Austin HEALTH

Annual Report 2017–18

Contents

Our vision and values

Over the past 12 months we developed our 2018-22 Austin Health Strategic Plan. This document is designed to inspire and lead us into the future and has shaped our new **vision** and **values**.

Vision

Shaping the future through exceptional care, discovery and learning.

Values

Our actions show we care

We are inclusive and considerate. We appreciate one another, always listening and interacting with compassion.

Together we achieve

Our culture of collaboration means we work openly with our people, our community and beyond to achieve great outcomes.

We bring our best

We are guided by the needs of our patients, bringing commitment, integrity and energy to everything we do. We are passionate about delivering excellence.

We shape the future

Through research, education and learning we innovate, exploring new opportunities that will change healthcare for the better.

About Austin Health

Austin Health is one of Australia's major health services based in Melbourne's north-east. We provide care over three campuses: Austin Hospital, the Heidelberg Repatriation Hospital and Royal Talbot Rehabilitation Centre; as well as in the community and at home.

We offer a range of specialist state-wide services and we are an internationally recognised leader in clinical teaching and training, offering tertiary health services and professional education together with some of Australia's finest institutions.

Our specialist state-wide services include:

- Victorian Spinal Cord Service
- Victorian Respiratory Support Service
- Victorian Liver Transplant Unit
- Acquired Brain Injury Unit
- Child Mental Health Inpatient Unit
- Austin Toxicology Service
- Victorian Poisons Information Centre
- Psychological Trauma and Recovery Service
- Ventilation Weaning Unit.

Austin Health is also renowned for its specialist work in cancer, infectious diseases, obesity, sleep medicine, intensive care medicine, neurology, endocrinology, mental health and rehabilitation.

We serve the community with a Hospital in the Home Program, a Health Independence Program and a Health and Community Rehabilitation Centre.

Austin Health offers an extensive range of clinical services across its three campuses. These include:

- Acute Stroke Care Unit
- Allied Health including podiatry, speech pathology, dietetics, physiotherapy, occupational therapy
- Ambulatory Care Centre
- Aged Care Consultative Service
- Blood Bank
- Cardiology services including surgery, catheterisation and rehabilitation
- Cancer services including a day oncology unit, medical oncology and radiation oncology
- Colorectal
- Community Integration and Leisure Services
- Comprehensive Epilepsy Program
- Dermatology
- Diabetes education.
- A broad range of surgeries including neurosurgery, plastic and reconstructive, spinal orthopaedic, breast, ear/nose/throat, head and neck, and vascular surgeries.
- Emergency medicine
- Gastroenterology
- Haematology
- Infectious Diseases
- Intensive care unit
- Maxillo facial
- A broad range of mental health services
- Microbiology and molecular biology
- Molecular Imaging and Therapy
- Nephrology
- Pathology
- Paediatrics
- Pharmacy Services
- Palliative Care
- Renal medicine and renal dialysis
- Respiratory and Sleep Medicine
- Social Work
- Specialist clinics
- Tracheostomy Assessment and Management Service
- Urology.

Austin Hospital

Austin Hospital is the health service's main facility and features an expansive Emergency Department and specialised wards, with:

- More than 560 acute beds
- 22-bed Intensive Care Unit
- 42-cubicle adult Emergency Department containing a specialist six-bed children's unit
- Specialised 26-bed Spinal Unit servicing Victoria and Tasmania
- 55-bed Mental Health precinct.

Austin Hospital houses many of our unique teaching, training and research facilities.

Heidelberg Repatriation Hospital

Heidelberg Repatriation Hospital (HRH) was built in 1941 to specifically care for injured war veterans and war widows and is historically significant.

World War II Veteran Joe Shuttleworth and Anna Phillips, Executive Director, People and Culture, at the Austin Health 2018 ANZAC Day service

The HRH continues to treat war veterans and war widows while also providing care to the wider community.

A significant number of surgeries are performed at the HRH. Other services provided include palliative care, mental health services, specialised care for older patients and outpatient services.

Royal Talbot Rehabilitation Centre (Kew)

Royal Talbot Rehabilitation Centre (RTRC) is dedicated to providing the best rehabilitation services in Australia. The site is renowned for its intensive rehabilitation programs, complemented by non-medical therapeutic services including art, music and garden therapy.

The RTRC provides rehabilitation services for the following areas:

- brain injury
- limb amputee
- neurology
- spinal cord injuries
- orthopaedics
- prosthetics.

About this report

This annual report outlines the operational and financial performance for Austin Health from 1 July 2017 to 30 June 2018. The relevant Ministers for the period were the Minister for Health and Minister for Ambulance Services, the Hon. Jill Hennessy MP and the Minister for Mental Health and Minister for Housing, Disability and Ageing, the Hon. Martin Foley MP.

By Government Gazette Notice on 1 July 2000, Austin and Repatriation Medical Centre was established as a metropolitan health service under the *Health Services Act 1988*. The organisation changed its name to Austin Health in 2003. Pursuant to amendments in 2004 to the *Health Services Act*, Austin Health was designated a public health service.

Year at a glance

87,556
EMERGENCY PRESENTATIONS

294
CLINICAL TRIALS

12,893
ELECTIVE SURGERIES

393
TELEHEALTH CONSULTATIONS

85
LIVER TRANSPLANTS

8,657
EMPLOYEES

6,473
EMERGENCY SURGERIES

67
KIDNEY TRANSPLANTS

Surgical staff in their morning huddle

Chair and CEO year in review

It is our privilege to reflect on a year of extraordinary achievement at Austin Health. Every day our staff cared for patients, their families and carers demonstrating commitment, resilience and dedication.

Research

Austin Health affirmed itself as a research powerhouse this year with some outstanding achievements and accolades across many disciplines.

Largest NHMRC grant

Our director of anaesthesia research, Professor Phil Peyton received the biggest National Health and Medical Research Council grant for 2017 when he was awarded $4.8 million to conduct the world's first large-scale trial into post-surgical pain prevention. The five-year trial will test the efficacy of ketamine to target pain pathway receptors thought to be responsible for the progression of acute pain to chronic pain.

International recognition

World-renowned epilepsy experts Professor Samuel Berkovic and Professor Ingrid Scheffer both received international recognition for their life-changing work. Professor Scheffer joined the likes of Isaac Newton, Charles Darwin and Albert Einstein when she was elected as a Fellow into The Royal Society London – the world's oldest scientific institution. Professor Berkovic received one of medicine's highest honours when he was named as an international member of the National Academy of Medicine (NAM).

Early Career Fellowship Grants

We received six prestigious National Health and Medical Research Council Early Career Fellowship Grants. The grants were awarded to medical oncologist and clinical lead in lymphoma Dr Eliza Hawkes; director of Antibiotic Allergy Services and Antimicrobial Stewardship Dr Jason Trubiano; gastroenterologist Dr Marie Sinclair; director of Inflammatory Bowel Disease Dr Peter de Cruz; endocrinologist Dr Ada Cheung; and Infectious Diseases researcher Dr Jason Kwong.

Clinical research studies

In total, 294 new clinical research studies were approved at Austin Health this year. The majority of studies focus on those diseases which cause the most burden on our community such as heart disease, stroke, cancer, dementia and diabetes.

New Director of Research

We farewelled Professor Neville Yeomans as director of Research and welcomed Professor Paul Johnson to the role. We thank Professor Yeomans for his wonderful contributions and are confident Professor Johnson will continue to grow Austin Health's capacity as a research leader.

Innovation

Database Analytics Research and Evaluation Centre launch

Austin Health introduced Australia's first research data warehouse and began work on establishing the Database Analytics Research and Evaluation (DARE) Centre in partnership with the University of Melbourne. The Centre will enable researchers to explore health data – including datasets from national and international health databases – to support research and improve health outcomes.

Patient care

Emergency Department

It was another demanding year for our ED with 87,566 presentations over the 12 months – 3,667 more than the previous year.

Our ambulance offload performance – which is measured by the percentage of patients off the stretcher within 40 minutes – improved from 81.55% in 2016-17 to 83.12% this year.

The total number of ED patients treated within 4 hours also improved from 63.09% last year to 65.90% this year.

The percentage of patients seen within the clinically recommended time dropped from 76.13% to 70.74%.

Improving patient flow through ED is not a problem that is unique to Austin Health and it is something we are working hard to improve. We introduced several initiatives in our ED this year which are already showing positive results. These include repurposing an existing role so that we now have an Associate Nurse Unit Manager acting as a global coordinator of patient flow to manage key steps of the patient journey and support timely decision making in the context of next steps for that patient. We also strengthened communication channels between ED and the rest of the health service so that patients can be moved from ED to the ward appropriate for the care they need more quickly.

The opening of the $15.23 million Austin Hospital Emergency Department Short Stay Unit has also helped us to provide better patient flow, outcomes and patient experiences. The state-of-the-art unit, which was opened by Health Minister Jill Hennessy in March 2018, has 24 beds and a purpose-built assessment for psychiatric patients requiring intense management upon admission.

We thank staff for their ongoing hard work in what is a very demanding environment.

Surgery

It was a busy year for surgery with a total of 29,722 operations and procedures performed. Emergency surgery grew significantly by 26%, with a total of 6,473 surgeries performed.

We performed a total of 12,893 elective surgeries and reduced the number of elective surgery cancellations.

Thank you to all medical, nursing, allied health and support staff from the operating suite, surgical services and on the wards whose terrific work and dedication to their patients enabled these impressive outcomes.

Transplantation

Congratulations to our Renal Transplantation team who performed their 1,000th kidney transplant on young northern suburbs father Vijaya Guduru. This was one of their busiest years to date with 67 transplants.

It was also a milestone year for our Victorian Liver Transplant Unit who celebrated their 30th anniversary. Remarkably, Victorian Liver Transplant Unit head Professor Bob Jones was a member of the team who performed the Unit's first transplant back in 1988. The team also had a busy year with 85 transplants.

Patient feedback

Importantly, 98% of our patients felt that the care and treatment they received was 'good' or 'very good' and 97% believed they were treated with respect and dignity.

Improving safety

This year we engaged the Australian Council on Healthcare Services (ACHS) Improvement Academy to deliver a year-long program of skills training as part of our ambitious aim to become the safest health service in Australia. Key clinical and quality leaders are taking part in the program with the aim of having a common sophisticated skill set to enable the organisation to achieve a number of priorities such as: reduce clinical variation, improve flow across continuums of care, reduce infection rates, reduce patient mortality, reduce harm from falls and pressure sores, reduce medication errors, improve innovation around models of care and improve condition-specific outcomes.

Workforce initiatives

New People Strategy

Our 2018-2022 People Strategy was developed this year. The purpose of the strategy is to ensure we have the right programs and tools in place to help our people bring their best to work and give their best to the community we serve. It will be a key tool for delivering our new strategic plan and its five key pillars address leadership, staff engagement, workforce development, staff health, safety and wellbeing and employing the right people.

New values to shape our behaviours

In May we launched our new values to the organisation. These dynamic values will drive the qualities and behaviours that our people will need individually and collectively to be successful.

Extensive consultation was undertaken throughout 2018 to identify themes for the values which will play an integral role in supporting the achievement of our strategic plan over the next five years.

The values are:

1) **Our actions show we care:** We are inclusive and considerate. We appreciate one another, always listening and interacting with compassion.
2) **We bring our best:** We are guided by the needs of our patients, bringing commitment, integrity and energy to everything we do. We are passionate about delivering excellence.
3) **Together we achieve:** Our culture of collaboration means we work openly with our people, our community and beyond to achieve great outcomes.
4) **We shape the future:** Through research, education and learning we innovate, exploring new opportunities that will change healthcare for the better.

Infrastructure improvements

Plumbing works

In June we successfully completed the biggest rectification project Austin Health has ever undertaken. The plumbing project was carried out to rectify issues with water systems in the Austin Tower and required 56 wards to be temporarily moved. Thanks to meticulous planning and coordination and the goodwill and flexibility of staff, business continuity was maintained throughout the project – a huge achievement.

Electrical improvements

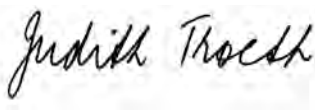
We completed a $22.7 million project to reconfigure electrical supply infrastructure in the Austin Hospital in April. The project has delivered improved capacity and reliability through the establishment of new electrical generation clusters and the separation of emergency power from the high voltage supply infrastructure.

The Board

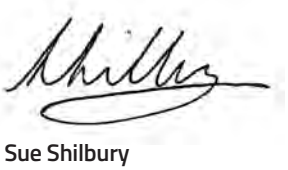
We welcomed Martin Botros, Helen Thornton and Stanley Chiang to the Board this year and thank all Board members for their service to Austin Health.

John McNeil's board position concluded on June 30 and we thank him for nine wonderful years of service to Austin Health.

Finally, in accordance with the *Financial Management Act 1994*, we are pleased to present the following Report of Operations for Austin Health for the year ending 30 June 2018.



The Hon. Judith Troeth, AM
Board Chair
Date 14.08.2018



Sue Shilbury
Chief Executive Officer
Date 14.08.2018

Governance and Board

Austin Health Board

Austin Health's Board comprises nine directors appointed by the Victorian Government. The Board leads the strategic direction for the management, administration and control of Austin Health, its funds and facilities. Directors are appointed for a term of up to three years and may be re-appointed to serve for up to nine years.

The Hon. Judith Troeth, AM
Judith Troeth was appointed Chair of the Board in July 2012.

Chris Altis
Chris is Chair of the Audit & Risk Committee and is a member of the Finance & Resources Committee and the Primary Care & Population Health Advisory Committee.

Helen Thornton B Ec ACA GAICD
Helen is Chair of the Finance & Resources Committee and is a member of the Audit & Risk Committee and the Governance & Remuneration Committee.

Mary Draper, AM
Mary is a member of the Finance & Resources Committee, the Clinical Safety & Quality Committee and the Primary Care & Population Health Advisory Committee.

Julie Bignell
Julie is Chair of the Community Advisory Committee and is a member of the Clinical Safety & Quality Committee.

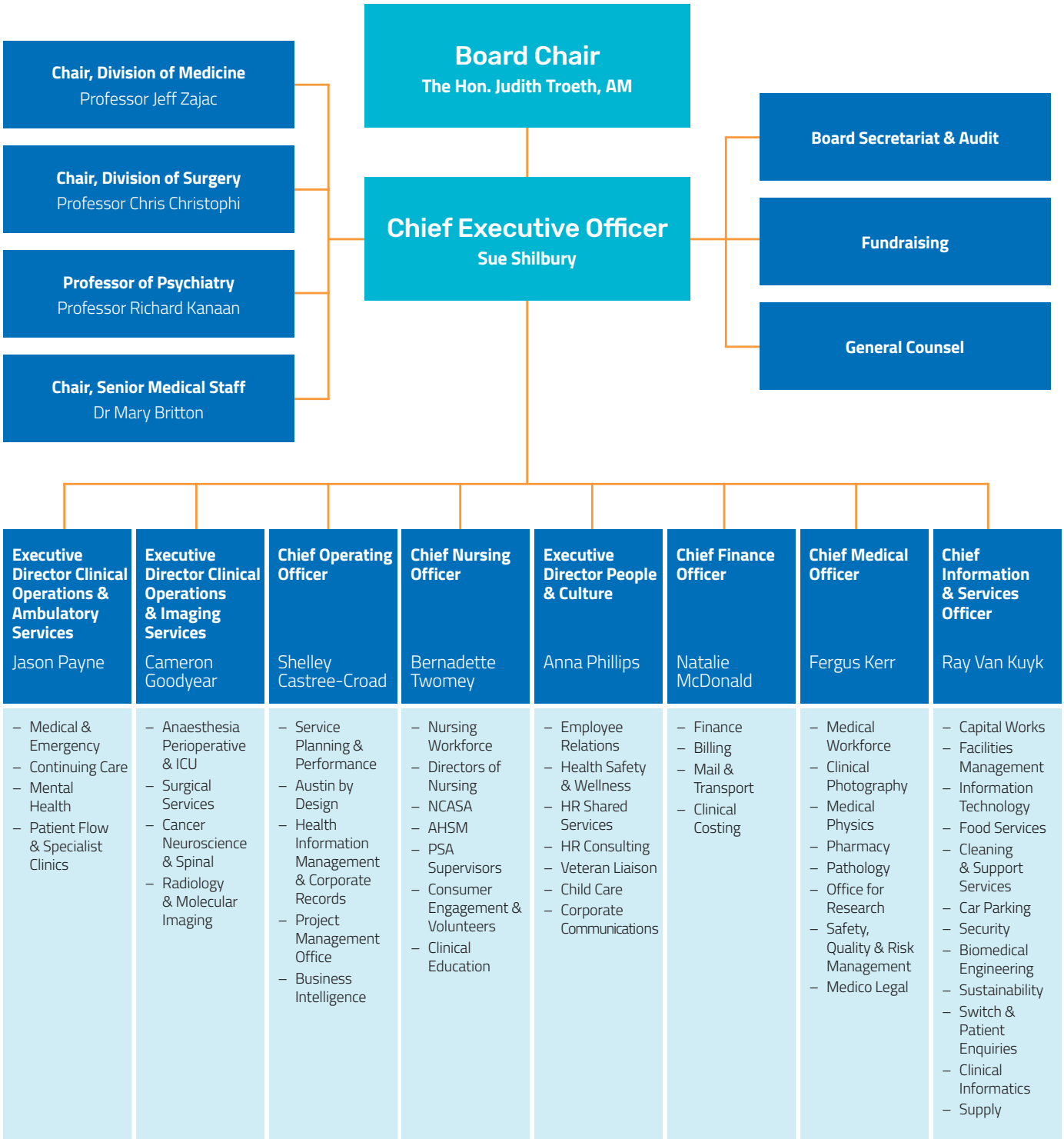
Martin Botros
Martin is a member of the Audit & Risk Committee.

Professor John McNeil, AM
John is Chair of the Clinical Safety & Quality Committee.

Dr Christine Bessell
Christine is Chair of the Primary Care & Population Health Advisory Committee and a member of the Clinical Safety & Quality Committee and the Community Advisory Committee.

Dr Stanley Chiang
Stanley is a member of the Finance & Resources Committee and the Clinical Safety & Quality Committee.

Austin Health organisational structure



Delivering exceptional care to our patients

World-first treatment transfers therapy from hospital to home

In a world-first, Austin Health developed a new treatment for a potentially fatal complication of end-stage liver disease, significantly reducing inpatient care and cost, while improving quality of life for patients.

Hepatorenal syndrome (kidney failure) occurs in patients with end-stage liver disease. Liver transplantation remains the only cure. Untreated, the expected survival time is less than two months, so an intravenous medication called terlipressin is used to improve or maintain kidney function long enough for patients to receive a liver transplant. In countries where terlipressin is not available, such as the USA, many patients die or require dialysis prior to transplantation.

Austin Health liver transplant physician, Dr Adam Testro said in recent years, patients at Austin Health with hepatorenal syndrome commonly spent weeks to months in hospital receiving terlipressin therapy whilst awaiting transplantation.

"We have a problem with an expected survival of only a month or two, yet we have an average transplant wait time of nine months. We desperately needed a better solution to enable these patients to access liver transplantation," Dr Testro said.

This year Austin Health commenced a pilot program offering home-based terlipressin therapy as standard-of-care for these patients, essentially transferring this life-saving therapy from the hospital to the home. In April 2018, the results of the pilot program were presented internationally at the Annual Congress of the European Association for the Study of the Liver, in Paris.

"We found that patients treated at home with long-term terlipressin infusions were able to maintain adequate kidney function long enough to receive liver transplantation, and maintained excellent kidney function in the post-transplant setting," Dr Testro said. "We also saw somewhat unexpected results, with significant improvements in their nutritional status, functional status and quality-of-life."

Dr Testro said another benefit of the treatment was that it reduced demand for kidney transplants.

"The reduction in cost is significant – we manage to save over $1,000 per patient per day, by transferring their care to their home," he said.

Austin Health remains the only centre in the world offering this innovative therapy.

"We also saw somewhat unexpected results, with significant improvements in their nutritional status, functional status and quality-of-life."

Dr Adam Testro

Carers Recognition Act

The Victorian Carers Recognition Act formally recognises the role of carers in our community and defines the relationships between carers and those being cared for.

In meeting its obligations to the Carers Recognition Act, Austin Health:

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

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

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

Austin Health's Patient Centred Care principles establish how we actively support our carers and the community care for. Our principles are:

Respect and dignity

Patient, family and carer knowledge, values, beliefs and cultural backgrounds are incorporated into the planning and delivery of care.

Coordination of care

Patients, families and carers partner with staff to ensure that patient care is coordinated to provide the best outcome possible for all.

Communication and education including information sharing

Patients, families and carers receive timely, complete, understandable and accurate information in order to effectively participate in decision-making about their care.

Physical comfort

Austin Health staff always strive to provide optimal comfort and safety for patients.

Emotional support

Austin Health provides a safe and supportive environment for all patients, families and carers.

