ANNUAL REPORT
2016–17

Our vision & values

Vision

Exceptional care, outstanding outcomes.

Purpose

To deliver quality, patient-centred healthcare and services that meet the needs of our diverse community.

Values

We are committed to our iCare values

- Integrity
- Compassion
- Accountability
- Respect
- Excellence

An air ambulance lands on the helipad located on the new Monash Children's Hospital.

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Cover: Paul Wanding, Registered Psychiatric Nurse

Graduate nurses: (L – R) Parajuli Shubheksha, Nathan Lightbody, Medhawini Edirisinghe, Gresa Halili and Andrew Sonnet.

About us

Monash Health is proud to provide healthcare to one quarter of Melbourne's population. We provide healthcare across the entire life-span from newborn and children, to adults, the elderly, their families and carers.

We improve the health of our community through

- Prevention
- Early intervention
- Community-based treatment and rehabilitation
- Highly specialised surgical and medical diagnosis, treatment and monitoring services
- Hospital and community-based mental health services
- Comprehensive subacute and aged care programs
- Palliative care
- Research
- Education and teaching the next generation of healthcare professionals.

Our care at a glance

3.6 mil
episodes of care provided across the community

40,293
admissions of children under age 19 to our children's wards and neonatal units

1 mil
tests carried out by our pathology service

260,786
people admitted to our hospitals

220,913
people came to our three emergency departments for treatment

48,480
procedures performed

1.2 mil
occasions of service provided by our outpatient services

54,495
ambulance arrivals handled by our emergency departments

224,460
mental health client contacts

10,162
babies delivered

Chief Executive Andrew Stripp and Chair of the Board of Directors Barbara Yeoh AM.

Report of the Chair of the Board and Chief Executive

Welcome to our 2016–17 Annual Report.

Monash Health continually strives to provide exceptional care and outstanding healthcare outcomes to our patients through the delivery of our strategic plan.

This report provides an account of our achievements over the past 12 months.

The financial year of 2016-17 can be described as a year of reflection and the commencement of further transformation building on our past achievements. It was Chief Executive Andrew Stripp's first full year in the role. Under his leadership, we have reviewed the alignment of clinical and corporate services to create an operational environment to position us for the next five years, to facilitate quality patient care and to drive innovation and improvements in staff and patient experience.

In another record year, our care to Victorians continued to grow with more than 3.6 million episodes of care delivered, up from 3.47 million last financial year.

Over 220,912 people received care at our three emergency departments and 1.2 million people attended our outpatient services. Our surgical teams performed 48,480 surgical procedures and we met the expectations of the Department of Health and Human Services in relation to our elective surgery waiting list target.

Whilst meeting the high demand for our services, we balanced our budget of $1.7 billion.

Key areas of focus

Our diverse workforce of more than 16,000 staff is dedicated to caring for the one million people in our community who depend on us to provide them with quality healthcare when they need it. We recognise that a positive staff experience helps create a positive patient experience and for this reason, we continue to invest in programs and initiatives which create a safe and supportive culture.

One initiative which furthers our journey to evolve both staff and patient experience is our Electronic Medical Record (EMR) Program. In April 2017, we took an important step towards making the EMR Program a reality, confirming our partnership with global healthcare technology leader, Cerner Corporation. Due to be delivered by 2019, the EMR will transform how our staff provide clinical care, improving patient outcomes and increasing efficiencies in our hospitals. The EMR program is being led by Monash Health clinicians in partnership with our consumer advisors.

Together with our many research and academic partners, we have continued to embed research and teaching opportunities at Monash Health. We actively encourage our doctors, nurses and allied health professionals to hold twofold clinical and academic roles, recognising the tremendous

dual benefits this brings, for our patients who rely on us to be at the forefront of breakthroughs in clinical research, and for our staff through enhancing their career development and opportunities.

Our Monash Health Translation Precinct, now in its second year of operation, integrates the expertise of Monash University, the Hudson Institute of Medical Research and Monash Health. Along with the Monash Partners Academic Health Science Centre, it is integral to our role as a leading teaching and research health service.

In April 2017, we commissioned our new 230-bed Monash Children's Hospital, an outstanding facility for Victorian children and their families. The new home for our youngest patients represents the next chapter in our 121-year history of providing a children's service to the community, which commenced in 1896 at the Victoria Hospital for Women and Children, later known as Queen Victoria Hospital.

In May 2017, we also opened the new Pakenham Health Centre, a state-of-the-art community healthcare facility which links into our hospital network when needed, and fills a gap in the local community, delivering many community-based health services from one central location.

Throughout the year we also continued to progress planning for the expansion of our Casey Hospital and the new Victorian Heart Hospital.

Monash Health has worked closely with community partners to develop the 2016-21 Monash Health Chronic Disease Strategy. Our shared vision is to ensure our communities are empowered to improve prevention activities, and respond well to chronic disease.

Another important area of focus for us continues to be our commitment to reconciliation. In 2016-17 we launched our Reconciliation Action Plan 2016-18. Within the plan, we articulate our vision at Monash Health for all Aboriginal and Torres Strait Islander people to have simple, equal access to high quality healthcare, so that we can do our part to close the health gap between Indigenous and non-Indigenous Australians.

Thank you

Monash Health works with many organisations and individuals to deliver care including our staff, volunteers, partners and philanthropic supporters.

We acknowledge and thank the Victorian Government, Department of Health and Human Services and the Federal Government, for supporting us to deliver excellent care to our diverse and growing community.

We extend our grateful thanks to our Board Members and the Executive for their leadership.

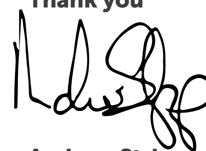
To all Monash Health staff and volunteers, thank you for your work and the wonderful contribution you make every day to the health and wellbeing of our patients. And to our community, we thank you for your feedback which provides us with rich insights into how we can continue to take action to improve delivery of our services.

Looking ahead

As we embark on 2017-18, the last year of our current Strategic Plan, we also begin our planning process to develop our 2018-2023 Strategic Plan. We will use this time to engage with our staff, consumers, partners and our community, to reflect upon where we've been and what we've achieved, and together develop our vision and plan for the future.

We hope you enjoy reading our 2016-17 Annual Report and look forward to further evolving Monash Health into an outstanding public healthcare organisation in 2017-18.

Thank you



Andrew Stripp
Chief Executive

Barbara Yeoh AM
Chair of the Board of Directors

Graduate nurses from Ward 44 North, Monash Medical Centre, Christie Francisco (left) and Jaime Abbott (right).

The year in review

Delivering exceptional patient care

Monash Health is committed to providing exceptional patient care and enhancing the patient experience. We listen to our patients, act on their feedback and implement innovative solutions to continually renew and improve the patient experience.

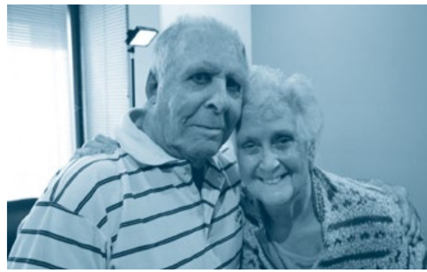
Multi-disciplinary team comes together to save a life

Our patient Leanne had overcome cervical cancer to become pregnant but also had a medical syndrome which made her at risk of significant complications during her pregnancy.

The day before her scheduled elective caesarean she experienced acute chest pain and, upon presenting to the emergency department at Monash Medical Centre, it was confirmed that Leanne had suffered a heart dissection. This is a very a serious condition in which a large blood vessel branching off the heart, tears.

Leanne was quickly assessed and scheduled for the emergency open heart surgery and the emergency caesarean that she needed, all in the one place, to save her life and deliver her baby.

The team included emergency medicine physicians, cardiologists, cardiothoracic surgeons, obstetricians, paediatricians, anaesthetists, intensivists, and many essential highly skilled nursing and midwifery staff to care for her. Due to the exceptional care she received at Monash Health, Leanne was discharged home with her healthy daughter Arya 11 days later.



Remarkable survival of Wally Ballard

Thanks to the exceptional skills of the neurological team at Monash Medical Centre, 83-year-old Wally Ballard made a full recovery after suffering a stroke and a neurological condition called Locked-In Syndrome. After suffering a stroke during the night, Wally was awake but unable to move, speak or alert his wife to what was happening. He faced a bleak prognosis. However, once in hospital, a scan showed that much of Wally's brain cells were still functioning. Monash Health Neurologist Dr Henry Ma and his team acted quickly and were able to remove the clot using a stent and give Wally his life back. According to Dr Ma, there has only been one other similar case where all the damage was reversed – Wally's story was a remarkable case of survival.

New research to reduce rates of stillbirth

The findings of a recent translational research study has prompted a trial of new ethnic-specific clinical guidelines at Monash Women's to better monitor women during pregnancy and reduce the rates of stillbirth.

New research, undertaken in collaboration with the Hudson Institute of Medical Research and Monash University, featured a retrospective cohort study of almost 700,000 births and stillbirths in Victoria from 2000-11. The results showed pregnant women born in South Asian countries, such as India, Sri Lanka or Afghanistan, were at an increased risk of having a stillbirth in late-term pregnancy.

The average natural onset of labour occurred earlier in South Asian-born women, at 39 weeks, compared to 40 weeks for Australian or New Zealand-born women, suggesting the time when a placenta can no longer sustain a foetus may differ across ethnicities.

The epidemiological study, co-authored by Professor Euan Wallace of Monash Women's and Monash University Research Fellow, Dr Mary-Ann Davey, and funded by the Stillbirth Foundation, has been published in the journal, *PLOS One*.

Patient Experience Week

We celebrated Patient Experience Week in April 2017. The week was an opportunity to reflect on how important it is to provide patients with an outstanding experience when delivering care and highlighted the ongoing work taking place under the Monash Health Patient Experience Plan. Launched in July 2016, the three-year plan aims to elevate our patient experience and, over time, position us as a national leader in patient experience.

Eastwood Hostel wedding

Demonstrating compassion and commitment to patient care, staff at Eastwood Hostel, a Monash Health residential aged care facility, hosted a wedding to allow a long-term resident to be present at his daughter's special day. Resident Robert walked his daughter down the aisle and, despite the fact he couldn't speak due to a medical condition, staff assisted Robert to make the all-important father-of-the-bride speech using a Natural Reader app and a laptop.

Dandenong Hospital offers post-natal physiotherapy classes

We continue to develop our services and programs to better support our diverse community. Dandenong Hospital created a program to offer dedicated post-natal physiotherapy classes for women who do not speak English.

Recognising that almost 60 per cent of Dandenong Hospital's patients are non-English speaking, our Senior Women's Health Physiotherapist Hayley Irving initiated the class to ensure that this group of new mothers had the same access to this important information as English-speaking patients.

The classes educate new mothers on important exercises to assist their bodies to recover after giving birth, and information on when to seek further medical help if needed.

New cystic fibrosis infection procedure

Recognising the importance of protecting our cystic fibrosis (CF) patients from cross infection, a new procedure was introduced in January 2017. The procedure draws on best evidence and expert advice to prevent potentially life-threatening infection occurring when non-tuberculous mycobacteria spread from one person with CF to another.

The initiative, commissioned by Associate Professor David Armstrong, Director of Respiratory Medicine and Cystic Fibrosis at Monash Children's Hospital, was supported by an education campaign to engage those involved in the care of patients with CF.

The campaign featured a variety of people who wear masks for self-protection. The key message was to remind staff and visitors that some patients at Monash Health wear masks for self-protection, rather than because they are contagious to others, and to encourage a supportive and caring environment for all.

Springvale fire incident response

Staff at Dandenong Hospital and Monash Medical Centre responded quickly to the community emergency caused by a fire at the Commonwealth Bank branch in Springvale on Friday 19 November 2016. A code brown external emergency was called immediately after Ambulance Victoria informed Monash Health of the emergency and incident command centres were established at both hospitals. Monash Health received 11 patients at Dandenong Hospital and 10 at Monash Medical Centre by ambulance, with three patients arriving by themselves. Six major burns victims were sent to The Alfred Hospital. Teams at both sites successfully created capacity for the sudden influx of patients, working with support services, social work, mental health, acute wards, respiratory medicine, theatres and plastic surgery.

Delirium and dementia campaign

Planning has begun in preparation for a new campaign to enhance the quality of care we provide to our patients with delirium and/or dementia, and in doing so, improve our staff experience responding to the needs of these patients.

The Delirium and Dementia program will utilise the Care of Confused Hospitalised Older Persons (CHOPs) Framework which focuses on several principles of care throughout the patient journey and will be implemented across all sites.

Innovation

Monash Health enables innovation through research; a focus on continuous improvement; encouraging staff to adapt to and embrace change; and the provision of opportunities for ongoing learning and professional development.

Compassionate access to medicinal cannabis product

Monash Health is a leader in providing access to innovative treatments for our patients. In a Victorian-first, Monash Children's Hospital was one of a number of health services providing medicinal cannabis for critically ill children in March 2017.

For a small group of severely ill paediatric patients with epilepsy, they can experience many seizures a day which can be life-threatening and lead to many hospital admissions each year. Sometimes these children don't respond to available therapies and medications, and medicinal cannabis is a unique treatment which can dramatically improve quality of life.

According to Monash Health's Head of Paediatric Neurology, Associate Professor Michael Fahey, recent research into cannabis-based treatments for epilepsy has shown that cannabidiol, a compound in the cannabis, may be helpful in reducing seizure frequency.

My Cancer Pal

Monash Health's lung cancer Nurse Consultant Sara McLaughlin-Barrett developed a mobile application that helps cancer patients take control of their day-to-day symptoms and treatment side effects. Called 'My Cancer Pal', the app allows people to access key management and support tools, combined with reliable, peer-reviewed information. Patients can use the app to manage their appointment calendar, keep track of their medications list, track their pain levels and access a contact list of medical professionals.

In addition to offering these support tools to cancer patients, the app can also provide an elected carer with weekly updates. Sara's My Cancer Pal is now available worldwide. Its multi-user functionality allows patients and carers to engage with their clinicians throughout their cancer journey.

Response to thunderstorm asthma

Monash Health cared for more than double the average number of patients across its three emergency departments during the 'thunderstorm asthma' emergency on 21 November 2016.

During this 12-hour period, 185 patients presented to Monash Medical Centre emergency department, 179 patients presented to Dandenong Hospital emergency department and 148 patients presented to Casey Hospital emergency department. More than half of these patients presented due to asthma and other respiratory problems.

Occurring just three days after Monash Health activated a code brown response to the fire at the Commonwealth Bank branch in Springvale, the incident prompted a whole-of-hospital response to manage the unexpected high demand for emergency care. Staff acted quickly to respond to patients' needs.

The rare phenomenon was triggered by a severe storm and affected people with asthma and breathing problems across metropolitan Melbourne.

Breast cancer treatment breakthrough

Moorabbin Hospital patients with early, low-risk breast cancer are among the first in the world to have access to intra-operative radiation therapy which could revolutionise cancer treatment, allowing it to be completed in one day instead of up to 25 hospital visits.

Monash Cancer Centre, with partners Monash Health and Peter MacCallum Cancer Centre, have conducted a phase-four clinical trial to further validate findings from a previous study that favourably compared a concentrated internal dose to regular external beam radiation.

Improving access to clinical consumables

A new model to deliver clinical consumables has been trialled on Ward 41 and 42 North at Monash Medical Centre. A collaboration with our procurement and logistics teams, the new model aims to reduce stock levels, ensure items are easier to locate, increase storage space and improve safety by reducing waste and trip hazards caused by excess stock. The results of the successful trial have since informed procedures implemented at the new Monash Children's Hospital.

Monash Health Innovation and Improvement Expo

The second annual Monash Health Innovation and Improvement Expo took place in October 2016 with a range of events across major sites designed to celebrate and profile partnership opportunities through a wide range of innovation and improvement displays, workshops, speakers and events.
The event affirmed Monash Health's commitment to supporting staff to think creatively and unlock the potential of collaboration across the organisation.

AG Eastwood Hostel introduces bedside handover

Monash Health's AG Eastwood Hostel Residential Aged Care facility won a 2016 Better Practice Award from the Australian Aged Care Quality Agency for introducing bedside handover to reduce clinical risks such as falls and medication errors.

Staff handover was moved from administrative areas to the resident's room to enhance communication between staff and residents at the time of shift change, provide the opportunity for residents to be included in their care, and to mitigate risk. Drawing from a handover approach used in the acute and subacute setting, a patient-centred handover practice was developed tailored to residential care. The program has been successful in reducing falls and medication errors, whilst also improving communication and the resident experience.

The project was undertaken in partnership with LaTrobe University and the Quality Program at Monash Health.

Physiotherapy and orthopaedics collaboration awarded

The state-wide project 'Working above PAR with a Victorian State-wide Initiative Introducing Physiotherapy-Led Post Arthroplasty Review Services' won a 2016 Ko Awatea International Excellence in Health Improvement Award at the APAC Forum, one of the largest health improvement conferences in the world.

The collaboration between physiotherapy and orthopaedics led to the implementation of the Monash Health Post Arthroplasty Review Clinic. In the clinic, patients who have undergone hip or knee replacement have their standard post-operative outpatient reviews with an advanced musculoskeletal physiotherapist instead of an orthopaedic doctor. Patients reported high levels of satisfaction with the clinic and it has resulted in increased capacity for the Orthopaedic Unit to see other, more complex patients.

Victorian Public Health Care Awards 2016

Winner

Excellence in public sector aged care – Resident-centred approach to staff handover

Winner

Improving Workforce Wellbeing and Safety – Manual handling: introduction of DorsaVi technology to reduce musculoskeletal injuries sustained by our workforce

Winner

Excellence in CALD Health – Refugee Health and Wellbeing Program

Winner

Improving Children's Health – Protecting newborn babies against whooping cough infection

Finalist

Minister for Mental Health Award for Excellence in Supporting the Mental Health and Wellbeing of Victorians – Agile Clinical Teams, Adult Mental Health

Music Therapist Priscilla Pek.

Capital works

Our ongoing capital works program includes building state-of-the-art facilities for our growing patient community, and breathing new life into some of our existing buildings and care facilities to improve the patient experience.

We opened the new Monash Children's Hospital

The new $250 million Monash Children's Hospital was officially opened on Tuesday 28 March 2017, realising a long-held dream and vision for a second dedicated paediatric tertiary hospital in Victoria to meet the growing demand for specialist care, now and into the future.

The official opening by the Victorian Premier, The Hon Daniel Andrews MP, and the Victorian Minister for Health and Ambulance Services, The Hon Jill Hennessy MP, was a milestone celebration with special guests, current and past patients and families, staff and philanthropic supporters.

On Sunday 2 April, we held a Community Open Day. More than 2,500 people including families, local residents and past patients took the opportunity to take a 'sneak peek' tour inside our new Monash Children's Hospital.

We officially opened the doors on Wednesday 19 April when we took just under eight hours to transfer 26 children and 57 neonatal intensive care unit and special care nursery babies into the new facilities. Hundreds of staff were involved to ensure a safe and smooth move for our patients.

The new 230-bed Monash Children's Hospital is expected to admit more than 40,000 children and deliver 70,000 occasions of patient care every year. It will have capacity to admit an additional 7,000 children each year.

A child-friendly environment

Built in consultation with our consumers, and with children and families always front-of-mind, the new Monash Children's Hospital provides an environment that is welcoming and recognises the importance of families in the treatment and recovery of patients.

The new hospital's child and family-friendly features include: single patient rooms with space for parents to stay; play areas for children and their visiting pets; bedside education and entertainment systems; a bean bag cinema; activity hubs; dedicated parent lounges; and rehabilitation areas for children, including clinically designed indoor and outdoor relaxation and play spaces.

Monash Children's Hospital partner organisations

We are grateful to our partner organisations which provide support to our young patients, and families, during their stay hospital. The Starlight Foundation has a new and expanded Starlight Room with a large outdoor space, and the Ronald McDonald Family Room provides quiet spaces for parents and a pleasant outdoor balcony.

Hoyts has created a large bean bag cinema for children to watch the latest movies, and Radio Lollipop broadcasts its program and runs activities from a pop-up studio in the atrium of the new hospital.

State-of-the-art facilities

The new hospital has four operating theatres, and a child-friendly diagnostic imaging suite that features the first installation of ambient MRI technology in the southern hemisphere to make diagnostic scans and procedures less scary for children.

Home to 64 specialist cots for sick babies, the new hospital also hosts the largest special care nursery and neonatal intensive care unit of its type in Australia. With a dedicated link bridge to Monash Women's, the design seeks to provide a seamless care experience for our most vulnerable babies and their parents.

The hospital is also home to the new $6.8 million Monash Children's Hospital School, providing educational services for young patients. Students will be able to video-conference with their regular school using new technology installed at each hospital bed, and they will also receive teaching at their bedside or in classrooms within the hospital.

The new hospital also features a $3.8 million rooftop helipad for time-critical emergency air ambulance transfers to both the new Monash Children's Hospital and Monash Medical Centre. The helipad will provide the

Patient Miah Khan helped Program Director Children's Nick Freezer and General Manager Children's, Women's and Newborn, Kym Forrest mark the movement of patients to the new Children's Hospital

fastest, safest and most comfortable transfer possible to our emergency department, neonatal unit, operating theatres and intensive care units.

A $6 million education and research precinct in the new hospital connects clinical care with teaching and clinical research programs, further consolidating our partnership with Monash University.

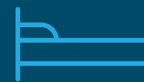
A state-of-the-art Surgical Simulation Centre, unique in Australia, features a purpose-built operating theatre, paediatric and neonatal ward and procedures rooms to enable medical students to train for real-life emergencies. The centre houses our Monash Children's Hospital Telehealth Service, which provides a direct and live video link from Monash Children's Hospital to regional operating theatres and emergency departments.

We have continued to develop our new Early in Life Mental Health Service (ELMHS) home within the new Monash Children's Hospital and co-located with the new state-wide Child Inpatient Unit. The $14.6 million project, which will strengthen mental health services for children and young people, is expected to open in late 2017.

Planning has also commenced for the $63.2 million project to expand the emergency department at Monash Medical Centre and create a new dedicated treatment area for children that connects with the new Monash Children's Hospital. Announced by the Victorian Government in April 2017, the redesigned space will better meet the needs of patients.

The doors to the new Monash Children's Hospital officially opened on Wednesday 19 April 2017

4 operating theatres



230 new beds

64 specialist cots for sick babies

The largest special care nursery and neonatal intensive care unit in Australia

New Monash Children's Hospital School

$3.8m rooftop helipad for time-critical emergency transfers

$6m education and research precinct

A state-of-the-art Surgical Simulation Centre

Monash Children's Hospital patient Alexis and mother Stacey.

Pakenham Health Centre opens

Monash Health's community-based services in the rapidly developing south-east growth corridor have been strengthened with the opening of the new $6.2 million Pakenham Health Centre.

Community-based services including child, family and maternal health, pregnancy care, counselling, rehabilitation, pathology, mental health and outpatient specialist clinics have been co-located to improve accessibility and health outcomes for the local community.

The Pakenham Health Centre is managed by Monash Health in partnership with Cardinia Shire Council and was jointly funded by the Department of Health and Human Services (DHHS) and the Department of Environment, Land, Water and Planning (DELWP).

A bigger Casey Hospital to meet soaring demand

Casey Hospital is expanding to meet soaring growth in demand for acute healthcare in Melbourne's rapidly growing south-east region.

In October 2016, the Victorian Premier, The Hon Daniel Andrews MP, and the Victorian Minister for Health and Ambulance Services, The Hon Jill Hennessy MP announced an additional $28.6 million to the Casey Hospital expansion project, bringing the Victorian Government's total investment to nearly $135 million. Planning has continued throughout 2016-17 in partnership with the community. Construction is expected to start in 2017 and be completed in late 2019.

Monash Health dedicated its 2016 Open Board Meeting to the expansion project, welcoming a wide range of community, staff and health sector representatives, to share their thoughts and aspirations for the project.

The project will increase the size of Casey Hospital and include four additional operating theatres, a new 12-bed intensive care unit, a new 12-bed day surgical unit, and an additional 136 multi-day beds, which collectively will allow Casey Hospital to treat an additional 25,800 patients, perform an extra 8,000 procedures and support 1,300 more births each year.

The project is also working with Monash University to plan for additional education and training spaces for medical, nursing and allied health students.

Moorabbin Hospital expands imaging and outpatients

Construction has continued on the $16.2 million expansion of Moorabbin Hospital, due for completion in November 2017. The development will increase the number of specialist consulting suites from 11 to 21, and include a Magnetic Resonance Imager (MRI) and a Computerised Tomography (CT) machine.

In February 2017, a $934,000 extension of the Simulation Centre at Moorabbin Hospital commenced to provide a refurbishment and three additional simulation rooms for nursing, allied health and medical education.

Monash Children's Hospital patient Konrad and his mother, Shannyn Kiley. Image credit: David Caird, Herald Sun.

Little Choity's life-changing surgery shared around the world

The work of Associate Professor Chris Kimber and his team at Monash Children's Hospital was profiled around the world through the remarkable story of three-year-old Choity from Bangladesh.

Born with a third leg, two sets of internal organs and missing vital sections of her body, Choity was brought to Australia by the Children First Foundation after an international effort for a unique operation.

The surgical team rebuilt the outside sections of Choity's body and then reconstructed her internal organs so successfully that she can now function like any other child, and will also be able to one day become a mother.

With her recovery exceeding all expectations, the incredible surgery produced results better than the team had thought possible. Choity returned home to a full life including school and is now able to run around and play like every other child.

Choity's amazing story of recovery was published by more than 7,000 media outlets and viewed by millions of people worldwide.

Our commitment to research

In 2016-17, 360 new research projects were approved by the Monash Health Human Research Ethics Committee. A further 217 quality improvement and service activities were registered and 344 clinical drug or device trials were implemented.

More than $2 million in funding was awarded to Monash Health and Monash Partners Academic Health Science Centre through commercially sponsored clinical trials and the National Health and Medical Research Council.

Research and partnerships

Monash Health seeks to provide a supportive and dynamic environment for healthcare professionals to conduct world-class clinical and translational research that improves the care we provide to patients.

Placenta research informs treatment for premature babies

New research conducted by the Monash Children's Hospital and Monash University has found a better way to detect a chronic lung condition at birth for babies born prematurely, allowing doctors to better manage and treat the illness.

Bronchopulmonary dysplasia, or BPD, affects about 55 per cent of babies born 15 weeks premature. This complication greatly increases the risk of death and the need for intensive care treatment.

Professor Arvind Sehgal, Neonatal Consultant at Monash Children's Hospital, led the study into the condition which found ways to dramatically improve affected babies' chances of survival and quality of life.

New treatment for young people with depression

A study involving a new therapy for young people experiencing depression has been successfully trialled at Dandenong Hospital, led by child psychiatrist Michael Gordon.

Traditional treatments such as psychotherapy and anti-depressant medication are not effective for around 40-60 per cent of young people with depression.

Transcranial Magnetic Stimulation (TMS) has been found to be a successful treatment for about 30 per cent of adult patients. The treatment involves applying a magnetic paddle to the patient's head to emit small electrical pulses. The energy is thought to stimulate nerve cells in the region of the brain involving mood control.

Early results show most patients experiencing improved moods.

2016-21 Chronic Disease Strategy

Monash Health has worked closely with community partners to develop the 2016-21 Monash Health Chronic Disease Strategy. In 2016-17, planning focused on chronic respiratory disease, diabetes, the management of advanced chronic disease, and oral health and chronic disease. This planning informed the development of an implementation plan that will guide a range of system design initiatives to respond to the growing burden of chronic disease in our community.

Southern Health Connect

Three Melbourne-based Community Health Services have joined forces in a partnership called Southern Health Connect. The agreement brings together Connect Health and Community, Central Bayside Community Health Services and Link Health and Community to work as a single entity for the purposes of planning and tendering.

The Consortium Agreement was formalised on 27 February 2017 at a signing ceremony held at Monash Health, and witnessed by Gabrielle Williams, State Member for Dandenong and Parliamentary Secretary for Health, Parliamentary Secretary for Carers and Volunteers.

The new partnership will help to build closer working relationships with Monash Health and enable organisations to better connect services to clients, making them more responsive to community needs.

Our translational research

The Monash Health Translation Precinct (MHTP) brings the scientific and clinical expertise of Monash University, the Hudson Institute of Medical Research and Monash Health together to bring the best and most effective treatments directly to patients.

The precinct facilitates collaboration, knowledge sharing, training and access to pioneering equipment and research laboratories, cutting-edge technological units, as well as clinical trial facilities, to deliver innovative translational research.

With the vision of being a world-leader in translational research, MHTP is central to Monash Health's commitment to best-in-class research to understand, prevent and treat disease.

Our people

The health and wellbeing of our workforce is paramount. We seek to support our staff, protect their safety and continue their professional development so that they grow with us and have a rewarding workplace experience.

Give Me Five

In August 2016, Monash Health launched a new staff appraisal program, 'Give Me Five', to help generate better quality performance conversations with managers. The program was the result of staff feedback elicited through the organisation-wide One Monash Health survey, and provides a template to support discussion about work plans, challenges and future goals.

