



**The Royal Victorian
Eye & Ear Hospital**
caring in every sense

ANNUAL REPORT 2010-2011

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EYE | EAR | NOSE | THROAT

Chair and CEO Report

This financial year has seen The Royal Victorian Eye and Ear Hospital move into an exciting phase of planning for a redevelopment. The year has also seen the hospital continue clinical training and ground-breaking research to ensure it maintains its reputation as a world leader in specialised eye, ear, nose and throat care.

Caring for Victoria

With demand for the Eye and Ear's services continuing to grow, the hospital cared for 182,895 outpatients, 13,247 inpatients and 47,551 emergency patients this year. As a state-wide provider, the hospital also cared for patients through its network of metropolitan, regional and rural health partners.

Planning for the Future

The hospital is planning a redevelopment to accommodate increasing patient numbers in a specialised environment, ensure innovation in service delivery continues and further the hospital's leadership role in eye and ear health teaching and research.

In collaboration with the Department of Health, the final Business Case for the project is being developed. This includes the benefits of the redevelopment and the impact on current service provision, as well as reinforcing the benefits of integrating clinical care, teaching and research.

The hospital has commenced restoration of a historic offsite hospital building – the ENSOR building on Victoria Parade. On completion, this will provide office space for non-clinical operational staff requiring relocation during redevelopment.

Service Excellence

The hospital constantly strives to apply new and effective models of care, invest in research and training and share our knowledge to improve eye and ear health.

The Strategic Plan 2010-2013 was endorsed by Victorian Minister for Health and Ageing, The Hon David Davis MP this year. It outlines the priorities that will support the hospital to realise its vision and ensure processes are aligned with federal and state health policy objectives.

This year, the Executive team initiated a large, complex and interrelated program of works, aimed at delivering better patient experience. The success of this program requires coordination, consultation and communication and will be overseen by an Executive seconded from normal duties for a period of six months.



J P Boxall

Jan Boxall
Board Chair



A Clark

Ann Clark
Chief Executive Officer

The program of works, now grouped together and known as the Hospital Improvement Program (HIP) will streamline the hospital's general eye and cataract models of care, improve new patient access to outpatients, support better care and decision making in the Emergency Department and roll out improvements to the hospital's clinical IT system. The Hospital has also engaged with the Australian College of Optometry to assist in the advanced triage of new patients.

Accreditation

The Eye and Ear had its organisation-wide review by the Australian Council on Healthcare Standards in December 2010 and was fully accredited for four years. The hospital was awarded 13 extensive achievements and one outstanding achievement.

The hospital also received a Department of Health grant for 'Evaluating Effectiveness of Participation' to develop an education tool on consumer participation and has developed a Disability Action Plan and a Cultural Diversity Plan.

The hospital's Aboriginal Pathway Patient Co-ordinator continued to provide a crucial link between Aboriginal and Torres Strait Islander patients, Aboriginal Health Services and the community.

Research Collaboration

Collaboration with our research partners is invaluable to the eye and ear health of Australia. In particular, our partnerships with the Centre for Eye Research Australia (CERA), University of Melbourne, La Trobe University, the Bionics Institute and HEARing CRC continue to be at the core of our work. We would also like to acknowledge and thank the generosity of our patients who take part in this ground breaking research.

Significant research projects this year include, the development of the bionic eye, a new laser treatment which may prevent the onset of Macular Degeneration and a series of studies looking at making eyes less sensitive to the pressure effects of glaucoma. The hospital has also continued to support the Indigenous ear health program in the Northern Territory, working with Northern Territory Health to deliver early detection and intervention services.

Awards and Acknowledgements

The Board Chair and CEO would like to thank Board Members, clinicians, volunteers and all staff for their commitment and passion, and to congratulate those who have been recognised by the Eye and Ear or in the community for their dedication. A special thank you to Ms Katerina Angelopoulos and Ms Natalie Savin for their contribution during their time on the Board of Directors. We welcome two new members, Dr Malcolm Brown and Dr Sandra Mercer Moore AM.

This year, the Peter Howson Deafness Fellowship in the field of hearing science was announced. It is jointly funded by the hospital and the Deafness Foundation and aims to support important, innovative clinical and scientific research with the potential to directly benefit patients with deafness.

The hospital and Latrobe University also announced a jointly funded postgraduate, higher degree research scholarship in honour of Associate Professor Zoran Georgievski who passed away suddenly this year. The scholarship reflects the commitment Zoran exemplified in bringing together the worlds of clinical care and academia to improve the quality of each.

This year the hospital farewelled Professor Rasik Vajpayee who takes up the position of Professor and Head of Cornea and Refractive Surgery at the All India Institute of Medical Sciences in New Delhi.

Thank you

The hospital is sincerely grateful to its financial donors, volunteers and community advisory members for their generosity.

In accordance with the Financial Management Act 1994, the hospital is pleased to present the Report of Operations for The Royal Victorian Eye and Ear Hospital for the year ending 30 June 2011.

