2017/18 Annual Report

Then *and* now.

MELBOURNE HEALTH

The Royal Melbourne Hospital

NorthWestern Mental Health

Doherty Institute
A joint venture between the University of Melbourne and the Royal Melbourne Hospital

OUR *Vision*

Our vision is to be First in Care, Research and Learning to improve outcomes for our community and Victorians.

Care: First in delivering safe and high quality care

Research: First in evidence-based research integrated into practice

Learning: First in developing our workforce and community

OUR *Values*

Our values and behaviours guide the way we work together to achieve our vision.

Caring: We treat everyone with kindness and compassion

Excellence: We are committed to learning and innovation

Integrity: We are open, honest and fair

Respect: We treat everyone with respect and dignity at all times

Unity: We work together for the benefit of all

OUR *Priorities*

We aim to achieve our vision by focusing on six strategic priorities.

1. **Care and outcomes**
   We deliver outstanding care and outcomes
2. **Patient and consumer experience**
   We partner with and empower our patients and consumers
3. **Innovation and transformation**
   We embrace innovative thinking in everything we do
4. **Workforce and culture**
   We enable our people to be the best they can be
5. **Collaborations**
   We maximise the potential of our partnerships
6. **Sustainability**
   We are recognised, respected and sustainable health services

Front and back cover images for this report are from The Royal Melbourne Hospital's Then and Now online photographic exhibition, which is part of the hospital's 170th anniversary celebrations in 2018.

The exhibition places some of our most treasured historical photographs side-by-side with modern-day versions, highlighting how The Royal Melbourne Hospital has transformed over the last 170 years.

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About this report

This annual report outlines the operational and financial performance for Melbourne Health from 1 July 2017 to 30 June 2018.

The relevant Ministers for the reporting period were the Minister for Health, the Hon. Jill Hennessy MP and Minister for Mental Health, the Hon. Martin Foley MP. Melbourne Health is a health service established in July 2000 under the *Health Services Act 1988* (Victoria). This report is also available online at **thermh.org.au**

Chair's Report

As the newly appointed Chair of Melbourne Health, I am pleased to present our 2017/18 Annual Report.

From my first day as Chair I have been impressed with the outstanding work of our staff across every area of Melbourne Health. It is their professionalism and their commitment that improves the health and enhances the wellbeing and quality of life for thousands of Victorians. This dedication is what makes us proud of our 170 year history and confident that our vision to be **First in Care, Research and Learning** is driving the best outcomes for patients, consumers and their families.

First in Care means not only best clinical practice but also delivering person centred care. We care about both the clinical outcome measures and the individual's outcome measures. We care about the patient and consumer reported experience of every aspect of their Melbourne Health care, including communication, cleanliness and food. Our staff strive to improve every person's experience of Melbourne Health for safe, reliable and high-quality care.

In June 2018, Melbourne Health opened a new $1.2 million ward to alleviate pressures in the Emergency Department, reducing waiting times and care for more patients. Every year The Royal Melbourne Hospital (RMH) has more than 75,000 emergency visits. In November 2017, as part of an RMH partnership with the Florey Institute for Neuroscience and Mental Health, Ambulance Victoria, University of Melbourne and the Stroke Foundation, Australia's first stroke ambulance commenced operation. This Mobile Stroke Unit provides time-critical, specialised care to those suffering a stroke and to date has had a significant impact on survival and recovery rates, bringing urgent access to clinical experts to more than 288 patients across Melbourne.

In the 2017/18 year, our NorthWestern Mental Health (NWMH) service, the largest mental health service in the state, experienced a significant increase in services provided to the community. Providing over 580,000 clinical appointments, our services in the community are needed more than ever. In our 2017 Melbourne Health Celebrating Excellence Awards we recognised the unique partnership between NWMH and Victoria Police. Through the NWMH Triage Service, the Victoria Police Critical Incident Response Team receives relevant clinical information to help police negotiators resolve critical incidents as quickly and as safely as possible.

First in Research means delivering important medical breakthroughs to shape the future of health care and bringing the lab bench to the bedside, providing hope to many patients for whom a clinical trial may be the best treatment. Collaboration is the key to research breakthroughs and clinical trials.

The location of Melbourne Health in the heart of the Melbourne Biomedical Precinct provides extraordinary opportunities to partner to improve patient care. This year, the RMH Clinical Trials Centre supported more than 300 active trials. RMH neurologists led the Extend-IA TNK randomised trial, which found the drug Tenecteplase, traditionally used for heart attacks, dissolves blood clots in the brain faster and more effectively than the standard stroke drugs.

First in Learning means Melbourne Health is not only a teaching institution providing life-long learning to the next generation of healthcare professionals but also a learning organisation collaborating with others to share and grow our knowledge to improve clinical practice and patient care.

I am impressed with the teamwork and knowledge sharing that is part of Melbourne Health's DNA. The depth, quality and value of this commitment to learning is evidenced by the many individuals, teams, programs and initiatives recognised with awards and accolades, which you can read about in this Annual Report.

We end the year with much to be proud of and much more to do. Our vision of **First in Care, Research and Learning** benefits from the generosity of Victorians in supporting Melbourne Health and the work of our RMH Foundation in fundraising throughout the year. Thank you.

We value the contribution of our many volunteers who every day make life a little easier for patients and their families. Thank you. We celebrate the talent, professionalism and hard work of around 9,000 medical staff, nurses, allied health workers and all those behind the scenes cooking, cleaning, repairing, securing and generally keeping our large organisation running smoothly and taking care of patients. Thank you. And as Chair, I know the hard work of the senior executive team and the Board are invaluable. Thank you.

I am particularly honoured to join Melbourne Health in what is an historic year with The Royal Melbourne Hospital celebrating its 170th anniversary. We have an exciting future ahead of us and I look forward to being part of it.

Linda Bardo Nicholls AO
Chair

Chief Executive's Report

It has been a milestone year for Melbourne Health with The Royal Melbourne Hospital celebrating 170 years of caring for the Victorian community on 15 March 2018.

I am proud to say that in 2017/18 we continued to deliver outstanding care to our patients and consumers, as we have since 1848. Over the past 12 months we have focused on building our capacity and improving our services across The Royal Melbourne Hospital and NorthWestern Mental Health to provide high quality care to more people when and where they need it - in hospital, in the community and at home.

In the 2017/18 financial year we completed a number of major works and projects across Melbourne Health to improve our physical and technological infrastructure. Importantly, we have started work to transition to an Electronic Medical Record (EMR) with the announcement of $124 million in the 2018/19 State Budget to fund the Connecting Care Program. This long term change program will see The Royal Children's Hospital EMR extended to Melbourne Health, Peter MacCallum Cancer Centre and The Royal Women's Hospital, creating one powerful, integrated system for the Parkville health precinct.

Technology will be one of the biggest enablers for change as Melbourne Health moves into the future and the Connecting Care Program is just one part of this.

Innovations such as our telehealth program and Virtual Fracture Clinic are already demonstrating the benefits technology can have for our patients, particularly those in regional and rural areas, by allowing more patients to receive high quality virtual treatment in place of in-person hospital attendance.

In addition to being a great place to receive care, we also strive to be a great place for our staff to work. Together with our research and academic partners, Melbourne Health continues to provide comprehensive training programs for staff and promote opportunities for ongoing learning and professional development.

Our Safety Culture Program, now in its third year, empowers staff to speak up to prioritise safety and provides an avenue for staff to give and receive feedback in a professional and respectful way. The program is having a positive effect on how we work together, with high staff engagement and support.

The health, safety and wellbeing of our staff remains a major priority for the organisation and a number of new initiatives have been implemented over the past year to address the issue of occupational violence and aggression (OVA) and reinforce the message that all forms of OVA are unacceptable. We were overwhelmed by the response to our Emergency Department's OVA video, which received national and international media coverage and social media attention, and is now played in the Emergency Department waiting room.

Our staff and our programs continued to be recognised as industry leaders throughout 2017/18. Four Melbourne Health initiatives were finalists in the 2017 Victorian Public Healthcare Awards, including The Royal Melbourne Hospital's Refugee Health Program, which won the Excellence in CALD Health category.

Of course, none of this would be possible without the dedication of our highly skilled staff, who work tirelessly to ensure the best possible outcomes for our patients and consumers. I thank all of our staff for their commitment to living the Melbourne Health values and the professionalism and compassion with which they carry out their work.

Thank you also to all of our 400+ volunteers who selflessly gave their time throughout the year. From guiding patients and visitors around the hospital, serving cups of tea and coffee and providing books and magazines to pass the time, your kindness and generosity transforms the experience of our patients and visitors.

The 2017/18 Annual Report is an opportunity to reflect on the year we have had, but also to look to what the future will hold as we continue to progress towards our vision to be **First in Care, Research and Learning**.

Professor Christine Kilpatrick
Chief Executive

Report of Operations

In accordance with the *Financial Management Act 1994*, I am pleased to present the Report of Operations for Melbourne Health for the year ending 30 June 2018.

Linda Bardo Nicholls AO
Board Chair

Melbourne
17 August 2018

About Melbourne Health

Melbourne Health is a leading public health service in Victoria with a history of providing the best possible care to our patients and consumers.

We are committed to applying evidence-based research to drive improvements in clinical outcomes and patient and consumer experience. With a strong focus on teaching and education, we encourage lifelong learning to enable our people to realise their potential.

Serving a population base of more than one million, our world-class reputation had its beginnings at The Royal Melbourne Hospital – Victoria's first public hospital – established in 1848 to answer the need for public health services for a rapidly growing town. For 170 years, we have proudly provided a comprehensive range of acute, sub-acute and community public health services to our local community within Melbourne's west and north, as well as regional and rural Victorians and interstate patients and consumers.

We provide care through three key services:

The Royal Melbourne Hospital

The Royal Melbourne Hospital
Our acute and sub-acute academic health service

As one of the largest hospitals in Victoria, The Royal Melbourne Hospital (RMH) provides a comprehensive range of health services across two campuses.

Our City Campus provides general and specialist medical and surgical acute services. Sub-acute services, including rehabilitation and aged care, outpatient and community programs are provided from our Royal Park Campus.

The RMH plays a key role within the broader Victorian health sector as a major Victorian referral service for specialist and complex care, and is a designated state-wide provider for services including adult trauma.

It also contains centres of excellence for tertiary services in several key specialties, including neurosciences, nephrology, surgical oncology, cardiology and genomics.

NorthWestern Mental Health

NorthWestern Mental Health
Our mental health service

As the largest provider of mental health services in Victoria, NorthWestern Mental Health (NWMH) works in partnership with consumers and carers to provide a comprehensive suite of general and specialist mental health services to youth, adult and aged people within the community, residential and health services.

Services are delivered through six programs spanning 32 sites across the northern and western suburbs of Melbourne, reaching communities based in Broadmeadows to the north, Preston to the east and Sunshine to the west.

It also delivers a number of state-wide services, including the neuropsychiatry service and the eating disorders service.

Doherty Institute
A joint venture between the University of Melbourne and the Royal Melbourne Hospital

The Peter Doherty Institute for Infection and Immunity
Our infection & immunity service

The Doherty Institute, our partnership with the University of Melbourne, aims to be a world-class institute that combines research into infectious diseases and immunity with teaching excellence, reference laboratory diagnostic services, epidemiology and clinical services.

Our services based at the Doherty Institute include:

- The Victorian Infectious Diseases Reference Laboratory
- VICNISS Healthcare Associated Infection Surveillance System
- The Victorian Infectious Diseases Service
- The Victorian Tuberculosis Program
- National Centre for Antimicrobial Stewardship
- World Health Organisation Collaborating Centre for Reference and Research on Influenza
- World Health Organisation Collaborating Centre for Viral Hepatitis

Our Care at a Glance

76,391
People presented to our Emergency Department

100,286
Inpatient admissions across our acute and sub-acute services

2,212
Trauma patients treated

198,770
Outpatient appointments

17,244
Elective surgeries

8,853
Emergency surgeries

127
Kidney transplants

47
Helicopters landed at RMH City Campus each month on average

4,584
Mental health inpatient admissions across our adult, youth and specialist services

586,682
Mental health service contacts in the community

Our Year in Review

2017/18 has been an exciting and rewarding year for Melbourne Health, with many notable achievements, improvements and accolades. At the core of all of these activities is a commitment to our organisational vision to be *First in Care, Research and Learning*.

Strengthening our workplace culture

Our Safety Culture Program supports the delivery of safe and high quality care through transforming organisational culture, with a focus on staff behaviours and living the Melbourne Health values.

The program, now in its third year, empowers staff to prioritise safety by speaking up and supports a culture where feedback is openly and professionally given and received. The program is a long term commitment to making Melbourne Health a great place to work and a great place to receive care.

Key features of the program have included training staff in Speaking Up and giving staff the skills to respectfully raise a concern with a colleague, and a professional accountability system, called weCare.

The system facilitates feedback about unprofessional behaviour through specially trained staff known as 'Care Messengers'. weCare also allows for staff to provide positive feedback about their colleagues by nominating them for You Made a Difference Awards and Good Catch Awards. These awards recognise staff who are helping to build a strong safety culture by living the organisational values.

So far, the program has had a positive effect on how staff work together, with strong staff engagement and support, and reports of increased confidence in speaking up. Some of the key achievements of the program to date are:

85% of staff and volunteers trained in Speaking Up for Safety.

92% of those staff and volunteers indicated they would use the training to raise concerns.

More than 450 award nominations have been submitted highlighting examples of staff demonstrating the organisational values.

Improved staff engagement is also reflected in the 2018 People Matter Survey results.

This year Melbourne Health achieved a response rate of 41%, which was a significant improvement on our previous year's result of 26%; highlighting the growing confidence of our staff to speak up and provide feedback about our workplace and our culture.

A number of positive themes were evident in the responses of staff, including:

- **Diversity** and inclusion across Melbourne Health
- **Confidence** in complaints handling and resolution
- **Zero tolerance** for sexual harassment and bullying
- **Improvements** in staff safety

Prioritising staff safety

Occupational violence and aggression (OVA) is a serious and widespread issue in the healthcare sector.

Over the past 12 months, Melbourne Health has implemented a number of initiatives based on our organisational Occupational Violence and Aggression Framework 2017-2020. The initiatives aim to improve community awareness of the issue, encourage staff reporting of instances of OVA and ultimately reduce the incidence of OVA.

Our work in this space recognises that violence and aggression against healthcare workers is unacceptable and that it is not part of the job. This work has led to increased reporting of instances of occupational violence and aggression through our internal reporting system, RiskMan.

Initiatives implemented include:

- Our Emergency Department team developed a video titled "Help us help you" to educate the community about the impact OVA has on staff. The video is played in the Emergency Department waiting room to highlight the importance of treating staff with respect and working together as partners to ensure the best possible care.
- Further Emergency Department initiatives, including redesigning the triage desk to improve staff safety, improved communication between clinical staff and our security team through daily 'security safety huddles' and the introduction of a 'tap out' process to help staff who are managing challenging patients by supporting them to swap their patient load.
- New organisation-wide reporting guidelines to encourage staff to formally report serious OVA incidents to the police while being supported by management.
- The installation of new duress alarms and additional CCTV cameras across RMH City Campus.
- The roll-out of slash-resistant safety vests and body cameras for security staff at RMH Royal Park Campus.

In response to the Victorian Government's Strengthening Hospital Responses to Family Violence Initiative, a Family Violence Employee Support program was developed for staff.

As part of the program, Melbourne Health Family Violence Contact Officers are available on-call 24 hours a day to professionally and confidentially support staff and volunteers across the organisation.

Delivering safe & high quality care

Providing safe and high quality care to our patients and consumers is always at the forefront of what we do at Melbourne Health and 2017/18 has been no exception.

We are proud of the significant improvements we continue to make in this area.

The Adult Sepsis Pathway was successfully rolled out across the RMH in 2017 and is now embedded as standard practice.

The evidence-based clinical pathway standardised sepsis recognition and management across the hospital, with numerous positive outcomes, including a 50.4% reduction in sepsis-related mortality and 65.4% reduction in sepsis-related admissions to the Intensive Care Unit. The RMH is currently leading the rollout of the pathway in 23 Victorian hospitals as part of a Better Care Victoria project to improve sepsis management across the state.

In July 2017, we introduced new motorised chairs for safe patient transfers around the hospital, reducing the risk of injury associated with manual handling for both patients and staff.

Following a successful trial of a night nursing team, the RMH permanently introduced nightlife nurses across the hospital in September 2017 to support ward staff. This has reduced patient fall rates and allowed patients at risk of deterioration to be identified earlier, improving patient safety and quality of care at night.

Our annual influenza vaccination program for staff and volunteers consistently achieves high rates of vaccination. In 2018 we had a staff vaccination rate of 83.2% - the highest rate achieved for the official six week staff influenza program. This was a wonderful achievement highlighting the commitment of our staff to protecting themselves, colleagues, patients and consumers from influenza.

Since October 2016, our hand hygiene compliance rate has remained above the state target of 80 per cent, a tremendous achievement.

Improving patient experience

As a responsible community leader, we are committed to improving the patient experience, particularly for those who are disadvantaged or vulnerable. Recognising that having a loved one in hospital is often a highly emotional and stressful time, we are also committed to improving the experience of our patients' families and carers.

Our Victorian Infectious Diseases Service (VIDS) expanded its range of outreach activities to ensure more Victorians have access to the care they need. Winner in the 2017 Victorian Public Healthcare Awards, our Refugee Health Program has continued to extend our telehealth service to regional and rural Victorians. This means more refugee and CALD patients have the option of receiving care closer to home, with access to a video-interpreter. Specialist refugee health clinics are also run by VIDS throughout regional and rural Victoria, as well as hepatitis and infectious diseases clinics.

Our Responsive Acute Palliative Intervention and Decision Assistance (RAPID Assist) program, the only service of its kind in Australia, has continued to deliver urgent palliative care for patients with a terminal illness in the location of their choice. As at November 2017, 89% of patients seen by RAPID Assist passed away in their preferred venue of home or residential aged care, representing a substantial increase compared to the state-wide average of 14%.

