 community languages and supports will be provided to assist smokers to quit if they wish.

Occupational Health and Safety Awards

This year Western Health established Occupational Health and Safety (OH&S) Awards to recognise individuals and teams that have contributed to improving the safety culture at Western Health. These awards are presented to a staff member and a staff group who made a significant contribution in improving the health, safety or wellbeing of work colleagues.

Workforce Planning

Comprehensive workforce planning is underway to ensure Western Health has skilled and capable staff to meet current and future service delivery needs.

The workforce planning project was initiated in November 2008 and identified a five year horizon to develop and deliver integrated organisational workforce recruitment, retention and workforce design initiatives.

A suite of reports were produced in 2008/09 including a Draft Western Health Workforce Plan, Western Health Workforce Planning Resource, two Internal Labour Reports and an External Labour Report. These significant analyses have provided the evidence base and priorities for workforce planning in 2009/10. These priorities will include better alignment of health service planning with workforce planning and developing and implementing discipline-specific recruitment and retention initiatives.

Chief Executive Forums

Chief Executive Kathryn Cook continued regular staff forums across all Western Health sites. Hundreds of staff participated in these forums this year where issues such as service planning, capital developments, hospital performance, and overall challenges and achievements were discussed. Staff had the opportunity to raise issues of concern directly with management - and on many occasions simple and innovative solutions were found through this direct engagement.

Directors of Nursing Forums

The introduction of Director of Nursing forums each month has increased the communication of key nursing issues with the nursing staff of Western Health through direct interaction with their professional leaders.

Nurses are provided access to up-to-date information specifically relevant to their profession by both internal and external speakers.

Recognising the need to engage night staff, a series of quarterly forums were established prior to the commencement of the nights shift, utilising the teleconferencing facilities of each hospital.

Community and partnerships



Western Health works in partnership with organisations such as community health services, private providers, local government and service organisations. This interaction and engagement helps us improve the services we provide, and ensures that we are planning for the services required in the future.

HealthWest

Western Health is an active member of the HealthWest partnership. HealthWest includes community based health service providers, local government, general practice and hospitals. It aims to identify, influence and implement initiatives that will make a real difference to the health of individuals and communities in the West.

Western Health's involvement in a HealthWest Summit in July 2008 was a significant step in building knowledge of a model of care focusing on tackling chronic disease. The model includes elements of population-based health promotion, in order to ensure broad-based efforts focusing on prevention. The first program will focus on diabetes, building on the current successful partnership approach.

Cultural Diversity

The Western suburbs of Melbourne are one of the most culturally diverse regions in the State. Western Health became a signatory to the Victorian Multicultural Commission's Community Accord in March 2009. Signing of the Accord symbolised our commitment to respectful, thoughtful and equitable treatment of people from all ethnic, cultural, religious, spiritual, and linguistic communities.

Our 'Community and Partnerships' priority commits Western Health to a range of initiatives which will facilitate stronger community relationships – also involving the inclusion of local cultural and linguistic groups; particularly those groups under-represented in mainstream service planning and delivery.

Language Services Team

One of the significant challenges to effectively support our culturally diverse community is timely access to interpreter services. Western Health's Language Services Team (LST) has undergone a number of changes over the past 12 months. This has allowed Western Health to more effectively meet the demand for interpreter services, including the appointment of a Chief Interpreter and the expansion of our in-house interpreter program.

The LST has moved away from utilising external interpreters in a response to the increased demand for language services at Western Health. They now employ professional interpreters in Italian, Arabic, Greek, Spanish, Mandarin, Cantonese and Vietnamese.

Since its inception in January 2009, the Language Services Team delivered a 23% increase in language services, compared to the 2007/08 period.

Cultural Diversity and Community Advisory Committee (CDCAC)

In 2009, the former Cultural Diversity and Community Advisory Committees were combined. The newly formed CDCAC has a central role in identifying issues of importance for Western Health and has a responsibility to support the Cultural Diversity and Community Participation Plans. The 'Cultural Diversity Plan' demonstrates a strong commitment to ensuring that all patients, families and carers enjoy equal access to Western Health's services.

Aboriginal Health

Aboriginal Victorians experience poorer health and lower life expectancy than the wider community. Over the past 12 months, we have implemented new strategies to improve our support for the Aboriginal community in the West.

In September 2008, Western Health employed its first Aboriginal Hospital Liaison Officer. This role is designed to improve responsiveness to Aboriginal and Torres Strait Islander patients, and better coordinate care across agencies.

Western Health has aligned its Aboriginal Health strategy with the new Commonwealth Government's 'Closing the Gap' initiative.

This program has facilitated a relationship between Western Health and the 'Northern and Western Suburbs Aboriginal Worker's Network' which aims to promote capacity building, information sharing, networking and cross referrals.

A practical example of the value of this initiative is Western Health's partnership with Centrelink's Aboriginal Outreach Service. Since September 2008, the Centrelink Indigenous Customer Service Officer has been visiting our hospitals and assisting indigenous patients with information about how to apply for health-related Centrelink entitlements.



DASWest Dual Diagnosis Initiative

Over the past two years, DASWest has redeveloped its assessment tools for individuals experiencing alcohol and other drug related issues. The majority of DASWest staff are now dual diagnosis capable. The remaining staff will complete their training within the next twelve months.

This means that patients attending DASWest with concurrent alcohol, drug and mental health issues now experience a seamless and coordinated treatment. A Memorandum of Understanding between DASWest and Mercy Mental Health has ensured that both organisations work together effectively to deliver these services.

Management of Hoarding and Senile Squalor

Western Health Aged Care Assessment Services (ACAS) and St Vincent De Paul have established a pilot community partnership to ensure and extend the independence of a client living in squalor. A formal agreement between ACAS and St Vincent De Paul is currently being negotiated to fill this service gap for clients living in squalor in the West.

Community Clinic for Vietnamese and Sudanese Women

The Community Clinic for Vietnamese and Sudanese Women is run in partnership with the Brimbank Council's 'Communities for Children' initiative. The partnership focuses on marginalised groups of women in the West, including those facing language and cultural barriers, and those with complex health and social needs.

The clinic provides access to pregnancy care and breastfeeding support. This has resulted in improved clinical outcomes for women and their infants, with 65 pregnant women taking part in the clinics.

Volunteers

Western Health's dedicated volunteers provide a range of patient support and social services. These services include working in the opportunity shops, assisting with administrative tasks and offering specific patient and visitor support.

Our volunteers range in age from 15 year old local secondary school volunteers to our dedicated 85 year olds who work tirelessly in our auxiliaries.

Western Health volunteers bring a wealth of experience from other cultures and countries, other belief systems and personal passions which they share with their community within the Western Health facilities.

Western Health volunteers form an integral part of our daily organisational life. The support they provide is highly valued by all staff and patients.

BreastWest

BreastWest continues to provide generous support to the Western Health Breast Services Clinic. The BreastWest Committee aims to reduce the psychosocial, practical and financial impacts on women undergoing breast cancer treatment in Melbourne's West.

A combination of fundraising efforts and activities have assisted with the purchase of medical equipment, the translation of patient information and has also provided financial support where needed. These effects also assist patients with vouchers for transportation to medical appointments, compression garments to reduce lymphoedema and other items that have been identified as being required by the Western Health Breast Services Clinic.

BreastWest has received positive feedback from the Cancer Council of Victoria and the Breast Cancer Network of Australia, commending the efforts undertaken by the Committee to assist financially and culturally disadvantaged women in Melbourne's West.

The BreastWest Committee hosted two significant events this year, the 'Yum Cha Lunch' held in October and the 'Mother's Day Movie Night and Cocktail Function' held in May. Each of these events was sold out and raised significant funds to support the Western Health Breast Services Clinic.

Fundraising

Western Health supporters, including volunteers, donors, former patients, community groups, local businesses and corporations are an integral part of our health service. These groups provide a critical link between Western Health and our community.

The Western Health Community Raceday held in December 2008 provided an exciting opportunity for Western Health suppliers, local business and corporates to come together to support our health service. Funds raised from this event were directly allocated to the Williamstown Hospital Dialysis project.

Community Supporters

Western Health receives significant support from the many community groups and organisations within the Western suburbs. These groups greatly add to the success of our fundraising initiatives.

We are grateful to the groups and auxiliaries who support staff and patients across our health service. During the year, these combined auxiliary and opportunity shops raised more than \$150,000. These funds were used to purchase major medical equipment such as the Mobile AMX 4 X-ray machine.

Donations received by Western Health are receipted into special purpose accounts and where requested are distributed to the specific cause or Department for which they were given.

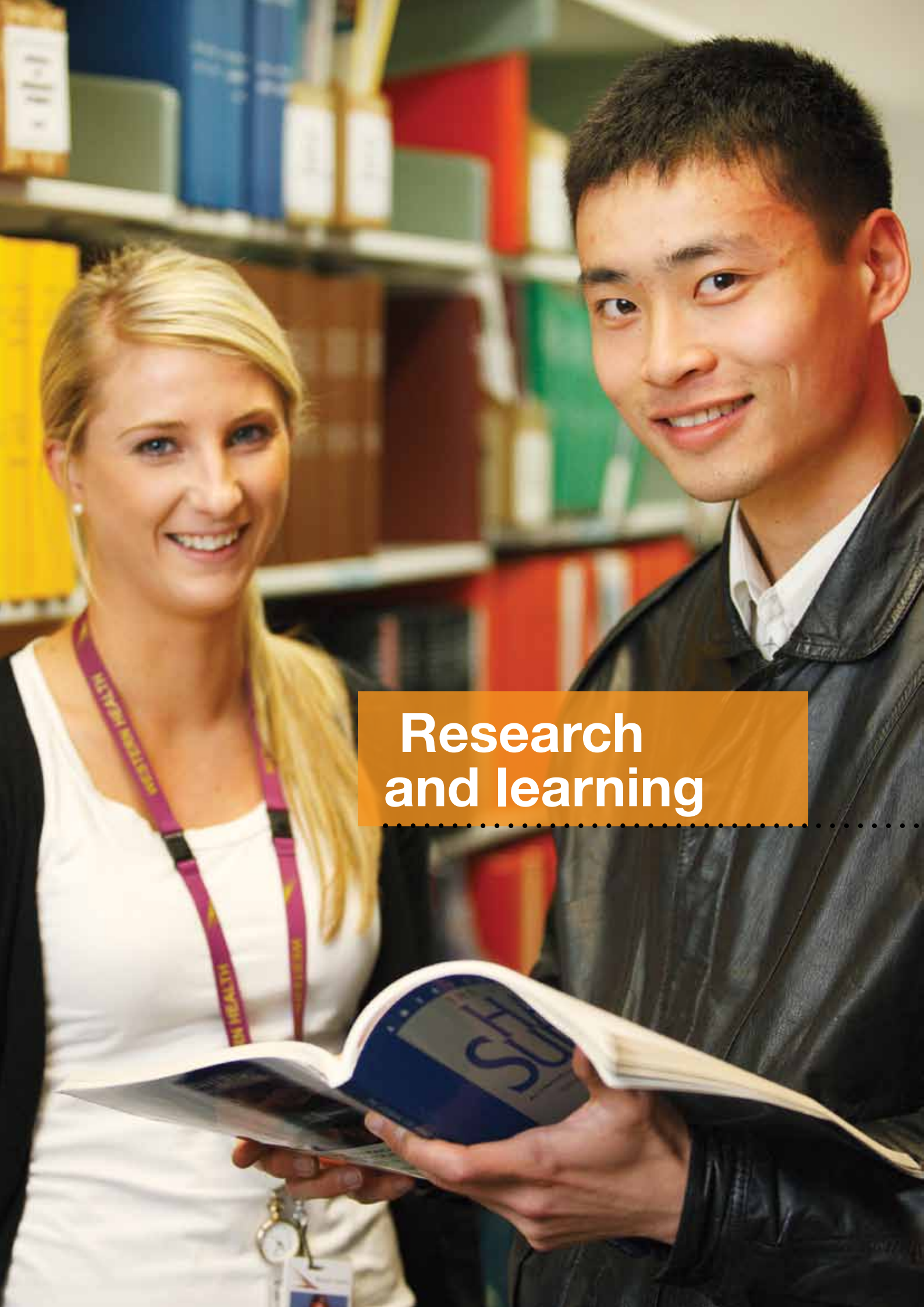
Western Health is grateful for the support we have received this year that has seen the purchase of vital pieces of equipment for that varied services we provide. Cancer, cardiac, palliative care, renal, radiography, women's and children's are just a few of the many areas that have benefitted from donations.

Western Health acknowledges the support of local media outlets that have helped to promote and feature our fundraising events and programs.

Philanthropic Trusts

Philanthropic trusts and foundations continue to support Western Health. The Collier Charitable Foundation provided a significant donation that allowed us to purchase new chairs for the Day Procedure Unit at Footscray and Williamstown hospitals. The new chairs provide increased comfort for patients undergoing procedures and minor surgical operations – greatly assisting with patient recovery.

To all our donors, sponsors and supporters, we say thank you for your continuing support of Western Health.



Research and learning

High quality teaching, training and research underpin excellence in health care and Western Health has a strong commitment to ensuring our community can benefit from the best care health professionals can offer.

The last 12 months have seen a significant amount of research and training across all our campuses, spanning a wide range of disciplines. Our innovative and robust research and training services are further enhanced through our work with international partners, local universities and medical institutions. Western Health's recent research achievements would not have been possible without the drive and passion that our leading researchers bring to their work.

As we reflect on 12 months of progress, we also have an eye on the future. Western Health will continue to position itself as an academic leader in teaching and research by providing strong research, training and development opportunities to current and future staff.