The new approach aims to provide opportunities for more frequent feedback and more focussed discussions. It also shifts the emphasis of conversations from the past to the future and moves away from performance ratings.

Custodians of culture

As part of ongoing work to create a positive workplace culture free from bullying, harassment and unfair discrimination, Monash Health commissioned iHR as employee relations experts to deliver a series of 'Custodians of Culture' workshops.

Leaders with people management responsibility were invited to participate in a workshop to explore how leadership styles impact team culture, patient and employee experience, and legal liability. Of the target group invited, 88 per cent have completed the training. The course included conflict management strategies to prevent bullying and advice on how to proactively create a positive and productive team culture.

Australia Day 2017 Honours list

Ms Barbara Yeoh AM, Monash Health Board Chair, was awarded a Member of the Order of Australia in the Australia Day 2017 Honours list. The award reflects Ms Yeoh's outstanding services to the Australian community through her exemplary public service, commitment to healthcare, corporate governance, and support for the arts.

Dr Ranjana Srivastava OAM, Monash Health Oncologist and General Physician was awarded an Order of Australia. In addition to her work with patients at Dandenong and Moorabbin Hospitals, Dr Srivastava has been recognised as an outstanding communicator seeking to explore and demystify the doctor-patient relationship.

Monash Health Nurse of the Year 2017

The Nurse of the Year award was presented by Monash Health Board Chair Ms Barbara Yeoh AM to Edward Zimbudzi, Nurse Unit Manager, Haemodialysis, Monash Medical Centre. Mr Zimbudzi was recognised for his commitment to improving patient care and ensuring the best possible experience for patients, and for being a valued leader who develops his team to prepare for treatment advances which improve quality of life for patients. The award recognised his outstanding national and international research achievements, along with his nursing excellence.

Appointments to the Board of Directors

We farewelled two of our directors, Dr Errol Katz and Dr Bridget Hsu-Hage, whose appointments had expired. Both Dr Katz and Dr Hsu-Hage generously provided their expertise and were strongly committed to Monash Health. We wish them well for the future.

This financial year we welcomed five new members to the Board of Directors: Ms Heather Cleland; Ms Jorden Lam; Dr Misty Jenkins; Ms Sarah Ralph; and Emeritus Professor Hatem Salem AM. Profiles of all our board members can be found on page 41.

Monash Health staff members Lesley Gardener and Karinda Taylor with Aboriginal Elder Aunty Margaret Gardiner at the launch of our Reconciliation Action Plan.

Annual iCare award winners

Our iCare Award Recognition Program rewards 20 staff members or teams each year who demonstrate the iCare values of integrity, compassion, accountability, respect and excellence. This year annual winners were announced at our Length of Service Awards. In 2016, our annual winners were:

- **Dr Chris Daley, Respiratory and Sleep Medicine Physician, Monash Lung and Sleep Centre** – Awarded for developing a comprehensive and successful clinical review process for patients being discharged on home oxygen from our wards, resulting in a better experience for patients and reducing the number of return visits.
- **Michael Jaurigue - Physiotherapist and Team Leader, Monash Health Community Aged and Community Care Team at Cardinia-Casey** – Awarded for demonstrating remarkable and inspiring leadership and commitment to improvement and innovation.
- **Kingston Food Services Sandwich Team** – awarded for excellent teamwork and dedication to their vital food services role in supporting patient care, comfort and nutrition.

Farewell Professor Ian Meredith and Professor Euan Wallace

In 2016, we bid farewell to Professor Ian Meredith, former Director of MonashHeart, who has assumed a position at Boston Scientific as Executive Vice President and Global Chief Medical Officer. Recognised as one of the world's leading cardiac device clinical investigators, Professor Meredith positioned MonashHeart as a leader in cardiovascular care and championed the new Victorian Heart Hospital.

Professor Euan Wallace, Medical Director of Monash Women's, took up a new role as the inaugural Chief Executive Officer of Safer Care Victoria. Through his longstanding and focussed leadership, Monash Health is home to Victoria's largest maternity service.

Vale Mr Graham Brooke

Mr Graham Brooke was the inaugural Chair of the Board of Monash Medical Centre. Mr Brooke played a leading role in the successful amalgamation of the Queen Victoria Medical Centre, Prince Henry's Hospital and Moorabbin Hospital, to form Monash Medical Centre, and its subsequent relocation to Clayton.

Vale Andrew Ramsden

Andrew Ramsden was the former Director of Monash Newborn and served in that role from 2001 to 2013. Renowned as a teacher and research mentor to junior staff, he had a strong interest in the use of mathematical modelling to improve healthcare, and worked on national development of case mix weighting and clinical coding for neonatal care.

Our community

We seek to work together with our community, partnering in their care.

Refugee Health and Wellbeing Volunteer Program

Our Refugee Health and Wellbeing Program was announced as winner of the Excellence in CALD Health category at the 2016 Victorian Public Healthcare Awards.

The program aims to enhance social inclusion and meaningful engagement among asylum seekers and refugees through participation in volunteering.

Evaluation of the program found volunteering to be an effective, sustainable, and responsive strategy to promote health and wellbeing among this priority population, with the program offering tangible benefits to many vulnerable people.

Strengthening our hospitals' response to family violence

A new service model is being implemented at Monash Health to strengthen our response to family violence resulting from the recent Royal Commission into Family Violence.

The program involves reviewing existing policies and procedures, educating staff and improving services where needed, to ensure Monash Health meets the overarching principles of the service model.

Monash Health's approach to 'Strengthening Hospital Response to Family Violence' will begin with a focus on maternity services, mental health and emergency departments.

Open Board Meeting – Casey Hospital expansion

More than 80 community members and staff attended the 2016 Monash Health Open Board Meeting on Thursday 1 September. Held annually, the Open Board Meeting is an opportunity to engage with staff and the community, providing a forum for two-way communication.

The theme of the meeting was the planned $106.3 million expansion of Casey Hospital. The project will support expansion of existing and new services through the delivery of additional multi-day beds, a new intensive care unit/high dependency unit, a new day surgical unit, and additional operating theatres. Participants were invited to put forward ideas and suggestions for improvements.

Thriving Women

Three Monash Health volunteers were nominated as finalists for the 2017 Minister for Health Volunteer Awards in the category 'Supporting Diversity' for their work coordinating a social inclusion program for asylum seeker and refugee women. Volunteers Di Lockwood, Lubna Razzaq, and Danielle Sarra, in collaboration with staff from Monash Health Refugee Health and Wellbeing, run *Thriving Women*, a group that meets weekly to encourage relationship building, cross-cultural learning, and social development.

All Nations Social Cricket

The All Nations Social Cricket program is a social inclusion program conducted by our Refugee Health and Wellbeing Service in Dandenong to address the social determinants of health impacting asylum seekers and refugees. The program was recognised with an award for the Community Cricket Initiative of the Year at the inaugural Cricket Australia Community Cricket Awards.

Music Therapist Priscilla Pek with patient Lucas Oakley.

The Monash Health Foundation

The Monash Health Foundation partners with the community to provide additional comfort, equipment, research and wellbeing programs to all Monash Health patients and their families.

Over the past year, donors have funded many initiatives, and we are so very grateful to them, and their commitment to supporting others when they need it most.

This year, the Monash Health Foundation has reached a new milestone, raising over $9 million – a significant increase on last financial year.

We thank every individual, family, and organisation that has helped make a difference to our patients through the Monash Health Foundation.

Over the past year, events have contributed significantly to our fundraising achievements. We thank the following people and organisations for their energy in organising successful fundraising events:

- Lincoln and Veronique Wulff and the Dandelion Wishes Gala Committee. The second annual gala raised more than $400,000 for the new Monash Children's Hospital to purchase transportation cots. These transportation cots, fixed with ventilators, are used to move at-risk babies between birthing suites and the Neonatal Intensive Care Unit.
- Jody Allatt for her support of Monash Health over the past five years. Jody organised the final Oaks Day Luncheon in November 2016. The 2016 luncheon raised more than $35,000 for play therapy in Monash Medical Centre's paediatric emergency department.
- The Friends of the Children Foundation for their continued support, particularly their involvement in the Walk for Monash Children's Hospital, which raised more than $240,000 this year.
- Patrick Tessier for his inspiring commitment to Monash Children's Hospital in memory of his late son Bailey. Over 14 years, Bailey's Golf Day has raised nearly $2.7 million, helping to fund paediatric oncology fellows at the Monash Children's Hospital Cancer Centre.
- Julie Noorman, Kathy Ryan and Susan Biggar for their dedicated support of the 65km for Cystic Fibrosis event which raised more than $140,000 for cystic fibrosis research.
- Vanessa Miranda for hosting her second Australia's Biggest Playdate event and raising more than $30,000.
- Beng Tan and Jack Ong and their team at Candela Nuevo for raising more than $40,000 for Monash Children's Hospital International and the Monash Children's Hospital Cancer Centre.
- PPG Industries and all the dedicated friends and families who volunteer their time and participate in Monash Health Foundation events, ensuring they are a great success.
- This year, Monash Health received a generous $607,519 bequest to support Alzheimer's disease research. The Monash Health 'iWill' bequest program creates the opportunity to make a lasting difference to the lives of others and to raise the quality of healthcare for future generations.
- MonashHeart received a gift of $160,000 from a generous donor to support the important work of Monash Cardiovascular Research Centre clinical research cardiologists.

New Monash Children's Hospital

Generous gifts to the Monash Health Foundation have supported our new Monash Children's Hospital. Staff, patients and their families are now making use of donor supported interactive bedside education and entertainment systems, the large interactive screen in the hospital foyer and other equipment, including the Chain Reaction-funded stealth computer guidance equipment system. The stealth guidance system uses GPS-type navigation in surgery on children with brain tumours.

Our sincere thanks are also extended to Moose Toys for the dandelion light installation and amazing African animals prominent on each level of the new Monash Children's Hospital.

We are also delighted to be working with Freemasons Victoria. Their generous donation of $1.8 million will ensure the Monash Children's Hospital remains at the forefront of paediatric care.

A $2.6 million donation by a Melbourne family foundation funded the Monash Children's Hospital MRI, mock MRI and kitten scanner and enabled the instalment of the largest ambient theatre technology in the southern hemisphere for our diagnostic imaging department.

The mock MRI and kitten scanner introduce the MRI procedure to children, to reduce anxiety and improve the likelihood of a successful scan.

Additional support from Karl Storz Endoscopy helped open the Surgical Simulation and Telehealth Centre, unrivalled in scope in the southern hemisphere. Vital medical information can now be shared in real-time between doctors working in rural areas and top paediatric surgeons in the new Monash Children's Hospital.

We are grateful to the Children's Cancer Foundation, Camp Quality and Kids with Cancer Foundation for their continued support of the Monash Children's Hospital Cancer Centre. The funding of important staff positions continues to make a difference to the care we provide to young patients, their families and the research we undertake.

These are just some of the features present in the new Monash Children's Hospital, demonstrating the great impact Monash Health Foundation gifts have had on the way we deliver care.

We thank all our donors for their commitment to helping reduce anxiety, making the hospital experience more comfortable and positive for patients and their families.

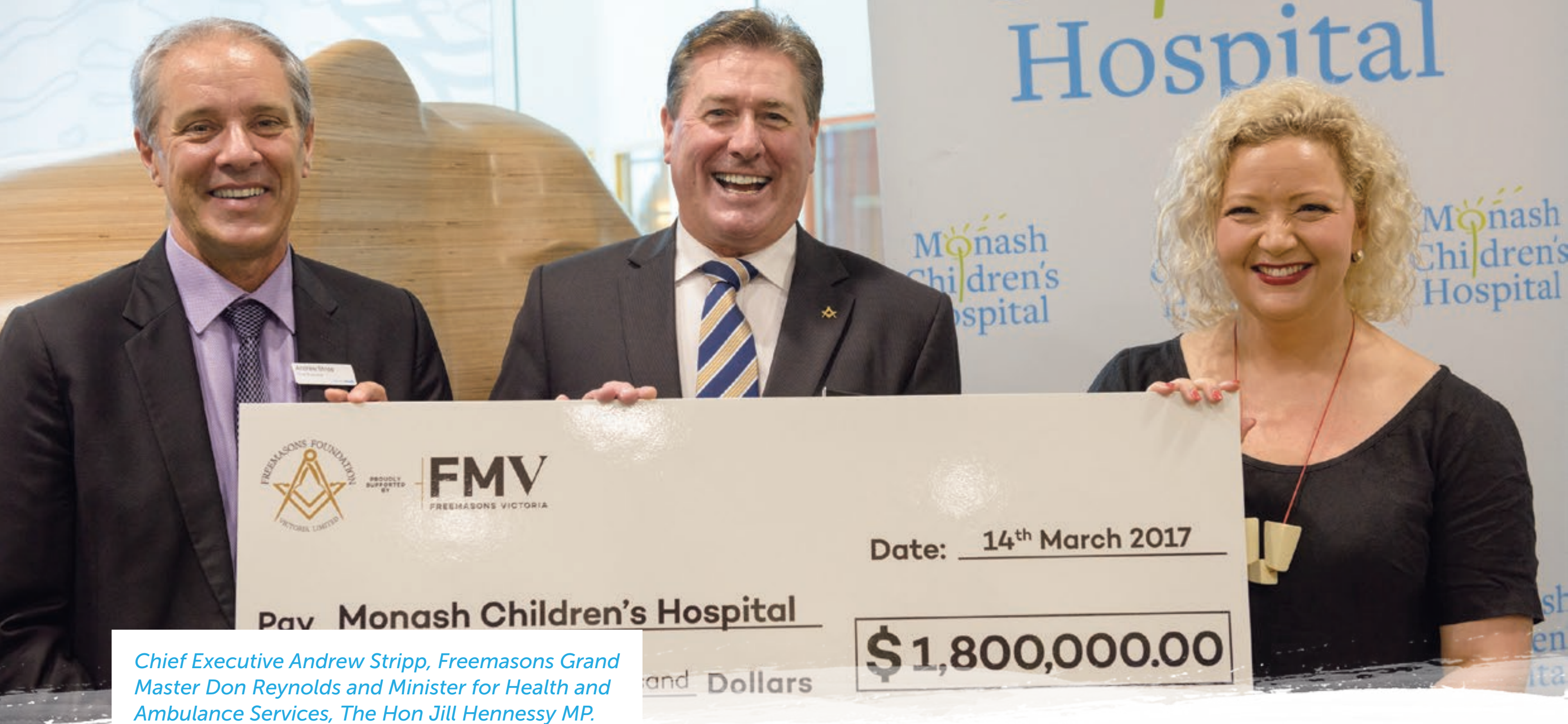
Monash Children's Hospital.

Thank you

We acknowledge the important contribution of the members of the Monash Children's Hospital Foundation for their active support, in particular, our Founding Patron, Lady Marigold Southey AC and Foundation Chair Michael Stillwell.

Our auxiliary members also worked tirelessly this year to raise funds for Monash Health. These wonderful people, many of whom have been fundraising for us for decades, continue to support our Monash Health patients.

We are grateful to every person who has donated to and supported the work of Monash Health this year; you enable us to invest in the future of care for patients at Monash Health.



Chief Executive Andrew Stripp, Freemasons Grand Master Don Reynolds and Minister for Health and Ambulance Services, The Hon Jill Hennessy MP.

Our Foundation supporters

- Monash Children's Hospital Founding Patron – Lady Marigold Southey AC
- Monash Children's Hospital Foundation Chair – Michael Stillwell and committee
- Monash Heart Strategic Advisory Board Chair – Peter Maloney and committee
- Monash Health Bequest Ambassador – Twanny Farrugia

Monash Health Foundation supporters list

- 13 CABS
- Bailey's Day
- Bauer Media Pty Ltd
- Bellevue Philanthropy – Oaks Day Luncheon
- Camp Quality
- Cancer Council Victoria
- Candela Nuevo
- Cassandra Gantner Foundation
- Charles Gillies & Penelope Allen
- Children's Cancer Foundation
- Clayton Auxiliary
- Craig Howard
- Dandelion Wishes Gala
- Denis Ralph
- Elizabeth Cremin
- Francesca Sofra
- Friends of the Children Foundation
- Geelong Christian Spiritual Church Inc
- Gourlay Charitable Trust
- KARL STORZ Endoscopy Australia Pty Ltd
- Kids with Cancer Foundation Australia
- Lady Marigold Southey AC
- Medtronic Australasia Pty Ltd
- Michel Thevenot
- Michelle Mary Strain
- Moller Family Foundation
- Moorabbin Hospital Ladies Auxiliary
- Moose Toys
- My Room
- O'Brien Pharmacy
- Peter & Helen Tantanis
- Providence Philanthropic Foundation on behalf of John & Patricia O'Rourke the JTO endowment sub fund
- Ross McClymont and Jody Allatt
- Rotary Club of Glen Waverley
- Rotary Club of Greater Dandenong
- Rotary Club of Kew
- The Fred Liuzzi Foundation – Research and Support of Rare Neuromuscular Diseases
- The Freemasons Foundation Victoria Ltd
- The Louis & Lesley Nelken Trust Fund
- The Ricky Taylor Foundation Inc.
- The Teo Chew Chinese Association of Vic Inc.
- The Walt Disney Company
- Victorian Medical Benevolent Association
- Watsons Pty Ltd
- Zouki Monash (Tass Arhon and Steve Panopoulos)

Patient Bonnie Daniello and mother Deanne at the opening of Monash Children's Hospital.

Our sites, services & staff

Our sites

Monash Health provides services to almost a quarter of metropolitan Melbourne's population. We also play a significant role in providing regional and state-wide specialist services in Victoria.

Monash Medical Centre

Monash Medical Centre is a 640-bed teaching and research hospital providing a comprehensive range of specialist surgical, medical, allied health and mental health services to our community.

This tertiary site is a designated national provider of renal and pancreatic transplants, and state-wide provider of thalassemia, and children's cancer services. It is also the base for MonashHeart, a centre-of-excellence in cardiac assessment, treatment and research; and Monash Children's Hospital, the third largest provider of paediatric services in Australia. Uniquely offering maternity and newborn services including a Neonatal Intensive Care Unit and Special Care Unit integrated on one site, Monash Medical Centre provides one of Victoria's largest women's health services. It is also renowned for men's health services and ambulatory models of care.

McCulloch House, located onsite, is a 16-bed facility providing palliative care for people within our catchment area with advanced progressive disease.

Moorabbin Hospital

Moorabbin Hospital is a 147-bed hospital incorporating Monash Cancer Centre, one of Victoria's leading cancer treatment centres, and operating in partnership with Peter MacCallum Cancer Centre. The hospital also offers elective surgery, short-stay care and dialysis. Home to Victoria's first Patient Simulation Centre, the hospital plays a major role in the education and training of undergraduate and postgraduate medical students, nurses and allied health professionals. The hospital hosts the Southern Melbourne Integrated Cancer Services and is a centre for research, and, in particular, a major contributor to cancer-related research.

Dandenong Hospital

Dandenong Hospital is a 573-bed acute hospital providing a wide range of health services to the people living and working in Dandenong and its surrounding areas. The hospital provides a number of general and specialist services. These services include general medical and surgical, an intensive care unit, MonashHeart cardiac care centre, rehabilitation and aged care services, pathology, radiology, maternity unit, special care nursery, children's services, outpatients, day chemotherapy, home haemodialysis, mental health services and allied health services. Dandenong Hospital also provides specialist services including orthopaedic, plastics, vascular, facio-maxillary, gynaecology, respiratory and infectious diseases.

Casey Hospital

Casey Hospital is a 273-bed hospital serving one of the fastest growing areas in Melbourne's south-east. Services include an emergency department, general medical, mental health, rehabilitation, surgical and ambulatory care services, maternity and a special care nursery. The hospital is a provider of paediatric services for Monash Children's Hospital and gives access to the leading cardiac services of MonashHeart.

Cranbourne Centre

Cranbourne Centre provides a range of same-day acute and subacute services including surgery, renal dialysis, specialist consulting services, regional ophthalmology services and mental health services. It also provides the local community with access to community health services and a community rehabilitation centre.

Kingston Centre

Kingston Centre is a 213-bed subacute facility specialising in high-quality rehabilitation, functional restoration, transitional care and aged mental health. The highly regarded rehabilitation program focuses on restoring function after illness or injury with the full range of allied health services provided to adults of all ages. The centre provides specialist services for older people including aged care assessment, cognitive dementia and memory services. It also offers a Falls and Balance Clinic, Pain Clinic, clinical gait analysis and continence service. It is at the forefront of research into movement and gait disorders, aged mental health and geriatric medicine.

Surgical student Sarthak Tandon and Dr Maurizio Pacilli at the launch of Monash Children's Hospital's Surgical Simulation Centre.

Our services

Aged residential care

Aged residential care is provided at: Allambee Nursing Home; AG Eastwood Hostel; the Kingston Centre (Cheltenham); Chestnut Gardens Aged Care (Doveton); Yarraman Nursing Home (Noble Park); and Mooraleigh Hostel (East Bentleigh), collectively providing 249 aged and aged mental health residential beds.

Mental health services

Mental health services are provided through hospital and community-based facilities. Our services for children, youth and adults experiencing mental health issues include: the Monash Health Drug and Alcohol Service; a telephone psychiatric triage service; community and inpatient perinatal, child and youth services; crisis assessment and treatment teams and enhanced crisis assessment and treatment teams; consultation liaison psychiatry; psychological medicine; mental health Hospital in the Home (HITH), community care teams; mobile support and treatment services; acute inpatient care; secure extended care services; perinatal infant service including an inpatient unit; eating disorders services; gender dysphoria services, prevention and recovery care services; and community residential and rehabilitation services.

Community rehabilitation services

Community rehabilitation services are provided from centres at Kingston, Clayton, Doveton, Springvale, Dandenong, Cranbourne and Pakenham and in clients' homes through the Rehabilitation in the Home services.

Hospital in the Home

Hospital in the Home operates a '140-bed' virtual acute ward from patients' homes or residential care facilities. In-home care is provided by medical and nurse practitioners to people who require acute care, but can safely receive it in their home environment.

Community services

Community services are provided across the catchment. Our staff are located across 11 major sites (Cranbourne Centre and Mundaring Drive, Cockatoo, Doveton, Kingston, Berwick, Clayton, Pakenham, Parkdale, Springvale, and Thomas Street, Dandenong).

A range of services are provided at each site by multi-disciplinary teams of allied health workers including physiotherapists, podiatrists, occupational therapists, dieticians, counsellors, speech pathologists, nurses, health promotion practitioners, and exercise physiologists. Co-located services include dialysis, dental, pregnancy care clinics, and adult mental health. We also facilitate group programs to support respite, social inclusion and improved health.

Some of our services are targeted at specific populations in our community and are led by experienced staff in these fields. This includes aged care, Aboriginal health, refugee health, youth and other vulnerable groups. Self-management is central to our care - we aim to empower and prepare clients to manage their health and healthcare across all levels of the care continuum. Community Support Options provide personalised services to assist people who are aged or have a disability to remain in their own homes. Respite services are also provided to support carers.

Operational structure

PD: Program Director **GM:** General Manager

PROGRAM	ACUTE MEDICINE, SUBACUTE & COMMUNITY	SPECIALTY MEDICINE, CANCER & CRITICAL CARE	SURGERY & INTERVENTIONAL SERVICES	CHILDREN'S	WOMEN'S & NEWBORN
EXECUTIVE LEADERSHIP	Chief Operating Officer: **Martin Keogh**	Chief Operating Officer: **Martin Keogh**	Chief Operating Officer: **Martin Keogh**	Chief Operating Officer: **Martin Keogh**	Chief Operating Officer: **Martin Keogh**
PROGRAM LEADERSHIP	PD Acute Medicine, Subacute & Community: **Andrew Block** GM Acute Medicine: **Katherine Whyman** GM Subacute & Community: **Kate MacRae**	PD Specialty Medicine, Cancer & Critical Care: **William Sievert** GM Specialty Medicine, Cancer & Critical Care : **Kelly Rogerson** GM Outpatients & Health Information Services: **Claire Pierce**	PD Surgery & Interventional Services: **Alan Saunder** GM Surgery & Interventional Services: **Bernadette Comitti** Academic Director, Surgery: **Julian Smith**	PD Children's: **Nick Freezer** GM Children's: **Kym Forrest**	PD Women's & Newborn (interim): **Ryan Hodges** GM Women's & Newborn: **Kym Forrest**
CLINICAL SPECIALTIES	Aged Persons Mental Health Allied Health Community Emergency Medicine General Medicine Rehabilitation and Subacute	Allergy Clinical Nutrition Critical Care Dermatology Diabetes and Vascular Medicine Endocrinology Genetics Services Haematology Immunology Infection Control Infectious Diseases Nephrology/Renal Neurosciences Oncology Palliative Care Respiratory Rheumatology Thalassaemia	Anaesthesia Audiology Breast Services Cardiothoracic Surgery Cardiology / Monash Heart Gastroenterology and Hepatology Gastrointestinal Surgery General Surgery Neurosurgery Ophthalmology Oral Dental Surgery Oral and Maxillofacial Surgery Orthopaedic Surgery Otolaryngology, Head and Neck Surgery Paediatric Surgery Plastic Surgery Renal Surgery Stomal Therapy Urology Vascular Surgery	Adolescent Gynaecology Adolescent Medicine Children's Sleep Unit Community Paediatrics Developmental Specialties Endocrinology & Diabetes Gastroenterology General Medicine Growth & Development Haematology & Oncology Hearing Services Infectious Diseases Nephrology & Continence Neurology Paediatric Allied Health Rehabilitation Respiratory Rheumatology Victorian Forensic Paed. Medical Service	Gynaecology Newborn Obstetrics & Maternity
CAMPUSES	Community Sites Kingston Centre Monash Medical Centre Clayton	Moorabbin Hospital	Casey Hospital Cranbourne Centre Dandenong Hospital	Monash Children's Hospital	
OTHER FACILITIES & SERVICES	Appliance Centre Chaplain Language Services Volunteers Patient Flow	Outpatients Paediatric Intensive Care Unit	Central Sterilising Services Department Perioperative Services Theatres & Procedure Rooms	Paediatric Inpatient Beds	Birth Suite Maternity Inpatient Beds

PROGRAM	MENTAL HEALTH	RESIDENTIAL CARE	PATHOLOGY	RADIOLOGY	PHARMACY
EXECUTIVE LEADERSHIP	Chief Operating Officer: **Martin Keogh**	Executive Director Residential Care & Support Services: **Cheyne Chalmers**	Executive Director Innovation, Patient Safety & Experience: **Erwin Loh**	Executive Director Innovation, Patient Safety & Experience: **Erwin Loh**	Executive Director Innovation, Patient Safety & Experience: **Erwin Loh**
PROGRAM LEADERSHIP	PD Mental Health: **David Clarke** GM Mental Health: **Paula Hakesley**	Operations Director: **Jakqui Barnfield**	PD Investigative Services & Pharmacy: **Richard King** Director Pathology: **Kevin Ericksen**	PD Investigative Services & Pharmacy: **Richard King** Director Radiology: **Stephen Stuckey**	PD Investigative Services & Pharmacy: **Richard King** Director Pharmacy: **Sue Kirsa**
CLINICAL SPECIALTIES	Adult Mental Health Early in Life Mental Health Drug, Alcohol & Addiction Psychology	Residential Services	Pathology Services	Radiology Services	Pharmacy Services
CAMPUSES	Community Mental Health Sites	Hostels and Nursing Homes			
OTHER FACILITIES & SERVICES	Mental Health Inpatient Beds				

Nurses at Jessie McPherson Private Hospital.

Jessie McPherson Private Hospital

Jessie McPherson Private Hospital is a 105-bed tertiary level private hospital and a subsidiary of Monash Health. The hospital is proud to have a team of highly skilled and dedicated staff and is equipped with some of the best medical facilities in Victoria.

Jessie McPherson Private Hospital offers specialist services including cardiology, cardiothoracic surgery, neurosurgery, vascular, gastro-sciences, general medicine and respiratory, high acuity maternity and neonatal services.

The co-location of the hospital with Monash Medical Centre provides patients with access to a wide range of additional services and facilities such as pharmacy, pathology and diagnostic imaging. This affiliation also provides Jessie McPherson Private Hospital patients access to world-renowned research and teaching facilities.

Jessie McPherson Private Hospital provides quality healthcare for people in Melbourne, regional Victoria, interstate and overseas. As one of only a few private hospitals to provide tertiary level services in Victoria, Jessie McPherson Private Hospital has preferred provider agreement status with all major health funds.

Safe patient care is the number one priority at Jessie McPherson Private Hospital and processes are in place to provide the best patient outcomes.

The hospital's 'Point of Care Goals' were developed following input from Jessie McPherson Private Hospital staff and consumers about what constitutes safe and quality care. These goals reflect what patients value about healthcare access and delivery, and how this translates into exceptional care, for every patient, every time.

Patient Emily and Nurse Amy Meeve.

