Annual Report

2017-2018

Forensicare

Contents

VICTORIAN INSTITUTE OF
FORENSIC MENTAL HEALTH

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Our vision

Clinical excellence and translational research enable consumers to lead fulfilling and meaningful lives in a safer community.

Our mission

We will provide high-quality specialist clinical services that:

- focus on the recovery of consumers
- support our workforce
- build our translational research capacity
- work collaboratively with stakeholders to achieve better and safer outcomes for consumers and the community.

Our strategic goals

- Greater accessibility to services
- Meet new challenges and drive change
- Innovation in everything we do
- Outstanding organisational performance

Our values

Responsiveness – We will provide frank, impartial and timely advice to the Victorian Government, provide high-quality services to the Victorian community and identify and promote best practice.

Integrity – We will be honest, open and transparent in our dealings, use our powers responsibly, report improper conduct, avoid any real or apparent conflicts of interest and strive to earn and sustain public trust of a high level.

Impartiality – We will make decisions and provide advice on merit and without bias, caprice, favouritism or self-interest, act fairly by objectively considering all relevant facts and fair criteria and implement government policies and programs equitably.

Accountability – We will work to clear objectives in a transparent manner, accept responsibility for our decisions and actions, seek to achieve best use of resources and submit ourselves to appropriate scrutiny.

Respect – We will treat colleagues, other public officials and members of the Victorian community fairly and objectively, ensure freedom from discrimination, harassment and bullying, and use their views to improve outcomes on an ongoing basis.

Leadership – We will actively implement, promote and support these values.

Human rights – We will respect and promote the human rights set out in the Charter of Human Rights and Responsibilities by making decisions and providing advice consistent with human rights and actively implementing, promoting and supporting human rights.

Our organisation

The Victorian Institute of Forensic Mental Health, known as Forensicare, is the statewide specialist provider of forensic mental health services in Victoria. Forensicare is the only agency in Victoria that provides clinical forensic mental health services that span all components of the mental health and criminal justice sectors, giving Forensicare a unique perspective on mental health and public safety issues. We are able to provide specialist forensic mental health services tailored to meet the specific needs of both sectors.

Forensicare's primary focus is to provide clinical services within a recovery framework. These services include the effective assessment, treatment and management of forensic patients, prisoners and clients. A comprehensive research program operates in partnership with Swinburne University of Technology's independent Centre for Forensic Behavioural Science to support the ongoing development of clinical services. We deliver specialist training and ongoing professional education to our staff and the broader mental health and justice fields.

Forensicare operates under the *Mental Health Act* 2014 and is governed by a board of nine directors who are accountable to the Minister for Mental Health. The Victorian Government, through the Department of Health and Human Services, provides much of our funding. Our prison-based services are provided under a Funding and Healthcare Services Agreement with the Department of Justice and Regulation and through agreements with private prison operators.

Our services

Thomas Embling Hospital

Thomas Embling Hospital is a 116-bed secure hospital with seven units that provide both acute care and continuing care programs, including a dedicated women's unit.

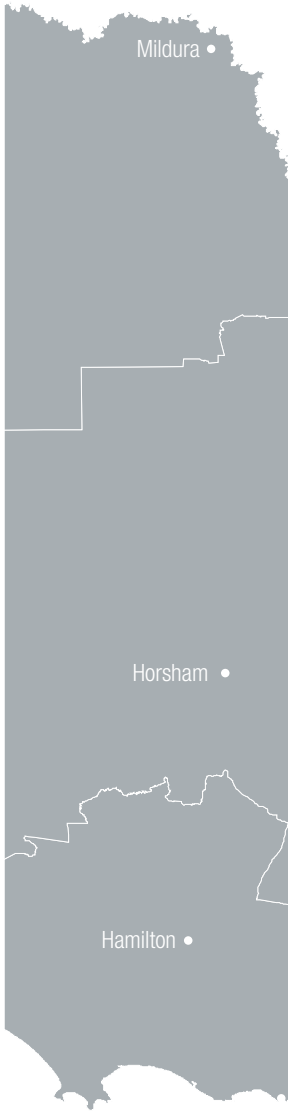
Patients are generally admitted to the hospital from the criminal justice system under the *Crimes (Mental Impairment and Unfitness to be Tried) Act* 1997, the *Mental Health Act* 2014 or the *Sentencing Act* 1991. Patients may also be admitted from the general mental health system under the *Mental Health Act*.

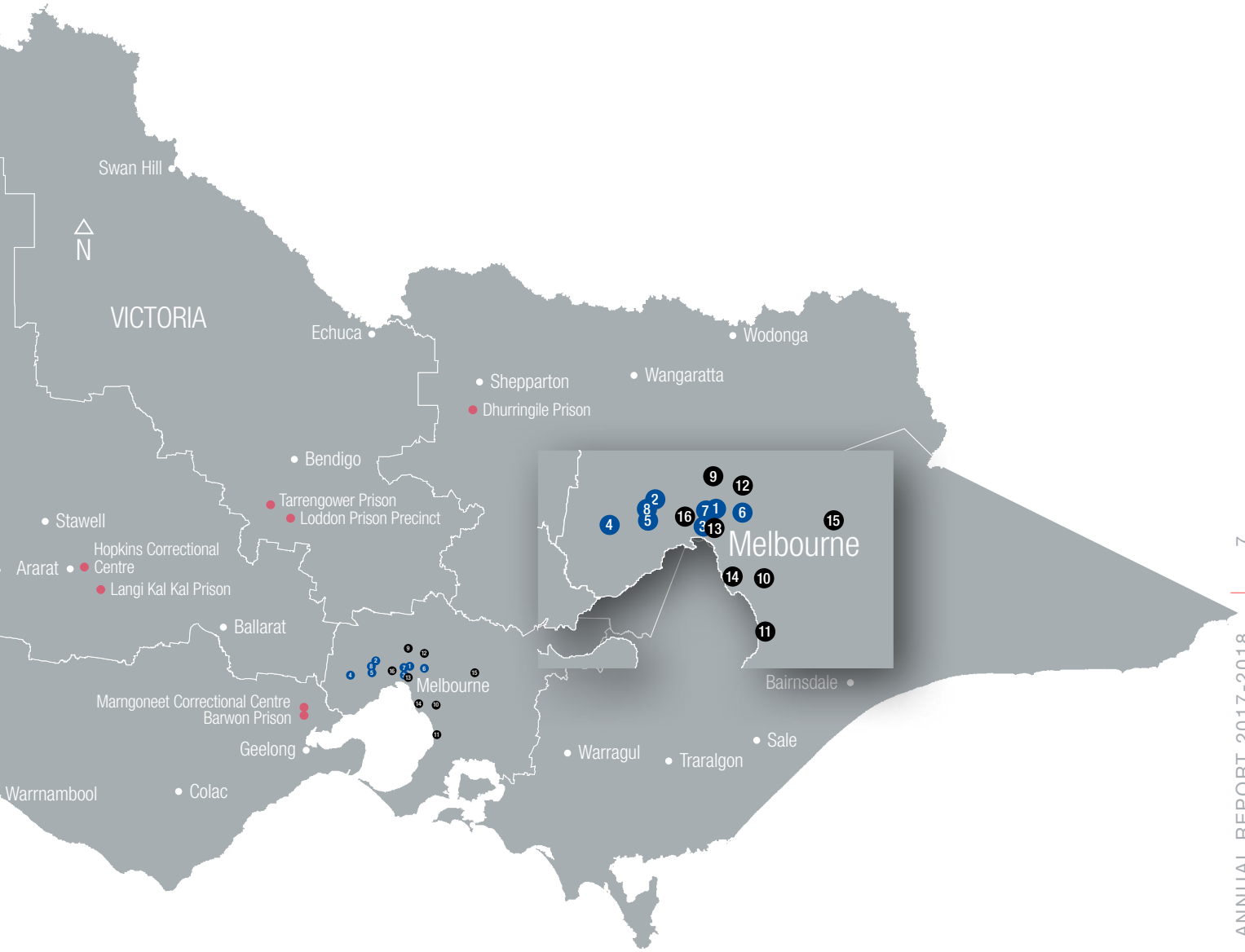
Prison Mental Health Service

Specialist mental health services are provided at larger publicly managed prisons, and prisons managed by private operators including Ravenhall Correctional Centre and Port Phillip Prison.

Our services include:

- **Acute Assessment Unit** (Melbourne Assessment Prison) – a 16 prison bed acute assessment unit, specialist clinics, outpatient services and a reception assessment program.
- **Ballerrt Yeram-boo-ee Forensic Mental Health Unit** (Ravenhall Correctional Centre) – a 75 prison bed unit and an extensive outpatient service.
- **Marrmak Unit** (Dame Phyllis Frost Centre) – a 20 prison bed residential program, intensive outreach program and a therapeutic day program for women.
- **Mobile Forensic Mental Health Service** (Metropolitan Remand Centre) – a mobile forensic mental health service including outreach to other prisons and incorporating satellite psychology services at Barwon Prison and Marngoneet Correctional Centre.
- **State-managed Prisons** – visiting consultant psychiatric and nurse practitioner sessions at Hopkins, Langi Kal Kal and Loddon prisons as well as sessions by visiting psychiatrists at Hopkins, Barwon, Dhurringile, Karreenga, Loddon, Marngoneet, Middleton and Tarrengower prisons.
- **St Paul's Unit** (Port Phillip Prison) – a 30 prison bed specialist forensic mental health and psychosocial rehabilitation service.





Service locations

Specialist forensic mental health services

1 Community Forensic Mental Health Service
2 Dame Phyllis Frost Centre
3 Melbourne Assessment Prison
4 Metropolitan Remand Centre
5 Port Phillip Prison
6 Thomas Embling Hospital
7 Victorian Fixated Threat Assessment Centre
8 Ravenhall Correctional Centre

Visiting sessions at the following prisons

- Barwon Prison
- Dhurringile Prison
- Hopkins Correctional Centre (Ararat)
- Karreenga Annexe
- Langi Kal Kal Prison
- Loddon Prison Precinct (Middleton)
- Marngoneet Correctional Centre
- Tarrengower Prison

Court Mental Health Advice and Response Service

9 Broadmeadows Magistrates' Court
10 Dandenong Magistrates' Court
11 Frankston Magistrates' Court
12 Heidelberg Magistrates' Court
13 Melbourne Magistrates' Court
14 Moorabbin Justice Centre
15 Ringwood Magistrates' Court
16 Sunshine Magistrates' Court

Our staff provide clinical assessment, policy and program advice, consultations with government agencies and departments and participate in a number of emerging program areas focused on the management of high-risk individuals in the community.

Community Forensic Mental Health Service

The Community Forensic Mental Health Service provides specialist statewide forensic mental health services to meet the needs of mentally ill offenders, the mental health and justice sectors, and the community. Services are evidence-based and include effectively assessing, treating and managing high-risk clients aimed at improving outcomes for individuals and contributing to increased community safety. Referrals for specialist multidisciplinary services come from Area Mental Health Services, Corrections Victoria, courts, the Adult Parole Board, Thomas Embling Hospital, prison services, other government agencies and private practitioners.

Services are provided through the following programs.

Community Transition and Treatment Program

We provide comprehensive psychiatric care and case management to individuals on a custodial supervision order under the *Crimes (Mental Impairment and Unfitness to be Tried) Act* in the lead up to and on 'extended leave' under the Act from Thomas Embling Hospital. For this client group, participation in the program is not voluntary and is a condition of successfully applying for and participating in extended leave and living in the community. This program also supports the direct discharge of civil patients from Thomas Embling Hospital into the community.

Non-custodial supervision order consultation and liaison

We provide supervision and monitoring of all people with a mental illness in Victoria on a non-custodial supervision order under the *Crimes (Mental Impairment and Unfitness to be Tried) Act*. Treatment to this group is provided by a local Area Mental Health Service.

Problem Behaviour Program

This is a specialist program providing psychiatric and psychological consultation and treatment for people with a range of problem behaviours associated with offending, and for whom publicly funded services are not available elsewhere. Services are provided in relation to serious physical violence, stalking, threats to kill or harm others, adult sexual assault and rape, paedophilia, other problematic sexual behaviour related to offending (such as indecent exposure), collection and possession of child pornography including internet child pornography and fire-setting. The program includes assessment and secondary consultation and accepts clients for specialist ongoing treatment. A number of related group programs are offered. A significant proportion of referrals to this program are from Community Correctional Services for individuals on community correction orders, parole orders or post-sentence supervision orders.

Forensicare Serious Offender Consultation Service

We support Community Correctional Services and area mental health services in managing individuals who have a serious mental illness/disorder and complex needs, including a history of serious violent or sexual offending. The program targets community corrections clients who are either not currently engaged with Area Mental Health Services or where engagement is problematic.

Court Programs

The Mental Health Advice and Response Service is a court-based assessment and advice program operating in eight metropolitan Magistrates' Courts: Melbourne, Broadmeadows, Ringwood, Heidelberg, Dandenong, Frankston, Moorabbin and Sunshine. Forensicare clinicians undertake clinical assessments and provide feedback based on these assessments to the court. They liaise with court staff, police, lawyers, the custodial nursing service and local mental health services to ensure that the needs of people appearing before the court who have significant mental health issues are met. They also provide clinical assessment and advice to inform the Community Correctional Services' Court Advisory Service regarding recommendations for including a mental health treatment and rehabilitation condition on a community correction order.

Forensicare also provides pre-sentence psychiatric and psychological reports to judges and magistrates for people with mental disorders or problem behaviours to assist in sentencing dispositions, and to the Adult Parole Board to assist in decision making regarding parole.

Victorian Fixated Threat Assessment Centre

Opening in March 2018, the Victorian Fixated Threat Assessment Centre (VFTAC) is a statewide service jointly staffed by a team of senior forensic mental health clinicians employed by Forensicare and senior police officers. VFTAC deals specifically with fixated individuals and grievance-fuelled lone actors. The primary purpose of the service is to identify those engaging in inappropriate or threatening communications and actions, assess individuals of concern using combined intelligence holdings, and develop management plans that may involve engaging or re-engaging the individual with the public mental health system or other mental health services. Through treatment of mental illness and intervention with identified risk factors, potential risks towards the community are reduced. A memorandum of understanding between Forensicare and Victoria Police facilitates appropriate exchange of information. The VFTAC model is proactive, preventative and targeted towards early intervention.

Mental health primary consultations

Forensicare provides expert advice and support to Area Mental Health Services and other referrers such as general practitioners in managing complex and high-risk clients.

Forensic Clinical Specialist Program Coordination

We provide coordination of the Forensic Clinical Specialist Program, which is funded by the Department of Health and Human Services. The program employs forensic clinicians in Area Mental Health Services across Victoria to build the specialist capability of the clinical adult mental health workforce to assess, treat and support people with severe mental illness who are high-risk, violent or aggressive and have a forensic/criminal history.

Youth Justice Mental Health Program Coordination

We provide coordination of the Youth Justice Mental Health Program, which employs five forensic clinicians in child and youth mental health services across Victoria who support linkages with Youth Justice. Our coordinator also delivers direct services to Youth Justice staff as part of the program at Parkville and Malmsbury Youth Justice Centres.

External workshop program

We deliver a calendar of specialist professional development workshops for external agencies and staff on areas of interest and stemming from our expertise in forensic mental health.

Board chair and CEO report

This year's Report of Operations sets out the ongoing growth for Forensicare. As part of the government's response to higher levels of demand, Forensicare's budget has nearly doubled in size in the past five years.

The past year has seen the opening of the Ballerrt Yeram-boo-ee Forensic Mental Health Service at the new Ravenhall Correctional Centre; the commencement of operations at the St Paul's Psychosocial Unit at Port Philip Prison; significant expansion in our community programs; the planning and recruitment of staff for new positions at Thomas Embling Hospital; and the continued building of the 18 additional beds funded by the government.

Our staff continue to provide clinical assessment, policy and program advice, consultations with government agencies and departments and participate in a number of emerging program areas focused on the management of high-risk individuals in the community. While we recognize the importance of these collaborations, they do add time and resourcing pressure to our operations. The details of such examples and many more areas of exemplary practice are provided in this Report of Operations. Later in the year we will report in more detail on service outcomes and improvements in our Quality Account. Suffice to say they represent another year of considerable achievement by staff in the face of rapidly increasing demand and complexity.

Greater accessibility to services

Perhaps the most visible indicator of success in providing better access to care for mentally ill prisoners has been the opening of the Ballerrt Yeram-boo-ee Forensic Mental Health Service at Ravenhall Correctional Centre. This service provides accommodation and treatment for 75 prisoners who need mental health care and a range of outpatient services across the prison. It has significantly improved access to care for men in the prison system. Since it opened we have treated more than 285 prisoners in the four units and provided services to more than 300 prisoners through the outpatient service. We also began operating the St Paul's Unit at Port Phillip Prison, which provides rehabilitation-based treatment and services in a 30-bed unit, and we have treated 34 prisoners. We have worked closely with the Department of Justice and

Regulation to monitor access and flow through all prison services. This includes the services we provide at the Melbourne Assessment Prison, where the Acute Assessment Unit has been closed since December 2017 as Corrections Victoria begins construction of a better and safer environment for prisoners and staff.

Construction has continued at the Thomas Embling Hospital on the 18 additional beds funded by the government and, at the end of the reporting period, these are almost fully completed. We have been assertively recruiting for the additional staff required to open these units, and the additional beds are expected to become operational in the first half of 2018-19. This increase represents a very welcome gain in our current capacity of 116 beds of 16%, however at the same time demand for our beds has grown more than threefold. There remains great pressure on hospital beds from all three sources of patients, forensic, prisoners and civil, with the inability to meet appropriate levels of timely access to treatment.

Our access performance *has* continued to improve when we look at the transfer of male prisoners who require compulsory treatment under the *Mental Health Act* to Thomas Embling Hospital. We admitted 65 men for treatment from the prison system, an 8 per cent increase on the previous year. Inevitably and regrettably there will still be an ever-increasing number of women and men, often refusing medication, waiting for admission to the hospital, despite the many achievements and improvements that our clinical teams have made. The past six months has seen the advent of waiting times for female prisoners who require compulsory treatment, and at the end of the reporting year there are 12 men held in prison where the Supreme or County Courts have found them liable for supervision and detention at the hospital as forensic patients, but at Thomas Embling Hospital there is not an available bed.

The recruitment of additional staff and the opening of the new beds in the coming months should help address some of these issues. However, the reality is that, even with 18 additional beds, there will continue to be waiting lists for people to be admitted to the hospital. The increases in the number of prison beds in Victoria, has not been matched by a proportional growth in the number of beds for compulsory treatment of prisoners at Thomas Embling Hospital. In our *Report of Operations* last year we indicated our intention to keep working with government to build on its previous funding commitment for planning for a new hospital service, but the funding for this new hospital has not eventuated. The board remains critically concerned about the ability of our existing services to respond to the mental health needs of the increasing prison population. Despite changes to our clinical processes, too many prisoners, both men and women, are detained in circumstances where they are not receiving the treatment they need in prison for want of adequate bed capacity at Thomas Embling Hospital.

In our community service we have consolidated the expansion of our Problem Behaviour Program and increasingly engaged more with Community Correctional Services to work with people with a mental illness with complex needs who present a high risk of violence or serious offending on community correction orders. We have also worked to prepare for the increased services funded by government in the Magistrates' Courts through the new Mental Health Advice and Response Service. The collaborative work we have undertaken with Victoria Police has also seen the commencement of the Victorian Fixated Threat Assessment Centre where our staff work closely with police to intervene with people whose behaviour poses a threat to public safety so that they receive the services they need for the risk to be reduced.

Guided by an external review of our clinical governance systems, staff are to be commended on moving to a new Best Care system of clinical governance and monitoring of safety, quality and performance.

Meet new challenges and drive change

The commencement of services at Ravenhall Correctional Centre and Port Phillip Prison were massive change projects that saw the recruitment and training of more than 120 staff at both sites. In a labour market where mental health clinicians are in short supply this is an amazing achievement. Our collaborations with the GEO Group at Ravenhall Correctional Centre and G4S at Port Phillip Prison have enabled us to develop new and innovative ways of working in these settings and we are appreciative of their support.

During the year the board developed the *Strategic Plan 2018/19-2020/21* to guide our organisation through the coming three years. This was informed by extensive consultation with internal stakeholders including consumer and carer groups and staff and 20 external stakeholder consultations.

Guided by an external review of our clinical governance systems, staff are to be commended on moving to a new Best Care system of clinical governance and monitoring of safety, quality and performance. Our board Clinical Governance Committee has met more frequently to ensure appropriate board oversight of these activities, and the board has focused more on the care experience of consumers and carers.

In our community programs we have also responded to the changes in policy in relation to monitoring and supervision of serious sex offenders and violent offenders, working in tandem with the Department of Health and Human Services and the Department of Justice and Regulation to implement these important reforms.

Innovation in everything we do

We worked with consumers and staff to implement the ‘Safewards’ model on the Bass and Daintree Units at Thomas Embling Hospital, which is a model aimed at reducing restrictive practices and patient aggression. We participated in a benchmarking study of restrictive interventions with other forensic services in Australia and New Zealand, which has led us to set more ambitious, benchmarked targets for the use and duration of seclusion and other restrictive interventions. New funding from government has enabled us to have more nursing staff on our acute wards at the hospital as part of an Early Intervention Support Team, though recruitment to these new positions was slower than we had hoped.