Research

The Office for Research at Western Health has two key objectives: the facilitation and promotion of high-quality research, and the provision of the necessary governance frameworks to support and maintain oversight of research activities.

A number of initiatives have been introduced to help meet these twin objectives of facilitation and research governance.

• • • • The Western Health Low Risk Human Research Ethics Panel exists to provide a means of ethical review and facilitation for low risk research projects undertaken at Western Health and the Office also provides mentoring and advice to our community of researchers.

Western Health recognises that societal and environmental factors, such as poverty and pollution, contribute to a higher incidence of chronic disease among people living in the West. We therefore hold a particular focus on chronic disease in line with the Australian Government's Designated National Research Priorities. The key areas include cardiovascular health, obesity, diabetes, cancer, asthma and chronic inflammatory conditions.

The Office for Research recently released the Western Health Research Report 2009. This document outlines the achievements of our dedicated research and training team. Accomplishments include 15 prestigious research awards and 143 published journal articles. Research plays an important role in the strategic future of Western Health and our achievements in this area continue our commitment to improving the welfare of the community we serve.

Training and Development

As a leader in clinical and health care education, Western Health has a strong commitment to providing specialist training opportunities for current and future health professionals. We value our partnerships with all Victorian universities.

We currently provide specialist training to more than 10% of Victoria's future medical workforce and our collaborative work with various training institutions has meant that more and more high-quality graduates are making Western Health their health service of choice.

Of particular significance is our successful recruitment of Interns, Hospital Medical Officers and Registrars. The intern match for 2010 has been completed by the Post Graduate Medical Council of Victoria. 52 new positions were filled from local, interstate and international universities. This is a considerable feat and it continues the trend of the last 5 years of Western Health becoming an increasingly more attractive choice for new medical graduates.

Western Health furthered its dedication to the State's future medical workforce with the construction of a new Teaching, Training and Research Centre at Sunshine. The facility will provide high quality training for medical students of the University of Melbourne and nursing and allied health students of Victoria University.

The Centre will house the new Western Clinical School in an important partnership with the University of Melbourne. It is expected that by 2012 when the project is completed, over 100 medical students across various year levels will undertake clinical and formal medical training at the new facility.

This collaborative approach between the universities and Western Health will strengthen our recruitment and retention of quality graduates, and ensure that the West will enjoy the best possible care.

The past year has also seen another successful recruitment strategy for Western Health's Graduate Nursing Program. In partnership with Victorian universities, Western Health offers postgraduate programs for nurses wishing to develop their knowledge and skills in specialty nursing practice. The program also includes a generous scholarship scheme to assist students with university course fees.



Research and learning

Our Graduate Nursing Program is an integral recruitment strategy that directly responds to the projected shortfalls in our nursing and midwifery workforce over the next 5-10 years. We have successfully introduced and supported an 11% increase in graduate nurses entering our program and our completion rate has increased by 29% in the past year. In addition, our midwifery graduate program has doubled, resulting in 112 graduate nurse positions and 15 graduate midwifery positions at Western Health.

To ensure that our nursing staff have all the skills and knowledge required to be successful nurses in the 21st century, the Centre for Education launched their e-learning platform this year. This platform enables staff to access a variety of learning modules and self-assessments designed to maintain and develop their specific knowledge base. Access to these modules is through the Internet and can be undertaken anywhere at any time, providing our nursing staff with portable and practical developmental advantages.

During the last year Western Health's allied health staff confirmed their commitment to improving patient care through their continued professional education and student teaching. Western Health staff hosted over 200 allied health clinical placements for university students from Victorian universities. Western Health prides itself in the learning and development opportunities we provide for students, graduates and current employees. Our progressive initiatives in nursing, medical and allied health education help guarantee a sustainable future for the workforce of Western Health.

Self-sufficiency and sustainability





Self-sufficiency and sustainability

To secure self-sufficiency Western Health is determining the right service mix for the needs of our community. This will ensure that we have the capacity and capability to provide the services required. Additionally, we are developing linkages and partnerships with other health care providers to meet the overall health care needs of people living in the West.

To ensure our ongoing capability to provide appropriate services for our community it is essential that we operate our services efficiently and embed a sustainable financial position. This will allow us to take advantage of future improvement opportunities, such as investing in technology, research and evidence based practices, productivity and continuous improvement initiatives.

Infrastructure Improvement

We are currently undertaking major infrastructure improvement works across Western Health. Improved infrastructure provides us with an environment for continued safe and effective patient care - and a safe working environment for our staff.

Major improvements have taken place at Footscray made possible by a \$24.8 million infrastructure grant from the Victorian Government. These improvements include refurbished wards, a new electrical substation, upgrading fire systems, new chillers and boiler plants and other engineering works. Infrastructure improvements, while not always obvious, are critical to our operations.

Major Capital Developments

The upgrade of Sunshine Hospital from a secondary-level hospital to a major tertiary facility will see the hospital join the ranks of other world-renowned health institutions. As a tertiary facility, Sunshine will provide advanced medical care and undertake leading-edge research across a broad range of health care disciplines – from obstetrics through to aged care.

Recently the Clinical Services Sterilisation Department (CSSD) has been refurbished and enlarged. The Maternity works have seen 3 new birthing suites added and 7 birthing rooms fully refurbished. In addition 48 post natal care rooms are being refurbished.

The \$51 million Teaching Training & Research (TTR) building is currently under construction with in-ground services completed and concreting works underway. The TTR facility is on track to be completed by late 2010. The building will be an iconic contemporary state of the art building incorporating

a library, lecture theatre, auditorium and large clinical skills facilities to provide future health care professionals with leading-edge education and training.

Sunshine Radiotherapy

The Sunshine Radiotherapy facility is progressing well, with the site clearance completed and construction to commence shortly. This will be the first public radiotherapy service in Melbourne's West, reducing the need for cancer patients to travel long distances for treatment.

The four-bunker radiotherapy facility will treat cancer patients in partnership with the Peter MacCallum Cancer Centre. It is predicted that up to 900 patients per year will be treated when the facility becomes operational in 2011.

Sunbury Day Hospital

Construction has commenced on the new \$21 million Sunbury Day Hospital, which will offer same-day medical procedures and a number of specialist clinics. The hospital will house two operating theatres for day procedures, renal dialysis and chemotherapy facilities. A range of environmental features such as solar hot water, rain water collection and low energy air conditioning are included in the design. The hospital will be operational in late 2010.

Western Health Renal Dialysis Hub

In 2008, Western Health assumed responsibility for the Renal Dialysis Service at Sunshine Hospital (previously auspiced by Melbourne Health). This year the Renal Dialysis Hub was developed with Western Health also assuming responsibility for the dialysis service at Williamstown.

The continued development of this service has enabled quality care to be delivered with particular attention to the unique characteristics of patients in the West. The Western Health Renal Service has also been able to maximise patient independence by offering dialysis in the home to 30% of patients.

Improving Direct Patient Care

As part of an ongoing drive to improve service delivery, Western Health has commenced involvement in the Redesigning Hospital Care Program. Western Health projects under this program include improving patient access in the emergency department, a 'Fractured Neck of Femur' pilot project, outpatients access, plus projects in endoscopy and radiology.

Building on the 'lean methodology' that supports the Redesigning Care Program, we have also commenced implementation of an innovative project called 'Making Time

to Care'. This project aims to increase the proportion of clinician time dedicated to direct patient-care by reducing the 30 to 50% of nursing time that is currently mapped to indirect or wasteful activities.

Catheterisation Laboratory Appointment Efficiencies

An audit of the existing elective cardioversion service has revealed that a high number of booked cardioversion procedures were cancelled on the day of procedure due to inadequate patient preparation or lack of available hospital resources. A redesign program was developed to improve the existing services by implementing best practice guidelines and co-ordinating the patient's journey.

Following the changes, day of procedure cancellations reduced from 50% to less than 5%. Added benefits included a major improvement in communication between Western Health, the patients GPs and the cardiologist. The redesign has also allowed for resource alignment and increased teaching and training opportunities for Western Health staff.

Information Systems

Western Health implemented a new Patient and Client Management System (P&CMS) in April 2009 as part of the Department of Health's HealthSMART Program. The P&CMS is a central system in the hospital environment, which links with the Department of Health to capture key information across all service areas. This information is used for internal management decision making and to provide statutory reporting information to the Government.

During 2008/09 the Western Health Information and Communication Technology (ICT) Strategic Plan was developed to identify key organisational ICT priorities over the next 5 years. The plan identifies resource requirements, governance arrangements and objective prioritisation. These priorities are then linked to annual ICT operational requirements that will be monitored and reported through to the Western Health Executive via an ICT Governance Group.

Business Improvement

In 2008/09, we continued to implement a comprehensive Business Improvement Program which produced over \$8 million in savings that were applied to patient care. These included clinical support efficiencies, the realignment of surgical wards and an Orthopaedics prosthetics project.

Recently a Medical Equipment Asset Management Plan has been developed enabling systematic prioritisation of upgrades and investment in medical equipment.

Western Health Management

Executive

Ms Kathryn Cook

Chief Executive Officer

Ms Dominique Saunders

Corporate Counsel

Dr Linda Mellors

Corporate Secretary/Executive Officer

Mr Silvio Pontonio

Executive Director Community Integration and Allied Health

Mr Tim Hogan

Executive Director Finance and Corporate Services

Dr Arlene Wake

Executive Director Medical Services

Ms Lydia Dennett

Executive Director Nursing and Midwifery

Dr Max Alexander

Executive Director Operations

Ms Juliette Alush

Executive Director People, Culture and Communications

Mr Jason Whakaari

Executive Director Strategy, Planning and Performance

Clinical Management

Medicine, Aged Care and Cancer Services

Ms Jenny Walsh

Divisional Director

Dr Ian Kronborg

Clinical Director

Women's and Children's Services

Ms Susan Gannon

Divisional Director

Dr Michael Sedgley

Clinical Director

Emergency and Critical Care Services

Ms Michelle McDade

Divisional Director

Dr Peter Ritchie

Clinical Director Emergency

Dr Yean Lim

Clinical Director Cardiology

Dr Craig French

Clinical Director ICU

Surgical Services

Ms Claire Culley

Divisional Director

Mr Trevor Jones

Clinical Director

Site Management

Ms Kethly Fallon

Director of Nursing/Operations Manager

Sunshine Hospital

Ms Christine Fuller

Director of Nursing/Operations Manager

Western Hospital Footscray

Mr Douglas Mill

Director of Nursing/Operations Manager

Williamstown Hospital & Residential Aged Care Services

Mr Moses Abbatangelo

Operations Manager DASWest

Senior Management

Dr Mark Garwood

Medical Director

Ms Rosemary McKemmish

Manager Medical Workforce

Ms Alison Rule

Director Quality and Clinical Governance

Ms Zane Healy

Director Clinical Support Services

Dr David Newman

Director Office for Research

Ms Fiona Wilson

Manager Infection Control

Ms Louise McKinlay

Manager Centre for Education

Ms Kathryn Farrell

Manager Fundraising

Ms Natasha Toohey

Director Allied Health

Ms Jennie Allen

Group Manager Community Services

Ms Leanne Lade

Manager Cultural Diversity and Aboriginal Health

Ms Vanessa Raines

Director Patient Access and Service Improvement

Ms Christine Neumann-Neurode

Director Ancillary Support Services

Mr Sean Downer

Director Health Information Services

Mr Michael Read

Chief Technology Officer

Mr Stephen Gow

Director Capital and Service Development

Mr Bernard Leow

Deputy Director Finance

Mr Winston Saldanha

Director Assets and Infrastructure

Ms Michelle Holian

Director Human Resources

Mr Andrew Williamson

Director Public Affairs

Western Health Services

Medicine, Aged Care and Cancer Services

General Medicine
Acute Aged Care
Medical Oncology and Clinical Haematology
Addictive Medicine
Nephrology
Neurology
Stroke Service
Respiratory and Sleep Medicine
Rheumatology
Dermatology
Gastroenterology
Endocrinology
Infectious Disease
Palliative Care
Geriatric Evaluation and Management
Diabetes Education
Rehabilitation
Renal Dialysis
Migrant Screening Program

Surgical Services

Anaesthetics
Pain Management
General Surgery
Breast and Endocrine Surgery
Upper Gastro Intestinal Surgery
Colorectal Surgery
Head, Neck and Otolaryngology
Plastic and Facio-Maxillary Surgery
Orthopaedic Surgery
Thoracic Surgery
Urology
Vascular Surgery
Paediatric Surgery
Ophthalmology

Drug and Alcohol Services

DASWest

Emergency and Critical Care Services

Emergency Medicine
Intensive Care Services
Centre for Cardiovascular Therapeutics
(incorporating Cardiology Services)
Hospital in the Home

Women's and Children's Services

Obstetrics
Gynaecology
Paediatric Medicine

Allied Health

Audiology
Nutrition & Dietetics
Occupational Therapy
Physiotherapy
Podiatry
Psychology
Social Work
Speech Pathology
Interpreter Services