Family and carer participation

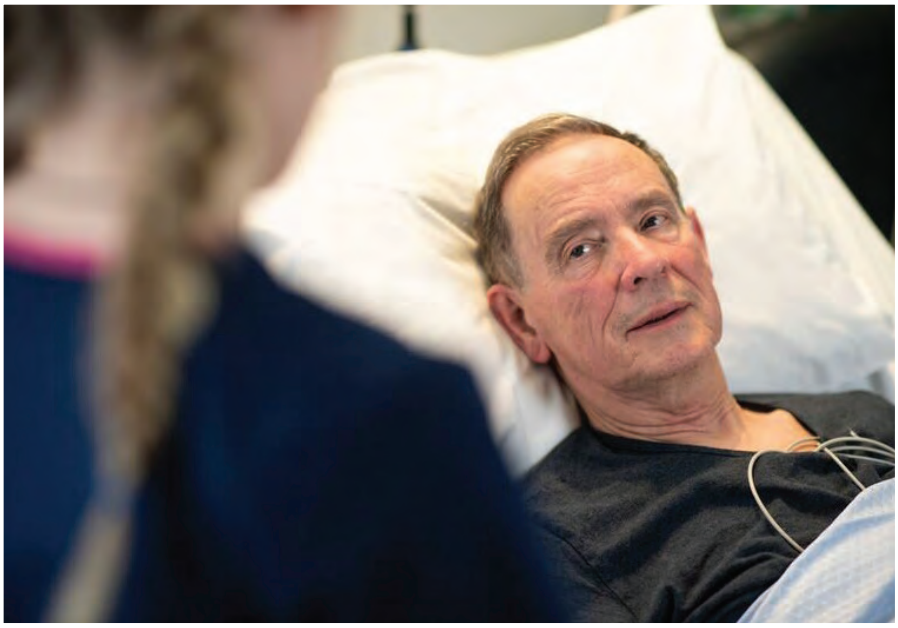
Families and carers are encouraged and supported to participate in care and decision making at the level they choose, with consent by the patient if possible.

Transition and continuity of care

Patients, families and carers are provided with understandable, detailed information about what to do once they leave hospital.

Access to care

Patients, families and carers know how to access care when they need it. Scheduling of appointments is patient focused with consideration given to the patients', families' and carers' other commitments.



Who are our patients?

The community we care for is increasingly diverse and has growing healthcare needs. Our primary catchment of more than 343,000 people covers three Local Government Areas and includes relatively affluent residents and some of Victoria's most disadvantaged residents. Cultural diversity ranges significantly: In Nillumbik, only 8.3% of people speak a language other than English at home and 0.4% of people identify as Aboriginal or Torres Strait Islander. While in Darebin 41% speak a language other than English at home and 1% of residents identify as Aboriginal or Torres Strait Islander. This diversity brings differing needs, expectations and beliefs about health and healthcare. Our community is also ageing and its healthcare needs are becoming more complex.

Our cultural diversity

Our patients come from a wide range of cultural and linguistic backgrounds. The top languages other than English spoken by our patients in order of demand are: Greek, Arabic, Italian, Mandarin, Macedonian, Cantonese, Serbian, Vietnamese, Turkish and Persian.

Austin Health has continued to be responsive to cultural and linguistic needs. Over the last 12 months we:

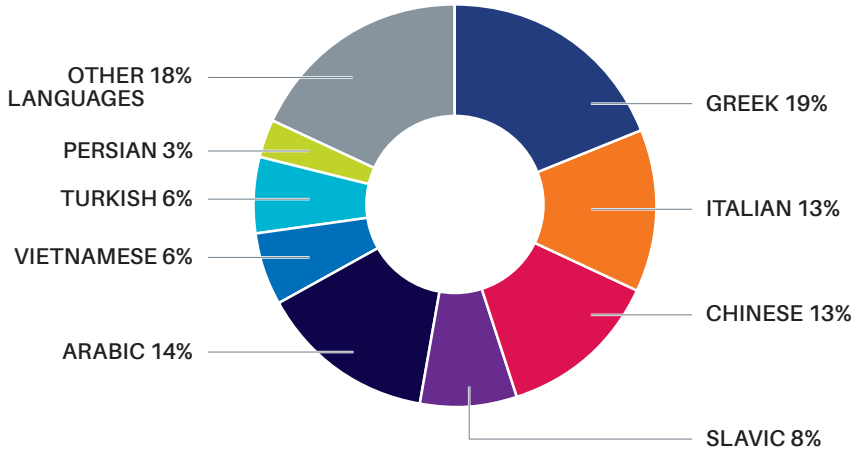
- Increased the proportion of patient information brochures that are in plain language from 29 to 60; we also produced our patient safety brochure in five different languages.
- Continued the rollout of communication devices throughout all patient areas to increase access to telephone interpreting services.
- Conducted our annual patient satisfaction survey with over 90% of respondents reporting good to very good satisfaction with the service.
- Commenced a project to explore the introduction of video teleconferencing for AUSLAN interpreting in high-risk areas such as emergency and acute areas.
- Provided training to assist staff to more effectively assess and treat patients who speak languages other than English. This training was provided to our medical interns, neuropsychology department clinicians and nutrition students.

Interpreter services

Interpreters received 24,109 interpreter requests this financial year and provided 19,229 face-to-face occasions of service to patients and their families across 71 languages. We were able to meet 88% of all requests for face-to-face interpreters. We responded to some of our unmet face-to-face requests by using telephone interpreting. The total number of telephone interpreter assisted consultations during the period was 1,782.

All Austin Health interpreting staff members speak one or more of the top 11 languages spoken by the majority of patients. Requests in these 11 languages make up 82% of all language requests. We routinely monitor languages spoken by our patients to ensure appropriately qualified and experienced interpreters are readily available to assist in facilitating communication.

Occasions of service by language 2017-18 YTD



All Austin Health interpreting staff members speak one or more of the top 11 languages spoken by the majority of patients.

Improving patient experiences

Following feedback from our patients, we have introduced some systemic improvements including:

'You said'	'We did'
The self-check in machines don't always work.	• We identified the common reasons for these not working • Arranged the suppliers to improve the Medicare/DVA card swipe • Trialled and purchased two new self-check in machines • Volunteers were trained how to check and clean swipe card mechanisms • Volunteer guides are now reporting improvement in the 'check in' process.
Can a space be created on Ward 8 South for patients to watch movies with their families.	• Thanks to a generous donation from a family, our relaxation room has now been redeveloped so that movies can be watched.

Improving meals

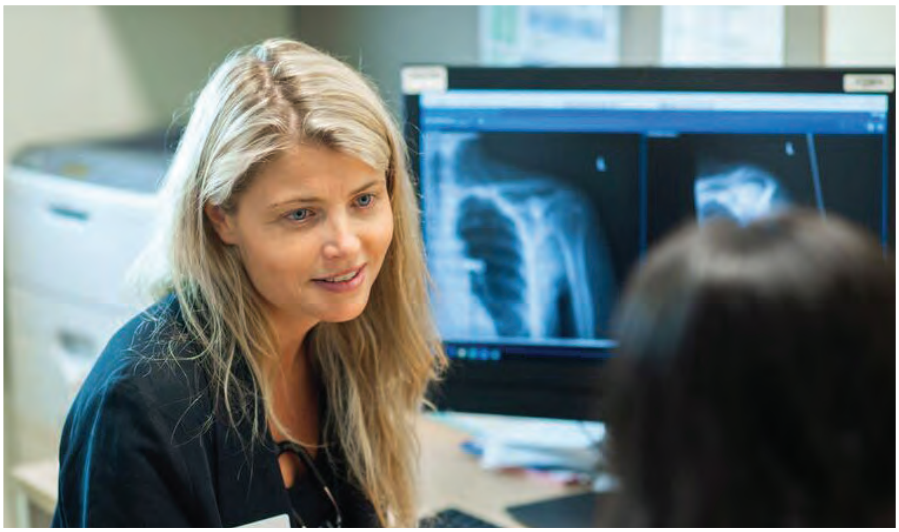
We continue to strive to offer patients food that is high quality and nutritious. Our menu choices are evolving, as is our systematic approach to ensure all patients receive the right food in a timely manner.

Our patients' expectations

Over the last 12 months Our Patient Expectations (OPE) was designed by the consumer representatives on our Community Advisory Committee (CAC) in partnership with Board members and senior employees.

They clearly outline what patients expect of their healthcare experience in an easy-to-understand format.

Key initiatives from the OPE include the development of customer service training for all employees, greater partnership in design of care and consistent approaches to communication.



Austin Health medical oncologist Dr Belinda Yeo consults with a patient

Our patients have asked that we:

Our Aboriginal community

Aboriginal and Torres Strait Islander Health

Austin Health continued to implement strategies to strengthen our capacity to deliver culturally appropriate care to our Aboriginal and Torres Strait Islander patients and connect them to the full range of care and support available.

One of the key ways we did this was by providing training to those staff who register patients presenting to the ED and other common hospital entry points to maximise the number of patients who self-identify as Aboriginal and Torres Strait Islander.

We also provided online cultural training for our staff. This year we saw a sixfold increase in the number of employees who completed this training.

Number of Aboriginal and Torres Strait Islander patients

1,165

Aboriginal and Torres Strait Islander inpatients, up from 1,057 in 2016-17

1,182

Aboriginal and Torres Strait Islander Emergency Department presentations, compared to 1,118 in 2016-17

New Aboriginal Hospital Liaison Officer's passion for improving health outcomes

Austin Health welcomed a new Aboriginal Hospital Liaison Officer (AHLO), Jacob Nelson, this year.

Mr Nelson joined Austin Health after five years living and working in Melbourne for a number of Aboriginal community controlled organisations. He works to help staff improve their cultural awareness as well as offering comfort and safety to Aboriginal patients.

He is passionate about working to help close the still-significant gap in health outcomes between Aboriginal and non-Aboriginal Australians.

"I think we can do better. I think we owe the traditional owners of this land a little bit more than what we've given them so far."

"It's 2018. I have a super computer in my pocket, but I still have relatives dying in their 50s," Mr Nelson said.

"I think we can do better. I think we owe the traditional owners of this land a little bit more than what we've given them so far," Mr Nelson says.

"I'm also quite happy to challenge stereotypes, as there are still prejudices and assumptions about Aboriginal people."

Patient Janine Clancy with Aboriginal Liaison Officer Jacob Nelson

Information for patients

This year we worked with staff and consumers to continue to improve patient information.

Initiatives included:

- Introducing a 'My Austin Health Journey' application for smart devices to help patients have access to the right information prior to procedures.
- Creating a falls prevention video for screening on mobile bedside devices.

We also worked to extend the scope of the Information for Consumers Committee to ensure that robust governance supports all forms of patient information.

The Committee has:

- Redeveloped its terms of reference to include representation from each division across the organisation.
- Increased consumer review and representation on the committee.
- Increased its scope to now include the review of all patient materials including videos, apps and websites.

Patient feedback

At Austin Health, we value feedback about the consumer experience and recognise that it is critical to informing us about our strengths and opportunities for improvement. Feedback is collected across the organisation through various methods.

Victorian Healthcare Experience Survey

The Victorian Healthcare Experience Survey (VHES) is a state-wide survey of people's healthcare experiences. The survey is conducted by an independent contractor on behalf of the Victorian Department of Health and Human Services (DHHS). The VHES allows a wide range of people to provide feedback on their experiences and provides specialised questionnaires for adult and paediatric inpatients and ED attendees.

The latest survey showed:

- On average 96% of our patients felt their overall experience of care was 'good' or 'very good' compared to 91% the previous year.
- 98% of our patients felt that the care and treatment they received was 'good' or 'very good.'
- 94% felt that their care and treatment was 'always' explained in a way they could understand.

Patient Experience Survey

We collected 894 patient experience surveys, reporting an overall satisfaction of care score of 84%.

Highlights of the survey included:

- 90% of our patients believed each staff member listens and communicates in a way that meets patient needs.
- 97% believed they were treated with respect and dignity.
- 86% felt they were involved in decisions about their care as much as they would like to be.
- 68% of patients said they would refer their friends or families to our organisation.

Compliments and complaints

We value feedback about consumer experience, both about our strengths and the areas where we could do better.

During 2017-2018 we received:

- 171 formal complaints,
- 894 completed Patient Experience surveys,
- 670 My Say compliments, and
- 597 My Say concerns / suggestions for improvement.

Patient undergoing cardiac procedure

Introduction of Telehealth services

Austin Health piloted, and is now expanding, the use of telehealth (videocall) in Specialist Clinics to enhance quality, patient-centred specialist service delivery. Telehealth improves access for patients living in regional, rural and remote locations and for people with physical disabilities that make in-person clinic attendance challenging. This work is supported by the DHHS through the Victorian Telehealth Specialist Clinics Initiative.

Throughout the year, 394 consultations were conducted via telehealth across seven specialist medical units. This saved patients 1,980 hours and 123,000 kilometres of travel and delivered an estimated travel cost saving of $96,000.

Telehealth's introduction also improved safety and access to care for high-risk patient groups.

For example, the number of patients on the waiting list for clinical review from the Victorian Respiratory Support Service (VRSS) more than halved. In addition, the number of ventilator dependent VRSS patients who had not been reviewed in more than 12 months, fell 43%. These figures reflect telehealth's viability as an alternative service for patients on ventilation where travel is very difficult due to physical disability and their need for intensive carer support.

100% of patients and staff involved in the pilot reported they would use telehealth again.

Clients say...

"As a regional patient, it was my first experience using the telehealth system and I found this to be a fantastic service. The ease of using the service was tremendous and financially I haven't had to take the day off work and saved on travel costs."

Patient car parking

Austin Health complies with the DHHS hospital circular on car parking fees. Details of car parking fees and concessions can be viewed at www.austin.org.au/patients-and-visitors/transport-and-parking/.

Safe Patient Care Act 2015

Austin Health has no matters to report in relation to its obligations under section 40 of the *Safe Patient Care Act 2015*.

Staff say...

"Telehealth provides an additional option for not only direct client contact but for inter-agency meetings and case planning. A great addition to increasing our capacity and flexibility in how we offer our service to the community."

From plant to plate

An innovative idea transformed an overgrown and unused space into a bustling social and therapeutic hub for Royal Talbot Rehabilitation Centre (RTRC) patients.

Starting with "a few reclaimed pots and some seeds", Allied Health assistant Anton Harrington – who has a background in horticulture – created a kitchen garden which overflows with pumpkin and tomato plants, strawberries, lettuces and bok choy. The plants grow in garden beds, as well as a range of wheelchair-accessible raised planters, vertical gardens and a 'Garden Tower', (a combined worm farm/vertical garden donated to the project by Garden Tower Australia).

The accessible kitchen garden has won the praise of patients.

"I've had numerous patients say that it's just so nice to do something normal," Mr Harrington said. "The space is now used daily by patients, and by people visiting relatives."

The garden also combines with the adjoining Occupational Therapy (OT) kitchen and Daily Living Skills space to create a unified area, with the garden and its home-grown produce complementing the OT Department's weekly cooking retraining sessions. Participants from the Spinal Unit grow and harvest the plants that they then cook for shared meals with the group. Food waste from the cooking group is then composted back to the garden via the worm farm.

Spinal patient Jack Manning in the garden

Our people

Our people – a breakdown

Women comprise almost 75% of Austin Health's workforce of 8,657 staff. Of our total staff 2,126 are full-time, 2,550 part-time and the remainder fixed term/casual.

Our total workforce number grew by 345 people in the last 12 months.

Almost 30% of our staff are aged between 25-34 while a further 24% are aged between 35-44.

Nursing services staff comprise the greatest proportion of our workforce (41%) followed by administration and clerical staff (12%) and medical support services (10%).

Merit and equity

Recruitment, selection and employment within Austin Health complies with employment conditions as specified in relevant Health Awards and Enterprise Bargaining Agreements. The employment of staff satisfies equal employment opportunity requirements, legislative and moral obligations, and terms and conditions of the Fair Work Act, Australia including National Employment Standards.

Our total workforce number grew by 345 people in the last 12 months.

	Jun-17			Jun-18		
	All Employees			All Employees		
	MTH FTE	YTD FTE	YTD Headcount	MTH FTE	YTD FTE	YTD Headcount
Status						
Full time	2,083	2,074	2,140	2,038	2,094	2,126
Part time	1,459	1,477	2,283	1,696	1,642	2,550
Fixed term/casual	2,040	1,886	3,889	2,016	1,880	3,981
Gender						
Women	4,099	4,007	6,128	4,226	4,116	6,411
Men	1,486	1,430	2,184	1,524	1,500	2,246
Self described	N	N	N	N	N	N
Age						
15-24	323	246	442	495	403	474
25-34	1,651	1,604	2,450	1,724	1,682	2,575
35-44	1,185	1,158	1,987	1,204	1,183	2,086
45-54	1,243	1,215	1,784	1,252	1,232	1,825
55-64	994	1,009	1,355	927	955	1,375
65+	186	205	294	148	161	322

	June Current Month FTE		June YTE FTE		June Headcount	
	2017	2018	2017	2018	2017	2018
Nursing Services	2,253	2,344	2,195	2,270	3,403	3,568
Admin & Clerical	828	834	822	830	1,114	1,111
Medical Support Services	686	689	665	686	862	880
Hotel & Allied Services	559	579	554	566	726	756
Medical Officers	156	149	146	151	177	179
Hospital Medical Officers	486	502	465	491	735	803
Sessional Clinicians	140	161	132	147	565	600
Ancillary Support Services	469	492	492	475	730	760

New People Strategy recognises staff as our greatest asset

Austin Health's People Strategy 2018-2022 was developed over the year as a key tool for delivering the new Strategic Plan. Outlining a contemporary approach to people management, the purpose of the strategy is to ensure that we have the right programs and tools in place to help our people bring their best to work and give their best to the community we serve.

Its five key pillars address: leadership; staff engagement; workforce development; staff health, safety and wellbeing; and attracting and employing the right people.

At Austin Health we are immensely fortunate to have a committed workforce characterised by talent and dedication. The People Strategy will enable us to remain responsive in a fast-changing world and deliver on our strategic ambitions – an aspiration that we can only realise through our people.

Some of our new graduate nurses

Its five key pillars address: leadership; staff engagement; workforce development; staff health, safety and wellbeing; and attracting and employing the right people.

New values to shape our behaviours

Our dynamic new organisational values have also been developed to support the achievement of our strategic plan over the next five years. They will drive the qualities and behaviours that we will need individually and collectively to be successful.

Our actions show we care

We bring our best

Together we achieve

We shape the future

We consulted extensively throughout the year to identify themes for the values as part of the strategic planning process. To ensure the new value statements had a distinctly 'Austin Health' feel, we undertook a series of focus groups with a broad range of employees, getting them directly involved in defining values that would have real meaning for them.

The values developed out of this process are inclusive, distinctive and contemporary. They also balance a sense of who we are with where we aspire to be.

The new values were launched through a fun and engaging internal campaign with real people at the heart of it, explaining how they live the values in their daily work. Our people have embraced their new values whole-heartedly and the values are now well on the way to being 'the way we do things around here'.

Austin Health is immensely fortunate to have a committed workforce characterised by talent and dedication.

Our actions show we care

Spinal Rehabilitation Nurse Unit Manager Donna Ashworth has epitomised the Austin Health value 'Our Actions Show We Care' since the outset of her career.

In 2009, Ms Ashworth took part in Austin Health's graduate nurse program. She did three rotations, in neurology, paediatrics and then the spinal ward. It was on the spinal ward that she met a patient who would greatly influence her career choices.

"She was a 13-year-old girl, who had just experienced a life-changing spinal injury. My brother was the same age as her, so it really hit home that this could happen to anyone," Ms Ashworth recalled.

"It made me think about how I would want a loved one to be treated."

"I'd organise to have her hair and nails done, just things that would make her feel happy and like a regular 13-year-old.

"I realised that nursing is far more than just treating the physical side of an injury. It's often about sitting there and listening to what the patient has to say, and being there for the patient and their family.

"You really are riding the journey with them and can really look after them when they are experiencing the most difficult time in their life," Ms Ashworth said.

Spinal Rehabilitation Nurse Unit Manager Donna Ashworth

Celebrating diversity and inclusion

We recognise that the best work happens in a workplace that welcomes new ideas and a diverse mix of people, and where differences in age, race, gender, nationality, sexual orientation, physical ability, thinking, style and background are valued. Through our new People Strategy we will continue to build an increasingly inclusive and diverse workforce, and continue to implement and evolve our Aboriginal Employment Plan.

NAIDOC Week

NAIDOC week is a time to celebrate Aboriginal and Torres Strait Islander history, culture and achievements and recognise the contributions that Indigenous Australians make to our country and our society. Austin Health staff are encouraged to participate in celebrations and activities that take place during NAIDOC Week.

This year's theme – 'Our Languages Matter' – aimed to emphasise and celebrate the unique and essential role that Indigenous languages play in cultural identity by linking people to their land and water; and in the transmission of Aboriginal and Torres Strait Islander history, spirituality and rites through story and song.

Austin Health proudly celebrated NAIDOC week with events held throughout our campuses over the week of 3 July to 7 July. The week opened with a Smoking Ceremony and Welcome to Country from local elder, Aunty Georgina Nicholson. One of the highlights of the week was the Grand Round where Professor Marcia Langton, Foundation Chair of Australian Indigenous Studies at the University of Melbourne, was the guest speaker.

In the lead-up to NAIDOC Week, Austin Health's Executive team proudly took the progressive step of approving special leave for all Aboriginal and Torres Strait Islander employees to attend the annual NAIDOC march.

International Women's Day Celebrations

Austin Health celebrated International Women's Day on March 8 with forums at each of our three sites which both recognised our women's achievements, but also tackled some of the barriers facing females in their careers.

The forums were an opportunity to celebrate and recognise the amazing women of Austin Health and their achievements, and included a panel of some of our most inspiring women who provided insights on what needs to be done to achieve equality in the workplace.

Chief Executive Sue Shilbury presented four awards to 'women who inspire'.

"I was overwhelmed by the number of nominations received for these awards and it was so heartening to hear the stories of so many wonderful women at Austin Health," Ms Shilbury said.

"I was overwhelmed by the number of nominations received for these awards and it was so heartening to hear the stories of so many wonderful women at Austin Health."

Liz Ornat, Chief Executive Officer Sue Shilbury and Professor Anne Buist

Staff wellbeing

The health environment can be stressful and it's vital that we recognise this and support our people to do their best. Looking after our people is paramount if we are to effectively care for our patients and community. Austin Health has a range of programs and initiatives in place to support staff.