Life changing treatment for Parkinson's

More than 70,000 Australians are living with Parkinson's disease, with 32 people diagnosed each day. Jessie McPherson Private Hospital offers a highly effective procedure called deep brain stimulation, to treat the symptoms of Parkinson's.

Patient Patrick Cahill, 57, had the procedure done at Jessie McPherson Private Hospital and has experienced a significant reduction in his Parkinson's symptoms. Neurosurgeon Associate Professor Andrew Danks performed the operation.

Deep brain stimulation treatment was first developed 15 years ago. Today, it continues to be further developed around the world. Many people experience a dramatic improvement and some a return to their pre-diagnosis abilities.

Our staff

Our staff continue to provide quality healthcare to our community.

As an equal opportunity employer, Monash Health is committed to a fair and non-discriminatory workplace that maximises the talent, potential and contribution of all employees. We act with fairness, dignity and empathy for each other and for our patients.

We value honesty, openness, and taking responsibility for our performance. We aim for and recognise innovation, quality and professionalism. All our staff remain firmly committed to our iCare values: integrity, compassion, accountability, respect and excellence.

Staff numbers

HOSPITALS *Labour Category*	JUNE *Current Month FTE**		JUNE *YTD FTE***	
	2016	**2017**	2016	**2017**
Nursing	4,694	**4,970**	4,618	**4,799**
Administration and Clerical	1,587	**1,681**	1,549	**1,624**
Medical Support	1,068	**1,145**	1,055	**1,102**
Hotel and Allied Services	940	**990**	931	**958**
Medical Officers	184	**191**	182	**186**
Hospital Medical Officers	957	**1,015**	938	**978**
Sessional Clinicians	320	**330**	307	**324**
Ancillary Staff (Allied Health)	946	**987**	923	**948**

**Full-time equivalent (FTE) staff at Monash Health and Jessie McPherson Private Hospital as at 30 June 2017.*

***Average Monthly FTE for financial year.*

Occupational health & safety statement

Monash Health is committed to providing a safe and healthy working environment for our employees, contractors, volunteers and the public and we take all reasonable steps to control hazards and minimise risk of injury.

This year we have focused on compliance and consistency through the review and update of our Occupational Health and Safety (OHS) Management System documentation to ensure compliance to AS4801 Australian Standard for OHS Management Systems.

Monash Health has continued with a proactive approach to occupational health and safety focussing on positive indicators and working closely with WorkSafe on Occupational Violence and Aggression (OVA) by developing an OVA Strategy and Plan.

We are continuing our commitment to conducting safety inspections with participation from Health and Safety Representatives (HSRs) and management to ensure consultation and engagement at all levels of Monash Health. All new initiatives seek to ensure Monash Health continuously improves occupational health and safety performance.

WorkCover claims

Number of standard claims by year

16-17	15-16	14-15	13-14	12-13	11-12	10-11	09-10	08-09	07-08	06-07
177	148	176	130	166	166	151	152	165	174	171

Occupational violence statistics

OCCUPATIONAL VIOLENCE STATISTICS	2016-2017
WorkCover accepted claims with an occupational violence cause per 100 FTE	**0.37**
Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	**2.17**
Number of occupational violence incidents reported	**850**
Number of occupational violence incidents reported per 100 FTE	**7.83**
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	**4.71**

Definitions

For the purposes of the 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 ratings 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 2016-17;

Lost time – 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.

The paediatric theatre team in their new operating theatres at Monash Children's Hospital.

Clinical governance report

Monash Health is a public health service; a body corporate established under Section 65P of the Health Services Act 1988.

The Minister for Health and Ambulance Services, The Hon Jill Hennessy MP, is the responsible Minister.

Clinical governance is about monitoring, measuring and evaluating our health services performance for the purpose of continuous quality improvement.

Excellence is our standard

Our Clinical Governance Framework outlines the structure and processes, leadership, and culture that are in place and the outcomes monitored to ensure we provide accountable, safe, effective, efficient patient centred care underpinned by continuous improvement.

It is based on the *Victorian Clinical Governance Framework* (June 2017) and *the Australian Safety and Quality Framework for Healthcare* (December 2010).

Key quality indicators are available on dashboards customised for each ward, unit and program and prominently displayed on quality boards in all wards.

The health service performance against pre-determined quality indicators are tracked and reported monthly to Clinical Council, Monash Health Executive, and the Monash Health Board.

Geeta Geeta, Food Services, preparing meals for our patients.

Environmental sustainability report

Monash Health is committed to reducing our ecological footprint. Sustainability is one of the four priorities of our 2013-18 Strategic Plan.

We recognise the compelling link between greenhouse gas emissions, climate change and the impact on our environment.

Monash Health has committed to actively contributing to the implementation of the Victorian Government's policy to be net zero carbon by 2050 and improve environmental sustainability.

Eco Champions Committee

The Monash Health Eco Champions Committee aims to promote environmental sustainability throughout the organisation. The committee meets bi-monthly with a comprehensive and growing representation including clinical and non-clinical staff.

Outcomes of the committee's activities this year include:

- Publication of green news articles which serve to highlight staff participation as well as support sustainability messaging.
- Regular contributions to the internal staff newsletter.
- Continuation of an awards program to recognise and incentivise sustainable engagement.
- Development of training materials and displays to support staff education and promote environmental sustainability.
- Representation of Monash Health at the Victorian Green Health Round Table, Climate and Health Alliance Think Tank, Australian Nursing and Midwifery Federation Sustainability Conference.

The new Monash Children's Hospital

Food services

The planned infrastructure to support the Monash Children's Hospital for environmental design has been installed and commissioned.

The introduction of a new food services model at the new Monash Children's Hospital has seen a 100 per cent improvement in meal wastage. Meals are prepared just prior to consumption and only where required, eliminating the need for spare meals.

In addition, an electronic menu management system has been implemented eliminating the need for over 35,000 printed menus per annum.

Cleaning without chemicals

This year, our cleaning without chemicals methodology was implemented in the new Monash Children's Hospital. Steam and microfibre technology has been utilised to clean the new hospital, creating a safer environment for our paediatric patients and their families.

Monash Health has committed to actively contributing to the implementation of the Victorian Government's policy to be net zero carbon by 2050 and improve environmental sustainability.

Recycling initiatives

Monash Health continues to explore opportunities to increase our recycling rate, which has almost doubled in the last four years from 10 per cent landfill diversion to 19 per cent.

Dandenong Hospital and Monash Medical Centre diverted 1.4 tonnes of single use instruments from the clinical waste stream. These are removed free-of-charge by a local metal recycler.

Grass roots initiatives

Passionate staff drive local sustainability efforts in their areas to raise awareness and contribute to the reduction of our environmental impact. Some of the staff-led activities this year included:

- Self-nominations to become sustainability champions in their respective areas.
- Theatre staff reviewing the content of their prepacked theatre packs to eliminate any unnecessary items and reduce waste.
- The central production kitchen, which produces over 7,500 meals per day, five days per week, has been working with some of our suppliers to reduce the amount of packaging coming into the facility, switching from recyclable cardboard boxes to reusable plastic food crates.
- Our retail providers support our efforts to reduce waste by providing a discount to staff who bring their own cups, with some also selling 'KeepCups'.
- Paper reduction is supported by an ever-expanding electronic access system to replace information, forms and learning materials. We have introduced QR readers for attendance records.
- The Asset Sales Program is now in its fourth year. The program has recycled thousands of items, including kitchen, cleaning, workshop, audio visual, IT, medical and laboratory equipment that would otherwise have been sent to landfill.

McCulloch House garden makeover

The gardens at McCulloch House have been transformed, enabling our palliative care patients and their families to enjoy the beautiful and relaxing garden spaces.

Recycling to help those in need

This year the Monash Health team embarked on a project to convert soft plastics into floor mats for the homeless. Nearly 15,000 plastic bags and 20,000 bread bags were converted into 27 floor mats for Melbourne Homeless Collective. Plastic bag rugs are water-proof, easily transportable, and provide protection from the cold ground.

Our Board of Directors

The Board of Directors of Monash Health is appointed by the Governor-In-Council on the recommendation of the Minister for Health and Ambulance Services in accordance with the Health Services Act 1988.

Functions of the Board of Directors

The functions of the Board are:

- To monitor the performance of Monash Health.
- To recommend the appointment of and determine the employment terms (including remuneration) of a Chief Executive.
- To oversee the management of Monash Health and monitor the performance of the Chief Executive.
- To develop statements of priorities and strategic plans for the operation of Monash Health and monitor their compliance.
- To develop financial and business plans, strategies and budgets to ensure accountable and efficient provision of health services by Monash Health and its long-term financial viability, as well as to ensure they are adhered to.
- To establish and maintain effective systems to ensure that health services meet the needs of the community served by Monash Health and that the views of users and providers of health services are taken into account.
- To ensure that Monash Health operates within its budget and that its systems accurately reflect its financial position and viability.
- To ensure effective and accountable systems are in place to monitor and improve the quality and effectiveness of health services provided by Monash Health.
- To ensure that any problems identified with the quality and effectiveness of health services are addressed in a timely manner and that Monash Health strives to continuously improve quality and foster innovation.
- To develop arrangements with other agencies and health service providers to enable effective and efficient service delivery and continuity of care.
- To establish the organisational structure, including the management structure, of Monash Health.
- To establish and ensure the effectiveness of a Finance Committee, an Audit Committee and a Quality Committee and other committees considered appropriate.
- To facilitate health research and education and any other functions conferred on the Board by or under the Act.

Board committees

The following committees support the functions of the Board of Directors:

Quality Committee

The purpose of the Quality Committee is to support the Board's function of providing strategic leadership in relation to the clinical governance of quality and safety at Monash Health. It serves to ensure, on behalf of the Board, that the following broad objectives are fulfilled:

- Effective and accountable systems are in place to monitor and improve the quality and effectiveness of health services provided by Monash Health.
- Any problems identified with the quality or effectiveness of the health services provided are addressed in a timely manner.
- Monash Health continuously strives to improve the quality of the health services it provides and to foster innovation.

Audit Committee

The role of the Audit Committee is to advise the Board of Directors on audit matters and matters relating to the financial, accounting and legislative compliance and the operational effectiveness and efficiency of Monash Health.

The committee also advises the Board on the level of business risk or exposure to which Monash Health might be subject and oversight of internal and external audit activities.

Membership of the committee includes:

- **Ross McClymont Chair**
  1 July 2016 to 30 June 2017.
- **John Thomson Member**
  1 July 2016 to 30 June 2017.
- **Charles Gillies Member**
  1 July 2016 to 2 March 2017.
- **Sarah Ralph Member**
  2 March 2016 to 30 June 2017.
- **Jorden Lam Member**
  2 March 2016 to 30 June 2017.

Dr Cathy McAdam, Head of General Paediatrics.

Remuneration Committee

The principal role of the Remuneration Committee is to advise the Board of Directors on matters relating to the organisation's remuneration policies and practices.

In addition, the Remuneration Committee provides oversight with respect to succession planning for the Chief Executive and senior executive positions.

Finance Committee

The role of the Finance Committee is to advise the Board of Directors on financial matters and to assist in the oversight of financial performance.

The Finance Committee reviews and makes recommendations to the Board regarding financial strategy, financial policies, annual operating and capital budgets, cash flow and business plans to ensure alignment with key strategic priorities and performance objectives.

Monash Health Community Advisory Committee

The last 12 months have been a busy time for the Monash Health Community Advisory Committee. The committee has continued to provide advice and recommendations to the Board of Directors from a community perspective, and to progress key priority areas from the 2016 annual work plan.

The key priorities for the year included:

- **Medication safety** – to reduce medication errors through educating patients, families, carers and staff, as well as improving our patients' level of understanding of their medication while in hospital.
- **Diversity** – the Committee partnered with Fronditha Care (a not-for-profit organisation providing residential services for the elderly Greek community) and Alzheimer's Australia (a national charity that advocates for people living with dementia and for their carers) to host a community event on dementia and delirium.
- **Mental health** – development of consistent and comprehensive information for consumers, carers, staff and the community about access to services. A community forum was held during Mental Health week in partnership with local and metropolitan community resources including MIND, Prahran Mission, Life Assist (Alfred Health), ERMHA and various culturally diverse community links such as Action on Disability within Ethnic Communities (ADEC).

In October 2016, Monash Health completed an evaluation of the consumer participation program with the goal of identifying areas of strength as well as opportunities for improvement. Committee members participated in the evaluation and their annual work plan reflects alignment with the outcomes and recommendations.

The committee welcomed two Board Members, Jorden Lam and Debbie Williams. The wealth of experience both members bring to the committee will be most valuable.

The committee would like to thank all our consumer advisors, the Monash Health Board of Directors and staff for their ongoing support for what has been a very successful year in consumer participation for the Community Advisory Committee.

Peter McDonald, Chair
Betty Wilderman, Vice-Chair

Graduate nurses: (L – R) Shayana Mannays, Souzana McNeil, Shaheda Alakozai, Emily Whelan, Lucy Rocksmith and Erin Gleeson.

Primary Care and Population Health Advisory Committee

The Primary Care and Population Health Advisory Committee provides strategic advice to the Board of Directors on matters specific to the primary care and population health of our local community. Membership comprises primary care and academic partners in our region and members of the Monash Health Board and management.

The committee has a particular focus on improving the health status of our community in its focus on areas such as the hospital primary care interface, mental health and wellbeing, health promotion, population health, health independence programs, research and education. In addition, there is a focus on the health and wellbeing of vulnerable groups such refugees, Aboriginal and Torres Strait Islanders and culturally and linguistically diverse communities.

The Primary Care and Population Health Advisory Committee has led the planning and development of the Monash Health Chronic Disease Strategy. This has been an important piece of work which recognises that a systemic approach is required to meeting the health needs of the community. The focus is ensuring a systemic, scalable and sustainable change for people with chronic disease health needs. The Primary Care and Population Health Advisory Committee has deliberately ensured that services outside Monash Health have been involved. Four initial action areas for implementation have been identified: diabetes; chronic respiratory disease; management of advanced stage chronic disease; and oral health.

A focus group has been established for each action area and comprises representatives from Monash Health and partner organisations, including general practitioners and consumers. The groups work to identify initiatives that will maximise the opportunities for learning, collaboration and success in both the specific action area and in chronic disease management more broadly.

The Primary Care and Population Health Advisory Committee also supported a key stakeholder's forum, the Chronic Disease Strategy Implementation Planning Forum. The purpose of this forum was to develop a range of system design initiatives that will inform the implementation of the Monash Health Chronic Disease Strategy.

Debbie Williams, Chair

Members of the Board of Directors

Ms Barbara Yeoh AM
BSc (Hons), FAICD

- Chair, Monash Health Board
- Chair, Remuneration Committee
- Member, Finance Committee
- Chair, Board Quality Committee

Term of appointment:
July 2009 to current

Ms Barbara Yeoh AM has more than 30 years' experience as a director in both the public and private sectors across a broad range of industries. She is currently a member of the AHPRA Agency Management Committee, Deputy Chair of the Victoria State Emergency Service and Deputy Chair of the Civil Aviation Safety Authority Audit Committee. Ms Yeoh is also a Principal Associate of Phillips KPA, specialist advisers to the education sector.

In 2015, Ms Yeoh was inducted into the Victorian Honour Roll of Women and received the CEO Magazine Chairperson of the year award which encompasses the public, private and not for profit sectors.

Mr Ross McClymont BCom, LLB

- Chair, Audit Committee
- Member, Remuneration Committee

Term of appointment:
July 2011 to June 2017

Mr Ross McClymont is a partner of global law firm, Ashurst, and leads the firm's restructuring and special situations practice in Melbourne. He has more than 25 years' experience in his chosen field, and regularly advises boards of both listed and unlisted companies with respect to issues including directors' duties, corporate governance, continuous disclosure obligations and solvency matters. Mr McClymont is a Director of the Australian Restructuring Insolvency and Turnaround Association and a member of the Insolvency and Reconstruction Law Committee of the Law Council of Australia.

Mr Charles Gillies BSc/BA, MBA, SF Fin, GAICD

- Chair, Finance Committee
- Member, Kitaya Holdings Board Pty Ltd*

Term of appointment:
July 2011 to current

Mr Charles Gillies is co-founder of Jolimont Global Mining Systems which specialises in investing in mining technology companies. These companies compete in fast-moving, highly competitive global technology markets. As an active investor himself his approach has been to work closely with management to develop a plan to create economic value. He has been director and chairman of a number of technology and investment companies and has worked closely with CEOs and management teams, developing strategies and setting objectives and performance targets.

* Kitaya Holdings Pty Ltd operates Jessie McPherson Private Hospital.

Mr Dipak Sanghvi

- Member, Primary Care and Population Health Advisory Committee
- Member, Finance Committee
- Member, Community Advisory Committee

Term of appointment:
June 2016 to current

Mr Dipak Sanghvi is a pharmacist who owns five pharmacies in Victoria. He is currently Chair of Member Benefits Australia Pty Ltd. Previous positions held include President of the Pharmacy Guild Victoria Branch during 2006-2011, Chair of Gold Cross Products and Services Pty Ltd, Chair of Return of Unwanted Medicines, being a Board Member of Guild Insurance and Superannuation and Meridian Lawyers, as well as several other board positions in the community and pharmaceutical industry.

Ms Debbie Williams FAICD, MBA, ME, BCom, GradDip in Health Services Management

- Chair, Primary Care and Population Health Advisory Committee
- Member, Community Advisory Committee

Term of appointment:
July 2009 to current

Ms Debbie Williams is a strategy consultant who brings extensive experience in healthcare management, corporate governance, business strategy development, mental health management and financial management. Ms Williams is President of Toy Libraries Australia.

Ms Heather Cleland MBBS, FRACS (Plas)

- Member, Quality Committee

Term of appointment:
July 2016 to current

Ms Heather Cleland is a Plastic Surgeon who is currently head of the state-wide Victorian Adult Burns Service at the Alfred Hospital. In addition to clinical practice and service development, she is actively involved in clinical education, training, and research. She has been instrumental in establishing the clinical quality Burns Registry of Australia and New Zealand, and chairs its steering committee. She is a Board Member of the Australian and New Zealand Burns Association and Past President. She has served on various departmental and professional committees, and is a member of the Donor Tissue Bank Committee of the Victorian Institute of Forensic Medicine, member of the Court of Examiners of the Royal Australasian College of Surgeons and an Adjunct Senior Lecturer at Monash University.

Ms Jorden Lam LLM, LLB, BCom, GradDipLP, GAICD, SA Fin.

- Member, Audit Committee
- Member, Community Advisory Committee

Term of appointment:
October 2016 to current

Ms Jorden Lam is the Company Secretary and General Counsel at HESTA Super Fund, and also serves on the board of BreastScreen Victoria and the Policy Committee of Women in Super. She has also previously served on the Community Advisory Committee for Ambulance Victoria. She is experienced in the development and implementation of corporate governance frameworks, regularly advises on director and trustee duties and is passionate about achieving high standards of governance practice in organisations. Ms Lam has previously practiced as a commercial lawyer with several leading firms, advising corporations across a range of complex matters. In 2015 she was a recipient of the Australian Financial Review's "Young Executive of the Year Award".

Dr Misty Jenkins BSc (Hons), PhD, MAICD

- Member, Quality Committee

Term of appointment:
November 2016 to current

Dr Misty Jenkins is a National Health and Medical Research Council fellow, Biomedical Scientist and Laboratory Head at Walter and Eliza Hall Institute for Medical Research, where she researches cellular immunology and new immunotherapies for cancer. Dr Jenkins has previously held postdoctoral positions at The Universities of Cambridge and Oxford, and The Peter MacCallum Cancer Centre in Melbourne. Dr Jenkins was awarded the L'Oreal for Women in Science Fellowship (2013), was Tall Poppy of the Year (2015) and won the Westpac/Australian Financial Review Top 100 Women of Influence award (2016). In addition to her research career, Dr Jenkins brings experience in governance as a Director and Deputy Chair of The National Centre for Indigenous Genomics at ANU, previous Director of the Aurora Education Foundation, and Ambassador for the Poche Centre for Indigenous Health and Chair of NHMRC Project Grant Review Panels.

Ms Sarah Ralph BA, LLB, LLM

- Member, Audit Committee
- Member, Primary Care and Population Health Advisory Committee

Term of appointment:
November 2016 to current

Ms Sarah Ralph is a partner of global law firm, Norton Rose Fulbright. Ms Ralph has practiced in employment and labour law for over 20 years and leads the firm's national government practice. Ms Ralph regularly acts for public and private sector employers in complex employment matters including in the health sector. Ms Ralph's experience includes working in government and the private sector in strategic and legal roles. Ms Ralph is a volunteer member of the Youth Support and Advocacy Service (YSAS) Risk and Audit Committee. Ms Ralph brings her experience in people management, corporate governance and risk management to the Board.

Emeritus Professor Hatem Salem AM MB, ChB (Mosul, Iraq), FRACP, FRCPA, MRCP (UK) MD (Monash), LRCP, MRCS.

- Member, Quality Committee

Term of appointment:
May 2017 to current

Hatem Salem AM is an Emeritus Professor at Monash University. Prior to this, Professor Salem was the Head of the Academic Department of Clinical Haematology at Monash University and the Head of Clinical Haematology at the Alfred Hospital. He served as President of Asia Pacific Society of Thrombosis and Haemostasis and past President and Executive Director of the Australasian Society of Thrombosis and Hemostasis. He is a Senior Counsellor of the International Society of Thrombosis and Haemostasis.

In 2005, his vision and ability to develop leading clinical and research programs was recognised by the Victorian Government's Public Healthcare Award, where he was the recipient of the Health Minister's Award for Outstanding Individual Achievement.

In 2010, Professor Hatem Salem was awarded the Member of the Order of Australia (AM) for service to medicine in the field of haematology as a clinician, educator and researcher and also through the establishment of the Australian Centre for Blood Diseases.

Organisational chart

Chief Executive
Andrew Stripp

Chief Operating Officer
Martin Keogh

Clinical Programs
- Acute Medicine, Subacute & Community
- Children's
- Mental Health
- Specialty Medicine, Cancer & Intensive Care
- Surgery & Interventional Services
- Women's & Newborn

Campuses
- Casey Hospital
- Community Sites
- Cranbourne Centre
- Dandenong Hospital
- Kingston Centre
- Monash Medical Centre & Monash Children's Hospital
- Moorabbin Hospital

Other
- Emergency Management & Business Continuity
- Health Information Services
- Patient Flow Unit

Executive Director Innovation, Patient Safety & Experience / Chief Medical Officer
Erwin Loh

Clinical Programs
- Pathology
- Pharmacy
- Radiology

Other
- Medical Workforce
  - Appointment
  - Credentialing
- Medical Education
  - Library
  - Simulation Centre
- Patient Experience Office
- Patient Safety, Innovation & Strategy
  - Business Intelligence
  - Centre for Clinical Effectiveness
  - Clinical Analytics
  - Clinical Governance
  - Innovation & Redesign
  - Strategy & Planning

Executive Director Residential Care & Support Services/ Chief Nursing & Midwifery Officer
Cheyne Chalmers

Clinical Programs
- Residential Care
- Campuses
- Hostels & Nursing Homes

Other
- Monash Bureau
- Nursing & Midwifery Education & Workforce
- Security
- Support Services

Executive Director Information Development
Emilio Pozo

- Information Technology Services
- Electronic Medical Record

Executive Director Corporate Services & Governance / Chief Legal Officer
Katherine Lorenz

- Audit
- Compliance
- Corporate Governance
- Fraud Control
- Freedom of Information
- Insurance
- Legal Services
  - Medicolegal
  - Commercial
  - Employment
- Procurement
- Retail
- Risk

Office of the Chief Executive

Kate MacRae – Chief Allied Health Officer

Andrew Williamson – Head of Public Affairs & Monash Foundation

Executive Director Capital & Infrastructure

Geoff McDonald

- Biomedical Engineering
- Capital
- Engineering
- Infrastructure
- Property

Executive Director Financial Services / Chief Financial Officer

Stuart Donaldson

- Budget
- Clinical Costing
- Finance
- Payroll
- Revenue

Executive Director People & Culture

Karen Lowe

- Diversity & Inclusion
- Employee Development
- Employee Health & Wellbeing
- Employee Relations
- People & Culture
- Recruitment & Retention
- Occupational Health & Safety

Executive Director Research Strategy

Erwin Loh (interim)

- Clinical Trials
- Monash Health Translation Precinct (MHTP)
- Research Governance
- Research Strategy

Graduate Nurse Nathan Lightbody on rotation in Ward D, Casey Hospital.

Statutory compliance

Compliance with the *Building Act 1993*

Monash Health facilities are managed through site inspections, risk assessments and independent audits. Contracts are in place to maintain essential safety measures and annual compliance reported by independent auditors.

Building standards and condition assessments

The condition of our buildings is assessed through site inspections and condition audits by architects and consultant engineers on an as-needs basis. Fire audits and risk assessments are undertaken by consultant fire engineers to comply with the Department of Health and Human Services Fire Risk Management Guidelines Series 7.

Recommendations from fire audits are actioned through a series of projects developed in conjunction with the Department of Health and Human Services to maintain a high degree of fire safety. All bed-based facilities are audited on a five-yearly cycle.

Fire safety audits

Fire engineering consultants and registered building surveyors were appointed through a tendering process to carry out fire safety audits of all Monash Health overnight bed-based facilities in July 2012. There are 12 facilities in this portfolio and the audits were completed in November 2012.

Essential safety measures maintenance

Contracts are in place to maintain all essential safety measures elements at sites owned by Monash Health. Audits were performed at these sites by registered building surveyors to ensure compliance with Essential Safety Measures Maintenance regulations. Action plans to rectify defects identified during the audits are currently in place. In accordance with regulatory requirements, service and maintenance records are kept to enable completion of an annual Essential Safety Measures Report for all properties owned by Monash Health. This provides confirmation that all essential safety measures are operating at the required level of performance for the safety of these facilities.

Risk assessment

Victorian Managed Insurance Authority (VMIA) conducts detailed site risk assessments (SRS) at Monash Medical Centre, Moorabbin Hospital, Kingston Centre and Dandenong Hospital.

Risk treatment options generated from the SRS are monitored through risk action plans until they are completed.

Protected Disclosures Act 2012

Monash Health has a procedure for protected disclosures and matters of this nature are referred to the Independent Broad-based Anti-Corruption Commission. Information is included in the ‘Contact us’ section of the Monash Health Internet site for external parties and internally our staff policies and procedures provide direction for staff.

Freedom of Information Act 1982

Summary of requests received under the Act from 1 July 2015 to 30 June 2016.

Number of requests	1550
Access in full	1219
Access in part	159
Access denied in full	12
Other (no documents found)	9
Other (not proceeded with)	72
Application fee not paid	34
Not yet finalised	79
Exemptions cited - total	197

Clause:

25 A (1)	1
30 (1)	9
32 (1)	1
33 (1)	139
33 (2) (a)	0
33 (4)	0
33 (4) (a)	1
35 (1) (a)	0
35 (1) (b)	27
38	19

Fees and charges

Application fees collected	$32,585.60
Application fees waived	$9,574.40
Copy charges collected	$69,243.76
Copy charges waived	$8,241.45

Initial decision makers

Rachael Gillies, FOI Operations Manager; Elena Obukhova, FOI Operations Manager; Maija Dimits, Health Information Manager; Elaine Elliott, Health Information Manager; Kieran Hope, Health Information Manager; Kim Minett, Senior Manager, Corporate FOI; Sandra Friel, Contract FOI Decision Maker.

Carers Recognition Act 2012

Monash Health recognises that involving consumers, carers and community members at all levels of our operations, from the individual to the organisational level, is a fundamental part of how we improve patient experience and care. To facilitate this, Monash Health has implemented a Consumer, Carer and Community Participation Framework and Policy which sets the overarching requirements and mechanisms for participation in planning, designing care, decision-making, quality and safety, quality improvement and support for consumers, carers and staff members.

Our patient-centred approach to care is applied across all services and is recognised as an active partnership between patients, families, carers and staff that ensures optimal outcomes for the patient throughout their journey.

Patient-centred care embraces the following principles:

- People are treated with respect and dignity.
- Information is communicated in a clear and open way.
- Patient, families and carers are involved in decisions about their care to the level that the patient desires.
- Care is delivered in a safe and comfortable environment.
- Patients, family and carers are involved in service design and delivery.

Monash Health is implementing a strategy titled 'Improving the Patient Experience at Monash Health', which incorporates consumer and carer participation and patient experience. Patient, family and carer stories and feedback are regularly used as part of new staff induction, education sessions, Chief Executive Forums and Board meetings at Monash Health. The framework, policy and plans are aligned with the principles in the Carers Recognition Act 2012 (Victoria) and The Victorian Charter supporting people in care relationships.