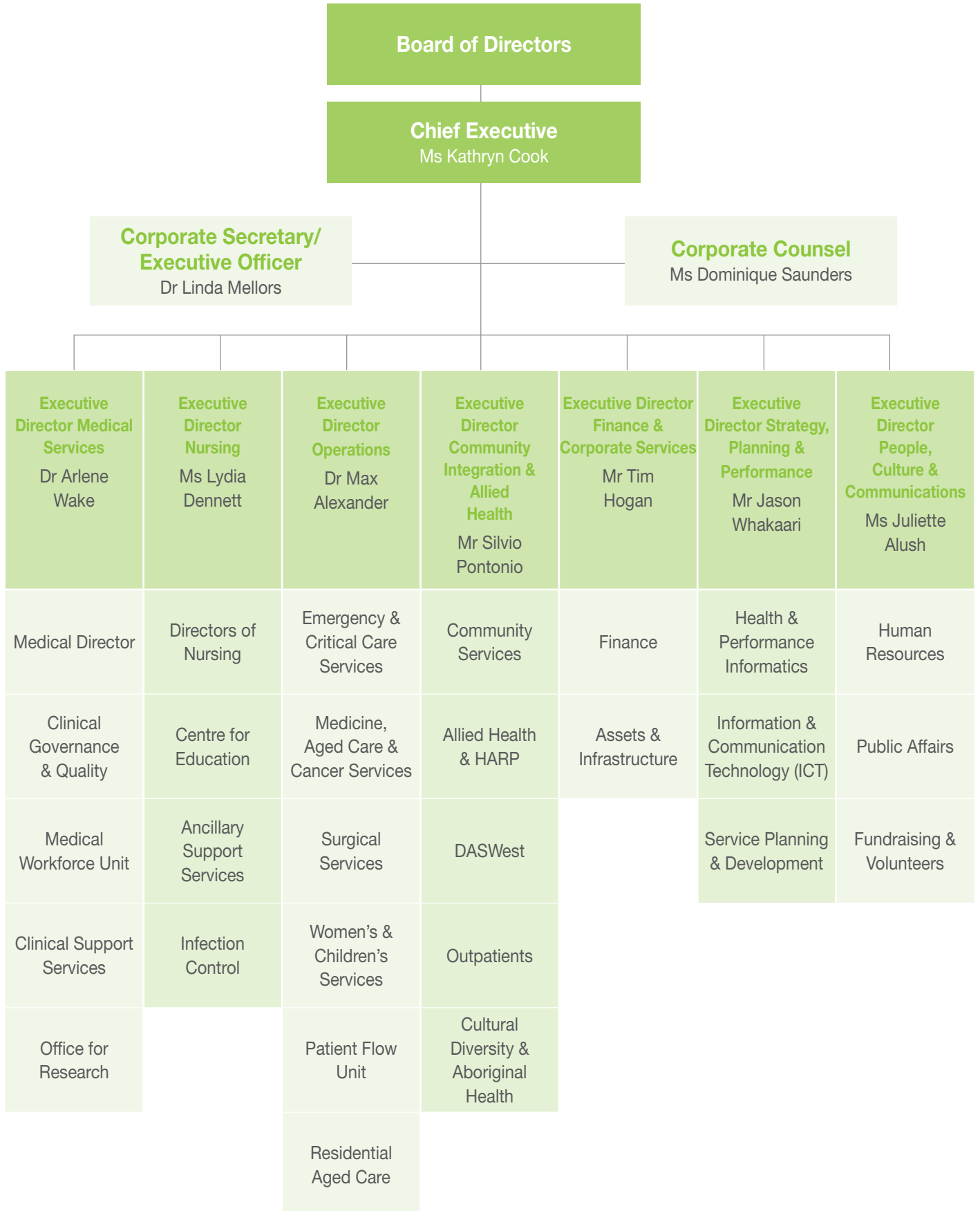
Ambulatory and Community Based Services

Outpatients
Subacute Ambulatory Care Services including specialist clinics
Community Based Rehabilitation
Continence Clinic
Cognition, Dementia and Memory Service
Aged Care Assessment Service
Transition Care Program
Hospital Admission Risk Program
Post Acute Care Program
GP Liaison and Strategy
Improving Care for Older People Program
Aboriginal Health

Clinical Support Services

Medical Imaging
Interventional Radiology
Pharmacy

Organisational Structure



Corporate Governance

Western Health is incorporated as a metropolitan health service pursuant to the Health Services (Governance) Act 2000 (Vic) (the Act) which amended the Health Services Act 1988. Western Health operates under the authority of the Act and its own by-laws.

Western Health is governed by a 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 Victorian 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
- meets financial and non-financial performance targets.

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.

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.

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.

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.

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.

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 and effective manner.

Education, Research and Development Committee

The role of the Education, Research and Development Committee is to oversee the development of plans and strategies that enable staff education and training to be linked with workforce needs, and the integration and alignment of these needs with patient care.

Board Members

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 is currently comprised of nine members, including the Chair.

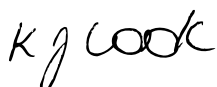
General Information

Attestation of Western Health's Risk Management System- Compliance with AS/NZS 4360 Risk Management Standard.

I, Kathryn Cook, Chief Executive of Western Health, certify that Western Health has risk management processes in place consistent with the Australian, New Zealand Risk Management Standard. AS/NZS 4360 (2004).

I confirm that Western Health's internal control systems are in place to enable the Board and the Executive to understand, manage and satisfactorily control risk exposures relevant to our core functions.

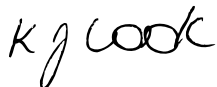
The Audit and Risk Committee verifies this assurance and notes that the organisational risk profile, supported by a range of ongoing risk assessment activities, corresponding to our strategic risk framework and strategy, has been critically reviewed within the last 12 months.



Kathryn Cook
Chief Executive
9 September 2009

Attestation on Data Accuracy

I, Kathryn Cook, Chief Executive of Western Health, certify that Western Health has put in place appropriate internal controls and processes to ensure that the Department of Health is provided with data that reflects actual performance. Western Health has critically reviewed these controls and processes during the year.



Kathryn Cook
Chief Executive
Western Health
9 September 2009

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.

Total requests	750
Full access	656
Partial access	5
Access denied	2
Application withdrawn	20
No documents	3
Application not processed	64
VCAT appeal	1
Appeal withdrawn	1

Occupational Health and Safety 2008/09

Western Health cares for the health and well being of its employees, contractors, volunteers, patients and visitors. The objective of Western Health is to prevent accidents, illness or injury. We believe that providing an environment that is safe and free from risk is essential to our long term success.

As part of its People and Culture Strategy, Western Health has committed to promoting safe and healthy people at work.

There has been a significant achievement in accident performance with a 15.2% reduction in the number of standard WorkCover claims, 39 for 2008/09 compared to 46 in 2007/08. This reduction in standard claims has seen a reduction in the 2009/10 WorkCover premium cost - by 10.9%.

This achievement was the result of effective risk and injury management processes with other support programs provided. These include:

- Hazard reduction by conducting area safety inspections where potential hazards are identified evaluated and appropriate risk controls implemented.
- An active Occupational Health and Safety Committee and sub-committees ensuring a progressive approach in monitoring and managing occupational health and safety across Western Health.
- Efficient rehabilitation and return to work processes through the OHS Unit with support by management and staff.
- Addressing risks associated with patient handling by maintaining staff competencies with the No Lift "Back Attack" program. A total of 860 staff had competencies assessed, which was facilitated by sessions conducted by the OHS Unit staff (36) and by ward in-services by the staff No Lift trainers.
- Education provided to staff in relation to managing risks associated with general manual handling and other ergonomic factors.

- The purchase of specific equipment to assist with patient and general manual handling.
- A proactive approach to minimise and control risks by management, in conjunction with staff Health and Safety representatives (HSR's).
- Support for staff Health and Safety Representatives including their initial 5 day and annual refresher training.
- Ensuring dangerous goods and hazardous substances manifests and information are readily available and up to date.
- Reviewing and introducing new OHS related policies and procedures to ensure systematic and effective processes.
- Introduction of a 'Smoke Free' environment for all sites with cessation supports provided to staff, patients, and volunteers.
- Introduction and promotion of an annual OHS staff Award which individuals and staff groups who made a significant contribution in improving the health, safety or wellbeing or work colleagues were eligible to be nominated.

There were 4 incidents that required notification to WorkSafe Victoria, which were reviewed and considered that suitable preventative actions were taken.

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 caring, 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, that employees are treated fairly and reasonably, that equal employment opportunity are provided and that employees have a reasonable avenue of redress against unfair or unreasonable treatment.

Building Act 1993

Western Health fully complied with the building and maintenance provisions of the Building Act 1993 for the period 1 July, 2008 to 30 June, 2009. Where applicable the appropriate Building Permits and Certificates of Occupancy were obtained in line with the requirements of the Building Act 1993.

Whistle Blowers Protection Act

In accordance with Part 6 of the Whistleblowers Protection Act (Vic) 2001, Western Health has developed procedures and guidelines to facilitate the disclosure of improper conduct, to investigate such allegations and to ensure that the person making such a disclosure is protected from reprisal. To ensure staff awareness the procedure and guidelines are available on the Western Health intranet. In accordance with the provisions of section 104 of the Act, no disclosures were received during the 08/09 financial year.

Victorian Industry Participation Policy

Western Health complies with the intent of the Victorian Industry Participation Policy Act (Vic) 2003 which is to encourage, where possible, local industry participation in the supply of goods and services to government agencies.

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.

Additional Information

In compliance with the requirements of the Standing Directions of the Minister for Finance, 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) A statement of pecuniary interest has been completed.
- (b) Details of shares held by senior officers as nominee or held beneficially.
- (c) Details of publications produced by the department about the activities of the entity and where they can be obtained.
- (d) Details of changes in prices, fees, charges, rates and levies charged by the entity.
- (e) Details of any major external reviews carried out on the entity.
- (f) Details of major research and development activities undertaken by the entity that are not otherwise covered either in the Report of Operations or in a document that contains the financial report and Report of Operations.
- (g) Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit.
- (h) Details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the entity and its services.
- (i) Details of assessments and measures undertaken to improve the occupational health and safety of employees.
- (j) General statement on industrial relations within the entity and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the Report of Operations.
- (k) A list of major committees sponsored by the entity, the purposes of each committee and the extent to which the purposes have been achieved.

Key Performance Statistics

Activity & Funding	Acute	Sub Acute	Other	Total
Admitted Patients				
Same Day	58,466	17	5	58,488
Multi Day	43,958	1,512	363	45,833
Total Separations	102,424	1,529	368	104,321
Emergency	44,680	584	14	45,278
Elective	47,810	590	328	48,728
Other including maternity	9,934	355	26	10,315
Total Separations	102,424	1,529	368	104,321
Public Separations	96,221	1,429	361	98,011
WIES Public (includes Renal)	63,718			
WIES Private	3,442			
WIES Renal	687			
Total WIES (Public, Private and Renal)	67,160			
WIES DVA	1,324			
WIES TAC	272			
WIES TOTAL	68,786			68,786
WIES performance to target	1.07%			
Separations per available bed	182	13		154
Total Bed Days	254,789	41,204	46,612	342,605
Non Admitted Patients				
Emergency Department Attendances				118,095
Emergency Services - Non-admitted				
VACS-Variable				127,339
VACS-Allied Health				33,596
VACS Allied Health - DVA				n/a
VACS Variable - DVA				440
Total VACS				161,375
VACS - Number of Encounters				116,169
Other Clinics - Number of Encounters				10,523

Notes:

- Figures provided are based on the best available data at the time of reporting.
- 'Other' category includes nursing home and transitional care patients.

Access	2009
1. Elective Surgery Performance	
Category 1 patients admitted within 30 days %	100%
Category 2 patients waiting within 90 days %	92%
Category 3 patients waiting within 365 days %	95%
Total Waiting List	3,219
Number of Hospital Initiated Postponements (HiPs) per 100 scheduled admissions	6.1%
Elective Surgery Admissions	13,848
2. Emergency Department Performance	
2a. Triage Performance	
Category 1 patients receiving immediate attention %	100%
Category 2 patients receiving attention within 10 mins %	88%
Category 3 patients receiving attention within 30 mins %	75%
2b. % of patients requiring admission who are admitted within 8 hours	64%
2c. Time on bypass (Western and Sunshine Hospital only)	2.8%
2d. % non-admitted patients with a length of stay of less than 4 hours	79%
2e. Number of patients with an emergency department length of stay greater than 24 hours (Western and Sunshine Hospital only)	629
Critical Care	
Number of intensive care beds	
Total average open (staffed)	10
Total average available (registered)	12
Number of coronary care beds	
Total average open (staffed)	20
Total average available (registered)	20
Non-acute Inpatient	
CRAFT	410
Rehab L1 (non DVA)	N/A
Rehab L2 (non DVA)	109
GEM (non DVA)	26,049
Palliative Care - Inpatient	3,114
Palliative Care - Other	31
Rehab 2 - DVA	156
GEM - DVA	2,377
Palliative Care - DVA	31
NHT - DVA	N/A
Non-acute Ambulatory	
Hospital Admission Risk Program (HARP)	2,623
SACS - Non DVA	25,957
SACS - Paediatric	N/A
Post Acute Care	3,545
Transition Care (Non DVA) - Bed day	5,581
Transition Care (Non DVA) - Home day	6,376
SACS - DVA	84
Post Acute Care - DVA	69
Aged Care	
Aged Care Assessment Services	4,417
Other Aged Care	N/A
Residential Aged Care (average occupancy)	98%
Maternity	
Postnatal home care	7,106

Disclosure Index

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

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Financial Snapshot

	2009 \$'000	2008 \$'000	2007 \$'000	2006 \$'000	2005 \$'000
Total Revenue	453,741	409,568	363,012	348,924	325,127
Total Expenses	433,125	388,646	373,705	343,930	320,715
Operating Surplus / (Deficit)	20,616	20,922	(10,693)	4,994	4,412
Retained Surplus / (Accumulated Deficits)	5,174	(15,442)	(36,364)	(25,671)	(40,186)
Total Assets	541,267	300,533	264,371	263,787	243,807
Total Liabilities	90,729	86,168	78,774	67,497	62,432
Net Assets	450,538	214,365	185,597	196,290	181,375
Total Equity	450,538	214,365	185,597	196,290	181,375