Board of Directors

Ms Jan Boxall LLB FAICD

Appointed 1 July 2008, term expires 30 June 2011

Chair: Board of Directors, Remuneration Committee

Member: Audit Committee, Board Redevelopment Feasibility Committee, Finance Committee, Quality Committee

Ms Boxall is an independent legal consultant, having been a partner at the national law firm, Corrs Chambers Westgarth where she advised clients in the property and infrastructure, health, statutory corporations and government sectors. She is a member of the Board of Directors of City West Water and Queen Victoria Market. Ms Boxall is a Fellow of the Australian Institute of Company Directors and a past Chair of the Board of Cabrini Hospital Group.

Ms Katerina Angelopoulos BSw Dip Wel Studies

Appointed 28 March 2006, reappointed 1 July 2008, term expires 30 June 2011

Member: Community Advisory Committee

Until December 2010 Ms Angelopoulos was Chair of Merri Community Health Service (MCHS) which provides public health care services to a diverse population of around 500,000 in the Northern Metropolitan Melbourne. Ms Angelopoulos is also a member of a number of community committees contributing to the promotion of health and wellbeing, including the local YMCA and Ethnic Communities Council. Ms Angelopoulos was recently appointed to the University of Notre Dame School of Medicine Advisory Committee.

Mr Roger Greenman AM

Appointed 1 July 2009, term expires 30 June 2012

Chair: Quality Committee, Board Redevelopment Feasibility Committee

Member: Finance Committee, Remuneration Committee

Mr Greenman is the immediate past Chief Executive Officer and former Board member of Cabrini Health. He has an acute health background with considerable experience in hospital construction and redevelopment.

Mr Timothy O'Leary Dip. Welfare Stud. MBA

Appointed 1 July 2003, reappointed 1 July 2006, reappointed 1 July 2009, term expires 30 June 2012

Chair: Primary Care and Population Health Advisory Committee

Member: Board Redevelopment Feasibility Committee

Mr O'Leary has extensive experience in health and human services as Chief Executive Officer, Senior Executive, Program, Policy and Project Manager and Consultant in acute, community, aged and mental health, local government, education and information technology. He has been a Board member of a range of organisations.

Mr Ian Pollerd B.Ed (Bus) E.Ed (Admin), Grad Dip Ed Admin, Dip Crim, MAICD

Appointed 1 July 2007, reappointed 1 July 2010, term expires 30 June 2013

Member: Audit Committee, Community Advisory Committee, Quality Committee, Primary Care and Population Health Advisory Committee

Mr Pollerd has extensive experience in rural health, disability services, aged care, palliative care and family and community services. He is Manager of the Office of the National Health Practitioner Ombudsman and Privacy Commission and is a member of the Australian Institute of Company Directors. Mr Pollerd was also previously a member of the Board of Governance Connections Uniting Care, the Chinese Medicine Registration Board of Victoria and Southern Metropolitan Cemeteries Trust.

Mr Andrew Porter MA (Hons), FCA

Appointed 1 July 2009 to 30 June 2011

Chair: Finance Committee

Member: Board Redevelopment Feasibility Committee, Remuneration Committee

Mr Porter is a Chartered Accountant and has had over 20 years' experience in accounting and financial management. He is currently Chief Financial Officer of the ASX-listed companies Australian Foundation Investment Company Ltd, Djerriwarrh Investments Ltd, Mirrabooka Investments Ltd and AMCIL Ltd, and is a member of the User Focus Group of the Australian Accounting Standards Board.

Ms Natalie Savin BA, M Policy & Law

Appointed 1 July 2009 to 30 June 2011

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

From 2000 until June 2009, Ms Savin was a member of the Board of Dental Health Services Victoria, and Chair from 2006. She has worked extensively in human services management within local and state government and the community sector. During the reporting period, Ms Savin retired from her role as Chief Executive Officer of Arthritis Victoria and more recently has been Interim Chief Executive of the Council to Homeless Persons.

Mr John Wilson BCom(Hons), CPA, FFin

Appointed 3 March 2009, reappointed 1 July 2010, term expires 30 June 2013

Chair: Audit Committee

Member: Board Redevelopment Feasibility Committee, Finance Committee, Remuneration Committee

Mr Wilson has extensive experience in management, securities, accountancy and corporate risk. He was formerly a senior executive and Board member at Potter Warburg and from 2003 to 2005 he was the Managing Director of Tolhurst Group Limited. Mr Wilson has worked for PricewaterhouseCoopers as a Director in corporate finance and lectured in accountancy at the University of Melbourne. Mr Wilson is also a member of the Council of the University of Melbourne.