Employee Assistance Program (EAP)

This year we broadened our messaging to staff to encourage them to use our Employee Assistance Program (EAP) across a range of areas to help improve wellbeing; including for work or personal issues, nutrition, financial issues, fitness and family relationships. We recognise that supporting our people holistically, not just in the work context, enhances wellbeing. We also expanded onsite counselling to include all three of our sites.

Our managers are encouraged to access coaching to improve their ability to manage difficult situations and to mentor their staff effectively. We also actively promote appropriate support and debriefings after critical incidents.

Over the year, 710 employees accessed EAP counselling and coaching services, and 32 debriefs were facilitated after trauma or critical incidents.

Looking after our people is paramount if we are to effectively care for our patients and community.

Wellness programs

Our wellness programs provide opportunities for our staff to de-stress, build fitness and resilience and maintain a satisfying and rewarding balance between work and home life.

Over the year we focused on the following topics:

- managing pressure
- nutrition
- getting good sleep
- balancing work and home life
- dealing with anger at work and home
- enhancing mental health
- building rewarding relationships
- beyondblue training to help recognise and manage mental health at work and home.

Employee development

We offered a range of leadership and management development programs throughout the year, supporting our current and emerging leaders to contribute to a culture of performance excellence.

Manager Skills Clinics

More than 20 Manager clinics were held in 2018, providing leaders with practical skills development on a range of topics:

- effective feedback
- performance reviews
- coaching
- managing performance and conduct issues
- effective conversations
- leave management
- flexible working.

In addition, Austin Health's managers were able to explore key management competencies at the five day Fundamentals of Management program or explore their leadership capabilities through the Leadership Exploration and Development (LEAD) program. The LEAD program is aimed at helping clinical (including allied health, nursing and medical employees) and non-clinical employees who are preparing to step into leadership roles.

These programs provide participants with fundamental skills in personal development, help create a change-agile culture and promote effective communication. The aim is that these skills will enhance collaboration within and between teams, in turn contributing to better patient outcomes.

Dr Radha Ramanan and Dr Joel Wight

Occupational health and safety

Occupational Violence and Aggression Annual Statement

OCCUPATIONAL VIOLENCE STATISTICS	2015-16	2016-17	2017-18
1. Workcover accepted claims with an occupational violence cause per 100 FTE	0.352	0.18	0.14
2. Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	1.935	0.95	0.80
3. Number of occupational violence incidents reported	567	574	903
4. Number of occupational violence incidents reported per 100 FTE	10.516	10.34	15.75
5. Percentage of occupational violence incidents resulting in a staff injury, illness or condition	77%	72%	61%

Since 2015-16, Victorian public health services have been required to monitor and publicly report incidents of occupational violence. This follows the Victorian Government's commitment to address occupational violence in healthcare and the Victorian Auditor-General's audit report *Occupational Violence against Healthcare Workers*, (released in 2015), which identified a need for better awareness of the prevalence through reporting occupational violence incidents. Occupational violence statistics are therefore required to be reported to the community in health service annual reports.

This year we experienced significant levels of occupational aggression incident reporting. This is attributed to non-physical aggression such as swearing, spitting and general behaviours of concern that didn't result in physical assault or property damage.

The increase is attributed to the heavy and sustained campaigning across our workforce to report all forms of aggression against our staff. It is very encouraging to see this has occurred over the past 12 months and greatly assists Austin Health to address the cause and prevalence of at-risk behaviours.

We continued to see further reductions in the number of workers' compensation claims, including those resulting in lost work time. It is a significant achievement and reflects our continued commitment to proactively preventing and managing occupational violence and aggression risk.

Increases in the overall health and safety incident rate for the period are attributed to increases in occupational violence reporting – particularly non-physical verbal abuse. This is consistent with our 2017-18 Occupational Violence and Aggression Statement.

The number of claims with associated lost time has steadily increased over the past three years, however, the costs associated with these claims is decreasing. This is in part attributed to Austin Health's strong focus on early return to work, particularly at the 13, 26 and 52 week milestones. Austin Health's overall performance in early intervention and return to work continues to better the health industry standard.

Occupational Health and Safety Annual Statement

OCCUPATIONAL HEALTH AND SAFETY	2015-16	2016-17	2017-18
1. Number of reported health and safety incidents reported per 100 FTE	26.46	26.19	31.23
2. Number of lost time reported claims per 100 FTE	1.26	1.33	1.48
3. Average cost* per claim.	$87,366	$55,003	$46,403

* Note: Average claim costs for any given year will increase as the length of time a claim remains active and matures, along with the estimate on a claim. Therefore an average claim cost for 2017-18 may grow over the years as claims initiated in that year mature.

Staff engagement – People Matter 2017

Austin Health participated in the Victorian Public Sector Commission's annual mandatory People Matter survey in 2017. We had a 31% survey participation rate, up 6% from 2016. Overall the results were positive, showing that we are an engaged, respectful and safety-conscious workforce. Key results included:

- 75% overall engagement score
- 80% overall satisfaction with Austin Health as an employer
- 87% of employees believe Austin Health is a safe place to work.

Areas for improvement included: increasing satisfaction with work/life balance for employees, improving change management and matching the high awareness of organisational values with demonstrated behaviours across the health service.

We will continue to promote the survey and encourage greater participation rates next year.

People Matter snapshot

75%
OVERALL ENGAGEMENT SCORE

80%
OVERALL SATISFACTION WITH AUSTIN HEALTH AS AN EMPLOYER

87%
OF EMPLOYEES BELIEVE AUSTIN HEALTH IS A SAFE PLACE TO WORK

Shaping the future through research

ROCKet trial launches

Austin Health led an international trial that hopes to be a game-changer in the prevention of post-surgical pain.

The Reduction of Chronic post-surgical pain with ketamine (ROCKet) trial is the world's first large-scale trial into post-surgical pain prevention. The trial began recruiting patients in early 2018.

The trial received $4.8 million in National Health and Medical Research Council funding – its biggest grant for 2017. Just under 5,000 patients undergoing major surgery will be recruited over five years to test whether ketamine can reduce chronic post-surgical pain.

Chronic pain after surgery is a widespread problem. One large study found 12% of patients still suffered pain a year after major surgery.

Project principal investigator, Austin Health's director of anaesthetic research, Phil Peyton said ketamine targets pain pathway receptors thought to be responsible for the progression of acute pain to chronic pain.

"We are not trying to treat chronic pain once it is established – that is really difficult. We think an ounce of prevention might be worth a pound of cure," he says.

"If it is proven to be effective there will be a really strong argument for making ketamine a routine part of anaesthetic care," Professor Peyton said.

Professor Phil Peyton

Researchers discover genetic link to devastating epilepsies

Families of children with severe epilepsies may be able to avoid having a second child born with the disease, according to a research breakthrough published in *The New England Journal of Medicine* in April 2018.

Austin Health Director of Paediatrics and University of Melbourne Chair of Paediatric Neurology, Professor Ingrid Scheffer co-led the research, which found that some severe developmental and epileptic encephalopathies thought to be caused by a new genetic abnormality in the child are actually passed down by a parent.

Although this means that the risk of having a second child with the disorder is much higher than previously thought, Professor Scheffer said that the findings would lead to more accurate genetic counselling, and change clinical practice.

"Having one child who is severely disabled is hard enough but having two is devastating," says Professor Scheffer.

"These results provide support for targeted, high-coverage testing of parents who have a child with a diagnosis of a developmental and epileptic encephalopathy. This testing will be helpful in counselling parents regarding the risk of recurrence," she says.

The study of 123 families with a child with severe epilepsy found that in 8% of the families, one parent also carried the genetic abnormality at very low levels, even though they did not have the disease.

Developmental and epileptic encephalopathies affect at least 1 in 1500 children in Victoria each year. Those with the condition have a 15% risk of dying before the age of 20 years.

Professor Ingrid Scheffer

A centre of excellence with thriving partnerships

Austin Health is an internationally recognised centre of excellence in translational research, with particular expertise in cancer, neurosciences, transplantation, heart disease, immunology, endocrinology, sleep disorders and spinal cord injuries. Through Austin LifeSciences, it brings together a leading collaborative of universities, research institutes and health services, whose work has impact across the world.

These partnerships include The University of Melbourne, La Trobe University, Monash University, The Florey Institute of Neuroscience and Mental Health, the Olivia Newton John Cancer Research Institute (ONJCRI), the Institute for Breathing and Sleep (IBAS), the Parent-Infant Research Institute (PIRI), the Spinal Research Institute, Austin Medical Research Foundation (AMRF) and other health services.

During 2017-18, Austin Health introduced Australia's first research data warehouse and began work on establishing the Database Analytics Research and Evaluation (DARE) Centre in partnership with the University of Melbourne. The Centre will enable researchers to explore health data – including datasets from national and international health databases – to support research and improve health outcomes. Director of Intensive Care Research, Professor Rinaldo Bellomo, took on leadership of DARE and was recognised for the fourth year running as one of the Thomson Reuters Highly Cited Researchers. The award places him in the top per cent of researchers in the world.

Grants and honours

In October, researchers at Austin Health received six prestigious National Health and Medical Research Council Early Career Fellowship grants. Fellowships were awarded to medical oncologist and clinical lead in lymphoma Dr Eliza Hawkes; director of Antibiotic Allergy Services and Antimicrobial Stewardship Dr Jason Trubiano; gastroenterologist Dr Marie Sinclair; director of Inflammatory Bowel Disease Dr Peter de Cruz; endocrinologist Dr Ada Cheung; and Infectious Diseases researcher Dr Jason Kwong.

Two of our world-renowned epilepsy experts Professor Samuel Berkovic and Professor Ingrid Scheffer both received international recognition for their life-changing work in 2017-2018. Professor Berkovic received one of medicine's highest honours when he was named as an international member of the National Academy of Medicine (NAM).

Professor Scheffer joined the likes of Isaac Newton, Charles Darwin and Albert Einstein when she was elected as a Fellow into The Royal Society London – the oldest scientific institution in the world.

The contributions of clinical researchers at Austin Health were recognised on both the Australia Day and Queen's Birthday honours lists in 2018. Board Director Mary Draper and retired anaesthetist Associate Professor Larry McNicol were named Members in the General Division of the Order of Australia (AM) on Australia Day, while on the Queen's Birthday Prof. Rinaldo Bellomo was named an Officer in the General Division of the Order of Australia (AO). Director of Respiratory and Sleep Medicine Professor Christine McDonald and director of Clinical and Health Psychology Professor Jeanette Milgrom each received an AM on the same day.

Professor Rinaldo Bellomo

The contributions of clinical researchers at Austin Health were recognised on both the Australia Day and Queen's Birthday honours lists in 2018.

Festival of research

ResearchFest continued as a 'festival of research' in 2017, attracting over 400 attendees, 175 research project entries, and awarding $11,000 in travel grants.

The highest honour, Austin LifeSciences Distinguished Scientist Award, was awarded to Professor Chris Rowe in recognition of his significant body of research into imaging neurodegenerative diseases, including research that found that Alzheimer's disease may be detected up to 10 years before symptoms develop.

Key research appointment

Austin Health farewelled Professor Neville Yeomans as director of Research, and welcomed Professor Paul Johnson as new director. Professor Johnson was already well-known at Austin Health as deputy director of Infectious Diseases and one of Australia's leading experts in the rare but rapidly increasing disease Buruli ulcer.

Professor Paul Johnson

Diabetes linked to poor surgical outcomes

People with diabetes are far more likely to have adverse outcomes following surgery than those without the disease.

In an Austin Health-led study published in the world's leading diabetes journal, *Diabetes Care*, patients with diabetes were found to be more likely to die, have major complications, require intensive care unit admission and mechanical ventilation, and had a longer stay in hospital, than those without diabetes.

The study of 7,565 patients measured the average blood glucose concentration (HbA1c level) of surgical patients aged 54 and above admitted to Austin Health between May 2013-January 2016. Of the patients, 30% were found to have diabetes.

Principal investigator and Austin Health director of Diabetes, Associate Professor Elif Ekinci said the findings are significant and provide strong evidence that future intervention is needed.

"Now that we have a much deeper understanding of the adverse surgical outcomes in these patients, we can investigate the interventions that we need to plan in order to prevent these outcomes."

The study was possible thanks to Austin Health's Diabetes Discovery program. An Australian-first, the initiative measures the HbA1c of every patient admitted aged 54 and above.

Associate Professor Elif Ekinci with a patient

Projects and infrastructure

Plumbing rectification works

We completed a major project to rectify issues with the water systems in the Austin Hospital. The State Government funded $47.4 million to complete the project across both the Austin tower and the Mercy Hospital tower. Works on the Austin tower were completed successfully in June. The works required careful planning and coordination to ensure business continuity and we thank patients, staff and visitors for their flexibility and goodwill throughout the period.

Electrical supply improvement works

A $22.7 million project to reconfigure electrical supply infrastructure in the Austin Hospital was completed in April. The project has delivered improved capacity and reliability through the establishment of new electrical generation clusters and the separation of emergency power from the high voltage supply infrastructure.

Respiratory Department upgrades

We made significant progress on refurbishment works of our Respiratory Department on Level 5 of the Harold Stokes Building. The $4.56 million project, due to be completed in late 2018, will provide modern diagnostic and outpatient facilities adjacent to the existing outpatient Respiratory Sleep Laboratory Service.

Staff goodwill leads to success for Austin Health's biggest ever rectification project

Project Managers Paul Connors and Janette Ahmling credit the success of the plumbing rectification project to the many Austin Health staff who came together to make it happen.

"Working as a team and putting the patient first is the Austin Health way of doing things. We regularly saw this in action during this project," said Ms Ahmling.

"We maintained activity at Austin Hospital all the way through the move, this in itself is a truly great achievement."

Mr Connors said all Austin Health staff should feel proud that the project – the largest rectification project ever undertaken at Austin Health – was completed successfully and on time.

"There was minimal impact to delivery of services and no cancelled surgeries throughout the project," Mr Connors said.

"This would not have occurred were it not for the goodwill and cohesion of the many staff who displayed great flexibility to enable the works to occur."

> "This would not have occurred were it not for the goodwill and cohesion of the many staff who displayed great flexibility to enable the works to occur."

In total, 56 wards were relocated as part of the works with two wards converted into 'super wards' equipped to house the varying needs of those decanted to the space while repair works were carried out.

Paul Connors and Janette Ahmling

Planning complete for Department of Molecular Imaging and Therapy services upgrade

We completed major construction planning in readiness for a $2.3 million dollar refurbishment project for the Department of Molecular Imaging and Therapy services. The project will improve and expand treatment and diagnostic facilities at the Austin Hospital site enabling improved patient access and care and more efficient work flows for staff.

Compliance with building regulations

Building Act 1993 **and Building Regulation 2006.**

During the financial year, it has been Austin Health's practice to obtain building permits for building projects and certificates of occupancy or certificates of final inspection for all completed projects. Registered building practitioners have been engaged for all building projects.

In order to ensure Austin Health's buildings are maintained in a safe and functional condition, ongoing maintenance programs are in place. Routine inspections were also undertaken throughout the year. From those inspections, Austin Health identified areas that required rectification and recommendations were made for this work to be carried out.

In line with the DHHS Fire Risk Management Guidelines, Austin Health's last comprehensive Fire Audit was completed in 2016 and the recommendations from the Audit are being actioned.

The State Government funded $47.4 million to complete the project across both the Austin tower and the Mercy Hospital tower.

Minister Hennessy opens new Short Stay Unit

The Honourable Jill Hennessy, Minister for Health and Ambulance Services, officially opened Austin Health's Short Stay Unit (SSU) in March.

The expansion to Austin Health's Emergency Department has been operational since mid-2017.

"The Short Stay Unit is helping us provide better patient experiences, better outcomes and better patient flow through the Emergency Department," said Austin Health CEO Sue Shilbury.

The SSU has 24 beds and a 4-bed Psychiatric Assessment and Planning Unit (PAPU), which is a purpose-built assessment area for psychiatric patients requiring intense management upon admission.

Minister Hennessy said it was fantastic to witness the pride Austin Health employees felt towards the new facilities.

"The Short Stay Unit is a great example of when we give power and investment to many of our clinical staff and those who are delivering health services on the front line – to design the model themselves – that fantastic things result as a consequence of that," Minister Hennessy said.

Medical Director of the Short Stay Unit, Dr Simon Bolch said more than half the patients admitted to hospital from the ED are admitted to the Short Stay Unit rather than an inpatient ward bed.

"The care is timely, the care is expert and the care is delivered literally around the clock," Dr Bolch said.

Dr Simon Bolch, Minister Jill Hennessy and SSU Nurse Unit Manager Jessica Joyce

Our community

Extraordinary support ensures exceptional care

A community of giving

Philanthropy at Austin Health is a vibrant and exciting part of our culture and the generous support of our community, bequestors, individual supporters, corporate partners, trusts and foundations is felt every day. It means our researchers are empowered to discover better treatments and even cures. It helps our people to learn, develop and implement world-class healthcare and it supports continued delivery of exceptional patient care.

Thriving through generosity

Austin Health and the Olivia Newton-John Cancer Wellness & Research Centre (ONJ Centre) continue to thrive because of the extraordinary support we received from generous and caring people throughout the financial year.

Our sincere thanks are extended to Olivia Newton-John AO OBE who continues to provide passionate leadership, drive awareness and fundraising for integrated wellness therapies and innovative research.

Olivia Newton-John
Cancer & Wellness Centre

Thank you to our major supporters:

- The Pratt Foundation
- Collier Charitable Fund
- Beverley Briese
- War Widows Guild of Australia (Vic) Inc
- Gregg Cave – Gaia Retreat & Spa
- John Cummins Memorial Fund
- Jalna Dairy Foods Pty Ltd
- H T Pamphilon Fund
- Davies Family Foundation
- Banyule City Council
- Robert C Bulley Charitable Fund
- The Marian & E H Flack Trust
- Dry July Foundation
- Antoine Nsair
- Bob & Wendy Dunnet
- Barry & Carol Ryan
- Tour de Cure Ltd
- Wayne Carswell
- Dr Ron Benson
- Equity Trustees Limited
- The Green Button Foundation
- Polaris 3083 – DealCorp
- Lymphoma Australia
- Amgrow Pty Ltd
- Johnson & Johnson Medical Pty Ltd
- Diamond Creek Auxiliary, Friends of Austin Health
- Lions House Foundation
- Stephen Edwards
- Metcash Food & Grocery – Supermarkets
- Support Act
- Channel Nine – *60 Minutes*
- Gary & Diane Heavin
- State Trustees Australia Foundation
- Medical Indemnity Protection Society
- Ivanhoe RSL
- Beverley D'Amore
- Bristol-Myers Squibb
- Medtronic Australasia Pty Ltd
- Catherine Long
- Commonwealth Bank Staff Community Fund

Olivia Newton-John with patient Giovanni Fongaro

A look back back at your support in 2017-18

TOTAL PHILANTHROPIC INCOME: **$6.9 million**

How you chose to give

- Raffles
- Regular Giving
- Major Gifts
- Grants & Trusts
- Bequests
- In Celebration
- Tributes & In Memory
- Individual Giving
- Corporate Giving

Bequestors

86
PEOPLE NOMINATED AUSTIN HEALTH IN THEIR WILL

$450,000
LARGEST BEQUEST THIS YEAR

Donors

11,012
COMMUNITY OF EXTRAORDINARY DONORS

$350,000
FRIENDS OF AUSTIN

Donated by a dedicated and enthusiastic group of volunteers, raising funds through Op Shops and the Austin Hospital Gift Shop for Austin Health.

630
COMMITTED MONTHLY GIVERS

Donors who have pledged to support Austin Health or the ONJ Centre, including Olivia's Circle, with monthly gifts.

45,000
WONDERFUL RAFFLE SUPPORTERS

Making our steps count

Every September the ONJ Centre community gathers in love, memory and hope for the annual Wellness Walk and Research Run. Participants walk or run to raise funds for cancer research breakthroughs and to help provide access to world-leading wellness and supportive care, giving patients hope as they face one of the biggest challenges of their lives. In 2017, the Wellness Walk and Research Run had over 2,000 participants and raised almost half a million dollars. The 2018 event goes global and participants all around the world will take part, including at the Melbourne event on Sunday 16 September at La Trobe University in Bundoora.

Wonderful community of Friends who keep on giving

For 93 years a dedicated and resourceful group of volunteers have made it their goal to support patient care and wellbeing at Austin Health. The Friends of Austin Health, led by President Beverley Briese OAM, run the Diamond Creek and Heidelberg Op Shops, the Austin Gift Shop and the Greensborough Auxiliary. This year they contributed a staggering $350,000 to Austin Health.

These funds will support the Volunteer Drivers program, purchase additional vital medical equipment for our staff, the ED, the Neurosciences Department, the ICU, Aged Care and our operating theatres.

A sincere thank you to the Friends of Austin, a remarkable group of people who show enormous dedication and commitment to helping patients and families.

Caillin and Simone's generous gesture

Working at Austin Health made Caillin Austin acutely aware of the devastating impact of cancer, which was why he and his partner Simone decided to use their wedding to raise funds to help cancer patients.

The young couple asked their guests to donate to the ONJ Centre in lieu of gifts.

Their generosity raised more than $1,300 for the ONJ Centre and Mr Austin said it made them feel great.

"It's a special thing to be able to give. Giving is a much better feeling than taking. I think it's a great thing – it makes you feel good and it makes others feel good too," Mr Austin said.

Simone and Caillin on their wedding day

Talking to our community

Highlighting health information in mainstream media

From agenda-setting programs such as ABC's *Health Report* to international news outlets Bloomberg and Reuters, Austin Health's research and patient care achievements attracted extensive media coverage this year.

A world-first blood test which could predict the risk of heart attack in coronary artery disease patients was one of the Austin Health research breakthroughs that dominated headlines, attracting in excess of 114 media mentions nationally.