After an initial trial in 2017, Virtual Fracture Clinics have now become standard care for patients attending the RMH Emergency Department with acute orthopaedic conditions, providing the option of virtual management in place of in-person clinic attendance. This alternative model of care reduces the cost and travel burden to patients associated with attending a hospital outpatient appointment while also reducing the demand on outpatient clinics.

Our Pharmacy team developed the online Patient Learning Hub, an innovative web portal where patients can access information about their medications while in hospital and after being discharged home. The user-friendly portal contains information about why patients need to take their prescribed medications, how to take them and general tips for managing medicines.

In May 2018, we were delighted to officially open the Ward 7B Rooftop Garden for patients and their families. Ward 7B is our Haematology and Bone Marrow Transplantation ward, where some of our most vulnerable patients spend their time. The garden is a peaceful and welcoming outdoor space for patients and their families to enjoy time away from the ward.

A new initiative commenced in our Intensive Care Unit to give families greater involvement in the care of their loved one. Following a six month trial, next of kin are now welcome to attend the afternoon medical ward round with Intensive Care Specialists. Traditionally, next of kin are asked to leave the ICU when ward rounds commence, however, this new program gives families a greater understanding of what is happening to their loved one and an opportunity to ask questions and participate in their care.

The RMH has seen a significant increase in organ and tissue donations over the past 12 months following the implementation of best practice guidelines when it comes to discussing organ and tissue donation with families. Our highly trained organ and tissue donation team approach families with sensitivity, empathy and compassion during what is a very difficult time.

Other highlights from the year include:

- Our Hospital in the Home (HITH) service increased its capacity from 30 up to 35 patients, allowing more patients to receive care in their homes.
- In August 2017, Aboriginal art murals created by Aboriginal and Torres Strait Islander art students were launched at the RMH Royal Park Campus. The artworks were the result of a collaboration between the RMH Rehabilitation Unit and the Institute of Koorie Education at Deakin University.
- A new NorthWestern Mental Health consumer rights video was developed to educate consumers about their rights under the Mental Health Act in a simple, easy to understand format.
- In September 2017, Melbourne Health recognised the importance of supporting the 'yes' vote for marriage equality on behalf of our staff, patients and consumers. We wanted to highlight the benefits equality has for the health of our community and extended our full support to anyone affected by the debate.

Major works across Melbourne Health

In July 2017, we officially opened our new RMH Sleep Medicine Service, transforming the service from a small three-bed unit to a more spacious, better equipped six-bed unit with an ensuite and television in each room. This service allows patients to comfortably participate in sleep studies conducted by our expert sleep and respiratory doctors.

We officially opened our $1 million Clinical Trials Centre in August 2017, giving our patients access to the world's newest medical breakthroughs only available through clinical trials. The centre allows clinicians and patients across all specialties to come together to provide and receive care in a purpose-built space. Since opening, the centre has recorded more than 2,500 patient visits, with many of those patients participating in world-first clinical trials.

In January 2018, we opened a new PET/CT scanning facility at the RMH, allowing patients to have both PET and CT scans performed in a single session. This technology helps to provide patients with a more accurate diagnosis, particularly for many types of cancer.

Major works commenced in February 2018 on the new Parkville rail station under Grattan Street near Royal Parade as part of the Metro Tunnel project. Melbourne Health continues to work with Rail Projects Victoria to ensure we keep staff, patients and visitors informed, while minimising and managing disruption.

In the 2018/19 State Budget announced in May 2018, Melbourne Health, Peter MacCallum Cancer Centre and The Royal Women's Hospital secured $124 million to fund the Connecting Care Program.

This program will see The Royal Children's Hospital Electronic Medical Record (EMR) expand to Melbourne Health, Peter MacCallum Cancer Centre and The Royal Women's Hospital, transforming the way care is provided to our patients, particularly for the many patients who currently use more than one health service in the Melbourne Biomedical Precinct.

Our state of the art 42-bed Intensive Care Unit (ICU) is now complete, with the opening of the fourth and final 10-bed pod in May 2018. ICU not only provides critical care to patients of the RMH, but also Peter MacCallum Cancer Centre and The Royal Women's Hospital. The unit can also be modified for pandemics such as influenza and Ebola, providing care for 22 patients in special negative pressure rooms while still running a normal 20-bed unit.

A new $1.2 million winter flex ward to cope with the demands of the winter season and ease the pressure on our Emergency Department was officially opened in June 2018. The specialised temporary ward has the capacity to care for up to 12 patients who require further testing or consultation to determine whether they should be admitted to wards for further treatment or discharged for management by a GP.

Works are continuing on a $60 million redevelopment of Orygen Youth Health, to be completed later in 2018.

The redevelopment will house cutting-edge mental health research and specialist clinical mental health services for young people.

Construction of our new 31-bed stroke ward at the RMH is underway, which will provide specialised best practice care to stroke patients, as well as patients with other neurological conditions. The ward was funded by the RMH Foundation and is due to open in 2019.

Throughout 2017/18 we also upgraded a number of our IT systems in close consultation with staff and consumers, successfully implementing new patient billing, food management and pathology results systems.

Excellence in research & innovation

2017/18 was an outstanding year for research developments and innovations at Melbourne Health.

Clinical research is a central part of what we do at Melbourne Health, with clinicians from all fields – medicine, nursing and allied health – involved in research to improve patient care and outcomes. This is reflected in the 1,400 research publications produced by Melbourne Health staff in 2017.

The Peter Doherty Institute for Infection and Immunity secured more than $35 million in grant funding in 2017/18, facilitating vital research to prevent, treat and cure infectious disease and improve human health globally.

In 2017/18, Melbourne Health offered more clinical trials than ever before. As at 30 June 2018, we had more than 300 active clinical trials. This was made possible by our new state of the art Clinical Trials Centre, which provides patients with access to the most up-to-date and innovative healthcare treatments only available through clinical trials, with the potential to improve quality of life for many patients.

In April 2018, RMH neurologists made a landmark breakthrough in the treatment of ischemic stroke. The EXTEND-IA TNK randomised clinical trial, led by the RMH and the University of Melbourne, found the drug Tenecteplase, traditionally used for heart attacks, dissolves blood clots in the brain faster and more effectively than standard stroke drugs. The study results are likely to influence the treatment of stroke globally.

In a truly collaborative effort, researchers from the RMH and Peter MacCallum Cancer Centre worked with the Walter and Eliza Hall Institute to lead two new studies involving the anti-cancer drug venetoclax, known as the AIM and Murano studies. Both trials demonstrated dramatic benefits for patients with hard-to-treat blood cancers, including patients whose blood cancer had relapsed or was resistant to conventional treatment.

In November 2017, Australia's first stroke ambulance, the Mobile Stroke Unit, hit the road as part of a trial to provide the fastest, most effective treatment to patients suffering a stroke. Time is critical when someone has a stroke and the ambulance has an on-board CT scanner capable of imaging the patient's brain on the spot so treatment can begin straight away. In its first six months, the Mobile Stroke Unit treated 288 patients and provided 143 scans to patients while on the road. Twenty-seven patients received clot-busting thrombolysis on board the ambulance, while 20 were transported to hospital for endovascular clot retrieval.

Researchers at the Victorian Infectious Diseases Reference Laboratory are working on a study that could detect and treat liver cancer in Hepatitis B patients earlier. The study looks at whether Hepatitis B virus splice variants in the blood – smaller versions of the Hepatitis B virus that differ between patients – are a predictor of liver cancer.

In October 2017, the National Health and Medical Research Council announced a new $2.5 million Centre for Research Excellence in Malaria based at the Doherty Institute. The centre will bring together malaria experts for research to help eliminate malaria in the Asia-Pacific region.

The RMH is leading a new clinical trial to determine the best way of using computed tomography (CT) of the chest to screen for early lung cancer. The study will provide crucial evidence about the effectiveness of a national screening program for the country's most lethal cancer, which claims more than 8000 lives a year.

In a world-first, an experimental device that stimulates the brain with electrical currents via nerves in the tongue has been used to improve balance in stroke survivors. Patients in the pilot study placed the device in their mouth while undertaking intensive rehabilitation exercise, with demonstrated improvements in balance.

The RMH is jointly leading an Australian-first online study with the Florey Institute of Neuroscience and Mental Health known as the Healthy Brain Project. The study aims to identify factors that may predict the development of dementia by tracking more than 10,000 middle-aged Australians over a five year period through online tests and surveys. Identifying these factors will give researchers the best chance at finding an effective treatment for dementia.

We also collaborate with the private sector in the research and innovation space. The Melbourne Health Accelerator continues to bring together clinicians and start-up companies to research and develop solutions to the most pressing challenges facing our healthcare system today. To date, 33 start-up companies have taken part in the Accelerator program, developing a number of innovations that will drive better health outcomes for all.

Awards, recognition and accolades

At Melbourne Health, our staff and our programs continue to be recognised as leaders both nationally and internationally. The success of our organisation relies on our staff, who consistently display an unwavering commitment to ensuring our patients and consumers receive the best possible care.

Throughout the year and across a diverse range of fields, many of our staff have been recognised for their professional contributions and achievements, including:

At the **Victorian Public Healthcare Awards,** the **RMH Refugee Health Program** won the Excellence in CALD Health category. The program ensures refugee and immigrant patients have access to world-class medical care that is also culturally and linguistically appropriate.

Associate Professor Kathy Nicholls, Lead Physician for Metabolic Disorders, was awarded the inaugural **Lari Allenbick Award** from Fabry Australia for her work with patients living with Fabry Disease.

Professor Monica Slavin, Infectious Diseases Physician, was awarded the **2017 BioMedVic Clinician Researcher Career Recognition Award** for her work in improving early diagnosis and prevention of infection in cancer patients.

Dr Catherine Granger, research physiotherapist, won the **2017 BioMedVic Early Career Clinician Researcher Award in Allied Health** for her research into physical activity in cancer patients. Dr Granger was also named one of the **ABC's Top 5 Scientists for 2018.**

Professor Jonathan Kalman AO, Director of Cardiac Electrophysiology, was elected **President of the Asia Pacific Heart Rhythm Society (APHRS).**

Professor Sharon Lewin, Director of The Peter Doherty Institute for Infection and Immunity, was made **Co-Chair of the International AIDS Society's Towards an HIV Cure initiative.**

Professor Helmut Butzkueven, Neurologist, won the **2017 Research Australia Data Innovation Award** for developing the world's largest Multiple Sclerosis database, MSBase.

Professor Jeff Szer AM was inducted as a **life member of the Haematology Society of Australia and New Zealand.**

Dr Kathryn Field, Clinical Scientist, was awarded the **2017 Picchi Award for Excellence in Cancer Research.**

Professor Kate Leslie AO, Anaesthetist, was presented with the **Doctor of Medical Science (Honoris Causa)** by the University of Melbourne's Faculty of Medicine, Dentistry and Health Sciences.

Associate Professor Peter Greenberg, Consultant Physician, was presented with the **Brownless Medal** by the University of Melbourne, awarded to an individual who exemplifies the highest ideals of medical education.

Lakmal Jayasinghe, Business Analyst, won the **Healthcare Financial Management Association's Rising Star Award.**

Dr Deborah Williamson was named the **2017 Australian Fellow in the L'Oreal-UNESCO for Women in Science Program** for her research into antibiotic resistance.

Silvana Petrevski, Social Worker, was awarded the inaugural **Dana Zilinskas Fellowship for 2018.**

Associate Professor Julie Miller, Endocrine Surgeon, was elected **President of the Asian Association of Endocrine Surgeons.**

Our **Medical Illustration team** won 12 awards for their medical photography and videography at the **Medical Photographers Biennial National Conference.**

Professor Dennis Velakoulis, Director Neuropsychiatry Unit at NWMH, was presented the **Ian Simpson Award** by the Royal Australian and New Zealand College of Psychiatrists for dedication to clinical care and research into complex neuropsychiatric disorders.

Professor Andrew Roberts was awarded the prestigious **Eric Susman Prize** by the Royal Australasian College of Physicians for best contribution to the knowledge of internal medicine.

Anna Collins, Research Fellow with the Parkville Integrated Palliative Care Service at the RMH, was awarded the **2018 Early Career Researcher Award** by the European Association for Palliative Care.

The following people were recognised in the 2018 Australia Day Honours:

Professor Jonathan Kalman AO was awarded an Officer of the Order of Australia for distinguished service to medicine, particularly to cardiac electrophysiology as a clinician and academic, and through roles with a range of national and international heart rhythm societies.

Emeritus Professor David Ames AO was awarded an Officer of the Order of Australia for distinguished service to psychiatry, particularly in the area of dementia and the mental health of older persons, as an academic, author and practitioner, and as an adviser to professional bodies.

Professor George Braitberg AM was awarded a Member of the Order of Australia for significant service to medical administration and emergency medicine, to education and health system design and to the community.

Associate Professor Nerina Harley AM was awarded a Member of the Order of Australia for significant service to medicine in the fields of intensive care and nephrology, as an administrator, and to medical research and education.

The following people were recognised in the 2018 Queen's Birthday Honours:

Professor Rinaldo Bellomo AO was awarded an Officer of the Order of Australia for distinguished service to intensive care medicine as a biomedical scientist and researcher, through infrastructure and systems development to manage the critically ill, and as an author.

Professor Frank Vajda AO was awarded an Officer of the Order of Australia for distinguished service to medical education in the field of clinical pharmacology and the genetics of epilepsy, and to the promotion of humanitarian values.

Board of Directors

The Board comprises up to nine independent non-executive directors.

The Directors are elected for a term of up to three years, and may be re-elected to serve for up to nine years.

The Board is accountable to the Minister for Health.

The Directors for 2017/18 were:

Mrs Linda Bardo Nicholls AO – Chair
Appointed to the Melbourne Health Board in May 2018

Mr Eugene Arocca
Appointed to the Melbourne Health Board in July 2016

Mrs Jane Bell (Acting Chair February - May)
Appointed to the Melbourne Health Board in July 2009

Mr Robert Doyle AC
Appointed to the Melbourne Health Board in July 2007 and resigned in February 2018

Ms Penelope Hutchinson
Appointed to the Melbourne Health Board in November 2015

Ms Angela Jackson
Appointed to the Melbourne Health Board in September 2015

Ms Jennifer Kanis
Appointed to the Melbourne Health Board in July 2016

Professor Shitij Kapur
Appointed to the Melbourne Health Board in December 2016

Associate Professor Harvey Newnham
Appointed to the Melbourne Health Board in August 2017

Mr Greg Tweedly
Appointed to the Melbourne Health Board in July 2016

Board Committees

The Board has established a number of sub-committees and advisory committees, which are also attended by members of the Melbourne Health Executive. The Chair is an ex officio of each committee.

Community Advisory Committee
Board membership:
Mrs Jane Bell (Chair) and Ms Jennifer Kanis and members of the community in which Melbourne Health operates.

Primary Care and Population Health Advisory Committee
Board membership:
Ms Jennifer Kanis (Chair), Dr Harvey Newnham.

Audit Committee
Board membership:
Ms Penny Hutchinson (Chair), Ms Jane Bell, Mr Greg Tweedly.

Finance Committee
Board membership:
Ms Angela Jackson (Chair), Mr Greg Tweedly, Mr Eugene Arocca.

Foundation Committee
Board membership:
Board Chair.

Clinical Governance and Improvement Committee (Quality Committee)
Board membership:
Mr Greg Tweedly (Chair), Dr Harvey Newnham, Ms Angela Jackson.

Remuneration Committee
Board membership:
Board Chair, Mrs Jane Bell, Ms Penny Hutchinson.