Mr Mike Zafiropoulos AM, JP, LP, BAppSc, AssDip Computer Science

Appointed 1 July 2003, reappointed 1 July 2006, reappointed 1 July 2009, term expires 30 June 2012

Chair: Community Advisory Committee

Member: Remuneration Committee

Mr Zafiropoulos has extensive experience in the areas of community development, local government, philanthropy, arts and culture, and media. He previously held executive positions at the Bureau of Immigration and Population Research, at the Department of Immigration, and between 1995 and 2007 was the General Manager of SBS in Melbourne. Mr Zafiropoulos serves on the board of The Lord Mayor's Charitable Foundation and chairs the Boards of Channel 31, and the Fronditha Care. He is a former Mayor of Fitzroy.

Board of Directors and Board Committees

The Board of Directors is appointed by the Governor in Council on the recommendation of the Victorian Minister for Health and Ageing, and is governed by the principles contained within the Health Services Act 1988 (as amended). The Board provides governance of the Eye and Ear and is responsible for its financial performance, strategic directions, the quality of its health care services and strengthening community involvement through greater partnerships.

The Eye and Ear by-laws enable the Board to delegate certain responsibilities. The by-laws are supported by the delegations of executive and operational responsibility enabling designated executives and staff to perform their duties through the exercise of specified authority. The Board meets monthly during the year, excluding January.

Finance Committee

The Finance Committee membership comprises the following non-executive directors: Mr Andrew Porter (Chair), Ms Jan Boxall, Mr Roger Greenman AM and Mr John Wilson

The Finance Committee meets at least every two months and assists the Board to fulfil its duties relating to the financial management of the Eye and Ear and regularly advises the Board about the financial position of the hospital and major projects. It reviews the annual operating and capital budgets and makes recommendations on financial policy. All the Finance Committee members are independent of Management.

Audit Committee

The Audit Committee membership comprises the following non-executive directors: Mr John Wilson (Chair), Ms Jan Boxall, Mr Ian Pollard and Ms Natalie Savin

The purpose of the Audit Committee is to ensure the integrity of financial reports and review the Eye and Ear's process for monitoring compliance with laws, regulation, internal controls and standards, and best practice guidelines in public sector probity and accountability. In 2010-11, the Audit Committee oversaw a number of internal audits which reviewed the hospital's internal controls and financial processes.

Board Redevelopment Feasibility Committee

The Board Redevelopment Feasibility Committee membership comprises the following non-executive directors: Mr Roger Greenman AM (Chair), Ms Jan Boxall, Mr Timothy O'Leary, Mr Andrew Porter and Mr John Wilson

The Board Redevelopment Feasibility Committee meets bi-monthly to provide regular, ongoing advice to the Board on the capital redevelopment of the Eye and Ear, represents the Board's oversight of the planning and business case for the redevelopment of the hospital and ensures its alignment with the hospital's strategic direction.

Remuneration Committee

The Remuneration Committee membership comprises the following non-executive directors: Ms Jan Boxall (Chair), Mr Roger Greenman AM, Mr Andrew Porter, Mr John Wilson and Mr Mike Zafiropoulos AM

The Remuneration Committee assesses and makes recommendations to the Board concerning performance against the agreed Performance Plan; remuneration and bonus awards (if applicable); and terms and conditions of employment for the Chief Executive Officer. It also provides oversight of the remuneration and bonus arrangements (if applicable) of the Executive Directors of the hospital.

Quality Committee

The Quality Committee membership comprises the following non-executive directors: Mr Roger Greenman AM (Chair), Ms Jan Boxall and Mr Ian Pollerd

The Quality Committee provides leadership and strategic direction on issues regarding the quality of services at the Eye and Ear. The Committee's focus is to foster innovation to improve quality and safety systems and processes to ensure the provision of high standards of care. The Committee works in conjunction with the Community Advisory Committee to develop the annual Quality of Care Report which highlights patient and family-centred care service improvements.

Community Advisory Committee

The Community Advisory Committee membership comprises the following non-executive directors: Mr Mike Zafiropoulos AM (Chair), Ms Katerina Angelopoulos and Mr Ian Pollerd

The Community Advisory Committee advises the Board on consumer and community participation in the development and delivery of services. The Committee meets bi-monthly and members include community, consumer and carer representatives who are appointed for a two-year term.

Primary Care and Population Health Advisory Committee

The Primary Care and Population Health Advisory Committee membership comprises the following non-executive directors: Mr Timothy O'Leary (Chair), Mr Ian Pollerd and Ms Natalie Savin.

The Primary Care and Population Health Advisory Committee provides advice to the Board on working with primary health services and responding to population health issues. The Committee meets quarterly and in 2009-10 membership included representatives from community groups, partner organisations and consumer representation. This year's highlights were the implementation of a Primary Care and Population Health Advisory Committee Plan, including Aboriginal and Torres Strait Islander health and GP liaison initiatives.

Executive Management

Chief Executive Officer

Ms Ann Clark BCom, CA, GAICD

The Chief Executive Officer is accountable to the Board for executive leadership and management of operational, policy, and strategic goals agreed with the Board and in accordance with the funding, planning and regulatory framework of the Victorian Government Department of Health.