Financial Analysis of Operating Revenues & Expenses

	2009 \$'000	2008 \$'000
Revenues		
<i>Services Supported by Health Services Agreements</i>		
Government Grants	380,623	348,145
Indirect Contributions by Human Services	7,858	7,074
Patient Fees	7,164	7,682
Recoupment from Private Practice for use of Hospital Facilities	7,165	4,103
Interest	2,043	2,568
Other Revenue	8,211	7,020
	413,064	376,592
<i>Services Supported by Hospital & Community Initiatives</i>		
Private Practice Fees	0	10
Donations and Bequests	716	827
Property Income	268	280
Other Revenue	4,143	3,818
	5,127	4,935
	418,191	381,527
Expenses		
<i>Services Supported by Health Services Agreements</i>		
Employee Benefits	284,274	256,718
Non Salary Labour Costs	15,885	12,932
Supplies and Consumables	71,048	61,464
Other Expenses	46,721	43,709
	417,928	374,823
<i>Services Supported by Hospital & Community Initiatives</i>		
Employee Entitlements	1,264	1,461
Supplies and Consumables	347	305
Other Expenses	921	1,087
	2,532	2,853
	420,460	377,676
Surplus/(Deficit) for the Year Before Capital Purpose Income & Depreciation	(2,269)	3,851
Capital Purpose Income	35,550	28,041
Depreciation	(12,665)	(10,970)
Surplus for the Year	20,616	20,922

Financial Snapshot

Cash Management / Liquidity

	2009	2008
Creditors (days)	16	18
Debtors (days)	59	76
Net Movement in cash balance (\$'000)	473	31,562

Revenue Indicators

Average Collection Days

	2009	2008
Private	59	63
Transport Accident Commission	103	111
Victorian Workcover Authority	60	64
Other	106	114
Nursing Home	30	57

Debtors Outstanding as at 30 June 2009

	Under 30 days \$'000	31 - 60 days \$'000	61 - 90 days \$'000	Over 90 days \$'000	Total 2009 \$'000	Total 2008 \$'000
Private	1,708	1,028	18	376	3,131	1,190
Transport Accident Commission	57	10	0	33	99	107
Victorian Workcover Authority	323	15	0	107	445	449
Other Compensable	134	18	7	519	679	543
Nursing Home	194	-	-	-	194	146
Total	2,416	1,071	26	1,035	4,548	2,435

Consultancies

Over \$100,000

3 consultancies were utilised at a cost of \$458,778 which relate to service development issues.

Under \$100,000

35 consultancies were utilised at a cost of \$735,580 which relate to service development issues.

Workforce Full Time Equivalent (FTE) per Annual Accounts

	Jun-09 Current Mth FTE	Jun-09 YTD FTE
Nursing	1,544.11	1,481.87
Administration & Clerical	474.81	467.23
Medical Support	260.91	254.96
Hotel & Allied Services	275.60	267.22
Medical Officers	80.98	77.00
Hospital Medical Officers	316.24	308.39
Sessional Clinicians	52.40	53.53
Ancillary Staff (Allied Health)	239.99	230.79
Total	3,245.04	3,140.99



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Board Member's, Accountable Officer's and Chief Finance & Accounting Officer's Declaration



Western Health
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Web Site <http://www.wh.org.au>
ABN 61 166 735 672

We certify that the attached financial report for Western Health has been prepared in accordance with Standing Direction 4.2 of the Financial Management Act 1994, applicable Financial Reporting Directions, Australian Accounting Standards, Australian Accounting Interpretations and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Operating Statement, Balance Sheet, Statement Of Changes In Equity, Cash Flow Statement and notes forming part of the financial report, presents fairly the financial transactions during the year ended 30 June 2009 and financial position of Western Health at 30 June 2009.

We are not aware of any circumstance which would render any particulars included in the financial report to be misleading or inaccurate.

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



Ralph Willis
Board Chairperson
Melbourne
7th August 2009



Kathryn Cook
Chief Executive Officer
Melbourne
7th August 2009



Tim Hogan
Chief Finance & Accounting Officer
Melbourne
7th August 2009

Operating Statement

for the year ended 30 June 2009

	Note	2009 \$'000	2008 \$'000
Continuing Operations			
Revenue from Operating Activities	2	416,148	378,959
Revenue from Non-operating Activities	2	2,043	2,568
Employee Benefits	3	(285,323)	(258,103)
Non Salary Labour Costs	3	(16,100)	(13,008)
Supplies & Consumables	3	(71,395)	(61,769)
Other Expenses From Continuing Operations	3	(47,627)	(44,796)
		(2,254)	3,851
Net Result Before Capital & Specific Items			
Capital Purpose Income	2	35,550	28,041
Impairment of Financial Asset	3	(15)	-
Depreciation and Amortisation	4	(12,665)	(10,970)
		20,616	20,922
NET RESULT FOR THE YEAR			

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

Balance Sheet

as at 30 June 2009

	Note	2009 \$'000	2008 \$'000
Current Assets			
Cash and Cash Equivalents	5	38,986	38,513
Receivables	6	7,687	3,960
Other Financial Assets	7	487	502
Inventories	8	1,240	1,270
Non-Current Assets Classified as Held For Sale	9	-	1,701
Other Current Assets	10	1,505	715
Total Current Assets		49,905	46,661
Non-Current Assets			
Receivables	6	3,929	3,628
Property, Plant and Equipment	11	486,318	249,558
Intangible Assets	12	1,115	686
Total Non-Current Assets		491,362	253,872
TOTAL ASSETS		541,267	300,533
Current Liabilities			
Payables	13	18,831	23,127
Employee Benefits and Related On-Costs Provisions	14	63,807	56,330
Total Current Liabilities		82,638	79,457
Non-Current Liabilities			
Employee Benefits and Related On-Costs Provisions	14	8,091	6,711
Total Non-Current Liabilities		8,091	6,711
TOTAL LIABILITIES		90,729	86,168
NET ASSETS		450,538	214,365
EQUITY			
Asset Revaluation Reserve	15a	242,216	26,659
Restricted Specific Purpose Reserve	15a	168	168
Contributed Capital	15b	202,980	202,980
Accumulated Surplus/(Deficits)	15c	5,174	(15,442)
TOTAL EQUITY	15d	450,538	214,365
Commitments for Expenditure	18		
Contingent Liabilities and Contingent Assets	19		

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

Statement of Changes in Equity

for the year ended 30 June 2009

	Note	2009 \$'000	2008 \$'000
Total equity at beginning of financial year		214,365	185,597
Gain on Asset Revaluation	15a	215,557	4,559
NET INCOME RECOGNISED DIRECTLY IN EQUITY		215,557	4,559
Net result for the year		20,616	20,922
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE YEAR		236,173	25,481
Transactions with the State in its capacity as owner	15b	-	3,287
Closing Balance At End Of Financial Year		450,538	214,365

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

Cash Flow Statement

for the year ended 30 June 2009

	Note	2009 \$'000	2008 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		382,807	362,139
Patient and Resident Fees Received		6,383	7,675
Private Practice Fees Received		6,769	3,850
Donations and Bequests Received		663	655
GST Received from ATO		8,232	8,927
Recoupment from private practice for use of hospital facilities		412	263
Interest Received		2,190	2,426
Other Receipt		11,705	12,375
Employee Benefits Paid		(276,224)	(249,167)
Non Salary Labour Costs		(16,097)	(13,007)
Payments for Supplies & Consumables		(88,047)	(83,585)
Other Payments		(37,816)	(38,888)
Cash Generated from Operations		977	13,663
Capital Grants from Government		31,107	23,794
Capital Grants from Non-Government		495	367
NET CASH INFLOW FROM OPERATING ACTIVITIES	16	32,579	37,824
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant & Equipment		(34,466)	(17,075)
Proceeds from Sale of Property, Plant & Equipment		2,360	25
Proceeds from Sale of Investments		-	7,501
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(32,106)	(9,549)
CASH FLOWS FROM FINANCING ACTIVITIES			
Contributed Capital from Government		-	3,287
NET CASH INFLOW FROM FINANCING ACTIVITIES		-	3,287
NET INCREASE IN CASH AND CASH EQUIVALENTS HELD		473	31,562
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		38,513	6,951
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	5	38,986	38,513

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

Note 1: Statement of Significant Accounting Policies

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared on an accrual basis in accordance with the Financial Management Act 1994, applicable Australian Accounting Standards (AAS) and Australian Accounting Interpretation. AASs include Australian equivalents to International Financial Reporting Standards.

The entity is a not-for profit entity and therefore applies the additional AUS paragraphs applicable to “not-for-profit” entities under the AASs.

(b) Basis of preparation

The financial report is prepared in accordance with the historical cost convention, except for the revaluation of certain non-current assets and financial instruments, as noted. Cost is based on the fair values of the consideration given in exchange for assets.

In the application of AASs management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial report for the year ended 30 June 2009, and the comparative information presented in these financial statements for the year ended 30 June 2008.

(c) Reporting Entity

The financial report includes all the controlled activities of Western Health (the “Health Service”).

(d) Rounding Of Amounts

All amounts shown in the financial report are expressed to the nearest \$1,000 unless otherwise stated.

(e) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, deposits at call and highly liquid investments with an original maturity of 3 months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

(f) Receivables

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition. Collectability of debts is reviewed on an ongoing basis, and debts which are known to be uncollectible are written off. A provision for doubtful debts is raised where doubt as to collection exists.

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

(g) Inventories

Inventories include goods and other property held either for sale or for distribution at 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 are measured at the lower of cost and net realisable value.

Bases used in assessing loss of service potential for inventories held for distribution include current replacement cost and technical or functional obsolescence. Technical obsolescence occurs when an item still functions for some or all of the tasks it was originally acquired to do, but no longer matches existing technologies. Functional obsolescence occurs when an item no longer functions the way it did when it was first acquired.

(h) Other Financial Assets

Other financial assets 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.

The Health Service classifies its other financial assets between current and non-current assets based on the purpose for which the assets were acquired. Management determines the classification of its other financial assets at initial recognition.

The Health Service assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Loans and Receivables

Trade receivables, loans and other receivables are recorded at amortised cost, using the effective interest method, less impairment.

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

(i) Intangible Assets

Intangible assets represent identifiable non-monetary assets without physical substance such as patents, trademarks, 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 entity.

Amortisation is allocated to intangible assets with finite useful lives on a systematic (typically straight-line) basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at

Note 1: Statement of Significant Accounting Policies (continued)

the end of each annual reporting period. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount.

Any excess of the carrying amount over the recoverable amount is recognised as an impairment loss.

Intangible assets with finite useful lives are amortised over a 3 year period (2008 3 years).

(j) Property, Plant and Equipment

Land and Buildings are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and impairment.

Plant, Equipment and Vehicles are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and impairment.

(k) Revaluations of Non-current Physical Assets

Non-current physical assets measured at fair value are revalued in accordance with FRD 103D. 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. Revaluation increments or decrements arise from differences between an asset's carrying value and fair value.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised at an expense in net result, the increment is recognised as income in the net result.

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

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

Revaluation reserves are not transferred to accumulated funds on derecognition of the relevant asset.

In accordance with FRD 103D the Health Service's non-current physical assets were subjected to a detailed valuation in the current financial year.

(l) Non-Current Assets Classified as Held for Sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell, and are not subject to depreciation.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale (or disposal group) is expected to be completed within one year from the date of classification.

(m) Depreciation and Amortisation

Assets with a cost in excess of \$1,000 (2007-8 and 2008-9) are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their estimated useful lives using the straight-line method. Estimates of the remaining useful lives and depreciation method for all assets are reviewed at least annually. This depreciation charge is not funded by the Department of Human Services.

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

	2009	2008
Buildings	40 Years	40 Years
Plant and Equipment	10 Years	10 Years
Medical Equipment	10 Years	10 Years
Non Medical Equipment	10 Years	10 Years
Furniture and Fittings	10 Years	10 Years
Motor Vehicles	4 Years	4 Years
Computer Equipment	3 Years	3 Years

(n) Net Gain/(Loss) on Non-Financial Assets

Net gain or loss on non-financial assets includes realised and unrealised gains and losses from revaluations, impairments and disposals of all physical assets and intangible assets.

Disposal of Non-Financial Assets

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

Impairment of Non-Financial Assets

Intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment (i.e. as to whether their carrying value exceeds their recoverable amount, and so require write-downs) and whenever there is an indication that the asset may be impaired. All other assets are assessed annually for indications of impairment, except for:

- inventories;
- non-current physical assets held for sale;
- assets arising from construction contracts.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written-off as an expense except to the extent that the write-down can be debited to an asset revaluation reserve amount applicable to that class of asset.

It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of depreciated replacement cost or fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset or fair value less costs to sell.

Note 1: Statement of Significant Accounting Policies (continued)

(o) Payables

These amounts consist predominantly of liabilities for goods and services.

Payables are initially recognised at fair value, then subsequently carried at amortised cost and represent liabilities for goods and services provided to the Health Service prior to the end of the financial year that are unpaid, and arise when the Health Service becomes obliged to make future payments in respect of the purchase of these goods and services.

The normal credit terms are usually Net 30 days.

(p) Provisions

Provisions are recognised when the entity 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 provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(q) Functional and Presentation Currency

The presentation currency of the Health Service is the Australian dollar, which has also been identified as the functional currency of the entity.