The Monash Health Mental Health 'Consumer and Carer Relations' program employs consumer and family/carer consultants. This group brings its perspective to quality improvement activities and facilitates engagement and participation of consumers and carers across the Early in Life and Adult Mental Health services. They provide a carer support fund, deliver a range of staff training including 'Family Inclusive Practice', support information provision, provide education regarding navigating mental health services, promote carer recognition and provide ongoing support to consumers and carers in mental health including during changes to the care relationship.

The 'Families where a Parent has a Mental Illness' initiative establishes partnerships in the community and supports families, promotes participation in training and education for staff and resources to educate families and children.

In our subacute and aged care services, consumer and carer advisors are members of the quality and safety committees and participate in project groups for quality, safety and experience improvement. In residential services, regular resident, family and/or carer meetings are held in all facilities, with representation of carers on residential committees, including the Medication Advisory Committee.

Monash Health's 'Community Support Options' program provides a suite of services that align to the principles outlined by the Act. Our respite funding streams enable breaks for carers, supporting their ability to continue their important caring role. The Commonwealth Home Support Program manual outlines our requirements in relation to supporting carers (respite funding streams).

National Competition Policy

Monash Health continued to comply with the Victorian Government's Competitive Neutrality Policy. In addition, the Victorian Government's Neutrality Pricing Principles for all relevant business activities have been applied by Monash Health since 1 July 1988.

Nurses from Ward 3A Forest celebrate a successful move into the new Monash Children's Hospital.

Victorian Industry Participation Policy

Monash Health complies with the intent of the Victorian Industry Participation Policy Act 2003 which requires, wherever possible, local industry participation in supplies; taking into consideration the principle of value for money and transparent tendering processes.

During 2016-17, Monash Health had three projects that commenced to which the Victorian Industry Participation Policy applied:

Contract name: Transitional Support Unit

Value: $4,842,045

Status: Completed November 2016,

Local content: 87 per cent; Employment: 58 EFT

Skill/technology transfer: Four apprentices were trained.

Contract name: Pakenham Health Hub

Value: $4,350,000

Status: Completed March 2017

Local content: 87 per cent; Employment: 19 EFT

Skill/technology transfer: 12 apprentices were trained

Contract name: Moorabbin Hospital Diagnostic Imaging and Outpatients Expansion

Value: $7,053,787

Status: Currently under construction. Due for completion November 2017.

Local content: 81 per cent; Employment: 46 EFT

Skill/technology transfer: One new and two existing apprentices are being trained.

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*.

Additional information

Consistent with FRD 22H (Section 6.19) the report of operations confirms that details in respect of the items listed below have been retained by Monash Health and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the freedom of information requirements, if applicable):

(a) Declarations of pecuniary interests have been duly completed by all relevant officers.

(b) Details of shares held by senior officers as nominee or held beneficially.

(c) Details of publications produced by the entity about itself, and how these can be obtained.

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

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

(f) Details of major research and development activities undertaken by the Health Service that are not otherwise covered either in the Report of Operations or in a document that contains the financial statements and Report of Operations.

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

(h) Details of major promotional, public relations and marketing activities undertaken by the Health Service to develop community awareness of the Health Service and its services.

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

(j) General statement on industrial relations within the Health Service and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the Report of Operations.

(k) A list of major committees sponsored by the Health Service, the purposes of each committee and the extent to which those purposes have been achieved.

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

Disclosure index

The Annual Report of Monash 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.

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Volunteers Di Lockwood, Lubna Razzaq and Danielle Sarra were finalists in the 2017 Minister for Health Volunteer Awards.

Attestations

Responsible bodies declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the report of operations for Monash Health for the year ending 30 June 2017.

Signed:

Barbara Yeoh AM
Chair, Board of Directors

Melbourne, 21 August 2017

Attestation for compliance with the Ministerial Standing Direction 3.7.1 - Risk Management Framework and Processes

I, Andrew Stripp, certify that Monash Health has complied with *Ministerial Direction 3.7.1 – Risk Management Framework and Processes*. The Monash Health Board Audit Committee has verified this.

Signed:

Andrew Stripp
Chief Executive, Monash Health

21 August 2017

Attestation for compliance with Health Purchasing Victoria (HPV) health purchasing policies

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

Monash Health reports that a review conducted of organisational compliance to procurement policy as set out in the HPV Health Purchasing Policies identified five (5) issues of non-compliance that have been reported to HPV and that are currently being rectified.

Signed:

Andrew Stripp
Chief Executive, Monash Health

21 August 2017

DataVic Access Policy: *In August 2012, the Victorian Government released the DataVic Access Policy, which enables the sharing of Government data at no, or minimal, cost to users. Government data from all agencies will be progressively supplied in a machine-readable format that will minimise access costs and maximise use and reuse.*

Statement of Priorities Part A

DOMAIN	DHHS ACTION STATEMENTS	MONASH HEALTH DELIVERABLE	OUTCOME
Access and timeliness	Identify opportunities and implement pathways to aid prevention and increase care outside hospital walls by optimising appropriate use of existing programs (i.e. the Health Independence Program or telemedicine).	To continue to implement strategies to increase care outside the hospital walls including: i) Develop integrated pathways of care across the Health Independence Programs; ii) Pilot 'Monash Watch' under the DHHS Health Links initiative; and iii) Expand the telehealth program in specialist clinics.	**Achieved** i) Integrated pathways of care have been developed in Health Independence Program streams including occupational therapy, physiotherapy and speech therapy from acute to community settings and in 'Residential in Reach' program [*a non-admitted service with the aim of decreasing avoidable presentations to Emergency Departments (ED) from Residential Aged Care Facilities (RACF)*]. ii) Implementation of the 'Monash Watch' pilot has been successful with positive feedback from many participating patients. The pilot will continue to operate in 2017-18 with planned expansion of service to 1,600 active clients. iii) The telehealth program has been extended to a range of specialist clinic settings, including wound care at Residential Aged Care Facilities and paediatric care at Latrobe Regional Hospital. Telehealth systems and processes are being embedded into paediatric work streams. New technology is being trialled to improve imaging. A dedicated telehealth website will go live in FY17-18.
Access and timeliness	Ensure the implementation of a range of strategies in specialist clinics to: Optimise referral management processes and improve patient flow through to ensure patients are seen in turn and within time; Ensure Victorian Integrated Non Admitted Health (VINAH) data accurately reflects the status of waiting patients.	Continue to implement a specialist clinic model to deliver timely and equitable care focussing on: i) Oncology ii) Haematology iii) Monitoring and auditing VINAH data integrity.	**In progress** i & ii) A new eReferral system has been implemented in haematology and oncology specialist clinics, resulting in the time between referral and appointment being reduced markedly. The system will be scaled up across other speciality clinics in 2017-18. Work continues to refine referral guidelines and review clinic capacity. iii) An external audit of Victorian Integrated Non-Admitted Health data was completed in March 2017. The audit recommendations will be implemented in 2017-18.

DOMAIN	DHHS ACTION STATEMENTS	MONASH HEALTH DELIVERABLE	OUTCOME
Access and timeliness	Ensure the implementation of a range of strategies (including processes and service models) to improve patient flow, transfer times and efficiency in the Emergency Department (ED), with particular focus on patients who did not wait for treatment and/or patients who re-presented within 48 hours.	Maintain ED performance at Dandenong and Casey Hospitals. Develop a strategy for Monash Medical Centre, to improve ED performance. Implement 2016-17 milestones.	**In progress** In line with the Monash Health Emergency Department Service Plan 2016-21, work has commenced to implement innovative models to efficiently manage arrival of patients at the ED, including the separation of adults and children, implement upfront senior clinical decision making and maximise available physical capacity within all EDs. Implementation of a new Mental Health Behavioural Model of Care has commenced Implementing new models will take place in the context of a broader Whole of Health Service reform program of work.
Access and timeliness	Increase the proportion of patients (locally and across the state) who receive treatment within clinically recommended time for surgery and implement ongoing processes to ensure patients are treated in turn and within clinically recommended timeframes.	**To deliver timely and equitable access for surgery by undertaking a review of:** i) Waiting list management; ii) Theatre booking and capacity; and iii) Theatre capacity across the organisation.	**In progress** A comprehensive review of Monash Health elective surgery waiting list practice, including internal and external audits has resulted in improvements in waiting list management, theatre bookings and organisational theatre capacity in 2016-17. **At the end of 2016-17:** • 5,667 patients were on the Elective Surgery Waiting List well under the maximum target of 5,910[1]. • 99.3 per cent of admission target achieved (29,183 compared to target of 29,400) despite surgical staffing shortfalls and an increase in emergency surgeries at both Dandenong and Casey Hospitals.

1 Following a review of the data there was an unexpected increase in patients added to the wait list, which impacted Monash Health's performance against the SOP target. While the year end result did not meet the SOP target, the actual result reflects an agreed position with the Department of Health and Human Services, in light of the impact of the review findings.

DOMAIN	DHHS ACTION STATEMENTS	MONASH HEALTH DELIVERABLE	OUTCOME
Access and timeliness	Develop and implement a strategy to ensure the preparedness of the organisation for the NDIS and HACC transition and reform, with particular consideration to service access, service expectations, workforce and financial management.	**Ensure compliance with 2016-17 milestones:** i) Transition of the Acquired Brain Injury – Slow to Recover client cohort in northeast metro region; ii) Provide preliminary recommendations regarding NDIS provider status for Monash Health; and iii) To complete phase 1 of HACC to Commonwealth Home Support Program transition.	**Achieved** i) Acquired Brain Injury / Slow to Recover clients are transitioning as per current National Disability Insurance Agency timeframes. ii) The registration process for NDIS provider status is underway. iii) Phase 1 of Home and Community Care to Commonwealth Home Support Program transition is complete.
Access and timeliness	Health services develop and implement strategies within their organisation to ensure identification of potential organ and tissue donors and partner with DonateLife Victoria to ensure that all possible donations are achieved.	Building on current good practice, ensure all possible organ and tissue donations are achieved through: i) Continued partnership with Donate Life Victoria to implement best practice in organ and tissue donation for transplantation. ii) Building positive attitudes towards organ and tissue donation as part of a community outreach program.	**Achieved** Monash Health has established Donation Specialist Nursing Co-ordinator roles. This has led to a significant increase in donation rates at Dandenong Hospital. In the 2016-17 financial year, there were 14 organ donors, and six intended donors at Monash Health. Key Performance Indicator reporting on organ donation is now included in program quality and safety reports and there has been an increase in the number of staff who have undertaken organ donation communication training.

DOMAIN	DHHS ACTION STATEMENTS	MONASH HEALTH DELIVERABLE	OUTCOME
Governance and leadership	Demonstrate implementation of the Victorian Clinical Governance Policy Framework: Governance for the provision of safe, quality healthcare at each level of the organisation, with clearly documented and understood roles and responsibilities. Ensure effective integrated systems, processes and leadership are in place to support the provision of safe, quality, accountable and person-centred healthcare. It is expected that health services are implemented to best meet employee and community needs, and that clinical governance arrangements undergo frequent and formal review, evaluation and amendment to drive continuous improvement.	**To revise Monash Health's Clinical Governance Framework (currently based on the Victorian Framework) to include recommendations from:** i) Victorian Auditor General's Report "Patient Safety in Victorian Public Hospitals"; and ii) The Duckett Report on the "Review of hospital safety and quality assurance in Victoria". To action any changes to systems and processes required for full implementation of the revised framework.	**Achieved** The new Monash Health Clinical Governance Framework includes recommendations from the Victorian Auditor General's Report *'Patient Safety in Victorian Public Hospitals'* and *'Targeting Zero: Supporting the Victorian hospital system to eliminate avoidable harm and strengthen quality of care'* Report of the Review of Hospital Safety and Quality Assurance in Victoria. This aligns with the final version of the Victorian Clinical Governance Framework released in June 2017 and with the Australian Safety and Quality Framework for Health Care. • The Quality Co-ordinator position descriptions have been revised and their roles embedded in the programs. • Quality dashboards have been developed for program and unit level as well as ward level. • Quality boards have been standardised and implemented in every ward to assist developing a culture of continuous improvement.
Governance and leadership	Ensure that an anti-bullying and harassment policy exists and includes the identification of appropriate behaviour, internal and external support mechanisms for staff and a clear process for reporting, investigation, feedback, consequence and appeal and the policy specifies a regular review schedule.	Ensure the anti-bullying and harassment policy is in line with direction and is reviewed regularly.	**Achieved** 360 managers, Directors and Executive Directors participated in a three-hour program that covered bullying, harassment and discrimination, and the role of managers in leading and promoting a positive workplace culture. • A session on workplace behaviour, policies and procedures is included at all corporate induction sessions. • Information has been distributed to all staff regarding Monash Health's commitment to providing a safe and caring workforce. • All policies and procedures have been updated.

DOMAIN	DHHS ACTION STATEMENTS	MONASH HEALTH DELIVERABLE	OUTCOME
Governance and leadership	Board and senior management ensure that an organisational wide occupational health and safety risk management approach is in place which includes: • A focus on prevention and the strategies used to manage risks, including the regular review of these controls; • Strategies to improve reporting of OHS incidents, risks and controls, with a particular focus on prevention of occupational violence and bullying and harassment, throughout all levels of the organisation, including to the board; and • Mechanisms for consulting with, debriefing and communicating with all staff regarding outcomes of investigations and controls following occupational violence and bullying and harassment incidents.	To implement a strengthened occupational health and safety risk management framework encompassing: prevention; risk management; review and monitoring; and staff engagement / feedback across Monash Health with a particular focus on occupational violence, bullying and harassment. Conduct an independent review of the framework, including training for the board and executives.	**Achieved** Monash Health has completed a full review of the Workplace Health and Safety Framework and developed an action plan for implementation by September 2017, including: • Integrating the concept and practice of Safety Leadership into the Monash Health Leadership Framework. • Development of an Occupational Violence and Aggression Strategy and Action Plan in consultation with clinical colleagues and unions. • Completion of a review of Australian Standard AS4801 in the Occupational Health and Safety Management System Standards with an action plan to close the gaps by September 2017.
Governance and leadership	Implement and monitor workforce plans that: improve industrial relations; promote a learning culture; align with the Best Practice Clinical Learning Environment Framework; promote effective succession planning; increase employment opportunities for Aboriginal and Torres Strait Islander people; ensure the workforce is appropriately qualified and skilled; and support the delivery of high-quality and safe person centred care.	Design and implement a framework for people and culture including: actions to enhance outcomes in work arrangements; diversity and inclusion; safe work spaces; and recruitment and on-boarding. To implement the Aboriginal Employment Framework 2016-17 milestones.	**Achieved** • A formal review of all leadership and management programs was conducted in order to further enhance the management and leadership development opportunities available to managers in 2017-18. • The Equity and Inclusion Committee was established as a sub-committee to the Monash Health Executive Committee. Priority areas include Aboriginal and Torres Strait Islanders, cultural diversity, disability, gender equality, age, LGBTI+, and social and economic disadvantage and all have leads in place. • The Aboriginal Employment Plan was finalised and Aboriginal Employment milestones were met in Quarter four.

DOMAIN	DHHS ACTION STATEMENTS	MONASH HEALTH DELIVERABLE	OUTCOME
Governance and leadership	Create a workforce culture that: includes staff in decision making; promotes and supports open communication, raising concerns and respectful behaviour across all levels of the organisation; and includes consumers and the community.	Implement a workplace culture plan based on the 2015-16 strategy 'Making Behaviour Matter' that raises awareness, confidence and improves outcomes.	**Achieved** Monash Health has undertaken significant work to create a positive workplace culture. This includes implementation of strategies for appropriate behaviours in the workplace including a revised, mandatory 'iBelong' program [*education program to assist Monash Health employees to build a positive workplace culture focusing on the importance of creating an inclusive work environment free from bullying and harassment*], training senior leadership and managers in education programs, and communications to staff across the health service. Implementation of the 'Give Me 5' tool assists team members to feel empowered and engaged in driving quality conversations with their manager.
Governance and leadership	Ensure that the Victorian Child Safe Standards are embedded in everyday thinking and practice to better protect children from abuse, which includes the implementation of: strategies to embed an organisational culture of child safety; a child safe policy or statement of commitment to child safety; a code of conduct that establishes clear expectations for appropriate behaviour with children; screening, supervision, training and other human resources practices that reduce the risk of child abuse; processes for responding to and reporting suspected abuse to children; strategies to identify and reduce or remove the risk of abuse and strategies to promote the participation and empowerment of children.	To achieve a child safe culture across Monash Health through delivering 16-17 milestones of the Child Safety Standards Action plan, including: making a public commitment to child safety; and the design of a strengthened governance framework considering family violence, child safety, and vulnerable persons.	**In progress** Monash Health is refining organisational policies and procedures relating to child safety in the context of the recent introduction of the Reportable Conduct Scheme, and the *Wrongs Amendment (Organisational Child Abuse) Act 2017* which came into force on 1 July 2017. Monash Health is currently renewing its corporate and clinical governance frameworks.
Governance and leadership	Implement policies and procedures to ensure clinical staff have access to vaccination programs and are appropriately vaccinated and/or immunised to protect staff and prevent the transmission of infection to susceptible patients or people in their care.	Building on Monash Health's successful vaccination program to vaccinate new clinical staff. Maintain rate of flu vaccination at >75 per cent.	**Achieved** The target for winter 2016 was met with 77 per cent flu vaccination achieved. The vaccination program for winter 2017 is currently underway.

DOMAIN	DHHS ACTION STATEMENTS	MONASH HEALTH DELIVERABLE	OUTCOME
Quality and Safety	Implement systems and processes to recognise and support person-centred end of life care in all settings, with a focus on providing support for people who choose to die at home.	Ensure engagement of and availability of palliative care across Monash Health services including bridging of inpatient to community.	**Achieved** • A consultancy service has been implemented to facilitate rapid specialist palliative care for patients, including those who require complex symptom management for their end-of-life care needs. • A new paediatric palliative care service has been established at Monash Children's Hospital. • End-of-life care in the management of Advanced Chronic Disease was identified as an initial action area for the implementation of the Monash Health Chronic Disease Strategy. Work will progress in 2017-18.
Quality and Safety	Advance care planning is included as a parameter in an assessment of outcomes including: mortality and morbidity review reports, patient experience, and routine data collection.	Ensure compliance with including advance care planning in outcome assessments.	**In progress** • Work is in progress to document Advance Care Plans in the clinician review field of the death module in the Riskman Incident Management System. The aim of this is to flag review of how the Plan was considered during Morbidity and Mortality meetings. • A research project is being planned in partnership with the Health Issues Centre to better understand patient and carer experiences around Advance Care Planning. • Data continues to be collected and monitored regarding the number of patients aged 75 or older with an Advance Care Plan or an identified substitute decision maker.
Quality and Safety	Progress implementation of a whole-of-hospital model for responding to family violence	Progress implementation of a whole-of-hospital response to family violence based on the 'Strengthening Hospital Responses to Family Violence initiative'.	**Achieved** The Monash Health Family Violence (FV) taskforce work plan includes: • Development of a range of policies and procedures. • Training 1,050 people in alignment with the Family Violence training plan. • Development of a communications plan that has resulted in raising awareness by including in corporate news bulletins and TV screens accessible to members of the public. • Ongoing collaboration, as a member of the Southern Metropolitan Integrated Family Violence Network. Work has included consultations regarding family law and equal opportunity, development and usage of a shared website, and development of an updated matrix of local Family Violence services.

DOMAIN	DHHS ACTION STATEMENTS	MONASH HEALTH DELIVERABLE	OUTCOME
Quality and Safety	Establish a foetal surveillance competency policy and associated procedures for all staff providing maternity care that includes the minimum training requirements, safe staffing arrangements and ongoing compliance monitoring arrangements.	To monitor compliance against procedure at the monthly maternity practice improvement committees.	**Achieved** The Clinical Practice Guideline for foetal surveillance is in place. Monitoring of performance results in comparison to the guideline occurs on a monthly basis. As of June 2017, 98 per cent of midwifery staff, and 100 per cent of relevant Junior and Senior Medical Staff at Monash Health have attended the relevant re-certification training. Staff not re-certified are relocated from birth suite until re-certification training is completed. New midwifery staff are required to complete competency training prior to commencement in birth suite.
Quality and Safety	Use patient feedback, including the Victorian Healthcare Experience Survey to drive improved health outcomes and experiences through a strong focus on person and family centred care in the planning, delivery and evaluation of services, and the development of new models for putting patients first.	To deliver the Patient Experience Strategy through implementation of the Patient Experience Business Plan 2016-17: i) Improved specificity and reporting of patient feedback data to inform improvements; ii) Identify and support front-line champions to design and implement local initiatives to improve patient experience.	**In progress** • Patient experience data is currently being collected on 10 wards via the Press Ganey program. Data is reported monthly and a reward and recognition program has been introduced to drive improved health outcomes and patient experience. • The Press Ganey program will be expanded to all Adult Inpatient wards across Monash Medical Centre and Dandenong Hospital commencing 1 July 2017. • 63 front line champions are working with the patient experience team to drive local improvements.
Quality and Safety	Develop a whole of hospital approach to reduce the use of restrictive practices for patients, including seclusion and restraint.	Implement the safe wards initiative across acute inpatient mental health units at Monash Health. Reinvigorate SafeEDs to ensure ED clinical staff are supported in their role in de-escalating patient behaviour and in reducing restrictive interventions.	**In progress** The DHHS delivered the Safewards train the trainer programs to Monash Health staff in April 2017. Rollout of Safewards training to all mental health staff in relevant areas is commencing. Following completion of the training program, Mental Health Program inpatient units will develop individual implementation plans. All Mental Health units will have the Safewards initiative embedded by 30 January 2018. Implementation of a new behavioural health model of care has commenced with the collaboration of the ED and mental health programs. A review of ED 'Code Grey' procedures [*Combative or abusive behaviour exhibited by patients, families, visitors*] is underway and will include a review of code grey model and team configuration, code grey procedure and training for all staff. A behavioural assessment room will be established at Casey Hospital Emergency Department.

DOMAIN	DHHS ACTION STATEMENTS	MONASH HEALTH DELIVERABLE	OUTCOME
Supporting healthy populations	Health services support shared population health and wellbeing planning at a local level - aligning with the Local Government Municipal Public Health and Wellbeing plan and working with other local agencies and Primary Health Networks.	Monash Health to support shared population health and wellbeing planning (Casey, Cardinia and Greater Dandenong) aligning the Municipal Public Health and Wellbeing Plan and the Integrated Health Promotion Plan in 2017. To partner with Primary Health Networks to facilitate shared population planning at a local level.	**Achieved** • Monash Health is actively partnering with the City of Casey and Cardinia Shire to support development of their respective Municipal Public Health and Wellbeing Plans. • Monash Health staff participated in DHHS training to ensure that Integrated Health Promotion plans align with the Victorian State Government's Victorian Public Health and Wellbeing Outcomes Framework. • An Integrated Health Promotion Workgroup has been established to oversee the development of the Monash Health Integrated Health Promotion Plan 2017-21. • The South Eastern Melbourne and Eastern Melbourne Primary Health Networks actively participated in development of the Implementation Plan for the Monash Health Chronic Disease Strategy 2016-21.
Supporting healthy populations	That health services focus on primary prevention and aim to impact on large numbers of people in the places where they spend their time adopting a place based, whole of population approach to tackle the multiple risk factors of poor health.	Commence implementation of the Monash Health Chronic Disease Strategy including the development of an implementation plan.	**In progress** In 2016-17, Monash Health collaborated with its partners to: • Identify four initial action areas for strategy implementation (diabetes; chronic respiratory disease; management of advanced chronic disease, and oral health and chronic disease). • Establish focus groups for each initial action area who each met on three occasions, culminating in an Implementation Planning Forum. • A draft Implementation Plan has been developed and was circulated to Monash Health stakeholders including key partner organisations for comment in June 2017. The final draft will be submitted to the Monash Health Executive Committee in July 2017 for endorsement.
Supporting healthy populations	Develop and implement strategies that encourage a culturally diverse environment such as partnering with culturally diverse communities, reflecting the diversity of your community in the organisational governance, and having culturally sensitive, safe and inclusive practices.	To design and implement a Monash Health Diversity and Inclusion Plan (2016-20) including: governance, leadership and communication. Deliver 2016-17 milestones.	**In progress** The Equity and Inclusion committee has been established as a sub-committee to the Monash Health Executive Committee. Identified priority areas include Aboriginal and Torres Strait Islanders, cultural diversity, disability, gender equality, age, Lesbian, gay, bisexual, transgender, and/or intersex (LGBTI) and social and economic disadvantage. Work has commenced on the priority areas, with leads in place for all priority areas.

DOMAIN	DHHS ACTION STATEMENTS	MONASH HEALTH DELIVERABLE	OUTCOME
Supporting healthy populations	Improve the health outcomes of Aboriginal and Torres Strait Islander people by establishing culturally safe practices which recognise and respect their cultural identities and safely meet their needs, expectations and rights.	To develop, endorse and implement the Monash Health Reconciliation Action Plan 2016-18. To deliver year one milestones.	**Achieved** A Reconciliation Action Plan 2016-18 has been developed and publicly launched. The Aboriginal Health Strategic Partnership Committee has identified midwifery and the ED as shared priorities. The Aboriginal Employment Plan has been endorsed and a sub group from Aboriginal Health Working Group established to progress work on employment pathways in partnership with Monash University. Three new cadets have been recruited across nursing and allied health as part of the Cadets and Graduates Program.
Supporting healthy populations	Drive improvements to Victoria's mental health system through focus and engagement in activity delivering on the 10 Year Plan for Mental Health and active input into consultations on the Design, Service and infrastructure Plan for Victoria's Clinical mental health system.	Participate in the Mental Health Service Plan project being run by KPMG on behalf of DHHS. Develop a Mental Health Service and Capital Plan. Improve service access through the redesign of community mental health services in closer partnership with the Primary Health Network.	**In progress** Monash Health continues to be involved in discussions with DHHS to actively contribute to improvements in mental health services. This is demonstrated by Monash Health's participation in implementation of the following initiatives: • Reducing restrictive interventions by the trialling and provision of leadership in the rollout of the Safewards project. • Participation on two DHHS committees: the Electroconvulsive Treatment (ECT) committee and the Safewards forums. • Presentation of preliminary results to DHHS of the trial into new approaches in managing patients with borderline personality disorder. • Playing a leading role in the development of the Second Psychiatric Opinion Service being led jointly by Monash Health and Melbourne Health. • Liaising with relevant stakeholders in the continuing development of state-wide child psychiatry services. Monash Health is currently developing a wide-reaching Service and Capital Plan upon which to base future planning to include forecasting demand and required growth of services as well as capital developments. A redesign of community service delivery is currently under way. These changes include the development of the Agile Clinics; finalisation of the Service and Capital Plan; and a review of the model of care of community services.

DOMAIN	DHHS ACTION STATEMENTS	MONASH HEALTH DELIVERABLE	OUTCOME
Supporting healthy populations	Using the Government's Rainbow eQuality Guide, identify and adopt 'actions for inclusive practices' and be more responsive to the health and wellbeing of lesbian, gay, bisexual, transgender and intersex (LGBTI) individuals and communities.	To design and implement a Monash Health Diversity and Inclusion plan (2016-20). To deliver 2016-17 milestones towards achievement of Rainbow Tick accreditation.	**In progress** The Equity and Inclusion committee has been established as a sub-committee to the Monash Health Executive Committee. Identified priority areas include Aboriginal and Torres Strait Islanders, cultural diversity, disability, gender equality, age, LGBTI+ and social and economic disadvantage. Development of a formal Equity and Inclusion Framework / Plan will be completed during the course of FY 2017-18.
Supporting healthy populations	Health services further their engagement with relevant academic institutions and other partners to increase participation in clinical trials	To fully commission the Monash Health Translational Precinct as a clinical trial space. To undertake a review of all clinical trials within Monash Health to identify opportunities to increase patient participation and number of trials.	**In progress** The Monash Health Translation Precinct Clinical Trials Centre is fully commissioned and active. A Change Management Statement is being developed to align Monash Health research services with operational and financial functions of the Monash Health Translation Precinct Clinical Trial Centre. The proposal provides a framework that will strengthen the existing working and financial relationships between the Clinical Trial Centre and clinical investigators in order to increase clinical research activity and patient participation. Key stakeholders will be consulted with regarding the proposal.
Financial sustainability	Further enhance cash management strategies to improve cash sustainability and meet financial obligations as they are due.	To implement cash management strategies through debt reduction and efficiency gains.	**In progress** Two major initiatives are currently being undertaken to achieve this deliverable: **1. Reduce un-rostered overtime and recall expense:** • Kronos modifications are being implemented to more accurately reflect entitlements. • Automated roster analysis completed for 10 specialties and provided to Program Directors. Another ten specialties will be analysed in 2017-18. Automated optimisation of rosters is currently being developed. • Specific high workload rosters identified by Junior Medical Staff are being reviewed by Monash Doctors Workforce and junior doctors to identify alternative rostering and staffing options. **2. Continued work on reducing aged debt and minimising bad debt write off with a focus on Overseas Medicare Ineligible debt.**

DOMAIN	DHHS ACTION STATEMENTS	MONASH HEALTH DELIVERABLE	OUTCOME
Financial sustainability	Actively contribute to the development of the Victorian Government's policy to be net zero carbon by 2050 and improve environmental sustainability by identifying and implementing projects, including workforce education, to reduce material environmental impacts with particular consideration of procurement and waste management, and publicly reporting environmental performance data, including measureable targets related to reduction of clinical, sharps and landfill waste, water and energy use and improved recycling.	To review Monash Health's Sustainability Plan and implement 2016-17 strategies including: i) Undertaking a gap analysis; ii) The development of visible KPIs.	**In progress** Monash Health's Sustainability Plan was reviewed and a gap analysis undertaken with the establishment of key performance indicators. The DHHS will host a 'Sustainability in health care strategy workshop' in August 2017 to inform development of a broader public health strategy. Monash Health will participate and ensure alignment of Monash Health's draft environmental management plan and the key performance indicators with this broader strategy.