Executive Director Ophthalmology Services

Mr David Lau BPharm, MClinPharm, FSHP, MRPharmS

*Seconded to Hospital Improvement Program
18 April 2011 – 30 June 2011*

*Ms Tracy Siggins acting in the role from
18 April 2011 – 30 June 2011*

The Executive Director Ophthalmology Services is responsible for the coordination of ophthalmic care, outpatients, emergency, orthoptics, medical photography, pharmacy, pathology, radiology, social work, transport, interpreting, switchboard and satellite services.

Clinical Director Ophthalmology Services

Dr Michael Coote MBBS, FRANZCO, GAICD

The Clinical Director Ophthalmology Services is responsible for ophthalmic clinical and medical leadership. The role advises on models of care in Ophthalmology that are sustainable and lead to excellence.

Executive Director ENT Services and Clinical Support, Chief Nursing Officer

Ms Jenni Bliss General Nursing, Grad Dip, Advanced Clinical Practice Paediatrics and Professional Certificate in Health Systems Management

The Executive Director ENT Services and Clinical Support is responsible for the ear, nose and throat and clinical services of the Eye and Ear including surgical services and inpatient services. As Chief Nursing Officer, the role also has professional responsibility for nursing staff.

Clinical Director ENT Services and Clinical Support

Dr Peter J Read MBBS, FFARCS

The Clinical Director ENT Services and Clinical Support provides clinical and medical leadership; advice on models of care to support clinical excellence in ear, nose and throat; and surgical support services.

Executive Director Medical Services, Chief Medical Officer

Dr Caroline Clarke MD, FRACP, MRCP

The Executive Director, Medical Services leads the development and implementation of a central framework for clinical governance and medical administration. As Chief Medical Officer, the role requires key involvement in the recruitment, credentialing and scope of practice of senior medical staff and provides leadership in medical staff relations and clinical quality and safety.

Executive Director Corporate Services, Chief Financial Officer

Mr Peter Gould BBus, PGradDipSIA, FCPA, FFin

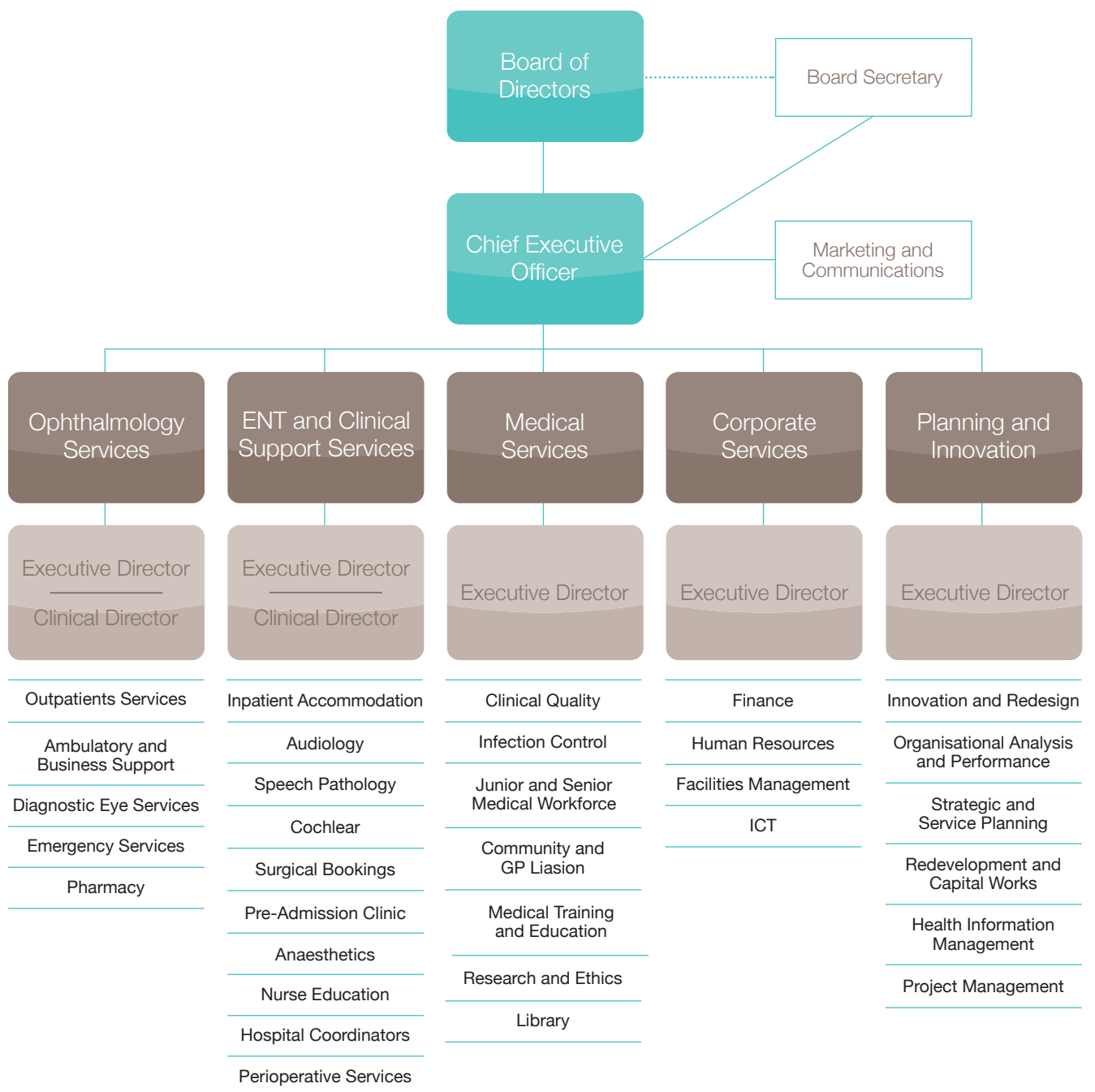
The Executive Director Corporate Services is responsible for the management of corporate services, which includes, Financial Services, ICT, Human Resources and Facilities Management.