(r) Goods and Services Tax

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it 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 taxation authority 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 taxation authority, are presented as operating cash flow.

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

(s) Employee Benefits**Wages and Salaries, Annual Leave, Sick Leave and Accrued Days Off**

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

Those liabilities that the entity are not expected to be settled within 12 months are recognised in the provision for employee benefits as current liabilities, measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

Long Service Leave (LSL)

Current Liability – unconditional LSL (representing 10 or more years of continuous service) is disclosed as a current liability even where the Health Service does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- present value – component that the Health Service does not expect to settle within 12 months; and
- nominal value – component that the Health Service expects to settle within 12 months.

Non-Current Liability – conditional LSL (representing less than 10 years of continuous service) is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. Conditional LSL is required to be measured at present value.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates of Commonwealth Government guaranteed securities in Australia.

Superannuation**Defined contribution plans**

Contributions to defined contribution superannuation plans are expensed when incurred.

Defined benefit plans

The amount charged to the 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 staff. Superannuation contributions are made to the plans based on the relevant rules of each plan.

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

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

Fund	Contributions Paid or Payable for the year	
	2009 \$'000	2008 \$'000
Defined benefit plans:		
- Health Super Fund	895	935
Defined contribution plans:		
- Health Super Fund	17,168	15,990
- Hesta Super Fund	3,844	2,934
Total	21,907	19,859

The Health Service does not recognise any unfunded defined benefit liability in respect of the superannuation plans because the Health Service has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation

Note 1: Statement of Significant Accounting Policies (continued)

contributions as they fall due. The Department of Treasury and Finance administers and discloses the State's defined benefit liabilities in its financial report.

Termination Benefits

Liabilities for termination benefits are recognised when a detailed plan for the termination has been developed and a valid expectation has been raised with those employees affected that the terminations will be carried out. The liabilities for terminations benefits are recognised in other creditors unless the amount or timing of the payments is uncertain, in which case they are recognised as a provision.

On-Costs

Employee benefits on-costs (workers compensation, superannuation, annual leave and LSL accrued while on LSL taken in service) are recognised separately from the provision for employee benefits.

(t) 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.

(u) Leases

Leases of property, plant and equipment are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating Leases

Operating lease payments, including any contingent rentals, are recognised as an expense in the operating statement on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

(v) Income Recognition

Income is recognised in accordance with AASB 118 Revenue and is recognised as to the extent it is earned. Unearned income at reporting date is reported as income received in advance.

Amounts disclosed as revenue are, where applicable, net of returns, allowances and duties and taxes.

Government Grants

Grants are recognised as income when the entity gains control of the underlying assets in accordance with AASB 1004 Contributions. For reciprocal grants, the Health Service is deemed to have assumed control when the performance has occurred under the grant. For non-reciprocal grants, the Health Service is deemed to have assumed control when the grant is received or receivable. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

Indirect Contributions

- Insurance is recognised as revenue following advice from the Department of Human Services.
- Long Service Leave (LSL) – Revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Metropolitan Health and Aged Care Services Division Hospital Circular 34/2008.

Patient and Resident Fees

Patient fees are recognised as revenue at the time invoices are raised.

Private Practice Fees

Private practice fees are recognised as revenue at the time invoices are raised.

Donations and Other Bequests

Donations and bequests are recognised as revenue when received. If donations are for a special purpose, they may be appropriated to a reserve, such as specific restricted purpose reserve.

Interest Revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield of the financial asset.

(w) Fund Accounting

The Health Service operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds. The Health Service Capital and Specific Purpose Funds include unspent capital donations and receipts from fund-raising activities conducted solely in respect of these funds.

(x) Services Supported By Health Services Agreement and Services Supported By Hospital And Community Initiatives

Activities classified as Services Supported by Health Services Agreement (HSA) are substantially funded by the Department of Human Services and includes Residential Aged Care Services (RACS) and are also funded from other sources such as the Commonwealth, patients and residents, while Services Supported by Hospital and Community Initiatives (Non HSA) are funded by the Health Service's own activities or local initiatives and/or the Commonwealth.

(y) Change in Accounting Policies

In accordance with Victorian Government Financial Reporting Direction 103D "Non-Current Physical Assets", the Health Service measures plant and equipment, and medical equipment assets at fair value from 1 July 2008. Previously these assets were measured at cost. This change in accounting policy is required to ensure that Victoria's Whole of Government financial report, to which the Health Service is consolidated into, complies with the requirements of AASB1049 Whole of Government and General Government Sector Financial Reporting. As this change is the initial application of a policy to revalue assets in accordance with AASB116 Property, Plant and Equipment the change is treated as a revaluation in the current year.

(z) Property, Plant & Equipment Revaluation Reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets.

(aa) Comparative Information

Where necessary the previous year's figures have been reclassified to facilitate comparisons.

In the prior year, an investment in a managed fund was incorrectly designated as held-to-maturity financial asset. As this is not in accordance with FRD114A Financial Instruments, the Health Service has been required to re-designate the financial asset as an available

Note 1: Statement of Significant Accounting Policies (continued)

for sale financial asset. The impact on the balance sheet as at 30 June 2009 was to reduce non-current other financial assets by \$502k and to increase current other financial assets by \$502k.

(ab) Specific Restricted Purpose Reserve

A specific restricted purpose reserve is established where the entity has possession or title to the funds but has no discretion to amend or vary the restriction and/or condition underlying the funds received.

(ac) Contributed Capital

Consistent with Australian Accounting Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities and FRD 119 Contributions by Owners, appropriations for additions to the net asset base have been designated as contributed capital. Other transfers that are in the nature of contributions or distributions that have been designated as contributed capital are also treated as contributed capital.

(ad) Net Result Before Capital & Specific Items

The subtotal entitled 'Net Result Before Capital & Specific Items' is included in the Operating Statement to enhance the understanding of the financial performance of the Health Service. This subtotal reports the result excluding items such as capital grants, assets received or provided free of charge, depreciation, and items of unusual nature and amount such as specific revenues and expenses. The exclusion of these items are made to enhance matching of income and expenses so as to facilitate the comparability and consistency of results between years and Victorian Public Health Services. The Net Result Before Capital & Specific Items is used by the management of the Health Service, the Department of Human Services and the Victorian Government to measure the ongoing result of Health Services in operating hospital services.

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

- Capital purpose income, which comprises all tied grants, donations and bequests received for the purpose of acquiring non-current assets, such as capital works, plant and equipment or intangible assets. Consequently the recognition of revenue as capital purpose income is based on the intention of the provider of the revenue at the time the revenue is provided.
- Specific income/expense, comprises the following items, where material:
 - Non-current asset revaluation increments/decrements
 - Diminution in investments
 - Forgiveness of loans
 - Reversals of provisions
 - Voluntary changes in accounting policies (which are not required by an accounting standard or other authoritative pronouncement of the Australian Accounting Standards Board)
- Impairment of financial and non-financial assets, includes all impairment losses (and reversal of previous impairment losses), which have been recognised in accordance with note 1 (n).
- Depreciation and amortisation, as described in note 1 (j) and (m).
- Expenditure using capital purpose income, comprises expenditure which either falls below the asset capitalisation threshold (note 1 (i) and (j)), or doesn't meet asset recognition criteria and therefore does not result in the recognition of an

asset in the balance sheet, where funding for that expenditure is from capital purpose income.

(ae) Category Groups

The Health Service has used the following category groups for reporting purposes for the current and previous financial years:

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

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

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

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

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

Off Campus Ambulatory Services (Ambulatory) comprises all recurrent health revenue/expenditure on public hospital type services including palliative care facilities and rehabilitation facilities, as well as services provided under the following agreements: Services that are provided or received by hospitals (or area health services) but are delivered/received outside a hospital campus, services which have moved from a hospital to a community setting since June 1998, services which fall within the agreed scope of inclusions under the new system, which have been delivered within hospital's i.e. in rural/remote areas.

Residential Aged Care including Mental Health (RAC incl. Mental Health) referred to in the past as psychogeriatric residential services, comprises those Commonwealth-licensed residential aged care services in receipt of supplementary funding from DHS under the mental health program. It excludes all other residential services funded under the mental health program, such as mental health funded community care units (CCUs) and secure extended care units (SECs).

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

Note 1: Statement of Significant Accounting Policies (continued)

(af) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting period. As at 30 June 2009, the following standards and interpretations had been issued but were not mandatory for financial year ending 30 June 2009. The Health Service has not and does not intend to adopt these standards early.

Standard / Interpretation	Summary	Applicable for reporting periods beginning on or ending on	Impact on Entities Annual Statements
AASB 8 Operating Segments.	Supersedes AASB 114 Segment Reporting.	Beginning 1 January 2009	Not applicable
AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 and AASB 1038].	An accompanying amending standard, also introduced consequential amendments into other Standards.	Beginning 1 January 2009	Impact expected to be not significant.
AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12].	An accompanying amending standard, also introduced consequential amendments into other Standards.	Beginning 1 January 2009	All Australian government jurisdictions are currently still actively pursuing an exemption for government from capitalising borrowing costs.
AASB 2008-3 Amendments to AAS arising from AASB 3 & AASB 127 [AASBs 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretation 9 & 107].	This Standard gives effect to consequential changes arising from revised AASB 3 and amended AASB 127. The Prefaces to those Standards summarise the main requirements of those Standards.	Beginning 1 January 2009	Impact expected to be insignificant.
AASB 2008-5 Amendments to AASs arising from the Annual Improvements Project [AASBs 5, 7, 101, 102, 107, 108, 110, 116, 118, 119, 120, 123, 127, 128, 129, 131, 132, 134, 136, 138, 140, 141, 1023 and 1308].	A suite of amendments to existing standards following issuance of IASB Standard Improvements to IFRSs in May 2008. Some amendments result in accounting changes for presentation, recognition and measurement purposes.	Beginning 1 January 2009	Impact is being evaluated.
AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1 & AASB 5].	The amendments require all the assets and liabilities of a for-sale subsidiary to be classified as held for sale and clarify the disclosures required when the subsidiary is part of a disposal group that meets the definition of a discontinued operation.	Beginning 1 January 2009	Impact expected to be insignificant.
AASB 2008-7 Amendments to AAS Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136].	Changes mainly relate to treatment of dividends from subsidiaries or controlled entities.	Beginning 1 January 2009	Impact expected to be insignificant.
AASB 2008-8 Amendments to Australian Accounting Standards - Eligible Hedged Items [AASB 139].	The amendments to AASB 139 clarify how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation as a hedged item, should be applied in particular situations.	Beginning 1 January 2009	Impact is being evaluated.
AASB 2008-9 Amendments to AASB 1049 for Consistency with AASB 101.	Amendments to AASB 1049 for consistency with AASB 101 (September 2007) version.	Beginning 1 January 2009	Impact expected to be insignificant.
AASB 2009-1 Amendments to Australian Accounting Standards - Borrowing Costs of Not-for-Profit Public Sector Entities [AASB 1, AASB 111 & AASB 123].	Amendments to Australian Accounting Standards to allow borrowing costs of Not-for-Profit Public Sector Entities to be expensed.	Beginning 1 January 2009	Impact expected to be insignificant.
AASB 2009-2 Amendments to Australian Accounting Standards - Improving Disclosures about Financial Instruments [AASB 4, AASB 7, AASB 1023 & AASB 1038].	Amendments to AASB 7 to enhance disclosures about fair value measurements and liquidity risk. Editorial amendments to AASB 4, AASB 1023 & AASB 1038 resulting from the amendments to AASB 7.	Beginning 1 January 2009	Impact expected to be insignificant.