Statement of Priorities: Part B Performance Priorities

Quality and safety

KEY PERFORMANCE INDICATOR	TARGET	2016-17 RESULT
Accreditation		
Compliance with NSQHS Standards accreditation	Full compliance	**Achieved**
Compliance with the Commonwealth's Aged Care Accreditation Standards	Full compliance	**Achieved**
Infection prevention and control		
Overall compliance with cleaning standards	Full compliance	**Achieved**
Very high risk (Category A)	90 points	**Achieved**
High risk (Category B)	85 points	**Achieved**
Moderate risk (Category C)	85 points	**Achieved**
Compliance with the Hand Hygiene Australia program	80%	**81.2%**
Percentage of healthcare workers immunised for influenza (flu season 2016)	75%	**77%**
Patient experience		
Victorian Healthcare Experience Survey - data submission	Full compliance	**Achieved**
Victorian Healthcare Experience Survey – patient experience Quarter 1	95% positive experience	**84%**
Victorian Healthcare Experience Survey – patient experience Quarter 2	95% positive experience	**89%**
Victorian Healthcare Experience Survey – patient experience Quarter 3	95% positive experience	**86%**
Victorian Healthcare Experience Survey – discharge care Quarter 1	75% very positive response	**70%**
Victorian Healthcare Experience Survey – discharge care Quarter 2	75% very positive response	**70%**
Victorian Healthcare Experience Survey – discharge care Quarter 3	75% very positive response	**70%**

KEY PERFORMANCE INDICATOR	TARGET	2016-17 RESULT
Healthcare associated infections		
Number of patients with surgical site infection	No outliers	**Not achieved**
ICU central line-associated blood stream infection	No outliers	**Not achieved**
SAB rate per occupied bed days[2]	<2/10,000	**0.93/10,000**
Maternity and newborn		
Percentage of women with prearranged postnatal home care	100%	**100%**
Rate of singleton term infants without birth anomalies with APGAR score <7 to 5 minutes	≤1.6%	**1.5%**
Rate of severe foetal growth restriction in singleton pregnancy undelivered by 40 weeks	≤28.6%	**29.1%**

2 SAB is staphylococcus aureus bacteraemia

KEY PERFORMANCE INDICATOR	TARGET	2016-17 RESULT
Mental health		
Percentage of adult inpatients who are readmitted within 28 days of discharge	14%	**15.2%**
Rate of seclusion events relating to an acute admission – composite seclusion rate	≤15/1,000	**5.48/1,000**
Rate of seclusion events relating to a child and adolescent acute admission	≤15/1,000	**3.6/1,000**
Rate of seclusion events relating to an adult acute admission	≤15/1,000	**7.9/1,000**
Rate of seclusion events relating to an aged acute admission	≤15/1,000	**0.6/1,000**
Percentage of child and adolescent patients who have post-discharge follow-up within seven days	75%	**94.2%****
Percentage of adult patients who have post-discharge follow-up within seven days	75%	**90.1%****
Percentage of aged patients who have post-discharge follow-up within seven days	75%	**93.6%****
Continuing care		
Functional independence gain from admission to discharge, relative to length of stay	≥0.39 (GEM) and ≥0.645 (rehab)	**0.48(GEM) and 0.78(rehab)**

*** This data may have been affected by industrial activity during the financial year. The collection of non-clinical and administrative data was affected, with impacts on community mental health service activity and client outcome measures.*

Governance and leadership

KEY PERFORMANCE INDICATOR	TARGET	2016-17 RESULT
People Matter Survey – percentage of staff with a positive response to safety culture questions	80%	**88%**

Access and timeliness

KEY PERFORMANCE INDICATOR	TARGET	2016-17 RESULT
Emergency care		
Emergency – Casey Hospital		
Percentage of ambulance patients transferred within 40 minutes	90%	**82.8%**
Percentage of Triage Category 1 emergency patients seen immediately	100%	**100%**
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended times	80%	**68.1%**
Percentage of emergency patients with a length of stay less than four hours	81%	**81.0%**
Number of patients with a length of stay in the emergency department greater than 24 hours	0	**1**
Emergency – Monash Medical Centre		
Percentage of ambulance patients transferred within 40 minutes	90%	**77.0%**
Percentage of Triage Category 1 emergency patients seen immediately	100%	**100%**
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended times	80%	**67.5%**
Percentage of emergency patients with a length of stay less than four hours	81%	**66.8%**
Number of patients with a length of stay in the emergency department greater than 24 hours	0	**0**
Emergency – Dandenong Hospital		
Percentage of ambulance patients transferred within 40 minutes	90%	**82.9%**
Percentage of Triage Category 1 emergency patients seen immediately	100%	**100%**
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended times	80%	**75.3%**
Percentage of emergency patients with a length of stay less than four hours	81%	**75.6%**

KEY PERFORMANCE INDICATOR	TARGET	2016-17 RESULT
Number of patients with a length of stay in the Emergency Department greater than 24 hours	0	**1**
Elective surgery		
Percentage of urgency category 1 elective patients admitted within 30 days	100%	**100%**
Percentage of urgency category 1, 2 and 3 elective patients admitted within clinically recommended timeframes	94%	**88.7%**
20% longest waiting Category 2 and 3 removals from the elective surgery waiting list	100%	**100%**

KEY PERFORMANCE INDICATOR	TARGET	2016-17 RESULT
Number of patients on the elective surgery waiting list[3]	5,110	**5,667**
Number of hospital initiated postponements per 100 scheduled admissions	≤8 /100	**7.2/100**
Number of patients admitted from the elective surgery waiting list – annual total	29,400	**29,110**
Specialist clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	**60%**
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	**96%**

3 Following a review of the data there was an unexpected increase in patients added to the wait list, which impacted Monash Health's performance against the SOP target. While the year end result did not meet the SOP target, the actual result reflects an agreed position with the Department of Health and Human Services, in light of the impact of the review findings.

Financial sustainability

KEY PERFORMANCE INDICATOR	TARGET	2016-17 RESULT
Finance		
Operating result ($m)	0.00	**0.04**
Trade creditors	60 days	**47 days**
Patient fee debtors	60 days	**46 days**
Public & private WIES 3 performance to target	100%	**102.01%**
Adjusted current asset ratio	0.7	**0.7**
Days of available cash	14 days	**6 days**
Asset management		
Basic asset management plan	Full compliance	**Achieved**

Statement of Priorities: Part C Activity and Funding

FUNDING TYPE	2016-17 ACTIVITY ACHIEVEMENT
Acute Admitted	
WIES DVA	753
WIES Private	17,481
WIES Public	160,048
WIES TAC	721
Acute Non-Admitted	
Home Renal Dialysis	161
Total Parenteral Nutrition	157
Home Enteral Nutrition	4,111
Radiotherapy Non Admitted Shared Care	102
Aged Care	
HACC	81,274
Residential Aged Care	35,122
Subacute and Non-Acute Admitted	
Transition Care – Bed days	16,150
Transition Care – Home days	10,551
Subacute WIES – GEM Private	391
Subacute WIES – GEM Public	1,656
Subacute WIES – Palliative Care Private	42
Subacute WIES – Palliative Care Public	381
Subacute WIES – Rehabilitation Private	583
Subacute WIES – Rehabilitation Public	2,497

FUNDING TYPE	2016-17 ACTIVITY ACHIEVEMENT
Subacute WIES – DVA	**88**
Subacute Non-Admitted	
Health Independence Program – Public	**185,934**
Mental Health and Drug Services	
Drug Services	**605***
Mental Health Ambulatory	**125,993***
Mental Health Residential	**46,212***
Mental Health Subacute	**16,059***
Mental Health Inpatient – Secure Unit	**18,463***
Mental Health Inpatient – Available bed days	**58,173***
Primary Health	
Community Health / Primary Care Programs	**94,852**
Other	
NFC – Pancreas Transplants	**17**
Health Workforce	**658**

**This data may have been affected by industrial activity during the financial year. The collection of non-clinical and administrative data was affected, with impacts on community mental health service activity and client outcome measures.*

Summary of financial results

	2017 $'000	2016 $'000	2015 $'000	2014 $'000	2013 $'000
Total Revenue	**1,850,870**	1,751,695	1,512,402	1,450,332	1,341,700
Total Expenses	**1,754,104**	1,647,800	1,528,277	1,428,992	1,344,438
Net Result for the Year (inc. Capital and Specific Items)	**107,457**	103,895	-15,875	21,340	-2,738
Retained Surplus/(Accumulate Deficit)	**133,689**	32,982	-67,073	-50,995	-72,469
Total Assets	**1,715,387**	1,591,476	1,420,199	1,405,432	1,050,623
Total Liabilities	**522,107**	**505,698**	**463,422**	**433,922**	**397,416**
Net Assets	**1,193,280**	**1,085,778**	**956,777**	**971,510**	**653,207**
Total Equity	**1,193,280**	**1,085,778**	**956,777**	**971,510**	**653,207**

Average collection days

	2017	2016	2015	2014	2013
Private	**46**	48	50	43	57
Transport Accident Commission (TAC	**-**	-	-	-	-
Victorian WorkCover Authority (VWA)	**98**	96	127	117	134
Nursing Home	**38**	37	28	26	29

Inpatient debtors ageing

	<30 DAYS	31-60 DAYS	61-90 DAYS	>90 DAYS	2015-16	2014-15	2013-14
TAC	-	-	-	-	-	-	-
Private	2,135	1,480	368	417	4,029	3,652	3,652
Victorian WorkCover Authority (VWA)	200	25	41	86	530	160	160
Nursing Home	239	39	31	332	801	650	538
Total	**2,574**	**1,544**	**440**	**835**	**5,361**	**4,930**	**4,350**

Details of Information and Communication Technology (ICT) expenditure

The total ICT expenditure incurred during 2016-17 is $37.2 million (excluding GST) with the details shown below:

BAU ICT EXPENDITURE ($'000) (EXCL GST)	NON-BAU ICT EXPENDITURE (=A+B) ($'000) (EXCL GST)	A. OPERATIONAL EXPENDITURE ($'000) (EXCL GST)	B. CAPITAL EXPENDITURE ($'000) (EXCL GST)
25,598	11,555	647	10,908

Details of consultancies (under $10,000)

In 2016-17, there were 88 consultancies where the total fees payable to the consultants were less than $10,000. The total expenditure incurred during 2016-17 in relation to these consultancies is $225,104 (excluding GST).

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

In 2016-17, there were 19 consultancies where the total fees payable to the consultants were $10,000 or greater. The total expenditure incurred during 2016-17 in relation to these consultancies is $1,228,225 (excluding GST). Details of these consultancies are listed below.

CONSULTANTS	2017	2016	2015	2014	2013
Consultants' cost ($)	**1,228,225**	996,437	1,265,500	2,051,811	1,201,833
Total number of consultants	**107**	140	80	115	78

CONSULTANT	PURPOSE OF CONSULTANCY	START DATE	END DATE	TOTAL APPROVED PROJECT FEE ($'000)	EXPENDITURE 2016-2017 ($'000)
Ernst & Young	Internal Audit and FBT Services	1/07/16	30/06/17	467	**467**
Press Ganey Associates Pty Ltd	Inpatient Surveying Consulting	1/07/16	30/06/17	135	**135**
Wisely Trust	Workplace Safety Review	1/07/16	30/06/17	76	**76**
Injurynet Australia Pty Ltd	Network Access Consulting	1/07/16	30/06/17	68	**68**
Pharmconsult Pty Ltd	Consulting on Pharmacy	1/07/16	30/06/17	60	**60**
Philip Chun Esm Pty Ltd	Essential Safety Measures Audit	1/07/16	30/06/17	55	**55**
Health Connexion	Consulting for Transition Support Unit	1/07/16	30/06/17	54	**54**
Healthcare Management Advisors Pty Ltd	Strategic Planning	1/07/16	30/06/17	53	**53**
Novoture Pty Ltd	Culture Review	1/07/16	30/06/17	35	**35**
The Trustee For Sharyn Meade Business Trust	Fundraising Consulting	1/07/16	30/06/17	31	**31**
CWH Mediation & Workplace	Workplace Review	1/07/16	30/06/17	30	**30**
The Australian Council On Healthcare Standards	Safety and Quality Consulting	1/07/16	30/06/17	27	**27**
Corey Michael Adams	Patient Experience Initiatives	1/07/16	30/06/17	27	**27**

CONSULTANT	PURPOSE OF CONSULTANCY	START DATE	END DATE	TOTAL APPROVED PROJECT FEE ($'000)	EXPENDITURE 2016-2017 ($'000)
Jayne Dullard	Communication Review	1/07/16	30/06/17	23	**23**
Waterman AHW Vic Pty Ltd	Lift Consulting	1/07/16	30/06/17	23	**23**
Etty Health Pty Ltd	Review of Neurosurgery	1/07/16	30/06/17	21	**21**
Disability Services Consulting National Disability	Insurance Scheme Review	1/07/16	30/06/17	16	**16**
Hardes & Associates	Consulting for Organisational Growth and Development	1/07/16	30/06/17	15	**15**
Magellan Consulting Pty Ltd	Workplace Relations Consulting	1/07/16	30/06/17	13	**13**

Advertising

Monash Health made no expenditure in Government advertising.

Car parking fees

Monash Health complies with the DHHS hospital circular on car parking fees and details of car parking fees and concession benefits can be viewed at **www.monashhealth.org/page/Visitor_Car_Parking**

Financial Summary

The 2016-2017 financial year saw continued growth in demand for services across Monash Health.

The key financial performance measure monitored by Monash Health management and the Department of Health & Human Services is the 'Net Result Before Capital and Specific Items' and in 2016-2017 Monash Health achieved a surplus result of $0.04 million compared with a surplus result of $0.5 million in 2015-2016.

Monash Health's 'Comprehensive Result', which includes capital and specific items, was a surplus of $107.5 million in 2016–2017 compared to a surplus of $103.9 million in 2015-2016. Included in the 2016-2017 'Comprehensive Result' were capital grants of $70.4 million from the State Government.

Total revenue from operations for the 2016-2017 financial year was $1,667.8 million which is an increase of $112.2 million or 7.2 per cent compared with the previous year. Our main measure of activity (Weighted Inlier Equivalent Separations) increased by 5.8% over the prior year.

Monash Health's cash as at 30 June 2017 was $103.4 million compared with $64.9 million as at 30 June 2016. The reasons for the increase in cash holding were an increase in prefunded capital, ensuring capital expenditure had a source of funds and improvement in working capital.

Stuart Donaldson
Chief Financial Officer

Melbourne
21 August 2017

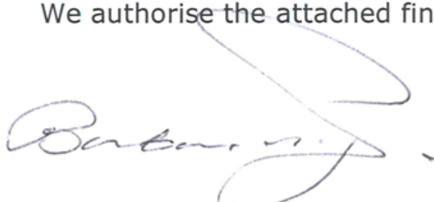
Board member's, chief executive's and chief financial officer's declaration

The attached financial statements for Monash Health and its consolidated entity 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 2017 and the financial position of Monash Health and its consolidated entity at 30 June 2017.

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 21 August 2017.



Barbara Yeoh AM
Chair, Board of Directors

Melbourne
21 August 2017

Andrew Stripp
Chief Executive

Melbourne
21 August 2017

Stuart Donaldson
Chief Financial Officer

Melbourne
21 August 2017

VAGO
Victorian Auditor-General's Office

Independent Auditor's Report

To the Board of Monash Health

Opinion	I have audited the consolidated financial report of Monash 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 2017 • 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 a summary of significant accounting policies • Board member's, chief executive's and chief financial officer's declaration. In my opinion, the financial report presents fairly, in all material respects, the financial positions of the consolidated entity and the health service as at 30 June 2017 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. My responsibilities under that Act and those standards are further described 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 Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Board's responsibilities for the financial report	The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Board is responsible for assessing the health service and the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

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

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

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

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

MELBOURNE
21 August 2017

Ron Mak
as delegate for the Auditor-General of Victoria

Financial Statements and Explanatory Notes

Monash Health
Comprehensive Operating Statement
For the Year Ended 30 June 2017

	Note	Consol'd 2017 $'000	Consol'd 2016 $'000
Revenue from operating activities	2.1	1,667,804	1,555,612
Revenue from non-operating activities	2.1	2,759	2,407
Employee expenses	3.1	(1,133,866)	(1,053,736)
Non salary labour costs	3.1	(16,448)	(10,989)
Supplies and consumables	3.1	(251,874)	(226,080)
Commercial Activities	3.1	(139,102)	(140,678)
Other expenses	3.1	(129,385)	(126,214)
Share of net result of associates and joint ventures accounted for using the Equity Method	2.1	147	184
Net result before capital and specific items		**35**	**506**
Capital purpose income	2.1	180,160	193,492
Depreciation and Amortisation	4.3	(67,063)	(70,184)
Specific Expenses	3.3	(667)	(5,741)
Finance Costs	3.4	(3,739)	(3,880)
Finance Costs - Self Funded Activity	3.4	(1,734)	(1,795)
Expenditure for Capital Purpose	3.1	(10,226)	(8,503)
Net Result after capital and specific items		**96,766**	**103,895**
Other economic flows included in net result			
Revaluation of Long Service Leave		10,691	**-**
Total other economic flows included in net result		**10,691**	**-**
Net result from continuing operations		**107,457**	**103,895**
NET RESULT FOR THE YEAR		**107,457**	**103,895**
Other comprehensive income			
Items that will not be reclassified to net result			
Changes in physical asset revaluation surplus	8.1	-	25,095
Total other comprehensive income		**-**	**25,095**
Comprehensive result		**107,457**	**128,990**

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

Monash Health
Balance Sheet
As at 30 June 2017

	Note	Consol'd 2017 $'000	Consol'd 2016 $'000
Current assets			
Cash and cash equivalents	6.2	116,009	74,315
Receivables	5.1	47,582	45,111
Inventories	5.2	15,742	13,124
Prepayments and Other assets	5.4	2,893	3,314
Total current assets		**182,226**	**135,864**
Non-current assets			
Receivables	5.1	81,717	71,038
Investments accounted for using the equity method	4.1	4,012	3,865
Property, plant & equipment	4.2	1,443,956	1,375,797
Intangible assets	4.4	3,476	4,912
Total non-current assets		**1,533,161**	**1,455,612**
TOTAL ASSETS		**1,715,387**	**1,591,476**
Current liabilities			
Payables	5.5	81,217	88,980
Borrowings	6.1	6,161	4,798
Provisions	3.5	279,912	254,914
Other current liabilities	5.3	12,619	9,390
Total current liabilities		**379,909**	**358,082**
Non-current liabilities			
Borrowings	6.1	83,418	88,003
Provisions	3.5	58,780	59,613
Total non-current liabilities		**142,198**	**147,616**
TOTAL LIABILITIES		**522,107**	**505,698**
NET ASSETS		**1,193,280**	**1,085,778**
EQUITY			
Property, plant & equipment revaluation surplus	8.1a	641,545	641,545
Restricted specific purpose surplus	8.1a	14,953	8,203
Contributed capital	8.1b	403,093	403,048
Accumulated surpluses	8.1c	133,689	32,982
TOTAL EQUITY		**1,193,280**	**1,085,778**
Contingent assets and contingent liabilities	7.3		
Commitments	6.3		

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

Monash Health
Statement of Changes in Equity
For the Year Ended 30 June 2017

Consolidated	Note	Property, Plant & Equipment Revaluation Surplus $'000	Restricted Specific Purpose Surplus $'000	Contributions by Owners $'000	Accumulated Surpluses/ (Deficits) $'000	Total $'000
Balance at 1 July 2015		**616,450**	**4,363**	**403,037**	**(67,073)**	**956,777**
Net result for the year		-	-	-	103,895	103,895
Other comprehensive income for the year	8.1a	25,095	-	-	-	25,095
Transfer to accumulated (deficits)	8.1a, 8.1c	-	3,840	-	(3,840)	-
Transfer to contributed capital	8.1b	-	-	11	-	11
Balance at 30 June 2016		**641,545**	**8,203**	**403,048**	**32,982**	**1,085,778**
Net result for the year		-	-	-	107,457	107,457
Transfer to accumulated (deficits)	8.1a, 8.1c	-	6,750	-	(6,750)	-
Transfer to contributed capital	8.1b	-	-	45	-	45
Balance at 30 June 2017		**641,545**	**14,953**	**403,093**	**133,689**	**1,193,280**

This Statement should be read in conjunction with the accompanying notes

Monash Health
Cash Flow Statement
For the Year Ended 30 June 2017

	Note	Consol'd 2017 $'000	Consol'd 2016 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating grants from government		1,441,631	1,317,165
Capital grants from government		118,650	48,331
Patient and resident fees received		115,194	122,889
Private hospital fees received		47,929	47,858
Donations and bequests received		1,791	2,280
GST received from ATO		38,016	31,435
Recoupment from private practice for use of hospital facilities		11,696	11,748
Interest received		2,759	2,407
Other receipts		53,102	35,231
Total receipts		**1,830,768**	**1,619,344**
Employee expenses paid		(1,140,970)	(1,023,994)
Payments for supplies & consumables		(292,088)	(257,503)
Finance costs		(1,734)	(1,794)
Other payments		(284,354)	(267,741)
Total payments		**(1,719,146)**	**(1,551,033)**
NET CASH FLOW FROM OPERATING ACTIVITIES	8.2	**111,622**	**68,311**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Intangibles, Property, Plant and Equipment		(72,109)	(36,996)
NET CASH FLOW USED IN INVESTING ACTIVITIES		**(72,109)**	**(36,996)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings			
Repayment of borrowings			
Repayment of Car Park Loan		(1,048)	(987)
NET CASH FLOW USED IN FINANCING ACTIVITIES		**(1,048)**	**(987)**
NET INCREASE IN CASH AND CASH EQUIVALENTS HELD		**38,466**	**30,328**
Cash and cash equivalents at beginning of financial year		64,925	34,597
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	6.2	**103,390**	**64,925**

This Statement should be read in conjunction with the accompanying notes

Basis of presentation

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 (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.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contribution by owners. Transfer of net liabilities arising from administrative restructurings are treated as distribution to 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 future periods that are affected by the revision.

Note 1: Summary of Significant Accounting Policies

These annual financial statements represent the audited general purpose financial statements for Monash Health for the period ended 30 June 2017. The report provides users with information about the Monash Health's stewardship of resources entrusted to it.

(a) Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Financial Management Act 1994* and applicable 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 & Finance, and relevant Standing Directions (SDs) authorised by the Minister for Finance.

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

The annual financial statements were authorised for issue by the Board of Monash Health on 21st August 2017.

(b) Reporting Entity

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

Its principal address is:

246 Clayton Road
Clayton
Victoria 3168

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

Objectives and funding

Monash Health's overall objective is to provide quality, patient-centred health care that meets the needs the community, through a vision of exceptional care, outstanding outcomes, and key strategic goals of putting patients first, driving innovation, partnering strategically, and leading in sustainable health care, as well as to improve the quality of life for Victorians.

Monash Health is predominantly funded by accrual based grant funding for the provision of outputs.

(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 2017, and the comparative information presented in these financial statements for the year ended 30 June 2016.

The going concern basis was used to prepare the financial statements.

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

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

The financial statements are prepared in accordance with the historical cost convention, except for:

- non-current physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made and are re-assessed when new indices are published by the Valuer General to ensure that the carrying amounts do not materially differ from their fair values;
- the fair value of assets other than land is generally based on their depreciated replacement value.

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

Consistent with AASB 13 *Fair Value Measurement*, Monash Health determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment and financial instruments 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 impact 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 purposes of fair value disclosures, Monash Health has determined classes of assets and liabilities on the basis of nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. In addition, Monash Health determines whether transfers have occurred between levels in the hierarchy by re-assessing the 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 is Monash Health's independent valuation agency. Monash Health, in conjunction with Valuer-General Victoria monitors the changes in the fair value of each asset and liability through relevant data sources to determine when a revaluation is required.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and future periods if the revision affects both current and future periods. Judgements and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates, with a risk of material adjustments in the subsequent reporting period, relate to:

- The fair value of land, buildings, infrastructure, plant and equipment (refer Note 4.2(c));
- Superannuation expense (refer Note 3.6); and
- Actuarial assumptions for the employee benefit provisions based on the likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer Note 3.5).

Comparative Information

Where necessary, the previous year's figures have been re-classified to facilitate comparisons.

(d) Principles of Consolidation

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

- The consolidated financial statements of Monash Health include all reporting entities controlled by Monash Health as at 30 June 2017; and
- The consolidated financial statements exclude bodies of Monash Health that are not controlled by Monash Health, and therefore are not consolidated.
- Control exists when Monash Health has the power to govern the financial and operating policies of a Health Service so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The consolidated financial statements include the audited financial statements of the controlled entities listed in Note 8.11.
- The parent entity is not shown separately in the notes.

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

Entities consolidated into the Monash Health reporting entity include:

- Kitaya Holdings Pty Ltd.

Intersegment Transactions

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

Note 2: Funding delivery of our services

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

To enable the hospital 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
2.2 Assets received free of charge or for nominal consideration

Note 2.1: Analysis of Revenue by Source

(based on the consolidated view)

	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	Primary Health 2017 $'000	Other 2017 $'000	Total 2017 $'000
Government Grant	926,954	216,308	40,077	125,293	79,235	20,855	21,428	-	1,430,150
Indirect contributions by Department of Health and Human Services	8,028	1,090	370	835	802	176	180	-	11,481
Patient & Resident Fees (refer to Note 2.1a)	20,952	85	-	1,776	5,670	-	-	9,749	38,232
Commerical Activities	-	-	-	-	-	-	-	120,957	120,957
Other Revenue from Operating Activities	-	-	-	-	-	-	-	66,984	66,984
Total Revenue from Operating Activities	**955,934**	**217,483**	**40,447**	**127,904**	**85,707**	**21,031**	**21,608**	**197,690**	**1,667,804**
Interest	-	-	-	-	-	-	-	2,759	2,759
Total Revenue from Non-Operating Activities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,759**	**2,759**
Capital Purpose Income (excluding Interest)	-	-	-	-	-	-	-	180,160	180,160
Total Capital Purpose Income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**180,160**	**180,160**
Share of Net Result of Associates & Joint Ventures Accounted for using the Equity Method (refer to Note 4.1)	-	-	-	-	-	-	-	147	147
Total Revenue	**955,934**	**217,483**	**40,447**	**127,904**	**85,707**	**21,031**	**21,608**	**380,756**	**1,850,870**

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

Note 2.1: Analysis of Revenue by Source

(based on the consolidated view)

	Admitted Patients 2016 $'000	Non-Admitted 2016 $'000	EDS 2016 $'000	Mental Health 2016 $'000	RAC incl. Mental Health 2016 $'000	Aged Care 2016 $'000	Primary Health 2016 $'000	Other 2016 $'000	Total 2016 $'000
Government Grant	888,646	174,434	32,506	115,354	65,395	11,179	28,782	-	1,316,296
Indirect contributions by Department of Health and Human Services	13,748	1,856	638	1,981	499	291	525	-	19,538
Patient & Resident Fees (refer to Note 2.1a)	21,291	62	-	1,399	5,256	-	-	12,901	40,909
Commerical Activities	-	-	-	-	-	-	-	118,975	118,975
Other Revenue from Operating Activities	-	-	-	-	-	-	-	59,894	59,894
Total Revenue from Operating Activities	**923,685**	**176,352**	**33,144**	**118,734**	**71,150**	**11,470**	**29,307**	**191,770**	**1,555,612**
Interest	-	-	-	-	-	-	-	2,407	2,407
Total Revenue from Non-Operating Activities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,407**	**2,407**
Capital Purpose Income (excluding Interest)	-	-	-	-	-	-	-	193,492	193,492
Total Capital Purpose Income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**193,492**	**193,492**
Share of Net Result of Associates & Joint Ventures Accounted for using the Equity Method (refer to Note 4.1)	-	-	-	-	-	-	-	184	184
Total Revenue	**923,685**	**176,352**	**33,144**	**118,734**	**71,150**	**11,470**	**29,307**	**387,853**	**1,751,695**

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

Note 2.1: Analysis of Revenue by Source

Income from transactions
Income is recognised in accordance with AASB 118 Revenue and is recognised as to the extent that it is probable that the economic benefits will flow to Monash Health and the income can be reliably measured at fair value. Unearned income at reporting date is reported as income received in advance. Amounts disclosed as revenue are where applicable, net of returns, allowances and duties and taxes.