Executive Director Planning and Innovation

Ms Jenni Gratton-Vaughan BAppSc, GradDipRehabStud, MBus

The Executive Director Planning and Innovation has overarching responsibility for capital redevelopment of the Eye and Ear and future strategy regarding health service delivery. The role also involves establishing and implementing a comprehensive organisation-wide performance monitoring system, knowledge management and redesigning care principles across all systems and processes to enable efficiencies in patient care.

Organisational Chart



Our Donors and Supporters

Donors and Supporters

The Eye and Ear is grateful for the continued support of our donors, ambassadors and volunteers.

The financial donations we receive enable us to purchase state-of-the-art equipment, upgrade our facilities and continue research into new treatments, all of which greatly benefit our patients.

Gratitude is also extended to those who have expressed their intent to support us through a bequest and those who have left a legacy to help us continue to improve care and treatment for those living with vision and hearing loss.

A significant bequest from Ernest Wagstaff received in 1996, established major research fellowships in Ophthalmology and Otolaryngology. Wagstaff Fellows during 2010-11 are:

Wagstaff Fellows in Ophthalmology

Associate Professor Ian Trounce PhD for study into improving ocular health in ageing by optimising mitochondrial function.

Wagstaff Fellows in Otolaryngology

Associate Professor Gary Rance PhD for study of auditory neuropathy in patients with neurodegenerative disease.

Listed below are our Major Donors, Bequestors, Corporate and Community Supporters:

Trust and Foundations

State Trustees Australia Foundation

- Bruce Leslie Powell
- Jessie Ross

Major Donors

Theodora Adamopoulos

Malcolm Anderson

Glen Annetts

Keith Bailey

Alexander Dean

Elizabeth Donovan

Zelman Elton

Miriam Faine

Brian Goddard

Harold and Margaret Jarvis

Catherine King

Richard Kwiatkowski

Douglas S McLean

Raymond Mellick

Richard Muirden

Brian Murray

Herbert Palmer

Graeme Seabrook

Greg Shalit

Margery E Snowball

Margorie Todd

David and Fiona Walker

Suzanne Wright

Bequests and Estates

Vera Clarice Adams Testamentary Trust

Estate of the late John Anderson

Estate of Dr Mark Ashkenasy

Estate of Charlotte Teresa Barrell

Estate of Leslie Robert Buckeridge

Lachlan Ronald Burrows

Dorothy Sarah Caffyn

Estate of Jean Mary Catford

The Erica Cromwell Trust

Estate of the late Alfred Herman William Dehnert

Rudolph Hally and Pia Martin Memorial Trust

The William and Mary Ievers and Sons Maintenance Fund

Edna May Kerr

The Joseph Kronheimer Charitable Fund

Peter William Lane

The Martha Miranda Livingstone Fund

Joseph and Kate Levi Charitable Trust

Eva Orloff

George Thomas and Lockyer Potter Charitable Trust

Estate of Lorna M Price

Traian Purza

Maurice and Winifred Redding

William Hall Russell Trust Fund

Heather Sybil Smith Estate

Jessie Isobel Wall

Eliza Wallis Charitable Trust

Ernest and Letitia Wears' Memorial Trust Fund

Joe White Bequest

Isla Mary Wood

The John Frederick Wright Trust

Harry Yoffa Charitable Fund

Corporate Supporters

ANZ Trustees

E.P.Johnson & Davies

Equity Trustees Limited

Perpetual Trustees

State Trustees Limited

The Trust Company Limited

Zouki

Community Supporters

Ballarat Combined Charities Shop

Banyule Support and Information Centre Inc

Beaufort Friends

Frankston Friends

Giovanni and Beatrice Iacobucci

Lions Club of Box Hill

Lions Club of Karingal

Lions Club of Melbourne Chinese

Malta Star of the Sea Inc.

Ritchies Stores

The Federation of Elderly Chinese Association of Victoria Inc.

Victorian Lions Foundation Inc.