Independent research and evaluation by the Swinburne University Centre for Forensic Behavioural Science has continued to help us improve our services. The evaluation of the Mobile Forensic Mental Health Service at the Metropolitan Remand Centre was completed. At Ravenhall Correctional Centre we have also developed a comprehensive evaluation framework, with data collection due to begin later this year. This will underpin our evidence-based service provision and assist with ongoing service development. As Corrections Victoria have been building a new mental health and wellbeing precinct at the Dame Phyllis Frost Centre to house the Marrmak program, we have also critically analysed the demand issues at the women’s prison to identify the resources required to meet the mental health needs of female prisoners; these are more complex than their male counterparts. We have also begun examining how to improve the clinical pathways for women at Thomas Embling Hospital. This last piece of work is part of a broader overarching review of our model of care that has continued through the year and will come to fruition in the coming year. It is a high priority for the board and executive.

Outstanding organisational performance

Staff at all levels of the organisation have performed with excellence in the context of the major growth in our services and the even greater growth in the demand for those services. Performance on many of our key indicators has improved and we have done so while maintaining the quality of the services we provide. Our financial performance this year, with an operating surplus of $1.63 million, reflects the advent of new contracts with our private prison partners and a number of staffing vacancies in the earlier part of the year as we struggled to recruit nurses to the Early Intervention and Support Team at the hospital. Our organisation continues to benefit from the input of active Consumer Advisory Groups and a Family and Carer Group. Their important contributions enable us to keep improving our services in so many respects.

Many new staff have joined our organisation this year, and we welcome the contribution they bring with new ideas and experience in other systems and agencies. Our staff are our biggest asset and we value their continued commitment to working with consumers in prison, at Thomas Embling Hospital and in the community. This year has seen changes in our board composition and we would like to acknowledge the valuable contribution of Mr John Rimmer as a director, who retired on 30 March 2018. We have welcomed Ms Sally Campbell as a new director on the board. We particularly acknowledge the hard work of the executive over the past year in managing the growth and continuing to work to maintain and improve the quality of services we provide to consumers and the broader community.

We also acknowledge the contribution of independent members of our board committees for their valuable contribution. Ms Ann Clark on the Finance Committee and Mr Brian Keane on the Audit, Security and Risk Management Committee and Professor Janet Hiller on the Research Committee.

Appreciations

Board directors, management and staff in general continue in their various ways to contribute to a remarkably high level of quality of service. We also appreciate how government and key departmental staff in the Department of Health and Human Services and the Department of Justice and Regulation work to respond to the critical needs of consumers in the context of strained resources and community sensitivities to perceived risks that relate to offenders and, in this case, those who also suffer from forms of mental illness. Imperfect though our combined responses might be, there is nonetheless a considerable level of commitment to growing the quality and safety of our services. Our appreciations and thanks to all concerned in supporting Forensicare through another year of challenges and achievements.

Adjunct Professor Bill Healy
Chair, Forensicare Board

Tom Dalton
Chief Executive Officer

Governance

Forensicare was established in 1998 under section 117B of the *Mental Health Act 1986* and continued under the *Mental Health Act 2014.*

Our statutory functions are:

- to provide, promote and assist in the provision of forensic mental health and related services in Victoria
- to provide clinical assessment services to courts, the Adult Parole Board and other relevant government agencies
- to provide inpatient and community forensic mental health services and specialist assessment and treatment services
- to provide community education in relation to the services provided by Forensicare and forensic mental health generally
- to provide, promote and assist in undergraduate and postgraduate education and training of professionals in the field of forensic mental health
- to provide, promote and assist in the teaching of, and training in, clinical forensic mental health within medical, legal, general health and other education programs
- to conduct research in the fields of forensic mental health, forensic health, forensic behavioural science and associated fields
- to promote continuous improvements and innovations in the quality and safety of forensic mental health and related services in Victoria
- to promote innovations in the provision of forensic mental health and related services in Victoria
- to perform any other functions conferred on it under the *Mental Health Act* 2014 or any other Act.

Responsible Minister

The Hon Martin Foley MP, Minister for Mental Health, is the Minister responsible for Forensicare and the forensic mental health services we provide.

Forensicare board

The board of Forensicare is appointed by the Governor in Council for three-year terms on the recommendation of the Minister for Mental Health. The board, which consists of up to nine directors, reports to the Minister for Mental Health quarterly on the operation and performance of the organisation. The quarterly report is also provided to the Minister for Corrections.

The board includes a nominee of the Attorney-General, a nominee of the Minister administering the *Corrections Act* 1986 and between four and seven other members, of whom at least one is able to reflect the perspective of people receiving mental health services, and at least one has the knowledge of, or experience in, accountancy or financial management.

In 2017–18 Mr John Rimmer retired from the board at the expiry of his appointment. Ms Sally Campbell was appointed to the board.

Board directors

During 2017–18 Forensicare's board directors were:

Adjunct Professor Bill Healy
MA, DipSocStud

Chair

Appointed as the Forensicare board chair on 10 April 2013

- Adjunct Associate Professor, School of Social Work and Social Policy, La Trobe University
- Formerly Associate Professor of Mental Health and Social Work, La Trobe University and the Psychosocial Research Centre, NorthWestern Mental Health
- Extensive academic background and widely published on mental health issues
- Director of Mind Australia (1992–2013) and chair (1999–2011)
- Community member, Mental Health Review Board, from 2000 and the Mental Health Tribunal since July 2014

Ms Janet Farrow OAM
BSW, MBA, GradDipLaw, GAID, Churchill Fellow, Williamson Fellow

Deputy chair

Appointed on 27 April 2011

- Adjunct academic staff member, School of Social Work, The University of Melbourne
- Director, Children's Protection Society Board; chair, Quality and Risk Committee
- Awarded an OAM in 2016 for service to community health through a range of roles

Ms Julie Anderson
CertBus(Acc), CertTheo, completion AICD course

Appointed to reflect the perspective of people receiving mental health services on 1 December 2013

- Senior Consumer Advisor, Office of the Chief Psychiatrist, Department of Health and Human Services, Victoria
- Member of Mental Health Australia National Register of Consumer and Carer Leaders; consults with federal and state governments on mental health issues from a lived experience perspective
- Past director, Neami National (1998 –2013), president (2000–2011), vice president (2011–2012)
- Past chair, Victorian Mental Illness Awareness Council (May 2015–October 2015)
- Graduate of Leadership Plus Program and National Mental Health Commission Future Leaders Program
- Experienced consumer leader with lived experience of recovery

Mr Andrew Buckle OAM

Appointed on 10 April 2013

- Extensive corporate management experience in wide-ranging portfolios, including commercial and non-government organisation directorships
- Awarded an OAM in 1992 for his work with disadvantaged and underprivileged youth
- Consultant with Activetics, focusing on providing solutions to challenges driven by an ageing workforce

Mrs Sally Campbell
BA, LLB, GAID

Appointed on 31 March 2018

- Senior roles in Victoria and New South Wales, most recently within the executive at Melbourne Health and Barwon Health
- Experienced board director, including current director of Alfred Health; former appointments include Bio21 Cluster Ltd and commercial/private boards
- Internationally experienced business leader in commercial and government industries including senior executive roles with the UK NHS/Department of Health, New Zealand Health Funding Authority and Capital and Coast Hospital
- Experience in leading legal, corporate, commercial and information technology programs, organisational change, capital developments and system development in a diverse number of industries such as legal practice, health and telecommunication and intellectual property fields

Dr Cristea Mileshkin
MBBS, FRANZCP

Appointed as the nominee of the Attorney-General on 10 April 2013

- 2010 recipient of the Ian Simpson Award by the Royal Australian and New Zealand College of Psychiatry
- Sessional academic teacher with the Faculty of Medicine, The University of Melbourne
- Current member of the Mental Health Tribunal
- More than 30 years in senior positions in the Victorian public mental health service
- Most recently Clinical Director of the St Vincent's Hospital Mental Health Service
- Previously Director of Psychiatry at the Maroondah Hospital Mental Health Service

Mr Greg Pullen
MBA, FCPA, FAICD

Appointed on 10 April 2013

- Formerly CEO, Villa Maria Catholic Homes, an aged care and disability provider in the not-for-profit sector
- 33 years' experience in various senior roles within the public health care industry in regional Victoria and metropolitan Melbourne
- Former CEO of Northern Health, Melbourne
- Has formal accounting, management and board director training and qualifications

Mr John Rimmer
MA, DipSocStud, AMusA, FAICD

Appointment 12 May 2015 – 30 March 2018

- Former Assistant Director, Policy and Program Development, Office of Psychiatric Services Victoria (1986–1989) and Acting Director (1989)
- Former Director, Policy and Planning, Health Department Victoria (1989–1992) and Deputy Secretary to the Victorian Department of Premier and Cabinet (1992–1995)
- Founding Executive Director of Multimedia Victoria 1995–1997 and then CEO of the National Office for the Information Economy (2001–2004)
- Former board director, The Royal Children's Hospital, Melbourne (2004–2014)
- Principal, Acuity Consulting Pty Ltd and Acuity Ventures Pty Ltd 2004 to current

Ms Jenny Roberts
BASocSci

Appointed as the nominee of the Minister for Corrections on 1 December 2016

- Acting Assistant Director, Community Correctional Services in the Operations Division, Corrections Victoria
- More than 30 years' experience in corrections, including senior operational, policy and project management roles in prisons, community corrections services and women's, drugs and education areas

Associate Professor Ruth Vine
MBBS, FRANZCP, LLB

Appointed on 12 May 2015

- Executive Director, NorthWestern Mental Health
- Previously worked in the Department of Health as the Director of Mental Health (2003–2008) and Chief Psychiatrist for Victoria (2009–2012)
- Worked as a consultant psychiatrist in forensic mental health and in a community health setting
- Worked with the Commonwealth Department of Health and Ageing to develop the fourth National Mental Health Plan
- Holds medical and law degrees and has contributed to the development of legislation and policy in areas including mental health, disability and the management of mentally ill offenders

Six committees help the board to fulfil its responsibilities. Each committee reports to the board, and some include non-board members.

Board committees

Audit, Security and Risk Management Committee

The Audit, Security and Risk Management Committee's role is to help the board fulfil its corporate governance and oversight responsibilities in relation to Forensicare's financial reporting, internal control structure, legal and regulatory compliance, risk management systems and the internal and external audit functions.

Clinical Governance Committee

The Clinical Governance Committee plays a key role in ensuring effective clinical governance by providing leadership and advice to the board in assessing and evaluating the safety and quality of Forensicare's clinical services.

Executive Performance, Remuneration and Succession Planning Committee

This committee helps the board to fulfil its responsibilities in relation to the review of performance, remuneration and succession of the Chief Executive Officer and the executive.

Finance Committee

The Finance Committee's role is to help the board to fulfil its financial governance responsibilities.

Research Committee

This committee determines research priorities and activities, monitors and develops guidelines and ensures progress of and adherence to ethical standards of research. It also encourages research across the organisation.

Strategic Planning and Oversight Committee

The Strategic Planning and Oversight Committee works to identify, review and prioritise key strategic challenges and risks and to develop recommendations for the board on Forensicare's strategic plans and governance framework.

Table 1 breaks down the membership of Forensicare's board committees.

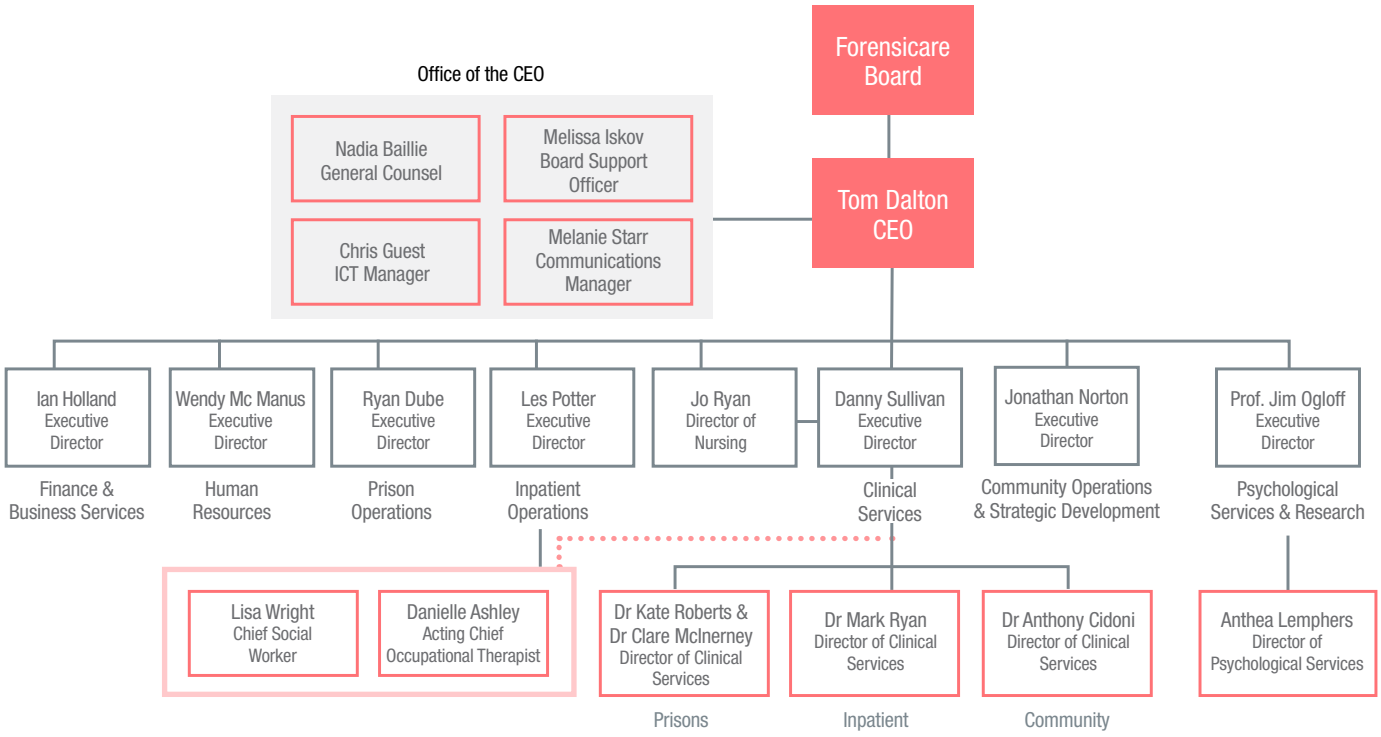
Table 1: Board committee membership as at 30 June 2018

	Audit, Security and Risk Management	Clinical Governance	Executive Performance, Remuneration and Succession Planning	Finance	Research	Strategic Planning and Oversight
Adjunct Prof. Bill Healy			✓ Chair	✓	✓	✓ Chair
Ms Julie Anderson		✓			✓	
Mr Andrew Buckle	✓					✓
Ms Sally Campbell	✓					
Ms Janet Farrow	✓ Chair		✓	✓		✓
Dr Cris Mileshkin		✓ Chair			✓	
Mr Greg Pullen			✓	✓ Chair		
Ms Jenny Roberts	✓	✓				
Assoc. Prof. Ruth Vine		✓	✓		✓	
Independent member	✓			✓	✓ Chair	✓
Executive member(s)		✓			✓	✓

Figure 1 shows Forensicare's current organisational structure.

Organisational chart

Figure 1: Organisational chart as at 30 June 2018




KANGAN
INSTITUTE
PHILADELPHIA

The board, subject to the Secretary's approval, appoints Forensicare's Chief Executive Officer. An executive leadership group assists the Chief Executive Officer in the overall management and strategic development of the organisation.

Executive leadership team

Tom Dalton
BA, LLB, EMPA

Chief Executive Officer

A lawyer by background, Tom has worked in private practice, community legal centres and for government. He joined Forensicare in 1999 as corporate counsel and has been CEO since 2009. He is responsible for the management and performance of Forensicare.

Dr Danny Sullivan
MBBS, MBioeth, MHlthMedLaw, AFRACMA, FRCPsych, FRANZCP

Executive Director of Clinical Services

Danny joined Forensicare in 2004 and has held a range of consultant positions throughout the organisation. He was appointed as Executive Director of Clinical Services in June 2017.

Danny is responsible for the leadership and governance of clinical services across the organisation and heads up the medical team. He is keen to cement Forensicare's position as a high-quality service, with great expertise in assessing and treating mentally disordered offenders.

Ryan Dube
RN(MenHlth), BA(Hons)HlthAdmin, PGDipForensic(MenHlth), MBA(Hlth)

Executive Director, Prison Operations

Ryan joined Forensicare in May 2016. Prior to joining Forensicare, Ryan was the operations manager for the Acute Inpatient Unit at The Alfred, with operational oversight of the statewide psychiatric intensive care unit. Ryan is a UK-trained registered mental health nurse with 18 years' experience of managing forensic and psychiatric intensive care units.

Ryan is responsible for the management and performance of Forensicare's prison services.

Ian Holland
BBus(Admin), CA

Executive Director, Finance and Business Services

Ian joined Forensicare in April 2017. He is a member of the Institute of Chartered Accountants. He is responsible to the CEO for Forensicare's overall financial management and compliance, maintenance, procurement and contract management services. Ian has worked in public health for more than 10 years. Prior to joining Forensicare Ian was the Director of Finance for Peter MacCallum Cancer Centre from 2014 until 2017 and worked for almost eight years at Melbourne Health, six of which as the business manager for the Royal Melbourne Hospital.

Wendy McManus
GradDipMgt, DipSocSc, CertIVTrngAssmnt, CertIVOHS, CAHRI, LEADR Accredited Mediator, FAICD

Executive Director, Human Resources

Wendy joined Forensicare in August 2008 and is responsible for the development and implementation of Forensicare's occupational health and safety and human resources strategies, policies and guidelines. She provides high-level advice and services to meet the needs of the whole organisation. Wendy's management of the human resources area helps the organisation to build and maintain a positive work environment that engages a valued, skilled and appropriately credentialled workforce.

Jonathan Norton
BA, BSc(Hons), MSc(CounsPsych), EMPA, MAPS

Executive Director, Community Operations and Strategic Development

A psychologist with more than 25 years' experience in the health, community and higher education sectors, Jonathan joined Forensicare in October 2011. He is responsible for oversight and all aspects of performance of the Community Forensic Mental Health Service and plays a key role in the strategic development and reporting of all Forensicare services.

Professor James Ogloff AM
BA, MA (ClinPsych), JD, PhD, FAPS

Executive Director, Psychological Services and Research

Professor Ogloff was appointed to Forensicare in November 2001. Jim is responsible for delivering psychology services and research across the organisation and helps provide vital service development advice. Jim serves on many boards and advisory groups on matters pertaining to forensic mental health and justice, and has led many service reviews and evaluations nationally and internationally. He also holds the positions of Foundation Professor of Forensic Behavioural Science at Swinburne University of Technology and Director of the Centre for Forensic Behavioural Science.

Les Potter
RN, BAppSc(AdvNurs), Administration (Dist)

Executive Director, Inpatient Operations

Les was appointed as Executive Director, Inpatient Operations in May 2014. He is responsible for managing Inpatient Services at the 116-bed Thomas Embling Hospital facility and the strategic management and planning of service changes or enhancements. He provides leadership to drive the development of services that are sensitive to the needs of consumers and carers and ensures the delivery of clinical excellence, the maintenance of staff morale and community confidence in service delivery.

Jo Ryan
RN, BEd, CertForPsychNurs, PGC-VRAM

Director of Nursing

Jo was appointed as the Director of Nursing in December 2013. Jo is responsible for providing nursing leadership and embedding a nursing culture that values professional standards and the delivery of best-practice nursing care. She has extensive experience as a psychiatric nurse in forensic mental health settings as a clinician, manager and educator.

Executive Director, Clinical Services' report

Our challenge is to maintain a reputation that preferentially attracts staff by focusing on training, professional development and innovation in what we do for patients.

Our clinicians manage complex patients in a complex system

This has been a year of astonishing expansion of beds in the prison directorate, of restructuring and development of the community programs, and of an increase in hospital beds (in progress). Our clinicians are managing an increasingly complex and acute cohort of patients with limited bed capacity to meet demand. I am proud of our staff, who work in a highly challenging field and maintain focus on the core tasks of patient care despite these pressures.

Recruiting a skilled workforce to meet growth has been a significant challenge. Opening our new services in the prisons with a full staff complement was a major achievement. We have focused on both international recruitment and retaining local trainees who have placements in our service. Our diverse workforce brings new ideas and dynamism to our services. Our challenge is to maintain a reputation that preferentially attracts staff by focusing on training, professional development and innovation in what we do for patients. Forensicare has close links with the Centre for Forensic Behavioural Science, which enables ongoing translational research that explores questions of direct relevance to patient care and generating evidence for what we do.

Our burgeoning prison directorate has benefited from new procedures to manage patient flow within prisons and to Thomas Embling Hospital. In addition to the new Ballerrt Yeram-boo-ee service at Ravenhall Correctional Centre, we began services at St Paul's Psychosocial Rehabilitation Unit at Port Phillip Prison. At St Paul's we aim to meet the needs of many of those found liable to supervision under the *Crimes (Mental Impairment and Unfitness to be Tried) Act* 1997 who are awaiting a bed at Thomas Embling Hospital. In the past, we could transfer these patients promptly to hospital, but the demand for beds within the hospital is increasingly outstripping the supply of beds available.