Melbourne Health Organisation Structure

As at 30 June 2018

Melbourne Health Board

Chief Executive
Professor Christine Kilpatrick

Director, *Strategic Communications & Media*
Melea Tarabay

Director, *IT Services*
Frank Devuono

General Counsel
Nic Thomas

Deputy Chief Executive / Chief Operating Officer **Mr Adam Horsburgh**	• Access • Allied Health • Capital Works • Cardiovascular, Renal & Endocrine Services	• Critical Care & Investigative Services • Health Information Services • Medicine & Community Care • Neurosciences, Cancer & Infection Medicine	• Outpatients • Project Management Office • Surgery, Perioperative, Trauma & Surgical Oncology
Executive Director ***Strategy, Quality & Improvement*** **Prof George Braitberg AM**	• Business Intelligence • Community Engagement	• Enterprise Risk Management • Guidance	• Quality, Improvement & Patient Experience • Strategy & Planning
Executive Director ***People & Culture*** **Ms Ellen Flint**	• Safety Culture Program • Employee Relations • Employee Services & Remuneration	• Health, Safety & Wellbeing • Learning & Organisational Development	• Recruitment Services • Workforce Planning
Executive Director ***Nursing Services*** **A/Prof Denise Heinjus**	• Clinical Policies & Procedures • Emergency Management Planning	• Nurse Bank • Nurse Education	• Nursing Workforce Unit • Professional Nursing Practice
Executive Director ***Finance & Logistics*** **Mr George Kapitelli**	• Contract Management • Commercial Operations • Facilities Management • Financial Performance & Analysis	• Financial Business Management • Financial Reporting & Auditing • Finance Services • Financial Systems	• Infrastructure Services • Procurement • Retail • Supply & Logistics • The Royal Melbourne Hospital Foundation
Executive Director ***Clinical Governance & Medical Services*** **Dr Cate Kelly**	• Health Sciences Library • Infection Prevention & Surveillance Service • Medical Education	• Medical Governance • Medical Workforce Unit • Medicolegal	• Staff Health Clinic • VICNISS • VIDRL
Executive Director ***NorthWestern Mental Health*** **A/Prof Ruth Vine**	• Aged Persons' Mental Health Program • Inner West AMHS^	• Mid West AMHS^ • Northern AMHS^	• North West AMHS^ • Orygen Youth Health
Executive Director ***Research*** **Prof Ingrid Winship**	• Business Development • Clinical Trials • Human Research Ethics Committee	• Melbourne EpiCentre • Research Advisory Council • Research Funding	• Research Governance • Research Grants • Research Staff

^Area Mental Health Service

Our Clinical Services

Allied Health
Aboriginal Health Services
Audiology
Clinical Nutrition
Facial Prosthetics
Music Therapy
Occupational Therapy
Pastoral Care
Physiotherapy & Exercise Physiology
Podiatry
Prosthetics & Orthotics
Psychology
Social Work
Speech Pathology
Transcultural & Interpreting Services

Cardiovascular, Renal & Endocrine Services
Bone Mineral Service
Cardiac Surgery
Cardiology
Diabetes
Diabetes Foot Service
Dialysis
Endocrinology
Metabolic Service
Nephrology
Renal Surgery
Renal Transplant
Thoracic Surgery
Vascular Surgery

Critical Care & Investigative Services
BreastScreen
Emergency
Imaging
Intensive Care Unit
Medical Illustration
Pharmacy
Organ Donation

Medicine & Community Care
Acute Medical Unit
Addiction Medicine
Aged Care Assessment Service
Case Management
Community Partnerships Unit
Community Therapy Services
Department of Aged Care
Gardenview House
General Medicine
Geriatric Evaluation and Management
Inpatient Units
Hospital Admission Risk Program
Hospital In The Home
In Reach
Rehabilitation
Respiratory Medicine & Sleep Disorders
Sub Acute Ambulatory Care Service
Transition Care Program

Neurosciences, Cancer & Infection Medicine
Bone Marrow Transplantation/ Haematology
Dermatology
Familial Cancer Centre/ Genetic Medicine
Immunology
Neurology
Neurosurgery
Ophthalmology
Palliative Care
Pathology
Rheumatology
Victorian Infectious Diseases Service

NorthWestern Mental Health
Assessment & Treatment Planning – Aged
Behavioural Assessment and Specialist Intervention Consultation Service (BASICS)
Centre of Excellence in Eating Disorders
Continuing Care Teams – Youth
Eating Disorders – Inpatients, Outpatients, Statewide Training and Education
Inpatient Treatment – Youth, Adult and Aged
Integrated Community Teams – Adult
Mental Health Triage Service
Neuropsychiatry – Inpatients & Outpatients
Prevention and Recovery Care (PARC) Services – Adult
Rehabilitation, Community Care Units, Secure Extended Care – Adult
Residential Care – Adult & Aged
Substance Use & Mental Health Treatment
Youth Access Teams – Youth

Surgery, Perioperative, Trauma & Surgical Oncology
Anaesthesia
Breast Service
Colorectal Medicine
Ear, Nose & Throat and Head & Neck Oncology
Gastroenterology
Oral & Maxillofacial
Orthopaedics
Pain Management
Perioperative Services
Plastics and Reconstructive Surgery
Special Surgery
Trauma
Urology

University of Melbourne Chairs
Cato Professor of Psychiatry
Professor Bernard Baune
Chair of Neuroscience
Professor Trevor Kilpatrick
Chair of Old Age Psychiatry
Professor Nicola Lautenschlager
Edgar Rouse Professor of Radiology
Professor Patricia Desmond
NHMRC Professorial Fellow (Cardiology)
Professor Jon Kalman
Professor of Adult Clinical Genetics
Professor Ingrid Winship
Professor of Aged Neurology
Professor Cassandra Szoeke
Professor of Clinical Epidemiology
Professor Sanjoy Paul
Professor of Gastrointestinal Oncology
Professor Alex Boussioutas
Professor of General Medicine & Aged Care
Professor Andrea Maier
Professor of Medicine
Professor Stephen Rogerson
Professor of Medicine
Professor Steven Collins
Professor of Medicine
Professor Mary Galea
Professor of Medicine (Endocrinology)
Professor John Wark
Professor of Medicine (Infectious Diseases)
Professor Bev Biggs
Professor of Neurology
Professor Mark Parsons
Professor of Neuropsychiatry
Professor Christos Pantelis
Professor of Psychiatry
Professor Dennis Velakoulis
Professor of Quantative Neuroimaging (Radiology)
Professor Roland Bammer
Professor of Radiology
Professor Peter Mitchell
Professor of Radiology
Professor Oliver Hennessy
Professor of Surgery
Professor Andrew Kaye
Professor of Surgery
Professor Christopher Hovens
Professor of Surgery
Professor Alistair Royse
Professor of Surgery
Professor Colin Royse
Professor of Translational Neuroscience
Professor Stephen Davis

Australian Catholic University Chair
Professor of Mental Health Nursing
Professor Kim Foster

La Trobe University Chairs
Professors of Allied Health
Professor Karen Willis
Professor Catherine Itsiopoulos
Associate Professor Anthony McGillion (Clinical Nursing Practice)

Significant Supporters

Trusts & Foundations
Circle of Latitude Foundation
Fight Cancer Foundation
The Angior Family Foundation
The Syd and Ann Wellard Perpetual Trust

Friends of RMH
Frew, Diana
Haynes OAM, Barbara
Lawrence, Marian
Montgomery AM OBE, Joan
Sherson, Susan
Weickhardt, Patricia

Community Fundraising
Bentley, Peter & Shantelle
Bessie, Glenda
Campania Sport & Social Club Inc
Chen, Melissa
Chinese Masonic Society
Doyle, Josh
Dry July Foundation
Family & Friends of Harry Keritz
Family & Friends of Joe Barbara
Family & Friends of Julian Richardson Simpson
Family & Friends of Madeleine Oakes
Family & Friends of Peter Atkinson
Fleming, Luke
Fleming, Matthew
Greek Senior Citizens Club of Gladstone Park & Tullamarine
Hamilton, Geoffrey & Jan
Jassal, Sunil
Matty's Soldiers
Melbourne Neuropsychiatry Centre
Mills Kitchen
Nguyen Family
Olive, Merryn
Otway Districts Football Club
Pearce, Luke
Penleigh and Essendon Grammar School
RMH Dialysis Support Group
Rotary Club of Kew
See Yup Society
Sunbury United Sporting Club
Taji, Sara
The Rangers Inc
Velakoulis, Dennis

Corporate Philanthropy
Major Contributors
Merz Australia Pty Ltd
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Academy Services
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Daniels Health
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DPM Financial Services
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FCG Property
First State Super
Healthscope Melbourne Private Hospital Pty Ltd
HealthSmart Pharmacy
IPSEN Pty Ltd
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Johnson & Johnson Pty Ltd
Mundipharma Pty Ltd
S.O. Asher Consultants Pty Ltd
Sanofi
Seqirus (Australia) Pty Ltd
Smartsalary
Summit Fleet Leasing and Management
Swingshift Nurses

Estates & Gifts in Will
Estate of Amelia Batten
Werge Batters Perpetual Charitable Fund
Louis Berner Charitable Trust
E C Blackwood Charitable Trust
Estate of Arthur Lindhurst Blannin
Estate of Evangelos Bolcos
Mary Evelyn Bowley Charitable Trust
Estate of Colin Archibald Campbell
Estate of Angelina Cardillo
Estate of Benjamin Champion
Estate of Henrietta Lucy Cherry
Estate of George Francis Crabb
Estate of Edward Davies
Estate of Alfred Herman William Dehnert
Estate of Dorothy Winifred Dike
Estate of Irene Daisy Dike
Estate of Ethel Mary Drummond
Grant Bequest
Anderson Gray Fund
Estate of George Lawrence Godfree
Estate of David Grills
Estate of Herbert William Hampton
Joseph Herman Charitable Trust
Estate of Donald Wallace Houston
Doris & Rupert Joseph Charitable Trust
Estate of Ernest John Kebby
Joseph Kronheimer Charitable Fund
John Lambrick Trust
William & Mary Levers & Sons Maintenance Fund
Martha Miranda Livingstone Fund
Mary MacGregor Trust
Estate of Charlotte Marshall
Estate of Harry Murray
Estate of George O'Hoy
Thomas B Payne Fund
Mr & Mrs Simon Rothberg Charitable Trust
Andrew James Schreuder Foundation
Albert Spatt Charitable Trust
John Henry James Symon Charitable Trust
Mary Symon Charitable Trust
Louis John Wahlers Trust Fund
Eliza Wallis Charitable Trust
Estate of Allan Watt & Chris Geyer
Ernest & Letitia Wears Memorial Trust
Haydn & Henrietta Williams Memorial Trust
Estate of Emily Vera Winder
Charles Wright Trust
Estate of Ephraim Yoffa

Major Contributors
Aguiar, Ofelia
Amarant, Roseanne
Antippa, Phillip
Australian Jewellery Liquidators
The Family of the Late Michael J Ball
Barrett, Timothy
Beal, John & Jocelyn
Benefield, John
Blakeney, Rodney
Bourke, Kevin
Bram, Arnold & Mary
Brookes, Andrew & Robina
Brown, Nikki
Bryer, Anthony
Bye, Damian
Cardale, Josephine
Carmody, Daniel
Cendo, Lily
Century 101 Pty Ltd
Charlton, Mervin
Chhetri, Geeta Thapa
Chua, Sean
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Cowie, Benjamin
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Elliott, Neville
Enders, Graeme
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Fincke, Shane
Fortunato, Luigia
Fox AC, Lindsay
Frew, John & Diana
Dominic & Anne Gallace Family Fund
Gerhard, Neil
Global Genealogy Pty Ltd
Goldsworthy, Kerry
Goode, Nancy
Grimaldi, Lynette
Guthrie Family Charitable Trust
Hansen, Jane
Harris, John
Haylaz, Meltem
Haynes OAM, Barbara
Henry, Miriam
Herft, Clair
Hooley, Doug
Howlett, Rachel
Johnson, Gillian
The Justin Foundation
Kagan, Mark & Sara
Kaufman, John
Koistinen, Jorma
LaManna, Pat
Lewis, Laura
Lightfoot, Paul
Lomax, Campbell
Long, Barbara
Loung, Jywei
Love, Cynthia
Ludski, Michael
McCall, I
The McNally Foundation
Mead, Jocelyn & Collin
Miller, Pamela
Mogford, Marlene
The Family of the Late Rosalie Mordech
Morgan, Hugh
Myer AC, Baillieu & Sarah
Nguyen, Ken
Nguyen, Namphuong
Nguyen, Phuc
Nguyen, Troung
J & M Nolan Family Trust
Noonan Family Foundation
O'Gorman, Christopher
Packenham, Donald
Perrotta, Filomena
Peters, Russell
Phan, Tran
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Rowland, Ken
Saliba, Carmen
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Sewell, Gregory & Anne
Skate, Wayne
Smith, Matt
Soderstrom, Carol
Southey AC, Marigold
Spring, Graham
Stewart, Larry
Tang, Cannary Yuen Shan
Tang, Chi
Thai, Binh
Theodore, Gary
Thomson, Peter
Tran, Thanh
Ursida, Carlo
Vuong, Kent
Wiesenfeld, David
Williams, Lloyd
Woolley, Stephen
Wu, Sue
Wynne, Richard

Occupational Health, Safety and Wellbeing

During 2017/18 Melbourne Health continued to build on the progress of projects from previous years, as well as implementing a number of new initiatives to ensure a safe working environment for our staff and improve staff health and wellbeing.

Manual handling remains a focus for the organisation with the continued training of staff, purchase of equipment and a Manual Handling Committee to oversee the ongoing implementation of initiatives. There has been a focus on purchasing equipment to meet the needs of bariatric patients for the safety of patients and staff.

Our Health and Wellbeing team have supported staff who have been exposed to emotionally traumatic events, providing psychological first aid and referral to ongoing debriefing and support through avenues such as our Melbourne Health Peer Support Program and the Employee Assistance Program.

Occupational violence and aggression (OVA) continues to be a significant issue across the healthcare sector and managing and preventing this issue remains a major focus for Melbourne Health. The Melbourne Health OVA committee is implementing and monitoring an OVA strategy through a range of initiatives, including staff training, workplace re-design and systems for managing aggressive patients. This work has led to increased reporting of instances of occupational violence and aggression through our internal reporting system and there are now new reporting guidelines in place to encourage staff to formally report serious OVA incidents to the police.

Our Health and Safety unit have also undertaken a review of management training with regards to occupational health and safety and will be commencing a new training program for all Melbourne Health managers over the next 12 months to improve knowledge of health and safety across the organisation.

Occupational Violence

Statistics	2017/18
WorkCover accepted claims with an occupational violence cause per 100 FTE.	**0.18**
Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked*	**1.14**
Number of occupational violence incidents reported.	**1775**
Number of occupational violence incidents reported per 100 FTE.	**26.7**
Percentage of occupational violence incidents resulting in a staff injury, illness or condition.	**23%**

*A focus for 2017/18 has been working with staff to improve data capture and incident reporting.

Definitions

For the purposes of these statistics the following definitions apply.

Occupational violence: Any incident where an employee is abused, threatened or assaulted in circumstances arising out of, or in the course of, their employment.

Incident: An event or circumstance that could have resulted in, or did result in, harm to an employee. Incidents of all severity rating must be included. Code Grey reporting is not included, however, if an incident occurs during the course of a planned or unplanned Code Grey, the incident must be included.

Accepted WorkCover claims: Accepted WorkCover claims that were lodged in 2017-18.

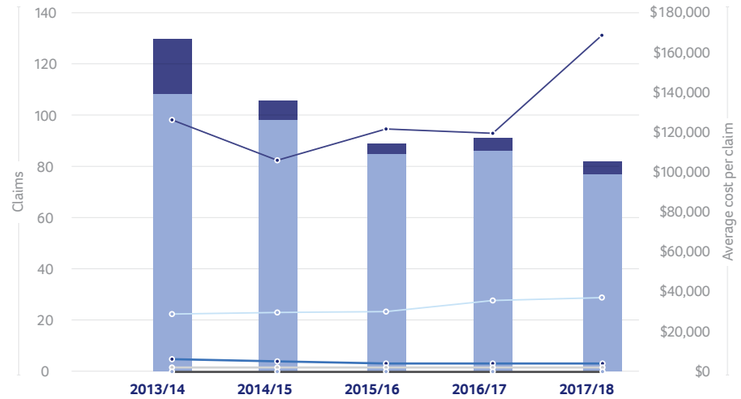
Lost time: Is defined as greater than one day.

Injury, illness or condition: This includes all reported harm as a result of the incident, regardless of whether the employee required time off work or submitted a claim.

WorkCover Performance 2013/14 to 2017/18

The number of Melbourne Health's WorkCover claims has reduced over the last three years, however, there has been a steady increase in our claim costs for the same period. The increases in claim costs are largely due to the severity of injuries sustained and the associated prolonged recovery time.

To support improved performance in the containment of claims costs, we will continue to focus on the early reporting of injuries, providing early support and improving return to work outcomes.



	2013/14	2014/15	2015/16	2016/17	2017/18
Minor	22	8	4	5	5
Standard	108	98	85	86	77
The average cost per claim for the year	$126,425	$105,832	$121,735	$120,092	$168,640
No. of reported incidents for the year per 100 FTE	22	23	23	28	29
No. of 'lost time' standard claims for the year per 100 FTE	1.66	1.51	1.31	1.32	1.18
Claim per $ Million of Remuneration	0.25	0.19	0.16	0.14	0.12
Claim cost per $ of Remuneration	0.03	0.02	0.02	0.02	0.02

Workforce Information

The following tables disclose the full-time equivalent (FTE) of all active employees of Melbourne Health as at June 2018 and year to date (YTD), with 2017 data shown for comparative purposes.

June current month FTE	2017	2018
Administration/Clerical	1,236.76	1,124.72
Allied Health	623.24	669.69
Hospital Medical Officers	565.29	573.52
Hotel and Allied Services	428.44	559.46
Medical	137.30	149.25
Medical Support	842.27	859.34
Nursing	2,740.17	2,879.83
Sessional Clinicians	261.13	274.36
Total	**6,834.60**	**7,090.17**

June YTD* FTE	2017	2018
Administration/Clerical	1,210.77	1,118.01
Allied Health	613.10	644.71
Hospital Medical Officers	544.46	558.42
Hotel and Allied Services	426.60	556.32
Medical	137.15	139.58
Medical Support	815.44	848.14
Nursing	2,665.15	2,771.82
Sessional Clinicians	256.23	266.96
Total	**6,668.90**	**6,903.96**

*YTD represents the average number of FTE throughout the year.

General Information

Carers Recognition Act 2012

Melbourne Health is committed to partnering with and empowering our patients and consumers. We understand that our patients and consumers, their families and carers need to play an active role in their own healthcare and in helping us improve the quality and safety of our services.

We take all practicable measures to ensure our employees and agents reflect the care relationship principles in developing, providing or evaluating support and assistance for persons in care relationships.

The Melbourne Health Respect and Partnerships in Care Strategy provides an organisation-wide framework describing our approach to embedding person-centred care and partnerships in our culture, decision making and treatment.

Recognising that everyone in the organisation has an impact on patient and consumer experience, a Partnering with Consumers education package, incorporating principles of cultural responsiveness and person-centred care, is mandatory for all Melbourne Health staff – both clinical and non-clinical. This learning tool draws particular attention to the needs of carers and families.

Melbourne Health reports on how we engage with our patients, consumers, their families and carers in the annual Quality Account. That report is available on our website at **thermh.org.au** and also is distributed in hardcopy throughout Melbourne Health and our service catchment area.

Freedom of Information

The *Freedom of Information Act 1982* provides a legally enforceable right of public access to information held by government agencies. All applications made to Melbourne Health under the *Freedom of Information Act 1982* were processed in accordance with that Act. Melbourne Health provides a report on these requests to the Freedom of Information Commissioner.