Volunteers

The hospital is fortunate to have a very dedicated group of volunteers who play various roles within the hospital. This year they provided over 5,328 hours of their time to assist patients with directions, information and that extra bit of help to reassure patients in need. Once again we would like to take the opportunity to thank our Auxiliary members who continue to raise vital funds both within the hospital and the wider community.

Service Overview

The Royal Victorian Eye and Ear Hospital has provided state-wide eye and ear health care since it was founded in 1863. The hospital is accountable to the people of Victoria, through the Minister for Health and Ageing.

Manner of Establishment and Relevant Minister

The Eye and Ear was founded in 1863 by the pioneer surgeon, Dr Andrew Sexton Gray. The hospital is a public health service and is established under the Health Services Act 1988 (as amended). The responsible Ministers during the reporting period were, The Hon Daniel Andrews MP from 1 July 2010 to 2 December 2010 and The Hon David Davis MP from 2 December 2010 to 30 June 2011.

Powers and Duties

The power and duties of The Royal Victorian Eye and Ear Hospital are prescribed by the Health Services Act.

Nature and Range of Services

The Royal Victorian Eye and Ear Hospital provides a state-wide, specialised tertiary, secondary, primary and emergency eye and ear health care service. It is internationally recognised as a leader in clinical service delivery, teaching and research in both ophthalmology and otolaryngology.

The hospital operates from a central hub at East Melbourne to ensure ease of access to Eye and Ear specialists. Services are provided in outpatient and community settings and via telemedicine facilities in seven regional and rural health services across Victoria and interstate.

The Eye and Ear undertakes approximately 30% of the state's public general eye surgery, a large proportion of specialist eye surgery, extensive paediatric services and 100% of the state's public cochlear implant surgery.

The Eye and Ear has over 50 different outpatient clinics for the diagnosis, monitoring and treatment of vision and hearing loss and provides a 24/7 emergency eye and ENT health service. The majority of services provided at the Eye and Ear are on an outpatient or same day basis. In 2010-2011 we cared for:

182,895 Outpatients
13,247 Inpatients
47,551 Emergency patients

The hospital is a teaching and research centre and has key partnerships with the University of Melbourne, La Trobe University, CERA, the Bionics Institute and HEARing CRC.

Cultural Diversity Plan

In 2010–2011, the Eye and Ear developed a Cultural Diversity Plan, in line with the Department of Health's Cultural Responsiveness Framework Guidelines. The Cultural Diversity Committee, which includes staff and consumers has guided the development of the Plan which aims to provide an organisational approach to cultural diversity for staff and patients. The Plan addresses the four domains: Organisational Effectiveness; Risk Management; Consumer Participation and Effective Workforce, which are closely linked to the organisation's strategic priorities. The Eye and Ear is commencing the implementation of the Plan, which includes quarterly reporting to the Board and Community Advisory Committee.

Disability Action Plan

The Eye and Ear is committed to providing an inclusive and accessible environment for staff, patients and visitors to the hospital, regardless of ability or capacity. A Disability Action Plan (DAP) has been endorsed by the Eye and Ear Board after a rigorous development phase that included extensive consultation, the formation of an action group and a review by the hospital Executive and Community Advisory Committee. The DAP reflects the strategic priorities of the Eye and Ear, whilst meeting the requirements of the Federal Disability Discrimination Act 2006 (D.D.A.).

Privacy

Privacy is an important part of the culture at the Eye and Ear. Since the Health Records Act became legally binding in 2002, the hospital has aimed to ensure all staff are aware of the Act and the Information Privacy Act, 2000 and their implications in the work place. The Eye and Ear's Privacy Officer is the Executive Director, Medical Services.

In August 2010 the hospital developed a Privacy ELearning tool, which has been successfully completed by 131 staff members from all sections of the hospital. Privacy audits are conducted on a regular basis to highlight areas for improvement. Recommendations from a recent Privacy Audit included:

- The development of more private physical spaces to see patients
- Redesign of workflows to maximise privacy for patients
- Increased awareness by staff for confidentiality when working in open patient areas.

The hospital will continue its education campaign and conduct further audits to ensure compliance with legislation and hospital procedures.

Freedom of Information

The Victorian Freedom of Information (FOI) Act 1982 provides members of the public with the right to apply to the Eye and Ear for access to information held by the hospital. The hospital provides an annual report of all FOI requests to the Victorian Department of Justice.

Freedom of Information Applications 2010-2011

Total Requests	149
Fully Granted	148
Completed	148

Human Resources

The Human Resources Department provides advice and services relating to employment, award interpretation, industrial relations, Occupational Health and Safety, Work Cover, equal opportunity and performance management.

A newly created unit within the Human Resources department is Learning and Development, which is responsible for organisational development, staff education and reward and recognition initiatives.

Workforce Data by Labour Category

Labour Category	June 11 FTE*	June 10 FTE*
Nursing	160	160
Administration and Clerical	141	134
Medical Support	40	42
Hotel and Allied Services	11	11
Hospital Medical Officers	51	60
Sessional Clinicians	32	28
Ancillary Staff (Allied Health)	35	34
	470	469

*Full Time Equivalent

Statement on the Application of Employment and Conduct Principles

All appointments are made based on merit. Decisions are guided by the hospital's Code of Conduct and supported by the Equal Employment Opportunity Procedure.