Government Grants and other transfers of income (other than contributions by owners)
In accordance with AASB 1004 Contributions, government grants and other transfers of income (other than contributions by owners) are recognised as income when Monash Health gains control of the underlying assets irrespective of whether conditions are imposed on Monash Health's use of the contributions. Contributions are deferred as income in advance when Monash Health has a present obligation to repay them and the present obligation can be reliably measured.

Indirect Contributions from the Department of Health and Human Services
• Insurance is recognised as revenue following advice from the Department of Health and Human Services.
• Long Service Leave (LSL) – Revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Metropolitan Health and Aged Care Services Division Hospital Circular 04/2017 (update for 2016-2017).

Patient and Resident Fees
Patient fees represent revenue earned from the provision of patient services by Monash Health. Patient fees are recognised as revenue at the time invoices are raised.

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

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

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

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

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

Sale of investments
The gain/loss on the sale of investments is recognised when the investment is realised.

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

Note 2.1: Analysis of Revenue by Source

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

Category Groups

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

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

Mental Health Services (Mental Health) comprises all specialised mental health services providing a range of inpatient, community based residential, rehabilitation and ambulatory services which treat and support people with a mental illness and their families and carers. These services aim to identify mental illness early, and seek to reduce its impact through providing timely acute care services and appropriate longer-term accommodation and support for those living with a mental illness.

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

Emergency Department Services (EDs) comprises all emergency department services.

Aged Care comprises a range of in home, specialist geriatric, residential care and community based programs and support services, such as Home and Community Care (HACC) that are targeted to older people, people with a disability, and their carers.

Primary, Community and Dental Health comprises a range of home based, community based, community, primary health and dental services including health promotion and counselling, physiotherapy, speech therapy, podiatry and occupational therapy and a range of dental health services.

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

Other Services 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, Kooris liaison officers, immunisation and screening services, drugs services including drug withdrawal, counselling and the needle and syringe program, Disability services including aids and equipment and flexible support packages to people with a disability, Community Care programs including sexual assault support, early parenting services, parenting assessment and skills development, and various support services. Health and Community Initiatives also falls in this category group.

Note 2.1a: Patient and Resident Fees

	Consolidated 2017 $'000	Consolidated 2016 $'000
Patient and Resident Fees Raised		
Recurrent:		
Acute		
– Inpatients	20,952	21,291
– Outpatients	85	62
– Other	1,716	1,907
Residential Aged Care		
– Generic	265	315
– Mental Health	5,405	4,941
Mental Health	1,776	1,399
Other	8,033	10,994
Total Recurrent	**38,232**	**40,909**
Non-HSA Patient Fees Raised		
Kitaya Holdings Pty Ltd	47,929	47,858
Total Non-HSA Patient Fees Raised	**47,929**	**47,858**

Note 2.2: Assets received free of charge or for nominal consideration

	Consol'd 2017 $'000	Consol'd 2016 $'000
During the reporting period, the fair value of assets received free of charge, was as follows:		
Plant and Equipment	713	321
TOTAL	**713**	**321**

Medical Equipment was gifted from various donors.

Note 3: The cost of delivering our services

This section provides an account of the expenses incurred by the hospital in delivering services and outputs. In Section 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 Specific expenses
3.4 Finance costs
3.5 Provisions
3.6 Superannuation

Note 3.1: Analysis of Expenses by Source

(based on the consolidated view)

	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	Primary Health 2017 $'000	Other 2017 $'000	Total 2017 $'000
Employee Expenses	661,714	141,754	79,286	104,902	55,803	15,884	21,826	52,697	1,133,866
Other Operating Expenses									
Non Salary Labour Costs	8,788	2,699	1,588	1,740	852	104	98	579	16,448
Supplies & Consumables	154,661	32,056	7,577	18,020	8,258	4,956	2,280	24,066	251,874
Commercial Activities	-	-	-	-	-	-	-	139,102	139,102
Other Expenses	81,224	14,042	6,440	9,445	5,350	2,711	3,849	6,324	129,385
Total Expenditure from Operating Activities	**906,387**	**190,551**	**94,891**	**134,107**	**70,263**	**23,655**	**28,053**	**222,768**	**1,670,675**
Finance Costs (refer note 3.4)	-	-	-	-	-	-	-	3,739	3,739
Finance Costs - Self Funded Activity (refer note 3.4)	-	-	-	-	-	-	-	1,734	1,734
Other Non-Operating Expenses	-	-	-	-	-	-	-		
Specific Expenses (refer note 3.3)	-	-	-	-	-	-	-	667	667
Expenditure for Capital Purposes	-	-	-	-	-	-	-	10,226	10,226
Depreciation & Amortisation (refer note 4.3)	21,881	4,978	926	2,928	30,849	481	495	4,525	67,063
Total other expenses	**21,881**	**4,978**	**926**	**2,928**	**30,849**	**481**	**495**	**20,891**	**83,429**
Total Expenses	**928,268**	**195,529**	**95,817**	**137,035**	**101,112**	**24,136**	**28,548**	**243,659**	**1,754,104**

Note 3.1: Analysis of Expenses by Source

(based on the consolidated view)

	Admitted Patients 2016 $'000	Non-Admitted 2016 $'000	EDs 2016 $'000	Mental Health 2016 $'000	RAC incl. Mental Health 2016 $'000	Aged Care 2016 $'000	Primary Health 2016 $'000	Other 2016 $'000	Total 2016 $'000
Employee Expenses	635,919	120,602	70,819	97,683	51,170	13,112	22,556	41,875	1,053,736
Other Operating Expenses									
Non Salary Labour Costs	5,944	1,875	726	1,379	578	21	62	404	10,989
Supplies & Consumables	145,315	28,115	6,810	16,890	7,085	2,945	2,791	16,129	226,080
Commercial Activities	-	-	-	-	-	-	-	140,678	140,678
Other Expenses	80,227	12,732	6,639	8,741	4,777	2,607	3,987	6,504	126,214
Total Expenditure from Operating Activities	**867,405**	**163,324**	**84,994**	**124,693**	**63,610**	**18,685**	**29,396**	**205,589**	**1,557,697**
Finance Costs (refer note 3.4)	-	-	-	-	-	-	-	3,880	3,880
Finance Costs - Self Funded Activity (refer note 3.4)	-	-	-	-	-	-	-	1,795	1,795
Other Non-Operating Expenses									
Specific Expenses (refer note 3.3)	-	-	-	-	-	-	-	5,741	5,741
Expenditure for Capital Purposes	-	-	-	-	-	-	-	8,503	8,503
Depreciation & Amortisation (refer note 4.3)	23,544	4,495	845	3,026	32,285	292	747	4,949	70,184
Total other expenses	**23,544**	**4,495**	**845**	**3,026**	**32,285**	**292**	**747**	**24,869**	**90,103**
Total Expenses	**890,949**	**167,819**	**85,839**	**127,719**	**95,895**	**18,977**	**30,143**	**230,458**	**1,647,800**

Note 3.1: Analysis of Expenses by Source

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

Cost of Goods Sold
Costs of goods sold are recognised when the sale of an item occurs by transferring the cost or value of the item/s from inventories.

Employee expenses
Employee expenses include:
- Wages and salaries;
- Fringe benefits tax;
- 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.

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 Monash Health to the superannuation plans in respect of the services of current Monash Health staff during the reporting period. Superannuation contributions are made to the plans based on the relevant rules of each plan, and Employees of Monash Health are entitled to receive superannuation benefits and Monash Health contributes to both the defined benefit and defined contribution plans. The defined benefit plans provide benefits based on years of service and final average salary.

The name and details of the major employee superannuation funds and contributions made by Monash Health are disclosed in Note 3.6: Superannuation.

Finance Costs
Finance costs are recognised as expenses in the period in which they are incurred. Finance costs include:
- interest on short-term and long-term borrowings (interest expense is recognised in the period in which it is incurred);
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
- finance charges in respect of finance leases recognised in accordance with AASB 117 Leases.

Grants and other transfers
Grants and other transfers to third parties (other than contribution to owners) are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as: grants, subsidies and personal benefit payments made in cash to individuals.

Note 3.1: Analysis of Expenses by Source

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

a) Supplies and consumables
Supplies and services costs are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.

b) Bad and doubtful debts
At the end of each reporting period, Monash Health assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual reviews for impairment.
Receivables are assessed for bad and doubtful debts on a regular basis. Bad debts considered as written off and allowances for doubtful receivables are expensed and classified as "impairment of financial assets" in the net result. The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.
In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 Impairment of Assets.

c) 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.

d) Borrowing costs of qualifying assets
In accordance with the paragraphs of AASB 123 Borrowing Costs applicable to not-for-profit public sector entities, Monash Health continues to recognise borrowing costs immediately as an expense, to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset.

Other 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.

Note 3.1: Analysis of Expenses by Source

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.

Net gain / (loss) on financial instruments
Net gain / (loss) on financial instruments includes:

a) realised and unrealised gains and losses from revaluations of financial instruments at fair value;

b) impairment and reversal of impairment for financial instruments at amortised cost refer to Note 4.1 Investments and other financial assets; and
c) disposals of financial assets and derecognition of financial liabilities

Amortisation of non-produced intangible assets
Intangible non-produced assets with finite lives are amortised as an 'other economic flow' on a systematic 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.

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. Refer to Note 4.4 Intangible Assets.

Revaluations of financial instrument at fair value
Refer to Note 7.1 Financial Instruments.

Share of net profits / (losses) of associates and jointly controlled entities, excluding dividends.
Refer to Note 1 (d) Principles of Consolidation.

Other gains / (losses) from other economic flows
Other gains / (losses) include:
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.

De-recognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an expense in the consolidated comprehensive operating statement.

Note 3.1: Analysis of Expenses by Source

Category Groups

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

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

Mental Health Services (Mental Health) comprises all specialised mental health services providing a range of inpatient, community based residential, rehabilitation and ambulatory services which treat and support people with a mental illness and their families and carers. These services aim to identify mental illness early, and seek to reduce its impact through providing timely acute care services and appropriate longer-term accommodation and support for those living with a mental illness.

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

Emergency Department Services (EDs) comprises all emergency department services.

Aged Care comprises a range of in home, specialist geriatric, residential care and community based programs and support services, such as Home and Community Care (HACC) that are targeted to older people, people with a disability, and their carers.

Primary, Community and Dental Health comprises a range of home based, community based, community, primary health and dental services including health promotion and counselling, physiotherapy, speech therapy, podiatry and occupational therapy and a range of dental health services.

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

Other Services 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, Kooris 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 3.2: Analysis of expense and revenue by internally managed and restricted specific purpose funds for services supported by hospital and community initiatives

	Expense		Revenue	
	Consol'd 2017 $'000	Consol'd 2016 $'000	Consol'd 2017 $'000	Consol'd 2016 $'000
Commercial Activities				
Private Practice and Other Patient Activities	20,324	13,316	23,349	20,679
Laboratory Medicine	2,195	2,024	2,300	1,995
Diagnostic Imaging	12,159	11,012	12,163	10,830
Pharmacy Services	-	-	-	185
Property Expense/Revenue	-	-	116	114
Specific Expenses (refer note 3.3)				
Other:				
-Bequests and Donations	1,014	84	1,789	20
-Breastscreen service	4,184	3,983	4,234	4,323
-Cardiology	8,043	8,861	10,144	10,040
-Special Purpose Funds	8,744	8,561	12,239	10,011
Other Activities				
Fundraising and Community Support	768	178	470	2,342
Research and Scholarship	5,766	4,120	7,452	5,341
Other	1,701	6,776	3,145	3,263
TOTAL	**64,898**	**58,915**	**77,401**	**69,143**

Notes to the Financial Statements
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Note 3.3: Specific Expenses

	Consol'd 2017 $'000	Consol'd 2016 $'000
Specific Expenses		
Departure Packages	667	804
Write-down on Inventories	-	4,937
Total Specific Expenses	**667**	**5,741**

Note 3.4: Finance Costs

	Consol'd 2017 $'000	Consol'd 2016 $'000
Finance Costs - Self Funded Activity	1,734	1,795
	1,734	**1,795**
Finance Charges on Finance Leases (i)	3,739	3,880
	3,739	**3,880**
Total Finance Costs	**5,473**	**5,675**

(i) Of the balance in 'Interest on finance leases, $3.7m ($3.9m in 2016) related to assets contracted under the PPP arrangements.

Finance costs are recognised as expenses in the period in which they are incurred.

Finance costs include:

- interest on bank overdrafts and short-term and long-term borrowings (interest expense is recognised in the period in which it is incurred);
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
- finance charges in respect of finance leases recognised in accordance with AASB 117 *Leases* .

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Note 3.5: Employee benefits in the balance sheet

	Consol'd 2017 $'000	Consol'd 2016 $'000
Current Provisions		
Employee Benefits [(i)]		
Annual Leave		
- Unconditional and expected to be settled wholly within 12 months [(ii)]	69,393	61,753
- Unconditional and expected to be settled wholly after 12 months [(iii)]	11,527	10,453
Long Service Leave		
- Unconditional and expected to be settled wholly within 12 months [(ii)]	18,413	16,544
- Unconditional and expected to be settled wholly after 12 months [(iii)]	122,527	115,347
Other	30,573	25,555
	252,433	229,652
Provisions related to Employee Benefit On-Costs		
- Unconditional and expected to be settled within 12 months [(ii)]	14,253	12,574
- Unconditional and expected to be settled after 12 months [(iii)]	13,226	12,688
	27,479	25,262
Total Current Provisions	**279,912**	**254,914**
Non-Current Provisions		
Employee Benefits [(i)]	53,053	53,705
Provisions related to Employee Benefit On-Costs	5,727	5,908
Total Non-Current Provisions	**58,780**	**59,613**
Total Provisions	**338,692**	**314,527**
(a) Employee Benefits and Related On-Costs		
Current Employee Benefits and related on-costs		
Unconditional LSL Entitlement	156,155	146,399
Annual Leave Entitlements	89,821	80,149
Accrued Wages and Salaries	30,041	24,986
Accrued Days Off	3,895	3,380
Non-Current Employee Benefits and related on-costs		
Conditional Long Service Leave Entitlements [(iii)]	58,780	59,613
Total Employee Benefits and Related On-Costs	**338,692**	**314,527**

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

Note 3.5: Employee benefits in the balance sheet (continued)

Movements in provisions	Consol'd 2017 $'000	Consol'd 2016 $'000
Movement in Long Service Leave:		
Balance at start of year	**206,012**	**180,838**
Provision made during the year		
- Expense recognising Employee Service	25,204	41,545
Settlement made during the year	(16,281)	(16,371)
Balance at end of year	**214,935**	**206,012**

Provisions

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

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

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision.

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Employee benefits

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

Wages and salaries, annual leave, sick leave and accrued days off

Liabilities for wages and salaries, including non-monetary benefits, annual leave, and accumulating sick leave are all recognised in the provision for employee benefits as ‘current liabilities’, because Monash Health 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 Monash Health expects to wholly settle within 12 months; or
- Present value – if Monash Health does not expect to wholly settle within 12 months

Long service leave (LSL)

Liability for LSL is recognised in the provision for employee benefits.

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

The components of this current LSL liability are measured at:

- Undiscounted value – if the health service expects to wholly settle within 12 months; and
- Present value – where the health service does not expect to settle a component of this current liability within 12 months.

Conditional LSL 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. This non-current LSL liability is measured at present value.

Note 3.5: Employee benefits in the balance sheet (continued)

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

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or when an employee decides to accept an offer of benefits in exchange for the termination of employment.

The health service recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

On-costs related to employee expense

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

Note 3.6: Superannuation

	Paid Contribution for the Year		Contribution Outstanding at	
	Consol'd 2017 $'000	Consol'd 2016 $'000	Consol'd 2017 $'000	Consol'd 2016 $'000
(i) Defined benefit plans:				
State Superannuation Fund	539	582	60	62
First State	3,290	3,749	365	374
Unisuper	298	246	24	24
Defined contribution plans:				
First State	46,453	40,987	5,246	9,176
Hesta	36,963	28,626	4,678	8,526
VicSuper and Other	1,606	1,062	193	127
Total	89,149	75,252	10,566	18,289

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

Employees of Monash Health are entitled to receive superannuation benefits and Monash Health contributes to both defined benefit and defined contribution plans. The defined benefit plans 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 Monash Health.

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

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

Superannuation liabilities

Monash Health does not recognise any unfunded defined benefit liability in respect of the superannuation plans because Monash 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 administers and discloses the State’s defined benefit liabilities in its financial statements.

Note 4: Key Assets to support service delivery

The hospital 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 accounted for using the equity method
4.2 Property, plant & equipment
4.3 Depreciation and amortisation
4.4 Intangible assets

Note 4.1: Investments accounted for using the equity method

Name of Entity	Principal Activity	Country of Incorporation	Ownership Interest 2017 %	Ownership Interest 2016 %	Published Fair Value 2017 $'000	Published Fair Value 2016 $'000
Associates						
Monash Health Research Precinct Pty Ltd	Property Investment	Australia	20.33	20.33	4,012	3,865

The financial year end date of Monash Health Research Precinct Pty Ltd is 31 December. This was the reporting date established when that company was incorporated. For the purpose of applying the equity method of accounting, the financial statements of Monash Health Research Precinct Pty Ltd at 31 December 2016 have been used.

Note 4.1: Investments accounted for using the equity method (Continued)

Summarised financial information in respect of the agency's material associate is set below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with AASBs, adjusted by the agency for equity accounting purposes

Summarised financial information for the associate

	2017 $'000	2016 $'000
Summarised balance sheet:		
Current Assets	5,555	5,820
Non-Current Assets	18,482	18,314
Total Assets	**24,037**	**24,134**
Current Liabilities	730	573
Non-Current Liabilities	3,574	4,549
Total Liabilities	**4,304**	**5,122**
Net Assets	**19,733**	**19,012**
Share of Associates Net Assets	**4,012**	**3,865**
Summarised operating statement		
Total income from transaction	2,750	2,280
Net result from continuing operation	721	904
Net Result	**721**	**904**
Other economic flows - other comprehensive income	-	-
Total comprehensive income	**721**	**904**
Share of Associates' Net Result After Income Tax	**147**	**184**
Share of Associates' Other Comprehensive Income	**147**	**184**

Movements in carrying amount of interests in the associate

	2017 $'000	2016 $'000
Carrying amount at the beginning of the year	3,865	3,681
Share of associate's result after tax	147	184
Carrying amount at the end of the year	**4,012**	**3,865**

Dividends Received from Associate

During the 2017 financial year, Monash Health received dividends of $0 (2016: $0) from its associate.

Contingent Liabilities and Capital Commitments

There are no contingent liabilities or commitments arising from the associates.

Investments accounted for using the equity method

An associate is an entity over which Monash Health exercises significant influence, but not control.

The investment in the associate is accounted for using the equity method of accounting. Under the equity method for accounting, the investment in the associate is recognised at cost on initial recognition, and the carrying amount is increased or decreased in subsequent years to recognise Monash Health share of the profits or losses of the associates after the date of acquisition. Monash Health's share of the associate's profit or loss is recognised in Monash Health's net result as 'other economic flows'. The share of post-acquisition changes in revaluation surpluses and any other reserves, are recognised in both the comprehensive operating statement and the statement of changes in equity. The cumulative post acquisition movements are adjusted against the carrying amount of the investment, including dividends received or receivable from the associate.

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. Joint ventures are joint arrangements whereby Monash Health, via its joint control of the arrangement, has rights to the net assets of the arrangements.

Interests in joint ventures are accounted for in the financial statements using the equity method, as applied to investments in associates and are disclosed as required by AASB 12.

Note 4.2: Property, plant & equipment

(a) Gross carrying amount and accumulated depreciation

	Consol'd 2017 $'000	Consol'd 2016 $'000
Land		
Land at Fair Value	187,023	187,023
Total Land	**187,023**	**187,023**
Buildings		
Buildings at Cost	429,989	206,321
Less Accumulated Depreciation	(30,350)	(18,103)
Buildings at Fair Value	676,088	676,088
Less Accumulated Depreciation	(94,463)	(66,816)
Total Buildings	**981,264**	**797,490**
Plant and Equipment		
Plant and Equipment at Fair Value	43,092	34,589
Less Accumulated Depreciation	(18,440)	(16,468)
Total Plant and Equipment	**24,652**	**18,121**
Medical Equipment		
Medical Equipment at Fair Value	146,511	131,152
Less Accumulated Depreciation	(82,683)	(83,694)
Total Medical Equipment	**63,828**	**47,458**
Computers and Communication		
Computers and Communication at Fair Value	16,746	16,711
Less Accumulated Depreciation	(13,685)	(14,303)
Total Computers and Communication	**3,061**	**2,408**
Furniture and Fittings		
Furniture and Fittings at Fair Value	3,619	3,347
Less Accumulated Depreciation	(1,402)	(1,343)
Total Furniture and Fittings	**2,217**	**2,004**
Motor Vehicles		
Motor Vehicles at Fair Value	2,366	4,061
Less Accumulated Depreciation	(2,353)	(4,040)
Total Motor Vehicles	**13**	**21**
Cultural Assets		
Cultural Assets at Fair Value	2,792	2,793
Total Cultural Assets	**2,792**	**2,793**
Assets Under Construction		
Buildings Under Construction at cost	60,379	202,227
Assets Under Construction	12,364	4,045
Total Assets Under Construction	**72,743**	**206,272**
Leased Assets		
At Fair Value	168,294	168,301
Less Accumulated Depreciation	(61,931)	(56,094)
Total Leased Assets	**106,363**	**112,207**
TOTAL PROPERTY, PLANT AND EQUIPMENT	**1,443,956**	**1,375,797**

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Note 4.2: Property, plant & equipment

(a) Gross carrying amount and accumulated depreciation (continued)

	Consol'd 2017 $'000	Consol'd 2016 $'000
Leased Assets [(i)]		
Building Leased at Fair Value	154,011	154,011
Less Accumulated Depreciation	(52,136)	(45,641)
	101,875	108,370
Building Leasehold Improvements	1,448	1,448
Less Accumulated Depreciation	(511)	(475)
	937	973
Leased Motor Vehicles	5,799	3,853
Less Accumulated Depreciation	(2,248)	(989)
	3,551	2,864
Plant and Equipment at Fair Value	164	250
Less Accumulated Depreciation	(164)	(250)
	-	-
Medical Equipment at Fair Value	6,555	8,386
Less Accumulated Depreciation	(6,555)	(8,386)
	-	-
Computers and Communications at Fair Value	305	339
Less Accumulated Depreciation	(305)	(339)
	-	-
Furniture and Fittings at Fair Value	12	14
Less Accumulated Depreciation	(12)	(14)
	-	-
Total Leased Assets	**106,363**	**112,207**

(i) Casey Hospital commenced operation during the year of 30 June 2005. Since construction and fit out of Casey Hospital was funded as a Public Private Partnership under a Project Agreement between the State of Victoria and Progress Health Pty Ltd. Monash Health is responsible for operating Casey Hospital and has recognised the leased asset and associated interest bearing liabilities (Note 6.1). The State of Victoria is obligated to fund quarterly service payments due to the Project Agreement for the life of that agreement, a period of up to 25 years.

Note 4.2: Property, plant & equipment (continued)

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

	Land	Buildings	Plant & Equipment	Medical Equipment	Computers and Communication	Furniture and Fittings	Motor Vehicles	Cultural Assets	Assets Under Construction	Leased Assets	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2015	**161,928**	**709,639**	**12,770**	**51,020**	**2,355**	**1,061**	**1,957**	**2,793**	**192,777**	**115,876**	**1,252,176**
Additions	-	-	8,261	7,550	2,176	1,207	-	-	144,976	1,806	165,976
Assets transferred as Capital Contributions	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	(34)	(509)	(1)	(8)	-	-	-	(53)	(606)
Revaluation Increments/(Decrements)	25,095	-	-	-	-	-	-	-	-	-	25,095
Net Transfers between Classes	-	131,481	-	-	-	-	(1,898)	-	(131,481)	1,898	-
Depreciation (Note 4.3)	-	(43,630)	(2,876)	(10,603)	(2,122)	(256)	(38)	-	-	(7,320)	(66,845)
Balance at 1 July 2016	**187,023**	**797,490**	**18,121**	**47,458**	**2,408**	**2,004**	**21**	**2,793**	**206,272**	**112,207**	**1,375,797**
Additions	-	1,200	9,227	27,644	1,884	514	-	-	91,128	2,035	133,632
Assets transferred as Capital Contributions	-	-	-					-	-	-	-
Disposals	-	-	(77)	(609)	-	(16)	-	(1)	-	(38)	(741)
Net Transfers between Classes	-	222,467	948	654	588			-	(224,657)	-	-
Depreciation (Note 4.3)	-	(39,893)	(3,567)	(11,319)	(1,819)	(285)	(8)	-	-	(7,841)	(64,732)
Balance at 30 June 2017	**187,023**	**981,264**	**24,652**	**63,828**	**3,061**	**2,217**	**13**	**2,792**	**72,743**	**106,363**	**1,443,956**

Land and buildings carried at valuation

An independent valuation of Monash Health's land and buildings was performed in 2014 by the *Valuer General Victoria* via the engagement of Opteon to determine the fair value of 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.

A managerial valuation of Monash Health's land was performed as at 30 June 2016. This valuation has been performed in accordance with FRD103F Non-financial physical assets.

Note 4.2: Property, plant & equipment (continued)

(c) Fair value measurement hierarchy for assets

	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	39,514		39,514	-
Specialised land	147,509		-	147,509
Total of land at fair value	187,023		39,514	147,509
Buildings at fair value				
Specialised buildings	581,625			581,625
Total of building at fair value	581,625			581,625
Plant and equipment at fair value				
Plant equipment and vehicles at fair value				
- Vehicles	13			13
- Plant and equipment	24,652			24,652
Total of plant, equipment and vehicles at fair value	24,665	-	-	24,665
Medical equipment at fair value				
Medical equipment at fair value	63,828			63,828
Total medical equipment at fair value	63,828	-	-	63,828
Computers and Communication equipment at fair value				
Computers and communication equipment at fair value	3,061			3,061
Total computers and communication equipment at fair value	3,061		-	3,061
Furniture and Fittings at fair value				
Furniture and fittings at fair value	2,217			2,217
Total furniture and fittings at fair value	2,217		-	2,217
Cultural assets at fair value				
Cultural assets at fair value	2,792		2,792	
Total cultural assets at fair value	2,792	-	2,792	-
	865,211	**-**	**42,306**	**822,905**

Note

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

There have been no transfers between levels during the period.

Note 4.2: Property, plant & equipment (continued)

(c) Fair value measurement hierarchy for assets

	Carrying amount as at 30 June 2016	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	39,514	-	39,514	-
Specialised land	147,509	-	-	147,509
Total of land at fair value	187,023	-	39,514	147,509
Buildings at fair value				
Non-specialised buildings	-			
Specialised buildings	609,271	-	-	609,271
Total of building at fair value	609,271	-	-	609,271
Plant and equipment at fair value				
Plant equipment and vehicles at fair value				
- Vehicles	21			21
- Plant and equipment	18,121			18,121
Total of plant, equipment and vehicles at fair value	18,142	-	-	18,142
Medical equipment at fair value				
Medical equipment at fair value	47,458			47,458
Total of Medical equipment at fair value	47,458	-	-	47,458
Computers and Communication equipment at fair value				
Computers and communication equipment at fair value	2,408			2,408
Total computers and communication equipment at fair value	2,408	-	-	2,408
Furniture and Fittings at fair value				
Furniture and Fittings at fair value	2,004			2,004
Total of Furniture and Fittings at fair value	2,004	-	-	2,004
Cultural assets at fair value				
Cultural assets at fair value	2,793		2,793	
Total Cultural assets at fair value	2,793	-	2,793	-
	869,099	**-**	**42,307**	**826,792**

Note

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

There have been no transfers between levels during the period.

Note 4.2: Property, plant & equipment (continued)

(c) Fair value measurement hierarchy for assets

Consistent with AASB 13 Fair Value Measurement, Monash 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 purposes of fair value disclosures, Monash Health has determined classes of assets and liabilities on the basis of nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, Monash Health determines whether transfers have occurred between levels in the hierarchy by re-assessing the 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 Monash Health's independent valuation agency. Monash Health, in conjunction with VGV monitors the changes in the fair value of each asset and liability through relevant data sources to determine when a revaluation is required.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and future periods if the revision affects both current and future periods. Judgements and assumptions made by management in the application of AASBs that have significant effects on the financial statements and estimates, with a risk of material adjustments in the subsequent reporting period, relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer Note 4.2);
- superannuation expense (refer Note 3.6); and
- actuarial assumptions for the employee benefit provisions based on the likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer Note 3.5).