Applications and requests for information about making applications, under the Act can be made to:

Postal Applications:
Freedom of Information Officer
Health Information Services
PO Box 2155
ROYAL MELBOURNE HOSPITAL
Victoria 3050

Hand delivery:
Freedom of Information Officer
Health Information Services
The Royal Melbourne Hospital
City Campus
300 Grattan Street
PARKVILLE Victoria 3050

Telephone: (03) 9342 7781
Facsimile: (03) 9342 8008
Email: FOIrequest@mh.org.au

The cost of making an FOI application is $28.90, which increases annually. The total production cost varies according to the number and types of documents required. Application forms are available for download from our website at **thermh.org.au**.

More detailed information can also be found on our website at **thermh.org.au**, including how we manage FOI requests, publications, and other material that can be inspected by the public.

The majority of our FOI requests come from solicitors on behalf of patients, TAC, insurance companies and patients themselves. Smaller number of requests also come from media and government organisations.

Freedom of Information applications

Received during the year	2,828
In progress at the start of the year	178
Granted in full	1,978
Denied in part	213
Denied in full	3
Withdrawn/not proceeded with	262
In Progress	383
Transferred to another service	29
Transferred from another service	2
No record*	22

*No record refers to situations where an FOI request was received relating to a patient who did not attend Melbourne Health.

Privacy

Melbourne Health is committed to protecting the privacy of its patients and clients. The organisation is required by law to protect personal and confidential information such as information about an individual's health and other personal details. Melbourne Health complies with all applicable legislation relating to confidentiality and privacy, including, where relevant, the *Health Services Act*, *Mental Health Act* and the *Health Records Act*. Melbourne Health's Privacy Policy is available to all staff on the Melbourne Health intranet site and available to the public in hardcopy. Melbourne Health adheres to the Department of Health's privacy policy which can be accessed online at **thermh.org.au**.

Protected Disclosure Act 2012

Melbourne Health is committed to extend the protections under the *Protected Disclosure Act 2012* (Vic) to individuals who make protected disclosures under that Act or who cooperate with investigations into protected disclosures. The procedure and brochure are available to all staff on the Melbourne Health intranet site and to the public at **thermh.org.au**.

Merit and Equity Principles

Merit and equity principles are encompassed in all employment and diversity management activities throughout Melbourne Health. Melbourne Health is an equal opportunity employer and is committed to providing for its employees a work environment which is free of harassment or discrimination together with an environment that is safe and without risk to health. Melbourne Health's employees are committed to our values and behaviours as the principles of employment and conduct. Melbourne Health promotes cultural diversity and awareness in the workplace.

Competitive Neutrality

Melbourne Health continues to comply with the Victorian Government's Competitive Neutrality Policy. In addition, the Victorian Government's Competitive Neutrality pricing principles have been applied by Melbourne Health from 1 July 2000 for all relevant business activities.

Safe Patient Care Act 2015

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

Victorian Industry Participation Policy Act 2003

Melbourne Health complies with the intent of the *Victorian Industry Participation Policy Act 2003*. The aim of this legislation is to expand market opportunities to Victorian, and Australian organisations and therefore promote employment and business growth in the State.

For tenders and resulting contracts with a value of $3 million or more, Melbourne Health applies VIPP specific evaluation criteria.
These criteria assess:

- Level of local content
- Number of newly created or existing jobs retained
- Training, skills development and technology transfer.

The assessment of these criteria in conjunction with other tender specific assessment criteria leads to the selection of the best possible product and service for the expenditure. It also ensures those organisations that provide quality local products and/or services are recognised and promoted as per the policy.

Within the past 12 months, Melbourne Health commenced two metropolitan based contracts for which the VIPP applied. Both contracts were registered with the Industry Capability Network (ICN).

- The provision of IT Infrastructure equipment valued at $12,000,000
- The provision of RMH Home Lottery building services valued at $19,800,000

Building Act 1993

As required under the *Building Act 1993*, Melbourne Health capital work projects have obtained Building Permits for new projects and Certificates of Occupancy or Certificates of Final Inspection for all completed projects. In addition to compliance with the Act, Melbourne Health capital works also seek compliance with other regulatory bodies such as the Australasian Health Facility Guideline and the Victorian Department of Health and Human Services Fire Risk Management Guidelines.

Registered Building Practitioners have been involved with all new building works projects and were supervised by either the relevant Construction Manager in liaison with Melbourne Health Capital Projects and/or Independent Project Managers.

Each building practitioner has supplied the required Building Registration Number.

Building contractors include:

- Alchemy
- Kane Construction
- Arete Australia Pty Ltd
- Davenport & Harrison Pty Ltd
- MAW Building and Maintenance
- Dovagate
- DNA Co
- Pirotta

Building certified for approved design phase or under construction:

RMH City Campus

- Stroke Unit
- Emergency Department Triage Desk reconfiguration
- Critical Infrastructure Upgrade Works
- 4th CT Installation
- New Mammography Facility
- MRI upgrade
- Theatre 15
- 3rd Cath Lab
- Relocation of Day Cardiology
- Relocation of Cardiology Diagnostics
- Refurbishment of Facial Prosthetics
- New RO plant for CSSD
- VCCC north side additional works
- Nuclear Medicine SPECT replacement
- 7 West Palliative Care Stage 1 Works
- Theatre 14 light replacement
- 3 Centre Office Reconfiguration

NorthWestern Mental Health

- Broadmeadows Low Dependency Unit Upgrade
- CCU Kitchen Upgrades
- Emergency Department Crisis Hub
- Additional mental health beds

Environmental performance

In 2017/18 we diverted 102 tonnes of food waste from landfill, reducing greenhouse gas emissions by 195 tonnes – the equivalent to taking almost 50 cars off the road for a year.

We commenced recycling of single use steel instruments in September 2017 and have recycled over 200 kilograms of instruments so far.

We also introduced a Green Champion online community in August 2017 to enable staff to collaborate and network across areas, share ideas and support sustainable change at Melbourne Health.

To promote our two new secure, undercover bike cages we held a Green Commute Week in October 2017, which encouraged staff to take sustainable transport methods to and from work.

For more detailed information about our environmental performance, please view our annual Sustainability Report which will be available in October 2018 at **thermh.org.au**.

Car parking fees

Melbourne Health complies with the DHHS hospital circular on car parking fees and details of car parking fees and concession benefits can be viewed at **thermh.org.au/parking**.

In 2017/18 there has been no changes to public car parking fees, which includes all reduced parking rates for regular visitors and all concessional rates categories.

We have paid particular attention over the past 12 months to ensure our concession car parking rates are well publicised through signage and our intranet and website. This has seen an overall increase of 36.7% in the number of concessional validation tickets issued to mitigate the financial impact of car park fees on vulnerable patients.

Additional information

Details in respect to the items listed below have been retained by Melbourne Health and are available to the relevant Ministers, Members of Parliament and the public upon request (subject to the Freedom of Information requirements, if applicable):

a. A statement of pecuniary interest;

b. Details of shares held by senior officers as nominee or held beneficially in a statutory authority or subsidiary;

c. Details of publications produced by Melbourne Health about our activities and where they can be obtained;

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

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

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

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

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

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

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

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

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

Information and Communication Technology (ICT) expenditure

The total ICT expenditure incurred during 2017/18 is $23.868 million (excluding GST) with the details shown below:

Details of Information and Communication Technology (ICT) expenditure ($ million)

Business As Usual (BAU) ICT expenditure (Total)	Non-Business As Usual (non-BAU) ICT expenditure *(Total=Operational expenditure and Capital Expenditure)*	Operational expenditure	Capital expenditure
$17.623m (excluding GST)	$6.244m (excluding GST)	$0m (excluding GST)	$6.244m (excluding GST)

Consultancies

Details of consultancies (under $10,000)

In 2017/18, there were two consultancies where the total fees payable to the consultants were less than $10,000. The total expenditure incurred during 2017/18 in relation to these consultancies is $8,764 (excl. GST).

Details of consultancies (valued at $10,000 or greater)

In 2017/18, there were four consultancies where the total fees payable to the consultants were $10,000 or greater. The total expenditure incurred during 2017/18 in relation to these consultancies is $91,052 (excl. GST).

Details are provided below:

Consultant	Purpose of Consultancy:	Start Date:	End Date:	Total Approved Project Fee (exc. GST):	Expenditure 2017/18 (exc. GST):	Future Expenditure (exc. GST):
Pulse Logistics Systems Pty Ltd	Warehouse Management System - Implementation Planning Study	01/07/2018	30/06/2018	34	34	-
Fenton Strategic Communications Pty Ltd	Cultural Transformation Project Communications Strategy	01/07/2018	30/06/2018	31	31	-
Oban Consulting Pty Ltd	Haematology Service Review	01/07/2018	30/06/2018	15	15	-
The Centre for Blood Diseases Pty Ltd	Haematology Service Review	01/07/2018	30/06/2018	12	12	-

Financial Summary

The key financial performance measure monitored by Department of Health and Human Services and Melbourne Health Management is the "Net Result before capital and specific items".

In 2017/18 Melbourne Health achieved a small surplus result of $35 thousands (consolidated result $1 million surplus) which compares favourably with the budgeted Statement of Priorities breakeven target. Melbourne Health achieved a surplus Net Result of $19.8 million which compares favourably with a deficit Net Result of $12.7 million in 2016/17. The reason for this improved Net Result is the increase in capital grants received during 2017/18, mainly for the Orygen Youth Health Clinical Program and the Connecting Care Electronic Medical Record (EMR) Program.

	2018 ($'000)	2017 ($'000)	2016 ($'000)	2015 ($'000)	2014 ($'000)
Total Revenue	1,140,843	1,076,114	1,013,192	965,346	913,535
Total Expenses	1,139,841	1,075,840	1,015,998	966,876	913,236
Net Result before capital and specific items **Operating Result*	**1,002**	**274**	**(2,806)**	**(1,530)**	**299**
Capital and Specific Items	18,808	(12,956)	(23,382)	(26,717)	3,654
Net Result for the Year	**19,810**	**(12,682)**	**(26,188)**	**(28,247)**	**3,953**
Retained Surplus / (Deficit)	(146,596)	(207,106)	(192,533)	(160,596)	(127,979)
Total Assets	1,004,884	881,087	849,596	807,832	793,388
Total Liabilities	380,964	340,800	298,610	273,301	284,534
Net Assets	623,920	540,286	550,986	534,531	508,854
Total Equity	623,920	540,286	550,986	534,531	508,854

**The Operating result is the result for which the hospital is monitored in its Statement of Priorities also referred to as the Net result before capital and specific items.*

Key Financial and Service Performance Reporting

Statement of Priorities

The Statement of Priorities is the key accountability agreement between Melbourne Health and the Minister for Health. This annual agreement ensures delivery of, or substantial progress towards, the key shared objectives of financial viability, improved access and quality of service provision.

Part A: Strategic Priorities for 2017/18

Goals	Strategies	Health Service Deliverables	Outcome
Better Health • A system geared to prevention as much as treatment • Everyone understands their own health and risks • Illness is detected and managed early • Healthy neighbourhoods and communities encourage healthy lifestyles	**Better Health** • Reduce statewide risks • Build healthy neighbourhoods • Help people to stay healthy • Target health gaps	Launch and complete a new suicide prevention program for all NorthWestern Mental Health community staff.	✓ **Achieved.** Suicide prevention program fully implemented across NWMH community staff.
		Implement the Melbourne Health Occupational Violence and Aggression Framework and action plan.	✓ **Achieved.** Multi-year implementation plan progressing well with broad engagement across the organisation and prioritised activities achieved for year one.
		Conduct research for the early detection of lung cancer using computerised axial tomography imagery in high risk individuals (current and former smokers) and enable earlier treatment.	✓ **Achieved.** Year one of the two year study has 258 patients enrolled and 4 patients have had early diagnosis and treatment of cancer.
		Implement a plan to improve support mechanisms for the mental health consumer and carer peer support workforce.	✓ **Achieved.** Peer support supervision framework now in place.
Better Access • Care is always there when people need it • More access to care in the home and community • People are connected to the full range of care and support they need • There is equal access to care	**Better Access** • Plan and invest • Unlock innovation • Provide easier access • Ensure fair access	Connect patients to care when they need it through the development of a financially sustainable virtual fracture clinic model.	✓ **Achieved.** The project found 44% of patients did not require a face-to-face follow up appointment and the model will continue.
		Support more access to care in the home by expanding the capacity and breadth of the Hospital in the Home model and increase total throughput by at least 10%.	✓ **Achieved.** 94% occupancy of Hospital in the Home, up from 84% in 2016/17.
		Collaborate with Better Care Victoria for the Specialist Clinics Partnership.	✓ **Achieved.** Urgent referrals to specialist clinics seen within 30 days increased to 97.7% in June 2018.
		Increase telehealth use (appointments and inter-hospital clinical consultation) by 10% to ensure equal accessibility to specialist services.	✓ **Achieved.** 400% increase in telehealth appointments from 147 in 16/17 to 623 in 17/18.

Part A: Strategic Priorities for 2017/18 *continued*

Goals	Strategies	Health Service Deliverables	Outcome
Better Care • Target zero avoidable harm • Healthcare that focusses on outcomes • Patients and carers are active partners in care • Care fits together around people's needs	**Better Care** • Put quality first • Join up care • Partner with patients • Strengthen the workforce • Embed evidence • Ensure equal care	Increase the rate of Venous Thromboembolism risk screening from 72% to 85% to reduce avoidable harm.	✓ **In progress.** Further investigation into specificity of audit required as screening rates do not correlate with prophylaxis prescription and patient outcomes.
		Complete the rollout of the Sepsis Pathway to reduce sepsis related mortality from 12.9% to less than 8%.	✓ **Achieved.** Reduction of sepsis related mortality from 12.9% to 6.7%, reduction of length of stay from 7 days to 4 days, decrease in ICU admissions from 25.4% to 8.8%, reduction in time to antibiotic therapy from 120.5 minutes to 58 minutes.
		Partner with Ambulance Victoria to establish a mobile stroke unit to improve stroke outcomes.	✓ **Achieved.** Stroke ambulance service is operational as planned.
Better Care	**Mandatory actions against the 'Target zero avoidable harm' goal:** Develop and implement a plan to educate staff about obligations to report patient safety concerns.	Increase staff completion rate for "*Speaking up for patient safety*" training from 62% to 75%.	✓ **Achieved.** 85% of staff have attended "*Speaking up for patient safety*" training.
	In partnership with consumers, identify 3 priority improvement areas using Victorian Healthcare Experience Survey data and establish an improvement plan for each. These should be reviewed every 6 months to reflect new areas for improvement in patient experience.	Develop and implement a plan to improve patient experience of discharge (Victorian Healthcare Experience Survey – Transition index) from an annual rate of 75% to 80%.	✗ **Not achieved.** A detailed quality plan is being implemented to focus on improving the consumer's experience of care.
		Improve patient experience of discharge from the Emergency Department as part of a broader Emergency Department discharge strategy: a. Home situation considered when leaving ED from 40.5% to 55%. b. Not being delayed when leaving ED from 83.5% to 92%.	✓ **In progress.** Performance varies across the year. A detailed quality plan is being implemented to focus on improving the consumer's experience of care. a. Not achieved. b. Achieved.
		Improve consumer satisfaction with cleanliness of Emergency Department facilities from 33% to 55%.	✗ **Not achieved.** In 2018/19 there will be a strong focus on improving cleaning performance.

Part B: Key Performance Indicators

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	✓ **Achieved**
Compliance with the Commonwealth's Aged Care Accreditation Standards	Full compliance	✓ **Achieved**
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	80%	84.8%
Percentage of healthcare workers immunised for influenza	75%	80.7%
Patient experience		
Victorian Healthcare Experience Survey – data submission	Full compliance	✓ **Achieved**
Victorian Healthcare Experience Survey – positive patient experience – Quarter 1	95% positive experience	96%
Victorian Healthcare Experience Survey – positive patient experience – Quarter 2	95% positive experience	88.3%
Victorian Healthcare Experience Survey – positive patient experience – Quarter 3	95% positive experience	85.1%
Victorian Healthcare Experience Survey – discharge care – Quarter 1	75% very positive experience	76%
Victorian Healthcare Experience Survey – discharge care – Quarter 2	75% very positive experience	81%
Victorian Healthcare Experience Survey – discharge care – Quarter 3	75% very positive experience	59.5%
Victorian Healthcare Experience Survey - perception of cleanliness – Quarter 1	70%	62%
Victorian Healthcare Experience Survey - perception of cleanliness – Quarter 2	70%	64.3%
Victorian Healthcare Experience Survey - perception of cleanliness – Quarter 3	70%	55.3%
Healthcare associated infections (HAI's)		
Number of patients with surgical site infection	No outliers	✓ **Achieved**
Number of patients with ICU central-line - associated bloodstream infection (CLABSI)	Nil	✕ **Not achieved**
Rate of patients with SAB[1] per occupied bed day	≤ 1/10,000	✓ **Achieved**
Adverse events		
Number of sentinel events	Nil	✕ **Not achieved**
Mortality – number of deaths in low mortality DRGs[2]	Nil	**N/A**[3]
Mental Health		
Percentage of adult acute mental health inpatients who are readmitted within 28 days of discharge	14%	14%
Rate of seclusion events relating to a mental health acute admission – all age groups	≤ 15/1,000	10/1,000
Rate of seclusion events relating to a child and adolescent acute mental health admission	≤ 15/1,000	13/1,000

1 SAB is Staphylococcus Aureus Bacteraemia
2 DRG is Diagnosis Related Group
3 This indicator was withdrawn during 2017/18 and is currently under review by the Victorian Agency for Health Information

Part B: Key Performance Indicators *continued*

High quality and safe care

Key performance indicator	Target	2017/18 result
Rate of seclusion events relating to an adult acute mental health admission	≤ 15/1,000	13/1,000
Rate of seclusion events relating to an aged acute mental health admission	≤ 15/1,000	1/1,000
Percentage of child and adolescent acute mental health inpatients who have a post- discharge follow-up within seven days	75%	89%
Percentage of adult acute mental health inpatients who have a post-discharge follow-up within seven days	75%	90%
Percentage of aged acute mental health inpatients who have a post-discharge follow-up within seven days	75%	92%
Continuing Care		
Functional independence gain from an episode of GEM[3] admission to discharge relative to length of stay	≥ 0.39	0.65
Functional independence gain from an episode of rehabilitation admission to discharge relative to length of stay	≥ 0.645	1.12