Police Checks

Police checks are mandatory for all new Eye and Ear employees.

Payroll

Payroll is outsourced to Melbourne Health who process approximately 20,000 pays per year.

Organisational Development

The Eye and Ear values the contribution of all staff and recognises the important link between culture and performance. A number of programs and initiatives have been implemented, including a Reward and Recognition Program and a Leadership and Management Capability Framework.

The Reward and Recognition Program celebrates and recognises staff, teams and volunteers who put the hospital's values into action every day through their work.

The Leadership and Management Capability Framework is designed to support Executive Directors, Directors, Department Heads and Managers and establish a shared understanding of the capabilities of successful leaders and managers.

The Eye and Ear participated in the People Matter Survey conducted by the State Services Authority (SSA). The findings of the People Matter Survey assist in determining organisational strategic objectives.

Whistleblowers Protection Officer

The Eye and Ear has policies and procedures in place to facilitate the making of disclosures about improper conduct and to provide protection for whistleblowers in accordance with the Whistleblowers Protection Act 2001 and the Guidelines issued by the Ombudsman Victoria.

The Eye and Ear Human Resources Manager is the Protected Disclosure Officer for the purpose of the Act. During 2010-11, there were no disclosures of corrupt or improper conduct as defined by the Act and accordingly there were no referrals to or from the Ombudsman for investigation.

Occupational Health and Safety

The Eye and Ear is committed to providing a safe environment.

Mandatory OHS training is provided to both staff and managers, outlining employee and employer legislative obligations. Workplace inspections are performed quarterly and any identified risks are eliminated or controlled. A focus on injury prevention saw the development of several new OHS initiatives:

- To reduce the likelihood of musculoskeletal injuries, a force gauge was purchased to measure push/pull limits; ensuring that they remain within acceptable parameters.
- NewCare was engaged to facilitate the safe and sustainable return to work of injured employees.
- A Risk Assessment tool was developed to assist staff in hazard identification, assessment and control and an interactive Hazard Register has been created to capture the current hazards, inherent and residual risk scores, controls and planned actions.

Slip, Trip, Fall injuries account for 45% of workers compensation claims at the hospital followed by Manual Handling injuries at 40%. The Average Cost of Claim is showing a consistent downward trend. As shown in the graph on page 15, average cost of claims was reduced by \$26,651 from 2008-09 to 2009-10 and a further \$4,354 to 2010-11 reporting periods.

Average Cost of Claim Yearly Comparison



Metro Fire continues to facilitate emergency preparedness training. Emergency evacuation backpacks were distributed to all departments ensuring easy accessibility in the event of a code orange emergency. Emergency Procedure information is now available on a USB device and held by key hospital staff.

Building and Maintenance Compliance

In February 2011, the hospital achieved 100% compliance with mandatory Essential Safety Measures Inspections, testing, maintenance and documentation in relation to building safety.

Environmental Achievements

The hospital continues to demonstrate environmental responsibility and has implemented a number of initiatives to reduce energy consumption and waste.

In 2010-11, water was the main focus, with a project to reclaim water from the hospital steriliser completed. Expected savings in potable water consumption are approximately 3,700kL per year. This project was made possible through a joint initiative between the Victorian Water Trust and Department of Health – ‘Greening our Hospital’ program. Other initiatives included, the installation of efficient shower heads, an upgrade of flusher valves and flow restrictors across the hospital and the installation of a new air cooled chiller unit, which has removed the requirement for roof-mounted mist sprayer devices and led to an estimated saving of 1,300kl per year.

Additionally, three new steam boilers were installed to replace two ageing and inefficient models. Improved efficiencies of the new boilers produce equivalent output capacity with less natural gas consumption and a reduced maintenance requirement.

Victorian Industry Participation Policy Disclosure

The Eye and Ear complies with the intent of the Victorian Industry Participation Policy Act 2003. The Act requires wherever possible local industry participation in supplies, taking consideration the principle of value for money and transparent tendering processes.

National Competition Policy

In accordance with the Competition Principals Agreement (CPA), Victoria is obliged to apply competitive neutrality policy and principals to all significant business activities undertaken by government agencies and local authorities.

Statement of Competitive Neutrality

The Victorian Government's Competitive Neutrality policy commits public health services to apply this policy on all dealings. This includes the adoption of pricing principles to take account of the full cost attribution for net competitive advantages conferred by government ownership. The policy gives direction that where the Government's business activities involve it in competition with private sector business activities, the net advantages that accrue to a government business are offset.

Competitive Neutrality Policy Victoria 2000 sets out the Victorian approach to competitive neutrality. The Eye and Ear complies to this policy in all relevant business activities

Compliance

The Eye and Ear has complied substantially with the Tax Compliance Framework Certification and Financial Management Compliance Framework Certification in accordance with the requirements of the Victorian Public Sector Financial Management Compliance Framework for the year ended 30 June 2011.