As outlined elsewhere, our court-based services are expanding, and the Victorian Fixated Threat Assessment Centre (VFTAC) began operation in March 2018 as a joint service involving the Department of Health and Human Services, Victoria Police and Forensicare. It already has an active caseload and is expanding.

The building of Apsley Unit, an eight-bed secure psychiatric intensive care unit at Thomas Embling Hospital, offers for the first time the opportunity to admit patients from prison into a unit focused on the acute management of mental disorders. Thomas Embling Hospital has long lacked a high-dependency unit and this offers the chance to manage a selected cohort of patients in an appropriately secure small unit setting. The unit is proposed to open in early 2019 once the appropriate staff profile has been recruited.

Our clinical governance framework and model of care are evolving to remain at the cutting edge of practice

The past year has seen the implementation of a new clinical governance framework, building on the 2017 Mullins Clinical Governance review. Local, directorate and organisation-wide Best Care Committees have engaged staff in identifying opportunities to improve our services. This is a work in progress but shows promise in allowing staff to set priorities and drive changes. In line with the pivotal state government *Targeting Zero* report of 2016, staff have been recruited to quality and health information management posts, which increases our capacity to implement improvements to quality and safety of care.

We have embarked on an ambitious model of care project to review our entire complement of services. Consumers and staff told us that the patient journey between different services and units was difficult to understand and lacked cohesion. I am leading a project to explore what we need to do to ensure that our services are clearly defined and effectively linked; this will also lead to changes to our therapeutic programs and the scope of units over coming years. It offers an opportunity to reinvigorate our services and ensure that we are utilising contemporary, evidence-based and effective interventions.

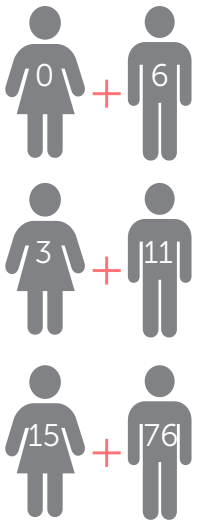
I am honoured to work in an organisation with a thriving culture of excellence. As our service has grown at a rapid pace, Forensicare remains a flourishing forensic mental health service with solid and sound values and has a strong reputation for forensic mental health care of the highest standards. I am particularly grateful to my predecessor, Dr Maurice Magner, who left the Clinical Director post in June 2017, and to our cadre of staff and leaders who keep Forensicare on task to do great work for consumers.

Dr Danny Sullivan
Executive Director, Clinical Services

As our service has grown at a rapid pace, Forensicare remains a flourishing forensic mental health service with solid and sound values and has a strong reputation for forensic mental health care of the highest standards.

Thomas Embling Hospital

111
Patients
(As at 30 June 2018)



6
Compulsory patients

14
Security patients

91
Forensic patients

39,944
Occupied bed days

94.34%
Occupancy rate

92
Separations

94
Admissions.
10 admissions,
(9.43 per cent) identified as Aboriginal and Torres Strait Islander people

Average wait time for admission 2017-18

38.1
Days, on average, wait time for male security patients to be admitted following certification

20.47
Days, on average, wait time for female security patients to be admitted following certification

159
Days, on average, wait time for forensic patients in prison to be admitted following a recommendation to the court for a custodial supervision order at Thomas Embling Hospital

Hospital development

For the second consecutive year, Thomas Embling Hospital provided substantial input for developing a business case to construct a high secure hospital, building upon the 2016–17 State Budget case, which provided $40 million for land acquisition and planning.

In June, an eight-bed secure psychiatric intensive care unit (the Apsley Unit) was completed and was subject to minor defect rectification work. The project for the additional 10 beds added to existing units and refurbished laundries, accessible bathrooms and common rooms were completed. The phased commissioning of the new bedrooms has allowed refurbishment of 60 existing bedrooms in Atherton, Argyle, Bass and Canning units. This is the first significant development, refurbishment, and bed expansion in the hospital since it opened in 2000.

Early Intervention Support Team

As a part of the 2017 *Forensicare Enterprise Bargaining Agreement*, Thomas Embling Hospital was funded an additional 17.8 EFT to assist in reducing occupational violence and aggression, providing support to unit-based staff in a timely manner, increase clinical and therapeutic time engagement with patients, and provide early intervention and de-escalation.

The Early Intervention Support Team, led by a practice development nurse, provides nursing coverage to units during team meetings, handovers, staff meal breaks, clinical supervision and debriefing; it also provides cover at patient meal times and medication rounds. The team engages patients through individual and group sessions, sensory modulation and distraction techniques. The team is enhancing support in the hospital where multiple responses are necessary.

Model of Care pathways workshops

The Model of Care Pathways Project is the first phase of a much larger body of work required to implement the proposed changes to Forensicare's model of care.

The project has three initial objectives:

- use a range of communication strategies to increase awareness among staff, patients and key stakeholders about key recommendations in the *Proposed Model of Care Report* (2017)
- map out current clinical pathways across the forensic mental health system, identifying gaps in current pathways and thresholds for admission to each stream/program
- implement the trial of a structured clinical judgement tool used to support triaging/streaming patients in a methodical and transparent manner.

Workshops across the hospital have occurred to develop these objectives. Key themes emerging include:

- opportunities for greater consistency in how and when patients progress through the system
- improved identification of the needs of patients with a variety of comorbidities
- the need to identify pathway planning across a patient's entire admission to clarify therapeutic/offending work to be achieved by patients.

Telehealth partnership with Austin Health

Thomas Embling Hospital has entered into a partnership with Austin Health to provide a telehealth service to inpatients to improve care and outcomes by enhancing access to Austin Health specialist clinics while reducing cost and risks to consumers, staff and services associated with transfers between Thomas Embling Hospital and Austin Health. The process will be fully implemented by January 2019.

Access flow

This year Thomas Embling Hospital admitted 94 patients. This included 16 female prisoners (a 27 per cent decrease on last year) and 65 male prisoners (an 8 per cent increase on last year) admitted for treatment as well as 12 forensic patients (five new custodial supervision orders, two forensic patient remandees, four apprehended non-custodial order patients and one suspended extended leave patient). The average length of admission for male patients from prison who are discharged back to prison has decreased by almost 17 per cent to 68 days, and for women discharged to prison has decreased 12 per cent to 31 days. This reflects the focus on timely access to care and the provision of good-quality care. The newly funded roles of the prison access flow coordinator and the hospital access flow coordinator have worked hard with clinical teams in prison and the hospital to ensure the timely movement of secure treatment order patients between Forensicare prison-based services and Thomas Embling Hospital.

Safewards

The objectives of the Safewards model is to reduce conflict and containment in mental health inpatient units. The introduction and evaluation of the Safewards model into the medium- to long-term Canning Unit in 2016–17 at Thomas Embling Hospital identified opportunities to change the perception of the ward atmosphere. In keeping with the Department of Health and Human Services' commitment to expand the implementation of Safewards to all public mental health services across Victoria, in 2017–18 Thomas Embling Hospital has continued to roll out the implementation of Safewards across a further four inpatient units. Safewards will continue to be rolled out across all hospital units in 2018–19.

Community Forensic Mental Health Service

23,896
total service hours – all sources

14
extended leave clients (at 30 June 2018)

22
accepted referrals from Area Mental Health Services for high-risk clients with mental illness

324
clients seen by the Problem Behaviour Program

97.3%
of clients completing the community service feedback survey rating the service as good, very good or excellent

57
clients on non-custodial supervision orders (at 30 June 2018)

1,550
assessments completed for individuals being considered for a mental health treatment and rehabilitation condition on a community correction order

806
family violence comprehensive risk assessments undertaken by police in Victoria Police Division ND2 reviewed by Forensicare senior clinicians

44
reports prepared for the Adult Parole Board

117
pre-sentence court reports for people on bail

216
pre-sentence court reports for people in custody

78
court reports prepared for criminal trials (Office of Public Prosecutions)

19
sessions delivered of the 'Handling Anger Wisely' Group program

722
contacts with Community Correctional Services for cases being coordinated by the Forensicare Serious Offender Consultation Service

32
referrals accepted by the Victorian Fixated Threat Assessment Centre (began in March 2018)

Forensic Mental Health Implementation Plan

We have continued to work closely with government departments on the government's Forensic Mental Health Implementation Plan. In particular, we were pleased to receive significant additional funding to expand and integrate our services to the Magistrates' Court. We have worked with government to implement this initiative, which formally began in mid-2018.

Victorian Fixated Threat Assessment Centre

During the year Forensicare participated in the government's review of individuals with complex needs and in discussions regarding the need for a service to respond to the threats posed by fixated and grievance-fuelled lone actors. We were pleased that in October 2017 the government announced the establishment of the Victorian Fixated Threat Assessment Centre (VFTAC). This is a statewide service jointly staffed by a team of senior forensic mental health clinicians (employed by Forensicare) and senior police officers. The primary purpose of the service is to:

- identify people engaging in inappropriate or threatening communications and actions
- assess individuals of concern
- develop management plans that may involve engaging or re-engaging the individual with the public mental health system or other mental health services.

We have partnered in a highly collaborative way with Victoria Police to implement this service, which began accepting referrals in March 2018. We have been lucky to attract back to Forensicare Dr Michele Pathé to provide clinical leadership for VFTAC, given Dr Pathé's international renown in this specific area. We will continue to work with stakeholders including the Department of Health and Human Services and mental health services that have also received funding to provide an enhanced response to individuals identified as in need of mental health intervention by VFTAC.

Community Transition and Treatment Program

To improve bed flow through Thomas Embling Hospital, this year we expanded the focus of the community service in assisting patient flow and discharge from the hospital. As part of this, the former Community Integration Program was renamed the Community Transition and Treatment Program, and we formally handed over the component of the previous program that assisted with prison discharges to Forensicare's Prison Service. The Community Transition and Treatment Program now provides dedicated time in hospital units working with forensic patients and treating teams in preparing pathways for recovery progression from early in the patient journey all the way through to discharge. Staff from this program are also actively assisting with the direct discharge of civil patients from the hospital to the community. This includes former security patients whose sentences have expired while in the hospital and are placed on community treatment orders.

Review of the non-custodial supervision order system

In 2017–18 we were pleased to participate in a review commissioned by the Department of Health and Human Services examining the functioning of the non-custodial supervision order system. This considered the respective roles, responsibilities and expectations of Forensicare as the supervising agency, Area Mental Health Services as treatment providers, and the Department. The review was conducted by external consultants and we look forward to working with the Department to implement actions in response to the review's recommendations.

Forensicare Serious Offenders Consultation Service

The former Enhanced Forensic Consultation Service, has now become the Forensicare Serious Offender Consultation Service. The new name more clearly describes the functions of this program, which supports Community Correctional Services and mental health services in managing individuals on an order who have a serious mental illness and complex needs, including a history of serious violent or sexual offending. This service has focused much attention during this year on individuals on post-sentence supervision orders who reside at Corrections Victoria facilities at Corella Place and Emu Creek. Forensicare has also been engaged in discussion with the Department of Health and Human Services to review the level of resourcing available to the local mental health service in Ararat to respond to the needs of the complex and high-risk population at these Corrections Victoria facilities.

Family violence

Forensicare has maintained its activity in this important area of public policy. We continued to provide Child Protection with risk assessments of family violence offenders in the context of decisions around access to children. In addition, we extended our partnership with Victoria Police and Swinburne University in having a senior clinician embedded with a police Enhanced Family Violence Team as an expert risk consultant advising on the use of risk assessment tools. Forensicare also contributed to the development of family violence practice guidelines for mental health services produced by the Chief Psychiatrist.

Performance, safety and quality improvements

The Community Service has introduced a range of initiatives to improve our performance, safety and quality systems in 2017–18. This includes developing an Aboriginal and Torres Strait Islander action plan for the community. We also undertook a comprehensive training needs process with our staff and designed a program of staff development forums accordingly. As a feature of this training, our senior consumer consultant conducted a session for staff about implementing a consumer-informed approach to recovery. We have also installed a major set of audiovisual upgrades to our main training and seminar room, which includes the capacity to record training sessions and to support multi-party video-conferenced meetings. This is particularly helpful considering our dispersed statewide networks and the proliferation of service sites with Forensicare staff.

More broadly, we have implemented a Community Best Care Committee in alignment with the rest of the organisation, chaired by the Director of Clinical Services (Community). We have begun to review our intake system and the suite of key performance indicators we report against both internally and externally.

Finally, we received confirmation of capital works funding from the Department of Health and Human Services from the Health Service Violence Prevention fund for major upgrades to interview room safety and capacity and to create a larger and safer waiting room and reception area in our Clifton Hill premises. As the year ends we are in full planning for these works, which are scheduled for September 2018.

Prison Mental Health Service

DAME PHYLLIS FROST CENTRE

156

admissions to the Marrmak Unit

31.91

days average length of stay in the Marrmak Unit

78.53%

occupancy rate in the Marrmak Unit

MELBOURNE ASSESSMENT PRISON

8,268

reception assessments

52

admissions to the Acute Assessment Unit

45

days average length of stay in the Acute Assessment Unit

88.5%

occupancy rate in the Acute Assessment Unit

8,072

occasions of service (outpatients)

Note: The Acute Assessment Unit was only in operation between 1 July 2017 and 12 December 2017, having closed for refurbishment works.

METROPOLITAN REMAND CENTRE

897

reception assessments

3,179

occasions of service by the Mobile Forensic Mental Health Service

295

clients seen by the Mobile Forensic Mental Health Service

PORT PHILLIP PRISON

34

admissions to the St Paul's Unit

115.15

days average length of stay in the St Paul's Unit

90%

occupancy rate in the St Paul's Unit

992

occasions of service (outpatients)

Note: Forensicare took over operation of St Paul's Unit from 9 September 2017.

RAVENHALL CORRECTIONAL CENTRE

530

reception assessments

285

admissions to Ballerrt Yeram-boo-ee Forensic Mental Health Service

36.4

days average length of stay in the Aire Unit

45.4

days average length of stay in the Erskine Unit

57.6

days average length of stay in the Moroka Unit

63.3

days average length of stay in the Tambo Unit

91%

occupancy rate in the Aire Unit

96%

occupancy rate in the Erskine Unit

86.3%

occupancy rate in the Moroka Unit

65.1%

occupancy rate in the Tambo Unit

203

outpatient specialist consultations

152

outpatient intensive case management

Note: Forensicare began operating Ballerrt Yeram-boo-ee from 13 November 2017 with staged implementation and it did not become fully operational until well into 2018.

Women's services – Dame Phyllis Frost Centre

There was continued demand for services at the Dame Phyllis Frost Centre through our Marrmak Unit. This year the service was under particular strain due to the rapid increase of female prisoners on remand. This has seen a significant increase in prisoners admitted to the unit for short periods of time, most of whom require a lot of assistance to prepare for discharge and transfer to services in the community. We have continued to work with Justice Health to review the model of care. We are also engaging Area Mental Health Services to ensure that those women requiring admission to a mental health service under an assessment order are transferred safely.

Melbourne Assessment Prison

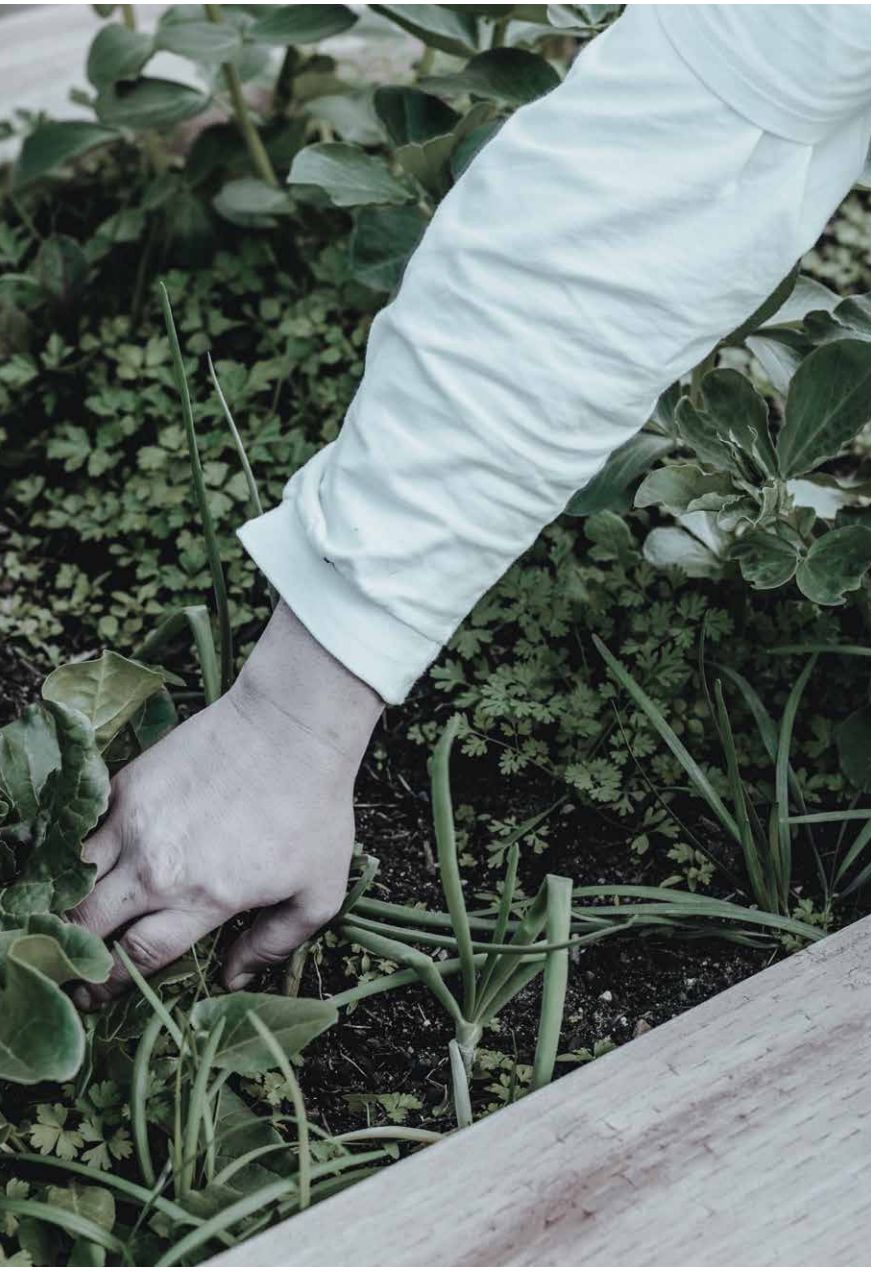
The pressure to access services at the Melbourne Assessment Prison has remained unabated throughout the year. Despite these pressures, the team has continued to work very hard to provide the best possible recovery-oriented and trauma-informed care. We successfully established a robust clinical governance system through implementing the Best Care framework. The Acute Assessment Unit is currently going through a renovation project that will see improvements to patient rooms and staff amenities, including improved office space and increased security.

Metropolitan Remand Centre – Mobile Forensic Mental Health Service

The Mobile Forensic Mental Health Service remains an innovative and unique service within our prison-based mental health service delivery offerings. It continues to service a large number of clients with high-prevalence psychiatric disorders not ordinarily covered by outpatient and bed-based services. In 2017–18 the Centre for Forensic Behavioural Science completed an evaluation of the service and the findings of that evaluation are currently under consideration.

Port Phillip Prison

We began operating the service at Port Phillip Prison on 10 September 2017. We brought together clinicians from St Vincent's Correctional Healthcare Service, new recruits and a number of existing Forensicare staff from elsewhere to build the team at the St Paul's Unit. The team has come together exceptionally well and a new culture of a high performance and teamwork has emerged. This team is now providing excellent recovery-oriented care. We have also managed to ensure that access to the beds at St Paul's is reserved for men requiring psychosocial rehabilitation. The unit at St Paul's will soon be undergoing a refurbishment to improve patient and staff amenities.



Ravenhall Correctional Centre

The Ballerrt Yeram-boo-ee Forensic Mental Health Service at Ravenhall Correctional Centre began accepting patients in November 2017. The ramp-up to the bed-based service was a success and we managed to bring the service to capacity smoothly. The commissioning of the Ballerrt Yeram-boo-ee service saw an increase of our bed-based services to 141 within the prison system as a whole. Our priority has been to integrate all services to ensure that patients have access to the right bed at the right time through a system of well-defined pathways. Our services at Ravenhall have continued to go from strength to strength and a new culture of excellence is emerging. Of particular note, we have established a robust system of consumer and carer engagement that will be replicated in other parts of prison operations.

Throughput and managing access to our services

In preparation for growth in bed-based services, we worked with Justice Health and the Sentence Management Division of Corrections Victoria to review prisoner transfer and flow. This culminated in establishing a bed management system led by a Forensicare access flow coordinator working with Corrections Victoria. This ensures that patients identified as requiring a bed-based service are moved without delay. The coordinator also liaises with their counterpart at Thomas Embling Hospital to ensure that security patients are moved to the hospital in a timely fashion within the constraints of available beds. Weekly meetings ensure that emerging risks to the system are proactively managed.

Research overview – Centre for Forensic Behavioural Science and Forensicare Research

This year marked a significant milestone for the Centre for Forensic Behavioural Science (CFBS) and the Forensicare research program. In 2017, the CFBS marked the 10th anniversary since its inception. To celebrate, we hosted an event at the new CFBS premises in Heidelberg Road in June 2018, which was attended by almost 100 senior staff from Forensicare and Swinburne University, current and former students, and other guests. The CFBS was initially established in 2006 and began operating in 2007. The CFBS is uniquely situated as both the research and training arm of Forensicare and as a research centre in the Faculty of Health, Arts and Design at Swinburne University, which we joined in January 2014. The research program receives outstanding support from both Forensicare and Swinburne University.