3 GEM is Geriatric Evaluation and Management

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%	90%
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%	94%
People matter survey – percentage of staff with a positive response to the question, "*Patient care errors are handled appropriately in my work area*"	80%	94%
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%	90%
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%	87%
People matter survey – percentage of staff with a positive response to the question, "*Management is driving us to be a safety-centred organisation*"	80%	92%
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%	84%
People matter survey – percentage of staff with a positive response to the question, "*Trainees in my discipline are adequately supervised*"	80%	86%
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%	91%

Part B: Key Performance Indicators *continued*

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%	80.6%
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%	71.1%
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%	68.7%
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%	81.5%
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	Achieved ≤ 15% proportional improvement from prior year
Number of patients on the elective surgery waiting list[4]	2,500	2,465
Number of hospital initiated postponements per 100 scheduled elective surgery admissions	≤ 8%	6.3%
Number of patients admitted from the elective surgery waiting list	9,550	9,746
Specialist clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	88.5%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	95.8%

4 the target shown is the number of patients on the elective surgery waiting list as at 30 June 2018

Effective financial management

Key performance indicator	Target	2017/18 result
Finance		
Operating result ($m)	0.00	0.03
Average number of days to paying trade creditors	60 days	53
Average number of days to receiving patient fee debtors	60 days	75
Public and Private WIES[5] activity performance to target	100%	95.5%
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	0.94
Number of days of available cash	14 days	5

5 WIES is a Weighted Inlier Equivalent Separation

Part C: Activity and funding

2017/18 Activity Achievement

Funding type	2017/18 Activity Achievement
Acute Admitted	
WIES Public	66,027
WIES Private	15,934
WIES DVA	394
WIES TAC	5,563
Acute Non-Admitted	
Home Enteral Nutrition	834
Home Renal Dialysis	118
Specialist Clinics - Public	122,175
Total Perinatal Nutrition	143
Subacute & Non-Acute Admitted	
Subacute WIES - Rehabilitation Public	663
Subacute WIES - Rehabilitation Private	162
Subacute WIES - GEM Public	1,685
Subacute WIES - GEM Private	408
Subacute WIES - Palliative Care Public	208
Subacute WIES - Palliative Care Private	47
Subacute WIES - DVA	38
Transition Care - Bed days	10,362
Transition Care - Home days	12,058
Aged Care	
Residential Aged Care	22,668
Mental Health and Drug Services	
Mental Health Ambulatory	252,938
Mental Health Inpatient - Available bed days	75,041
Mental Health Inpatient - Secure Unit	9,238
Mental Health Residential	21,054
Mental Health Service System Capacity	0
Mental Health Subacute	33,461
Other	
Health Workforce	376

Attestations

Attestation on Data Integrity

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

Professor Christine Kilpatrick
Chief Executive

Melbourne
17 August 2018

Attestation on Conflict of Interest

I, Christine Kilpatrick, certify that Melbourne Health has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of hospital circular 07/2017 *Compliance reporting in health portfolio entities* (Revised) and has implemented a 'Conflict of Interest' policy consistent with the minimum accountabilities required by the VPSC. Declaration of private interest forms have been completed by all executive staff within Melbourne 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.

Professor Christine Kilpatrick
Chief Executive

Melbourne
17 August 2018

Attestation on compliance with Health Purchasing Victoria (HPV) Health Purchasing Policies

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

Professor Christine Kilpatrick
Chief Executive

Melbourne
17 August 2018

Attestation on Financial Management Compliance

I, Linda Bardo Nicholls AO, on behalf of the Board, certify that Melbourne Health has complied with the applicable Standing Directions of the Minister for Finance under the *Financial Management Act 1994* and Instructions.

Linda Bardo Nicholls AO
Board Chair

Melbourne
17 August 2018

Disclosure Index

The annual report of Melbourne 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.

Financial Statements

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

The attached financial statements for Melbourne 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 Melbourne 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 date.

Linda Bardo Nicholls AO
Board Chair

Melbourne
17 August 2018

Professor Christine Kilpatrick
Chief Executive

Melbourne
17 August 2018

Mr George Kapitelli
Executive Director Finance & Logistics

Melbourne
17 August 2018

Independent Audit Report

Independent Auditor's Report

To the Board of Melbourne Health

Opinion

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

- consolidated entity and health service balance sheets as at 30 June 2018
- consolidated entity and health service comprehensive operating statements for the year then ended
- consolidated entity and health service statements of changes in equity for the year then ended
- consolidated entity and health service cash flow statements for the year then ended
- notes to the financial statements, including significant accounting policies
- board member's, accountable officer's and chief finance & accounting officer's declaration.

In my opinion, the financial report presents fairly, in all material respects, the financial positions of the consolidated entity and the health service as at 30 June 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 and the consolidated entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Board's responsibilities for the financial report

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

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

Level 31 / 35 Collins Street, Melbourne Vic 3000
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Independent Audit Report (continued)

Auditor's responsibilities for the audit of the financial report

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

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

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

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

MELBOURNE
20 August 2018

Ron Mak
as delegate for the Auditor-General of Victoria

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Melbourne Health

Comprehensive Operating Statement
For the Financial Year Ended 30 June 2018

	Note	Parent Entity 2018 $'000	Parent Entity 2017 $'000	Consolidated 2018 $'000	Consolidated 2017 $'000
Revenue from Operating Activities	2.1	1,102,978	1,040,712	1,104,375	1,041,226
Revenue from Non-Operating Activities	2.1	8,008	7,801	8,042	7,832
Revenue from Inter Hospital Inventory Sale	2.1	28,425	27,057	28,425	27,057
Employee Expenses	3.1	(810,646)	(756,017)	(810,888)	(756,159)
Non Salary Labour Costs	3.1	(18,220)	(17,030)	(18,220)	(17,030)
Supplies and Consumables	3.1	(169,306)	(167,684)	(169,306)	(167,684)
Other Expenses	3.1	(112,779)	(107,733)	(113,001)	(107,910)
Expenses from Inter Hospital Inventory Purchase	3.1	(28,425)	(27,057)	(28,425)	(27,057)
Net Result Before Capital and Specific Items		**35**	**49**	**1,002**	**275**
Capital Purpose Income	2.1	89,417	40,403	89,417	40,403
Depreciation and Amortisation	3.1, 4.3	(54,436)	(52,334)	(54,438)	(52,336)
Expenditure using Capital Purpose Income	3.1	(7,941)	(3,921)	(7,941)	(3,921)
Assets Provided Free of Charge	3.3	(3,674)	-	(3,674)	-
Net Result After Capital and Specific Items		**23,401**	**(15,803)**	**24,366**	**(15,579)**
Other Economic Flows Included in Net Result					
Net Gain/(Loss) on Non-Financial Assets	8.7	(357)	(303)	(357)	(303)
Net Gain/(Loss) on Financial Instruments	8.7	(3,363)	(2,840)	(3,363)	(2,840)
Other Gains/(Losses) from Other Economic Flows	8.7	(836)	6,041	(836)	6,041
Total Other Economic Flows Included in Net Result		**(4,556)**	**2,898**	**(4,556)**	**2,898**
NET RESULT FOR THE YEAR		**18,845**	**(12,905)**	**19,810**	**(12,681)**
Other Comprehensive Income					
Changes in Property, Plant and Equipment Revaluation Surplus	8.1	63,823	247	63,823	247
Total Other Comprehensive Income		**63,823**	**247**	**63,823**	**247**
COMPREHENSIVE RESULT FOR THE YEAR		**82,668**	**(12,658)**	**83,633**	**(12,434)**

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

Melbourne Health

Balance Sheet
As at 30 June 2018

	Note	Parent Entity 2018 $'000	Parent Entity 2017 $'000	Consolidated 2018 $'000	Consolidated 2017 $'000
Current Assets					
Cash and Cash Equivalents	6.2	106,109	65,445	107,695	66,012
Receivables	5.1	71,300	74,862	71,307	74,864
Inventories	5.2	8,226	7,926	8,226	7,926
Prepayments and Other Assets	5.4	45,323	38,170	45,424	38,174
Total Current Assets		**230,958**	**186,403**	**232,652**	**186,976**
Non-Current Assets					
Receivables	5.1	26,903	22,681	26,903	22,681
Investments and Other Financial Assets	4.1	1,301	1,154	1	1
Property, Plant & Equipment	4.2	727,224	657,204	727,235	657,206
Intangible Assets	4.4	16,331	14,223	16,338	14,223
Total Non-Current Assets		**771,759**	**695,262**	**770,477**	**694,111**
TOTAL ASSETS		**1,002,717**	**881,665**	**1,003,129**	**881,087**
Current Liabilities					
Payables	5.5	113,759	103,537	113,037	102,795
Borrowings	6.1	1,627	412	1,627	412
Provisions	3.4	224,100	198,947	224,111	198,958
Other Liabilities	5.3	2,873	1,780	2,873	1,780
Total Current Liabilities		**342,359**	**304,676**	**341,648**	**303,945**
Non-Current Liabilities					
Borrowings	6.1	4,548	6,049	4,548	6,049
Provisions	3.4	33,004	30,801	33,014	30,807
Total Non-Current Liabilities		**37,552**	**36,850**	**37,562**	**36,856**
TOTAL LIABILITIES		**379,911**	**341,526**	**379,210**	**340,801**
NET ASSETS		**622,806**	**540,139**	**623,919**	**540,286**
EQUITY					
Property, Plant & Equipment Revaluation Surplus	8.1a	396,452	332,629	396,452	332,629
Financial Asset Available for Sale Revaluation Surplus		(272)	(272)	-	-
Restricted Specific Purpose Surplus	8.1a	218	41,393	569	41,269
Contributed Capital	8.1b	373,494	373,494	373,494	373,494
Accumulated Surpluses/(Deficits)	8.1c	(147,086)	(207,105)	(146,596)	(207,106)
TOTAL EQUITY		**622,806**	**540,139**	**623,919**	**540,286**

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

Melbourne Health

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

Consolidated	Note	Property, Plant & Equipment Revaluation Surplus $'000	Financial Asset Available for Sale Revaluation Surplus $'000	Restricted Specific Purpose Surplus $'000	Contributions by Owners $'000	Accumulated Surpluses/ (Deficits) $'000	Total $'000
Balance at 1 July 2016		**332,382**	**-**	**39,377**	**371,760**	**(192,533)**	**550,986**
Net result for the year	8.1c	-	-	-	-	(12,681)	(12,681)
Other comprehensive income for the year	8.1a	247	-	-	-	-	247
Transfer to contributed capital	8.1b	-	-	-	1,734	-	1,734
Transfer from/(to) accumulated surplus	8.1a,c	-	-	1,892	-	(1,892)	-
Balance at 30 June 2017		**332,629**	**-**	**41,269**	**373,494**	**(207,106)**	**540,286**
Net result for the year	8.1c	-	-	-	-	19,810	19,810
Other comprehensive income for the year	8.1a	63,823	-	-	-	-	63,823
Transfer from/(to) accumulated surplus	8.1a,c	-	-	(40,700)	-	40,700	-
Balance at 30 June 2018		**396,452**	**-**	**569**	**373,494**	**(146,596)**	**623,919**

Parent	Property, Plant & Equipment Revaluation Surplus $'000	Financial Asset Available for Sale Revaluation Surplus $'000	Restricted Specific Purpose Surplus $'000	Contributions by Owners $'000	Accumulated Surpluses/ (Deficits) $'000	Total $'000
Balance at 1 July 2016	**332,382**	**(272)**	**39,724**	**371,760**	**(192,531)**	**551,063**
Net result for the year	-	-	-	-	(12,905)	(12,905)
Other comprehensive income for the year	247	-	-	-	-	247
Transfer to contributed capital	-	-	-	1,734	-	1,734
Transfer from/(to) accumulated surplus	-	-	1,669	-	(1,669)	-
Balance at 30 June 2017	**332,629**	**(272)**	**41,393**	**373,494**	**(207,105)**	**540,139**
Net result for the year	-	-	-	-	18,845	18,845
Other comprehensive income for the year	63,823	-	-	-	-	63,823
Transfer from/(to) accumulated surplus	-	-	(41,175)	-	41,174	(1)
Balance at 30 June 2018	**396,452**	**(272)**	**218**	**373,494**	**(147,086)**	**622,806**

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

Melbourne Health

Cash Flow Statement
For the Financial Year Ended 30 June 2018

	Note	Parent Entity 2018 $'000	Parent Entity 2017 $'000	Consolidated 2018 $'000	Consolidated 2017 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Grants from Government		888,943	810,637	888,943	810,637
Capital Grants from Government		79,832	39,829	79,832	39,829
Patient and Resident Fees Received		42,242	54,501	42,242	54,501
Private Practice Fees Received		35,275	33,183	35,275	33,183
Donations and Bequests Received		5,150	4,231	5,150	4,231
GST Received from/(paid to) ATO		31,181	28,890	31,186	28,890
Interest Received		2,010	1,819	2,043	1,850
Other Capital Receipts		2,494	357	2,494	357
External Recoveries		31,440	30,560	31,440	30,560
Other Receipts		122,330	104,708	153,070	133,305
Total Receipts		***1,240,897***	***1,108,715***	***1,271,675***	***1,137,343***
Employee Expenses Paid		(783,524)	(732,329)	(783,762)	(732,504)
Non Salary Labour Costs		(18,455)	(16,914)	(18,455)	(16,914)
Payments for Supplies & Consumables		(172,041)	(170,162)	(199,493)	(196,205)
Other Payments		(159,971)	(139,740)	(162,173)	(141,988)
Total Payments		***(1,133,991)***	***(1,059,145)***	***(1,163,883)***	***(1,087,611)***
NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES	8.2	**106,906**	**49,570**	**107,792**	**49,732**
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for Non-Financial Assets		(66,810)	(42,033)	(66,826)	(42,029)
Purchase of Investments		(147)	(145)	-	-
Proceeds from sale of Non-Financial Assets		36	-	36	-
NET CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES		**(66,921)**	**(42,178)**	**(66,790)**	**(42,029)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from Borrowings		-	4,850	-	4,850
Repayment of Borrowings		(412)	(23)	(412)	(23)
Contributed Capital from Government		-	1,734	-	1,734
NET CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES		**(412)**	**6,561**	**(412)**	**6,561**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD		**39,573**	**13,953**	**40,590**	**14,264**
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		**63,665**	**49,712**	**64,232**	**49,968**
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	6.2	**103,238**	**63,665**	**104,822**	**64,232**

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

Note 1: Basis of presentation

These annual financial statements represent the audited general purpose financial statements for Melbourne Health for the period ending 30 June 2018. The purpose of the report is to provide users with information about the Health Services' stewardship of resources entrusted to it.

These financial statements are presented 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 the preparation of 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,* contribution 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 hospital.

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.

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. 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 applying the application of AASB that have significant effect on the financial statements and estimates are disclosed in the notes under the heading: 'Significant judgement or estimates'.

(a) Statement of compliance

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

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

Melbourne Health is a not-for-profit entity and therefore applies the additional Australian paragraphs applicable to "not-for-profit" entities under the AASBs.

The annual financial statements were authorised for issue by the Board of Melbourne Health on 17th August 2018.

(b) Reporting Entity

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

Its principal address is:

c/o The Royal Melbourne Hospital
Grattan Street, Victoria 3050.

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 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 8.11 Economic Dependency).

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

All amounts shown in the financial statements have been rounded to the nearest thousand dollars unless otherwise stated.

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.

In the application of AASBs management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis.

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

In accordance with AASB 10 *Consolidated Financial Statements:*

- The consolidated financial statements of Melbourne Health incorporates the assets and liabilities of all entities controlled by Melbourne Health as at 30 June 2018 and their income and expenses for that part of the reporting period in which control existed.
- The consolidated financial statements exclude bodies of Melbourne Health that are not controlled by Melbourne Health, and therefore are not consolidated.
- Control exists when Melbourne Health has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

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 Melbourne Health have been eliminated to reflect the extent of Melbourne 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, Melbourne 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.

Melbourne 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 8.8 Jointly Controlled Operations).