Note 2: Revenue

	HSA 2009 \$'000	HSA 2008 \$'000	Non HSA 2009 \$'000	Non HSA 2008 \$'000	Total 2009 \$'000	Total 2008 \$'000
Revenue from Operating Activities						
Government Grants						
● Department of Human Services	370,895	340,022	-	-	370,895	340,022
● Commonwealth Government						
● Residential Aged Care Subsidy	3,008	3,084	-	-	3,008	3,084
● Other	6,720	4,973	-	-	6,720	4,973
Total Government Grants	380,623	348,079	-	-	380,623	348,079
Indirect Contributions by Department of Human Services						
● Insurance	4,814	4,843	-	-	4,814	4,843
● Long Service Leave	3,044	2,231	-	-	3,044	2,231
Total Indirect Contributions by Department of Human Services	7,858	7,074	-	-	7,858	7,074
Patient and Resident Fees						
● Patient and Resident Fees (refer note 2b)	6,266	6,808	-	-	6,266	6,808
● Residential Aged Care (refer note 2b)	898	874	-	-	898	874
Total Patient and Resident Fees	7,164	7,682	-	-	7,164	7,682
Business Units & Specific Purpose Funds						
● Private Practice Fees	-	-	-	10	-	10
● Research	85	66	1,082	603	1,167	669
● Pharmacy	743	658	-	-	743	658
● Property Income	169	64	268	280	437	344
● Cafeteria and Kiosk	-	-	164	411	164	411
● Car Park	-	-	1,858	1,670	1,858	1,670
● Opportunity Shops	-	-	35	32	35	32
● Television	-	-	35	52	35	52
Total Business Units & Specific Purpose Funds	997	788	3,442	3,058	4,439	3,846
Donations & Bequests	3	6	716	827	719	833
Recoupment from Private Practice for Use of Hospital Facilities	7,165	4,103	-	-	7,165	4,103
Other Revenue from Operating Activities	7,211	6,292	969	1,050	8,180	7,342
Sub-Total Revenue from Operating Activities	411,021	374,024	5,127	4,935	416,148	378,959
Revenue from Non-Operating Activities						
Interest	2,043	2,568	-	-	2,043	2,568
Sub-Total Revenue from Non-Operating Activities	2,043	2,568	-	-	2,043	2,568
Revenue from Capital Purpose Income						
State Government Capital Grants						
● Targeted Capital Works and Equipment	-	-	33,161	27,899	33,161	27,899
Commonwealth Government Capital Grants	-	-	1,400	-	1,400	-
Net Gain / (Loss) On Disposal Of Non-Financial Assets (refer note 2c)	-	-	550	(46)	550	(46)
Donations and Bequests	-	-	439	188	439	188
Sub-Total Revenue from Capital Purpose Income	-	-	35,550	28,041	35,550	28,041
Total Revenue (refer to note 2a)	413,064	376,592	40,677	32,976	453,741	409,568

Indirect contributions by Department of Human Services:

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

Note 2a: Analysis of Revenue by Source

	Admitted Patients	Out-patients	EDS	Ambulatory	RAC	Aged Care	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2009								
Revenue from Services Supported by Health Services Agreement								
Government Grants	193,569	9,432	40,230	23,817	4,511	2,880	106,182	380,621
Indirect contributions by Department of Human Services	7,858	-	-	-	-	-	-	7,858
Patient and Resident Fees (refer note 2b)	6,125	12	102	15	898	10	2	7,164
Donations & Bequests (non capital)	2	-	-	-	-	-	1	3
Recoupment from Private Practice for Use of Hospital	883	251	-	-	-	-	6,031	7,165
Business Units & Specific Purpose Funds	-	-	-	-	-	-	913	913
Other Revenue from Operating Activities	1,414	17	79	158	-	13	5,616	7,297
Interest	-	-	-	-	-	-	2,043	2,043
Sub-Total Revenue from Services Supported by Health Services Agreement	209,851	9,712	40,411	23,990	5,409	2,903	120,788	413,064
Revenue from Services Supported by Hospital and Community Initiatives								
Business Units and Specific Purpose Fund							3,063	3,063
Rental Income							268	268
Fundraising							660	660
Other							1,136	1,136
Capital Purpose Income (refer note 2)							35,550	35,550
Sub-Total Revenue from Services Supported by Hospital and Community Initiatives	-	-	-	-	-	-	40,677	40,677
Total Revenue	209,851	9,712	40,411	23,990	5,409	2,903	161,465	453,741
	Admitted Patients	Out-patients	EDS	Ambulatory	RAC	Aged Care	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2008								
Revenue from Services Supported by Health Services Agreement								
Government Grants	173,199	7,385	35,697	26,763	4,523	2,640	97,938	348,145
Indirect contributions by Department of Human Services	7,074	-	-	-	-	-	-	7,074
Patient and Resident Fees (refer note 2b)	6,633	6	157	12	874	-	-	7,682
Donations & Bequests (non capital)	2	-	1	-	-	-	3	6
Recoupment from Private Practice for Use of Hospital	785	-	-	-	-	-	3,318	4,103
Business Units & Specific Purpose Funds	-	-	-	-	-	-	722	722
Other Revenue from Operating Activities	793	12	22	230	4	29	5,202	6,292
Interest	3	-	-	-	-	-	2,565	2,568
Sub-Total Revenue from Services Supported by Health Services Agreement	188,489	7,403	35,877	27,005	5,401	2,669	109,748	376,592
Revenue from Services Supported by Hospital and Community Initiatives								
Business Units and Specific Purpose Fund							2,778	2,778
Rental Income							280	280
Fundraising							827	827
Other							1,050	1,050
Capital Purpose Income (refer note 2)							28,041	28,041
Sub-Total Revenue from Services Supported by Hospital and Community Initiatives	-	-	-	-	-	-	32,976	32,976
Total Revenue	188,489	7,403	35,877	27,005	5,401	2,669	142,724	409,568

Indirect contributions by Department of Human Services:

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

Note 2b: Patient and Resident Fees

	2009 \$'000	2008 \$'000
Patient and Resident Fees Raised Recurrent:		
Acute		
● Inpatients	6,125	6,633
● Outpatients	12	6
● Other	129	169
	6,266	6,808
Residential Aged Care	898	874
Total Recurrent	7,164	7,682

Note 2c: Net Gain/(Loss) on Disposal of Non-Current Assets

	2009 \$'000	2008 \$'000
Proceeds from Disposals of Non-Current Assets		
Land	2,258	-
Building	90	-
Plant and Equipment	6	19
Motor Vehicles	6	6
Total Proceeds from Disposal of Non-Current Assets	2,360	25
Less:		
Written Down Value of Non-Current Assets Sold		
Land	1,615	-
Buildings	86	-
Plant and Equipment	109	71
Motor Vehicles	-	-
Total Written Down Value of Non-Current Assets Sold	1,810	71
Net gains/(losses) on Disposal of Non-Current Assets	550	(46)

Note 3: Expenses

	HSA 2009 \$'000	HSA 2008 \$'000	Non HSA 2009 \$'000	Non HSA 2008 \$'000	Total 2009 \$'000	Total 2008 \$'000
Employee Benefits						
Salaries & Wages	251,952	227,064	825	1,135	252,777	228,199
WorkCover Premium	3,065	3,399	21	20	3,086	3,419
Departure Packages	239	239	-	112	239	351
Long Service Leave	7,254	6,282	60	(7)	7,314	6,275
Superannuation	21,764	19,734	143	125	21,907	19,859
Total Employee Benefits	284,274	256,718	1,049	1,385	285,323	258,103
Non Salary Labour Costs						
Fees for Visiting Medical Officers	5,193	4,723	-	-	5,193	4,723
Agency Costs - Nursing	6,812	4,945	-	18	6,812	4,963
Agency Costs - Other	3,880	3,264	215	58	4,095	3,322
Total Non Salary Labour Costs	15,885	12,932	215	76	16,100	13,008
Supplies and Consumables						
Drug Supplies	13,288	12,298	17	9	13,305	12,307
S100 Drugs	3,958	3,091	-	-	3,958	3,091
Medical, Surgical Supplies and Prosthesis	34,593	28,760	249	43	34,842	28,803
Pathology Supplies	11,211	10,124	37	3	11,248	10,127
Food Supplies	7,998	7,191	44	250	8,042	7,441
Total Supplies and Consumables	71,048	61,464	347	305	71,395	61,769
Other Expenses from Continuing Operations						
Domestic Services & Supplies	4,354	4,074	2	2	4,356	4,076
Fuel, Light, Power and Water	3,426	2,549	-	2	3,426	2,551
Insurance costs funded by DHS	4,815	4,844	-	-	4,815	4,844
Motor Vehicle Expenses	223	235	-	1	223	236
Repairs & Maintenance	4,190	3,917	20	20	4,210	3,937
Maintenance Contracts	3,593	2,893	-	11	3,593	2,904
Patient Transport	2,582	2,272	15	9	2,597	2,281
Bad & Doubtful Debts	59	977	-	-	59	977
Lease Expenses	3,001	2,578	13	70	3,014	2,648
Other Administrative Expenses	13,900	12,861	818	930	14,718	13,791
Other	6,287	6,331	53	42	6,340	6,373
Audit Fees						
● VAGO - Audit of Financial Statements	97	91	-	-	97	91
● Internal Audit Fees	179	87	-	-	179	87
Total Other Expenses from Continuing Operations	46,706	43,709	921	1,087	47,627	44,796
Impairment of Financial Asset	15	-	-	-	15	-
Total Impairment of Financial Asset	15	-	-	-	15	-
Depreciation and Amortisation	-	-	12,665	10,970	12,665	10,970
Total Depreciation and Amortisation	-	-	12,665	10,970	12,665	10,970
Total Expenses	417,928	374,823	15,197	13,823	433,125	388,646

Note 3a: Analysis of Expenses by Source

	Admitted Patients \$'000	Out-patients \$'000	EDS \$'000	Ambu-latory \$'000	RAC \$'000	Aged Care \$'000	Other \$'000	Total \$'000
2009								
Services Supported by Health Services Agreement								
Employee Benefits	141,752	3,709	29,080	19,501	4,850	2,364	83,018	284,274
Non Salary Labour Costs	10,445	907	1,410	424	413	12	2,274	15,885
Supplies & Consumables	34,298	513	4,498	1,239	106	38	30,356	71,048
Other Expenses from Continuing Operations	23,112	1,666	3,577	7,182	698	409	10,062	46,706
Impairment of Financial Asset	-	-	-	-	-	-	15	15
Sub-Total Expenses from Services Supported by Health Services Agreement	209,607	6,795	38,565	28,346	6,067	2,823	125,725	417,928
Services Supported by Hospital and Community Initiatives								
Employee Benefits							1,049	1,049
Non Salary Labour Costs							215	215
Supplies & Consumables							347	347
Other Expenses from Continuing Operations							921	921
Depreciation & Amortisation (refer note 4)							12,665	12,665
Sub-Total Expense from Services Supported by Hospital and Community Initiatives	-	-	-	-	-	-	15,197	15,197
Total Expenses	209,607	6,795	38,565	28,346	6,067	2,823	140,922	433,125
2008								
Services Supported by Health Services Agreement								
Employee Benefits	128,734	3,683	26,193	17,242	4,683	1,750	74,433	256,718
Non Salary Labour Costs	9,513	619	580	307	324	5	1,584	12,932
Supplies & Consumables	28,823	345	4,224	1,188	120	31	26,733	61,464
Other Expenses from Continuing Operations	21,488	1,412	3,405	7,840	654	540	8,370	43,709
Sub-Total Expenses from Services Supported by Health Services Agreement	188,558	6,059	34,402	26,577	5,781	2,326	111,120	374,823
Services Supported by Hospital and Community Initiatives								
Employee Benefits							1,385	1,385
Non Salary Labour Costs							76	76
Supplies & Consumables							305	305
Other Expenses from Continuing Operations							1,087	1,087
Depreciation & Amortisation (refer note 4)							10,970	10,970
Sub-Total Expense from Services Supported by Hospital and Community Initiatives	-	-	-	-	-	-	13,823	13,823
Total Expenses	188,558	6,059	34,402	26,577	5,781	2,326	124,943	388,646

Note 3b: Analysis of Expenses by Internal and Restricted Specific Purpose Funds for Services Supported by Hospital and Community Initiatives

	2009 \$'000	2008 \$'000
Cafeteria and Kiosk	6	342
Car Park	704	722
Opportunity Shops	46	45
Property Expenses	3	13
Fundraising and Community Support	71	92
Research	562	603
Other	849	1,036
TOTAL	2,241	2,853

Note 4: Depreciation and Amortisation

	2009 \$'000	2008 \$'000
Depreciation		
Buildings	4,927	4,676
Plant and Equipment	852	765
Medical Equipment	4,367	3,810
Computers and Communication	1,666	1,244
Furniture and Equipment	78	65
Motor Vehicles	25	28
Non Medical Equipment	221	193
	12,136	10,781
Amortisation		
Intangibles Assets	529	189
	529	189
Total Depreciation and Amortisation	12,665	10,970

Note 5: Cash and Cash Equivalents

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

	2009 \$'000	2008 \$'000
Cash on Hand	14	12
Cash at Bank	38,972	38,501
TOTAL	38,986	38,513
Represented by:		
Cash for Health Service Operations (as per Cash Flow Statement)	38,986	38,513
TOTAL	38,986	38,513

Note 6: Receivables

	2009 \$'000	2008 \$'000
CURRENT		
Contractual		
Trade Debtors	1,148	1,594
Patient Fees	4,548	2,322
Accrued Investment Income	98	245
Accrued Revenue	2,148	814
Less Allowance for Doubtful Debts		
Trade Debtors	(108)	(132)
Patient Fees	(907)	(883)
	6,927	3,960
Statutory		
Accrued Revenue - DHS	760	-
	760	-
TOTAL CURRENT RECEIVABLES	7,687	3,960
NON CURRENT		
Statutory		
Long Service Leave - DHS	3,929	3,628
TOTAL NON CURRENT RECEIVABLES	3,929	3,628
TOTAL RECEIVABLES	11,616	7,588

Note 7: Other Financial Assets

	Operating Fund		Specific Purpose Fund		Capital Fund		Total	
	2009 \$'000	2008 \$'000	2009 \$'000	2008	2009 \$'000	2008	2009 \$'000	2008 \$'000
CURRENT								
Managed Investment Schemes	487	502	-	-	-	-	487	502
Total Current	487	502	-	-	-	-	487	502
NON CURRENT								
Managed Investment Schemes	-	-	-	-	-	-	-	-
Total Non Current	-	-	-	-	-	-	-	-
TOTAL	487	502	-	-	-	-	487	502
Represented by:								
Health Service Investments	487	502	-	-	-	-	487	502
TOTAL	487	502	-	-	-	-	487	502

Refer to Note 24 for details of the above.