The CFBS is a community of scholars and practitioners, and we have a wonderful team of staff, honorary staff, research fellows, research assistants and of course students. Here is a snapshot of some our accomplishments over time:

- We have published more than 450 peer-reviewed journal articles, 11 books, 135 book chapters and many reports to government.
- We have graduated 67 doctoral students, plus many master's and honours students.
- We have been awarded more than $10 million in research grants and contracts.
- The CFBS currently has 25 Doctor of Psychology students and 10 PhD students.
- There are 160 unit enrolments this semester in the forensic behavioural sciences courses.
- Staff members regularly present at conferences nationally and internationally.
- We have contributed to, given evidence at and been cited by royal commissions, law reform commissions, parliamentary committees and other policymaking bodies.
- Staff members have held leadership positions in national and international collegial bodies.

Work generated from the CFBS is internationally recognised and reflects Forensicare's longstanding commitment to research excellence. The centre also engages regularly with courts, corrections, human services, police, parole boards and related agencies in Australia and abroad.

Most importantly, the work we do is mostly translational and applied; it makes differences to the lives of consumers and to the community.

Research Strategy 2018–20

The executive and the board of Forensicare recently approved the *Research Strategy 2018–20.* The strategy aligns with Forensicare's *Strategic Plan* by focusing on how research and evaluation can assist the organisation to meet its strategic objectives. If formal research and evaluation activity is supported and increased across the organisation over the coming years, there is significant impetus to progress the dissemination and translation of findings both nationally and internationally. Forensicare has a responsibility to demonstrate evidence-based innovation in practice and outcome, and to remain informed regarding best practice research produced by other organisations nationally and internationally. While Forensicare (in partnership with the CFBS) has an impressive track record of publication and presentation of research outcomes, there is often a disconnect between this activity and the direct dissemination of outcomes to Forensicare staff, service mangers and consumers. The objectives in the *Research Strategy 2018–20* are targeted at helping us achieve our aims while overcoming such obstacles.

The Catalyst Consortium

This year also marked the first full year of operation of the Catalyst Consortium, which focuses research and clinical expertise to reduce persistent violence and sexual offending funded jointly by the Department of Justice and Regulation and Forensicare. The aim of the Catalyst Consortium is to enhance our understanding of the causal factors of violence and to intervene effectively with people who engage in violence in a manner that will increase community safety. Our work targets people who commit interpersonal violence, including those with mental disorders (including personality disorders), substance misuse disorders and cognitive impairment.

Most of the work in the first year has been foundational, including meta-analyses and developing research and ethics proposals. Notably, we have appointed Dr Rachael Fullam as manager of the consortium and Dr Mark Rallings, psychologist and former Commissioner of Corrections for Queensland, as the chair of the Catalyst Advisory Committee. Mark has extensive experience in offender rehabilitation and corrections administration in Australia and the United Kingdom.

Staff highlights

Professor Michael Daffern was appointed Deputy Director of the CFBS. This is a welcome appointment that recognises Michael's longstanding contributions to the CFBS and Forensicare. Dr Troy McEwan was promoted to Associate Professor of Clinical Forensic Psychology. Troy has worked with the CFBS since its inception and has made numerous significant contributions. Her work is now internationally known and this promotion is richly deserved. Dr Dan Shea and Dr Benjamin Spivak were appointed lecturers in the CFBS on fixed-term contracts.

Dr Rachael Fullam, who has worked as our Research Lead and Development Officer, was promoted to the position of research manager. Originally from the United Kingdom, Rachael has worked with Forensicare for almost 10 years, helping to develop and lead the research portfolio.

Dr Stephane Shepard was awarded a prestigious Discovery Early Career Research Award from the Australian Research Council that will begin in July 2018 for three years. Stephane spent most of this year as a visiting professor in the Bloomberg School of Public Health at Johns Hopkins University. Stephane was also awarded the Christopher Webster Young Scholar Award from the International Association of Forensic Mental Health Services. The award is given annually to an outstanding scholar in recognition of their scholarly work and early career research.

Victoria Police, Forensicare and the CFBS were the recipients of a Gold Award in the 2017 Australian Crime and Violence Prevention Awards announced in October 2017 at Parliament House in Canberra. The award was bestowed for the Enhancing Police Responses to Family Violence Project. Associate Professor Troy McEwan led the work within the CFBS, along with Ben Spivak, Stefan Luebbers, Melisa Wood, Darcy Coulter, Margaret Nixon, Dan Shea, Mel Simmons, Svenja Senkans, Sam Muir, Julia Nazarewicz and Ilana Lauria. Jim Ogloff assisted by providing oversight.

Associate Professor Jeff Pfeifer, from the Department of Psychological Sciences and CFBS, was the recipient of the 2017 Correctional Excellence Research Award from the International Corrections and Prisons Association (ICPA). The award was bestowed at the association's annual conference in London. The ICPA is the peak international body for correctional services and Jeff's award has been made for his longstanding research contributions regarding the use of technology in corrections.

Most importantly, the work we do is mostly translational and applied; it makes differences to the lives of consumers and to the community.

Two completing Doctor of Psychology students, who are now research fellows at the CFBS, also won awards. Dr Nina Papalia was awarded the 2017 APS College of Clinical Psychologists Student Prize and Melanie Simmons won the Faculty and the University Three Minute Thesis competition in September. Melanie also took out the People's Choice awards at each stage and competed in the Trans-Tasman finals in Brisbane in September, with representatives from 55 universities in Australia, New Zealand and Asia.

Lastly, Professor James Ogloff was awarded the American Psychology-Law Society's Award for Distinguished Contributions to Psychology and Law Annual Congress in Memphis, Tennessee in March. The award is made only occasionally and recognised his outstanding contribution to 'making distinguished theoretical, empirical, and applied contributions to the field of psychology and law'.

Safer Communities, Safer Relationships Conference

In early October 2017 the CFBS hosted the Safer Communities, Safer Relationships conference at Monash University's Prato Centre in Italy. The conference was attended by more than 100 people from Australia, New Zealand, Europe, the United Kingdom, Ireland, North America, Asia and South America. The conference focused on generating solutions for reducing persistent violence and other serious offending, drawing on cross-disciplinary approaches.

Research and evaluation highlights

The CFBS completed an independent evaluation of the Mobile Forensic Mental Health Service and has established an evaluation framework for the Forensic Mental Health Services operated by Forensicare at Ravenhall Correctional Centre.

Forensicare and the CFBS conducted a review of the operation of the *Forensic Disability Act* 2011 and Queensland's forensic disability service system for Queensland Health and the Department of Communities, Child Safety and Disability Services.

We have been engaged by Corrections Victoria to develop a reintegration assessment package and to review their Motivational Interactions Implementation Model. We have also conducted a validation study of the Violence Risk Scale and are reviewing the efficacy of programs operated by Corrections Victoria for serious violent offenders.

The Department of Home Affairs has engaged the CFBS to validate national assessment tools employed by fixated threat assessment and counter violence extremism agencies.

We have also been awarded a contract with Yooralla focusing on Aboriginal and Torres Strait Islander engagement in disability services.

The CFBS has been awarded a contract by the Correctional Service of Canada to enable them to operate advanced mental strength training for correctional officers.

Research dissemination

We hold two research dissemination seminars each year for Forensicare staff members. During these sessions, which run for a half day, research and clinical staff present their work. The events this year were well attended and covered a range of topics relevant to our clinical staff.

The CFBS hosts a series of seminars where invited speakers share their work with research staff from the CFBS and clinical staff from Forensicare. This year's presentations included:

- **20 July 2017** – Professor Sarah Brown (Coventry University, UK), *Child sexual abuse: Understanding risk and vulnerability*
- **26 July 2017** – Professor Scott Lilienfeld (Emory University, US), *Behind the mask: The search for successful psychopathy*
- **20 September 2017** – Dr Michele Pathé (QFTAC), *Mental health and violent extremism: Practising in an age of modern terrorism*
- **14 November 2017** – The Hon Justice Peter McClellan AM, *Reflections on the Royal Commission into Institutional Responses to Child Sexual Abuse*
- **28 March 2018** – Mr Tim Marsh (Victorian Legal Aid), *Perverse outcomes: where ethics and law compromise clinical care*
- **2 May 2018** – Dr Rajan Dargee (Forensicare and CFBS, Swinburne University of Technology) *Sexual homicide*
- **6 June 2018** – Dr Deb Bennett (Victoria Police), *Complexities in cold case investigation and analysis.*

In closing, I want to express my sincere gratitude to Mr Brett McIvor, the Coordinator of the CFBS, and Dr Rachael Fullam, our Research Manager, for their fantastic support and leadership. After 16 years working as my executive assistant, Maree Stanford, began long service leave at the end of this fiscal year. She has been a wonderful support who has ably assisted me for most of my time at Forensicare. I remain grateful to Tom Dalton, the CEO of Forensicare, to the executive and the Forensicare board for the support they provide for research and the value they place on our work. Also, we continue to benefit greatly from the work of many research students, research fellows, CFBS staff members and Forensicare members of staff, without whom the important research we undertake would simply not happen.

Professor James Ogloff AM FAPS

Executive Director of Psychological Services and Research and Director, Centre for Forensic Behavioural Science

Corporate Services

Legal Services

Our organisation has high levels of interaction with the broader criminal justice system including courts, the Office of Public Prosecutions, criminal defence lawyers, the Mental Health Tribunal, the Forensic Leave Panel, the Adult Parole Board, Victoria Police and the Coroners' Court. The *Mental Health Act* 2014 and the *Crimes (Mental Impairment and Unfitness to be Tried) Act* 1997 provide the legal framework for treating consumers.

Crimes (Mental Impairment and Unfitness to be Tried) Act

This legislation governs the disposition, supervision and treatment of people who are found not guilty by reason of mental impairment or unfit to plead.

Before the Supreme Court or County Court make a final order in a criminal trial placing a person with a mental illness under Forensicare's supervision, they must request a report from Forensicare and a certificate that there are services available. This year we received requests for reports in 23 criminal trials. In 11 criminal trials Forensicare indicated that there were no services available because there were not sufficient beds at Thomas Embling Hospital to treat the person on a custodial supervision order. At the end of the year there were 12 men whose case had been adjourned in these circumstances.

The cumulative number of people under supervision orders in 2017–18 remains unchanged from last year. There were 16 new supervision orders made during the year and 16 revocations of supervision orders. At 30 June 2018 there were 157 people with a mental illness on supervision orders under the Act. These orders comprised 87 custodial supervision orders, 13 custodial supervision orders (extended leave) and 57 non-custodial supervision orders.

Forensicare staff prepared 76 reports for 60 different consumers who had court hearings under the Act. Forensicare staff attended court to give evidence in 62 of these court hearings.

Custodial supervision orders

In 2017–18 six new custodial supervision orders were made by the courts compared with nine in 2016–17. Four of these orders were made by the Supreme Court and two by the County Court. The number of new custodial supervision orders is not representative of the demand for this order, given that there were not enough beds at Thomas Embling Hospital for the making of orders in 11 cases through the year. Of the six new orders made, two were for patients already at the hospital and in the other four cases people waited in prison between 50 days and 359 days before their final order was made (an average of 161 days). The female prisoners waited 54 days on average and the male prisoners waited 268 days on average.

In addition, a person was placed on a custodial order at Thomas Embling Hospital under the *Crimes Act* 1914 (Cwlth).

Four patients moved from Thomas Embling Hospital to live full time in the community on extended leave (compared with eight in the previous year).

One person had their extended leave revoked by the court and was admitted to Thomas Embling Hospital.

Nine people had their extended leave renewed by the court for a further 12 months. Under the Act, the court is only able to grant extended leave for a period of 12 months.

Two people on extended leave had their custodial supervision order varied to a non-custodial supervision order by the court.

Non-custodial supervision orders

Ten new non-custodial supervision orders were made by the County Court compared with 10 in 2016–17.

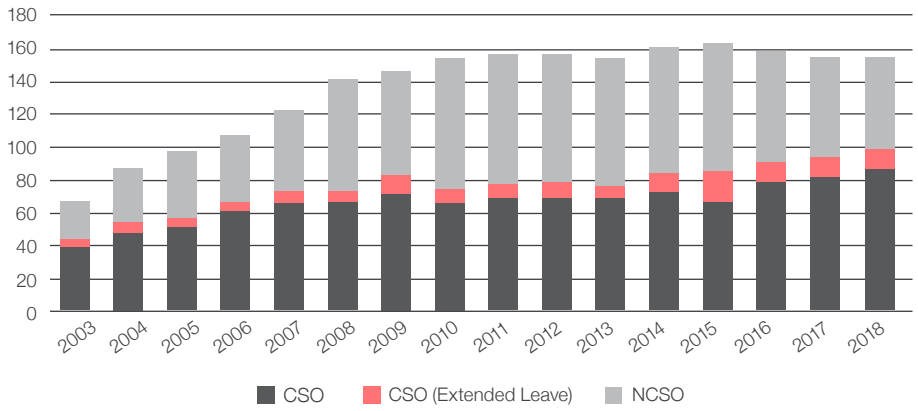
Five people on non-custodial supervision orders were issued apprehension orders following a breach of their order. Four resulted in an admission to Thomas Embling Hospital.

Sixteen people had their non-custodial supervision orders revoked by the court compared with 19 in 2016–17. Revocation completes the order and means that the person can live in the community without conditions.

One person had their non-custodial supervision order varied to a custodial supervision order.

Figure 2 shows the trend of increasing numbers of patients at Thomas Embling Hospital. This graph does not include the people waiting in prison to be placed on a custodial supervision order.

Figure 2: The number of supervision orders at 30 June from 2003 to 2018



Human Resources – our people

Workforce profile

Forensicare's workforce profile for the past three years is presented in Table 2.

Table 2: Forensicare's workforce profile, 2016–2018

Staff	30 June 2018		30 June 2017		30 June 2016	
	Staff number	**Total EFT**	**Staff number**	**Total EFT**	**Staff number**	**Total EFT**
Clinical staff						
Nursing	359	325.05	295	267.35	270	251.01
Clinical support	45	39.75	31	25.10	28	24.55
Allied health						
Psychologist	61	44.44	47	33.22	44	32.65
Social worker	34	33.75	24	22.60	19	18.40
Occupational therapist	24	21.95	18	16.88	19	18.32
Art therapist	1	1	0	0	1	0.80
Consumer consultant	3	1.8	3	1.59	1	0.59
Family advocate	1	0.86	1	0.46	1	0.39
Welfare worker	1	1	1	1	1	1
Allied health total	125	104.8	94	75.75	86	72.15
Medical						
Consultants/medical Officers/registrars	64	51.63	46	37.20	42	33.02
Medical total	64	51.63	46	37.20	42	33.02
Corporate/admin						
Administration	63	53.22	50	42.36	43	36.87
Corporate support	13	12.55	14	13.40	12	10.89
Total staff	**669**	**587**	**530**	**461.16**	**481**	**428.49**
Age						
Under 25	31	30.84	35	34.40	23	22.53
25–34	175	161.67	128	116.61	128	118.80
35–44	194	164.01	152	125.52	135	117.42
45–54	132	116.75	104	90.61	93	79.82
55–64	113	93.61	96	80.08	88	77.58
Over 64	24	20.12	15	13.94	14	12.29
Total	**669**	**587**	**530**	**461.16**	**481**	**428.49**
Gender						
Women	429	370.47 (63%)	329	285.43 (62%)	307	64%
Men	240	216.53 (37%)	201	175.73 (38%)	174	36%

All Forensicare employees are correctly classified and employed in accordance with the relevant enterprise agreement and are required to meet the standards set out in the Victorian Public Sector Commission's *Code of Conduct* at all times. Forensicare has in place policies and procedures to ensure all recruitment and employment-related practices are in line with the key principles of merit and equity.

Executive officers

Government Sector Executive Remuneration Panel executives at Forensicare are employed in line with the Victorian Public Health Services Executive Remuneration Policy and are categorised as Group 3, Cluster 2 for TRP purposes.

Table 3: Forensicare's executive staff, 2016–2018

	30 June 2018	30 June 2017	30 June 2016
Number of executives	5	5	5
Vacancies	0	0	0
Ongoing/special projects	5 ongoing	5 ongoing	5 ongoing
Gender	5 males	5 males	5 males

Length of service awards

Every year we acknowledge the longstanding commitment of our highly experienced and valued employees. We have introduced a service recognition award and ceremony to celebrate their major milestones of employment. Staff with 10 or more years of service are acknowledged by our chairperson and CEO (see Table 4).

Table 4: Service recognition awards, 2017–18

Years of service	Number of recipients
30 Year Service Award	1
25 Year Service Award	2
20 Year Service Award	7
15 Year Service Award	11
10 Year Service Award	17

The high demand for staff in order to meet our service expansions continues to be a priority activity for the human resources area.

Workforce recruitment and planning

The high demand for staff in order to meet our service expansions continues to be a priority activity for the human resources area.

Establishing new workforces for the Ballerrt Yeram-boo-ee service at Ravenhall Correctional Centre, the service at Port Phillip Prison and the expansion of a number of our community programs has required significant effort and commitment by managers from across these service areas. In the past 12 months we have recruited an additional 265 staff to Forensicare, many of whom have a specialist forensic background. This recruitment has been undertaken in a highly competitive mental health workforce environment where there is an acknowledged shortage of qualified staff. This has been achieved by conducting extensive candidate searches both domestically and internationally and resourcing a highly successful internal referral program where our staff are asked to refer a friend or colleague to work with us. In addition to these activities, a well-conducted nurse graduate program has meant we have met all our recruitment and workforce planning milestones.

Attracting and retaining talented staff to Forensicare is vital to ensuring a high quality of care for the people we work with.

People Matter Survey

Forensicare participated in the Victorian public sector 2018 People Matter Survey. The response rate of 54 per cent was significantly higher than in 2017.

In the reportable area of patient safety, Forensicare recorded a performance rating of 66 per cent, tracking 8 per cent below the benchmark average of other health services with which we are grouped.

Counselling services

Forensicare provides access to a free employee assistance program for staff and their immediate family members. This confidential service provides short-term professional counselling delivered by an independent provider. During the reporting period, eight staff members accessed this service.

Workplace bullying

In the 2018 People Matter Survey the percentage of staff who reported experiencing bullying at work was 25 per cent compared with 27 per cent in the previous year. We continue to work on providing support to staff in this area and we have reviewed our workplace conduct policy. We have recently revitalised our Equal Employment Opportunity Contact Officer network, with 12 peer contact officers being recruited to support staff from across the organisation if they experience negative workplace behaviour.

In 2017–18 the Victorian Equal Opportunity and Human Rights Commission delivered a comprehensive training program to equip contact officers for this important role. Of particular note, we have rolled out Custodians of Culture training to 132 senior staff in the organisation to further promote the current Working Respectfully Initiative. This initiative was introduced to support employees' wellbeing by promoting and maintaining a respectful workplace. Introduced at orientation as 'See something, say something,' this initiative encourages all employees to reflect on how their behaviour affects others, as well as how interactions between staff impact on their patients.

Table 5: Occupational violence experienced at Forensicare, 2014–15 to 2017–18

Occupational violence statistics	2017–18	2016–17	2015–16	2014–15
WorkCover-accepted claims with an occupational violence cause per 100 EFT	1.36	0.87	2.1	1.77
Number of accepted WorkCover claims with lost time with an occupational violence cause per 1,000,000 hours worked	7.44	4.83	11.28	10.10
Number of occupational violence incidents reported	202	143	141	77
Number of occupational violence incidents reported per 100 EFT	34.4	31	32.88	17.07
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	3.96%	3%	26.24%	10.38%

Occupational violence

Definitions

For the purpose of the above statistic the following definitions apply:

Occupational violence – any incident where an employee is abused, threatened, assaulted or injured in circumstances in or out of the course of their employment.

Incident – occupational health and safety incidents reported in the Forensicare RiskMan reporting system.

We continue to emphasise to all staff the need to report occupational violence and aggression. There has been a 41 per cent increase in the number of occupational violence and aggression incidents reported on the RiskMan electronic database over the year.

A number of local occupational violence and aggression forums have been conducted during the year, targeting sites selected by their high number of occupational violence and aggression incident reports. The forums were attended by the Executive Director of Human Resources, the inpatient operations manager and the occupational health and safety coordinator as well as interested staff members. The forums presented an opportunity for staff to speak about their own experiences and identify potential solutions for some of the issues they face. The forums were very well received by staff, and the majority of the suggested solutions have been successfully implemented.

Occupational health and safety

Forensicare is committed to providing a safe, healthy workplace for employees, contractors, patients and visitors. We have a highly functioning and successful Health and Safety Committee, which meets quarterly throughout the year. We have an excellent network of trained occupational health and safety (OHS) representatives across all our settings who are extremely proactive in their OHS activities.

Ravenhall Correctional Centre

Before the commissioning of the Ballerrt Yeram-boo-ee Forensic Mental Health Service at Ravenhall Correctional Centre, we reviewed all OHS polices to ensure their relevance and suitability to the new setting. We also undertook a process in consultation with the staff located at the site to determine the designated work group areas consistent with the requirements of the *Occupational Health and Safety Act* 2004. Eight staff members nominated to become health and safety representatives for their designated work group. Those eight staff members have all completed the initial five-day training course, equipping them to represent the staff in matters of health and safety.