Note: 2 Funding delivery of our services

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

To enable Melbourne Health to fulfil its objective it receives income based on parliamentary appropriations. The hospital 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 Grant	631,137	2,288	1,593	202,063	11,839	3,645	14,360	866,925
Indirect contributions by Department of Health and Human Services*	2,724	69	368	1,320	184	23	114	4,802
Patient & Resident Fees	36,212	370	3,037	7,284	3,496	72	352	50,823
Commercial Activities	-	-	-	-	-	-	75,982	75,982
S&W Recoveries from External Orgnisations	7,341	79	545	5,223	210	26	8,823	22,247
Other Revenue from Operating Activities	50,335	746	6,656	15,248	1,904	239	8,468	83,596
Total Revenue from Operating Activities	**727,749**	**3,552**	**12,199**	**231,138**	**17,633**	**4,005**	**108,099**	**1,104,375**
Interest & Dividends	726	18	98	352	49	6	819	2,068
Other Revenue from Non-Operating Activities	360	9	49	546	24	3	4,983	5,974
Total Revenue from Non-Operating Activities	**1,086**	**27**	**147**	**898**	**73**	**9**	**5,802**	**8,042**
Revenue from Inter Hospital Inventory sale	-	-	-	-	-	-	28,425	28,425
Total Revenue from Inter Hospital Inventory Sale	**-**	**-**	**-**	**-**	**-**	**-**	**28,425**	**28,425**
Capital Purpose Income (excluding Interest)	-	-	-	-	-	-	89,417	89,417
Total Capital Purpose Income	**-**	**-**	**-**	**-**	**-**	**-**	**89,417**	**89,417**
Total Revenue	**728,835**	**3,579**	**12,346**	**232,036**	**17,706**	**4,014**	**231,743**	**1,230,259**

	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 Grant	595,017	2,143	1,245	184,778	12,443	3,453	13,420	812,500
Indirect contributions by Department of Health and Human Services*	3,274	87	491	1,613	239	31	146	5,881
Patient & Resident Fees	39,670	814	1,146	7,006	3,538	73	341	52,590
Commercial Activities	-	-	-	-	-	-	70,598	70,598
S&W Recoveries from external orgnisations	7,371	120	398	4,666	192	25	8,273	21,045
Other Revenue from Operating Activities	46,638	718	6,254	14,402	1,956	256	8,387	78,612
Total Revenue from Operating Activities	**691,970**	**3,883**	**9,534**	**212,465**	**18,368**	**3,839**	**101,165**	**1,041,226**
Interest & Dividends	605	16	91	298	44	6	939	1,998
Other Revenue from Non-Operating Activities	345	9	52	544	25	3	4,855	5,834
Total Revenue from Non-Operating Activities	**950**	**25**	**142**	**842**	**69**	**9**	**5,794**	**7,832**
Revenue from Inter Hospital Inventory sale	-	-	-	-	-	-	27,057	27,057
Total revenue from Inter Hospital Inventory sale	**-**	**-**	**-**	**-**	**-**	**-**	**27,057**	**27,057**
Capital Purpose Income (excluding Interest)	-	-	-	-	-	-	40,403	40,403
Total Capital Purpose Income	**-**	**-**	**-**	**-**	**-**	**-**	**40,403**	**40,403**
Total Revenue	**692,920**	**3,908**	**9,676**	**213,307**	**18,437**	**3,848**	**174,419**	**1,116,518**

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

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 Melbourne 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, 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 Melbourne Health gains control of the underlying assets irrespective of whether conditions are imposed on Melbourne Health's use of the contributions.

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

Indirect Contributions from the Department of Health and Human Services

- Insurance is recognised as revenue following advice from the Department of Health and Human Services.
- Long Service Leave (LSL) – Revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Department of Health and Human Services Hospital Circular 04/2017.

Patient and Resident Fees

Patient and resident fees are recognised as revenue at the time invoices are raised or accrued when a patient is discharged or a service is performed.

Revenue from commercial activities

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

Dividend Revenue

Dividend revenue is recognised when the right to receive payment is established.

Interest Revenue

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

Other income

Other income includes non-property rental, forgiveness of liabilities, and bad debt reversals.

Category Groups

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

Admitted Patient Services (Admitted Patients) comprises all acute and subacute admitted patient services, where services are delivered in public hospitals.

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

Emergency Department Services **(EDS)** comprises all emergency department services.

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.

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.

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.

Other Services not reported elsewhere - (Other) comprises services not separately classified above, including: Public Health Services including laboratory testing, blood borne viruses / sexually transmitted infections clinical services, Koorie liaison officers, immunisation and screening services, drugs services including drug withdrawal, counselling and the needle and syringe program, Disability services including aids and equipment and flexible support packages to people with a disability, Community Care programs including sexual assault support, early parenting services, parenting assessment and skills development, and various support services. Health and Community Initiatives also falls in this category group.

Note 3: The cost of delivering services

This section provides an account of the expenses incurred by Melbourne Health 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 Assets provided free of charge or for nominal consideration
3.4 Employee benefits in the balance sheet
3.5 Superannuation

Note 3.1: Analysis of Expenses 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
Employee Expenses	443,924	11,270	59,751	213,914	29,979	3,821	48,229	810,888
Other Operating Expenses								
Non Salary Labour Costs	7,994	179	1,251	5,023	577	20	3,176	18,220
Supplies & Consumables	115,699	1,743	7,420	27,729	3,652	398	12,665	169,306
Expenses from Inter Hospital Inventory Purchase	-	-	-	-	-	-	28,425	28,425
Other Expenses	42,490	3,015	5,728	27,429	3,617	317	30,405	113,001
Total Expenditure from Operating Activities	**610,107**	**16,207**	**74,150**	**274,095**	**37,825**	**4,556**	**122,900**	**1,139,840**
Other Non-Operating Expenses								
Expenditure using Capital Purpose Income	-	-	-	-	-	-	7,941	7,941
Assets Provided Free of Charge (refer note 3.3)	-	-	-	-	-	-	3,674	3,674
Depreciation & Amortisation (refer note 4.3)	-	-	-	-	-	-	54,438	54,438
Total other expenses	**-**	**-**	**-**	**-**	**-**	**-**	**66,053**	**66,053**
Total Expenses	**610,107**	**16,207**	**74,150**	**274,095**	**37,825**	**4,556**	**188,953**	**1,205,893**

	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
Employee Expenses	405,815	10,757	60,810	198,486	29,619	3,929	46,742	756,159
Other Operating Expenses								
Non Salary Labour Costs	7,241	173	1,076	4,937	569	20	3,014	17,030
Supplies & Consumables	112,724	1,888	8,155	28,072	4,216	458	12,171	167,684
Expenses from Inter Hospital Inventory Purchase	-	-	-	-	-	-	27,057	27,057
Other Expenses	41,979	2,894	5,944	25,915	3,577	343	27,258	107,910
Total Expenditure from Operating Activities	**567,759**	**15,712**	**75,985**	**257,410**	**37,981**	**4,751**	**116,242**	**1,075,840**
Other Non-Operating Expenses								
Expenditure using Capital Purpose Income	-	-	-	-	-	-	3,921	3,921
Depreciation & Amortisation (refer note 4.3)	-	-	-	-	-	-	52,336	52,336
Total other expenses	**-**	**-**	**-**	**-**	**-**	**-**	**56,257**	**56,257**
Total Expenses	**567,759**	**15,712**	**75,985**	**257,410**	**37,981**	**4,751**	**172,499**	**1,132,097**

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;
- Leave entitlements;
- Termination payments;
- Workcover premiums; and
- Superannuation expenses which are reported differently depending upon whether employees are members of defined benefit or defined contribution plans.

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, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another agency as a consequence of a restructuring of administrative arrangements. In the latter case, such a transfer will be recognised at its carrying amount.

Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

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

	Expense		Revenue	
	Consolidated 2018 $'000	Consolidated 2017 $'000	Consolidated 2018 $'000	Consolidated 2017 $'000
Commercial Activities				
Car Park	1,938	1,759	7,405	7,124
Breastscreen Service	4,139	3,990	4,174	3,975
Mental Health Special Purpose Funds	3,456	2,507	3,893	3,649
Medical Special Purpose Funds	18,864	19,205	20,538	20,042
External Supply Agreements	28,425	27,057	28,425	27,057
Other	4,672	4,549	12,379	11,923
Other Activities				
Fundraising and Community Support	19,186	16,181	30,668	27,701
Research and Scholarship	13,106	12,243	14,135	13,315
TOTAL	**93,786**	**87,491**	**121,617**	**114,786**

Note 3.3: Assets provided free of charge or for nominal consideration

	Consolidated 2018 $'000	Consolidated 2017 $'000
During the reporting period, the fair value of assets provided free of charge, was as follows:		
Land	2,662	-
Buildings	1,012	-
TOTAL	**3,674**	**-**

The land and buildings for Westside Lodge Residential Aged Care Facility which closed during 2016-17 was transferred to Western Health as at 31st October 2017.

Note 3.4: Employee benefits in the balance sheet

	Consolidated 2018 $'000	Consolidated 2017 $'000
Current Provisions		
Employee Benefits		
Annual leave		
- Unconditional and expected to be settled wholly within 12 months (i)	49,487	44,945
- Unconditional and expected to be settled wholly after 12 months (ii)	8,226	7,339
Long service leave		
- Unconditional and expected to be settled wholly within 12 months (i)	13,420	12,985
- Unconditional and expected to be settled wholly after 12 months (ii)	91,095	83,360
Other Employee Benefits		
- Unconditional and expected to be settled within 12 months (i)	39,919	31,034
	202,147	179,663
Provisions related to Employee Benefit On-Costs		
- Unconditional and expected to be settled within 12 months (i)	11,123	9,516
- Unconditional and expected to be settled after 12 months (ii)	10,841	9,779
	21,964	19,295
Total Current Provisions	**224,111**	**198,958**
Non-Current Provisions		
Employee Benefits	29,762	27,806
Provisions related to Employee Benefit On-Costs	3,252	3,001
Total Non-Current Provisions	**33,014**	**30,807**
Total Provisions	**257,125**	**229,765**
(a) Employee Benefits and Related On-Costs		
Current Employee Benefits and related on-costs		
Unconditional LSL Entitlement	115,933	106,742
Annual Leave Entitlements	63,947	57,867
Accrued Wages and Salaries	40,908	31,076
Accrued Days Off	2,279	2,263
Substitution Leave	459	457
Four Clear Days	585	553
Non-Current Employee Benefits and related on costs		
Conditional Long Service Leave Entitlements (ii)	33,014	30,807
Total Employee Benefits and Related On-Costs	**257,125**	**229,765**
(b) Movements in provisions		
Movement in Long Service Leave:		
Balance at start of year	137,550	131,891
Provision made during the year		
- Revaluations	836	(6,041)
- Expense recognising Employee Service	21,920	21,306
Settlement made during the year	(11,358)	(9,606)
Balance at end of year	**148,948**	**137,550**

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

Employee Benefit Recognition

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

Provisions

Provisions are recognised when Melbourne 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.

Salaries and Wages, Annual Leave and Accrued Days Off

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

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

- Undiscounted value – if the health service expects to wholly settle within 12 months; or
- Present value – if the health service does not expect to wholly settle within 12 months.

Long Service Leave (LSL)

The liability for LSL is recognised in the provision for employee benefits.

Unconditional LSL (representing 10 or more years of continuous service) is disclosed in the notes to the financial statements as a current liability even where Melbourne 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:

- present value – component that Melbourne Health does not expect to wholly settle within 12 months; and
- undiscounted value – component that Melbourne Health expects to wholly settle within 12 months.

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

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 flow.

Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits.

On-costs related to employee expense

Employee benefit on-costs such as payroll tax, workers compensation and superannuation are recognised together with provisions for employee benefits.

Note 3.5: Superannuation

	Paid Contribution for the Year		Contribution Outstanding at Year End		Total Contribution for the Year	
	Consolidated 2018 $'000	Consolidated 2017 $'000	Consolidated 2018 $'000	Consolidated 2017 $'000	Consolidated 2018 $'000	Consolidated 2017 $'000
Defined benefit plans[i]:						
State Superannuation Fund - revised and new	656	764	136	43	792	807
Defined contribution plans:						
VicSuper	764	777	87	79	851	856
HESTA	14,303	13,291	1,800	1,605	16,103	14,896
First State	35,727	35,489	5,005	4,298	40,732	39,787
Other	3,490	2,497	522	277	4,012	2,774
TOTAL	**54,940**	**52,818**	**7,550**	**6,302**	**62,490**	**59,120**

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

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

Superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of Melbourne Health.

The names, details and amounts expensed in relation to the major employee superannuation funds and contributions made by Melbourne Health 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 Melbourne Health to the superannuation plans in respect of the services of current Melbourne Health staff during the reporting period. Superannuation contributions are made to the plans based on the relevant rules of each plan, and are based upon actuarial advice.

Superannuation liabilities

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

Note 4: Key Assets to support service delivery

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

Structure
4.1 Investments and other financial assets
4.2 Property, plant & equipment
4.3 Depreciation and amortisation
4.4 Intangible assets

Note 4.1: Investments and other financial assets

	Specific Purpose Fund		Consolidated	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
NON-CURRENT				
Available for sale				
Other				
Shares	1	1	1	1
Total Non-Current	1	1	1	1
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	**1**	**1**	**1**	**1**
Represented by:				
Jointly Controlled Operations Investments	1	1	1	1
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	**1**	**1**	**1**	**1**

Investments Recognition

Hospital investments must be in accordance with Standing Direction 3.7.2 – *Treasury and Investment Risk Management*. Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned and are initially measured at fair value, net of transaction costs.

Note 4.2: Property, plant & equipment

(a) Gross carrying amount and accumulated depreciation

	Consolidated 2018 $'000	Consolidated 2017 $'000
Land		
Crown Land at Fair Value	142,856	98,601
Freehold Land at Fair Value	80,571	63,820
Total Land	**223,427**	**162,421**
Buildings		
Buildings Under Construction at cost	51,542	13,841
Leasehold Improvements Under Construction at cost	468	-
Buildings at Fair Value	491,175	490,032
Less Acc'd Depreciation	(131,186)	(100,119)
Leasehold Improvements at cost	8,510	5,787
Less Acc'd Amortisation	(3,864)	(2,851)
Total Buildings	**416,645**	**406,690**
Plant & Equipment		
Plant & Equipment Work in Progress	4,258	6,332
Plant & Equipment at Fair Value	40,760	36,140
Less Acc'd Depreciation	(24,651)	(22,493)
Total Plant & Equipment	**20,367**	**19,979**
Medical Equipment		
Medical Equipment Work in Progress	1,759	3,425
Medical Equipment at Fair Value	138,199	130,402
Less Acc'd Depreciation	(81,224)	(75,035)
Total Medical Equipment	**58,734**	**58,792**
Computer Equipment		
Computer Equipment Work in Progress	448	307
Computer Equipment at Fair Value	35,346	33,132
Less Acc'd Depreciation	(30,260)	(26,900)
Total Computer Equipment	**5,534**	**6,539**
Furniture & Fittings		
Furniture & Fittings Work in Progress	85	3
Furniture & Fittings at Fair Value	3,700	3,668
Less Acc'd Depreciation	(2,246)	(2,015)
Total Furniture & Fittings	**1,539**	**1,656**
Motor Vehicles		
Motor Vehicle Assets at Fair Value	1,100	1,247
Less Acc'd Depreciation	(111)	(118)
Total Motor Vehicles	**989**	**1,129**
TOTAL PROPERTY, PLANT & EQUIPMENT	**727,235**	**657,206**

Note 4.2: Property, plant & equipment (continued)

(b) Reconciliation of movements in carrying amount of each class of asset

	Land $'000	Buildings $'000	Buildings WIP $'000	Buildings Imps L/Hold $'000	Plant & Equipment $'000	Medical Equipment $'000	Computer Equipment $'000	Furniture & Fittings $'000	Motor Vehicles $'000	Total $'000
Consolidated										
Balance at 1 July 2016	**162,421**	**415,789**	**11,627**	**2,275**	**27,122**	**50,293**	**6,762**	**1,503**	**1,223**	**679,015**
Additions	-	2,811	8,886	34	11,343	14,457	3,286	407	21	41,245
Disposals	-	-	-	-	(3)	(285)	(10)	-	(5)	(303)
Revaluation Increments/(Decrements)	-	-	-	-	-	-	-	-	247	247
Net Transfers between Classes	-	5,457	(6,672)	1,177	(16,316)	4,067	277	9	17	(11,984)
Depreciation and Amortisation (note 4.3)	-	(34,144)	-	(550)	(2,167)	(9,740)	(3,776)	(263)	(374)	(51,014)
Balance at 1 July 2017	**162,421**	**389,913**	**13,841**	**2,936**	**19,979**	**58,792**	**6,539**	**1,656**	**1,129**	**657,206**
Additions	-	5,609	37,253	276	4,526	9,887	3,048	114	-	60,713
Disposals	-	(74)	-	-	(7)	(302)	(10)	-	-	(393)
Assets Provided Free of Charge	(2,662)	(1,012)	-	-	-	-	-	-	-	(3,674)
Revaluation Increments/(Decrements)	63,668	-	-	-	-	-	-	-	155	63,823
Net Transfers between Classes	-	(2,535)	448	2,816	(1,924)	968	155	-	-	(72)
Depreciation and Amortisation (note 4.3)	-	(31,912)	-	(914)	(2,207)	(10,611)	(4,198)	(231)	(295)	(50,368)
Balance at 30 June 2018	**223,427**	**359,989**	**51,542**	**5,114**	**20,367**	**58,734**	**5,534**	**1,539**	**989**	**727,235**

Land and buildings carried at valuation

An independent valuation of Melbourne Health's land and buildings was performed by the Valuer-General Victoria to determine the fair value of the land and buildings. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation is 30 June 2014 for buildings and 30 June 2018 for land.

Property, Plant and Equipment Recognition

All non-current physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and accumulated 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 are transferred at their carrying amount.

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.

Plant, equipment and vehicles are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and accumulated impairment loss. Depreciated historical cost is generally a reasonable proxy for fair value because of the short lives of the assets concerned.

Leasehold Improvements

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.

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 at least every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are used to conduct these scheduled revaluations and any interim revaluations are determined in accordance with the requirements of the 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 in equity to the asset revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that same class of asset previously recognised as an expense in net result, the increment is recognised as income in the net result.

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

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

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

Note 4.2: Property, plant & equipment (continued)

(c) Fair value measurement hierarchy for assets

	Consolidated Carrying amount as at 30 June 2018	Fair value measurement at end of reporting period using: Level 1 [i]	Level 2 [i]	Level 3 [i]
Land at fair value				
Non-specialised land	80,571	-	80,571	-
Specialised land				
- Crown land	142,856	-	-	142,856
Total of land at fair value	223,427	-	80,571	142,856
Buildings at fair value				
Specialised buildings	359,989	-	-	359,989
Total of building at fair value	359,989	-	-	359,989
Plant & equipment at fair value				
Plant & equipment at fair value	16,109	-	-	16,109
Total of plant & equipment at fair value	16,109	-	-	16,109
Medical equipment at fair value				
Medical equipment at fair value	56,975	-	-	56,975
Total medical equipment at fair value	56,975	-	-	56,975
Computer equipment at fair value				
Computer equipment at fair value	5,086	-	-	5,086
Total computer equipment at fair value	5,086	-	-	5,086
Furniture & Fittings at fair value				
Furniture & Fittings at fair value	1,454	-	-	1,454
Total furniture & fittings at fair value	1,454	-	-	1,454
Motor vehicles at fair value				
Motor vehicles at fair value	989	-	989	-
Total motor vehicles at fair value	989	-	989	-
	664,029	**-**	**81,560**	**582,469**

[i] Classified in accordance with the fair value hierarchy.