Note 8: Inventories

	2009 \$'000	2008 \$'000
CURRENT		
Pharmaceuticals - at cost	1,126	1,157
Radiology - at cost	114	113
TOTAL INVENTORIES	1,240	1,270

Note 9: Non-Financial Assets Classified as Held For Sale

	2009 \$'000	2008 \$'000
CURRENT		
Land	-	1,615
Buildings	-	86
TOTAL	-	1,701

Note 10: Other Current Assets

	2009 \$'000	2008 \$'000
CURRENT		
Prepayments	434	244
	434	244
Statutory		
GST Receivable	1,071	471
	1,071	471
TOTAL OTHER CURRENT ASSETS	1,505	715

Note 11: Property, Plant & Equipment

	2009 \$'000	2008 \$'000
Land		
• Land at fair value	35,374	29,534
• Less Impairment	-	-
Total Land	35,374	29,534
Buildings		
• Buildings under Construction	7,151	-
• Buildings at Cost	1,230	11,146
• Less Acc'd Depreciation	(11)	(193)
• Buildings at fair value	404,614	180,085
• Less Acc'd Depreciation	-	(9,004)
Total Buildings	412,984	182,034
Plant and Equipment		
• Plant Under Construction at cost	2,835	2,395
• Plant and Equipment at fair value	8,705	8,071
• Less Acc'd Depreciation	(2,279)	(1,427)
Total Plant and Equipment	9,261	9,039
Medical Equipment		
• Medical Equipment at fair value	45,212	40,849
• Less Acc'd Depreciation	(20,877)	(16,774)
Total Medical Equipment	24,335	24,075
Non Medical Equipment		
• Non Medical Equipment at fair value	2,420	2,028
• Less Acc'd Depreciation	(1,071)	(850)
Total Non Medical Equipment	1,349	1,178

Note 11: continued next page

Note 11: Property, Plant & Equipment (continued)

	2009 \$'000	2008 \$'000
Computers and Communication		
• Computers and Communication at fair value	8,377	7,578
Less Acc'd Depreciation	(5,804)	(4,322)
Total Computers and Communications	2,573	3,256
Furniture and Fittings		
• Furniture and Fittings at fair value	830	727
Less Acc'd Depreciation	(409)	(331)
Total Furniture and Fittings	421	396
Motor Vehicles		
• Motor Vehicles at fair value	181	181
Less Acc'd Depreciation	(160)	(135)
Total Motor Vehicles	21	46
Total Written Down Value	486,318	249,558

Reconciliations of the carrying amounts of each class of asset at the beginning and end of the previous and current financial year is set out below.

	Land \$'000	Buildings \$'000	Buildings WIP \$'000	Plant and Equipment \$'000	Medical Equipment \$'000	Non Medical Equipment \$'000	Computer Equipment \$'000	Furniture and Fittings \$'000	Motor Vehicles \$'000	Total \$'000
Balance at 1 July 2007	26,590	180,529	-	6,245	19,941	1,048	2,896	328	75	237,652
Additions	-	6,267	-	3,573	7,984	323	1,622	133	-	19,902
Disposals	-	-	-	(14)	(40)	-	(18)	-	(1)	(73)
Transfer to Assets Held For Sale	(1,615)	(86)	-	-	-	-	-	-	-	(1,701)
Revaluation increments/(decrements)	4,559	-	-	-	-	-	-	-	-	4,559
Depreciation and Amortisation (note 4)	-	(4,676)	-	(765)	(3,810)	(193)	(1,244)	(65)	(28)	(10,781)
Balance at 1 July 2008	29,534	182,034	-	9,039	24,075	1,178	3,256	396	46	249,558
Additions	-	19,009	7,151	1,074	4,733	393	985	103	-	33,448
Disposals	-	-	-	-	(106)	(1)	(2)	-	-	(109)
Revaluation increments/(decrements)	5,840	209,717	-	-	-	-	-	-	-	215,557
Depreciation and Amortisation (note 4)	-	(4,927)	-	(852)	(4,367)	(221)	(1,666)	(78)	(25)	(12,136)
Balance at 30 June 2009	35,374	405,833	7,151	9,261	24,335	1,349	2,573	421	21	486,318

Land and buildings carried at valuation

An independent valuation of the Health Service's land and buildings, which conforms to Australian Valuation Standards was performed by the Westlink Consulting on behalf of the Valuer-General Victoria to determine the fair value of the land and buildings as at June 2009.

The significant revaluation increment in buildings recorded is a result of the valuation process being streamlined by the Valuer-General Victoria for reporting purposes in accordance with the Financial Management Act 1994. In doing so all valuers valuing hospitals across Victoria were required to apply the same depreciated replacement cost methodology. This change to the valuation methodology ensures greater consistency in reporting across the sector. In this regard, the valuation as at June 2009 applied depreciated replacement costs and useful lives applicable to the types of hospital as prescribed by the Valuer-General Victoria for

valuation purposes, compared to the previous valuation of 30 June 2006, where the methodology applied estimated replacement costs for various buildings obtained from the Rawlinsons Construction Handbook and taking into consideration the restrictive nature of the asset use, where the building is considered to add negligible value. In addition to the movement in building valuations, there have been market movements in land values in the various areas occupied by the Health Service since 2006.

Plant and equipment at fair value

Plant and equipment are recognised at fair value based on depreciated replacement cost.

Valuation date

The effective date of the valuation is 30 June 2009.

Note 12: Intangible Assets

	2009 \$'000	2008 \$'000
Development Costs Capitalised	2,707	1,746
• Less Acc'd Amortisation	(1,592)	(1,060)
Total Written Down Value	1,115	686

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the previous and current financial year:

	Devt. Cost \$'000	Total \$'000
Balance at 1 July 2007	436	436
Additions	439	439
Disposals	-	-
Amortisation (note 4)	(189)	(189)
Balance at 1 July 2008	686	686
Additions	961	961
Disposals	-	-
Amortisation (note 4)	(532)	(532)
Balance at 30 June 2009	1,115	1,115

Note 13: Payables

	2009 \$'000	2008 \$'000
CURRENT		
Contractual		
Trade Creditors	3,875	2,035
Accrued Expenses	9,018	12,078
Salary Packaging	1,702	1,201
Other - Melbourne Health	4,157	4,439
Other	79	138
	18,831	19,891
Statutory		
DHS	-	3,236
	-	3,236
TOTAL	18,831	23,127

Note 14: Employee Benefits and Related On-Costs Provisions

	2009 \$'000	2008 \$'000
Current Provisions		
Employee Benefits		
• Unconditional and expected to be settled within 12 months	13,167	11,727
	13,167	11,727
Provisions related to employee benefit on-costs		
• Unconditional and expected to be settled within 12 months	23,138	20,714
• Unconditional and expected to be settled after 12 months	27,502	23,889
	50,640	44,603
Total Current Provisions	63,807	56,330
Non Current Provisions		
Provisions related to employee benefit on-costs	8,091	6,711
Total Non Current Provisions	8,091	6,711
Current Employee Benefits		
Unconditional Long Service Leave Entitlements	27,316	24,051
Annual Leave Entitlements	23,324	20,552
Accrued Wages and Salaries	9,616	8,316
Accrued Days Off	841	634
Others	114	563
Non Current Employee Benefits		
Conditional Long Service Leave Entitlements (present value)	8,091	6,711
Total Employee Benefits	69,302	60,827
On-Costs		
Current On-Costs	2,596	2,214
Non Current On-Costs	-	-
Total On-Costs	2,596	2,214
Total Employee Benefits and Related On-Costs	71,898	63,041
Movement in Long Service Leave:		
Balance at start of year	30,762	27,469
Provision made during the year		
• Revaluations	1,012	530
• Expense recognising employee service	6,560	5,663
Settlement made during the year	(2,927)	(2,900)
Balance at end of year	35,407	30,762

Note 14a: Employee Benefits

	2009 \$'000	2008 \$'000
CURRENT (refer note 1 s)		
Unconditional Long Service Leave Entitlements		
Annual Leave Entitlements	27,316	24,051
Accrued Wages and Salaries	23,324	20,552
Sick Leave	9,616	8,316
Accrued Days Off	841	634
Superannuation	2,596	2,214
Others	114	563
TOTAL	63,807	56,330
Current Employee Benefits that:		
Expected to be utilised within 12 months (nominal value)	36,305	32,441
Expected to be utilised after 12 months (present value)	27,502	23,889
	63,807	56,330
NON CURRENT (refer note 1 s)		
Conditional Long Service Leave Entitlements (present value)	8,091	6,711
TOTAL	8,091	6,711
Movement in Long Service Leave:		
Balance at start of year	30,762	27,469
Provision made during the year	7,572	6,193
Settlement made during the year	(2,927)	(2,900)
Balance at end of year	35,407	30,762

Note 15: Equity & Reserves

	2009 \$'000	2008 \$'000
(a) Reserves		
Land and Buildings Asset Revaluation Reserve		
Balance at the beginning of the reporting period	26,659	22,100
Revaluation Increment/(Decrements)		
• Land	5,840	4,559
• Buildings	209,717	-
Balance at the end of the reporting period	242,216	26,659
Represented by:		
• Land	25,735	19,894
• Buildings	216,481	6,765
	242,216	26,659
Restricted Specific Purpose Reserve		
Balance at the beginning of the reporting period	168	168
Transfer to and from Restricted Specific Purpose Reserve	-	-
Balance at the end of the reporting period	168	168
Total Reserves	242,384	26,827
(b) Contributed Capital		
Balance at the beginning of the reporting period	202,980	199,693
DTF Contributed Capital Due to Change in GST Funding / Appropriations	-	3,287
Balance at the end of the reporting period	202,980	202,980
(c) Accumulated Deficits		
Balance at the beginning of the reporting period	(15,442)	(36,364)
Net Surplus / (Deficit) Result for the Year	20,616	20,922
Balance at the end of the reporting period	5,174	(15,442)
(d) Total Equity at end of financial year	450,538	214,365

Details of the significant revaluation increment of land and buildings are disclosed in note 11.

Note 16: Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities

	2009 \$'000	2008 \$'000
Net Result for the Year	20,616	20,922
Depreciation & Amortisation	12,665	10,970
Impairment of Financial Assets	15	-
Provision for Doubtful Debts	59	454
Change in Inventories	30	(277)
Net (Gain)/Loss from Sale of Property, Plant and Equipment	(550)	-
Change in Operating Assets & Liabilities		
• (Increase)/Decrease in Receivables	(7,256)	(1,248)
• (Increase)/Decrease Other Assets	(771)	1,960
• (Increase)/Decrease in Prepayments	(191)	37
• Increase/(Decrease) in Payables	(1,139)	(3,931)
• Increase/(Decrease) in Employee Benefits	9,101	8,937
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	32,579	37,824

Note 17: Financial Instruments

(a) Financial Risk Management Objectives and Policies

The Health Service's principal financial instruments comprises:

- Cash Assets
- Receivables (excluding statutory receivables)
- Investment in Managed Investment Schemes
- Payables (excluding statutory payables)

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

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

Net holding gain/(loss) on financial instruments by category	Carrying Amount 2009 \$'000	Carrying Amount 2008 \$'000
Financial Assets		
Cash and cash equivalents	-	-
Receivables	-	-
Other Financial Assets	(15)	-
Total Financial Assets	(15)	-
Financial Liabilities		
Payables	-	-
Total Financial Liabilities	-	-

Note 17: Financial Instruments (continued)

(b) Credit Risk

The Health Service's exposure to credit risk and effective weighted average interest rate by ageing periods is set out in the following table. For interest rates applicable to each class of asset refer to individual notes to the financial statements.

Ageing analysis of financial asset as at 30 June	Consol'd Carrying Amount \$'000	Not Past Due and Not Impaired \$'000	Past Due But Not Impaired				Impaired Financial Assets \$'000
			Less than 1 month \$'000	1-3 Months \$'000	3 Months- 1 Year \$'000	1-5 Years \$'000	
2009							
Financial Assets							
Cash and Cash Equivalents	38,986	38,986	-	-	-	-	-
Receivables							
• Trade Debtors	1,148	709	79	198	109	53	-
• Patient Fees	4,548	2,416	1,071	26	714	321	-
• Others	2,246	2,246	-	-	-	-	-
Other Financial Assets							
• Managed Investment Schemes	487	502	-	-	-	-	15
Total Financial Assets	47,415	44,859	1,150	224	823	374	15
2008							
Financial Assets							
Cash and Cash Equivalents	38,513	38,513	-	-	-	-	-
Receivables							
• Trade Debtors	1,594	1,173	105	75	241	-	-
• Patient Fees	2,322	979	464	95	316	468	-
• Others	1,059	1,059	-	-	-	-	-
Other Financial Assets							
• Managed Investment Schemes	502	502	-	-	-	-	-
Total Financial Assets	43,990	42,226	569	170	557	468	-

(c) Liquidity Risk

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 analysis of financial liabilities as at 30 June	Carrying Amount \$'000	Contractual Cash Flows \$'000	Maturity Dates			
			Less than 1 Month \$'000	1-3 Months \$'000	3 Months- 1 Year \$'000	1-5 Years \$'000
2009						
Financial Liabilities						
Payables						
• Trade creditors and accruals	18,831	18,831	16,806	2,025	-	-
Total Financial Liabilities	18,831	18,831	16,806	2,025	-	-
2008						
Financial Liabilities						
Payables						
• Trade creditors and accruals	19,891	19,891	7,813	12,078	-	-
Total Financial Liabilities	19,891	19,891	7,813	12,078	-	-

Note 17: Financial Instruments (continued)

(d) Market Risk

The Health Service's exposures to market risk are primarily through interest rate risk with only insignificant exposure to foreign currency risk. Objectives, policies and processes used to manage each of these risks are disclosed in the paragraphs below.

Currency Risk

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

Interest Rate Risk

Exposure to interest rate risk might arise primarily through the Health Service's interest bearing liabilities. Minimisation of risk is achieved by mainly undertaking fixed rate or non-interest bearing financial instruments. For financial liabilities, the Health Service mainly undertake financial liabilities with relatively even maturity profiles.

Other Price Risk

Upon review of the risks related to financial instruments the Health Service has not identified other risks to exist which could potentially impair the carrying value of the financial assets or liabilities.