Fair value measurement

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

The fair value measurement is based on the following assumptions:

- that the transaction to sell the asset or transfer the liability takes place either in the principal market (or the most advantageous market, in the absence of the principal market), either of which must be accessible to the Health Service at the measurement date;

- that Monash Health uses the same valuation assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Note 4.2: Property, plant & equipment (continued)

(d) Reconciliation of Level 3 fair value

30 June 2017	**Land $'000**	**Buildings $'000**	**Plant and equipment $'000**	**Medical equipment $'000**	**Computers and Communica-tions $'000**	**Furniture & Fittings $'000**	**Motor Vehicles $'000**
Opening Balance	147,509	609,271	18,121	47,458	2,408	2,004	21
Purchases (sales)	-	-	10,098	27,689	2,472	498	-
Transfers in (out) of Level 3							
Gains or losses recognised in net result							
- Depreciation	-	(27,646)	(3,567)	(11,319)	(1,819)	(285)	(8)
Subtotal	147,509	581,625	24,652	63,828	3,061	2,217	13
Closing Balance	147,509	581,625	24,652	63,828	3,061	2,217	13

Note 4.2: Property, plant & equipment (continued)

(d) Reconciliation of Level 3 fair value

30 June 2016	Land $'000	Buildings $'000	Plant and equipment $'000	Medical equipment $'000	Computers and Communications $'000	Furniture & Fittings $'000	Motor Vehicles $'000
Opening Balance	127,532	642,229	12,770	51,020	2,355	1,061	1,957
Purchases (sales)	-	-	8,227	7,041	2,176	1,200	
Transfers in (out) of Level 3	-	-	-	-	-	-	(1,898)
Gains or losses recognised in net result							
- Depreciation	-	(32,958)	(2,876)	(10,603)	(2,122)	(256)	(38)
Subtotal	127,532	609,271	18,122	47,458	2,409	2,004	21
Items recognised in other comprehensive income							
- Revaluation	19,977	-	-	-	-	-	-
Subtotal	19,977	-	-	-	-	-	-
Closing Balance	147,509	609,271	18,122	47,458	2,409	2,004	21

Note 4.2: Property, plant & equipment (continued)

Identifying unobservable inputs (level 3) fair value measurements

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

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

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

Non-specialised land, non-specialised buildings and artwork

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

For non-specialised land and non-specialised buildings, an independent valuation was performed by the Valuer-General Victoria to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2014.

For artwork, valuation of the assets is determined by a comparison to similar examples of the artist's work in existence throughout Australia and research on price paid for similar examples offered at auction or through art galleries in recent years.

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

Specialised land and specialised buildings

The market approach is also used for specialised land and specialised buildings although 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.

Note 4.2: Property, plant & equipment (continued)

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

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

An independent valuation of the Monash 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.

Heritage assets, infrastructure and road infrastructure and earthworks
Heritage assets, infrastructure and road infrastructure and earthworks are valued using the depreciated reproduction cost method. This cost represents the reproduction cost of the building/component after applying depreciation rates on a useful life basis. Reproduction costs relate to costs to replace the current service capacity of the asset.

Where it has not been possible to examine hidden works such as structural frames and floors, the use of reasonable materials and methods of construction have been assumed bearing in mind the age and nature of the building. The estimated cost of reconstruction including structure services and finishes, also factors in any heritage classifications as applicable.
An independent valuation of Monash Health's heritage assets, infrastructure and road infrastructure and earthworks was performed by the Valuer-General Victoria. The valuation was performed based on the depreciated reproduction cost of the assets. The effective date of the valuation is 30 June 2014.

Vehicles
Monash 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 Monash Health who set relevant depreciation rates during use to reflect the consumption of the vehicles. As a result, the fair value of vehicles does not differ materially from the carrying amount (depreciated cost).

Plant and equipment
Plant and equipment is 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 2017.

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

Note 4.2: Property, plant & equipment (continued)

(e) Description of significant unobservable inputs to Level 3 valuations:

	Valuation technique [i]	Significant unobservable inputs [i]	Range (weighted average) [i]	Sensitivity of fair value measurement to changes in significant unobservable inputs
Specialised Land	Market approach	Community Service Obligation (CSO) adjustment	20% (ii)	A significant increase or decrease in the CSO adjustment would result in a significantly lower (higher) fair value
Specialised Buildings				
Structure, Shell & Building Fabric	Depreciated replacement cost	Direct cost per square metre	$1,832 - $2,057/m2 ($1,945)	A significant increase or decrease in direct cost per square meter adjustment would result in a significantly higher or lower fair value.
Fitout			$2,174 - $2,312/m2 ($2,243)	
Combined Fitout/Trunk Retic Building Systems			$2,199 - $2,356/m2 ($2,278)	
Site Engineering and site works			$1,313 - $1,541/m2 ($2,127)	
Structure, Shell & Building Fabric		Useful life	40-70 years (55 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Fitout			22-30 years (26 years)	
Combined Fitout/Trunk Retic Building Systems			22-30 years (26 years)	
Site Engineering and site works			22-30 years (26 years)	
Plant and Equipment at Fair Value	Depreciated replacement cost	Cost per unit	$1,000 - $1,200,000 ($600,500)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life	10 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Medical Equipment at Fair Value	Depreciated replacement cost	Cost per unit	$1,000 - $4,285,858 ($2,143,429.5)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value
		Useful life	10 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Computers and Communication at Fair Value	Depreciated replacement cost	Cost per unit	$1,000 - $1,931,386.8 ($966,193.4)	Increase (decrease) in gross replacement cost would result in a significantly higher
		Useful life	3 years	Increase (decrease) in useful life would result in a significantly higher (lower) fair value.
Furniture and Fittings at Fair Value	Depreciated replacement cost	Cost per unit	$1,000 - $558,165 ($279,582.5)	Increase (decrease) in gross replacement cost would result in a significantly higher (lower) fair value
		Useful life	10 years	Increase (decrease) in useful life would result in a significantly higher (lower) fair value
Motor Vehicles at Fair Value	Depreciated replacement cost	Cost per unit	$3,000 - $112,000 ($57,500)	Increase (decrease) in gross replacement cost would result in a
		Useful life	4 years	Increase (decrease) in useful life would result in a significantly higher (lower) fair value

(i) Illustrations on the valuation techniques, significant unobservable inputs and the related quantitative range of those inputs are indicative and should not be directly used without consultation with entities' independent valuer.

(ii) CSO adjustment of 20% were applied to reduce the market approach value for Monash Health's specialised land.

Note 4.2: Property, plant & equipment (continued)

Property, plant and equipment
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.
More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 4.2 (c) and (d), and below.
The initial cost for non-financial physical assets under finance lease is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

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.

Land under declared roads acquired subsequent to 1 July 2008 is measured at fair value. Land under declared roads acquired on, or after 1 July 2008 is measured initially at cost of acquisition and subsequently at fair value. The fair value methodology applied by the Valuer-General Victoria is based on discounted site values for relevant municipal areas applied to land area under the arterial road network, including related reservations. (Please refer to AASB 1051 Land Under Roads and FRD 118B Land Under Declared Roads for further details).

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.

Restrictive nature of cultural and heritage assets, Crown land and infrastructure assets
During the reporting period, Monash Health also holds cultural assets, heritage assets, and other non-financial physical assets (including crown land and infrastructure assets) that it intends to preserve because of their unique historical, cultural or environmental attributes.

Note 4.2: Property, plant & equipment (continued)

In general, the fair value of those assets is measured at the depreciated replacement cost. However, the cost of some heritage and iconic assets may be the reproduction cost rather than the replacement cost if those assets' service potential could only be replaced by reproducing them with the same materials. In addition, as there are limitations and restrictions imposed on those assets use and/or disposal, they may impact the fair value of those assets, and should be taken into account when the fair value is determined.

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 amount 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 normally transferred to accumulated funds on derecognition of the relevant asset.

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

Note 4.3: Depreciation and amortisation

	Consol'd 2017 $'000	Consol'd 2016 $'000
Depreciation		
Buildings [(i)]	39,893	43,630
Plant & Equipment	3,567	2,876
Medical Equipment	11,319	10,603
Computers and Communication	1,819	2,122
Furniture and Fittings	285	256
Motor Vehicles	8	38
Leased Building	6,533	6,532
Leased Motor Vehicles	1,308	788
Total Depreciation	**64,732**	**66,845**
Amortisation		
Intangible Assets	2,331	3,339
Total Amortisation	**2,331**	**3,339**
Total Depreciation and Amortisation	**67,063**	**70,184**

(i) Of the balance in depreciation-buildings' $6.5m [$6.5m in 2016] related to assets contracted under the public private partnership (PPP) arrangements.

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets 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 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. 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.

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

	2017	2016
Buildings		
- Structure Shell Building Fabric	40 to 70 years	40 to 70 years
- Site Engineering Services and Central Plant	22 to 30 years	22 to 30 years
- Fit Out	22 to 30 years	22 to 30 years
- Trunk Reticulated Building Systems	22 to 30 years	22 to 30 years
Plant and Equipment	3 to 10 years	3 to 10 years
Medical Equipment	3 to 10 years	3 to 10 years
Computers and Communication	3 years	3 years
Furniture and Fitting	Up to 10 years	Up to 10 years
Motor Vehicles	4 years	4 years
Intangible Assets (with finite useful lives)	5 years	5 years
Leased Buildings	45 years	45 years
Leased Medical Equipment	3 to 10 years	3 to 10 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

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

Note 4.4: Intangible Assets

	Consol'd 2017 $'000	Consol'd 2016 $'000
Software	30,188	29,502
Less Accumulated Amortisation	(26,712)	(24,590)
	3,476	**4,912**
Total Intangible Assets	**3,476**	**4,912**

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

	Consol'd $'000
Balance at 1 July 2015	**4,974**
Additions	3,277
Amortisation (note 4.3) (i)	(3,339)
Balance at 1 July 2016	**4,912**
Additions	895
Amortisation (note 4.3) (i)	(2,331)
Balance at 30 June 2017	**3,476**

(i) The consumption of separately acquired intangible assets is included in the 'amortisation' line item, where the consumption of the internally generated intangible assets is included in 'net gain/(loss) on non-financial assets' line item on the comprehensive operating statement

Note 4.4: Intangible Assets

Intangible Assets
Intangible assets represent identifiable non-monetary assets without physical substance such as computer software.
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 Monash Health. Expenditure on research activities is recognised as an expense in the period in which it is incurred.

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

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

Amortisation
Amortisation is allocated to intangible non-produced 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 consumption of intangible assets with finite useful lives is classified as amortisation.

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

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, Monash 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 produced assets with finite lives are depreciated as an expense from transactions on a systematic basis over the asset's useful life.
Intangible assets with finite useful lives are amortised over five years.

Note 5: Other assets and liabilities

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

Structure

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

Note 5.1: Receivables

	Consol'd 2017 $'000	Consol'd 2016 $'000
CURRENT		
Contractual		
Inter Hospital Debtors	1,698	1,655
Trade Debtors	5,807	6,492
Patient Fees	22,259	21,543
Accrued Revenue - Other	10,597	14,834
Amounts receivable from governments and agencies (ii)	6,394	-
Less Allowance for Doubtful Debts		
Trade Debtors	(308)	(229)
Patient Fees	(2,448)	(2,321)
	43,999	**41,974**
Statutory		
GST Receivable	3,583	3,137
	3,583	**3,137**
TOTAL CURRENT RECEIVABLES	**47,582**	**45,111**
NON CURRENT		
Statutory		
Long Service Leave - Department of Health and Human Services	81,717	71,038
	81,717	**71,038**
TOTAL NON-CURRENT RECEIVABLES	**81,717**	**71,038**
TOTAL RECEIVABLES	**129,299**	**116,149**

(i) The amount recognised from the Victorian Government represent funding for all commitments incurred through grant funding.

(ii) Terms and conditions of amounts receivable from the Department of Health and Human Services vary according to the particular agreement with the Department.

(a) Movement in the Allowance for doubtful debts

	Consol'd 2017 $'000	Consol'd 2016 $'000
Balance at beginning of year	2,550	1,908
Amounts written off during the year	(1,053)	(1,245)
Increase in allowance recognised in net result	1,259	1,887
Balance at end of year	**2,756**	**2,550**

(b) Ageing analysis of receivables

Please refer to Note 7.1 for the ageing analysis of contractual receivables

(c) Nature and extent of risk arising from receivables

Please refer to Note 7.1 for the nature and extent of credit risk arising from contractual receivables

Note 5.1: Receivables

Receivables consist of:

- Contractual receivables, which includes mainly debtors in relation to goods and services, loans to third parties, accrued investment income, and finance lease receivables; and
- Statutory receivables, which includes predominantly amounts owing from the Victorian Government and Goods and Services Tax ("GST") input tax credits recoverable.

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

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

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition. Collectability of debts is reviewed on an ongoing basis, and debts which are known to be 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.

Note 5.2: Inventories

	Consol'd 2017 $'000	Consol'd 2016 $'000
Pharmaceuticals		
At cost	6,160	5,532
Medical and Surgical		
At cost	7,939	6,145
General Stores		
At Cost	525	400
Pathology		
At Cost	1,118	1,047
TOTAL INVENTORIES	**15,742**	**13,124**

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 includes land held for sale and excludes depreciable assets.

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

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

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

Note 5.3: Other liabilities

	Consol'd 2017 $'000	Consol'd 2016 $'000
CURRENT		
Monies Held in Trust*		
- Patient Monies Held in Trust*	211	164
- Accommodation Bonds (Refundable Entrance Fees)*	12,408	9,226
Total Other Liabilities	**12,619**	**9,390**
*** Total Monies Held in Trust**		
Represented by the following assets:		
Cash Assets (refer to Note 6.2)	12,619	9,390
TOTAL	**12,619**	**9,390**

Note 5.4: Prepayments and other non-financial assets

CURRENT	Consol'd 2017 $'000	Consol'd 2016 $'000
Prepayments	2,893	3,314
TOTAL CURRENT PREPAYMENT	**2,893**	**3,314**

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

	Consol'd 2017 $'000	Consol'd 2016 $'000
CURRENT		
Contractual		
Trade Creditors (i)	29,604	32,883
Accrued Expenses	24,311	24,350
Amounts payable to doctors	544	513
Superannuation Accrual	10,566	18,289
Amounts payable to governments and agencies (ii)	-	473
Other	16,192	12,472
TOTAL PAYABLES	**81,217**	**88,980**

(i) The average credit period is 30 to 35 days. No interest is charged on the other payables for the first 30 days from the date of the invoice.

(ii) Terms and conditions of amounts payable to the Department of Health and Human Services vary according to the particular agreement with the Department.

(a) Maturity analysis of payables

Please refer to Note 7.1 for the ageing analysis of contractual payables

(b) Nature and extent of risk arising from payables

Please refer to note 7.1 for the nature and extent of risks arising from contractual payables

Payables

Payables consist of:

- Contractual payables which consist predominantly of accounts payable representing liabilities for goods and services provided to Monash Health prior to the end of the financial year that are unpaid, and arise when Monash 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 – 35 days; and
- Statutory payables, such as goods and services tax and fringe benefits tax payables.

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

Note 6: How we finance our operations

This section provides information on the sources of finance utilised by the hospital 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: Borowings

	Consol'd 2017 $'000	Consol'd 2016 $'000
CURRENT		
Australian Dollar Borrowings		
– Finance Lease Liability (i)	5,048	3,750
– Treasury Corporation of Victoria Car Park Loan (ii)	1,113	1,048
Total Australian Dollars Borrowings	**6,161**	**4,798**
Total Current	**6,161**	**4,798**
NON CURRENT		
Australian Dollar Borrowings		
– Finance Lease Liability	56,229	59,701
– Treasury Corporation of Victoria Car Park Loan (ii)	27,189	28,302
Total Australian Dollars Borrowings	**83,418**	**88,003**
Total Non-Current	**83,418**	**88,003**
Total Borrowings	**89,579**	**92,801**

(i) During the year ended 30 June 2005, Casey Hospital commenced operation. Construction and fit out of Casey Hospital was funded as Public Private Partnership under a Project Agreement between the State of Victoria and Progress Health Pty Ltd. Monash Health is responsible for operating Casey Hospital and has recognised the leased asset (Note 4.2) and associated interest bearing liabilities. The State of Victoria is obligated to fund quarterly service payments due under the Project Agreement for the life of that agreement, a period of up to 25 years.

(ii) During the year ended 30 June 2010, Monash Health entered into a loan agreement with the Treasury Corporation of Victoria to fund $19.6m improvements required to the car park at the Clayton site. The loan is repayable over 22 years with repayments being made quarterly.

During the year ended 30 June 2014, Monash Health made a further drawdown under the existing loan arrangement with the Treasury Corporation of Victoria to fund $13.5m improvements required to the car park at the Clayton site. The loan is repayable over 20 years with repayments being made quarterly.

(a) Maturity analysis of borrowings

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

(b) Nature and extent of risk arising from borrowings

Please refer to Note 7.1 for the nature and extent of risks arising from borrowings.

(c) Defaults and breaches

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

Note 6.1 Borrowings continued

(a) Finance lease liabilities

	Minimum future lease payments [i]		Present value of minimum future lease payments	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Casey Hospital Public Private Partnership Lease				
Commissioned PPP related finance lease liabilities payable				
Not longer than one year	6,592	6,592	6,592	6,592
Longer than one year but not longer than five years	26,370	26,370	26,370	26,370
Longer than five years	48,345	54,937	48,345	54,937
Other finance lease liabilities payable [ii]				
Not longer than one year	1,969	864	1,935	864
Longer than one year but not longer than five years	2,475	2,771	2,475	2,771
Minimum future lease payments	**85,751**	**91,536**	**85,717**	**91,536**
Less future finance charges	(24,474)	(28,085)	(24,474)	(28,085)
Present value of minimum lease payments	**61,277**	**63,451**	**61,243**	**63,451**
Included in the financial statements as:				
Current borrowings lease liabilities	5,048	3,750		
Non-current borrowing lease liabilities	56,229	59,701		
	61,277	**63,451**		

(i) Minimum future lease payments include the aggregate of all base payments and any guaranteed residual.

(ii) Other finance lease liabilities include obligations that are recognised on the balance sheet; the future payments related to operating and lease commitments are disclosed in Note 6.3.

The weighted average interest rate implicit in leases is 6.07% (2016 - 6.07%)

A lease is a right to use an asset for an agreed period of time in exchange for payment. Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership.

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

For service concession arrangements, the commencement of the lease term is deemed to be the date the asset is commissioned.

All other leases are classified as operating leases.

Finance Leases

Entity as lessor
Monash Health does not hold any finance lease arrangements with other parties.

Entity as lessee
Finance leases are recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease asset is accounted for as a non-financial physical asset and is depreciated over the shorter of the estimated useful life of the asset or the term of the lease. The lease asset is depreciated over the shorter of the estimated useful life of the asset or the term of the lease. Minimum lease payments are apportioned between reduction of the outstanding lease liability, and the periodic finance expense which is calculated using the interest rate implicit in the lease, and charged directly to the comprehensive operating statement. Contingent rentals associated with finance leases are recognised as an expense in the period in which they are incurred.

Note 6.1 Borrowings continued

Borrowings
All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs (refer also to lease explanatory notes above). The measurement basis subsequent to initial recognition depends on, whether Monash Health has categorised its borrowings as either, financial liabilities designated at fair value through profit or loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowing using the effective interest method.

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

Note 6.2: Cash and Cash Equivalents

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

	Consol'd 2017 $'000	Consol'd 2016 $'000
Cash on hand	74	70
Cash at bank *	115,935	74,245
Total Cash and Cash Equivalents	**116,009**	**74,315**
Represented by:		
Cash for Health Service Operations (as per Cash Flow Statement)	103,390	64,925
Cash for Monies Held in Trust (refer to Note 5.3)		
- Cash at Bank	12,619	9,390
Total Cash and Cash Equivalents	**116,009**	**74,315**

* $7.9m (2016: $8.6m) relates to funding from the Commonwealth Department of Health and Human Services for the Monash Health Translation Precinct.

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 and are subject to insignificant risk of changes in value.

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as liabilities on the balance sheet.

Note 6.3: Commitments for expenditure

a) Commitments other than public private partnerships

	Consol'd 2017 $'000	Consol'd 2016 $'000
Capital expenditure commitments		
Payable:		
Plant and equipment	42,059	34,613
Total capital expenditure commitments	**42,059**	**34,613**
Other expenditure commitments		
Payable:		
Contracted Services	69,639	77,611
Total other expenditure commitments	**69,639**	**77,611**
Lease commitments		
Commitments in relation to leases contracted for at the reporting date:		
Operating leases	28,593	28,474
Total lease commitments	**28,593**	**28,474**
Operating leases		
Cancellable	28,593	28,474
Sub Total	**28,593**	**28,474**
Total operating lease commitments	**28,593**	**28,474**
Total lease commitments	**28,593**	**28,474**
Total Commitments (inclusive of GST) other than public private partnerships	**140,291**	**140,698**

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

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Note 6.3: Commitments (continued)

(b) Public private partnerships (i)

	2017 $'000	2017 $'000	2016 $'000	2016 $'000
Commissioned public private partnerships - other commitments (ii)(iii)	***Other Commitments***		***Other Commitments***	
	Present Value	***Nominal Value***	***Present Value***	***Nominal Value***
Casey Hospital Public Private Partnership Lease	67,186	67,186	71,583	71,583
Total commitments for public private partnerships	67,186	67,186	71,583	71,583

(i) The present values of the minimum lease payments for commissioned public private partnerships (PPPs) are recognised on the balance sheet and are not disclosed as commitments.
(ii) The year on year reduction in the nominal amounts of the other commitments reflects the payments made.
(iii) The year on year reduction in the present values of the other commitments mainly reflects the payments made, offset by the impact of the discounting period being one year shorter.

Note 6.3: Commitments (continued)

(c) Commitments payable

($ thousands)

Nominal Values	2017	2016
Capital expenditure commitments payable		
Less than 1 year	21,069	13,309
Longer than 1 year but not longer than 5 years	20,990	16,804
5 years or more	-	4,500
Total capital expenditure commitments	42,059	34,613
Other expenditure commitments payable		
Less than 1 year	24,156	25,823
Longer than 1 year but not longer than 5 years	40,954	44,343
5 years or more	4,529	7,445
Total other expenditure commitments	69,639	77,611
Lease commitments payable		
Less than 1 year	7,612	8,053
Longer than 1 year but not longer than 5 years	15,252	14,075
5 years or more	5,729	6,346
Total lease commitments	28,593	28,474
Public private partnership commitments (commissioned)		
Less than 1 year	4,506	4,396
Longer than 1 year but not longer than 5 years	19,179	18,712
5 years or more	43,501	48,475
Total public private partnership commitments	67,186	71,583
Total commitments (inclusive of GST)	207,477	212,281
Less GST recoverable from the Australian Tax Office	(18,862)	(19,298)
Total commitments (exclusive of GST)	188,615	192,983

Commitments

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

Service concession arrangements

Monash Health sometimes enters into certain arrangements with private sector participants to design and construct or upgrade assets used to provide public services. These arrangements are typically complex and usually include the provision of operational and maintenance services for a specified period of time. These arrangements are often referred to as either public private partnerships or service concession arrangements (SCAs).

These SCAs usually take one of two main forms. In the more common form, Monash Health pays the operator over the period of the arrangement, subject to specified performance criteria being met. At the date of commitment to the principal provisions of the arrangement, these estimated periodic payments are allocated between a component related to the design and construction or upgrading of the asset and components related to the ongoing operation and maintenance of the asset. The former component is accounted for as a lease payment in accordance with the lease policy (see Note 6.1). The remaining components are accounted for as commitments for operating costs which are expensed in the comprehensive operating statement as they are incurred.

Note 7: Risks, contingencies & valuation uncertainties

Introduction

The hospital 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
7.2 Net gain/ (loss) on disposal of non-financial assets
7.3 Contingent assets and contingent liabilities
7.4 Fair value determination

Note 7.1: Financial Instruments

(a) Financial risk management objectives and policies

Monash Health's principal financial instruments comprise of:
- *cash assets*
- *receivables (excluding statutory receivables)*
- *payables (excluding statutory payables)*
- *finance lease payables*
- *accommodation bonds*

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

Monash Health's main financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk (amend as appropriate). Monash Health manages these financial risks in accordance with its financial risk management policy.

Monash Health uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the financial risk management committee of Monash Health.

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

Categorisation of financial instruments

2017	Contractual financial assets - loans and receivables $'000	Contractual financial liabilities at amortised cost $'000	Total $'000
Contractual Financial Assets			
Cash and cash equivalents	116,009	-	116,009
Receivables			
- Trade Debtors	5,499	-	5,499
- Other Receivables	38,500	-	38,500
Total Financial Assets (i)	**160,008**	**-**	**160,008**
Financial Liabilities			
Payables	-	81,217	81,217
Borrowings	-	89,579	89,579
Other Financial Liabilities			
- Accomodation bonds	-	12,408	12,408
- Other	-	211	211
Total Financial Liabilities (ii)	**-**	**183,415**	**183,415**

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Note 7.1: Financial Instruments (Continued)

2016	Contractual financial assets - loans and receivables $'000	Contractual financial liabilities at amortised cost $'000	Total $'000
Contractual Financial Assets			
Cash and cash equivalents	74,315	-	74,315
Receivables			
- Trade Debtors	6,263	-	6,263
- Other Receivables	35,710	-	35,710
Total Financial Assets (i)	**116,288**	**-**	**116,288**
Financial Liabilities			
Payables	-	88,980	88,980
Borrowings	-	92,801	92,801
Other Financial Liabilities			
- Accomodation bonds	-	9,226	9,226
- Other	-	164	164
Total Financial Liabilities (ii)	**-**	**191,171**	**191,171**

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

Note 7.1: Financial Instruments (Continued)

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

	Net holding gain/(loss) $'000	Total $'000
2017		
Financial Assets		
Cash and Cash Equivalents (i)	1,867	1,867
Investments - Term Deposit (i)	1,038	1,038
Loans and Receivables (i)	(2,189)	(2,189)
Available for Sale (i)	-	-
Total Financial Assets	**716**	**716**
Financial Liabilities		
Payables (ii)	5,095	5,095
Interest Bearing Liabilities (ii)	(5,473)	(5,473)
Accommodation Bonds (ii)	-	-
Total Financial Liabilities	**(378)**	**(378)**
2016		
Financial Assets		
Cash and Cash Equivalents (i)	254	254
Investments - Term Deposit (i)	2,153	2,153
Loans and Receivables (i)	(2,467)	(2,467)
Total Financial Assets	**(60)**	**(60)**
Financial Liabilities		
Payables (ii)	2,784	2,784
Interest Bearing Liabilities (ii)	(5,675)	(5,675)
Total Financial Liabilities	**(2,891)**	**(2,891)**

(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;

(ii) For financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense, plus or minus foreign exchange gains or losses arising from the revaluation of financial liabilities measured at amortised cost; and

(iii) For financial assets and liabilities that are held-for-trading or designated at fair value through profit or loss, the net gain or loss is calculated by taking the movement in the fair value of the financial asset or liability.

Note 7.1: Financial Instruments (continued)

(c) Credit risk

Credit risk arises from the contractual financial assets of Monash Health, which comprise cash and deposits, non-statutory receivables and available for sale contractual financial assets. Monash Health's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to Monash Health. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with Monash Health's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than the Government, it is Monash Health's policy to only deal with entities with high credit ratings of a minimum Triple-B rating and to obtain sufficient collateral or credit enhancements, where appropriate.

In addition, Monash Health does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash assets, which are mainly cash at bank. As with the policy for debtors, Monash Health's policy is to only deal with banks with high credit ratings.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that Monash Health will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings.

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents Monash Health's maximum exposure to credit risk without taking account of the value of any collateral obtained.

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

2017	Financial institutions (AA credit rating) $'000	Government agencies (AA credit rating) $'000	Government agencies (BBB credit rating) $'000	Other (min BBB credit rating) $'000	Total $'000
Financial Assets					
Cash and Cash Equivalents	115,935	74	-	-	116,009
Loans and Receivables					
- Trade Debtors	-	-	-	5,499	5,499
- Other Receivables (i)	-			38,500	38,500
Total Financial Assets	**115,935**	**74**	**-**	**43,999**	**160,008**
2016					
Financial Assets					
Cash and Cash Equivalents	74,245	70	-	-	74,315
Loans and Receivables					
- Trade Debtors	-	-	-	6,263	6,263
- Other Receivables (i)	-	-	-	35,710	35,710
Total Financial Assets	**74,245**	**70**	**-**	**41,972**	**116,287**

(i) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable).