Other highlights included *The Obesity Myth*, a three-part documentary series focused solely on Austin Health's world-leading research into obesity and exceptional treatment of patients with the disease.

Media filming researchers involved in the coronary artery disease study.
L-R Dr Sheila Patel, Dr Jay Ramchand and Professor Louise Burrell

Environmental Sustainability

Reducing our impact on the environment

Austin Health has a long-standing commitment to sustainability. As a large consumer of electricity and natural gas and a considerable generator of waste, we have a key role to play in helping to reduce our impact on the environment. We do this by using resources efficiently; reducing the amount of waste generated; maximising recycling opportunities and minimising the amount of waste going to landfill.

Key results in 2017-18 include:

- A 0.5% increase in total energy consumption, and a 0.8% decrease in our greenhouse gas emissions. Melbourne's weather has a key influence on Austin Health's energy consumption and related greenhouse gas emissions, and during the year a number of infrastructure upgrades occurred involving higher use of our generators. Austin Health continues to seek opportunities to reduce energy use through improving the optimisation of heating and cooling systems and lighting upgrade works.
- Drinking water consumption increased by 8%. While Austin Health continues to use water more efficiently throughout its operations, flushing water pipes was undertaken in 2017-18 as part of ongoing preventative maintenance.
- Clinical and related waste increased by 4%, but remained steady at 0.90kg per occupied bed day. Increased hospital activity (i.e. admissions and attendances as well as surgical activity) along with the increased trend in the use of single use items to reduce infection risks are the key factors that influence the amount of clinical waste generated.

Greenhouse gas emissions	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**
Scope 1 (tCO_2e)	14,995	12,558	15,685	15,022	16,102	16,280
Scope 2 (tCO_2e)	48,837	49,926	50,860	48,440	48,300	47,590
Total (tCO_2e)	63,832	62,484	66,545	63,462	64,402	63,870
Total tCO2e per building m^2	0.24	0.23	0.25	0.23	0.24	0.23

Energy consumption	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**
Electricity (GJ) 1cw	161,298	164,892	167,978	159,987	159,524	158,635
Natural Gas (GJ)	284,245	237,321	298,255	285,225	306,187	309,231
Diesel (GJ)	232	436	633	579	579	767
Total energy (GJ)	*	*	466,866	445,791	466,290	468,633
Electricity per m^2 (GJ)	0.62	0.61	0.62	0.59	0.59	0.58
Natural Gas per m^2 (GJ)	1.09	0.88	1.1	1.05	1.124	1.135

* data not available

Water consumption	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**
Drinking water (kL)	241,862	246,443	281,572	240,934	235,745	254,756
Drinking water per m^2 (kL)	0.93	0.91	1.04	0.89	0.87	0.93
Recycled water (kL)	7,990	9,340	3,956	2,360	2,695	2,695

Waste generation and disposal	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Clinical waste (tonnes)*	274	287	293	295	322	335
Clinical waste per occupied bed day (kg)	0.78	0.81	0.81	0.79	0.90	0.90
Recycling (tonnes)	394	422	385	348	+	362
Recycling per occupied bed day (kg)	1.12	1.19	1.06	0.94	+	0.97
General waste (tonnes)	1445	1604	1590	1715	+	1,632
General waste per occupied bed day (kg)	4.10	4.55	4.37	4.61	+	4.38
Total waste (tonnes)	2,113	2,312	2,268	2,358	+	2,361
Total waste per occupied bed day (kg)	6.00	6.55	6.24	6.34	+	6.44

* Includes clinical, cytotoxic, pharmaceutical and anatomical waste

+ Not available

Environmental sustainability highlights

A new waste model

After five years of fully outsourcing waste, Austin Health implemented a new in-house waste model in mid-2017 which is achieving operational efficiencies and improved waste outcomes. With an in-house service we have been able to structure collection hours to better meet hospital routines, preventing waste overflow and ensuring consistent cleanliness during peak periods of activity.

Donating equipment to assist communities and individuals in need

We continued to donate equipment that was no longer required in-kind to Rotary. This equipment is then distributed to health services in developing countries. We also donate computers that have reached the end of their useful life to B2C Community IT Recyclers.

Working with suppliers to reduce waste

We are working with AGAR Chemicals to return empty chemical containers so they can be put back into the production and supply chain. This reduces the amount of recycling we dispose of every year, and reduces the amount of material our suppliers need to consume in making their product.

Renewed waste education

Our waste education program was redeveloped with a renewed emphasis on ownership and helping to embed sustainability within the health service. Our mantra is that we can all take responsibility for the waste generated in our local work areas. We do it at home and we can also do it at work.

Corporate information

Attestations

Compliance with Health Purchasing Victoria (HPV) Health Purchasing Policies

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

Sue Shilbury
Date 14.08.2018

Conflict of Interest

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

Sue Shilbury
Date 14.08.2018

Data Integrity

I, Sue Shilbury, certify that Austin Health has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. Austin Health has critically reviewed these controls and processes during the year.

Sue Shilbury
Date 14.08.2018

Financial Management Compliance

I, Judith Troeth, on behalf of the Responsible Body, certify that Austin Health has complied with the applicable Standing Directions of the Minister for Finance under the *Financial Management Act 1994* and Instructions except for the following Material Compliance Deficiencies:

Standing Direction 4.2.3 (2016)

Asset Information Management System, including asset survey. Remedial action required is to develop a new electronic system, including detailed asset survey by 30 June 2019.

Judith Troeth
Date 14.08.2018

Protected Disclosure Act 2012

Austin Health is committed to the aims and objectives of the *Protected Disclosures Act 2012* and has procedures in place to facilitate the making of disclosures, to investigate disclosures and to protect persons making disclosures. Procedures can be obtained from the Protected Disclosures Officer on 03 9496 2600 or by writing to Austin Health, PO Box 5555, Heidelberg, Victoria 3084.

National Competition Policy

Austin Health continues to comply with the National Competition Policy. In addition, the Victorian Government's competitive neutrality pricing principles for all relevant business activities have been applied by Austin Health.

Victorian Industry Participation Policy

Austin Health complies with the intent of the *Victorian Industry Participation Policy Act 2003* which requires, wherever possible, participation to expand market opportunities to Victoria and Australia, taking into consideration the principle of value for money and transparent tendering process.

During 2017-18, Austin Health had one commenced project and one completed project to which the Victorian Industry Participation Policy applied, both registered with the Industry Capability Network (ICN).

Project name	Austin Health Respiratory Consolidation Project
Value	$3,479,000
Status	Commenced
Local content	82%
Employment	96 EFT
Skill/technology transfer	Training skills and development of apprentices

Project Name	Austin Health High Voltage Electrical Upgrade Project
Value	$17,192,911
Status	Completed
Local content	48%
Employment	273 EFT
Skill/technology transfer	Training skills and development of apprentices

Details of Information Technology and Communication (ICT) expenditure

The total ICT expenditure incurred during 2017-18 is $28 million (excluding GST) with the details shown below:

Business as Usual ICT Expenditure Total (excluding GST)	Non-Business as Usual ICT Expenditure Total (excluding GST)	Operational Expenditure Total (excluding GST)	Capital Expenditure Total (excluding GST)
$19m	$9m	$7m	$2m

Freedom of Information (FOI)

Under the Freedom of Information (FOI) Act, you have a right to request information and access to documents about your personal affairs and in certain cases, our activities.

For further information about the process for making applications for access to Austin Health documents, please refer to the following website www.austin.org.au/foi.

You can also contact the FOI Officer directly:

Phone: (03) 9496 3103

Email: foi@austin.org.au

Mail: Freedom of Information Officer
Austin Health
PO Box 5555
Heidelberg Victoria 3084

All 2017-18 applications were processed in accordance with the provisions of the *Freedom of Information Act 1982*, which provides a legally enforceable right of access to information held by government agencies. Austin Health reports on these requests to the Office of the Victorian Information Commissioner annually.

Freedom of Information Applications 2017–18

Number of requests received	1336
Granted in full	1046
Granted in part	43
Denied	8
Other:	
Withdrawn	20
Not proceeded	0
Not processed	25
No documents	65
In progress	129

Consultancies engaged during 2017-18

In excess of $10,000 per consultancy

CONSULTANT	Purpose of consultancy	START DATE	END DATE	TOTAL APPROVED PROJECT FEE	EXPENDITURE 2017-18 (Excl GST)
Nous Group	Development of Strategic Plan for Austin Health	Aug-17	Mar-18	$134,400.00	
Ngamuru Advisory Pty Ltd	Development of Strategic Plan for Austin Health	Aug-17	Mar-18	$45,580.00	**$179,980.00**
Nous Group	Fundraising Review	May-17	Sep-17	$119,750.00	**$31,200.00**
Paxton Partners	Development of Austin Health's Pathology Cost Model	Aug-17	Oct-17	$55,687.00	**$55,687.00**
National Ageing Research Institute Ltd	Development of an Advance Care Planning Implementation Guide	May-17	Dec-17	$50,000.00	**$50,000.00**
Principle Design Pty Ltd	Austin Health Branding Project	Feb-18	Apr-18	$32,500.00	
Wellmark	Austin Health Branding Project	Feb-18	Apr-18	$13,086.00	
Big Picture Group	Austin Health Branding Project	Feb-18	Apr-18	$1,200.00	**$46,786.00**
The J.T.A. Corporation Pty Ltd	Workers Compensation Wages Reconciliation Review	Jul-17	Nov-17	$34,637.77	**$34,637.77**
Nous Group	Development of Values Statements	Dec-17	Jan-18	$26,700.00	
Michel Hogan	Development of Values Statements	Dec-17	Jan-18	$3,750.00	**$30,450.00**
Lehr Consultants International (Australia) Pty Ltd	Equipment Infrastructure Replacement Program	Apr-18	Jun-18	$30,000.00	**$30,000.00**
Kate Pascale & Associates Pty Ltd	Evaluation of My CCR (My Cancer Care Record)	Mar-18	Mar-18	$20,000.00	**$20,000.00**
Totals					**$478,741.00**

Number of consultancies – 13

Less than $10,000 per consultancy

There were 10 consultancies engaged in 2017/18 of less than $10,000 per consultancy at a total cost of $36,965 and no future costs.

Additional information available on request

Austin Health confirms that details relating to the items listed below have been retained and are available to the relevant Ministers, Members of Parliament and the public on request (subject to freedom of information requirements, if applicable):

- Declarations of pecuniary interests have been duly completed by all relevant officers
- Details of shares held by senior officers as nominee or held beneficially
- Details of publications produced by the entity about itself, and how these can be obtained
- Details of changes in prices, fees, charges, rates and levies charged by the Health Service
- Details of any major external reviews carried out by the Health Service
- Details of major research and development activities undertaken by the Health Service that are not otherwise covered in either the report of operations or in a document that contains the financial statements and report of operations
- Details of overseas visits undertaken, including a summary of the objectives and outcomes of each visit
- Details of major promotional, public relations and marketing activities undertaken by the Health Service to develop community awareness of the Health Service and its services
- Details of assessments and measures undertaken to improve the occupational health and safety of employees
- A general statement on industrial relations within the Health Service and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the report of operations
- A list of major committees sponsored by the Health Service, the purpose of each committee and the extent to which those purposes have been achieved
- Details of all consultancies and contractors including consultancies/ contractors engaged, services provided, and expenditure committed for each engagement.

Statement of priorities

Part A: Strategic priorities

GOALS	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
Care is always there when people need it	Plan and invest	Refresh the site master plan at the Austin and Heidelberg Repatriation Hospitals with a view to developing a plan for future investment to provide for better access and care. Commence the development of a feasibility study for operating theatre redevelopment at Austin Hospital.	**In progress.** The procurement process for the Model of Care review, which will be conducted in collaboration with the DHHS, has commenced. Analysis will be undertaken from September to December. A high level asset survey has been commissioned by the DHHS to commence in August 2018, as a precursor activity to Master Planning.
	Unlock innovation	Using the results of an organisation-wide innovation audit that will be undertaken in early 2017-18, identify goals and exploration activities to define the Austin Health approach to innovation.	**Achieved.** Austin Health has used the Organisational Strategy for Improvement Matrix (OSIM), to identify organisational accelerators and barriers to improvement. In 2018, to address barriers identified in 2017, the Austin Quality Improvement Academy was launched, training 30 staff in the use of clinical improvement science. A reassessment using OSIM is planned in November 2018.
	Provide easier access	Implement the actions from the Day Of Surgery Admission (DOSA) project to reduce the number of day of surgery cancellations for patients being admitted for elective surgery.	**Achieved.** The actions from the DOSA project have resulted in a reduction in hospital initiated cancellations from 7% to 5.9% over the last 12 months.
	Unlock innovation	Undertake a feasibility study for the development of a model for nurse led procedural sedation in endoscopy.	**Achieved.** The feasibility study is complete. Further development of this model will not occur at this stage.
	Unlock innovation	Participate in the Better Care Victoria (BCV) Specialist Clinics partnership and commit to support sustainable and continuous improvement in Specialist Clinic services, focusing on improving access to our Specialist Clinics within a clinically appropriate timeframe.	**Achieved.** The BCV access improvement partnership project was completed successfully with all project milestones being met. GP referral guidelines are now in place for 75% of units, improving referral quality and reducing requests for additional information. A third 'semi urgent' triage category of 31-90 days has also been implemented allowing capacity for genuinely urgent patients to be seen in the clinically appropriate time. Performance improvement has been seen in both the DHHS urgent and routine KPIs.

GOALS	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
Care is always there when people need it	Unlock innovation	Collaborate on a project with the Victorian Department of Premier and Cabinet that focuses on linking consumer behaviour change to achieving the diversion of suitable Category 4 and 5 patients from the Emergency Department (ED) to more appropriate healthcare settings and improving access for patients requiring emergency care.	**Achieved.** Austin Health continues to collaborate in the project. Project interventions are being developed.
	Provide easier access	Using a co-design approach, review and redesign the triage process to improve triage and seen times for patients presenting to ED, focusing on workflows, the model of care, the physical triage space and IT system support constraints.	**Achieved.** A new triage redesign process is currently being trialled to improve time to treatment KPIs. Once the new workflow is confirmed, the physical redesign of the triage area can be confirmed and the capital project can commence. This is expected to take place in late 2018.
	Unlock innovation	Implement a proof-of-concept statistical process control system in ED to better understand ED flow and 4-hour length of stay performance, in light of recent capital works.	**Achieved.** The project is complete and is in the evaluation phase. The quantitative analysis shows objective improvement across all emergency access KPIs year on year with the exception of 'patient treated within time'. This is in the context of 4.6% growth in ED presentations and 9.6% growth in Ambulance Victoria arrivals. The 'improvement in Dr seen time' KPI is the focus of the Triage Redesign Process which is currently underway.
There is equal access to care	Provide easier access	Review the referral and triage process for patients referred for colonoscopy to ensure consistency of patient management and equity of access.	**Achieved.** The 12 month project is complete, and has achieved the following results: – Category one average patient waiting times for colonoscopy have reduced from 160 days to 55 days – A single triage process is now in place – A new referral form has been developed and is in use for GPs.
	Ensure fair access	Collaborate with regional health services, in the first instance, Kyneton Hospital and Goulburn Valley Health, to provide their communities with improved access to a high quality, contemporary pathology service.	**Achieved.** The service relationships with Kyneton Hospital and Goulburn Valley Health have been established and are ongoing.

GOALS	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
More access to care in the home and community	Provide easier access	Implement telehealth functionality that enables our medical staff to consult with patients in their homes in 6 Specialist Clinics: – Infectious Disease Allergy Clinic – Epilepsy – Liver Transplant – Endocrinology – Hepatology – Genetics	**Achieved.** During 2017 Austin Health successfully piloted the use of telehealth to improve access to 7 Austin Health Specialist Clinic services for patients living in regional, rural and remote locations and people with physical disabilities that make in-person clinic attendance challenging. A second round of DHHS funding was received in February 2018 to enable expansion of telehealth with a focus on reducing cost and risks to clients, staff and services associated with patient transfers. Austin Health will also continue to expand the range of specialist clinic units offering telehealth with four new units due to commence activity in 2018.
People are connected to the full range of care and support they need	Provide easier access	Continue to implement strategies to strengthen our capacity to deliver culturally appropriate care to our Aboriginal and Torres Strait Islander patients, and connect them to the full range of care and support available, by: – Undertaking focused training with staff who register patients presenting to ED and other common hospital entry points to maximise patient self-identification and improve opportunities for Aboriginal patients to access the Aboriginal Health Program – Providing reminder calls and text messages to Aboriginal patients with Specialist Clinic appointments, and undertaking targeted audits on this patient group to understand the barriers that are preventing them from accessing care.	**Achieved.** A training package to support staff to maximise self-identification has been developed and is being rolled out to staff registering patients. There has been a focus on raising awareness of the Ngarra Jarra Aboriginal Health Service, which has included: – A Hub campaign, including five Hub articles – A week-long program over NAIDOC week – Increased uptake of the online cultural awareness training. **Achieved.** Outpatient reminder calls are being made on a regular basis, and Ngarra Jarra staff are following up patients who missed their appointments. Volunteers have been recruited to assist in making outpatient reminder calls and conducting Aboriginal patient satisfaction surveys.
Target zero avoidable harm	Embed evidence	Undertake a gap analysis to quantify the issues and identify opportunities for improvement in the identification and reporting of patient safety concerns.	**Achieved.** A thematic analysis of clinical incidents has been undertaken, and was repeated in early 2018. Results have been presented to: – The quality coordinator group – The Executive Safety, Quality and Risk meeting. Areas of focus have been identified for each Division.

GOALS	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
Target zero avoidable harm	Embed evidence	To develop a more consistent and structured approach to improving outcomes and reducing harm, Austin Health will design a training framework for up to 25 nominated staff to be trained as local 'experts' in the science of clinical practice improvement.	**Achieved.** To demonstrate our commitment to providing better care, Austin Health has invested in Clinical Practice training (facilitated by the ACHS Improvement Academy) for our quality coordinators and key clinical leaders. Eight key projects that focus on avoiding harm and improving the patient experience have been derived from this training.
	Develop and implement a plan to educate staff about obligations to report patient safety concerns	Develop and evaluate a standardised package for frontline managers to support them to deliver consistent education to their staff on: – Obligations to report patient safety concerns – Systems and processes that exist to report patient safety concerns. The results of these interventions will be reported to and monitored by the Austin Health Executive with a six-monthly statement of incident reporting by professional group.	**Achieved.** A directory of standardised resources for frontline managers and clinical leads has now been developed. Ongoing review and refinement of risks at all levels of the organisation is being undertaken. A report of incident reporting by professional groups is presented to the Executive SQR meeting on a six-monthly basis.
	Embed evidence	Through the Choosing Wisely project, demonstrate sustained reduction in key over-ordered diagnostics where evidence shows they may provide no benefit, by achieving a 15% reduction in the ordering of: – Urine cultures – Coagulation profiles – C Reactive Protein (CRP).	**Achieved.** April-June 2018 results compared with 2016 baseline: – Urine Cultures: 37.8% reduction – Coagulation Studies: 43.3% reduction – CRP: 46% reduction.
Healthcare that focuses on outcomes	Embed evidence	Develop and commence implementation of the Austin Health digital strategy.	**Achieved.** The digital strategy is complete.
Patients and carers are active partners in care	Partner with patients	In response to patient experience data, improve the patient experience through: – The establishment of a working group of staff and consumers to review patient discharge information during the transition of care – Implementation and evaluation of a new revitalised menu for inpatient meals.	**Achieved.** The working group has been established and is meeting regularly. Patient information has been reviewed and a plan is in place to distribute discharge summaries directly to patients as well as GPs from January 2019. Our VHES data is showing improvement in transition of care results.
			Achieved. The new menu has been implemented.

GOALS	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
Patients and carers are active partners in care	In partnership with consumers, identify three priority improvement areas using Victorian Healthcare Experience Survey data and establish an improvement plan for each. These should be reviewed every six months to reflect new areas for improvement in patient experience.	Use the principles of co-design to partner with patients and their families to improve the patient experience and the care we provide by scoping and developing an implementation plan for the following four co-design projects: – Health Independence Program (HIP) Specialist Clinics review: Exploring stakeholder experience of the model of care in HIP Specialist Clinics – ED to HIP pathway review: ensuring patients are referred to HIP at the right time in their journey – Our Patients' Expectations (OPE) toolkit: sharing and responding to feedback on the Our Patients' Expectations toolkit developed by the Community Advisory Committee. – Consumer-led rehabilitation: better understanding the discharge experience to improve the care that we provide to rehabilitation patients in the Mellor Unit.	**Achieved.** Implementation of recommendations from the review of the Memory Service have commenced, with some already achieved. A review of the Pain Service is near completion, and the continence and wound services will follow. **Achieved.** This project was incorporated into the targeted action group and workflow of the 'Living Well' project. **Achieved.** An implementation plan for the OPE toolkit has been developed for 2018-19, and will be presented to the Community Advisory Committee in August 2018. An evaluation tool for OPE implementation has been developed. The Consumer Engagement Plan is finalised and has been endorsed by the Community Advisory Committee. It will be presented to the Executive group by the end of July 2018. **Achieved.** The final report for Better Care Victoria on Allied Health in redesign has been completed. This report informed the action plan to address the process and outcome issues that the patients and staff identified during the Mellor redesign process. This work is now BAU at Mellor as part of an ongoing Mellor improvement group.