	Consolidated Carrying amount as at 30 June 2017	Fair value measurement at end of reporting period using: Level 1 [i]	Level 2 [i]	Level 3 [i]
Land at fair value				
Non-specialised land	63,820	-	-	63,820
Specialised land				
- Crown land	98,601	-	-	98,601
Total of land at fair value	162,421	-	-	162,421
Buildings at fair value				
Specialised buildings	389,913	-	-	389,913
Total of building at fair value	389,913	-	-	389,913
Plant and equipment at fair value				
Plant and equipment at fair value	13,647	-	-	13,647
Total of plant and equipment at fair value	13,647	-	-	13,647
Medical equipment at fair value				
Medical equipment at fair value	55,367	-	-	55,367
Total medical equipment at fair value	55,367	-	-	55,367
Computer equipment at fair value				
Computer equipment at fair value	6,232	-	-	6,232
Total computer equipment at fair value	6,232	-	-	6,232
Furniture & Fittings at fair value				
Furniture & Fittings at fair value	1,653	-	-	1,653
Total furniture & fittings at fair value	1,653	-	-	1,653
Motor vehicles at fair value				
Motor vehicles at fair value	1,129	-	1,129	-
Total motor vehicles at fair value	1,129	-	1,129	-
	630,362	**-**	**1,129**	**629,233**

[i] Classified in accordance with the fair value hierarchy.
There have been no transfers between levels during the period.

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

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

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

For the purpose of fair value disclosures, Melbourne 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, Melbourne 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 Melbourne Health's independent valuation agency.

Melbourne Health, in conjunction with VGV monitors the changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

Note 4.2: Property, plant & equipment (continued)

(d) Reconciliation of Level 3 fair value [i]

	Land $'000	Buildings $'000	Plant & Equipment $'000	Medical Equipment $'000	Computer Equipment $'000	Furniture & Fittings $'000
Consolidated						
Balance at 1 July 2016	**162,421**	**415,789**	**11,936**	**50,293**	**6,762**	**1,503**
Purchases (sales)	-	2,809	1,598	13,562	3,246	368
Transfer between classes (within Level 3)	-	5,457	2,283	1,537	10	45
Gains or losses recognised in net result						
- Depreciation	-	(34,142)	(2,167)	(9,740)	(3,776)	(263)
- Disposals	-	-	(3)	(285)	(10)	-
Balance at 1 July 2017 [ii]	**162,421**	**389,913**	**13,647**	**55,367**	**6,232**	**1,653**
Purchases (sales)	-	5,609	4,682	12,513	3,022	32
Transfers in (out) of Level 3	(59,542)	-	-	-	-	-
Transfer between classes (within Level 3)	-	(2,535)	(6)	8	40	-
Gains or losses recognised in net result						
- Depreciation	-	(31,912)	(2,207)	(10,611)	(4,198)	(231)
- Disposals	-	(74)	(7)	(302)	(10)	-
- Assets Provided Free of Charge	-	(1,012)	-	-	-	-
Items recognised in other comprehensive income						
- Revaluation	39,977	-	-	-	-	-
Balance at 30 June 2018 [ii]	**142,856**	**359,989**	**16,109**	**56,975**	**5,086**	**1,454**

(i) Classified in accordance with the fair value hierarchy, refer note 4.2(c).
(ii) Excludes assets under construction and leashold assets.

(e) Fair value determination

Asset class	Fair value level	Valuation approach	Significant inputs (Level 3 only)
Non-specialised land	Level 2	Market approach	
Specialised land	Level 3	Market approach	Community Service Obligation (CSO) adjustment
Specialised buildings	Level 3	Depreciated replacement cost	Direct cost per square metre Useful life of specialised buildings
Plant and equipment at fair value	Level 3	Depreciated replacement cost	Cost per unit Useful life of PPE
Medical equipment at fair value	Level 3	Depreciated replacement cost	Cost per unit Useful life of medical equipment
Computer equipment at fair value	Level 3	Depreciated replacement cost	Cost per unit Useful life of computer equipment
Furnitures & fittings at fair value	Level 3	Depreciated replacement cost	Cost per unit Useful life of furnitures & fittings
Motor vehicles at fair value	Level 2	Market approach	

The significant inputs have remained unchanged from 2017.

Non-specialised land and non-specialised buildings

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

For non-specialised land and non-specialised buildings, an independent valuation was performed by independent valuers Urbis Valuations Pty Ltd to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. The effective date of the valuation is 30 June 2014 for buildings and 30 June 2018 for land.

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

Specialised land and specialised buildings

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, Melbourne 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 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.

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 Melbourne 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 for buildings and 30 June 2018 for land.

Vehicles

Melbourne Health acquires new vehicles and at times disposes of them before completion of their economic life. The process of acquisition, use and disposal in the market is managed by Melbourne Health. Vehicles are compared to market values annually and accounted for accordingly at fair value.

Plant and equipment

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

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

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

Note 4.3: Depreciation and amortisation

	Consolidated 2018 $'000	Consolidated 2017 $'000
Depreciation		
Buildings	31,912	34,144
Plant & Equipment	2,207	2,167
Medical Equipment	10,611	9,740
Computer Equipment	4,198	3,776
Furniture & Fittings	231	263
Motor Vehicles	295	374
Total Depreciation	**49,454**	**50,464**
Amortisation		
Leased Assets	914	550
Intangible Assets	4,070	1,322
Total Amortisation	**4,984**	**1,872**
Total Depreciation & Amortisation	**54,438**	**52,336**

Depreciation and Amortisation Recognition

Depreciation

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets (excluding items under operating leases, assets held for sale, land and investment properties) that have finite useful lives are depreciated. Depreciation 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 Department of Health and Human Services. 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

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

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the asset concerned is tested as to whether its carrying value exceeds its recoverable amount.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually or whenever there is an indication that the asset may be impaired. The useful lives of intangible assets that are not being amortised are reviewed each period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. In addition, Melbourne Health tests all intangible assets with indefinite useful lives for impairment by comparing the recoverable amount for each asset with its carrying amount:

- annually; and
- whenever there is an indication that the intangible asset may be impaired.

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

Intangible assets with finite useful lives are amortised over a 3 year period.

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

	2018	2017
Buildings		
- Structure Shell Building Fabric	5 to 52 years	5 to 52 years
- Site Engineering Services and Central Plant	3 to 32 years	3 to 32 years
Central Plant		
- Fit Out	2 to 25 years	2 to 25 years
- Trunk Reticulated Building Systems	1 to 22 years	1 to 22 years
Plant & Equipment	10 years	10 years
Medical Equipment	10 years	10 years
Computers and Communication	3 years	3 years
Furniture and Fitting	10 years	10 years
Motor Vehicles	4 years	4 years
Intangible Assets	3 years	3 years
Leasehold Improvements	2 to 10 Years	2 to 10 Years

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

Note 4.4: Intangible assets

	Consolidated 2018 $'000	Consolidated 2017 $'000
Capitalised Costs	16,282	16,283
Less Acc'd Amortisation	(14,988)	(14,529)
	1,294	**1,754**
Post Office License	70	70
	70	**70**
Software Costs Capitalised	33,130	26,945
Less Acc'd Amortisation	(18,156)	(14,546)
	14,974	**12,399**
Total Intangible Assets	**16,338**	**14,223**

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

	Capitalised Costs $'000	Software Costs Capitalised $'000	Post Office License $'000	Total $'000
Consolidated				
Balance at 1 July 2016	**2,253**	**450**	**70**	**2,773**
Additions	40	746	-	786
Net Transfers between Classes	-	11,986	-	11,986
Amortisation (note 4.3)[(i)]	(539)	(783)	-	(1,322)
Balance at 1 July 2017	**1,754**	**12,399**	**70**	**14,223**
Additions	-	6,113	-	6,113
Net Transfers between Classes	-	72	-	72
Amortisation (note 4.3)[(i)]	(460)	(3,610)	-	(4,070)
Balance at 30 June 2018	**1,294**	**14,974**	**70**	**16,338**

Intangible Assets

Intangible assets represent identifiable non-monetary assets without physical substance such as patents, trademarks, and computer software and development costs (where applicable).

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

When the recognition criteria in AASB 138 *Intangible Assets* are met, internally generated intangible assets are recognised and measured at cost less accumulated depreciation/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:

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

Intangible produced assets with finite lives are depreciated as an expense on a systematic basis over the asset's useful life.

Note 5: Other assets and liabilities

This section sets out those assets and liabilities that arose from Melbourne 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

	Consolidated 2018 $'000	Consolidated 2017 $'000
CURRENT		
Contractual		
Inter Hospital Debtors	10,947	13,218
Trade Debtors	23,230	35,858
Patient Fees	23,185	13,493
Accrued Investment Income	51	141
Accrued Revenue - Other	12,276	9,010
***Less* Allowance for Doubtful Debts**		
Trade Debtors	(282)	(348)
Patient Fees	(2,491)	(1,419)
	66,916	**69,953**
Statutory		
GST Receivable	4,391	4,911
	4,391	**4,911**
TOTAL CURRENT RECEIVABLES	**71,307**	**74,864**
NON-CURRENT		
Statutory		
Long Service Leave - Department of Health and Human Services	26,903	22,681
TOTAL NON-CURRENT RECEIVABLES	**26,903**	**22,681**
TOTAL RECEIVABLES	**98,210**	**97,545**

(a) Movement in the Allowance for doubtful debts

	Consolidated 2018 $'000	Consolidated 2017 $'000
Balance at beginning of year	1,767	2,262
Amounts written off during the year	(2,344)	(2,139)
Increase/(decrease) in allowance recognised in net result	3,350	1,644
Balance at end of year	**2,773**	**1,767**

Receivables consist of:

- contractual receivables, which includes mainly debtors in relation to goods and services and accrued investment income.
- statutory receivables, which includes predominantly amounts owing from the Victorian Government and GST input tax credits recoverable.

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

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

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

Doubtful debts

Receivables are assessed for bad and doubtful debts on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off by mutual consent and the allowance for doubtful debts are classified as other economic flows in the net result.

Note 5.2: Inventories

	Consolidated 2018 $'000	Consolidated 2017 $'000
Pharmaceuticals		
At cost	1,852	2,195
Supply Store		
At cost	2,642	2,259
Aids and Appliance		
At cost	79	72
Medical and Surgical Lines		
At cost	2,800	2,591
Pathology		
At cost	853	809
TOTAL INVENTORIES	**8,226**	**7,926**

Inventories include goods and other property held either for sale, consumption or for distribution at no or nominal cost in the ordinary course of business operations. It excludes depreciable assets.

Inventories held for distribution are measured at cost, adjusted for any loss of service potential. All other inventories, are measured at the lower of cost and net realisable value.

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

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

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

Note 5.3: Other liabilities

	Consolidated 2018 $'000	Consolidated 2017 $'000
CURRENT		
Monies Held in Trust		
- Patient Monies Held in Trust	170	174
- Accommodation Bonds (Refundable Entrance Fees)	2,703	1,606
Total Current	**2,873**	**1,780**
Total Other Liabilities	**2,873**	**1,780**
Total Monies Held in Trust		
Represented by the following assets:		
Cash Assets (refer to Note 6.2)	2,873	1,780
TOTAL	**2,873**	**1,780**

Note 5.4: Prepayments and Other Assets

	Consolidated 2018 $'000	Consolidated 2017 $'000
CURRENT		
Prepayments	45,424	38,174
TOTAL CURRENT OTHER ASSETS	**45,424**	**38,174**

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

	Consolidated 2018 $'000	Consolidated 2017 $'000
CURRENT		
Contractual		
Trade Creditors	59,270	56,843
Income in Advance	11,984	11,682
Accrued Expenses	30,558	23,546
Salary Packaging	3,168	3,055
Other	2,082	2,518
	107,062	**97,644**
Statutory		
GST Payable	1,762	1,418
PAYG Withholding	4,213	3,733
	5,975	**5,151**
TOTAL CURRENT	**113,037**	**102,795**
TOTAL PAYABLES	**113,037**	**102,795**

Payables consist of:

- contractual payables which consist predominantly of accounts payable representing liabilities for goods and services provided to Melbourne Health prior to the end of the financial year that are unpaid, and arise when Melbourne Health 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, such as goods and services tax, fringe benefits tax and PAYG.

Contractual payables are classified as financial instruments and are initially recognised at fair value, and then subsequently carried at amortised cost. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

Derecognition of financial liabilities

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

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

The following table discloses the contractual maturity analysis for Melbourne Health's financial liabilities.

			Maturity Dates			
			Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years
2018	Carrying Amount $'000	Nominal Amount $'000	$'000	$'000	$'000	$'000
Financial Liabilities						
At amortised cost						
Payables	107,062	107,062	79,005	26,138	1,919	-
Borrowings	6,175	6,175	-	-	1,627	4,548
Other Financial Liabilities (i)						
- Accommodation Bonds	2,703	2,703	-	-	2,703	-
- Patient Trusts	170	170	170	-	-	-
Total Financial Liabilities	**116,110**	**116,110**	**79,175**	**26,138**	**6,249**	**4,548**
2017						
Financial Liabilities						
At amortised cost						
Payables	97,644	97,644	71,172	24,490	1,982	-
Borrowings	6,461	6,461	-	-	412	6,049
Other Financial Liabilities (i)						
- Accommodation Bonds	1,606	1,606	-	126	1,480	-
- Patient Trusts	174	174	174	-	-	-
Total Financial Liabilities	**105,885**	**105,885**	**71,346**	**24,616**	**3,874**	**6,049**

(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 Melbourne Health during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of the hospital.

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

Structure
6.1 Borrowings
6.2 Cash and cash equivalents
6.3 Commitments for expenditure

Note 6.1: Borrowings

	Consolidated 2018 $'000	Consolidated 2017 $'000
CURRENT		
- Advances from Department of Health and Human Services (i)	1,627	412
Total Australian Dollars Borrowings	**1,627**	**412**
Total Current	**1,627**	**412**
NON CURRENT		
Australian Dollar Borrowings		
- Advances from Department of Health and Human Services (i)	4,548	6,049
Total Australian Dollars Borrowings	**4,548**	**6,049**
Total Non-Current	**4,548**	**6,049**
Total Borrowings	**6,175**	**6,461**

(i) The Department of Health and Human Services has provided Melbourne Health with the following three loans:

a) A loan in June 2014 to implement a laboratory information system for its Pathology Department. The loan is repayable over five years commencing from June 2018, paid annually, with the final loan repayment due on 30 June 2022.

The loan is an interest free loan and has been discounted to present value for payments due in future financial years using a weighted average interest rate of 1.98% (2017: 1.82%).

b) A loan in June 2016 for management of organic waste as part of a Victorian Government initiative to divert organic waste from general waste. The loan is repayable over four years commencing from May 2017, paid annually, with the final loan repayment due on 31 May 2020.

The loan is an interest free loan and has been discounted to present value for payments due in future financial years using a weighted average interest rate of 1.91% (2017: 1.67%).

c) A loan in October 2016 for new enterprise billing system. The loan is repayable over five years commencing from July 2018, paid monthly (over 9 months each financial year), with the final loan repayment due on 31 March 2022.

The loan is an interest free loan and has been discounted to present value for payments due in future financial years using a weighted average interest rate of 1.98% (2017: 1.82%).

(a) Maturity analysis of borrowings

Please refer to note 5.5 (a) for the ageing analysis of borrowings.

(b) Defaults and breaches

During the current and prior year, there were no defaults and breaches of any of the 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 initially recognised amount and the redemption value being recognised in the net result over the period of the borrowing using the effective interest method.

Note 6.2: Cash and cash equivalents

	Consolidated 2018 $'000	Consolidated 2017 $'000
Cash on Hand	39	40
Cash at Bank	104,783	64,192
Other		
- Patient Trust Monies	2,873	1,780
Total Cash and Cash Equivalents	**107,695**	**66,012**
Represented by:		
Cash for Health Service Operations (as per Cash Flow Statement)	104,822	64,232
Cash for Monies Held in Trust	2,873	1,780
Total Cash and Cash Equivalents	**107,695**	**66,012**

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 6.3: Commitments for expenditure

a) Commitments other than public private partnerships

	Consolidated 2018 $'000	Consolidated 2017 $'000
Capital Expenditure Commitments		
Payable:		
Land and Buildings	68,691	14,745
Plant and Equipment	25,427	24,761
Intangible Assets	34,005	6,540
Total capital expenditure commitments	**128,123**	**46,046**
Other Expenditure Commitments		
Payable:		
Contracted Services	135,274	140,607
Total other expenditure commitments	**135,274**	**140,607**
Lease Commitments		
Commitments in relation to leases contracted for at the reporting date:		
Operating Leases	82,773	90,109
Total lease commitments	**82,773**	**90,109**
Operating Leases		
Non-cancellable	82,773	90,109
Sub Total	**82,773**	**90,109**
Total operating lease commitments	**82,773**	**90,109**
Total Commitments (inclusive of GST) other than public private partnerships	**346,170**	**276,762**

All amounts shown in the commitments note are nominal amounts inclusive of GST.

(b) Commitments payable

	2018 $'000	2017 $'000
Capital expenditure commitments payable		
Less than 1 year	99,357	44,949
Longer than 1 year but not longer than 5 years	28,766	1,097
Total capital expenditure commitments	**128,123**	**46,046**
Other expenditure commitments payable		
Less than 1 year	68,329	64,411
Longer than 1 year but not longer than 5 years	54,124	71,692
5 years or more	12,821	4,504
Total other expenditure commitments	**135,274**	**140,607**
Lease commitments payable		
Less than 1 year	8,812	9,924
Longer than 1 year but not longer than 5 years	25,215	27,885
5 years or more	48,746	52,300
Total lease commitments	**82,773**	**90,109**
Total commitments (inclusive of GST)	**346,170**	**276,762**
Less GST recoverable from the Australian Tax Office	(31,470)	(25,160)
Total commitments (exclusive of GST)	**314,700**	**251,602**

All amounts shown in the commitments note are nominal amounts.