Note 7.1: Financial Instruments (continued)

(c) Credit Risk (continued)

Ageing analysis of Financial Assets as at 30 June

	Consol'd Carrying Amount	Not Past Due and Not Impaired	Past Due But Not Impaired				Impaired Financial Assets
			Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years	
2017	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial Assets [(i)]							
Cash and Cash Equivalents	116,009	116,009	-	-	-	-	-
Loans and Receivables	43,999	37,860	3,294	1,243	1,602	-	
Total Financial Assets	**160,008**	**153,869**	**3,294**	**1,243**	**1,602**	**-**	**-**
2016							
Financial Assets [(i)]							
Cash and Cash Equivalents	74,315	74,315	-	-	-	-	-
Loans and Receivables	41,973	30,930	6,737	1,453	2,853		-
Total Financial Assets	**116,288**	**105,245**	**6,737**	**1,453**	**2,853**	**-**	**-**

(i) The ageing analysis of financial assets excludes the types of statutory financial assets (i.e GST input tax credit)

Contractual finance assets that are either past due or impaired

There are no material financial assets which are individually determined to be impaired. Currently Monash Health does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated. The ageing analysis table above discloses the ageing only of contractual financial assets that are past due but not impaired.

Note 7.1: Financial Instruments (continued)

(d) Liquidity risk

Liquidity risk is the risk that Monash Health would be unable to meet its financial obligations as and when they fall due. Monash Healths operates under the Government's fair payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

Monash Health’s maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet. Monash Health manages its liquidity risk as follows:

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

Maturity analysis of Financial Liabilities as at 30 June

			Maturity Dates				
	Carrying Amount	Nominal Amount	Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years	Over 5 Years
2017	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial Liabilities							
At amortised cost							
Payables	81,217	81,217	56,757	24,460	-		-
Borrowings (i)	89,579	89,579	-	2,438	7,236	35,524	44,381
Other Financial Liabilities (ii)							
- Accommodation Bonds	12,408	12,408	-	1,625	10,783	-	-
- Other	211	211	211	-	-	-	-
Total Financial Liabilities	**183,415**	**183,415**	**56,968**	**28,523**	**18,019**	**35,524**	**44,381**
2016							
Financial Liabilities							
At amortised cost							
Payables	88,980	88,980	63,832	24,958	190	-	-
Borrowings (i)	92,801	92,801	-	2,775	5,731	34,020	50,275
Other Financial Liabilities (ii)							
- Accommodation Bonds	9,226	9,226	-	933	8,294	-	-
- Other	164	164	164	-	-	-	-
Total Financial Liabilities	**191,171**	**191,171**	**63,996**	**28,665**	**14,214**	**34,020**	**50,275**

(i) PPP Arrangement
In relation to the PPP arrangement, although the hospital has assumed the finance assets and liabilities in its accounts, the payments to the private provider are being made directly by the Department of Health and Human Services on a monthly basis, hence there is no cashflow impact on Monash Health. Monash Health will record the non-cash entries in its accounts in accordance with a financial model that has been developed by the Department of Health and Human Services.
(ii) Ageing analysis of financial liabilities excludes the types of statutory financial liabilities (i.e GST payable)

Note 7.1: Financial Instruments (continued)

(e) Market risk

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

Currency risk

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

Interest rate risk

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

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Monash Health has minimal exposure to cash flow interest rate risks through its cash and deposits, term deposits and bank overdrafts that are at floating rate.

Monash Health manages this risk by mainly undertaking fixed rate or non-interest bearing financial instruments with relatively even maturity profiles, with only insignificant amounts of financial instruments at floating rate. Management has concluded for cash at bank and bank overdraft, as financial assets that can be left at floating rate without necessarily exposing Monash Health to significant bad risk, management monitors movement in interest rates on a daily basis.

Other price risk

Monash Health is not subject to any other price risks.

Note 7.1: Financial Instruments (continued)

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

2017	Weighted Average Effective Interest Rate (%)	Carrying Amount $'000	Interest Rate Exposure: Fixed Interest Rate $'000	Variable Interest Rate $'000	Non-Interest Bearing $'000
Financial Assets					
Cash and Cash Equivalents	1.50	116,009	-	116,009	-
Loans and Receivables (i)					
- Trade Debtors		5,499	-	-	5,499
- Other Receivables		38,500	-	-	38,500
		160,008	**-**	**116,009**	**43,999**
Financial Liabilities					
At amortised cost					
Payables(i)		81,217	-	-	81,217
Borrowings	6.07	89,579	89,579	-	-
Other Financial Liabilities					
- Accommodation Bonds		12,408	-	-	12,408
- Other		211	-	-	211
		183,415	**89,579**	**-**	**93,836**
2016					
Financial Assets					
Cash and Cash Equivalents	1.75	74,315	-	74,315	-
Loans and Receivables (i)					
- Trade Debtors		6,263	-	-	6,263
- Other Receivables		35,710	-	-	35,710
		116,287	**-**	**74,315**	**41,973**
Financial Liabilities					
At amortised cost					
Payables(i)		88,980	-	-	88,980
Borrowings	6.07	92,801	92,801	-	-
Other Financial Liabilities					
- Accommodation Bonds		9,226	-	-	9,226
- Other		164	-	-	164
		191,171	**92,801**	**-**	**98,370**

(i) The carrying amount must exclude types of statutory financial assets and liabilities (i.e. GST input tax credit and GST payable)

Note 7.1: Financial Instruments (continued)

(e) Market risk (continued)

Sensitivity disclosure analysis

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

- A shift of 100 basis points up and down in market interest rates (AUD) from year-end rates of 1.5%;

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

	Carrying Amount	Interest Rate Risk			
		-1.00%		1.00%	
2017		**Profit $'000**	**Equity $'000**	**Profit $'000**	**Equity $'000**
Financial Assets					
Cash and Cash Equivalents [i]	116,009	(1,160)	(1,160)	1,160	1,160
Loans and Receivables [i]					
- Trade Debtors	5,499	-	-	-	-
- Other Receivables	38,500	-	-	-	-
Financial Liabilities					
At amortised cost					
Payables	81,217	-	-	-	-
Borrowings	89,579	-	-	-	-
Other Financial Liabilities [ii]	-	-	-	-	-
- Accommodation Bonds	12,408	-	-	-	-
- Other	211	-	-	-	-
		(1,160)	**(1,160)**	**1,160**	**1,160**
2016					
Financial Assets					
Cash and Cash Equivalents [i]	74,315	(743)	(743)	743	743
Loans and Receivables [i]					
- Trade Debtors	6,263	-	-	-	-
- Other Receivables	35,710	-	-	-	-
Financial Liabilities					
At amortised cost					
Payables	88,980	-	-	-	-
Borrowings	92,801	-	-	-	-
Other Financial Liabilities [ii]					
- Accommodation Bonds	9,226	-	-	-	-
- Other	164	-	-	-	-
		(743)	**(743)**	**743**	**743**

(i) eg. Sensitivity of cash and cash equivalents to a +1% movement in interest rates: $1.2m. Similar for a -1% movement in interest rate, impact = $(1.2m).

(ii) The carrying amount must exclude types of statutory financial assets and liabilities (i.e. GST input tax credit and GST payable).

Note 7.1: Financial Instruments (continued)

(f) Fair value
The fair values and net fair values of financial instrument assets and liabilities are determined as follows:
• Level 1 - the fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
• Level 2 - the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
• Level 3 - the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

Monash Health considers that the carrying amount of financial instrument assets and liabilities recorded in the financial statements to be a fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they will be paid in full.

The following table shows that the fair values of most of the contractual financial assets and liabilities are the same as the carrying amounts.

Comparison between carrying amount and fair value

	Consol'd Carrying Amount 2017 $'000	Fair value 2017 $'000	Consol'd Carrying Amount 2016 $'000	Fair value 2016 $'000
Financial Assets				
Cash and Cash Equivalents	116,009	116,009	74,315	74,315
Loans and Receivables [(i)]				
- Trade Debtors	5,499	5,499	6,263	6,263
- Other Receivables	38,500	38,500	35,710	35,710
Total Financial Assets	**160,008**	**160,008**	**116,288**	**116,288**
Financial Liabilities				
At amortised cost				
Payables	81,217	81,217	88,980	88,980
Borrowings	89,579	89,579	92,801	92,801
Other Financial Liabilities[(i)]				
- Accommodation Bonds	12,408	12,408	9,226	9,226
- Other	211	211	164	164
Total Financial Liabilities	**183,415**	**183,415**	**191,171**	**191,171**

(i) The carrying amount must exclude types of statutory financial assets and liabilities (i.e. GST input tax credit and GST payable).

Note 7.1: Financial Instruments (continued)

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 Monash Health's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 Financial Instruments: Presentation. For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract.

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

The following refers to financial instruments unless otherwise stated.

Categories of non-derivative financial instruments

Financial assets and liabilities at fair value through profit or loss

Financial assets are categorised at fair value through profit or loss at trade date if they are classified as held for trading or designated as such upon initial recognition. Financial instrument assets are designated at fair value through profit or loss on the basis that the financial assets form part of a group of financial assets that are managed by the entity concerned based on their fair values, and have their performance evaluated in accordance with documented risk management and investment strategies.

Financial instruments at fair value through profit or loss are initially measured at fair value and attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as other comprehensive income. Any dividend or interest on a financial asset is recognised in the net result for the year.

Reclassification of financial instruments at fair value through profit or loss

Financial instrument assets that meet the definition of loans and receivables may be reclassified out of their fair value through profit and loss category into 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 profit and loss. In these cases the financial asset may be reclassified out of the fair value through profit and loss category if there is the intention and ability to hold them for the foreseeable future or until maturity.

Loans and receivables

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

Loans and receivables category includes cash and deposits (refer Note 5.1), term deposits with greater maturity than three months, trade receivables, loans and other receivables but not statutory receivables.

Note 7.1: Financial Instruments (continued)

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 Monash Health's contractual payables, deposits held and advances received, and interest-bearing arrangements other than those designated at fair value through profit or loss.

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
- impairment and reversal of impairment for financial instruments at amortised cost; and
- disposals of financial assets and derecognition of financial liabilities

Revaluations of financial instrument at fair value

The revaluation gain/(loss) on financial instruments at fair value excludes dividents or interest earned on financial assets.

Note 7.2: Net gain/(loss) on disposal of non-financial assets

	Consol'd 2017 $'000	Consol'd 2016 $'000
Proceeds from Disposals of Non-Current Assets		
Plant and Equipment	8	-
Medical Equipment	73	-
Motor Vehicles	390	-
Total Proceeds from Disposal of Non-Current Assets	**471**	**-**
Less: Written Down Value of Non-Current Assets Sold*		
Plant and Equipment	94	9
Medical Equipment	572	253
Motor Vehicles	76	228
Total Written Down Value of Non-Current Assets Sold	**742**	**490**
Net gain/(loss) on Disposal of Non-Financial Assets	**(271)**	**(490)**

Disposal of Non-Financial Assets

Any gain or loss on the sale of non-financial assets is recognised in the comprehensive operating statement at the date of disposal (refer Note 8.1).

Impairment of Non-Financial Assets

Non-financial assets are tested annually for impairment (as described below) and whenever there is an indication of impairment, except for:

- inventories; and
- assets arising from construction contracts.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written-off as an expense except to the extent that the write-down can be debited to an asset revaluation 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 to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs of disposal.

Note 7.3: Contingent assets and contingent liabilities

As at 30 June 2017, there are no contingent assets (2016: $0)

As at 30 June 2017, a contingent liability may arise in relation to the following Enterprise Awards which are expired and are subject to final negotiation :

- Victorian Public Health Sector Medical Specialists Enterprise Agreement 2013; and
- Victorian Public Health Sector (AMA Victoria) - Doctors In Training Enterprise Agreement 2013

A contingent liability arises and is estimated to be approximately $2.9 M if the awards are agreed retrospectively and backdated to the expiry date, and the percentage increase is as per the previous agreement.

As at 30 June 2017, there is no contingent liability in respect of grants received from Department of Health and Human Services that may be subject to recall (2016: $0).

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

Note 7.4 Fair value determination

Asset class	Examples of types of assets	Expected fair value level	Likely valuation approach	Significant inputs (Level 3 only)
Specialised land	Land subject to restrictions as to use and/or sale Land in areas where there is not an active market	Level 3	Market approach	CSO adjustments
Specialised buildings	Specialised buildings with limited alternative uses and/or substantial customisation e.g. prisons, hospitals, and schools	Level 3	Depreciated replacement cost approach	Cost per square metre Useful life
		Level 3, where there is no active market in the area	Depreciated replacement cost approach	Cost per square metre Useful life
Plant and equipment [(i)]	Specialised items with limited alternative uses and/or substantial customisation	Level 3	Depreciated replacement cost approach	Cost per square metre Useful life
Vehicles	If there is an active resale market available;	Level 2	Market approach	N/A
	If there is no active resale market available	Level 3	Depreciated replacement cost approach	Cost per square metre Useful life
Cultural assets	Items for which there is no active market and/or for which there are limited uses	Level 3	Depreciated replacement cost approach	Cost per square metre Useful life

(i) Newly built / acquired assets could be categorised as Level 2 assets as depreciation would not be a significant unobservable input (based on the 10% materiality threshold).

Note 8: Other disclosures

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

Structure

8.1 Equity
8.2 Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities
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Note 8.1: Equity

	Consol'd 2017 $'000	Consol'd 2016 $'000
(a) Surpluses		
Property, Plant & Equipment Revaluation Surplus		
Balance at the beginning of the reporting period	641,545	616,450
Revaluation Increment/(Decrements)		
- Land	-	25,095
Balance at the end of the reporting period	**641,545**	**641,545**
* Represented by:		
- Land	123,864	123,864
- Buildings	516,917	516,917
- Cultural Assets	447	447
- Motor Vehicles	317	317
	641,545	**641,545**
Restricted Specific Purpose Surplus		
Balance at the beginning of the reporting period	8,203	4,363
Transfer to and from Restricted Specific Purpose Surplus	6,750	3,840
Balance at the end of the reporting period	**14,953**	**8,203**
Total Surpluses	**656,498**	**649,748**
(b) Contributed Capital		
Balance at the beginning of the reporting period	403,048	403,037
Capital Contribution received from Victorian Government	45	11
Balance at the end of the reporting period	**403,093**	**403,048**
(c) Accumulated Surpluses/(Deficits)		
Balance at the beginning of the reporting period	32,982	(67,073)
Net Result for the Year	107,457	103,895
Transfers to and from Surplus	(6,750)	(3,840)
		-
Balance at the end of the reporting period	**133,689**	**32,982**
Total Equity at end of financial year	**1,193,280**	**1,085,778**

Contributed Capital

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

Transfers of net assets arising from administrative restructurings are treated as contributions by owners. Transfers of net liabilities arising from administrative restructures are to go through the comprehensive operating statement.

Property, Plant & Equipment Revaluation Surplus

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

Specific Restricted Purpose Surplus

A specific restricted purpose surplus is established where Monash 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

	Consol'd 2017 $'000	Consol'd 2016 $'000
Net result for the period	107,457	103,895
Non-cash movements:		
Depreciation and amortisation	67,063	70,184
Provision for doubtful debts	206	642
Share of net results in Associates	(147)	(184)
Net movement in Finance Leases	(2,172)	(1,400)
Government Non Cash Funding for Hospital Expansion	(61,905)	(132,140)
Movements included in investing and financing activities		
Net loss from Sale of Plant and Equipment	271	490
Movements in assets and liabilities:		
Change in operating assets and liabilities		
(Increase)/decrease in receivables	(6,963)	(19,094)
Decrease/(increase) in other assets	422	(324)
(Decrease)/increase in payables	(14,158)	21,791
Increase/(decrease) in provisions	24,165	19,176
(Increase)/decrease in inventories	(2,617)	5,275
NET CASH INFLOW FROM OPERATING ACTIVITIES	**111,622**	**68,311**

Note 8.3: Operating segments

	RAC		Acute Health		Mental Health		Primary Health		Aged Care		Other		Consol'd	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
REVENUE														
External Segment Revenue	85,707	71,150	1,213,864	1,133,183	127,904	118,734	21,608	29,307	21,031	11,470	197,690	191,768	1,667,804	1,555,612
Intersegment Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	**85,707**	**71,150**	**1,213,864**	**1,133,183**	**127,904**	**118,734**	**21,608**	**29,307**	**21,031**	**11,470**	**197,690**	**191,768**	**1,667,804**	**1,555,612**
EXPENSES														
External Segment Expenses	(70,263)	(63,610)	(1,191,829)	(1,115,723)	(134,107)	(124,693)	(28,053)	(29,396)	(23,655)	(18,685)	(222,768)	(205,590)	(1,670,675)	(1,557,698)
Intersegment Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	**(70,263)**	**(63,610)**	**(1,191,829)**	**(1,115,723)**	**(134,107)**	**(124,693)**	**(28,053)**	**(29,396)**	**(23,655)**	**(18,685)**	**(222,768)**	**(205,590)**	**(1,670,675)**	**(1,557,698)**
Net Result from ordinary activities	**15,444**	**7,540**	**22,035**	**17,460**	**(6,203)**	**(5,959)**	**(6,445)**	**(89)**	**(2,624)**	**(7,215)**	**(25,078)**	**(13,822)**	**(2,871)**	**(2,085)**
Interest Expense	-	-	-	-	-	-	-	-	-	-	(5,473)	(5,675)	(5,473)	(5,675)
Interest Income	-	-	-	-	-	-	-	-	-	-	2,759	2,407	2,759	2,407
Capital Grants	-	-	-	-	-	-	-	-	-	-	180,160	193,492	180,160	193,492
Share of Net Result of Associates & Joint Ventures using Equity Method	-	-	-	-	-	-	-	-	-	-	147	184	147	184
Specific Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Purpose Expense	-	-	-	-	-	-	-	-	-	-	(10,226)	(8,503)	(10,226)	(8,503)
Specific Expense (refer to Note 3.3)	-	-	-	-	-	-	-	-	-	-	(667)	(5,741)	(667)	(5,741)
Depreciation & Amortisation Expense	(30,849)	(32,285)	(27,785)	(28,884)	(2,928)	(3,026)	(495)	(747)	(481)	(292)	(4,525)	(4,949)	(67,063)	(70,184)
Revaluation of Long Service Leave	-	-	-	-	-	-	-	-	-	-	10,691	-	10,691	-
Net Result for Year	**(15,405)**	**(24,745)**	**(5,750)**	**(11,424)**	**(9,131)**	**(8,985)**	**(6,940)**	**(836)**	**(3,105)**	**(7,507)**	**147,788**	**157,393**	**107,457**	**103,895**

Note 8.3: Operating segments (continued)

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

Business Segments	**Types of services provided**
Residential Aged Care	Residential Aged Care services.
Acute Health	Acute Medical Care Unit, Emergency Medicine, General Medicine, Infectious diseases, Medical Oncology, Palliative Care, Respiratory Medicine
Mental Health	Adolescent Recovery Centre, Adult Inpatient Psychiatry Service, Crisis Assessment, Emergency Psychiatric Services, Mother and Baby Inpatient Unit
Primary Care	Acquired Brain Injury, AIDS prevention, Allied Health and Rehabilitation, Birthing support, Community Nursing, Dental, Diabetes education, Hospital in the Home, Housing
Aged Care	Aged Care services excluding Residential Aged Care
Other	Includes clinical support such as Pharmacy, Imaging, Pathology

Geographical Segment
Monash Health operates predominantly in the South East of metropolitan Melbourne, Victoria.

Note 8.4: 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, Minister for Ambulance Services	1/07/2016 - 30/6/2017
The Honourable Martin Foley, Minister for Housing, Disability and Ageing, Minister for Mental Health	1/07/2016 - 30/6/2017
Governing Boards	
Ms Barbara Yeoh	1/7/2016 - 30/6/2017
Ms Debbie Williams	1/7/2016 - 30/6/2017
Mr Charles Gillies	1/7/2016 - 30/6/2017
Ms Heather Cleland	1/7/2016 - 30/6/2017
Mr Ross McClymont	1/7/2016 - 30/6/2017
Mr Dipak Sanghvi	1/7/2016 - 30/6/2017
Ms Monica Persson	1/7/2016 - 30/7/2016
Ms Jordan Lam	1/10/2016 - 30/6/2017
Dr Misty Jenkins	1/11/2016 - 30/6/2017
Ms Sarah Ralph	1/11/2016 - 30/6/2017
Prof. Hatem Salem	1/5/2017 - 30/6/2017
Accountable Officers	
Mr Andrew Stripp	1/7/2016 - 30/6/2017

Remuneration of Responsible Persons

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

	Consolidated	
	2017	2016
Income Band	No.	No.
$0 - $19,999	3	1
$20,000 - $29,999	2	1
$30,000 - $39,999	5	7
$60,000 - $69,999	0	-
$70,000 - $79,999	1	1
$420,000 - $429,999	1	-
$480,000 - $489,999	0	1
Total Numbers of Responsible Persons	12	11
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	$759,274	$864,113

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

	$'000	$'000
Other Transactions of Responsible Persons and their Related Parties.	-	-

Note 8.5: Executive Officer Disclosures

Executive Officers' Remuneration
The numbers of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the 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.

Share-based payments are cash or other assets paid or payable as agreed between the health service and the employee, provided specific vesting conditions, if any, are met.

Several factors affected total remuneration payable to executives over the year. A number of executives received bonus payments during the year. These bonus payments depend on the terms of individual employment contracts. Some contracts provide for an accrual bonus payment whereas other contracts only inlcude the payment of bonuses on the successful completion of the full term of the contract. A number of these contract completion bonuses became payable during the year.

A number of executive officers retired or resigned in 2017. This had a significant impact on total remuneration figures due to the inclusion of annual leave, long service leave and retrenchment payments.

Remuneration of executive officers	**2016-17 ($'000)**
Short-term employee benefits	2,173
Post-employment benefits	202
Other long-term benefits	45
Total remuneration	**2,420**
Total number of executives	**12**
Total annualised employee equivalent (AEE)	**12**

Notes
(i) No comparatives have been reported because remuneration in the prior year was determined in line with the basis and definition under FRD 21B. Remuneration previously excluded non-monetary benefits and comprised any money, consideration or benefit received or receivable, excluding reimbursement of out-of-pocket expenses, including any amount received or receivable from a related party transaction. Refer to the prior year's financial statements for executive remuneration for the 2015-16 reporting period.
(ii) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the entity under *AASB 124 Related Party Disclosures* and are also reported within the related parties note disclosure (Note 8.6).
(iii) Annualised employee equivalent is based on the time fraction worked over the reporting period.

Note 8.6: 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 and their close family members;
- all cabinet ministers and their close family members; and
- all hospitals and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

All related party transactions have been entered into on an arm's length basis.

Key management personnel during the year were:

Key Management Personnel	Position
Monash Health	
Barbara Yeoh	Board Member
Debbie Williams	Board Member
Charles Gillies	Board Member
Heather Cleland	Board Member
Ross McClymont	Board Member
Dipak Sanghvi	Board Member
Monica Persson	Board Member
Jordan Lam	Board Member
Misty Jenkins	Board Member
Sarah Ralph	Board Member
Hatem Salem	Board Member
Andrew Stripp	Chief Executive
Jessie McPherson Private Hospital	
Dennis Cowlishaw	Board Member
John Sutherland	Board Member
Charles Gillies	Board Member
Wayne Ramsay	Board Member
Shelly Park	Board Member
Tony Jones	Board Member
Anne Howe	Chief Executive

Significant transactions with government-related entities

Monash Health received funding from the Department of Health and Human Services of $1,447 million (2016: $1,370 million).

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 of Key Management Personnel	2016-17 ($'000)
Short-term employee benefits	1,304
Post-employment benefits	680
Other long-term benefits	20
Total	**2,004**

Adoption of the new requirements under AASB 124 *Related Party Disclosures* do not require comparative figures to be presented in the year of adoption.

Note 8.6: Related Parties

Transactions with key management personnel and other related parties
Outside of normal citizen type transactions with Monash Health, there were no other related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

Transactions with Controlled entity
Kitaya Holdings Pty Ltd operates Jessie McPherson Private Hospital. Monash Health is reimbursed by its controlled entity, Kitaya Holdings Pty Ltd, for the provision of goods and services required to run the private hospital. The fee includes charges for labour, power, food, cleaning and other services. All transactions are conducted on normal commercial terms and conditions.

The aggregate amounts brought to account in respect of the following types of transactions were:

	2017 $	2016 $
Rental income received from its controlled entity	1,131,796	1,113,917
Contracted Goods & Services provided to its controlled entity	26,050,203	27,051,533
Amounts owing at Balance Date		
Amount owing to controlled entity	14,238,731	13,173,345

Note 8.7: Remuneration of auditors

($ thousand)	2017	2016
Victorian Auditor-General's Office		
Audit of financial statement	326	338

Note 8.8: Ex gratia payments

There have been no ex gratia payments made during the financial year (2016: $0).

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 2017 reporting period. DTF assesses the impact of all these new standards and advises the Health Service of their applicability and early adoption where applicable.

As at 30 June 2017, 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. Monash 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 hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: • The change in fair value attributable to changes in credit risk is presented in other comprehensive income (OCI); and • Other fair value changes are presented in profit and loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.	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. Changes in own credit risk in respect of liabilities designated at fair value through profit and loss will now be presented within other comprehensive income (OCI). Hedge accounting will be more closely aligned with common risk management practices making it easier to have an effective hedge. For entities with significant lending activities, an overhaul of related systems and processes may be needed. The assessment has indicated that there will be no significant impact for Monash Health.
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 as a consequence of Chapter 6 Hedge Accounting, 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 Monash Health.

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Monash Health Annual Report 2016/2017

Note 8.9: AASBs issued that are not yet effective

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on financial statements
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.	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. A potential impact will be the upfront recognition of revenue from licenses that cover multiple reporting periods. Revenue that was deferred and amortised over a period may now need to be recognised immediately as a transitional adjustment against the opening returned earnings if there are no former performance obligations outstanding.
AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	Amends the measurement of trade receivables and the recognition of dividends. Trade receivables that do not have a significant financing component, are to be measured at their transaction price, at initial recognition. Dividends are recognised in the profit and loss only when: • the entity's right to receive payment of the dividend is established: • it is probable that the economic benefits associated with the dividend will flow to the entity; and • the amount can be measured reliably.	1 Jan 2017, 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 Monash Health.
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 to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15	This Standard amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require: • A promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation; • For items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and • For licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access).	1 Jan 2018	The assessment has indicated that there will be no significant impact for Monash Health, other than the impact identified in AASB 15.
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 to the 2019-20 reporting period.

Note 8.9: AASBs issued that are not yet effective

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on financial statements
AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities	This Standard amends AASB 9 and AASB 15 to include requirements and implementation guidance to assist not-for-profit entities in applying the respective standards to particular transactions and events. The amendments: • require non-contractual receivables arising from statutory requirements (i.e. taxes, rates and fines) to be initially measured and recognised in accordance with AASB 9 as if those receivables are financial instruments; and • clarifies circumstances when a contract with a customer is within the scope of AASB 15.	1 Jan 2019	The assessment has indicated that there will be no significant impact for the public sector, other than the impacts identified for AASB 9 and AASB 15 above.
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are current not recognised) on balance sheet.	1 Jan 2019	The assessment has indicated that as most operating leases will come on balance sheet, recognition of the right-of-use assets and lease liabilities will cause net debt to increase. Depreciation of lease assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus. The amounts of cash paid for the principal portion of the lease liability will be presented within financing activities and the amounts paid for the interest portion will be presented within operating activities in the cash flow statement. No change for lessors.
AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities	The standard amends AASB 136 Impairment of Assets to remove references to using depreciated replacement cost (DRC) as a measure of value in use for not-for-profit entities.	1 Jan 2017	The assessment has indicated that there is minimal impact. Given the specialised nature and restrictions of public sector assets, the existing use is presumed to be the highest and best use (HBU), hence current replacement cost under AASB 13 Fair Value Measurement is the same as the depreciated replacement cost concept under AASB 136.
AASB 1058 Income of Not-for-Profit Entities	This Standard will replace AASB 1004 Contributions and 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 objectives.	1 Jan 2019	The assessment has indicated that revenue from capital grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as performance obligations are satisfied. As a result, the timing recognition of revenue will change.

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 Monash 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.

There have been no signficant events after reporting date.

Note 8.11: Controlled entities

Controlled entities in 2016

Name of entity	Country of incorporation	Equity Holding
Kitaya Holdings Pty Ltd (trading as Jessie McPherson Private Hospital)	Australia	100%

Controlled entities in 2017

Name of entity	Country of incorporation	Equity Holding
Kitaya Holdings Pty Ltd (trading as Jessie McPherson Private Hospital)	Australia	100%

Note 8.12: Economic Dependency

Monash Health reported an operating surplus before capital and specific items of $0.04M (2016: $0.5M) and deficit net current asset position of $0.2M (2016: $0.2M). The current asset / liability ratio remains in deficit, however the ratio has improved slightly to 47% (2016: 38%).

As a result of the financial performance and position, Monash Health has obtained a letter of comfort from the State Government and in particular, the Department of Health and Human Services (DHHS), confirming that the department will continue to provide Monash Health adequate cash flow to meet its current and future obligations up to September 2018. A letter was also obtained for the previous financial year. On that basis, the financial statements have been prepared on a going concern basis.

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