GOALS	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
Healthy neighbour-hoods and communities encourage healthy lifestyles	Help people to stay healthy	Work with community and primary health partners through Better Health North East Melbourne to build healthy neighbourhoods by delivering care that supports people with complex needs to live well. This activity will align with the National Strategic Framework for Chronic Conditions and encompass preparation for HealthLinks: Chronic Care implementation, which will include: – Identifying the priority focus by conducting: • 50 interviews with clients/carers, GPs, community and hospital based staff • A workshop to review results of the interviews and identify priorities. – Development of an internal business case to support the establishment of an identified model to commence HealthLinks at Austin Health in 2018-19.	**Achieved.** Living Well Stage 1: Explore is complete. Key outcomes were prioritised and road-mapped against timeline and funding opportunities with an action plan developed. **Achieved.** A comprehensive paper was developed in April 2018 outlining the risks and benefits of financial participation in HealthLinks: Chronic Care. Due to the financial risk involved, the decision was taken to defer financial participation in HealthLinks at this time. The project is currently on hold, pending review and potential alignment with the Better Health North East Melbourne Strategic Plan 2018-2023. Austin Health continues to participate as a control site in the evaluation of the HealthLinks: Chronic Care trial.
	Build healthy neighbourhoods	Develop a Primary Care Strategy to establish Austin Health's role in supporting and integrating with primary care providers to improve the health outcomes and experiences of people in our community with chronic and complex needs. Commence implementation of year one initiatives.	**Achieved.** The Austin Health Primary Care Strategy 2018-19 was presented to the Austin Health Board in June 2018. The Strategy centres on collaboration with local partners to improve the lives of people in our community. The Strategy details established collaborations and progress against joint initiatives that are currently underway in cooperation with local partners.
	Target health gaps	Implement a telehealth service in partnership with Bendigo Health to support and improve the health of patients of two of our state-wide services – the Victorian Spinal Cord Service and the Victorian Respiratory Support Service.	**Achieved.** The DHHS funded pilot has been completed and was highly successful. The Victorian Respiratory Support Service is rolling into 'Business as usual' in an ongoing model. The Victorian Spinal Cord Service is not continuing past the end of the pilot as per unit decision.
Illness is detected and managed early	Target health gaps	Develop an optimal care pathway for patients in our region with lung cancer, focusing on the identification and implementation of strategies that will achieve improved timeframes in the patient pathway for referral, detection and management of lung cancer.	**Achieved.** The project is currently in the implementation stage. An evaluation will be undertaken to measure the project's impact against the agreed targets.

Part B: Performance Priorities

High quality and safe care

KEY PERFORMANCE INDICATOR	TARGET	2017-18 RESULT
Accreditation		
Accreditation against the National Safety and Quality Health Service Standards	Full compliance	Full compliance
Compliance with the Commonwealth's Aged Care Accreditation Standards	Full compliance	Full compliance
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	80%	85%
Percentage of healthcare workers immunised for influenza	75%	76%[1]
Patient experience		
Victorian Healthcare Experience Survey – data submission	Full compliance	Achieved
Victorian Healthcare Experience Survey – Positive patient experience – Quarter 1	95% positive experience	95%
Victorian Healthcare Experience Survey – Positive patient experience – Quarter 2	95% positive experience	93%
Victorian Healthcare Experience Survey – Positive patient experience – Quarter 3	95% positive experience	96%
Victorian Healthcare Experience Survey – Discharge Care – Quarter 1	75% very positive experience	75%
Victorian Healthcare Experience Survey – Discharge Care – Quarter 2	75% very positive experience	77%
Victorian Healthcare Experience Survey – Discharge Care – Quarter 3	75% very positive experience	88%
Victorian Healthcare Experience Survey – patients' perception of cleanliness Q1	70%	75%
Victorian Healthcare Experience Survey – patients' perception of cleanliness Q2	70%	73%
Victorian Healthcare Experience Survey – patients' perception of cleanliness Q3	70%	76%
Healthcare associated infections (HAIs)		
Number of patients with surgical site infection	No outliers	No outliers
Number of patients with ICU central-line-associated bloodstream infection (CLABSI)	Nil	Not achieved
Rate of patients with SAB per occupied bed day	≤ 1/10,000	1.0/10,000

1 April-August 2017

KEY PERFORMANCE INDICATOR	TARGET	2017-18 RESULT
Adverse events		
Number of sentinel events	Nil	Not achieved
Mortality – number of deaths in low mortality DRGs	Nil	N/A[2]
Mental Health		
Percentage of adult acute mental health inpatients who are readmitted within 28 days of discharge	14%	7.4%
Rate of seclusion events relating to a mental health acute admission – all age groups	≤ 15/1,000	4.8/1,000
Rate of seclusion events relating to a child and adolescent acute mental health admission	≤ 15/1,000	7.8/1,000
Rate of seclusion events relating to an adult acute mental health admission	≤ 15/1,000	2.9/1,000
Percentage of child and adolescent acute mental health inpatients who have a post-discharge follow-up within seven days	75%	94%
Percentage of adult acute mental health inpatients who have a post-discharge follow-up within seven days	75%	87%
Continuing Care		
Functional independence gain from an episode of GEM admission to discharge relative to length of stay	≥ 0.39	0.55
Functional independence gain from an episode of rehabilitation admission to discharge relative to length of stay	≥ 0.645	0.648

2 This indicator was withdrawn during 2017-18 and is currently under review by the Victorian Agency for Health Information

Strong governance, leadership and culture

KEY PERFORMANCE INDICATOR	TARGET	2017-18 RESULT
Organisational culture		
People matter survey – percentage of staff with an overall positive response to safety and culture questions	80%	93%
People matter survey – percentage of staff with a positive response to the question, "I am encouraged by my colleagues to report any patient safety concerns I may have"	80%	97%
People matter survey – percentage of staff with a positive response to the question, "Patient care errors are handled appropriately in my work area"	80%	96%
People matter survey – percentage of staff with a positive response to the question, "My suggestions about patient safety would be acted upon if I expressed them to my manager"	80%	94%
People matter survey – percentage of staff with a positive response to the question, "The culture in my work area makes it easy to learn from the errors of others"	80%	90%
People matter survey – percentage of staff with a positive response to the question, "Management is driving us to be a safety-centred organisation"	80%	95%
People matter survey – percentage of staff with a positive response to the question, "This health service does a good job of training new and existing staff"	80%	88%
People matter survey – percentage of staff with a positive response to the question, "Trainees in my discipline are adequately supervised"	80%	88%
People matter survey – percentage of staff with a positive response to the question, "I would recommend a friend or relative to be treated as a patient here"	80%	97%

Timely access to care

KEY PERFORMANCE INDICATOR	TARGET	2017-18 RESULT
Emergency care		
Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%	83%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended time	80%	71%
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%	66%
Number of patients with a length of stay in the emergency department greater than 24 hours	0	0
Elective surgery		
Percentage of urgency category 1 elective surgery patients admitted within 30 days	100%	100%
Percentage of urgency category 1,2 and 3 elective surgery patients admitted within clinically recommended time	94%	90%
Percentage of patients on the waiting list who have waited longer than clinically recommended time for their respective triage category	5% or 15% proportional improvement from prior year	7.46% or 27.63% proportional improvement from prior year
Number of patients on the elective surgery waiting list	2,340	2,283
Number of hospital initiated postponements per 100 scheduled elective surgery admissions	≤ 8 /100	5.9/100
Number of patients admitted from the elective surgery waiting list	12,590	13,005
Specialist clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	40%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	70%

Effective financial management[3]

KEY PERFORMANCE INDICATOR	TARGET	2017-18 RESULT
Finance		
Operating result ($m)[4]	0.00	0.121
Average number of days to paying trade creditors	60 days	55 days
Average number of days to receiving patient fee debtors	60 days	63 days
Public and Private WIES activity performance to target	100%	96.3%
Adjusted current asset ratio	0.7 or 3% improvement from health service base target[5]	0.45
Number of days of available cash	14 days	13.4 days

3 The changes arising in the WIES funding model following the introduction of AR-DRG version 8 in 2016-17 have impacted Austin Health's ability to recognise WIES activity in 2017-18. The department has acknowledged these issues at a system level and provided assurance around minimum funding levels throughout 2017-18

4 Result based on revised target of $10 million deficit

5 Base target at 30 June 2017 was 0.5

Part C: Performance Priorities

FUNDING TYPE	2017-18 ACTIVITY ACHIEVEMENT
Acute Admitted	
WIES Public	64,257
WIES Private	16,137
WIES DVA	861
WIES TAC	693
Acute non-Admitted	
Home Enteral Nutrition	1,165
Home Renal Dialysis	73
Radiotherapy WAUs Public	70,548
Radiotherapy WAUs DVA	879
Specialist Clinics Public[6]	154,052
Other Non-Admitted	
Total Parenteral Nutrition	106
Subacute and Non-Acute Admitted	
Subacute WIES – Rehabilitation Public	1,334
Subacute WIES – Rehabilitation Private	475
Subacute WIES – GEM Public	1,270
Subacute WIES – GEM Private	388
Subacute WIES – Palliative Care Public	238
Subacute WIES – Palliative Care Private	85
Subacute WIES – DVA	89
Transition Care – Bed days	7,494
Transition Care – Home days	10,307
Subacute Non-Admitted	
Health Independence Program – Public	69,674

6 Weighted Ambulatory Service Events (WASE1)- activity based funding for Specialist Clinics. Includes public and private activity

FUNDING TYPE	2017-18 ACTIVITY ACHIEVEMENT
Mental Health & Drug Services	
Mental Health Ambulatory	48,120
Mental Health Inpatient – Available bed days	39,092
Mental Health Inpatient – Secure Unit	9,131
Mental Health Subacute[7]	14,975
Drug Services	140
Other	
NFC – Transplants – Paediatric liver	4.05[8]
Health workforce	326

7 Target is for 10 TSU beds, but TSU is only opened to 6 beds

8 Equates to 9 transplants

Financial summary

Austin Health's major financial and strategic objective is to provide the necessary resources to meet anticipated activity levels, address essential capital needs and ensure cash sustainability. The operating result before capital and specific items is monitored by the DHHS in its Statement of Priorities performance review.

The operating surplus for the 2017-18 financial year (before capital and specific items) was $121,000.

	2018 $000	2017 $000	2016 $000	2015 $000	2014 $000
Total Revenue	935,773	894,047	854,267	786,296	754,526
Total Expenses	935,652	892,971	848,954	782,411	744,003
Operating Surplus/(Deficit) before capital and specific items	**121**	**1,076**	**5,313**	**3,885**	**10,523**
Capital and Specific Items (and other economic flows)	(23,501)	(42,316)	(48,995)	(61,413)	(58,431)
Net Result for the year	**(23,380)**	**(41,240)**	**(43,682)**	**(57,528)**	**(47,908)**
Accumulated Deficit	(317,169)	(293,845)	(251,076)	(207,305)	(149,691)
Total Assets	1,341,211	1,235,753	1,266,547	1,262,314	1,317,336
Total Liabilities	296,314	287,575	277,129	253,774	253,037
Net Assets	**1,044,897**	**948,178**	**989,418**	**1,008,540**	**1,064,299**
Total Equity	**1,044,897**	**948,178**	**989,418**	**1,008,540**	**1,064,299**

Disclosure Index

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

LEGISLATION	REQUIREMENT	PAGE REFERENCE
Charter and purpose		
FRD 22H	Manner of establishment and the relevant Ministers	3
FRD 22H	Purpose, functions, powers and duties	1-2
FRD 22H	Initiatives and key achievements	4-5
FRD 22H	Nature and range of services provided	2-3
Management and structure		
FRD 22H	Organisational structure	7
Financial and other information		
FRD 10A	Disclosure index	50-51
FRD 11A	Disclosure of ex-gratia expenses	none
FRD 21C	Responsible person and executive officer disclosures	96-99
FRD 22H	Application and operation of *Protected Disclosure 2012*	32
FRD 22H	Application and operation of *Carers Recognition Act 2012*	9
FRD 22H	Application and operation of *Freedom of Information Act 1982*	33
FRD 22H	Compliance with building and maintenance provisions of *Building Act 1993*	26
FRD 22H	Details of consultancies over $10,000	34
FRD 22H	Details of consultancies under $10,000	34
FRD 22H	Employment and conduct principles	15
FRD 22H	Information and Communication Technology Expenditure	33
FRD 22H	Major changes or factors affecting performance	4-5
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FRD 22H	Operational and budgetary objectives and performance against objectives	36-48
FRD 22H	Summary of the entity's environmental performance	30-31
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LEGISLATION	REQUIREMENT	PAGE REFERENCE
FRD 22H	Summary of the financial results for the year	49
FRD 22H	Additional information available on request	35
FRD 22H	Workforce Data Disclosures including a statement on the application of employment and conduct principles	15
FRD 25C	Victorian Industry Participation Policy disclosures	33
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SD 5.2.1(a)	Compliance with Ministerial Directions	53
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Financials

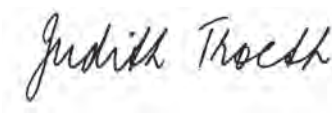
Austin Health
Chairperson's, Chief Executive Officer's and Chief Financial Officer's Declaration

The attached financial statements for Austin Health have been prepared in accordance with Direction 5.2 of the Standing Directions of the Minister for Finance under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes presents fairly the financial transactions during the year ended 30 June 2018 and the financial position of Austin Health at 30 June 2018.

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

We authorise the attached financial statements for issue on this day



The Hon Judith Troeth, AM
Chairperson

Heidelberg, Victoria
14/08/2018

Ms Sue Shilbury
Chief Executive Officer

Heidelberg, Victoria
14/08/2018

Ms Natalie McDonald
Chief Financial Officer

Heidelberg, Victoria
14/08/2018

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Austin Health

Opinion

I have audited the financial report of Austin Health (the health service) which comprises the:

- balance sheet as at 30 June 2018
- comprehensive operating statement for the year then ended
- statement of changes in equity for the year then ended
- cash flow statement for the year then ended
- notes to the financial statements, including significant accounting policies
- chairperson's, chief executive officer's and chief financial officer's declaration.

In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2018 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

Basis for Opinion

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

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

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

Board's responsibilities for the financial report

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

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

Other Information

My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.

Auditor's responsibilities for the audit of the financial report

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

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

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

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

The Board of the health service are responsible for the Other Information, which comprises the information in the health service's annual report for the year ended 30 June 2018, but does not include the financial report and my auditor's report thereon.

MELBOURNE
20 August 2018

Ron Mak
as delegate for the Auditor-General of Victoria

Comprehensive Operating Statement
For the Financial Year Ended 30 June 2018

	Note	TOTAL 2018 $000	TOTAL 2017 $000
Revenue from Operating Activities	2.1	935,617	893,914
Revenue from Non-Operating Activities	2.1	156	133
Employee Expenses	3.1	(672,429)	(618,648)
Non Salary Labour Costs	3.1	(10,103)	(9,189)
Supplies and Consumables	3.1	(146,070)	(161,608)
Other Expenses	3.1	(105,030)	(101,439)
Finance Costs - Self Funded Activity	3.3	(2,020)	(2,087)
Net Result Before Capital & Specific Items		**121**	**1,076**
Capital Purpose Income	2.1	49,568	24,974
Depreciation and Amortisation	4.2	(70,473)	(68,152)
Expenditure Using Capital Purpose Income	3.1	(668)	(1,345)
Net Result After Capital and Specific Items		**(21,452)**	**(43,448)**
Other Economic Flows Included in Net Result			
Revaluation of Long Service Leave		(45)	2,540
Bad and Doubtful Debt Expenses		(1,883)	(333)
Total Other Economic Flows Included in Net Result		**(1,928)**	**2,208**
Net Result for the Year		**(23,380)**	**(41,240)**
Other Comprehensive Income			
Items that will not be reclassified to Net Result			
Net fair value revaluation on Non-Financial Assets	8.1	120,099	-
Comprehensive Result for the Year		**96,719**	**(41,240)**

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

Balance Sheet
For the Financial Year Ended 30 June 2018

	Note	TOTAL 2018 $000	TOTAL 2017 $000
Current Assets			
Cash and Cash Equivalents	6.3	57,604	72,846
Receivables	5.1	36,351	28,219
Inventories	5.2	7,998	8,365
Prepayments and Other Assets	5.4	6,118	5,070
Total Current Assets		**108,071**	**114,500**
Non-Current Assets			
Receivables	5.1	43,366	38,256
Prepayments and Other Assets	5.4	158	303
Property, Plant and Equipment	4.1	1,183,927	1,078,657
Intangible Assets	4.3	5,689	4,037
Total Non-Current Assets		**1,233,140**	**1,121,253**
TOTAL ASSETS		**1,341,211**	**1,235,753**
Current Liabilities			
Payables	5.5	47,463	56,494
Borrowings	6.1	1,739	1,668
Employee Benefits	3.4	188,536	169,872
Other Liabilities	5.3	280	656
Total Current Liabilities		**238,018**	**228,690**
Non-Current Liabilities			
Borrowings	6.1	34,143	35,843
Employee Benefits	3.4	24,153	23,042
Total Non-Current Liabilities		**58,296**	**58,885**
TOTAL LIABILITIES		**296,314**	**287,575**
NET ASSETS		**1,044,897**	**948,178**
EQUITY			
Property, Plant & Equipment Revaluation Surplus	8.1(a)	822,593	702,494
Restricted Specific Purpose Surplus	8.1(a)	7,777	7,833
Contributed Capital	8.1(b)	531,696	531,696
Accumulated Surpluses/(Deficits)	8.1(c)	(317,169)	(293,845)
TOTAL EQUITY		**1,044,897**	**948,178**

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

Statement of Changes in Equity
For the Financial Year Ended 30 June 2018

	Note	Property Revaluation Surplus $000	Restricted Specific Purpose Surplus $000	Accumulated Surpluses / (Deficits) $000	Contributed Capital $000	Total $000
Balance at 1 July 2016		**702,494**	**6,304**	**(251,076)**	**531,696**	**989,418**
Net result for the year		-	-	(41,240)	-	(41,240)
Transfer (from)/to restricted specific purpose surplus	8.1 (a) (c)	-	1,529	(1,529)	-	-
Balance at 30 June 2017		**702,494**	**7,833**	**(293,845)**	**531,696**	**948,178**
Net result for the year		-	-	(23,380)	-	(23,380)
Other comprehensive income for the year	8.1 (a)	120,099	-	-	-	120,099
Transfer (from)/to restricted specific purpose surplus	8.1 (a) (c)	-	(56)	56	-	-
Balance at 30 June 2018		**822,593**	**7,777**	**(317,169)**	**531,696**	**1,044,897**

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

Cash Flow Statement
For the Financial Year Ended 30 June 2018

	Note	TOTAL 2018 $000	TOTAL 2017 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		744,592	723,441
Capital Grants from Government		34,327	18,165
Patient and Resident Fees Received		30,141	40,321
Private Practice Fees Received		16,652	15,198
Donations and Bequests Received		6,958	5,979
GST Received from/(paid to) ATO		70	127
Recoupment from Private Practice for use of Hospital Facilities		44,956	41,544
Interest Received		1,459	1,495
Other Receipts		70,601	76,477
Total receipts		**949,756**	**922,747**
Employee Expenses Paid		(652,139)	(606,398)
Non Salary Labour Costs		(10,103)	(9,189)
Payments for Supplies & Consumables		(146,070)	(161,608)
Payments for Medical Indemnity Insurance		(8,473)	(7,840)
Payments for Repairs and Maintenance		(36,210)	(36,618)
Finance Costs		(2,034)	(2,100)
Other Payments		(65,975)	(59,997)
Total payments		**(921,004)**	**(883,750)**
NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES ACTIVITIES	8.2	**28,752**	**38,997**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Non-Financial Assets		(36,349)	(23,614)
Purchase of Intangible Assets		(5,845)	(4,005)
Proceeds from sale of Non-Financial Assets		54	37
NET CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES		**(42,140)**	**(27,582)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Borrowings		(1,628)	(1,165)
NET CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES		**(1,628)**	**(1,165)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD		**(15,016)**	**10,250**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		72,570	62,320
CASH AND CASH EQUIVALENTS AT END OF YEAR	6.3	**57,554**	**72,570**

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

Note to the Financial Statements
For the Financial Year Ended 30 June 2018

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Note to the Financial Statements For the Financial Year Ended 30 June 2018

Basis of Preparation

The financial statements are prepared in accordance with Australian Accounting Standards and relevant FRDs.

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

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

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

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners have also been designated as contributions by owners.

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

Note 1: Summary of Significant Accounting Policies

These annual financial statements represent the audited general purpose financial statements for Austin Health for the period ended 30 June 2018. The purpose of this report is to provide users with information about the Health Service's stewardship of resources entrusted to it.

(a) Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Financial Management Act 1994* and applicable AASs, which include interpretations issued by the Australian Accounting Standards Board (AASB). They are presented in a manner consistent with the requirements of AASB 101 *Presentation of Financial Statements*.

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

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

(b) Reporting Entity

The financial statements include all the controlled activities of Austin Health.

Its principal address is:

Austin Hospital
Studley Road
Heidelberg, Victoria 3084.

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

(c) Basis of accounting preparation and measurement

Accounting policies are adopted 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 have been applied in preparing the financial statements for the year ended 30 June 2018, and the comparative information presented in these financial statements for the year ended 30 June 2017.

The financial statements are prepared on a going concern basis (refer to Note 8.10 Economic Dependency).

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

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

Austin Health operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds. Austin Health's Capital and Specific Purpose Funds include Research, Private Practice, Fundraising. Commercial Activities, Specific and General Projects and General Department funds.

The financial statements, except for cash flow information, have been prepared using the accrual basis of accounting. Under the accrual basis, items are recognised as assets, liabilities, equity, income or expenses when they satisfy the definitions and recognition criteria for those items, that is they are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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

- The fair value of land, buildings and plant and equipment (refer to Note 4.1 Property, Plant and Equipment);
- Superannuation expense (refer to Note 3.5 Superannuation); and
- Employee benefit provisions are based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.4 Employee Benefits).

Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case the GST payable is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the Balance Sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are presented as operating cash flow.

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

(d) Principles of Consolidation

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

- The consolidated financial statements of Austin Health includes all reporting entities controlled by Austin Health as at 30 June 2018.
- The parent entity is not shown separately in the notes.

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

Intersegment Transactions

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

(e) Jointly Controlled Operation

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

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

Austin Health is a Member of the Victorian Comprehensive Cancer Centre Joint Venture and retains joint control over the arrangement, which it has classified as a joint operation (refer to Note 8.9 Jointly Controlled Operations).

Note 2: Funding delivery of our services

Austin Health's overall objective is to provide quality health services that deliver programs and services that support and enhance the wellbeing of all Victorians.

Austin Health is predominantly funded by accrual based grant funding for the provision of outputs. The Health Service also receives income from the supply of services.

Structure

2.1 Analysis of Revenue by Source

Note 2.1: Analysis of Revenue by Source

	Admitted Patients 2018 $000	Non - Admitted 2018 $000	EDs 2018 $000	Mental Health 2018 $000	RAC incl. Mental Health 2018 $000	Aged Care 2018 $000	Other 2018 $000	Total 2018 $000
Government Grants	552,504	96,012	28,014	61,396	4,199	1,133	4,058	747,315
Indirect contributions by DHHS [(i)]	4,938	304	204	337	20	20	28	5,851
Patient and Resident Fees	34,894	1,366	16	3,170	380	-	-	39,826
Recoupment from Private Practice for Use of Hospital Facilities	20,164	19,385	2,933	661	-	-	1,813	44,956
Commercial Activities and Specific Purpose Funds [(ii)]	-	-	-	-	-	-	72,176	72,176
Other Revenue from Operating Activities	18,208	2,198	958	3,504	48	57	519	25,493
Total Revenue from Operating Activities	**630,708**	**119,265**	**32,125**	**69,068**	**4,647**	**1,210**	**78,594**	**935,617**
Interest	-	-	-	-	-	-	156	156
Total Revenue from Non-Operating Activities	**-**	**-**	**-**	**-**	**-**	**-**	**156**	**156**
Capital Purpose Income (excluding interest)	-	-	-	-	-	-	49,482	49,482
Capital Interest	-	-	-	-	-	-	86	86
Total Capital Purpose Income	**-**	**-**	**-**	**-**	**-**	**-**	**49,568**	**49,568**
Total Revenue	**630,708**	**119,265**	**32,125**	**69,068**	**4,647**	**1,210**	**128,318**	**985,341**

(i) DHHS make 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.

(ii) Commercial Activities and Specific Purpose Funds revenue disclosed as Non-Operating Activities in 2016/17 are disclosed as Operating Activities from 2017/18.

Note 2.1: Analysis of Revenue by Source *(continued)*

	Admitted Patients 2017 $000	Non - Admitted 2017 $000	EDs 2017 $000	Mental Health 2017 $000	RAC incl. Mental Health 2017 $000	Aged Care 2017 $000	Other 2017 $000	Total 2017 $000
Government Grants	508,148	115,781	27,622	56,957	5,863	1,023	3,740	719,134
Indirect contributions by DHHS [i]	3,227	217	138	259	22	16	20	3,899
Patient and Resident Fees	30,750	1,344	16	3,234	405	-	-	35,749
Recoupment from Private Practice for Use of Hospital Facilities	18,280	18,144	2,759	567	-	-	1,794	41,544
Commercial Activities and Specific Purpose Funds [ii]	-	-	-	-	-	-	69,820	69,820
Other Revenue from Operating Activities	17,670	2,017	777	2,847	39	77	341	23,768
Total Revenue from Operating Activities	**578,075**	**137,503**	**31,312**	**63,864**	**6,329**	**1,116**	**75,715**	**893,914**
Interest	-	-	-	-	-	-	133	133
Total Revenue from Non-Operating Activities	**-**	**-**	**-**	**-**	**-**	**-**	**133**	**133**
Capital Purpose Income (excluding interest)	-	-	-	-	-	-	24,821	24,821
Capital Interest	-	-	-	-	-	-	153	153
Total Capital Purpose Income	**-**	**-**	**-**	**-**	**-**	**-**	**24,974**	**24,974**
Total Revenue	**578,075**	**137,503**	**31,312**	**63,864**	**6,329**	**1,116**	**100,822**	**919,021**

(i) DHHS make 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.

(ii) Commercial Activities and Specific Purpose Funds revenue disclosed as Non-Operating Activities in 2016/17 are disclosed as Operating Activities from 2017/18.

Note 2.1: Analysis of Revenue by Source *(continued)*

Revenue Recognition

Income is recognised in accordance with AASB 118 *Revenue* and is recognised as to the extent that it is probable that the economic benefits will flow to Austin Health and the income can be reliably measured at fair value. Unearned income at reporting date is reported as income received in advance.

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

Government Grants and other transfers of income (other than contributions by owners)

In accordance with AASB 1004 *Contributions*, government grants and other transfers of income (other than contributions by owners) are recognised as income when the Health Service gains control of the underlying assets irrespective of whether conditions are imposed on the Health Service's use of the contributions.

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

Indirect Contributions from the DHHS

- Insurance is recognised as revenue following advice from the DHHS.
- 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 04/2017.

Patient and Resident Fees

Patient fees are recognised as revenue at the time invoices are raised or when services are rendered.

Private Practice Fees

Private practice fees are recognised as revenue at the time invoices are raised or when services are rendered.

Recoupment from Private Practice for use of Hospital Facilities

Recoupment from private practice for use of hospital facilities fees are recognised as revenue at the time invoices are raised or when services are rendered.

Revenue from commercial activities

Revenue from commercial activities such as commercial laboratory medicine is recognised at the time invoices are raised or when services are rendered.

Donations and Other Bequests

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

Interest Revenue

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

Other income

Other income predominantly includes research, commercial activities with external parties, car parking & non-property rental.

Fair value of Assets and Services Received Free of Charge or for Nominal Consideration

Resources received free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another Health Service or agency as a consequence of a restructuring of administrative arrangements. In the latter case, such transfer will be recognised at carrying value. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not received as a donation.

Category groups

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

- Admitted Patient Services (Admitted Patients) comprises all acute and sub-acute admitted patient services, where services are delivered in public hospitals.
- Mental Health Services (Mental Health) comprises all specialised mental health services providing a range of inpatient, community based residential, rehabilitation and ambulatory services which treat and support people with a mental illness and their families and carers. These services aim to identify mental illness early, and seek to reduce its impact through providing timely acute care services and appropriate longer-term accommodation and support for those living with a mental illness.
- Non-Admitted Services comprises acute and sub-acute non admitted services, where services are delivered in public hospital clinics and provide models of integrated community care, which significantly reduces the demand for hospital beds and supports the transition from hospital to home in a safe and timely manner.
- Emergency Department Services (EDs) comprises all emergency department services.
- Aged Care comprises a range of in-home, specialist geriatric, residential care and community based programs and support services, such as Home and Community Care (HACC) that are targeted to older people, people with a disability, and their carers.
- Residential Aged Care including Mental Health (RAC incl. Mental Health) referred to in the past as psychogeriatric residential services, comprises those Commonwealth-licensed residential aged care services in receipt of supplementary funding from the department under the mental health program. It excludes all other residential services funded under the mental health program, such as mental health funded community care units and secure extended care units.
- Other Services comprise services not separately classified above.

Note 3: The Cost of Delivering our Services

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

Structure

3.1 Analysis of expenses by source
3.2 Analysis of expense and revenue by internally managed and restricted specific purpose funds
3.3 Finance costs
3.4 Employee Benefits
3.5 Superannuation

Note 3.1: Analysis of Expenses by Source

	Admitted Patients	Non - Admitted	EDs	Mental Health	RAC incl. Mental Health	Aged Care	Other [i]	Total
	2018 $000	2018 $000	2018 $000	2018 $000	2018 $000	2018 $000	2018 $000	2018 $000
Employee Expenses	456,378	71,339	45,639	61,329	3,131	1,668	32,945	672,429
Non Salary Labour Costs	4,326	988	376	3,113	53	61	1,186	10,103
Supplies & Consumables	96,363	44,588	2,832	1,328	82	12	865	146,070
Medical Indemnity Insurance	8,473	-	-	-	-	-	-	8,473
Fuel, Light, Power and Water	10,169	899	300	1,740	95	95	328	13,626
Repairs and Maintenance	24,244	6,559	1,151	2,752	175	195	1,134	36,210
Other Expenses	26,005	5,129	1,312	1,951	139	153	12,032	46,721
Finance Costs - Self Funded Activity (refer note 3.3)	-	-	-	-	-	-	2,020	2,020
Total Expenditure from Operating Activities [ii]	**625,958**	**129,502**	**51,610**	**72,213**	**3,675**	**2,184**	**50,510**	**935,652**
Expenditure for Capital Purposes	-	-	-	-	-	-	668	668
Depreciation & Amortisation (refer note 4.2)	-	-	-	-	-	-	70,473	70,473
Total Other Expenses	**-**	**-**	**-**	**-**	**-**	**-**	**71,141**	**71,141**
Total Expenses	**625,958**	**129,502**	**51,610**	**72,213**	**3,675**	**2,184**	**121,651**	**1,006,793**

(i) Other Programs include Commercial Activities, Special Purpose Funds and Capital.

(ii) Other Non-Operating Expenses for Commercial Activities and Specific Purpose Funds disclosed as Non-Operating Activities in 2016/17 are disclosed as Operating Activities from 2017/18.

Note 3.1: Analysis of Expenses by Source *(continued)*

	Admitted Patients	Non - Admitted	EDs	Mental Health	RAC incl. Mental Health	Aged Care	Other [i]	Total
	2017 $000	2017 $000	2017 $000	2017 $000	2017 $000	2017 $000	2017 $000	2017 $000
Employee Expenses	419,054	65,180	38,189	56,398	5,255	1,585	32,987	618,648
Non Salary Labour Costs	4,348	1,167	346	2,243	87	50	948	9,189
Supplies & Consumables	92,916	62,951	2,518	1,283	120	20	1,800	161,608
Medical Indemnity Insurance	7,840	-	-	-	-	-	-	7,840
Fuel, Light, Power and Water	6,186	572	180	1,075	57	57	273	8,399
Repairs and Maintenance	24,064	6,922	1,217	2,708	205	217	1,265	36,598
Other Expenses	26,162	5,170	1,249	2,034	304	208	13,808	48,935
Finance Costs - Self Funded Activity (refer note 3.3)	-	-	-	-	-	-	2,087	2,087
Total Expenditure from Operating Activities [ii]	**580,570**	**141,962**	**43,699**	**65,741**	**6,028**	**2,136**	**53,168**	**893,304**
Expenditure for Capital Purposes	-	-	-	-	-	-	1,345	1,345
Depreciation & Amortisation (refer note 4.2)	-	-	-	-	-	-	68,152	68,152
Total Other Expenses	**-**	**-**	**-**	**-**	**-**	**-**	**69,497**	**69,497**
Total Expenses	**580,570**	**141,962**	**43,699**	**65,741**	**6,028**	**2,136**	**122,665**	**962,801**

(i) Other Programs include Commercial Activities, Special Purpose Funds and Capital.

(ii) Other Non-Operating Expenses for Commercial Activities and Specific Purpose Funds disclosed as Non-Operating Activities in 2016/17 are disclosed as Operating Activities from 2017/18.

Note 3.1: Analysis of Expenses by Source *(continued)*

Expense recognition

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

Employee Expenses

Employee expenses include:

- Salaries and wages;
- Fringe benefits tax;
- Leave entitlements;
- Termination payments;
- Work cover premiums; and
- Superannuation expenses.

Grants and Other Transfers

These include transactions such as: grants, subsidies and personal benefit payments made in cash to individuals.

Other Operating Expenses

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

- **Supplies and consumables** - Supplies and services costs which are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.
- **Fair Value of Assets, Services and Resources Provided Free of Charge or for Nominal Consideration** - Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them.
- **Borrowing Costs of Qualifying Assets** - In accordance with the paragraphs of AASB 123 *Borrowing Costs* applicable to not-for-profit public sector entities, Austin Health continues to recognise borrowing costs immediately as an expense, to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset.

Other gains/(losses) from other economic flows

Other gains/(losses) include:

- the revaluation of the present value of the long service leave liability due to changes in the bond rate movements, inflation rate movements and the impact of changes in probability factors; and
- transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

De-recognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Note 3.2 : Analysis of Expenses and Revenue by Internally Managed and Restricted Specific Purpose Funds

	Total Expenses[(i)]		Total Revenue	
	2018 $000	2017 $000	2018 $000	2017 $000
Business Units and Commercial Activities:				
- Affiliated Entities	1,586	1,954	1,631	1,983
- Car Park	2,909	3,008	11,513	10,808
- Cardiology	823	928	1,047	876
- Child Care	1,615	1,532	1,764	1,708
- Diagnostic Imaging	699	977	3,584	3,488
- Food Production Kitchen	3,749	3,810	3,758	3,945
- Fundraising	3,750	4,855	5,596	6,751
- Hospital Department Funds	2,145	1,368	2,273	3,073
- Laboratory Medicine	1,752	4,427	6,535	6,873
- Mental Health Services	1	-	6	8
- Nuclear Medicine	381	386	1,237	1,120
- Other	1,309	919	2,391	1,137
- Pharmacy Services	21	529	277	415
- Private Practice and Other Patient Activities	5,323	5,179	8,543	7,492
- Research	15,309	14,050	17,887	16,223
- Retail Services	6	6	1,449	1,139
- Salary Packaging	814	1,087	2,841	2,914
Total	**42,192**	**45,015**	**72,332**	**69,953**

(i) Internally Managed and Restricted Specific Purpose Fund expenses disclosed in Note 3.1 as Non-Operating Activities in 2016/17 are disclosed as Operating Activities from 2017/18. These values have been recognised in Note 3.1 within each expense category.

Note 3.3: Finance Costs

	Total 2018 $000	Total 2017 $000
Finance Costs - Self Funded Activity		
Interest on Long Term Borrowings	2,020	2,087
Total Finance Costs	**2,020**	**2,087**

Finance costs include interest on short-term and long-term borrowings. Finance costs are recognised in the period in which they are incurred.

Note 3.4: Employee Benefits

	Note	Total 2018 $000	Total 2017 $000
Current Provisions			
Employee Benefits [i]			
Annual Leave			
- Unconditional and expected to be settled within 12 months [ii]		45,012	41,114
- Unconditional and expected to be settled after 12 months [iii]		7,636	6,854
Long Service Leave			
- Unconditional and expected to be settled within 12 months [ii]		52,660	49,231
- Unconditional and expected to be settled after 12 months [iii]		43,131	39,299
Accrued Days Off			
- Unconditional and expected to be settled within 12 months [ii]		1,668	1,563
Accrued Wages and Salaries		21,016	15,797
Provision related to Employee Benefit On-Costs			
- Unconditional and expected to be settled within 12 months [ii]		11,523	10,660
- Unconditional and expected to be settled after 12 months [iii]		5,889	5,354
Total Current Provisions		**188,536**	**169,872**
Non-Current Provisions			
Employee Benefits - Long Service Leave [iii]		21,643	20,648
Provision related to Employee Benefit On-Costs [iii]		2,510	2,394
Total Non-Current Provisions		**24,153**	**23,042**
Total Provisions		**212,689**	**192,914**
(a) Employee Benefits and Related On-Costs			
Current Employee Benefits and related on-costs			
Unconditional LSL Entitlement		106,903	98,799
Annual Leave Entitlements		58,756	53,532
Accrued Wages and Salaries		21,016	15,797
Accrued Days Off		1,861	1,744
Non-Current Employee Benefits and related on-costs			
Conditional Long Service Leave Entitlements (present value)		24,153	23,042
Total Employee Benefits and Related On-Costs		**212,689**	**192,914**

	Note	Total 2018 $000	Total 2017 $000
(b) Movements in provisions			
Movement in Long Service Leave:			
Balance at start of year		**121,841**	**118,172**
Provision made during the year		19,684	14,029
Settlement made during the year		(10,469)	(10,360)
Balance at end of year		**131,056**	**121,841**

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

Employee Benefit Recognition

Provisions

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

The amount recognised as a liability is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

Employee Benefits

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

Salaries and Wages, Annual Leave and Accrued Days Off

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

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

- Undiscounted value – if Austin Health expects to wholly settle within 12 months; or
- Present value – if Austin Health does not expect to wholly settle within 12 months.

Long Service Leave

The liability for long service leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability even where Austin Health does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. An unconditional right arises after a qualifying period.

The components of this current LSL liability are measured at:

- Undiscounted value – if Austin Health expects to wholly settle within 12 months; or
- Present value – if Austin Health does not expect to wholly settle within 12 months.

Conditional LSL is disclosed as a non-current liability. Any gain or loss followed revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in estimations e.g. bond rate movements, inflation rate movements and changes in probability factors which are then recognised as other economic flows.

On-Costs Related to Employee Expense

Provision for on-costs such as workers compensation and superannuation are recognised together with provisions for employee benefits.

Note 3.5: Superannuation

	Total Paid Contributions for the Year		Total Contributions Outstanding at Year End	
	2018 $000	2017 $000	2018 $000	2017 $000
Defined Benefit Plans				
First State Super	1,298	1,437	152	174
Commonwealth Superannuation Scheme	2,076	1,584	53	34
ESS (previously GSO)	134	166	2	2
Defined Contribution Plans				
First State Super	28,501	27,623	2,936	3,324
HESTA	18,286	16,862	1,898	2,195
Other	2,418	1,665	342	197
Total	**52,713**	**49,337**	**5,383**	**5,926**

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

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

However superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of the Health Service. The name, details and amounts expensed in relation to the major employee superannuation funds and contributions made by the Health Service are disclosed above.

Defined contribution superannuation plans

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

Defined benefit superannuation plans

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

Note 4: Key assets to support service delivery

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

Structure

4.1 Property, plant and equipment
4.2 Depreciation and amortisation
4.3 Intangible assets

Note 4.1: Property, Plant & Equipment

(a): Gross Carrying Amount and Accumulated Depreciation

	Total 2018 $000	Total 2017 $000
Land		
Freehold Land at fair value	172,644	152,609
Crown Land at fair value	32,345	29,338
Total Land	**204,989**	**181,947**
Buildings		
Buildings under Construction at cost	67,696	28,258
Buildings at Cost	-	202,030
Less Accumulated Depreciation	-	(22,557)
	-	**179,473**
Buildings at fair value	867,802	784,400
Less Accumulated Depreciation	-	(145,204)
	867,802	**639,196**
Total Buildings	**935,498**	**846,927**
Leasehold Improvements		
Leasehold Improvements at cost	7	-
Less Accumulated Amortisation	-	-
Total Leasehold Improvements	**7**	**-**
Plant and Equipment		
Plant and Equipment at Fair Value	36,928	35,577
Less Accumulated Depreciation	(25,193)	(22,695)
Total Plant and Equipment	**11,736**	**12,882**

(a): Gross Carrying Amount and Accumulated Depreciation *(continued)*

	Total 2018 $000	Total 2017 $000
Motor Vehicles at Fair Value	1,115	1,116
Less Accumulated Depreciation	(1,115)	(1,116)
	-	-
Computers and Communication at Fair Value	22,046	19,998
Less Accumulated Depreciation	(20,082)	(18,404)
	1,964	**1,594**
Other Equipment at Fair Value	16,409	15,374
Less Accumulated Depreciation	(14,931)	(13,860)
	1,478	**1,514**
Furniture and Fittings at Fair Value	2,305	2,233
Less Accumulated Depreciation	(2,176)	(2,068)
	130	**165**
Total Plant and Equipment	**15,307**	**16,155**
Medical Equipment		
Medical Equipment at Fair Value	118,061	108,534
Less Accumulated Depreciation	(101,161)	(94,523)
Total Medical Equipment	**16,900**	**14,011**
Assets Under Construction		
Equipment under Construction	11,226	19,617
Total Assets under construction	**11,226**	**19,617**
Total Property, Plant & Equipment	**1,183,927**	**1,078,657**

Note 4.1: Property Plant and Equipment *(continued)*

(b): Reconciliation of the carrying amounts of each class of asset.

	Land $000	Buildings $000	Leasehold Improve-ments $000	Plant & Equipment 2018 $000	Motor Vehicles $000	Medical Equipment $000	Computers & Comm $000	Other Equipment $000	Furniture & Fittings $000	Equipment Under Construction $000	Total $000
Balance at 1 July 2016	**181,947**	**881,343**	**-**	**11,091**	**-**	**15,830**	**425**	**1,118**	**308**	**22,193**	**1,114,255**
Net Additions & Transfers between classes	-	17,641	-	4,032	-	6,320	3,084	1,714	23	(2,576)	30,239
Disposals	-	-	-	-	-	(6)	-	-	-	-	(6)
Depreciation and Amortisation (Note 4.2)	-	(52,057)	-	(2,241)	-	(8,133)	(1,915)	(1,318)	(166)	-	(65,830)
Balance at 30 June 2017	**181,947**	**846,927**	**-**	**12,882**	**-**	**14,011**	**1,594**	**1,514**	**165**	**19,617**	**1,078,657**
Net Additions & Transfers between classes	-	42,419	7	1,359	-	12,814	2,179	1,041	94	(8,391)	51,522
Disposals	-	-	-	-	-	(70)	-	-	-	-	(70)
Revaluation Increment/ (Decrements)	23,042	97,057	-	-	-	-	-	-	-	-	120,099
Depreciation and Amortisation (Note 4.2)	-	(50,905)	-	(2,505)	-	(9,855)	(1,809)	(1,077)	(129)	-	(66,280)
Balance at 30 June 2018	**204,989**	**935,498**	**7**	**11,736**	**-**	**16,900**	**1,964**	**1,478**	**130**	**11,226**	**1,183,927**

Land and buildings carried at valuation – 2014

An independent valuation of the Health Service's property was performed by the Valuer-General Victoria to determine the fair value of land and buildings. The valuation, which conforms to Australian Valuation Standards, was determined by using a market based direct comparison approach for land. In the absence of a liquid market, a direct replacement cost approach was utilised to assess the fair value of buildings. The valuation was based on independent assessments. The effective date of the valuation was 30 June 2014 and it does not affect the current year's depreciation. The next full revaluation is scheduled for 30 June 2019.