Training

In the past 12 months, all members of our Health and Safety Committee were invited to attend the annual health and safety refresher training to ensure their OHS knowledge was up to date and relevant.

An online OHS training module has been developed and implemented for managers and they have also been offered face-to face training, all aimed at developing and enhancing managers' awareness and understanding of their responsibilities to meet the requirements under the *Occupational Health and Safety Act*.

An online training module covering both OHS and respectful work conduct has been developed for new staff to complete on commencement, ensuring they have an awareness of these matters from the time they begin their employment at Forensicare.

The Forensicare board and executive undertook training and participated in a strategic planning session looking at our OHS and WorkCover performance and reviewing key performance indicators in this area.

Training and Professional Education Program

The Forensicare Internal Training System (FITS) is our in-house learning management system.

FITS is the host site for staff online training content and bookings for face-to-face training sessions being run across Forensicare sites.

For the 2017–18 period, there were 32 different face-to-face training sessions held for staff. We also added new content, with further online modules being made available to staff via the FITS platform. In total 2,521 online modules were completed across this period.

The Forensicare Further Study Incentive Program is offered to all Forensicare staff on an annual basis, with applications made to the Effective Workplace Committee. This grant-based program is highly valued by existing staff and promoted when attracting candidates who are considering joining Forensicare. The scheme supports staff to undertake professional development through higher education and aims to maintain Forensicare as a leader in the forensic mental health area. In the past year, 12 staff were approved to receive financial assistance or paid time to pursue higher degree qualifications in fields of study that support the work of our organisation.

We continue to facilitate all new managers attending our Management Induction Program, which aims to improve their leadership and capability skills. We have also developed further online material for managers to further support their development.

WorkCover

Table 6 summarises our WorkCover claims and premiums over the past five years.

Table 6: WorkCover performance (five-year claims tracking), 2013–14 to 2017–18

Insurance year	Wages	Premium (inc. GST)	Premium rate	Average industry rate	Days paid	Number of time lost claims	Total standard claims
2013–14	$35,763,384	$489,489	1.24%	1.26%	639	1	1
2014–15	$39,993,293	$582,222	1.33%	1.36%	770	6	8
2015–16	$40,976,317	$670,852	1.49%	1.38%	604	14	14
2016–17	$45,537,898	$784,894	1.56%	1.24%	1,298	9	9
2017–18	$72,815,852	$1,316,791	1.64%	1.50%	1,225	16	16

Sustainability – our environment

Forensicare continues to monitor and report on our environmental performance. We reduced our total greenhouse gas emissions in 2017–18 from 3178 to 2821 tonnes of CO2, and we will continue to monitor this closely.

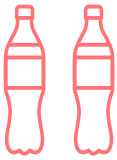
Our environmental strategy, *Our Contribution to a Healthier Environment 2018–2020*, will begin on 1 July 2018 and continue through to its expiry in 2020.

Environmental achievements in 2017–18

In the period 2017–18, the environmental strategy achievements included:

- purchasing only smaller four-cylinder vehicles for the expanding prison service fleet (these vehicles are more economical)
- continuing the e-waste program, ensuring that our e-waste providers are recycling the components responsibly
- continuing water-saving initiatives, including all new patient accommodation having low-flow showerheads installed
- introducing biodegradable paper medicine cups and drinking cups (bio-pak) across our prison sites
- reducing waste bins and increasing the number of recycling bins
- separating food scraps across the food preparation kitchens in the hospital (the waste contractor treats food waste separately to general waste, using an advanced composting process to return the compost/soil back to farmland
- introducing the 'Paintback' initiative, which heralded a more sustainable way of disposing of old paint/tins and packaging

Recycling



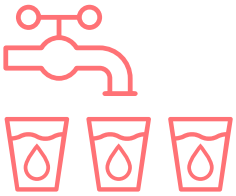
Plastic bottles recycled (240 litre bins)
419 2015–2016
349 2016–2017
398 2017–2018

Paper recycling (Kg)
2,345 2015–2016
2,223 2016–2017
2,426 2017–2018

Cardboard and paper recycling (4 cubic metres)
53 2015–2016
53 2016–2017
51 2017–2018

General waste (tonnes)
221 2015–2016
219 2016–2017
239 2017–2018

Water consumption



Water consumption (L)
13,680 2015–2016
16,028 2016–2017
14,261 2017–2018

Water reduction goal (L)
10,666 2015–2016
14,426 2016–2017
12,262 2016–2017

Vehicle use

Kilometres travelled
281,711 2015–2016
323,488 2016–2017
243,016 2017–2018

Total tonnes of fleet CO2-e
65 2015–2016
95 2016–2017
47 2017–2018

Total greenhouse gas emissions

Total tonnes of CO2-e
2,928 2015–2016
3,178 2016–2017
2,821 2017–2018

Disclosures

Building Act

Forensicare complies with the building and maintenance provisions of the *Building Act* 1993.

During the financial year, we obtained permits for building projects at Thomas Embling Hospital. We also engaged registered building practitioners for building projects at Thomas Embling Hospital.

Freedom of Information Act

Forensicare complies with the *Freedom of Information Act* 1982. No fees were charged for accessing information in 2017–18. During the reporting period the following requests were processed:

- 62 freedom of information applications received
- 59 applications completed
- 44 applications released in full
- no applications received for which no documents were found
- three applications denied
- no applications transferred
- 12 applications had some exemptions applied
- three applications cancelled (all withdrawn by the submitter).

There were no applications carried over to be completed in 2018–19.

Of the 12 applications that were not released in full, the following exemptions were applied to documents:

- nine were exempt under section 33(1)
- three were exempt under section 33(4)
- there were no exemptions under section 35(1).

Protected Disclosure Act

Forensicare complies with its obligations under the *Protected Disclosure Act* 2012. Forensicare's policy and procedure is available to all staff on the Forensicare intranet site and to the public at www.forensicare.vic.gov.au.

Carers Recognition Act

Forensicare acknowledges that families and carers are important contributors to the care and wellbeing of consumers and their ongoing recovery. Every effort is made to support the role of families and carers and to encourage and promote their involvement in all elements of our service delivery.

In compliance with the *Carers Recognition Act* 2012, the initiatives undertaken in 2017–18 to develop staff, carer and consumer awareness and understanding of the care relationships principles can be found in Forensicare's Quality Account 2017–18, which is available at www.forensicare.vic.gov.au.

National Competition Policy

Forensicare continues to comply with the *National Competition Policy* and the *Competitive Neutrality Policy Victoria* on competitive neutrality.

Local Jobs First – Victorian Industry Participation Policy

Forensicare complies with the *Victorian Industry Participation Policy Act* 2003, which requires local industry participation in supplier use, taking into account the value-for-money principle and transparent tendering processes.

Within the past 12 months Forensicare has begun three metropolitan-based projects, of which one was completed. Each of the three projects was reviewed by the Industry Capability Network (ICN) and were found to not require VIPP plans. The completed project was for security services at Thomas Embling Hospital. This contract has a percentage of local content in excess of 95 per cent.

Additional information

In compliance with the requirements of Financial Reporting Direction (FRD) 22H, the following information is retained by the accountable officer and made available on request to the relevant ministers, members of parliament and the public, subject to the provisions of the *Freedom of Information Act* 1982:

a) a statement that declarations of pecuniary interests have been duly completed by all relevant officers

b) details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary

c) details of publications produced by the entity about the entity, and how these can be obtained

d) details of changes in prices, fees, charges, rates and levies charged by the entity

e) details of any major external reviews carried out on the entity

f) details of major research and development activities undertaken by the entity

g) details of overseas visits undertaken including a summary of the objectives and outcomes of each visit

h) details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the entity and its services

i) details of assessments and measures undertaken to improve the occupational health and safety of employees

j) general statement on industrial relations within the entity and details of time lost through industrial accidents and disputes

k) list of major committees sponsored by the entity, the purposes of each committee and the extent to which the purposes have been achieved

l) details of all consultancies and contractors including:

   i. consultants/contractors engaged

   ii. services provided

   iii. expenditure committed to for each engagement.

Consultancies used in 2017–18

Consultant	Purpose of consultancy	Total approved project fee (excluding GST)	Expenditure 2017–18 (excluding GST)	Future expenditure (excluding GST)
Swinburne University of Technology	Evaluation of Forensicare services	109,111	109,111	0
The PD Consulting Group	Consulting for the 2018–2020 Strategic Plan development and executive/board workshops	67,512	67,512	0
Graylin Pty Ltd	Review of Forensicare's compliance with national accreditation standards	36,510	36,510	0
Data Agility	Various ICT consultancies	25,350	25,350	0
PSI Asia Pacific Pty Ltd	Probity consulting for various contract tenders	10,879	10,879	0
Total		**249,362**	**249,362**	**–**

Throughout the financial year, Forensicare engaged 12 consultancies where the total fees payable to the consultants were less than $10,000, with a total expenditure of $49,063 (excl. GST).

Details of information and communication technology expenditure

The total ICT expenditure incurred during 2017–18 was $2.4 million (excluding GST), with the details shown below.

($ million)

Business as usual (BAU) ICT expenditure (Total) (excluding GST)	Non business as usual (non BAU) ICT expenditure (Total = operational expenditure and capital expenditure) (excluding GST)	Operational expenditure (OPEX) (excluding GST)	Capital expenditure (CAPEX) (excluding GST)
$1.4m	**$1m**	**$0.2m**	**$0.8m**

Statement of Priorities 2017–18

The Statement of Priorities is the key accountability agreement between Forensicare and the Victorian Minister for Mental Health and is in accordance with section 344 of the *Mental Health Act* 2014.

Part A: Strategic priorities

Goals	Strategies	Deliverables	Outcomes
Better health A system geared to prevention as much as treatment Everyone understands their own health and risks Illness is detected and managed early Healthy neighbourhoods and communities encourage healthy lifestyles	**Better health** Reduce statewide risks Build healthy neighbourhoods Help people to stay healthy Target health gaps	Rollout Safewards in the Bass and Daintree Units of Thomas Embling Hospital.	**COMMENCED** Rollout has occurred on both units but remains an ongoing program.
		Expand transition support for patients discharged from Thomas Embling Hospital into the community.	**ACHIEVED** New expanded operational model for the Community Transition and Treatment Program implemented. The number of patients identified for an extended leave pathway at Thomas Embling Hospital has doubled and the number of patients supported on extended leave increased.
		Build on the collaborative work being undertaken with the Office of the Chief Psychiatrist to reduce restrictive interventions at Thomas Embling Hospital.	**NOT ACHIEVED** Continued engagement with the Office of the Chief Psychiatrist has occurred. We established night duty medical staff to improve the frequency of reviews. Incidents of seclusion trended downwards across the year but at the end of the year were higher than 2016–17.
		Implement the Early Intervention Support Team at Thomas Embling Hospital funded by the Department of Health and Human Services.	**ACHIEVED** Completed 1 April 2018.

Goals	Strategies	Deliverables	Outcomes
Better access Care is always there when people need it More access to care in the home and community People are connected to the full range of care and support they need There is equal access to care	**Better access** Plan and invest Unlock innovation Provide easier access Ensure fair access	Work with government to develop the full business case for the master planning for forensic mental health beds.	**ACHIEVED** Full business case was completed and submitted to government in January 2018.
		Continue to improve the patient flow from prison to Thomas Embling Hospital and within the prison facilities to enable more timely access to treatment.	**ACHIEVED** 65 male secure treatment order patients were admitted – an increase of 8 per cent on the previous year with a 17 per cent reduction in length of stay.
		Commence and consolidate the forensic mental health services at the Ravenhall Correctional Centre and Port Phillip Prison.	**ACHIEVED** The beds at St Paul's are now part of the prison-wide bed management system meaning there is now scope to transfer prisoners from Thomas Embling Hospital directly into St Paul's. There is now also an added capability to 'step down' some patients from Erskine Unit at Ravenhall Correctional Centre into St Paul's. Prisoner 'flow' between all forensic mental health units is monitored collaboratively between Forensicare, Justice Health and Corrections Victoria's Sentence Management Division. This system is working effectively.
		Commission the 18 new beds at Thomas Embling Hospital.	**NOT ACHIEVED** 10 beds completed but not commissioned and the secure psychiatric intensive care unit (8 beds) approaching final completion. Commissioning plan developed and stakeholder consultation completed. Allied health and medical recruitment completed. Nursing recruitment remains in progress.

Goals	Strategies	Deliverables	Outcomes
Better care Target zero avoidable harm Health care that focuses on outcomes Patients and carers are active partners in care Care fits together around people's needs	**Better care** Put quality first Join up care Partner with patients Strengthen the workforce Embed evidence Ensure equal care	Implement recommendations arising out of the formal review of Forensicare's clinical governance systems, including staff education on obligations to report patient safety concerns.	**ACHIEVED** A Best Care Committee system has been fully implemented and through this aegis actions from the clinical governance reviews have been progressed.
		Implement the revised model of care at Thomas Embling Hospital.	**COMMENCED** Model of care steering committee and implementation workshops have progressed. The report from the consultant engaged to progress implementation priorities has been received.
		Provide executive-level participation into the advisory group assisting the Chief Psychiatrist to implement the recommendations of the Royal Commission into Family Violence pertaining to mental health.	**ACHIEVED** The Executive Director of Community Operations and Strategic Development participated in the advisory group to its conclusion including contributing written feedback on the Chief Psychiatrist guideline on mental health services and family violence.
		In partnership with site-specific consumer advisory groups:	
		• develop a 'patient passport' model for the Daintree Unit at Thomas Embling Hospital	**COMMENCED** Patient consultation has begun.
		• deliver consumer consultant-led training on the recovery approach to community staff	**ACHIEVED** A workshop was delivered by the senior consumer consultant in May and was very well received.
		• implement and evaluate the consumer policy and project endorsement process.	**ACHIEVED** The Consumer policy and project endorsement process has begun.

Part B: Performance priorities

High-quality and safe care	KPI	Target	Result
Accreditation	Healthcare accreditation (NSQHS)	Full Compliance	Accredited
Infection prevention and control	Hand hygiene	80%	73%
	Healthcare worker immunisation	75%	62%
Patient experience	Patient experience (Thomas Embling Hospital)	90%	88%
	Patient experience (CFMHS)	90%	97.3%
Adverse events	Number of sentinel events	Nil	1
Mental health	Seclusion	≤ 15/1,000	25.20
	Percentage of acute mental health adult inpatients with post-discharge follow-up within 7 days	75%	96.4%

Strong governance, leadership and culture	2018 result
People Matter Survey – percentage of staff with an overall positive response to safety and culture questions	66%
People Matter Survey – percentage of staff with a positive response to the question, 'I am encouraged by my colleagues to report any patient safety concerns I may have'	81%
People Matter Survey – percentage of staff with a positive response to the question, 'Patient care errors are handled appropriately in my work area'	71%
People Matter Survey – percentage of staff with a positive response to the question, 'My suggestions about patient safety would be acted upon if I expressed them to my manager'	75%
People Matter Survey – percentage of staff with a positive response to the question, 'The culture in my work area makes it easy to learn from the errors of others'	63%
People Matter Survey – percentage of staff with a positive response to the question, 'Management is driving us to be a safety-centred organisation'	69%
People Matter Survey – percentage of staff with a positive response to the question, 'This health service does a good job of training new and existing staff'	56%
People Matter Survey – percentage of staff with a positive response to the question, 'Trainees in my discipline are adequately supervised'	62%
People Matter Survey – percentage of staff with a positive response to the question, 'I would recommend a friend or relative be treated as a patient here'	52%

Timely access to care	KPI	Target	Result
	Number of male security patients admitted to acute units in Thomas Embling Hospital	≥ 80	65
	Percentage of male security patients admitted to Thomas Embling Hospital within 14 days of certification	100%	31.1%
	Percentage of male security patients discharged to prison within 80 days	75%	82.14%
	Percentage of male security patients discharged within 21 days of becoming a civil patient	75%	100%

Effective financial management		Target	Result
	Operating result ($m)	–$0.901	$1.63m surplus (1.82% of operating revenue)
	Average number of days to paying trade creditors	60 days	71.1 days
	Adjusted current asset ratio	0.70 or 3% improvement from health service base target	1.83
	Number of days with available cash	14 days	31.2 days

Part C: Activity and funding

Program activity	Target	Result
Ambulatory service hours	13,582	12,762

Summarising our financial performance in 2017–18

At the end of the reporting period, Forensicare recorded an operating surplus of $1.63 million.

This result excludes capital purpose income, depreciation and revaluations of long service leave provisions due to probability or bond rate movements.

The reported operating surplus of $1.63m was favourable against a Statement of Priorities projected budget deficit of $0.91m (favourable $2.54m). The key favourable factors were:

- savings related to delays in appointing new corporate and clinical support roles funded through the commercial prison programs
- staffing vacancies experienced in several programs across the service, particularly delays encountered in recruiting to the Early Intervention and Support Team at Thomas Embling Hospital.

Revenue

Due to the extensive service expansion across the organisation the total operating revenue grew during the year by 31.2 per cent to $89.5m, up from $68.2m in 2016–17.

Government operating grants were $88.7m, up from $67.05m in 2016–17 (32 per cent). The increases were due to the following funded initiatives (in addition to indexation):

- Department of Health and Human Services program grants for the Community Forensic Mental Health Service Division, including for services previously provided but unfunded and several new government initiatives. Forensicare received funding to support our role in the newly established Victorian Fixated Threat Assessment Centre and an expanded court-based assessment service.
- We also received funding from the Department of Health and Human Services in response to an enterprise bargaining agreement initiative to establish an Early Intervention Support Team. This team are to be the first responders in de-escalating potential violent behaviour at the Thomas Embling Hospital.
- A significant funding increase was for the operating service fees associated with the opening of Ballerrt Yeram-boo-ee service at Ravenhall Correctional Centre (November 2017) and 30 beds in the St Paul's Psychiatric Unit at Port Phillip Prison (September 2017).

Expenditure

Salary and wages

There was an increase in employee benefits in 2017–18 to $73m, up from $56.7m in 2016–17 (28.7 per cent). This staffing increase was for the new prison-based services that began operations during the year and the Department of Health and Human Services funded service expansions.

Contract staffing costs increased by 77 per cent during the year as the organisation struggled to fill the significant increase in clinical positions.

Non-salary expenditure

Non-salary expenditure increased during the year by 31 per cent, which is in line with the increase in revenue and salary and wages.

Other comments to the financial statements

- The cash and cash equivalents balance was $8.9m, up from $5.1m. This increase was predominantly due to funding received to open 18 new beds at Thomas Embling Hospital that to date have not opened.
- Property, plant and equipment increased by $15m, largely due to the assets under construction for building 18 new beds at Thomas Embling Hospital, and an adjustment to the fair value of the existing buildings at the Fairfield site.

Historical financial analysis and key financial statistics

	2018	2017	2016	2015	2014
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Financial performance					
Operating revenue	$89,540	$68,200	$61,706	$57,344	$52,325
Operating expenditure	($87,908)	($68,442)	($61,455)	($57,585)	($51,944)
	$1,632	($242)	$251	($241)	$381
Other gains/(losses) from other economic flows	$332	($163)	($228)	($230)	($165)
Capital revenues	$17,737	$3,729	$483	$315	$46
Depreciation and amortisation	($2,307)	($1,907)	($1,859)	($1898)	($1,706)
Net result	$17,394	$1,417	($1,353)	($2,054)	($1,444)
Financial position					
Current assets	$16,625	$8,469	$6,054	$5,413	$4,192
Non-current assets	$117,225	$101,574	$90,877	$91,341	$90,938
Total assets	$133,850	$110,043	$96,931	$96,754	$95,130
Current liabilities	$20,566	$17,171	$12,795	$9,887	$9,319
Non-current liabilities	$4,098	$3,517	$4,059	$5,437	$2,327
Total liabilities	$24,664	$20,688	$16,854	$15,324	$11,646
Net assets	$109,186	$89,355	$80,077	$81,430	$83,484
Equity	$109,186	$89,355	$80,077	$81,430	$83,484
Cash held					
Cash at the end of reporting period	$8,924	$5,097	$3,258	$1,964	$3,045
Key statistics					
Current ratio – liquidity	0.81	0.49	0.47	0.55	0.45
Equity/assets – stability	0.82	0.81	0.83	0.84	0.88

Attestations

Disclosure index

The index prepared to help identify Forensicare's compliance with statutory disclosure requirements is provided at pages 120 and 121.

Data integrity attestation

I, Tom Dalton, certify that Forensicare has put it place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. Forensicare has critically reviewed these controls and processes during the year.

Chief Executive Officer
Accountable Officer

Melbourne
27 August 2018

Financial management compliance attestation

I, Tom Dalton, on behalf of the Responsible Body, certify that Forensicare has complied with the applicable Standing Directions of the Minister for Finance under the *Financial Management Act* 1994 and Instructions.

Chief Executive Officer
Accountable Officer

Melbourne
27 August 2018

Conflict of interest attestation

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

Chief Executive Officer
Accountable Officer

Melbourne
27 August 2018

Responsible Bodies Declaration

In accordance with the *Financial Management Act* 1994, I am pleased to present the report of operations for Forensicare for the year ending 30 June 2018.

Adjunct Professor Bill Healy
Chair, Forensicare Board

Melbourne
27 August 2018

Financial statements 2017–18

Index to the Financial Reports

Victorian Institute of Forensic Mental Health

Understanding Our Financials

What do Financial Statements show?
Our Financial Statements provide an insight into the Institute's financial health by showing:

- how the Institute performed financially during the year
- the value of assets held by the Institute
- the ability of the Institute to pay its debts.