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. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

Note 7: Risks, contingencies & valuation uncertainties

Melbourne 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 hospital 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 Melbourne 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

Consolidated	Contractual financial assets - loans and receivables	Contractual financial assets - available for sale	Contractual financial liabilities at amortised cost	Total
2018	**$'000**	**$'000**	**$'000**	**$'000**
Contractual Financial Assets				
Cash and Cash Equivalents	107,695	-	-	107,695
Receivables				
- Trade Debtors	22,948	-	-	22,948
- Other Receivables	43,968	-	-	43,968
Other Financial Assets				
- Shares in Other Entities	-	1	-	1
Total Financial Assets [(i)]	**174,611**	**1**	**-**	**174,612**
Financial Liabilities				
Payables	-	-	107,062	107,062
Borrowings	-	-	6,175	6,175
Other Financial Liabilities				
- Accommodation Bonds	-	-	2,703	2,703
- Patient Trust Accounts	-	-	170	170
Total Financial Liabilities [(ii)]	**-**	**-**	**116,110**	**116,110**
2017				
Contractual Financial Assets				
Cash and Cash Equivalents	66,012	-	-	66,012
Receivables				
- Trade Debtors	35,510	-	-	35,510
- Other Receivables	34,443	-	-	34,443
Other Financial Assets				
- Shares in Other Entities	-	1	-	1
Total Financial Assets [(i)]	**135,965**	**1**	**-**	**135,966**
Financial Liabilities				
Payables	-	-	97,644	97,644
Borrowings	-	-	6,461	6,461
Other Financial Liabilities				
- Accommodation Bonds	-	-	1,606	1,606
- Patient Trust Accounts	-	-	174	174
Total Financial Liabilities [(ii)]	**-**	**-**	**105,885**	**105,885**

(i) The total amount of financial assets disclosed here excludes statutory receivables (i.e. GST input tax credit recoverable)

(ii) The total amount of financial liabilities disclosed here excludes statutory payables (i.e. Taxes payable)

(b) Net holding gain/(loss) on financial instruments by category

Consolidated	Net holding gain/(loss) $'000	Total interest income / (expense) $'000	Impairment loss $'000	Total $'000
2018				
Financial Assets				
Cash and Cash Equivalents [(i)]	-	2,043	-	2,043
Total Financial Assets	**-**	**2,043**	**-**	**2,043**
Total Financial Liabilities	**-**	**-**	**-**	**-**
2017				
Financial Assets				
Cash and Cash Equivalents [(i)]	-	1,850	-	1,850
Total Financial Assets	**-**	**1,850**	**-**	**1,850**
Total Financial Liabilities	**-**	**-**	**-**	**-**

(i) For cash and cash equivalents, loans or receivables and available-for-sale financial assets, the net gain or loss is calculated by taking the movement in the fair value of the asset, interest revenue, plus or minus foreign exchange gains or losses arising from revaluation of the financial assets, and minus any impairment recognised in the net result.

Categories of financial instruments

Loans and receivables

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

Loans and receivables category includes cash and deposits (refer to Note 6.2), trade receivables, loans and other receivables, but not statutory receivables.

Held-to-maturity investments

If Melbourne Health has the positive intent and ability to hold nominated investments to maturity, then such financial assets may be classified as held to maturity. Held to maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held to maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

Melbourne Health makes limited use of this classification because any sale or reclassification of more than an insignificant amount of held to maturity investments not close to their maturity, would result in the whole category being reclassified as available for sale. The held to maturity category includes certain term deposits for which Melbourne Health intends to hold to maturity.

Financial liabilities at amortised cost

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

Financial instrument liabilities measured at amortised cost include all of Melbourne Health's contractual payables, deposits held and advances received and interest-bearing arrangements other than those designated at fair value through net profit.

Reclassification of financial instruments

Subsequent to initial recognition and under rare circumstances, non-derivative financial instruments assets that have not been designated at fair value through net result upon recognition may be reclassified out of the fair value through net result category, if they are no longer held for the purpose of selling or repurchasing in the near term.

Financial instrument assets that meet the definition of loans and receivables may be reclassified out of the fair value through net result category into the loans and receivables category, where they would have met the definition of loans

and receivables had they not been required to be classified as fair value through net result. In these cases, the financial instrument assets may be reclassified out of the fair value through net result category, if there is the intention and ability to hold them for the foreseeable future or until maturity.

Note 8: Other disclosures

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

Structure

Note 8.1: Equity

	Consolidated 2018 $'000	Consolidated 2017 $'000
(a) Surpluses		
Property, Plant & Equipment Revaluation Surplus [1]		
Balance at the beginning of the reporting period	332,629	332,382
Revaluation Increments/(Decrements)		
- Land	63,668	-
- Plant and Equipment/Motor Vehicle	155	247
Balance at the end of the reporting period*	**396,452**	**332,629**
* Represented by:		
- Land	228,065	164,396
- Buildings	166,163	166,163
- Plant and Equipment/Motor Vehicle	2,224	2,070
	396,452	**332,629**
Restricted Specific Purpose Surplus		
Balance at the beginning of the reporting period	41,269	39,377
Transfer to and from Restricted Specific Purpose Surplus	(40,700)	1,892
Balance at the end of the reporting period	**569**	**41,269**
Total Surpluses	**397,021**	**373,898**
(b) Contributed Capital		
Balance at the beginning of the reporting period	373,494	371,760
Transfers to Contributed Capital	-	1,734
Balance at the end of the reporting period	**373,494**	**373,494**
(c) Accumulated Surpluses/(Deficits)		
Balance at the beginning of the reporting period	(207,106)	(192,533)
Net Result for the Year	19,810	(12,681)
Transfers to and from Surplus	40,700	(1,892)
Balance at the end of the reporting period	**(146,596)**	**(207,106)**
Total Equity at end of financial year	**623,919**	**540,286**

(1) The property, plant & equipment, motor vehicle asset revaluation surplus arises on the revaluation of property, plant & equipment and motor vehicle.

Equity Recognition

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 that have been designated as contributed capital are also treated as contributed capital.

Property, Plant & Equipment Revaluation Surplus

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

Restricted Specific Purpose Surplus

A restricted specific purpose surplus is established where Melbourne 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:
Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities

	Consolidated 2018 $'000	Consolidated 2017 $'000
Net Result for the Year	19,810	(12,681)
Non-cash movements:		
Depreciation and Amortisation	54,438	52,336
Provision for Doubtful Debts	1,006	(496)
DHHS Loan discount	126	(318)
Assets Provided Free of Charge	3,674	-
Movements included in investing and financing activities		
Net (Gain)/Loss from Disposal of Non-Financial Physical Assets	357	303
Net (Gain)/Loss from Disposal of Financial Assets	-	314
Movements in assets and liabilities:		
Change in Operating Assets & Liabilities		
(Increase)/Decrease in Receivables	(1,672)	(21,279)
(Increase)/Decrease in Prepayments	(7,250)	(6,768)
Increase/(Decrease) in Payables	10,243	20,370
Increase/(Decrease) in Provisions	27,360	18,309
Change in Inventories	(300)	(358)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	**107,792**	**49,732**

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.

	Period
Responsible Ministers:	
The Honourable Jill Hennessy, Minister for Health and Minister for Ambulance Services	01/07/2017-30/06/2018
The Honourable Martin Foley, Minister for Housing, Disability and Ageing and Minister for Mental Health	01/07/2017-30/06/2018
Governing Board	
Ms Linda Bardo Nicholls AO (Chair of the Board)	13/05/2018-30/06/2018
Mr Robert Doyle AC (Former Chair of the Board)	01/07/2017-05/02/2018
Mr Eugene Arocca	01/07/2017-30/06/2018
Mrs Jane Bell	01/07/2017-30/06/2018
Ms Penelope Hutchinson	01/07/2017-30/06/2018
Ms Angela Jackson	01/07/2017-30/06/2018
Ms Jennifer Kanis	01/07/2017-30/06/2018
Professor Shitij Kapur	01/07/2017-30/06/2018
Mr Gregory Tweedly	01/07/2017-30/06/2018
A/Professor Harvey Newnham	22/07/2017-30/06/2018
Accountable Officers	
Professor Christine Kilpatrick	01/07/2017-30/06/2018

Remuneration
Remuneration received or receivable by responsible persons was in the range: $0 – $530,000 ($0 – $548,000 in 2016-17).

Amounts relating to Responsible Ministers are reported within the Department of Parliamentary Services' Financial Report as disclosed in Note 8.5 Related Parties.

Note 8.4: Executive officer disclosures

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 include amounts such as wages, salaries, 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 include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

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

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

Several factors affected total remuneration payable to executives over the year. A number of employment contracts were completed during the year and negotiated and a number of executives received bonus payments during the year. These bonus payments depend on the terms of individual employment contracts. A number of executive officers retired or resigned in the past year.

Remuneration of executive officers (including Key Management Personnel disclosed in Note 8.5)	**Total Remuneration**	
	2018 $'000	**2017 $'000**
Short term employee benefits	2,663	2,901
Post-employment benefits	160	227
Other long-term benefits	87	397
Termination benefits	258	693
Total remuneration [(i)]	**3,168**	**4,218**
Total number of executives	**11**	**9**
Total annualised employee equivalents (AEE) [(ii)]	**7.2**	**7.6**

(i) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of Melbourne Health under AASB 124 Related Party Disclosures and are also reported within the related parties note disclosure (Note 8.5)

(ii) Annualised employee equivalent is based on the time fraction worked over the reporting period.

Note 8.5: Related Parties

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

- all key management personnel (KMP) and their close family members;
- cabinet ministers (where applicable) and their close family members;
- Jointly Controlled Operation - A member of the Victorian Comprehensive Cancer Centre Joint Venture; and
- all hospitals and public sector entities that are controlled and consolidated into the State of Victoria's financial statements.

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

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

Melbourne Health's key management personnel for 2017/18

Ministers

The Honourable Jill Hennessy, Minister for Health and Minister for Ambulance Services
The Honourable Martin Foley, Minister for Housing, Disability and Ageing and Minister for Mental Health

Melbourne Health Board

Ms Linda Bardo Nicholls AO (Chair)
Mr Robert Doyle AC (Former Chair)
Mr Eugene Arocca
Mrs Jane Bell
Ms Penelope Hutchinson
Ms Angela Jackson
Ms Jennifer Kanis
Professor Shitij Kapur
Mr Gregory Tweedly
A/Professor Harvey Newnham

Executive

Professor Christine Kilpatrick - Chief Executive Officer
Mr Adam Horsburgh - Deputy Chief Executive, Chief Operating Officer
Professor George Braitberg AM - Executive Director Strategy, Quality and Improvement
Ms Ellen Flint - Executive Director People and Culture
A/Professor Denise Heinjus - Executive Director Nursing Services
Mr George Kapitelli - Executive Director Finance and Logistics
Dr Cate Kelly - Executive Director Clinical Governance and Medical Services, Chief Medical Officer
A/Professor Ruth Vine - Executive Director NorthWestern Mental Health
Professor Ingrid Winship - Executive Director Research
Ms Sally Campbell - Former Executive Director Corporate and Information Service
Ms Bridgid Connors - Former Executive Director People and Culture
Mr Maurice Davoli - Former Interim Executive Director People and Culture

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

Compensation	2018 $'000	2017 $'000
Short term employee benefits	3,419	3,777
Post-employment benefits	205	344
Other long-term benefits	103	943
Termination benefits	258	693
Total	**3,985**	**5,757**

Significant transactions with government-related entities

Melbourne Health received funding from the Department of Health and Human Services of $908m (2017: $810m) and indirect contributions of $4.8m (2017: $5.9m).

Expenses incurred by Melbourne Health in delivering services and outputs are in accordance with Health Purchasing Victoria requirements. Goods and services are purchased from 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 Melbourne Health to hold cash (in excess of working capital) and investments, and source all borrowings from Victorian Public Financial Corporations.

Goods and services including procurement, accounts payable and payroll are provided to other Victorian Health Service Providers on commercial terms.

Land and Buildings valued at $3.7m for Westside Lodge Residential Aged Care Facility which closed during 2016-17 was transferred free of charge to Western Health as at 31st October 2017 (refer to Note 3.3).

Transactions with key management personnel and other related parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in 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 Department of Health and Human Services, 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 Melbourne Health Board of Directors and Executive Directors in 2018.

Note 8.6: Remuneration of auditors

	2018 $'000	2017 $'000
Victorian Auditor-General's Office		
Audit and review of financial statements	225	220
	225	**220**

Note 8.7: Other economic flows included in net result

	2018 $'000	2017 $'000
Net gain/(loss) on non-financial assets		
Net gain/(loss) on disposal of non-financial assets	(357)	(303)
Total net gain/(loss) on non-financial assets	**(357)**	**(303)**
Net gain/(loss) on financial instruments		
Impairment of:		
Loans and receivables [(a)]	(3,350)	(2,499)
Net FX gain/(loss) arising from financial instruments	(13)	(27)
Net gain/(loss) on disposal of financial instruments	-	(314)
Total net gain/(loss) on financial instruments	**(3,363)**	**(2,840)**
Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of long service liability	(836)	6,041
Total other gains/(losses) from other economic flows	**(836)**	**6,041**

(a) Including increase/(decrease) in provision for doubtful debts

Other economic flows included in net result

Other economic flows are changes in the volume or value of assets or liabilities that do not result from transactions.

Net gain/(loss) on non-financial assets

Net gain/(loss) on non-financial assets and liabilities includes realised and unrealised gains and losses as follows:

- *Revaluation gains/(losses) of non-financial physical assets*

  Refer to Note 4.2 *Property plant and equipment.*

- *Net gain/ (loss) on disposal of non-financial assets*

  Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal and is the difference between the proceeds and the carrying amount of the asset at the time. Any gain or loss on the sale of non-financial assets is recognised in the comprehensive operating statement.

- *Impairment of non-financial assets*

  Goodwill and intangible assets with indefinite useful lives (and intangible assets not available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired.

  All other non-financial assets are assessed annually for indications of impairment, except for:

  - inventories;
  - assets arising from construction contracts.

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

  If there is an indication that there has been a change in the estimate of an asset's recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount. This reversal of the impairment loss occurs only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

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

Net gain/(loss) on financial instruments

Net gain/(loss) on financial instruments includes:

- realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- impairment and reversal of impairment for financial instruments at amortised cost. Refer to Note 4.1 *Investments and other financial assets*; and
- disposals of financial assets and derecognition of financial liabilities.
- revaluation of financial instruments at fair value which excludes dividends or interest earned on financial assets.
- Bad debts not written off by mutual consent and the allowance for doubtful debts.

Other gains/ (losses) from other economic flows

Other gains/ (losses) include:

a. 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

b. transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

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Note 8.8: Jointly controlled operations

Name of Entity	Principal Activity	Ownership Interest 2018 %	Ownership Interest 2017 %
Victorian Comprehensive Cancer Centre Limited	Cancer Research & Treatment	10	10

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

	2018 $'000	2017 $'000
Current Assets		
Cash and Cash Equivalents	1,586	566
Receivables	8	3
Prepayments and Other Assets	101	3
Total Current Assets	**1,695**	**572**
Non Current Assets		
Investments and Other Financial Assets	1	1
Property, Plant and Equipment	18	3
Total Non Current Assets	**19**	**4**
TOTAL ASSETS	**1,714**	**576**
Current Liabilities		
Payables	44	26
Provisions	11	8
Total Current Liabilities	**55**	**34**
Non-Current Liabilities		
Provisions	10	6
Total Non-Current Liabilities	**10**	**6**
TOTAL LIABILITIES	**65**	**40**
NET ASSETS	**1,649**	**536**
EQUITY		
Accumulated Surpluses/(Deficits)	1,649	536
TOTAL EQUITY	**1,649**	**536**

Melbourne Health's interest in revenues and expenses resulting from jointly controlled operations are detailed below:

	2018 $'000	2017 $'000
Revenues		
Grants	1,544	657
Other - Interest	21	9
Other - Revenue	13	22
Total Revenue	**1,578**	**688**
Expenses		
Employee Benefits	(242)	(142)
Depreciation	(2)	(1)
Other expenses	(222)	(177)
Total Expenses	**(466)**	**(320)**
Profit	**1,112**	**368**

Note 8.9: AASBs issued that are not yet effective

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2018 reporting period. DTF assesses the impact of all these new standards and advises Melbourne Health of their applicability and early adoption where applicable.

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. Melbourne Health has not and does not intend to adopt these standards early.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on 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 2018	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 positon 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 2018	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 2018	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 2018	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.
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: o the entity's right to receive payment of the dividend is established; o it is probable that the economic benefits associated with the dividend will flow to the entity; and o 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 2018	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	This Standard amends AASB 15 to clarify the	1 Jan 2018	The assessment has indicated that there

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on financial statements
Amendments to Australian Accounting Standards – Clarifications to AASB 15	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).		will be no significant impact for the public sector, other than the impact identified for AASB 15 above.
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 2019	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 2019	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 2019	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.
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	1 Jan 2019	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

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on financial statements
	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.		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.

Note 8.10: Events occurring after the balance sheet date

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the Melbourne Health and other parties, the transactions are only recognised when the agreement is irrevocable at or before the end of the reporting period.

Adjustments are made to amounts recognised in the financial statements for events which occur between the end of the reporting period and the date when the financial statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate to conditions which arose after the end of the reporting period that are considered to be of material interest.

No events have occurred since reporting date and date of certification of this report which will have a material effect on the information contained in the financial report.

Note 8.11: Economic dependency

Melbourne Health is dependent on the Department of Health and Human Services for the majority of its revenue used to operate the entity. At the date of this report, the Board of Directors has no reason to believe the Department will not continue to support Melbourne Health.

MELBOURNE HEALTH

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