Management carried out an assessment of land based on VGV indices for 2015/16 and this resulted in a material movement of 16% ($24,560,000). This percentage is greater than 10% and in accordance with FRD103F we sought and received agreement from the DHHS Chief Reporting Officer to record the changes. No change in building values was required. A similar assessment was conducted for 2016/17 land values and the change in valuation did not require an adjustment to our holding values.

Management carried out an assessment of land and buildings based on VGV indices for 2017/18. This resulted in a material increase of 13% ($23,042,000) for land and an 11% increase ($97,057,000) for buildings. These percentages are greater than 10% and in accordance with FRD103F we sought and received agreement from the DHHS Chief Reporting Officer to record the changes.

Note 4.1: Property Plant and Equipment *(continued)*

(c): Fair value measurement hierarchy for assets

Balance at 30 June 2018	Total Carrying Amount $000	Fair value measurement at end of reporting period using: Level 1 $000	Level 2 $000	Level 3 $000
Land at fair value				
Specialised land	204,989	-	-	204,989
Total Land at fair value	**204,989**	**-**	**-**	**204,989**
Buildings at fair value				
Specialised buildings	867,802	-	-	867,802
Total buildings at fair value	**867,802**	**-**	**-**	**867,802**
Plant and equipment at fair value (i)				
Plant and equipment at fair value				
- Plant and equipment	15,307	-	-	15,307
Total plant and equipment at fair value	**15,307**	**-**	**-**	**15,307**
Medical equipment at fair value				
- Medical Equipment at fair value	16,900	-	-	16,900
Total medical equipment at fair value	**16,900**	**-**	**-**	**16,900**
	1,104,999	**-**	**-**	**1,104,999**

(i) Plant and equipment total is inclusive of Plant & Equipment, Motor Vehicles, Computers & Communications, Furniture & Fittings and Other Equipment.

There were no transfers in or out of level 3 during the year ended 30 June 2018.

Balance at 30 June 2017	**Total Carrying Amount $000**	**Fair value measurement at end of reporting period using: Level 1 $000**	**Level 2 $000**	**Level 3 $000**
Land at fair value				
Specialised land	181,947	-	-	181,947
Total Land at fair value	**181,947**	**-**	**-**	**181,947**
Buildings at fair value				
Specialised buildings	639,196	-	-	639,196
Total buildings at fair value	**639,196**	**-**	**-**	**639,196**
Plant and equipment at fair value (i)				
Plant and equipment at fair value				
- Plant and equipment	16,155	-	-	16,155
Total plant and equipment at fair value	**16,155**	**-**	**-**	**16,155**
Medical equipment at fair value				
- Medical Equipment at fair value	14,011	-	-	14,011
Total medical equipment at fair value	**14,011**	**-**	**-**	**14,011**
	851,309	**-**	**-**	**851,309**

(i) Plant and equipment total is inclusive of Plant & Equipment, Motor Vehicles, Computers & Communications, Furniture & Fittings and Other Equipment.

There were no transfers in or out of level 3 during the year ended 30 June 2017.

Note 4.1: Property Plant and Equipment *(continued)*

(d): Reconciliation of Level 3 Fair Value

	Land $000	Buildings $000	Plant and equipment $000	Medical equipment $000
Balance at 1 July 2017	181,947	639,196	16,155	14,011
Purchases (sales)	-	-	4,672	12,744
Transfers in (out) of level 3	-	182,454	-	-
Gains or losses recognised in net result				
- Depreciation	-	(50,905)	(5,520)	(9,855)
Subtotal	**181,947**	**770,745**	**15,307**	**16,900**
Items recognised in other comprehensive income				
- Revaluation	23,042	97,057	-	-
Subtotal	**23,042**	**97,057**	**-**	**-**
Balance at 30 June 2018	**204,989**	**867,802**	**15,307**	**16,900**

	Land $000	Buildings $000	Plant and equipment $000	Medical equipment $000
Balance at 1 July 2016	181,947	685,235	12,942	15,830
Purchases (sales)	-	-	8,853	6,314
Transfers in (out) of level 3	-	-	-	-
Gains or losses recognised in net result				
- Depreciation	-	(46,039)	(5,641)	(8,133)
Subtotal	**181,947**	**639,196**	**16,155**	**14,011**
Items recognised in other comprehensive income				
- Revaluation	-	-	-	-
Subtotal	**-**	**-**	**-**	**-**
Balance at 30 June 2017	**181,947**	**639,196**	**16,155**	**14,011**

(e): Fair Value Determination

Asset Category	Expected Fair Value level	Valuation Technique	Significant unobservable inputs
Land	Level 3	Market Based Direct Comparison	Community Service Obligation (CSO) adjustment
Buildings	Level 3	Current Replacement Cost	Cost approach using best available evidence from recognised building cost indicators and/or Quantity Surveyors and examples of current costs
Plant & Other Equipment (includes Plant & Equipment, Motor Vehicles, Computers, Other Equipment & Furniture & Fittings)	Level 3	Current Replacement Cost	Cost per unit and the useful life of the asset
Medical Equipment	Level 3	Current Replacement Cost	Cost per unit and the useful life of the asset

Initial Recognition

Items of property, plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment loss. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a merger/machinery of government change are transferred at their carrying amounts.

The cost of a leasehold improvement is capitalised as an asset and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the improvements.

Crown land is measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the asset(s) are not taken into account until it is virtually certain that any restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best uses.

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

Subsequent Measurement

Consistent with AASB 13 *Fair Value Measurement*, Austin Health determines the policies and procedures for recurring property, plant and equipment fair value measurements, in accordance with the requirements of AASB 13 and the relevant FRDs.

All property, plant and equipment for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy.

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

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

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

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

The Valuer-General Victoria (VGV) is Austin Health's independent valuation agency.

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

Fair value measurement

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

Consideration of highest and best use (HBU) for non-financial physical assets

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

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

Note 4.1: Property Plant and Equipment *(continued)*

Therefore, an assessment of the HBU will be required when the indicators are triggered within a reporting period, which suggest the market participants would have perceived an alternative use of an asset that can generate maximum value. Once identified, Health Services are required to engage with VGV or other independent valuers for formal HBU assessment.

These indicators, as a minimum, include:

External factors:

- Changed acts, regulations, local law or such instrument which affects or may affect the use or development of the asset;
- Changes in planning scheme, including zones, reservations, overlays that would affect or remove the restrictions imposed on the asset's use from its past use;
- Evidence that suggest the current use of an asset is no longer core to requirements to deliver a Health Service's service obligation;
- Evidence that suggests that the asset might be sold or demolished at reaching the late stage of an asset's life cycle.

Valuation hierarchy

Health Services need to use valuation techniques that are appropriate for the circumstances and where there is sufficient data available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy.

Identifying unobservable inputs (level 3) fair value measurements

Level 3 fair value inputs are unobservable valuation inputs for an asset or liability. These inputs require significant judgement and assumptions in deriving fair value for both financial and non-financial assets.

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

Assumptions about risk include the inherent risk in a particular valuation technique used to measure fair value (such as a pricing risk model) and the risk inherent in the inputs to the valuation technique. A measurement that does not include an adjustment for risk would not represent a fair value measurement if market participants would include one when pricing the asset or liability, i.e., it might be necessary to include a risk adjustment when there is significant measurement uncertainty. For example, when there has been a significant decrease in the volume or level of activity when compared with normal market activity for the asset or liability or similar assets or liabilities, and the Health Service has determined that the transaction price or quoted price does not represent fair value.

A Health Service shall develop unobservable inputs using the best information available in the circumstances, which might include the Health Service's own data. In developing unobservable inputs, a Health Service may begin with its own data, but it shall adjust this data if reasonably available information indicates that other market participants would use different data or there is something particular to the Health Service that is not available to other market participants. A Health Service need not undertake exhaustive efforts to obtain information about other market participant assumptions. However, a Health Service shall take into account all information about market participant assumptions that is reasonably available. Unobservable inputs developed in the manner described above are considered market participant assumptions and meet the object of a fair value measurement.

Specialised Land and Specialised Buildings

Specialised land includes Crown Land which is measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the assets are not taken into account until it is virtually certain that any restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best use.

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

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

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

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

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

In accordance with FRD 103F an annual managerial valuation is carried out to assess the fair value of Austin Health's land and buildings. The managerial valuation in June 2016 identified a material movement for land only of $24,560,000 (16%). An additional managerial valuation in June 2018 identified material movements in both land ($23,042,000 - 13%) and buildings ($97,057,000 - 11%).

Vehicles

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

Plant and Equipment

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

There were no changes in valuation techniques throughout the period to 30 June 2018.

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

Revaluations of Non-Current Physical Assets

Non-current physical assets are measured at fair value and are revalued in accordance with FRD 103F *Non-Current Physical Assets*. This revaluation process normally occurs every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are used to conduct these scheduled revaluations and any interim revaluations are determined in accordance with the requirements of the FRDs. Revaluation increments or decrements arise from differences between an asset's carrying value and fair value.

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

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

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

Revaluation surplus is not transferred to accumulated funds on de-recognition of the relevant asset, except where an asset is transferred via contributed capital.

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

Note 4.2: Depreciation & Amortisation

	Total 2018 $000	Total 2017 $000
Depreciation		
Buildings	50,905	52,057
Plant & Equipment	2,505	2,241
Medical Equipment	9,855	8,133
Computers and Communication	1,809	1,915
Other Equipment	1,077	1,318
Furniture and Fittings	129	166
Total Depreciation	**66,280**	**65,830**
Amortisation		
Intangible Assets	4,193	2,323
	4,193	**2,323**
Total Depreciation & Amortisation	**70,473**	**68,152**

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets that have finite useful lives are depreciated excluding land assets. Depreciation begins when the asset is available for use, which is when it is in the location and condition necessary for it to be capable of operating in a manner intended by management.

Depreciation is generally calculated on a straight-line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives, residual value and depreciation method for all assets are reviewed at least annually, and adjustments made where appropriate. This depreciation charge is not funded by the DHHS. Assets with a cost in excess of $1,000 are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their estimated useful lives.

Amortisation is allocated to intangible non-produced assets with finite useful lives on a straight-line basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount.

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

	2018	2017
Building Components:		
- Shell/Structure	Up to 60 years	Up to 60 years
- Siteworks/Site Services	Up to 30 years	Up to 30 years
- Services	Up to 28 years	Up to 28 years
- Fitout	Up to 20 years	Up to 20 years
Plant & Equipment	Up to 15 years	Up to 15 years
Medical Equipment	Up to 15 years	Up to 15 years
Computers and Communication	Up to 5 years	Up to 5 years
Furniture and Fittings	Up to 5 years	Up to 5 years
Motor Vehicles	Up to 3 years	Up to 3 years
Other Equipment	Up to 5 years	Up to 5 years
Intangible Assets	Up to 5 years	Up to 5 years

Note 4.3: Intangible Assets

	Total 2018 $000	Total 2017 $000
Software	40,092	34,247
Less Accumulated Amortisation	(34,403)	(30,210)
Total Intangible Assets	**5,689**	**4,037**

Reconciliation of the carrying amount of intangible assets at the beginning and end of the previous and current financial year is set out below.

	Software $000	Total $000
Balance at 1 July 2016	**2,355**	**2,355**
Additions	4,005	4,005
Amortisation Expense (note 4.2)	(2,323)	(2,323)
Balance at 1 July 2017	**4,037**	**4,037**
Additions	5,845	5,845
Amortisation Expense (note 4.2)	(4,193)	(4,193)
Balance at 30 June 2018	**5,689**	**5,689**

Intangible Assets

Intangible assets represent identifiable non-monetary assets without physical substance including software and software development costs.

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Health Service.

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

When recognition criteria in AASB 138 *Intangible Assets* are met, internally generated intangible assets are recognised and measured at cost less accumulated amortisation and impairment.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- an intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Note 5: Other Assets and Liabilities

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

Structure

5.1 Receivables
5.2 Inventories
5.3 Other liabilities
5.4 Prepayments and other assets
5.5 Payables

Note 5.1: Receivables

	Total 2018 $000	Total 2017 $000
CURRENT		
Contractual		
Inter Hospital Debtors	2,144	1,588
Trade Debtors	6,081	4,925
Other Debtors - Commonwealth DVA	922	2,454
Patient Fees	21,760	13,081
Accrued Revenue - Other	5,785	5,377
Less Allowance for Doubtful Debts		
Trade Debtors	(241)	(212)
Patient Fees	(2,712)	(1,835)
	33,739	25,378
Statutory		
GST Receivable	2,612	2,841
	2,612	2,841
TOTAL CURRENT RECEIVABLES	**36,351**	**28,219**
NON-CURRENT		
Statutory		
DHHS - Long Service Leave	43,366	38,256
TOTAL NON-CURRENT RECEIVABLES	**43,366**	**38,256**
TOTAL RECEIVABLES	**79,717**	**66,475**

(a) Movement in the Allowance for doubtful debts

	Total 2018 $000	Total 2017 $000
Balance at beginning of year	2,047	2,046
Increase/(decrease) in allowance recognised in net result	906	1
Balance at end of year	**2,953**	**2,047**

Receivables consist of:

- contractual receivables, which includes mainly debtors in relation to goods and services and accrued investment income; and
- statutory receivables, which includes predominantly amounts owing from the Victorian Government and Goods and Services Tax ("GST") receivable.

Receivables that are contractual are classified as financial instruments and categorised as loans and receivables. Statutory receivables are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract.

Receivables are recognised initially at fair value and subsequently measured at amortised cost less any accumulated impairment.

In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets*.

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition. Collectability of debts is reviewed on an ongoing basis, and debts which are known to be uncollectable are written off. A provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified.

Note 5.2: Inventories

	Total 2018 $000	Total 2017 $000
Current - at cost		
Pharmaceuticals	4,261	4,420
Medical and Surgical Lines	3,564	3,748
Other Inventory	173	197
TOTAL INVENTORIES	**7,998**	**8,365**

Inventories include goods held for distribution at no or nominal cost in the ordinary course of business operations.

Inventories held for distribution are measured at cost. All other inventories are measured at the lower of cost and net realisable value.

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

Cost for all other inventory is measured on the basis of weighted average cost.

Note 5.3: Other Liabilities

	Total 2018 $000	Total 2017 $000
CURRENT		
Monies Held in Trust		
-Patient Monies Held in Trust	50	46
-Refundable Accommodation Deposits	-	230
Other	230	380
Total Current	**280**	**656**
Total Other Liabilities	**280**	**656**

Note 5.4: Prepayments and Other Assets

	Total 2018 $000	Total 2017 $000
CURRENT		
Prepayments - Current	6,118	5,070
Total Current	**6,118**	**5,070**
NON-CURRENT		
Prepayments - Non-Current	119	303
Other Assets	39	-
Total Non Current	**158**	**303**
Total Prepayments and Other Assets	**6,276**	**5,373**

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

Note 5.5: Payables

	Total 2018 $000	Total 2017 $000
CURRENT		
Contractual		
Trade Creditors	17,920	21,043
Accrued Interest	381	395
Accrued Expenses	19,687	21,038
Salary Packaging	723	640
Other	176	126
	38,887	**43,242**
Statutory		
GST Payable	496	655
DHHS	400	4,655
Pay As You Go Withholding	2,296	2,016
Superannuation Payable	5,383	5,926
	8,576	**13,252**
Total Payables	**47,463**	**56,494**

Payables consist of:

- contractual payables which consist predominantly of accounts payable representing liabilities for goods and services provided to the Health Service prior to the end of the financial year that are unpaid, and arise when the Health Service becomes obliged to make future payments in respect of the purchase of those goods and services. The normal credit terms for accounts payable are usually nett 30 days.
- statutory payables, which includes predominantly amounts owing to the Victorian Government, goods and services tax, PAYG and superannuation payables.

Note 5.5 (a): Maturity analysis of Financial Liabilities as at 30 June

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

	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	Over 5 Years $000
2018 - Financial Liabilities							
At Amortised Cost							
Payables [(i)]	38,887	-	38,829	58	-	-	-
Borrowings - Interest Bearing	33,969	33,969	189	301	728	5,670	27,081
Borrowings - DHHS	1,913	1,913	-	-	520	1,393	-
Other Liabilities	280	-	144	56	80	-	-
Total Financial Liabilities	**75,050**	**35,883**	**39,162**	**415**	**1,328**	**7,063**	**27,081**
2017 - Financial Liabilities							
At Amortised Cost							
Payables [(i)]	43,242	-	43,182	60	-	-	-
Borrowings - Interest Bearing	35,117	35,117	177	284	988	5,342	28,326
Borrowings - DHHS	2,394	2,394	-	-	520	1,874	-
Other Liabilities	656	-	392	264	-	-	-
Total Financial Liabilities	**81,409**	**37,511**	**43,751**	**608**	**1,508**	**7,216**	**28,326**

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

Note 6: How we Finance our Operations

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

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

Structure

6.1 Borrowings
6.2 Non-cash financing and investing activities
6.3 Cash and cash equivalents
6.4 Commitments for expenditure

Note 6.1: Borrowings

	Total 2018 $000	Total 2017 $000
Current		
Australian Dollar Borrowings		
- DHHS *	520	520
- Treasury Corporation Victoria **	1,219	1,148
Total Current	**1,739**	**1,668**
Non-Current		
Australian Dollar Borrowings		
- DHHS *	1,393	1,874
- Treasury Corporation Victoria **	32,750	33,969
Total Non-Current	**34,143**	**35,843**
Total Borrowings	**35,882**	**37,511**

*** Borrowings** - DHHS

i) In June 2014 Austin Health received a loan repayable to the DHHS relating to Pathology equipment.
   a) Repayments on this loan will be made annually in June commencing June 2018 with the final instalment due on 30 June 2022.
   b) This is an interest free loan, however, a present value calculation is required while payments are outstanding for future financial years (30 June 2018: 1.98% and 30 June 2017: 1.82%).

ii) Additional loan with DHHS was established June 2015 relating to an Energy Efficient project.
   a) Repayments on this loan will be made annually in November commencing November 2016 with the final instalment due on November 2020.
   b) This is an interest free loan, however, a present value calculation is required while payments are outstanding for future financial years (30 June 2018: 1.98% and 30 June 2017: 1.82%).

**** Terms and conditions of Interest Bearing Liabilities** - Treasury Corporation Victoria

i) Austin Health has two loans with Treasury Corporation Victoria (TCV) secured by a Statutory Guarantee from the Government of Victoria in favour of TCV under section 30 of the Health Services Act.

ii) Initial loan was established in April 2008 to finance the construction of the Austin Tower Car Park.
   a) Repayments are quarterly with the final instalment due 25 years from date of the last draw down in April 2008.
   b) Average interest rate applied during 2017/18 for the above loan was 6.70% (2016/17 6.70%).

iii) Additional loan was established in November 2013 to finance the expansion of the Austin Martin Street Car Park.
   a) Repayments are quarterly with the final instalment due 25 years from date of the last draw down in November 2013.
   b) Interest rate applied is fixed during 2017/18 for the above loan was 4.75% (2016/17 4.75%).

(a) Maturity analysis of interest bearing liabilities
Please refer to note 5.5(a) for the ageing analysis of interest bearing liabilities.

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

Borrowings

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the net result over the period of the borrowing using the effective interest method.

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

Note 6.2: Non-Cash Financing and Investing Activities

	Total 2018 $000	Total 2017 $000
Assets (Provided)/Received Free of Charge	18	-
Acquisition of Assets through DHHS Indirect Contributions	15,137	6,655
Total Non-Cash Financing & Investing Activities	**15,155**	**6,655**

The DHHS provide assistance in the planning and managing of key capital projects. Payments are sometimes made by DHHS to external parties on Austin Health's behalf for these projects and are recognised as non-cash transactions by increasing Assets Under Construction and increasing DHHS Capital Grants.

Note 6.3: Cash and Cash Equivalents

	Total 2018 $000	Total 2017 $000
Cash on Hand	70	70
Cash at Bank	10,643	5,910
Deposits at Call	46,891	66,866
Total Cash and Cash Equivalents	**57,604**	**72,846**
Represented by:		
Cash for Health Service Operations (as per Cash Flow Statement)	57,554	72,570
Cash for Monies Held in Trust		
- Cash at Bank	50	46
- Deposits at Call	-	230
	50	**276**
Total	**57,604**	**72,846**

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

Note 6.4: Commitments for Expenditure

	Total 2018 $000	Total 2017 $000
Capital expenditure commitments		
Land and Buildings	19,615	43,511
Plant and Equipment	16,050	8,982
Total capital expenditure commitments	**35,665**	**52,493**
Land and Buildings		
Not later than one year	15,331	31,284
Later than 1 year and not later than 5 years	4,284	12,227
Total	**19,615**	**43,511**
Plant and Equipment		
Not later than one year	13,286	8,982
Later than 1 year and not later than 5 years	2,764	-
Total	**16,050**	**8,982**
Lease Commitments		
Commitments in relation to leases contracted for at the		
reporting date:		
Operating Leases	4,207	4,417
Total lease commitments	**4,207**	**4,417**
Operating Leases		
Non-cancellable		
Not later than one year	1,639	1,730
Later than 1 year and not later than 5 years	2,538	2,687
Later than 5 years	30	-
Total	**4,207**	**4,417**
Total Commitments for Expenditure (inclusive of GST)	**43,859**	**62,601**
less GST recoverable from the Australian Tax Office	(3,987)	(5,691)
Total Commitments for Expenditure (exclusive of GST)	**39,872**	**56,910**

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note at their nominal value and are inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are sated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the Balance Sheet.