What is in the Financial Statements?
The Financial Statements of the Institute consist of four financial reports, explanatory notes supporting the financial statements and the endorsement statement by the Institute and the Victorian Auditor-General.

The four financial reports are:

- Comprehensive Operating Statement
- Balance Sheet
- Statement of Changes in Equity
- Cash Flow Statement.

Comprehensive Operating Statement
The Comprehensive Operating Statement (previously known as the Operating statement and the Statement of Financial Performance and sometimes called the Profit and Loss Statement) show how well the Institute has financially performed during the financial year.

The Statement lists the main sources of revenue (eg. Department of Health and Human Services) and expenses included in the Operating Statement only include day to day running costs. Costs associated with the purchase of assets (eg. Buildings, Plant and Equipment) are not included in the Comprehensive Operating Statement. Depreciation is included and is the value of any asset that is used up during the year.

The Statement is prepared on an accrual basis, which means that all revenue and costs for the year are recognised, even though the income may not yet be received or expenses not yet paid.

The Institute's financial performance is reflected in the net result before capital and specific items. A surplus or deficit is the difference between revenue and expenses for the Institute.

Balance Sheet
The Balance Sheet discloses the Institute's net accumulated financial worth at the end of the financial year. It shows the value of assets that we hold, as well as liabilities or claims against these assets.

The assets and liabilities are expressed as current or non-current. Current refers to assets or liabilities that will be expected to be paid or converted into cash within the next 12 months.

Significant assets consist of Property, Plant and Equipment which includes all infrastructure assets such as buildings and land as detailed in the notes of the Financial Statements.

Statement of Changes in Equity
This statement summarises the change in the Institute's net worth.

Our net worth can only change as a result of:

- a 'net result' as recorded in the Comprehensive Operating Statement, or
- an increase in the value of non-current assets resulting from a revaluation of those assets. This amount is transferred to an Asset Revaluation Reserve until the asset is sold or a realised profit occurs, as opposed to a book entry. The value of all non-current assets must be reviewed each year to ensure that they reflect their fair value in the Balance Sheet.

Any movements in other reserves within this statement are adjusted through accumulated surplus.

Victorian Institute of Forensic Mental Health

Understanding Our Financials (continued)

Cash Flow Statement

Cash flows are classified according to whether or not they arise from operating activities, investing activities, or financing activities. This classification is consistent with requirements *AASB 107 Statement of Cash Flow*.

The Cash Flow Statement summarises our cash receipts and payments for the financial year and shows the net increase or decrease in cash held by the Institute.

Cash Flow Statement represents cash 'in hand', whereas the Comprehensive Operating Statement is prepared on an accrual basis (including money not yet paid or spent). This means that the values in both statements may differ.

The Institute's cash arises from, and is used in, two main areas:

- The 'Cash Flows from Operating Activities' section summarises all income and expenses relating to the Institute's delivery of services.
- The 'Cash Flows from Investing Activities' refers to the Institute's capital expenditure or other long-term revenue producing assets, as well as money received from the sale of assets.

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

Notes to the Financial Statements

The Notes to the Financial Statements provide further information in relation to the rules and assumptions used to prepare the Financial Statements, as well as additional information and details about specific items within the statements.

The Notes also advise if there have been any changes to accounting standards, policy or legislation that may change the way the statements are prepared. Within the four Financial Statements, there is a column that indicates to which note the reader can refer for additional information.

Information in the Notes is particularly useful where there has been a significant change from the previous year's comparative figure.

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

The certification is made by the persons responsible for the financial management of the Institute, that in their opinion, the Financial Statements have met all the statutory and professional reporting requirements and that, in their opinion, the Financial Statements are fair and not misleading.

Auditor General Victoria – Independent Audit Report

This provides a written undertaking of the fairness of the accounts. It provides an independent view of the statements and advises the reader if there are any issues of concern.

Victorian Institute of Forensic Mental Health

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

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

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2018 and the financial position of the Victorian Institute of Forensic Mental Health at 30 June 2018.

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

We authorise the attached financial statements for issue on 27th August 2018.

Mr William Healy
Chairperson
(on behalf of Board)

Tom Dalton
Chief Executive Officer
(Accountable Officer)

Ian Holland
Executive Director Finance and Business Services
(Chief Finance and Accounting Officer)

Dated this 27th August 2018.
Melbourne, Victoria

Independent Auditor's Report

To the Board of the Victorian Institute of Forensic Mental Healt

Opinion	I have audited the financial report of the Victorian Institute of Forensic Mental Health (the institute) which comprises the: • balance sheet as at 30 June 2018 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • board member's, accountable officer's and chief finance & accounting officer's declaration. In my opinion the financial report presents fairly, in all material respects, the financial position of the institute as at 30 June 2018 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. My independence is established by the *Constitution Act 1975.* My staff and I are independent of the institute in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Board's responsibilities for the financial report	The Board of the institute 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 institute'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.

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VAGO

Victorian Auditor-General's Office

Auditor's responsibilities for the audit of the financial report

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the institute'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 institute'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 institute to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

MELBOURNE
29 August 2018

Ron Mak
as delegate for the Auditor-General of Victoria

Victorian Institute of Forensic Mental Health
Comprehensive Operating Statement
For the Year Ended 30 June 2018

	Note	2018 $'000	2017 $'000
Revenue from operating activities	2.1	89,540	68,200
Employee benefits	3.1	(72,973)	(56,716)
Contracted staff costs	3.1	(1,453)	(823)
Medicines, drugs and diagnostics	3.1	(1,536)	(942)
Property maintenance and contracts	3.1	(7,700)	(6,713)
Other expenses	3.1	(4,246)	(3,248)
Net result before capital and specific items		**1,632**	**(242)**
Capital purpose income	2.1	17,737	3,729
Depreciation and amortisation	4.2	(2,307)	(1,907)
Net result after capital and specific items		**17,062**	**1,580**
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	4.3	11	8
Revaluation of long service leave		321	(171)
Total other economic flows included in net result		**332**	**(163)**
NET RESULT FOR THE YEAR		**17,394**	**1,417**
Other comprehensive income			
Items that will not be reclassified to net result			
Changes in physical asset revaluation surplus	4.1(b)	2,437	7,861
Total other comprehensive income		**2,437**	**7,861**
Comprehensive result		**19,831**	**9,278**

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

Balance Sheet
As at 30th June 2018

	Note	2018 $'000	2017 $'000
Current assets			
Cash and cash equivalents	6.1	8,924	5,097
Receivables	5.1	7,332	1,658
Other assets	5.3	369	1,714
Total current assets		**16,625**	**8,469**
Non-current assets			
Receivables	5.1	5,659	5,330
Property, plant and equipment	4.1	111,566	96,244
Total non-current assets		**117,225**	**101,574**
TOTAL ASSETS		**133,850**	**110,043**
Current liabilities			
Payables	5.4	4,426	2,251
Provisions	3.2	15,581	14,514
Other current liabilities	5.2	559	406
Total current liabilities		**20,566**	**17,171**
Non-current liabilities			
Provisions	3.2	4,098	3,517
Total non-current liabilities		**4,098**	**3,517**
TOTAL LIABILITIES		**24,664**	**20,688**
NET ASSETS		**109,186**	**89,355**
EQUITY			
Asset revaluation reserve	8.1(a)	63,851	61,414
Contributed capital	8.1(b)	34,139	34,139
Accumulated surpluses/(deficits)	8.1(c)	11,196	(6,198)
TOTAL EQUITY		**109,186**	**89,355**
Contingent assets and contingent liabilities	7.2		
Commitments for Expenditure	6.2		

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

Statement of Changes in Equity
As at 30th June 2018

	Note	Asset Revaluation Reserve $'000	Contributed Capital $'000	Accum Surpluses/ (Deficits) $'000	Total $'000
Balance at 1 July 2016		**53,553**	**34,139**	**(7,615)**	**80,077**
Net result for the year as restated		-	-	1,417	1,417
Other comprehensive income for the year	8.1(a)	7,861	-	-	7,861
Balance at 30 June 2017		**61,414**	**34,139**	**(6,198)**	**89,355**
Net result for the year		-	-	17,394	17,394
Other comprehensive income for the year	8.1(a)	2,437	-	-	2,437
Balance at 30 June 2018		**63,851**	**34,139**	**11,196**	**109,186**

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

Cash Flow Statement
As at 30th June 2018

	Note	2018 $'000	2017 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating grants from government		53,625	47,194
Capital grants from government		4,879	577
Justice Health		14,876	13,790
Ravenhall project funding		16,090	5,671
Other program funding		-	1,909
Interest received		202	122
Other receipts (i)		7,590	1,132
Total receipts		**97,262**	**70,395**
Employee expenses paid		(73,144)	(51,540)
Payments for supplies		(17,833)	(16,314)
Total payments		**(90,977)**	**(67,854)**
NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES	8.2	**6,285**	**2,541**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for non-financial assets		(2,578)	(795)
Proceeds from sale of non-financial assets		120	134
NET CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES		**(2,458)**	**(661)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of monies held in trust		-	(41)
Proceeds of monies held in trust		-	-
NET CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES		**-**	**(41)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD		**3,827**	**1,839**
Cash and cash equivalents at beginning of financial year		5,097	3,258
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	6.1	**8,924**	**5,097**

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

(i) Other receipts includes service payments for our Port Phillip Prison (St Paul's) operations, workcover recoveries and ad-hoc training programs provided

Victorian Institute of Forensic Mental Health

Basis of Preparation

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

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 Institute.

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.

Victorian Institute of Forensic Mental Health - Introduction

The Victorian Institute of Forensic Mental Health ('the Institute') came into being on 1 January 1998. The Institute commenced operations with effect from 1 July 1998 and has registered and operates under the trading name Forensicare. The enabling legislation is the *Mental Health Act 2014* ('the Act') which establishes the Institute. The Institute is a body corporate managed by a Board of up to nine members, appointed in accordance with s. 332 of the principal Act.

These annual financial statements represent the audited general purpose financial statements for the Institute for the year ended 30 June 2018. The report provides users with information about the Institute's stewardship of resources entrusted to it.

Note 1 Summary of Significant Accounting Policies

(a) Statement of compliance

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

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

The Institute is a not-for profit entity and therefore applies the additional Australian Standards paragraphs applicable to "not-for-profit" entities under the AASB's.

The annual financial statements were authorised for issue by the Board on 27 August 2018.

(b) Reporting entity

The financial statements include the controlled activities of the Victorian Institute of Forensic Mental Health, trading as Forensicare.

Its principal address is:
Thomas Embling Hospital
Yarra Bend Road, Fairfield
Victoria, Australia 3078

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

(c) Basis of accounting preparation and measurement

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

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

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

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

Note 1 Summary of Significant Accounting Policies (continued)

(c) Basis of accounting preparation and measurement (continued)

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

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 definition 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 values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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

- The fair value of land, buildings and plant and equipment (refer to Note 4.1 Property, Plant and Equipment);
- Superannuation expense (refer to Note 3.3 Superannuation); and
- Employee benefit provisions are based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.2 Employee Benefits in the Balance Sheet).

Goods and Services Tax (GST)

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

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

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

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

Note 2 Funding Delivery of Our Services

The Institute's overall objective is to provide quality health services to meet the objective of clinical excellence and translational research enabling our consumers to lead fulfilling and meaningful lives in a safer community. The Institute is predominantly funded by accrual based grant funding for the provision of outputs. The hospital also receives income from the supply of services.

Structure
2.1 Analysis of Revenue by Source
Revenue Recognition

Note 2.1 Analysis of Revenue by Source

	Hospital / Inpatients	Community Services	Prison Services	Other (i)	Total
	2018 $'000	2018 $'000	2018 $'000	2018 $'000	2018 $'000
Government Grant	43,824	10,212	33,222	1,440	88,698
Indirect Contributions by Department of Health and Human Services - Insurance	-	-	-	36	36
Professional Fees	-	-	133	54	187
Interest	-	-	-	202	202
Other Revenue from Operating Activities	40	73	110	194	417
Total Revenue from Operating Activities	**43,864**	**10,285**	**33,465**	**1,926**	**89,540**
Government Grant - General Purpose - (Department of Health and Human Services)	664	248	-	3,263	4,175
Government Grant - Buildings - Construction in Progress (Department of Health and Human Services)	13,562	-	-	-	13,562
Total Capital Purpose Income	**14,226**	**248**	**-**	**3,263**	**17,737**
Net Gain/(Loss) on Non-Financial Assets	-	-	-	11	11
Total Other Economic Flows	**-**	**-**	**-**	**11**	**11**
Total Revenue	**58,090**	**10,533**	**33,465**	**5,200**	**107,288**

(i) Includes Corporate and Clinical Support, Disability Forensic Assessment and Treatment Service (DFATS) and Centre for Forensic Behavioural Sciences (CFBS)

	Hospital / Inpatients	Community Services	Prison Services	Other	Total
	2017 $'000	2017 $'000	2017 $'000	2017 $'000	2017 $'000
	-	-	-	-	
Government Grant	40,264	8,069	16,828	1,891	67,052
Indirect Contributions by Department of Health and Human Services - Insurance	-	-	-	38	38
Professional Fees	-	-	302	52	354
Interest	-	-	-	122	122
Other Revenue from Operating Activities	63	329	25	217	634
Total Revenue from Operating Activities	**40,327**	**8,398**	**17,155**	**2,320**	**68,200**
Government Grant - General Purpose - (Department of Health and Human Services)	-	-	-	577	577
Government Grant - Buildings - Construction in Progress (Department of Health and Human Services)	-	-	-	3,152	3,152
Total Capital Purpose Income	**-**	**-**	**-**	**3,729**	**3,729**
Net Gain/(Loss) on Non-Financial Assets	-	-	-	8	8
Total Other Economic Flows	**-**	**-**	**-**	**8**	**8**
Total Revenue	**40,327**	**8,398**	**17,155**	**6,057**	**71,937**

The Department of Health and Human Services makes certain payments on behalf of the Institute. 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 (continued)

Revenue Recognition

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

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

Government Grants and Other Transfers of Income (other than contributions by owners)

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

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

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.

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.

Interest Revenue

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

Other Income

Other income includes recoveries for salaries and wages and external services provided.

Category Groups

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

Hospital / inpatients - refers to the operations of the 116 bed Thomas Embling Hospital based at Yarra Bend Rd Fairfield. Funding for this segment is exclusively from DHHS.

Community services - refers to the Community Forensic Mental Health Service located in Clifton Hill. The Community based programs are primarily for people who have a serious mental illness and have offended, or are at high risk of offending. Specialist assessment and treatment is also provided for people who present with a range of serious problem behaviours. Funding for this segment is predominantly from DHHS but also includes some funding from The Department of Justice and Regulation.

Prison services - refers to the specialist Mental health work of Forensicare based in the Prison system including the 16 bed unit based at the Melbourne Assessment Prison, the 20 bed unit at the Dame Phyllis Frost Centre, the 30 bed unit at Port Phillip Prison and the 75 bed unit at The Ravenhall Correctional Centre. The Institute also provides Psychiatric Assessment and Psychiatry services for many of the State's prison population, and the larger publicly managed prisons. Funding for this segment is a combination of the Department of Justice and Regulation and private prison operators.

Other - refers to the Clinical and Corporate Support provided to the wider organisation and also includes services to the Disability Forensic Assessment and Treatment Service and Centre for Behavioural Science.

Note 3 The Cost of Delivering Services

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

Structure

Note 3.1 Analysis of Expenses by Source

	Hospital / Inpatients	Community Services	Prison Services	Other (i)	Total
	2018 $'000	2018 $'000	2018 $'000	2018 $'000	2018 $'000
Employee Expenses					
Salaries and Wages	22,564	7,097	21,708	5,777	57,146
Employee Entitlements	3,340	1,037	3,210	1,567	9,154
Superannuation	2,172	708	2,085	596	5,561
Workcover	431	161	448	72	1,112
Total Employee Expenses	**28,507**	**9,003**	**27,451**	**8,012**	**72,973**
Non-Salary Labour costs					
Agency Staff	938	13	215	176	1,342
Medical Salaries	38	57	4	12	111
Total Non-Salary Labour Costs	**976**	**70**	**219**	**188**	**1,453**
Medicines, Drugs and Diagnostics					
Medicines and Drugs	1,380	-	69	(23)	1,426
Diagnostics	109	1	-	-	110
Total Medicines, Drugs and Diagnostics	**1,489**	**1**	**69**	**(23)**	**1,536**
Property Maintenance and Contracts					
Property Expenses	8	274	62	768	1,112
Maintenance Expenses	186	24	13	271	494
Contracts	3,298	32	5	74	3,409
Security	2,301	54	-	330	2,685
Total Property Maintenance and Contracts	**5,793**	**384**	**80**	**1,443**	**7,700**
Other Operating Expenses					
Information Technology	3	2	10	731	746
Supplies and Consumables	511	275	643	1,145	2,574
Patient Stores and Provisions	84	2	11	18	115
Financial Expenses	-	-	-	50	50
Internal Audit Fees	-	-	-	47	47
*Other	5,332	1,458	3,997	(10,073)	714
Total Other Operating Expenses	**5,930**	**1,737**	**4,661**	**(8,082)**	**4,246**
Total Expenditure from Operating Activities	**42,695**	**11,195**	**32,480**	**1,538**	**87,908**
Depreciation and Amortisation (refer Note 4.2)	**-**	**-**	1	2,306	2,307
Revaluation of Long Service Leave	-	-	-	(321)	(321)
Total Other Expenses	**-**	**-**	**1**	**1,985**	**1,986**
Total Expenses	**42,695**	**11,195**	**32,481**	**3,523**	**89,894**

** Other expenses includes transfer pricing between business segments to allocate corporate and clinical support costs*

(i) Includes Corporate and Clinical Support, Disability Forensic Assessment and Treatment Service (DFATS) and Centre for Forensic Behavioural Sciences (CFBS)

Note 3.1 Analysis of Expenses by Source (continued)

	Hospital / Inpatients	Community Services	Prison Services	Other (i)	Total
	2017 $'000	2017 $'000	2017 $'000	2017 $'000	2017 $'000
Employee Expenses					
Salaries and Wages	21,473	5,997	11,665	5,700	44,835
Employee Entitlements	3,095	943	1,868	1,198	7,104
Superannuation	1,875	569	1,063	529	4,036
Workcover	336	104	198	103	741
Total Employee Expenses	**26,779**	**7,613**	**14,794**	**7,530**	**56,716**
Non-Salary Labour Costs					
Agency Staff	283	5	218	127	633
Medical Salaries	107	(15)	-	98	190
Total Non Salary Labour costs	**390**	**(10)**	**218**	**225**	**823**
Medicines, Drugs and Diagnostics					
Medicines and Drugs	729	-	101	(30)	800
Diagnostics	140	-	1	1	142
Total Medicines, Drugs and Diagnostics	**869**	**-**	**102**	**(29)**	**942**
Property Maintenance and Contracts					
Property Expenses	7	272	93	331	703
Maintenance Expenses	167	25	17	208	417
Contracts	3,149	20	15	112	3,296
Security	2,054	3	4	236	2,297
Total Property Maintenance and Contracts	**5,377**	**320**	**129**	**887**	**6,713**
Other Operating Expenses					
Information Technology	13	-	6	531	550
Supplies and Consumables	360	220	593	808	1,981
Patient Stores and Provisions	94	3	13	8	118
Financial Expenses	-	-	-	45	45
Internal Audit Fees	-	-	-	46	46
*Other	5,217	1,288	2,818	(8,815)	508
Total Other Operating Expenses	**5,684**	**1,511**	**3,430**	**(7,377)**	**3,248**
Total Expenditure from Operating Activities	**39,099**	**9,434**	**18,673**	**1,236**	**68,442**
Depreciation and Amortisation (refer Note 4.2)	-	-	-	1,907	1,907
Revaluation of Long Service Leave	-	-	-	171	171
Total Other Expenses	**-**	**-**	**-**	**2,078**	**2,078**
Total Expenses	**39,099**	**9,434**	**18,673**	**3,314**	**70,520**

** Other expenses includes transfer pricing between business segments to allocate corporate and clinical support costs*

(i) Includes Corporate and Clinical Support, Disability Forensic Assessment and Treatment Service (DFATS) and Centre for Forensic Behavioural Sciences (CFBS)

Expense Recognition

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

Employee Expenses
Employee expenses include:
- Salaries and wages;
- Fringe benefits tax;
- Leave entitlements;
- Termination payments;
- Work cover premiums; and
- Superannuation expenses

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

- Supplies and Consumables - Supplies and services costs which are recognised as an expense in the reporting period in which they are incurred.

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 4.1 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.