Interest Rate Exposure of Financial Assets and Liabilities as at 30 June	Weighted Average Effective Interest Rate Rate (%)	Carrying Amount \$'000	Interest Rate Exposure		
			Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non- Interest Bearing \$'000
2009					
Financial Assets					
Cash and Cash Equivalents	4.6	38,986	-	38,972	14
Receivables					
• Trade Debtors	-	1,148	-	-	1,148
• Patient Fees	-	4,548	-	-	4,548
• Others	-	2,246	-	-	2,246
Other Financial Assets					
• Managed Investment Schemes	5.4	502	-	502	-
Total Financial Assets		47,430	-	39,474	7,956
Financial Liabilities					
Trade Creditors	-	3,875	-	-	3,875
Other Liabilities	-	14,956	-	-	14,956
Total Financial Liabilities		18,831	-	-	18,831
Net Financial Asset/Liabilities		28,599	-	39,474	(10,875)
2008					
Financial Assets					
Cash and Cash Equivalents	6.7	38,513	-	38,501	12
Receivables					
• Trade Debtors	-	1,594	-	-	1,594
• Patient Fees	-	2,322	-	-	2,322
• Others	-	1,059	-	-	1,059
Other financial assets					
• Managed Investment Schemes	7.5	502	-	502	-
Total Financial Assets		43,990	-	39,003	4,987
Financial Liabilities					
Trade creditors and accruals	-	2,035	-	-	2,035
Other Liabilities	-	17,856	-	-	17,856
Total Financial Liabilities		19,891	-	-	19,891
Net Financial Asset/Liabilities		24,099	-	39,003	(14,904)

Note 17: Financial Instruments (continued)

(d) Market Risk (continued)

Sensitivity Disclosure Analysis

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

- A shift of +2% and -2% in market interest rates (AUD) from year-end rates of 3%
- A parallel shift of +1% and -1% in inflation rate from year-end rates of 2%

The following table discloses the impact on the net operating result and equity for each category of financial instrument held by the Health Service at year-end as presented to key management personnel, if changes in the relevant risk occur.

	Carrying Amount	Interest Rate Risk				Other Price Risk			
		-2%	+2%	-1%	+1%	-2%	+2%	-1%	+1%
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
2009									
Financial Assets									
Cash and Cash Equivalents	38,986	(780)	(780)	780	780	-	-	-	-
Receivables									
• Trade Debtors	1,148	-	-	-	-	-	-	-	-
• Patient Fees	4,548	-	-	-	-	-	-	-	-
• Others	2,246	-	-	-	-	-	-	-	-
Other financial assets									
• Managed Investment Schemes	502	(10)	(10)	10	10	-	-	-	-
Total Financial Assets	47,430	(790)	(790)	790	790	-	-	-	-
Financial Liabilities									
Trade creditors and accruals	3,875	-	-	-	-	-	-	-	-
Other Liabilities	14,956	-	-	-	-	-	-	-	-
Total Financial Liabilities	18,831	-	-	-	-	-	-	-	-
Net Financial Asset/Liabilities	28,599	(790)	(790)	790	790	-	-	-	-
2008									
Financial Assets									
Cash and Cash Equivalents	38,513	(385)	(385)	385	385	-	-	-	-
Receivables									
• Trade Debtors	1,594	-	-	-	-	-	-	-	-
• Patient Fees	2,322	-	-	-	-	-	-	-	-
• Others	1,059	-	-	-	-	-	-	-	-
Other financial assets									
• Managed Investment Schemes	502	(5)	(5)	5	5	-	-	-	-
Total Financial Assets	43,990	(390)	(390)	390	390	-	-	-	-
Financial Liabilities									
Trade creditors and accruals	2,035	-	-	-	-	-	-	-	-
Other Liabilities	17,856	-	-	-	-	-	-	-	-
Total Financial Liabilities	19,891	-	-	-	-	-	-	-	-
Net Financial Asset/Liabilities	24,099	(390)	(390)	390	390	-	-	-	-

Note 18: Commitments for Expenditure

	2009 \$'000	2008 \$'000
Capital Expenditure Commitments Payable:		
Land and Buildings	124,876	5,600
Plant and Equipment	1,489	4,803
Total Capital Commitments	126,366	10,403
Not later than one year	61,474	4,176
Later than 1 year and not later than 5 years	64,892	6,227
Total	126,366	10,403
Other Expenditure Commitments Payable:		
Computer Equipment	744	2,051
Total Other Commitments	744	2,051
Not later than one year	330	1,800
Later than 1 year and not later than 5 years	414	251
TOTAL	744	2,051
Lease Commitments		
Commitments in relation to leases contracted for at the reporting date:		
Operating Leases	5,099	5,189
Total Lease Commitments	5,099	5,189
Operating Leases Non-cancellable		
Not later than one year	1,655	1,385
Later than 1 year and not later than 5 years	3,444	3,804
Sub Total	5,099	5,189
TOTAL	5,099	5,189
Total Commitments for Expenditure (inclusive of GST)	132,209	17,643
Less: GST Recoverable from the Australian Tax Office	12,019	1,604
Total Commitments for Expenditure (exclusive of GST)	120,190	16,039

Note 19: Contingent Assets & Contingent Liabilities

	2009 \$'000	2008 \$'000
Contingent Assets		
The Directors are not aware of any quantifiable or non quantifiable contingent assets.	-	-
	-	-
Contingent Liabilities		
The Directors are not aware of any quantifiable or non quantifiable contingent liabilities.	-	-
	-	-

Note 20: Segment Reporting

	RAC		Public Health		Total	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
REVENUE						
External Segment Revenue	5,409	5,401	446,289	401,599	451,698	407,000
Total Revenue	5,409	5,401	446,289	401,599	451,698	407,000
EXPENSES						
External Segment Expenses	6,067	5,781	427,058	382,865	433,125	388,646
Total Expenses	6,067	5,781	427,058	382,865	433,125	388,646
Net Result from ordinary activities	(658)	(380)	19,231	18,734	18,573	18,354
Interest Income	-	-	2,043	2,568	2,043	2,568
Net Result for Year	(658)	(380)	21,274	21,302	20,616	20,922
OTHER INFORMATION						
Segment Assets	5,337	5,413	506,314	255,890	511,651	261,303
Unallocated Assets	-	-	-	-	29,616	39,430
Total Assets	5,337	5,413	506,314	255,890	541,267	300,733
Segment Liabilities	1,280	1,255	79,576	73,988	80,856	75,243
Unallocated Liabilities	-	-	-	-	9,873	11,125
Total Liabilities	1,280	1,255	79,576	73,988	90,729	86,368
Investments in associates and joint venture partnership	-	-	-	-	-	-
Acquisition of property, plant and equipment and intangible assets	-	-	33,448	19,902	33,448	19,902
Depreciation & amortisation expense	56	47	12,609	10,923	12,665	10,970
Non cash expenses other than depreciation	519	515	32,494	29,059	33,013	29,574
Impairment of inventories	-	-	-	-	-	-

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

Business Segments	Services
Residential Aged Care Services (RACS)	Commonwealth-registered residential aged care services subsidised by the Australian Department of Health & Ageing under the Aged Care Act (Cwlth) 1997, ie nursing homes and aged care hostels.
Public Health	Acute (Admitted and Non-Admitted Patients, Emergency Department, Sub-Acute Care, Palliative Care, Acute Training & Development, and Blood Services). Also, Allied Health, Drug & Alcohol Service, Corporate (Administration, Finance, Human Resources, Information Technology), Infrastructure, Medical Records, Quality & Clinical Governance.

Geographical Segment

Western Health operates predominantly in the western suburbs (Footscray, Sunshine & Williamstown) of Melbourne, Victoria. More than 90% of revenue, net surplus/(deficit) from ordinary activities and segment assets relate to operations in the western suburbs (Footscray, Sunshine & Williamstown) of Melbourne, Victoria.

Note 21a: Responsible Persons Disclosures

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

	Period
Responsible Ministers:	
The Honourable Daniel Andrews, MLA, Minister for Health	1/07/2008 - 30/06/2009
Governing Board	
Mr Ralph Willis	1/07/2008 - 30/06/2009
Ms Juliann Byron	1/07/2008 - 30/06/2009
Mr Anastasios Mousaferiadis	1/07/2008 - 29/01/2009
Mr Michael Feehan	1/07/2008 - 30/06/2009
Mr Phillip Moran	1/07/2008 - 30/06/2009
Mr Victor Borg	1/07/2008 - 30/06/2009
Mr Afif Hadj	1/07/2008 - 30/06/2009
Ms Jill Hennessy	1/07/2008 - 30/06/2009
Mr Graeme Houghton	1/07/2008 - 30/06/2009
Accountable Officer	
Ms Kathryn Cook	1/07/2008 - 30/06/2009

Note 21a: Responsible Persons Disclosures (continued)

	2009 N ^o	2008 N ^o
Remuneration of Responsible Persons		
The number of Responsible Persons are shown in their relevant income bands;		
Income Band		
\$0 - \$9,999	1	0
\$10,000 - \$19,999	3	2
\$20,000 - \$29,999	4	6
\$30,000 - \$39,999	0	0
\$40,000 - \$49,999	0	0
\$50,000 - \$59,999	1	1
\$260,000 - \$269,999	0	1
\$300,000 - \$309,999	1	0
Total Numbers	10	10
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	\$527,579	\$517,135

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

Other Transactions of Responsible Persons and their Related Parties.

There were no other transactions paid by the Health Service in connection with the Responsible Persons of the Health Service. There are no monies receivable from or payable to Responsible Persons and Responsible Persons' Related Parties.

Note 21b: Executive Officer Disclosures

Executive Officers' Remuneration

The numbers of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands. The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long-service leave payments, redundancy payments and retirement benefits.

	Total Remuneration		Base Remuneration	
	2009	2008	2009	2008
\$100,000 - \$109,999	2	2	2	2
\$110,000 - \$119,999	1	1	1	1
\$120,000 - \$129,999	3	2	3	2
\$130,000 - \$139,999	1	1	1	1
\$140,000 - \$149,999	3	0	3	0
\$150,000 - \$159,999	4	1	4	4
\$160,000 - \$169,999	2	4	4	1
\$170,000 - \$179,999	2	0	2	0
\$180,000 - \$189,999	2	0	0	0
\$190,000 - \$199,999	1	0	1	2
\$200,000 - \$209,999	0	1	1	0
\$210,000 - \$219,999	1	1	0	0
\$220,000 - \$229,999	0	0	1	0
\$230,000 - \$239,999	1	0	0	0
\$240,000 - \$249,999	1	0	1	0
Total	24	13	24	13
Total Remuneration	3,836,473	1,917,112	3,767,311	1,875,969

Note 21b: Executive Officer Disclosures (continued)

The year on year variation in reportable executive officer remuneration has arisen due to definitional issues. In the 2008 financial year, the organisation had a number of executive positions vacated through the reporting year. As such, neither the exiting nor newly appointed executive met the minimum reporting criteria.

As these positions were subsequently recruited to they are now included in the full year 2009 profile.

Note 22: Events Occurring after the Balance Sheet Date

At the time the report was being prepared the Directors are not aware of any events occurring after the reporting date that would have a material impact on the financial statements.

Note 23: Economic Dependency

The financial statements are prepared on a going concern basis as at 30 June 2009. The Health Service has:

- A surplus from ordinary activities of \$20.6 million for the year ended 30 June 2009 (\$20.9 million surplus for the year ended 30 June 2008).
- A working capital deficiency (adjusted by removing the long-term employee benefit liabilities) of \$5.2 million as at 30 June 2009 (\$9.4 million deficiency as at 30 June 2008).

The Health Service management are committed to the continued review of its financial and operating performance with a view to identifying further cost saving initiatives and revenue generating opportunities and providing the most effective and efficient service delivery model without compromising patient care and quality.

An ongoing budget strategy has been initiated by management of the Health Service which has identified a number of business initiatives required to effectively manage the available financial resources. In addition, the strategy adopted by the Health Service also includes assurances by the Department of Human Services to support the ongoing operations and financial requirements of the Health Service and to provide to the Health Service adequate cash flow support to enable the Health Service to meet its current and future obligations as and when they fall due, for a period up to September 2010 should this be required.

Note 24: Correction of Error

Prior year, an investment in a managed fund was incorrectly designated as held-to-maturity financial asset. As this is not in accordance with FRD114A Financial Instruments, the Health Service has been required to re-designate the financial asset as an available for sale financial asset. The impact on the balance sheet as at 30 June 2009 was to reduce non-current other financial assets by \$502k and to increase current other financial assets by \$502k.

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board, Western Health

The Financial Report

The accompanying financial report for the year ended 30 June 2009 of Western Health which comprises operating statement, balance sheet, statement of changes in equity and cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the board member's, accountable officer's and chief finance & accounting officer's declaration, has been audited.

The Members of the Board Responsibility for the Financial Report

The Members of the Board of Western Health are responsible for the preparation and the fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the financial reporting requirements of the *Financial Management Act 1994*. This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used, and the reasonableness of accounting estimates made by the Members of the Board, as well as evaluating the overall presentation of the financial report.

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

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Auditing in the Public Interest

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Independent Auditor's Report (continued)

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report published in both the annual report and on the website of Western Health for the year ended 30 June 2009. The Members of the Board of Western Health are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the website. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the Western Health website.

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of Western Health as at 30 June 2009 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE
7 August 2009



D D R Pearson
Auditor-General

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Caring for the West

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Western Health at Williamstown

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9397 3167

Reg Geary House

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DASWest - Drug & Alcohol Service

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8345 6682

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Footscray - Melton - Sunbury - Sunshine - Williamstown