Austin Health has entered into Operating Lease arrangements with various financial organisations mainly to lease assets in the Medical Equipment class. The average lease term is over five (5) years and the commitments represent payments due under non-cancellable operating leases.

Note 7: Risks, Contingencies & Valuation Uncertainties

Austin Health is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements.

This section sets out financial instrument specific information (including exposures to financial risks), as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for the Health Service is related mainly to fair value determination.

Structure

7.1 Financial instruments

Note 7.1: Financial Instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of Austin Health's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

(a) Financial instruments: categorisation

2018	Contractual Financial Assets - Loans and Receivables $000	Contractual Financial Liabilities at Amortised Cost $000	Total $000
Contractual Financial Assets			
Cash and cash equivalents	57,604	-	57,604
Financial assets - loans and receivables	33,739	-	33,739
Total Financial Assets [(i)]	**91,343**	**-**	**91,343**
Financial Liabilities			
Financial liabilities at amortised cost	-	75,050	75,050
Total Financial Liabilities [(ii)]	**-**	**75,050**	**75,050**

(i) The total amount of financial assets disclosed here excludes statutory receivables (i.e. GST input tax credits recoverable).
(ii) The total amount of financial liabilities disclosed here excludes statutory payables (i.e. Taxes payable and Superannuation owing).

2017	Contractual Financial Assets - Loans and Receivables $000	Contractual Financial Liabilities at Amortised Cost $000	Total $000
Contractual Financial Assets			
Cash and cash equivalents	72,846	-	72,846
Financial assets - loans and receivables	25,378	-	25,378
Total Financial Assets [(i)]	**98,224**	**-**	**98,224**
Financial Liabilities			
Financial liabilities at amortised cost	-	81,409	81,409
Total Financial Liabilities [(ii)]	**-**	**81,409**	**81,409**

(i) The total amount of financial assets disclosed here excludes statutory receivables (i.e. GST input tax credits recoverable).
(ii) The total amount of financial liabilities disclosed here excludes statutory payables (i.e. Taxes payable and Superannuation owing).

Note 7.1: Financial Instruments *(continued)*

(b) Net Holding Gain/(Loss) on Financial Instruments by Category

2018	Total Interest Income / (Expense) $000	Fee Income / (Expense) $000	Impairment Loss $000	Total $000
Financial Assets [(i)]				
Cash and Cash Equivalents	1,545	-	-	1,545
Total Financial Assets	**1,545**	**-**	**-**	**1,545**
Financial Liabilities [(ii)]				
At Amortised Cost	2,020	-	-	2,020
Total Financial Liabilities	**2,020**	**-**	**-**	**2,020**

2017	Total Interest Income / (Expense) $000	Fee Income / (Expense) $000	Impairment Loss $000	Total $000
Financial Assets [(i)]				
Cash and Cash Equivalents	1,631	-	-	1,631
Total Financial Assets	**1,631**	**-**	**-**	**1,631**
Financial Liabilities [(ii)]				
At Amortised Cost	2,087	-	-	2,087
Total Financial Liabilities	**2,087**	**-**	**-**	**2,087**

(i) For cash and cash equivalents and loans and receivables, the net gain or loss is calculated by taking the movement in the fair value of the asset, interest revenue and minus any impairment recognised in the net result.

(ii) For financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense.

Categories of financial instruments

Loans and receivables and cash are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets and liabilities are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method (and for assets, less any impairment). Austin Health recognises the following assets in this category:

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

Financial liabilities at amortised cost are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability, using the effective interest rate method. Austin Health recognises the following liabilities in this category:

- payables (excluding statutory payables); and
- borrowings (including finance lease liabilities).

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

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

The allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets*.

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

Note 8: Other Disclosures

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

Structure

8.1 Equity
8.2 Reconciliation of Net Result for the Year to Net Cash from Operating Activities
8.3 Responsible Persons' Disclosures
8.4 Remuneration of Executives
8.5 Related Parties
8.6 Auditors' Remuneration
8.7 AASBs Issued That Are Not Yet Effective
8.8 Events Occurring after the Balance Sheet Date
8.9 Jointly Controlled Operations
8.10 Economic Dependency
8.11 Alternative Presentation of Comprehensive Operating Statement

Note 8.1: Equity

	Total 2018 $000	Total 2017 $000
(a) Surpluses		
Property Revaluation Surplus		
Balance at the Beginning of the Reporting Period	702,494	702,494
Revaluation Increments:		
- Land	23,042	-
- Buildings	97,057	-
Balance at the end of the Reporting Period	**822,593**	**702,494**
Represented by:		
- Land	179,533	156,490
- Buildings	643,060	546,004
	822,593	**702,494**
Restricted Specific Purpose Reserve		
Balance at the Beginning of the Reporting Period	7,833	6,304
Transfers to/(from) Restricted Specific Purpose Reserve	(56)	1,529
Balance at the end of the Reporting Period	**7,777**	**7,833**
Total Surpluses	**830,370**	**710,327**

Note 8.1: Equity *(continued)*

	Total 2018 $000	Total 2017 $000
(b) Contributed Capital		
Balance at the Beginning of the Reporting Period	531,696	531,696
Balance at the end of the Reporting Period	**531,696**	**531,696**
(c) Accumulated Deficits		
Balance at the Beginning of the Reporting Period	(293,845)	(251,076)
Net Result for the Year	(23,380)	(41,240)
Transfers to/(from) Restricted Specific Purpose Reserve	56	(1,529)
Balance at the end of the Reporting Period	**(317,169)**	**(293,845)**
Total Equity at the end of Financial Year	**1,044,897**	**948,178**

Contributed Capital

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

Transfers of net assets arising from administrative restructurings are treated as contributions by owners. Transfers of net liabilities arising from administrative restructures are to go through the Comprehensive Operating Statement.

Property, Plant and Equipment Revaluation Surplus

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

Specific Restricted Purpose Surplus

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

Note 8.2: Reconciliaton of Net Result for the Year to Net Cash from Operating Activities

	Total 2018 $000	Total 2017 $000
Net Result for the Year	**(23,380)**	**(41,240)**
Non-cash movements		
Assets (Provided)/Received Free of Charge	(18)	-
Revaluation of Long Service Leave	(45)	2,540
Depreciation and Amortisation	70,473	68,152
Bad Debts and Provision for Doubtful Debts	1,883	333
DHHS Capital Grant - Indirect Contribution	(15,155)	(6,655)
Movements included in investing and financing activities		
Net (Gain)/Loss from Sale of Plant and Equipment	14	(31)
Movements in assets & liabilities:		
Change in operating assets and liabilities		
Increase/(Decrease) in Payables	(8,757)	5,881
Increase/(Decrease) in Employee Benefits	19,775	7,447
Increase/(Decrease) in Other Liabilities	(376)	(2,124)
(Increase)/Decrease in Receivables	(15,126)	6,884
(Increase)/Decrease in Inventories	367	15
(Increase)/Decrease in Prepayments & Other Assets	(903)	(2,207)
Net Cash Inflow/(Outflow) from Operating Activities	**28,752**	**38,997**

Note 8.3: Responsible Persons Disclosures

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

Responsible Persons	Period
The Hon Jill Hennessy, Minister for Health, Minister for Ambulance Services	01/07/2017 - 30/06/2018
The Hon Martin Foley, Minister for Housing, Disability and Ageing, Minister for Mental Health, Minister for Creative Industries, Minister for Equality	01/07/2017 - 30/06/2018
The Austin Health Board	
The Hon Judith Troeth AM (Chair)	01/07/2017 - 30/06/2018
Prof John McNeil AM	01/07/2017 - 30/06/2018
Dr Christine Bessell	01/07/2017 - 30/06/2018
Ms Mary Draper AM	01/07/2017 - 30/06/2018
Ms Helen Thornton	22/08/2017 - 30/06/2018
Mr Chris Altis	01/07/2017 - 30/06/2018
Ms Julie Anne Bignell	01/07/2017 - 30/06/2018
Mr Martin Botros	22/08/2017 - 30/06/2018
Dr Stanley Chiang	19/09/2017 - 30/06/2018
Accountable Officer	
Ms Sue Shilbury	01/07/2017 - 30/06/2018

Remuneration of Responsible Persons	Total 2018 $	Total 2017 $
$20,000 - 29,999	1	-
$30,000 - $39,999	7	8
$70,000 - $79,999	1	1
$120,000 - $129,999	-	1
$200,000 - $209,999	-	1
$290,000 - $299,999	-	1
$500,000 - $509,999	1	-
Total Number of Responsible Persons	**12**	**14**
Total Remuneration Received or Due and Receivable by Responsible Persons from the Reporting Entity Amounted to:	**856,285**	**998,294**

Amounts relating to Responsible Ministers are reported in the Financial Statement of the Department of Premier and Cabinet.

Total remuneration also includes entitlements accrued during the period, which are payable in the future and deemed to be part of the total remuneration under AASB124.

Comparative 2017 amount has been adjusted to include payments to three Board members made in 2017/18 for prior year service.

Changes to the Austin Health Board after 30 June 2017

Ms Helen Thornton and Mr Martin Botros were appointed to the Board 22 August 2017. Dr Stanley Chiang was appointed to the Board 19 September 2017. Professor John McNeil completed his term on the Board on the 30 June 2018.

Note 8.4: Remuneration of Executives

The number of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalent provides a measure of full time equivalent executive officers over the reporting period.

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

Short-term Employee Benefits

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

Post-employment Benefits

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

Other Long-term Benefits

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

Total remuneration payable to executives during the year included additional executive officers and a number of executives who received bonus payments during the year. These bonus payments depend on the terms of individual employment contracts.

Remuneration of Executive Officers	**Total 2018 $000**	**Total 2017 $000**
Short Term Employee Benefits	2,354,578	2,365,970
Post Employment Benefits	151,096	152,927
Other Long Term Employee Benefits	97,910	181,163
Total Remuneration for Executive Officers	**2,603,584**	**2,700,060**
Total Number of Executive Officers	**12**	**14**
Total Annualised Employee Equivalent [i]	**6**	**7**

There were three Executives who held acting positions during the 2018 reporting period, and three executives who resigned from their positions.

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

Note 8.5: Related Parties

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

- all key management personnel and their close family members;
- all cabinet ministers and their close family members; and
- all hospitals and public sector entities that are controlled and consolidated into the State of Victoria financial statements.

Key management personnel (KMPs) are those people with the authority and responsibility for planning, directing and controlling the activities of the Health Service and its controlled entities, directly or indirectly.

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

Austin Health Key Management Personnel for the 2017/18 Reporting Year

Ministers

The Hon Jill Hennessy, Minister for Health, Minister for Ambulance Services

The Hon Martin Foley, Minister for Housing, Disability and Ageing, Minister for Mental Health, Minister for Creative Industries, Minister for Equality

The Austin Health Board

The Hon Judith Troeth AM (Chair)
Prof John McNeil AM
Dr Christine Bessell
Ms Mary Draper AM
Mr Helen Thornton
Mr Chris Altis
Ms Julie Anne Bignell
Mr Martin Botros
Dr Stanley Chiang

Executive

Ms Sue Shilbury	- Chief Executive Officer
Ms Shelly Castree-Croad	- Chief Operating Officer
Mr Andrew Gay	- Executive Director of Finance (July 2017 - November 2017)
Ms Natalie McDonald	- Chief Financial Officer (from November 2017)
Mr Cameron Goodyear	- Executive Director for Clinical Ops & Imaging Services (July 2017 - May 2018)
Mr Fergus Kerr	- Chief Medical Officer
Mr Jason Payne	- Executive Director for Clinical Ops & Ambulatory Services
Ms Nicole Harvey	- Executive Director of Human Resources (Acting July 2017)
Ms Anna Phillips	- Executive Director People & Culture (from July 2017)
Mr Ray Van Kuyk	- Chief Information & Services Officer
Mr Shane Crowe	- Chief Nursing Officer (Acting July & August 2017)
Ms Sandra Schutte	- Chief Nursing Officer (Acting October 2017 & November 2017)
Ms Bernadette Twomey	- Chief Nursing Officer (from November 2017)

The compensation details exclude the salaries and benefits the Portfolio Ministers receive. The Minister's remuneration and allowances are set by the *Parliamentary Salaries and Superannuation Act 1968*, and are reported within the Department of Parliamentary Services' Financial Report.

Significant Transactions with Government Related Entities

Austin Health recognised funding from the DHHS of $684 million (2017: $631 million). This amount is incorporated in Note 2.1 in Operating Activities under Government Grants and Indirect Contributions by DHHS.

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

Professional medical indemnity insurance and other insurance products are obtained from a Victorian Public Financial Corporation.

Treasury Risk Management Directions require Austin Health to hold cash (in excess of working capital) and investments, and source all borrowings from Victorian Public Financial Corporations.

Transactions with KMPs and Other Related Parties

Given the breadth and depth of State Government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with the DHHS, all other related party transactions that involved KMPs and their close family members have been entered into on an arm's length basis. Transactions are disclosed when they are considered material to the users of the financial report in making and evaluating decisions about the allocation of scarce resources.

There were no related party transactions with Cabinet Ministers required to be disclosed in 2018.

There were no related party transactions required to be disclosed for Austin Health Board of Directors and Executive Directors in 2018.

Any payments to key management personnel as remuneration have been declared in Notes 8.3 and 8.4.

Note 8.6: Auditors Remuneration

	Total 2018 $000	Total 2017 $000
Victorian Auditor-General's Office		
Audit of financial statement	175	214
Total	**175**	**214**

Note 8.7: AASBs Issued That Are Not Yet Effective

As at 30 June 2018, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. Austin Health has not and does not intend to adopt these standards early.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 *Financial Instruments*	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedge accounting model and a revised impairment loss model to recognise expected impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1-Jan-18	The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. The initial application of AASB 9 is not expected to significantly impact the financial position however there will be a change to the way financial instruments are classified and new disclosure requirements.
AASB 2014-1 *Amendments to Australian Accounting Standards [Part E Financial Instruments]*	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018, and to amend reduced disclosure requirements.	1-Jan-18	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9*	Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9.	1-Jan-18	The assessment has indicated that there will be no significant impact for the public sector.
AASB 15 *Revenue from Contracts with Customers*	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015-8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15* has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017.	1-Jan-18	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*	Amends the measurement of trade receivables and the recognition of dividends as follows: • Trade receivables that do not have a significant financing component, are to be measured at their transaction price, at initial recognition. • Dividends are recognised in the profit and loss only when: – the entity's right to receive payment of the dividend is established; – it is probable that the economic benefits associated with the dividend will flow to the entity; and – the amount can be measured reliably.	1 Jan 2018, except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply from 1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector.
AASB 2015-8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15*	This Standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018.	1-Jan-18	This amending standard will defer the application period of AASB 15 for for-profit entities to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15*	This Standard amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require: • A promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation; • For items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and • For licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access).	1-Jan-18	The assessment has indicated that there will be no significant impact for the public sector, other than the impact identified for AASB 15 above.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2016-7 *Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities*	This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.	1-Jan-19	This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019-20 reporting period.
AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*	AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit-entities into AASB 9 and AASB 15. This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events.	1-Jan-19	This standard clarifies the application of AASB 15 and AASB 9 in a not-for-profit context. The areas within these standards that are amended for not-for-profit application include: *AASB 9* • Statutory receivables are recognised and measured similarly to financial assets. *AASB 15* • The "customer" does not need to be the recipient of goods and/or services; • The "contract" could include an arrangement entered into under the direction of another party; • Contracts are enforceable if they are enforceable by legal or "equivalent means"; • Contracts do not have to have commercial substance, only economic substance; and • Performance obligations need to be "sufficiently specific" to be able to apply AASB 15 to these transactions.
AASB 16 *Leases*	The key changes introduced by AASB 16 include the recognition of operating leases (which are currently not recognised) on balance sheet.	1-Jan-19	The assessment has indicated that most operating leases, with the exception of short term and low value leases will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability. In the operating statement, the operating lease expense will be replaced by depreciation expense of the asset and an interest charge. There will be no change for lessors as the classification of operating and finance leases remains unchanged.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 1058 *Income of Not-for-Profit Entities*	AASB 1058 standard will replace the majority of income recognition in relation to government grants and other types of contributions requirements relating to public sector not-for-profit entities, previously in AASB 1004 *Contributions*. The restructure of administrative arrangement will remain under AASB 1004 and will be restricted to government entities and contributions by owners in a public sector context. AASB 1058 establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objective.	1-Jan-19	The current revenue recognition for grants is to recognise revenue up front upon receipt of the funds. This may change under AASB 1058, as capital grants for the construction of assets will need to be deferred. Income will be recognised over time, upon completion and satisfaction of performance obligations for assets being constructed, or income will be recognised at a point in time for acquisition of assets. The revenue recognition for operating grants will need to be analysed to establish whether the requirements under other applicable standards need to be considered for recognition of liabilities (which will have the effect of deferring the income associated with these grants). Only after that analysis would it be possible to conclude whether there are any changes to operating grants. The impact on current revenue recognition of the changes is the phasing and timing of revenue recorded in the profit and loss statement.
AASB 17 *Insurance Contracts*	The new Australian standard eliminates inconsistencies and weaknesses in existing practices by providing a single principle-based framework to account for all types of insurance contracts, including reissuance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities. This standard does not apply to the not-for-profit public sector entities. The AASB is undertaking further outreach to consider the application of this standard to the not-for-profit public sector.	1-Jan-21	The assessment has indicated that there will be no significant impact for the public sector.

Note 8.8: Events Occurring after the Balance Sheet Date

There were no material events occurring after balance sheet date.

Note 8.9: Jointly Controlled Operations

Austin Health (AH) is a Member of the Victorian Comprehensive Cancer Centre Joint Venture (the VCCC) and AH retains joint control over the arrangement classified as a Joint Operation. The vision for the VCCC is to save lives through the integration of cancer research, education and patient care.

Through innovation and collaboration, the VCCC will drive the next generation of improvements in prevention, detection and cancer treatment. This vision will further the objectives of AH. The VCCC is a not-for-profit organisation and has been recognised by the Australian Taxation Office as a Health Promotion Charity.

All Members hold an equal 1/10th share (1/10th share 2016/17) in the assets, liabilities, expenses and income of the VCCC. The members own the VCCC assets as tenants in common; and are severally responsible for the JV costs – in the same proportions as their interests.

Interests in the VCCC are not transferrable and forfeited on withdrawal from the joint venture. Distributions are not able to be paid to Members and excess property on winding up will be distributed to other charitable organisations with objects similar to those of the VCCC. The principal place of business for the VCCC is Ground Floor, 766 Elizabeth St, Melbourne, Victoria.

Austin Health's interest in revenues and expenses from VCCC are detailed below:

	2018 $000	2017 $000
Total Revenue	1,578	688
Total Expenses	(466)	(320)
Total Profit & Loss	**1,112**	**368**
Current Assets		
Cash and Cash Equivalents	1,586	566
Receivables	8	3
Other Current Assets	101	-
Total Current Assets	**1,695**	**569**
Non-Current Assets		
Property, Plant and Equipment	18	4
Total Non-Current Assets	18	4
TOTAL ASSETS	**1,713**	**573**
Current Liabilities		
Payables	(43)	(23)
Employee Benefits and Related On-Costs	(11)	(8)
Total Current Liabilities	**(54)**	**(31)**
Non-Current Liabilities		
Employee Benefits and Related On-Costs	(10)	(6)
Total Non-Current Liabilities	**(10)**	**(6)**
TOTAL LIABILITIES	**(64)**	**(37)**
NET ASSETS	**1,649**	**536**
EQUITY		
Accumulated Surpluses/(Deficits)	1,649	536
TOTAL EQUITY	**1,649**	**536**

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

Note 8.10: Economic Dependency

Austin Health is wholly dependent on the continued financial support of the State Government and in particular, the DHHS.

The DHHS has provided confirmation that it will continue to provide Austin Health adequate cash flow support to meet its current and future obligations as and when they fall due for a period up to September 2019.

The Health Service's current asset ratio continues to be below an adequate short term position (2018: 0.45 and 2017: 0.50) while cash generated from operations has deteriorated from a $ 38.99 million surplus in 2017 to a $28.77 million surplus in 2018 and cash reserves have moved from $72.8 million in 2017 to $57.6 million in 2018. A letter confirming adequate cash flow was also provided in the previous financial year.

The financial statements have been prepared on a going concern basis. The State Government and the DHHS have confirmed financial support to settle Austin Health's financial obligations when they fall due.

Note 8.11: Alternate Presentation of Comprehensive Operating Statement

	Total 2018 $000	Total 2017 $000
Interest	1,545	1,631
Sales of goods and services	148,369	136,438
Grants	803,894	743,183
Other current revenue	31,694	37,739
Total revenue	**985,502**	**918,991**
Employee expenses	670,602	616,492
Depreciation	70,473	68,153
Interest expense	2,020	2,087
Grants and other transfers	3,833	5,106
Other operating expenses	260,011	270,964
Total expenses	**1,006,938**	**962,802**
Net result from transactions - Net operating balance	**(21,436)**	**(43,811)**
Net loss/(gains) on sale of non-financial assets	(14)	31
Other loss/(gains) from other economic flows	(1,928)	2,540
Total other economic flows included in net result	**(1,944)**	**2,571**
Items that will not be reclassified to Net Result		
Changes in non-financial assets revaluation surplus	120,099	-
Net result	**96,719**	**(41,240)**

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