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

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

Note 3.2 Employee Benefits in the Balance Sheet

	2018 $'000	2017 $'000
Current Provisions		
Employee Benefits [(i)]		
Annual Leave		
- Unconditional and expected to be settled wholly within 12 months [(ii)]	3,573	2,615
- Unconditional and expected to be settled wholly after 12 months [(iii)]	1,959	1,352
Long Service Leave		
- Unconditional and expected to be settled wholly within 12 months [(ii)]	894	680
- Unconditional and expected to be settled wholly after 12 months [(iii)]	5,815	5,360
	12,241	**10,007**
Provisions related to Employee Benefit On-Costs		
Unconditional and expected to be settled within 12 months [(ii)]	626	480
Unconditional and expected to be settled after 12 months [(iii)]	953	903
Other Accrued Salaries and Wages	1,762	3,124
	3,340	**4,507**
Total Current Provisions	**15,581**	**14,514**
Non-Current Provisions		
Employee Benefits Long Service Leave [(i)]	3,680	3,110
Provisions related to Employee Benefit On-Costs	418	407
Total Non-Current Provisions	**4,098**	**3,517**
Total Provisions	**19,679**	**18,031**

(a) Employee Benefits and Related On-Costs

Current Employee Benefits and Related On-Costs		
Unconditional Long Service Leave Entitlement	13,523	6,830
Annual Leave Entitlements	6,358	4,560
Accrued Wages and Salaries	1,762	3,124
Non-Current Employee Benefits and Related On-Costs		
Conditional Long Service Leave Entitlements [(iii)]	4,098	3,517
Total Employee Benefits and Related On-Costs	**25,740**	**18,031**

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

Other Accrued Salaries and Wages represents staff salaries, allowances and superannuation for the last week of June.

(b) Movements in provisions

	2018 $'000	2017 $'000
Movement in Long Service Leave:		
Balance at start of year	**10,347**	**9,219**
Provision made during the year		
- Expense recognising Employee Service	1,881	1,883
Settlements made during the year	(668)	(755)
Balance at end of year	**11,560**	**10,347**

Note 3.2 Employee Benefits in the Balance Sheet (continued)

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

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

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

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

Salaries and Wages, Annual Leave and Accrued Days Off
Liabilities for salaries and wages, annual leave and accrued days off are all recognised in the provision for employee benefits as 'current liabilities' because the Institute does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for salaries and wages, annual leave and accrued days off are measured at:
• Undiscounted value – if the Institute expects to wholly settle within 12 months; or
• Present value – if the Institute does not expect to wholly settle within 12 months.

Long Service Leave
The liability for long service leave (LSL) is recognised in the provision for employee benefits.
Unconditional LSL is disclosed in the notes to the financial statements as a current liability even where the Institute 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 Institute expects to wholly settle within 12 months; or
• Present value – if the Institute does not expect to wholly settle within 12 months.

Conditional LSL is disclosed as a non-current liability. 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.

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 3.3 Superannuation

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Defined benefit plans [(i)]				
State Superannuation Fund	132	127	-	-
Other	-	-	-	-
Defined contribution plans				
Health Employee Superannuation Trust Australia Fund	3,238	2,469	-	-
First State Super	1,854	1,324	-	-
Other Funds	337	101	-	-
Total	**5,561**	**4,021**	-	**-**

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

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

Defined contribution superannuation plans

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

Defined benefit superannuation plans

The amount charged to the comprehensive operating statement in respect of defined benefit superannuation plans represents the contributions made by the Institute to the superannuation plans in respect of the services of current Institute 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.

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

However superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of the Institute.

The name, details and amounts that have been expensed in relation to the major employee superannuation funds and contributions made by the Institute are disclosed above.

Note 4 Key Assets to Support Service Delivery

The Institute 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 Institute to be utilised for delivery of those outputs.

Structure
4.1 Property, Plant and Equipment
4.2 Depreciation and Amortisation
4.3 Net Gain/(Loss) on Disposal of Non-Financial Assets

Note 4.1 Property, Plant and Equipment

(a) Gross carrying amount and accumulated depreciation

	2018 $'000	2017 $'000
Land		
Land at Fair Value	55,461	47,600
Revaluation Increment / (Decrements)	-	7,861
Total Land	**55,461**	**55,461**
Buildings		
Buildings at Fair Value	35,413	37,557
Additions at Cost	102	102
Less Acc'd Depreciation	(6)	(3,141)
Total Buildings	**35,509**	**34,518**
Leasehold Improvements		
Improvements at Cost	2,210	2,154
Less Acc'd Depreciation	(1,976)	(1,762)
Total Leasehold Improvements	**234**	**392**
Plant and Equipment		
Plant and Equipment at Fair Value	9,237	8,446
Less Acc'd Depreciation	(6,897)	(6,392)
Total Plant and Equipment	**2,340**	**2,054**
Medical Equipment		
Medical Equipment at Fair Value	153	143
Less Acc'd Depreciation	(112)	(105)
Total Medical Equipment	**41**	**38**
Assets Under Construction		
Plant and Equipment at Cost	684	164
Buildings at Cost	17,297	3,617
Total Assets Under Construction	**17,981**	**3,781**
Total	**111,566**	**96,244**

Note 4.1 Property, Plant and Equipment (continued)

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

	Land	Buildings	leasehold Improv'ts	Plant and Equipment	Medical Equipment	Assets Under Construct'n	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2016	**47,600**	**35,565**	**591**	**2,231**	**44**	**299**	**86,330**
Additions	-	-	15	547	-	3,514	4,076
Disposals	-	-	-	(116)	-	-	(116)
Revaluation Increments/(Decrements)	7,861	-	-	-	-	-	7,861
Net Transfers between Classes	-	-	-	32	-	(32)	-
Depreciation (Note 4.2)	-	(1,047)	(214)	(640)	(6)	-	(1,907)
Balance at 1 July 2017	**55,461**	**34,518**	**392**	**2,054**	**38**	**3,781**	**96,244**
Additions	-	-	56	1,025	10	14,200	15,290
Disposals	-	-	-	(98)	-	-	(98)
Revaluation Increments/(Decrements)	-	2,437	-	-	-	-	2,437
Depreciation (Note 4.2)	-	(1,446)	(214)	(641)	(6)	-	(2,307)
Balance at 30 June 2018	**55,461**	**35,509**	**234**	**2,340**	**42**	**17,981**	**111,566**

Land and Buildings and Leased Assets Carried at Valuation

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

In compliance with FRD 103F, in the year ended 30 June 2018, the Institute's management conducted an annual assessment of the fair value of land and buildings and leased buildings. To facilitate this, management obtained from the Department of Treasury and Finance the Valuer General Victoria indices for the financial year ended 30 June 2018.

The fair value of the land had been adjusted by a managerial revaluation in 2017. The movement of the latest index for land did not require a further managerial revaluation in 2018.
The relevant building index has increased sufficiently since the last building revaluation in 2014 to require a management revaluation. The Department of Health and Human Services has approved the Institute's managerial revaluation of the building of $2.4m.

There was no material financial impact on change in fair value of land asset and leased buildings.

Note 4.1 Property, Plant and Equipment (continued)

(c) Fair value measurement hierarchy for assets

	Carrying amount as at 30 June 2018	Fair value measurement at end of reporting period using:		
		Level 1 [(i)]	Level 2 [(i)]	Level 3 [(i)]
	$'000	$'000	$'000	$'000
Land at Fair Value				
Specialised Land	55,461	-	-	55,461
Total of Land at Fair Value	**55,461**	**-**	**-**	**55,461**
Buildings at Fair Value				
Specialised Buildings	35,413	-	-	35,413
Total of Building at Fair Value	**35,413**	**-**	**-**	**35,413**
Plant and Equipment at Fair Value				
Plant, Equipment and Vehicles at Fair Value				
- Vehicles [(ii)]	498	-	-	498
- Plant and Equipment	1,842	-	-	1,842
Total Plant, Equipment and Vehicles at Fair Value	**2,340**	**-**	**-**	**2,340**
Medical Equipment at Fair Value				
Medical Equipment	42	-	-	42
Total Medical Equipment at Fair Value	**42**	**-**	**-**	**42**
Total	**93,255**	**-**	**-**	**93,255**

All Asset classes are categorised as level 3 in accordance with the valuation hierarchy as set out in Note 4.1(e)

Note 4.1 Property, Plant and 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)]
	$'000	$'000	$'000	$'000
Land at Fair Value				
Specialised Land	55,461	-	-	55,461
Total of Land at Fair Value	**55,461**	**-**	**-**	**55,461**
Buildings at Fair Value				
Specialised Buildings	34,416	-	-	34,416
Total of Building at Fair Value	**34,416**	**-**	**-**	**34,416**
Plant and Equipment at Fair Value				
Plant, Equipment and Vehicles at Fair Value				
- Vehicles [(ii)]	498	-	-	498
- Plant and Equipment	1,556	-	-	1,556
Total Plant, Equipment and Vehicles at Fair Value	**2,054**	**-**	**-**	**2,054**
Medical Equipment at Fair Value				
Medical Equipment	38	-	-	38
Total Medical Equipment at Fair Value	**38**	**-**	**-**	**38**
Total Assets at Fair Value	**91,969**	**-**	**-**	**91,969**

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

[(ii)] Vehicles are categorised to Level 3 assets if the current replacement cost is used in estimating the fair value.

There have been no transfers between levels during the period.

Note 4.1 Property, Plant and Equipment (continued)

(d) Reconciliation of Level 3 fair value

30 June 2018	Land	Buildings	Plant and equipment	Medical equipment
	$'000	$'000	$'000	$'000
Opening Balance	55,461	34,416	2,054	38
Purchases (sales)	-	-	927	10
Transfers in (out)	-	-	-	-
Recognised in net result - Depreciation	-	(1,440)	(641)	(6)
Subtotal	**55,461**	**32,976**	**2,340**	**42**
Items recognised in other comprehensive income - Revaluation	-	2,437	-	-
Subtotal	**-**	**2,437**	**-**	**-**
Closing Balance	**55,461**	**35,413**	**2,340**	**42**

30 June 2017	Land	Buildings	Plant and equipment	Medical equipment
	$'000	$'000	$'000	$'000
Opening Balance	47,600	35,463	2,231	44
Purchases (sales)	-	-	431	-
Transfers in (out)	-	-	32	-
Recognised in net result - Depreciation	-	(1,047)	(640)	(6)
Subtotal	**47,600**	**34,416**	**2,054**	**38**
Items recognised in other comprehensive income - Revaluation	7,861	-	-	-
Subtotal	**7,861**	**-**	**-**	**-**
Closing Balance	**55,461**	**34,416**	**2,054**	**38**

Note 4.1 Property, Plant and Equipment (continued)

(e) Property, Plant and Equipment (Fair value determination)

Asset class	Expected fair value level	Likely valuation approach	Significant inputs (Level 3 only)[(c)]
Specialised Land (Crown / Freehold)	Level 3	Market approach	Community Service Obligations Adjustments
Specialised buildings	Level 3	Current replacement cost approach	- Cost per square metre - Useful life
Vehicles	Level 3	Current replacement cost approach	- Cost per unit - Useful life
Plant and equipment	Level 3	Current replacement cost approach	- Cost per unit - Useful life
Medical equipment	Level 3	Current replacement cost approach	- Cost per unit - Useful life

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

Note 4.1 Property, Plant and Equipment (continued)

(e) Property, Plant and Equipment (Fair value determination) (continued)

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

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

Crown land is measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset.

Theoretical opportunities that may be available in relation to the asset(s) are not taken into account until it is virtually certain that any restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best uses.

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

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

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

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

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

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

The Valuer-General Victoria (VGV) is the Institute's independent valuation agency.
The estimates and underlying assumptions are reviewed on an ongoing basis.

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

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

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

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

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

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

(e) Property, Plant and Equipment (Fair value determination) (continued)

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

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

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

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

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

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

Specialised Land and Specialised Buildings

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

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

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

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

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

In June 2017 a managerial valuation was carried out in accordance with *FRD 103F* to revalue the land to its fair value. In June 2018 a managerial valuation was carried out in accordance with FRD 103F to revalue the buildings to its fair value.

Vehicles

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

Plant and Equipment

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

There were no changes in valuation techniques throughout the period to 30 June 2018. For all assets measured at fair value, the current use is considered the highest and best use.

Revaluations of Non-Current Physical Assets

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

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

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

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

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

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

Note 4.2 Depreciation and Amortisation

	2018 $'000	2017 $'000
Depreciation		
Buildings	1,447	1,047
Plant and Equipment	640	640
Medical Equipment	6	6
Leasehold Improvements	214	214
Total Depreciation	**2,307**	**1,907**
Total Depreciation and Amortisation	**2,307**	**1,907**

Depreciation and Amortisation recognition

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

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 and Human Services. Assets with a cost in excess of $1,000 are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their estimated useful lives.

Amortisation
Amortisation is the systematic allocation of the depreciable amount of an asset over its useful life. If a Health Service has items such as patents, trademarks, computer software or development expenses that are being capitalised, these should be included under 'Intangible Assets' (refer *AASB 138 Intangible Assets*) and amortised.

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

	2018	2017
Buildings	50 years	50 years
Plant & Equipment	3 to 15 years	3 to 15 years
Medical Equipment	10 years	10 years
Computers and Communication	3 years	3 years
Furniture and Fitting	10 years	10 years
Motor Vehicles	10 years	10 years
Leasehold Improvements	10 Years	10 Years

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

Note 4.3 Net Gain/(Loss) on Disposal of Non-Financial Assets

	2018 $'000	2017 $'000
Proceeds from Disposals of Non-Current Assets*		
Plant and Equipment	108	124
Total Proceeds from Disposal of Non-Current Assets	**108**	**124**
Less: Written Down Value of Non-Current Assets Sold*		
Plant and Equipment	97	116
Total Written Down Value of Non-Current Assets Sold	**97**	**116**
Net gain/(loss) on Disposal of Non-Financial Assets	**11**	**8**

Disposal of Non-Financial Assets

***** Any gain or loss on the sale of non-financial assets is recognised in the comprehensive operating statement.

Note 5 Other Assets and Liabilities

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

Structure
5.1 Receivables
5.2 Other Liabilities
5.3 Prepayments and Other Non-Financial Assets
5.4 Payables

Note 5.1 Receivables

	2018 $'000	2017 $'000
CURRENT		
Contractual		
Trade Debtors	7,154	1,544
Less Allowance for Doubtful Debts	-	-
	7,154	**1,544**
Statutory		
GST Receivable	178	114
	178	**114**
TOTAL CURRENT RECEIVABLES	**7,332**	**1,658**
NON CURRENT		
Contractual	-	-
	-	**-**
Statutory		
Long Service Leave - Department of Health and Human Services	5,659	5,330
TOTAL NON-CURRENT RECEIVABLES	**5,659**	**5,330**
TOTAL RECEIVABLES	**12,991**	**6,988**

Receivables recognition

Receivables consist of:
· Contractual receivables, which consists of debtors in relation to goods and services and accrued investment income; and
· Statutory receivables, which predominantly includes 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 categorised as loans and receivables. Statutory receivables are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract.

Receivables are recognised initially at fair value and subsequently measured at amortised cost less any accumulated impairment. Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition.

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

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

	2018 $'000	2017 $'000
CURRENT		
Monies Held in Trust*	534	372
Prepaid Revenue	25	34
Total Current	**559**	**406**
Total Other Liabilities	**559**	**406**
*** Total Monies Held in Trust**		
Represented by the following assets:		
Cash at Bank - Salary Packaging	393	306
Cash at Bank - Patient Funds	141	66
TOTAL	**534**	**372**

Note 5.3 Prepayments and Other Non-Financial Assets

CURRENT	2018 $'000	2017 $'000
Prepayments	169	109
Security Deposit	-	40
Accrued Revenue	200	1,565
TOTAL CURRENT OTHER ASSETS	**369**	**1,714**

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 5.4 Payables

	2018 $'000	2017 $'000
CURRENT		
Contractual		
Trade Creditors	760	573
Accrued Expenses	2,929	1,642
Other Payables	405	-
	4,094	**2,215**
Statutory		
GST Payable	332	36
Group Tax Payable	-	-
Child Support payable	-	-
	332	**36**
TOTAL CURRENT	**4,426**	**2,251**
TOTAL PAYABLES	**4,426**	**2,251**

Payables consist of:

- contractual payables, classified as financial instruments and measured at amortised cost. Accounts payable represent liabilities for goods and services provided to the Institutue prior to the end of the financial year that are unpaid;
- other payables, represent the funding received for Mental Health Advice and Response Service, and Aboriginal Mental Health Trainees that remain unused, and income received in advance; and
- statutory payables, that 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 contracts.

Note 5.4 Payables (continued)

(a) Payables and Borrowings Maturity Analysis

The following table discloses the contractual maturity analysis for the Institute'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			
2018	**Carrying Amount $'000**	**Nominal Amount $'000**	**Less than 1 Month $'000**	**1-3 Months $'000**	**3 months-1 Year $'000**	**1-5 Years $'000**
Financial Liabilities						
At Amortised Cost						
Payables	760	760	760	-	-	-
Accruals	2,929	2,929	2,929	-	-	-
Other Payables	405	405	-	-	405	-
Total Financial Liabilities [(i)]	**4,094**	**4,094**	**3,689**	**-**	**405**	**-**
2017						
Financial Liabilities						
At Amortised Cost						
Payables	573	573	573	-	-	-
Accruals	1,642	1,642	1,642	-	-	-
Total Financial Liabilities [(i)]	**2,215**	**2,215**	**2,215**	**-**	**-**	**-**

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

Note 6 How We Finance Our Operations

This section provides information on the sources of finance utilised by the Institute during its operations 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 Cash and Cash Equivalents
6.2 Commitments for Expenditure

Note 6.1 Cash and Cash Equivalents

	2018 $'000	2017 $'000
Cash on Hand	20	19
Cash at Bank	904	1,078
Deposits at Call - TCV	8,000	4,000
Total Cash and Cash Equivalents	**8,924**	**5,097**
Represented by:		
Cash for Health Service Operations	8,390	4,697
Cash for Monies Held in Trust		
Cash at Bank		
Cash at Bank - Salary Packaging	388	301
Cash on Hand - Salary Packaging	5	5
Cash at Bank - Patient Funds	129	66
Cash on Hand - Patient Funds	12	28
Total Cash and Cash Equivalents	**8,924**	**5,097**

Cash and cash equivalents recognised on the Balance Sheet comprise cash on hand and in banks, deposits at call and highly liquid investments (with an original maturity date 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.

Note 6.2 Commitments for Expenditure

(a) Commitments other than public private partnerships

	2018 $'000	2017 $'000
Other Expenditure Commitments		
Payable:		
Security Services	4,669	1,528
Meal Services	3,586	5,522
Recreational Services	147	540
Education - TAFE Services	255	733
Cleaning Services	1,289	1,991
Pharmacy Services	260	890
Pathology Services	21	108
Other	545	-
Total Other Expenditure Commitments	**10,772**	**11,312**
Operating Leases		
Commitments for Photocopiers	20	55
Commitments for Lease at Clifton Hill	2,162	266
Commitments for Lease at Northcote	-	57
Total Operating Lease Commitments	**2,182**	**378**
Total Commitments	**12,954**	**11,690**

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

Commitments for future expenditure include operating and capital commitments arising from contracts. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the Balance Sheet.

Operating lease payments, including any contingent rentals, are recognised as an expense in the Comprehensive Operating Statement on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased assets are not recognised in the Balance Sheet.

(b) Commitments payable

	2018 $'000	2017 $'000
Other Expenditure Commitments Payable		
Less than 1 year	5,438	5,800
Longer than 1 year but not longer than 5 years	5,334	5,512
5 years or more	-	-
Total Other Expenditure Commitments	**10,772**	**11,312**
Operating Lease Commitments Payable		
Commitments for Photocopiers are as follows		
– Less than 1 year	20	35
– Greater than 1 year but less than 5 years	-	20
Commitments for Lease at Clifton Hill are as follows		
– Less than 1 year	236	228
– Greater than 1 year but less than 5 years	944	38
– 5 years or more	982	
Commitments for Lease at Northcote are as follows		
– Less than 1 year	-	57
– Greater than 1 year but less than 5 years	-	-
Total Operating Lease Commitments	**2,182**	**378**
Total Commitments (Inclusive of GST)	**12,954**	**11,690**
Less GST Recoverable from the Australian Tax Office	(1,178)	(1,063)
Total Commitments (Exclusive of GST)	**11,776**	**10,627**

Note 7 Risks, Contingencies and Valuation Uncertainties

The Institute 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 Contingent Assets and Contingent Liabilities

Note 7.1 Financial Instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the Institute'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.*

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.

(a) Categorisation of financial instruments

2018	Contractual Financial Assets - Loans and Receivables $'000	Contractual Financial Liabilities at Amortised Cost $'000	Total $'000
Financial Assets			
Cash and Cash Equivalents	8,924	-	8,924
Receivables			-
- Trade Debtors	7,154	-	7,154
Total Financial Assets [(i)]	**16,078**	**-**	**16,078**
Financial Liabilities			
Payables	-	4,094	4,094
Total Financial Liabilities [(i)]	**-**	**4,094**	**4,094**

2017	Contractual Financial Assets - Loans and Receivables $'000	Contractual Financial Liabilities at Amortised Cost $'000	Total $'000
Contractual Financial Assets			
Cash and Cash Equivalents	5,097	-	5,097
Receivables			
- Trade Debtors	1,544	-	1,544
Total Financial Assets [(i)]	**6,641**	**-**	**6,641**
Financial Liabilities			
Payables	-	2,215	2,215
Total Financial Liabilities [(i)]	**-**	**2,215**	**2,215**

(i) The carrying amount excludes statutory receivables and statutory payables.

Note 7.2 Contingent Assets and Contingent Liabilities

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

There are no contingent assets or contingent liabilities to report for the financial year.

Note 8: Other Disclosures

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

Structure
8.1 Equity
8.2 Reconciliation of Net Result for the Year to Net Cash Flow from Operating Activities
8.3 Responsible Persons Disclosures
8.4 Remuneration of Executive Officer Disclosures
8.5 Related Parties
8.6 Remuneration of Auditors
8.7 Ex-gratia Payments
8.8 AASBs Issued that are not yet Effective
8.9 Events Occurring after the Balance Sheet Date
8.10 Economic Dependency
8.11 Alternative Presentation of Comprehensive Operating Statement

Note 8.1 Equity

	2018 $'000	2017 $'000
(a) Surpluses		
Property, Plant and Equipment Revaluation Surplus (i)		
Balance at the beginning of the reporting period	61,414	53,553
Revaluation Increment/(Decrements)		
- Land	-	7,861
- Buildings	2,437	-
Balance at the End of the Reporting Period*	**63,851**	**61,414**
* Represented by:		
- Land	52,279	52,279
- Buildings	11,573	9,135
	63,851	**61,414**
(b) Contributed Capital		
Balance at the beginning of the reporting period	34,139	34,139
Balance at the End of the Reporting Period	**34,139**	**34,139**
(c) Accumulated Surpluses/(Deficits)		
Balance at the beginning of the reporting period	(6,198)	(7,615)
Net Result for the Year	17,394	1,417
Balance at the End of the Reporting Period	**11,196**	**(6,198)**
(d) Total Equity at end of financial year	**109,186**	**89,355**

Equity Recognition

Contributed Capital

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

Property, Plant and Equipment Revaluation Surplus

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

Note 8.2 Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities

	2018 $'000	2017 $'000
Net result for the period	17,394	1,417
Non-cash movements:		
Depreciation and Amortisation	2,307	1,907
Grant Revenue paid by DHHS directly to 3rd parties for building works	(12,722)	(3,290)
Movements included in investing and financing activities		
Net (gain)/loss from disposal of non-financial physical assets	(11)	(8)
Movements in assets and liabilities:		
Change in operating assets and liabilities		
(Increase)/decrease in receivables	(6,003)	270
(Increase)/decrease in other assets	1,345	(1,589)
Increase/(decrease) in payables	2,175	(312)
Increase/(decrease) in provisions	1,648	4,367
Increase/(decrease) in other liabilities	153	(221)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	**6,285**	**2,541**

Note 8.3 Responsible Persons Disclosures

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

	Period
Responsible Ministers:	
The responsible Minister of the Victorian Institute of Forensic Mental Health during the reporting period was Martin Foley MLA, Minister for Mental Health	1/7/2017 - 30/6/2018
Governing Board Members	
The responsible persons (Board members) of the Institute at any time during the reporting period were:	
Chairperson	
- William Healy	1/7/2017 - 30/6/2018
Nominee of the Attorney-General	
- Cristea Mileshkin	1/7/2017 - 30/6/2018
Nominee of the Minister administering the Corrections Act 1986	
- Jennifer Roberts	1/7/2017 - 30/6/2018
Other Members	
- Andrew Buckle, OAM	1/7/2017 - 30/6/2018
- Greg Pullen	1/7/2017 - 30/6/2018
- Janet Farrow, OAM	1/7/2017 - 30/6/2018
- John Rimmer	1/7/2017 - 30/3/2018
- Julie Anderson	1/7/2017 - 30/6/2018
- Ruth Vine	1/7/2017 - 30/6/2018
- Sally Campbell	31/3/2018 - 30/6/2018
Chief Executive Officer, Victorian Institute of Forensic Mental Health (Accountable Officer)	
- Thomas Dalton	1/7/2017 - 30/6/2018

Remuneration of Responsible Persons

The Responsible Persons received remuneration for the financial year ended 30 June 2018. The number of Responsible Persons, excluding Ministers, whose total remuneration in connection with the affairs of 11 as shown in the following bands, were:

			Total remuneration 30 Jun 2018 No.	Total remuneration 30 Jun 2017 No.
$0	-	$9,999	8	6
$10,000	-	$19,999	2	3
$300,000	-	$309,999	1	1
Total number of responsible persons			**11**	**10**

	$'000	$'000
Total remuneration received, or due and receivable by Responsible Persons from the Institute for the financial period:	378	351

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

Note 8.4 Remuneration of Executive Officer Disclosures

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

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

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

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

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

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

Remuneration of Executive Officers **(Including Key Management Personnel disclosed in Note 8.5)**	**Total Remuneration**	
	2018 $'000	**2017 $'000**
Short - term employee benefits	1,445	1,423
Post - employment benefits	143	188
Other long - term benefits	61	63
Termination benefits	-	64
Total remuneration	**1,649**	**1,738**
Total number of executives [(i)]	**8**	**8**
Total annualised employee equivalent (AEE) [(ii)]	**8**	**8**

(i) The total number of executive officers include 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 8.5).

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

Note 8.5 Related Parties

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

- All key management personnel (KMP) and their close family members;
- Cabinet ministers (where applicable) and their close family members;
- All hospitals and public sector entities that are controlled and consolidated into the State of Victoria financial statements.

KMPs are those people with the authority and responsibility for planning, directing and controlling the activities of the Institute, directly or indirectly.

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

Entity	KMPs	Position Title
Victorian Institute of Forensic Mental Health	William Healy	Chair of the Board
Victorian Institute of Forensic Mental Health	Cristea Mileshkin	Board Member
Victorian Institute of Forensic Mental Health	Jennifer Roberts	Board Member
Victorian Institute of Forensic Mental Health	Greg Pullen	Board Member
Victorian Institute of Forensic Mental Health	Ruth Vine	Board Member
Victorian Institute of Forensic Mental Health	John Rimmer	Board Member
Victorian Institute of Forensic Mental Health	Janet Farrow, OAM	Board Member
Victorian Institute of Forensic Mental Health	Andrew Buckle, OAM	Board Member
Victorian Institute of Forensic Mental Health	Julie Anderson	Board Member
Victorian Institute of Forensic Mental Health	Sally Campbell	Board Member
Victorian Institute of Forensic Mental Health	Tom Dalton	Chief Executive Officer
Victorian Institute of Forensic Mental Health	Danny Sullivan	Executive Director, Clinical Services
Victorian Institute of Forensic Mental Health	Ian Holland	Executive Director, Finance & Business Services
Victorian Institute of Forensic Mental Health	James Ogloff, AM	Executive Director, Psychological Services and Research
Victorian Institute of Forensic Mental Health	Jonathan Norton	Executive Director, Community Operations & Strategic Development
Victorian Institute of Forensic Mental Health	Les Potter	Executive Director, Inpatient Operations
Victorian Institute of Forensic Mental Health	Ryan Dube	Executive Director, Prison Operations
Victorian Institute of Forensic Mental Health	Louise Bawden	Lead, Ravenhall Correctional Project
Victorian Institute of Forensic Mental Health	Wendy McManus	Executive Director, Human Resources

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.

	Consol'd 2018 $'000	Consol'd 2017 $'000
Compensation - KMPs		
Short-term Employee Benefits	1,790	1,743
Post-employment Benefits	175	219
Other Long-term Benefits	61	127
Termination Benefits	-	-
Total	**2,026**	**2,089**

There were no payments between Forensicare and any cabinet ministers, portfolio ministers of the board members or senior management other than salaries and wages.

Note that KMPs are also reported in the disclosure of remuneration of executive officers (Note 8.4).

Significant Transactions with Government Related Entities

The Institute received funding from the Department of Health and Human Services of $58m (2017: $49m) and indirect contributions of $14m (2017: $3m).

The Institute received funding from the Department of Justice and Regulation of $35m (2017: $18m).
Expenses incurred by the Institute in delivering services and outputs are in accordance with Health Purchasing Victoria requirements. Goods and services including procurement, diagnostics, patient meals and multi-site operational support are provided by other Victorian Health Service Providers on commercial terms.

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

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

Transactions and balances with KMPs and other related parties

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

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

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

There were no related party transactions required to be disclosed for the Institutes Board of Directors and Executive Directors in the 2018 financial year.

Note 8.6: Remuneration of Auditors

	2018 $'000	2017 $'000
Victorian Auditor-General's Office		
Audit of financial statements	36	30

	2018 $'000	2017 $'000
Other Providers		
Other non-audit services - internal audit review	62	49

Note 8.7 Ex-gratia Payments

	2018 $'000	2017 $'000
The Institute has made the following ex-gratia expenses:		
Forgiveness or waiver of debt		
Compensation for economic loss	21	30
Property damage payments		
Total ex-gratia payments	**21**	**30**

Includes ex-gratia for both individual items and in aggregate that are greater than or equal to $5,000.

Note 8.8 AASBs Issued that are not yet Effective

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

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

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 Financial Instruments	The key changes introduced by AASB 9 include 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 initial application of AASB 9 is not expected to significantly impact the financial position of the Institute.
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015 8 Amendments to Australian Accounting Standards – Effective Date of AASB 15 has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017.	1 Jan 2018	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications. As the Institute receives funding tied to meeting performance obligations this is likely to impact the revenue recognition of the Institute. The impact is still to be assessed.
AASB 2016-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15	This Standard defers the mandatory effective date of AASB 15 from 1 January 2018 to 1 January 2018.	1 Jan 2018	This amending standard will defer the application period of AASB 15 for for-profit entities to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities	This standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.	1 Jan 2019	This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019-20 reporting period.
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet which has an impact on net debt.	1 Jan 2019	The assessment has indicated that most operating leases, with the exception of short term and low value leases will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability. In the operating statement, the operating lease expense will be replaced by depreciation expense of the asset and an interest charge. There will be no change for lessors as the classification of operating and finance leases remains unchanged. This is not expected to impact the Institute.

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 1058 Income of Not-for-Profit Entities	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. The restructure of administrative arrangement will remain under AASB 1004.	1 Jan 2019	The current revenue recognition for grants is to recognise revenue up front upon receipt of the funds. This may change under AASB 1058, as capital grants for the construction of assets will need to be deferred. Income will be recognised over time, upon completion and satisfaction of performance obligations for assets being constructed, or income will be recognised at a point in time for acquisition of assets. The revenue recognition for operating grants will need to be analysed to establish whether the requirements under other applicable standards need to be considered for recognition of liabilities (which will have the effect of deferring the income associated with these grants). Only after that analysis would it be possible to conclude whether there are any changes to operating grants. The impact on current revenue recognition of the changes is the phasing and timing of revenue recorded in the profit and loss statement. The impact of this standard is still to be assessed.

Note 8.9 Events Occurring after the Balance Sheet Date

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the Institute 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 are no events occurring after the Balance Sheet Date.

Note 8.10 Economic Dependancy

Economic Dependency

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

Note 8.11 Alternate Presentation of Comprehensive Operating Statement

	Note	2018 $'000	2017 $'000
Interest and Dividends	2.1	202	122
Grants			
Operating	2.1	88,698	67,052
Capital	2.1	17,737	3,729
Other Income			
Other Income	2.1	640	1026
Revenue from Transactions		**107,277**	**71,929**
Operating Expenses			
Employee Benefits	3.1	(72,973)	(56,716)
Contracted Staff Costs	3.1	(1,453)	(823)
Medicines, Drugs and Diagnostics	3.1	(1,536)	(942)
Property Maintenance and Contracts	3.1	(7,700)	(6,713)
Other Expenses	3.1	(4,246)	(3,248)
Depreciation and Amortisation	4.2	(2,307)	(1,907)
Expenses from Transactions		**(90,215)**	**(70,349)**
Net Result from Transactions		**17,062**	**1,580**
Other Economic Flows Included in Net Result			
Net Gain/(Loss) on Non-Financial Assets	4.3	11	8
Revaluation of Long Service Leave	3.1	321	(171)
Total Other Economic Flows Included in Net Result		**332**	**(163)**
Net Result from Continuing Operations		**17,394**	**1,417**
NET RESULT FOR THE YEAR		**17,394**	**1,417**
Other Comprehensive Income			
Items That Will Not Be Reclassified to Net Result			
Changes in Physical Asset Revaluation Surplus	4.1(b)	2,437	7,861
Total Other Comprehensive Income		**2,437**	**7,861**
Comprehensive Result		**19,831**	**9,278**

This alternative presentation reflects the format required for reporting to the Department of Treasury and Finance, which differs to the disclosures of certain transactions, in particular revenue and expenses, in the hospital's annual report.

Disclosure index

Forensicare's annual report is prepared in accordance with all relevant Victorian legislation. This index has been prepared to help identify the Forensicare's compliance with statutory disclosure requirements.

Legislation	Requirement	Page reference
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FRD 22H	Manner of establishment and the relevant ministers	5, 14
FRD 22H	Purpose, functions, powers and duties	14
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FRD 22H	Nature and range of services provided	6-9
Management and structure		
FRD 22H	Organisational structure	20
Financial and other information		
FRD 10A	Disclosure index	120
FRD 11A	Disclosure of ex gratia expenses	115
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FRD 22H	Application and operation of *Protected Disclosure Act* 2012	48
FRD 22H	Application and operation of *Carers Recognition Act* 2012	48
FRD 22H	Application and operation of *Freedom of Information Act* 1982	48
FRD 22H	Compliance with building and maintenance provisions of *Building Act* 1993	48
FRD 22H	Details of consultancies over $10,000	50
FRD 22H	Details of consultancies under $10,000	50
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FRD 22H	Subsequent events	n/a
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FRD 22H	Additional information available on request	49
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Glossary

Acute Assessment Unit	A 16-bed unit at the Melbourne Assessment Prison. Currently closed for refurbishment – estimated to re-open in August 2018.
Aire Unit	A 25-bed acute unit at Ballerrt Yeram-boo-ee (Ravenhall Correctional Centre).
Area Mental Health Services	Clinical services provided by general health facilities within geographically defined catchment areas, with a focus on assessing and treating people with a mental illness.
Argyle Unit	A 15-bed male acute unit at Thomas Embling Hospital.
Atherton Unit	A 15-bed male acute unit at Thomas Embling Hospital.
Ballerrt Yeram-boo-ee	The forensic mental health service at Ravenhall Correctional Centre (incorporating bed-based services and outpatients).
Barossa Unit	A 10-bed female acute/subacute unit at Thomas Embling Hospital.
Bass Unit	A 20-bed male subacute unit at Thomas Embling Hospital.
Board	The governing body of the Victorian Institute of Forensic Mental Health, established by the *Mental Health Act* 2014, replacing the previously designated council.
Canning Unit	A 20-bed male rehabilitation unit at Thomas Embling Hospital.
Centre for Forensic Behavioural Science	An independent research Centre of Swinburne University of Technology that works in partnership with Forensicare to undertake research.
Chief Psychiatrist	Statutory position under the *Mental Health Act* 2014 responsible for professional standards and clinical practice in mental health services in Victoria.
Client	A person receiving care or treatment from Forensicare's Community Forensic Mental Health Service.
Community Forensic Mental Health Service	The service arm of Forensicare that is responsible for delivering community-based programs.
Compulsory patient	A person who is subject to an assessment order, a temporary treatment order or a treatment order under the *Mental Health Act* 2014.
Compulsory treatment	The treatment of a person for their mental illness without their consent under the *Mental Health Act* 2014.
Consumer	A person who uses the services of Forensicare.
Consumer consultant	Employees of Forensicare with a lived experience of mental illness employed to advocate in a systemic way for consumers and ensure their views are reflected in our work.
Corrections Victoria	A business unit of the Department of Justice and Regulation – the Victorian Government agency responsible for state-managed prisons and community-based corrections.
Crimes (Mental Impairment and Unfitness to be Tried) Act 1997	Legislation that creates the system where people are found 'unfit to plead' or 'not guilty by reason of mental impairment', how they are treated under the *Mental Health Act* 2014 and released and supervised in the community.

Custodial supervision order	An order made under the *Crimes (Mental Impairment and Unfitness to be Tried) Act* 1997 by a court following a finding that a person is permanently unfit to plead or not guilty by reason of mental impairment. The order commits the person to custodial supervision at Thomas Embling Hospital for an indefinite period.
Daintree Unit	A 20-bed mixed gender rehabilitation unit at Thomas Embling Hospital.
Dame Phyllis Frost Centre	The main prison for women in Victoria that is managed by Corrections Victoria. Forensicare provides the Marrmak service with 20 beds and some outpatient services at the prison.
Department of Health and Human Services	The Victorian Government Department responsible for providing mental health and through which Forensicare reports to the Minister for Mental Health.
Department of Justice and Regulation	The Victorian Government Department responsible for the criminal justice system (including prisons, courts and community corrections).
Early Intervention Support Team	A team at Thomas Embling Hospital designed to support staff in the acute units by providing additional nursing staff on the floor to assist with clinical and therapeutic engagements with patients and provide early intervention and de-escalation to reduce the risk of violence and aggression.
EFT	Equivalent full-time staffing position.
Erskine Unit	A 30-bed subacute unit at Ballerrt Yeram-boo-ee at Ravenhall Correctional Centre.
Extended leave	Court order where a person detained on a custodial supervision order can live in the community for 12 months.
Forensic patient	A person detained under the *Crimes (Mental Impairment and Unfitness to be Tried) Act* 1997 or placed on a custodial supervision order under this legislation.
Forensicare Serious Offender Consultation Service	This program aims to support Community Correctional Services and mental health services in managing individuals who have a serious mental illness/disorder and complex needs, including a history of serious violent or sexual offending.
GEO Group	Private company that operates the Ravenhall Correctional Centre as well as Fulham Prison in Victoria under contracts with Corrections Victoria.
G4S	Private company that operates Port Phillip Prison under contract with Corrections Victoria.
Inpatient	A person who is admitted to Thomas Embling Hospital for care and treatment.
Inpatient episodes	An episode of inpatient care that started and finished within a specific period.
Jardine Unit	A 16-bed mixed-gender rehabilitation unit at Thomas Embling Hospital, outside the secure wall.

Justice Health	The business unit of the Department of Justice and Regulation that is responsible for contract management and oversight of health and mental health services in prisons and Youth Justice Centres.
Marrmak Unit, Dame Phyllis Frost Centre	The specialised mental health program developed at Dame Phyllis Frost Centre comprising a 20-bed residential program (operated by Forensicare with 24-hour psychiatric nursing staffing), an intensive outreach program and a therapeutic day program for women with personality disorders.
Melbourne Assessment Prison	The state reception prison for men that is managed by Corrections Victoria. Forensicare provides forensic mental health services at the Melbourne Assessment Prison under a contractual arrangement with the Department of Justice and Regulation.
Metropolitan Remand Centre	A maximum security remand prison managed by Corrections Victoria. Forensicare provides the Mobile Forensic Mental Health Service at the Metropolitan Remand Centre.
Mental health community support services	Non-clinical not-for-profit services that focus on activities and programs that help people manage their own recovery and maximise their participation in community life.
Mobile Forensic Mental Health Service	The multidisciplinary mobile service based at the Metropolitan Remand Centre. It is part of Forensicare's prison services.
Moroka Unit	A 10-bed unit that provides a specialist service for people with complex and challenging behaviours at Ballerrt Yeram-boo-ee, Ravenhall Correctional Centre.
Non-custodial supervision order	An order made by a court following a finding that a person is permanently unfit to plead or not guilty by reason of mental impairment. The order allows the person to live in the community subject to conditions set by the court, including participating in treatment by an Area Mental Health Service. Forensicare supervises all adult clients with a mental illness on these orders in Victoria.
Occupied bed days	Total number of patients in Thomas Embling Hospital in a given period.
Primary consultation	Direct individual assessment and service to a client or patient.
Post Sentence Authority	The agency set up to oversee the services provided to people under supervision on post-sentence orders under the *Serious Sex Offenders Detention and Supervision Act* 2009.
Ravenhall Correctional Centre	A medium security men's prison opened in 2017 to accommodate 1,000 prisoners. Forensicare provides a bed-based service and outpatient clinics.
Recovery	A contemporary approach to mental health care based on individualised care that focuses on strengths, hope, consumer choice and social inclusion.
Seclusion episodes	A single event of sole confinement of a patient to address imminent and immediate harm to self or others.
Secondary consultation	Clinical advice to another service on an identified client or patient.
Secure extended care unit	Unit that provides medium- to long-term inpatient treatment and rehabilitation for people who have unremitting and severe symptoms of a mental illness or disorder. These units are located in Area Mental Health Service settings.

Secure psychiatric intensive care unit	The new eight-bed unit at Thomas Embling Hospital that is scheduled to open in 2019, and now to be known as Apsley Unit.
Security patient	A person who is placed on either a secure treatment order under the *Mental Health Act* 2014 or on a court secure treatment order under the *Sentencing Act* 1991 and detained in Thomas Embling Hospital (prisoners transferred to Thomas Embling Hospital typically return to prison once treated).
Separation/ discharge	The completion of an episode of care when the patient/client leaves a service or program.
Statement of Priorities	The annual planning document detailing Forensicare's deliverables and key performance indicators that is agreed between the board and the Minister for Mental Health.
St Paul's Unit	A 30-bed psycho-social rehabilitation unit at Port Phillip Prison.
Tambo Unit	A 10-bed program with purpose-built cottage-style accommodation for prisoners transitioning from prison to the community. It is located at Ballerrt Yeram-boo-ee, Ravenhall Correctional Centre.
Thomas Embling Hospital	Forensicare's 116-bed secure inpatient facility.
Victorian Fixated Threat Assessment Centre (VFTAC)	A statewide service jointly staffed by a team of senior forensic mental health clinicians and senior police officers. VFTAC deals specifically with fixated individuals and grievance-fuelled lone actors, many of whom have a major mental illness or current mental health needs.

VICTORIA

Forensicare