Consultancies

Consultancies less than \$100k

Consultancies in total cost \$79,736 for the year ended 30 June 2011, individually all for less than \$100k.

Consultancies more than \$100k

There were no consultancies in excess of \$100k in the year ended 30 June 2011.

Disclosure of Ex-Gratia payments

The Eye and Ear made no ex-gratia payments for the year ending 30 June 2011.

Additional Information (FRD 22B Appendix)

In compliance with the requirements of the Standing Directions of the Minister for Finance, details in respect of the items listed below have been retained by the Eye and Ear and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the freedom of information requirements, if applicable):

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

Key Financial and Service Performance Reporting

No.	Strategic Priority	Deliverables	Outcomes
1	Excel in innovative specialist eye and ear health services	<ul style="list-style-type: none"> Continued compliance with the Elective Surgical Access Policy Participation in and integration of the HealthSMART program by CERNER Clinical Systems release 1B Establishment of vision, principles and elements of a patient-centric model of care in outpatients and emergency to improve patient flow and implementation of the revised model in the Emergency Department Partnership with appropriate Aboriginal health organisations to provide culturally appropriate ear health screening programs 	<ul style="list-style-type: none"> Elective Surgery Access Policy compliance achieved Participation in HealthSMART program and implementation of CERNER clinical systems undertaken Vision and models developed for outpatients and the Emergency Department Revised model implemented in the Emergency Department Screening programs implemented Appointed Aboriginal Pathways officer
2	Lead integrated clinical, teaching, training and research practice	<ul style="list-style-type: none"> Establishment of an integrated approach for research incorporating the Eye and Ear, CERA and University partners Development of an integrated education and training framework, including support for undergraduate and postgraduate training and up skilling of the existing workforce Continued active participation in regional clinical placement networks program 	<ul style="list-style-type: none"> Integrated approach established Education and Training Framework developed Participated in networks program for regional clinical placements
3	Promote workforce leadership as everybody's responsibility	<ul style="list-style-type: none"> Strategic workforce plan identifying critical workforce needs, gaps and measures to address these Development and implementation of a targeted training program for improvement and change management 	<ul style="list-style-type: none"> Strategic workforce plan developed Training program implemented Leadership, management and change programs implemented
4	Champion partnerships to promote the health of our community	<ul style="list-style-type: none"> Implementation of initiatives in the Consumer Participation Plan Development of Plan in response to Cultural Responsiveness Framework 	<ul style="list-style-type: none"> Consumer Participation Plan initiatives implemented Cultural Diversity Plan developed
5	Build a sustainable future	<ul style="list-style-type: none"> Continuation of work with the Department of Health to complete strategic business case, master plan and cost plan for redevelopment Development of a data and information governance framework and action plan 	<ul style="list-style-type: none"> Redevelopment activity continued Data and Information Governance Framework Action plan developed

Activity

Admitted Patients	2010-11	2009-10
- Same Day Separations	8,902	9,064
- Multi Day Separations	4,345	4,365
Total Separations	13,247	13,429
Total Bed Days	16,226	15,719
Average Length of Stay in Days	1.22	1.17
Total Weighted Inlier Equivalent Separations (WIES)	9,599	9,670
Non Admitted Patients		
Emergency Department Presentations	47,551	44,623
Outpatients - All Clinic Occasions of Service	182,895	181,009
Total Occasions of Service	230,446	225,632
VACS - Allied Health	77,738	79,118
VACS - Medical	75,009	70,116

Performance

Access Performance	2010-11	2009-10
Emergency Care		
Percentage of emergency patients admitted to an inpatient bed within 8 hours	95	98
Percentage of Non-admitted emergency patients with length of stay less than 4 hours	86	90
Percentage of Triage Category 1 emergency patients seen immediately	100	100
Percentage of Triage Category 2 emergency patients seen within 10 minutes	59	92
Percentage of Triage Category 3 emergency patients seen within 30 minutes	56	87
Elective Surgery		
Admissions	11,461	11,971
Category 1 - proportion of patients admitted within 30 days	100	100
Category 2 - proportion of patients waiting within 90 days	100	100
Category 3 - proportion of patients waiting within 365 days	99	100
Number of patients on the elective surgery waiting list	2,506	3,003
Hospital Initiated Postponements (HIPs) per 100 scheduled admissions	1.9	2.8
Financial Performance		
Creditor Days	40	43
Debtor Days	23	23
Net Movement in Cash Balance (\$'000)	5,249	958

Quality and Safety

2010-11 Actuals

Health Service Accreditation

Accreditation status maintained 100%

The hospital received 13 awards for exemplary performance and one award for outstanding performance by the Australian Council on Healthcare Standards

Cleaning Standards

Cleaning standard level = 95.5 (target = 90)

**measured by Acceptable Quality Level*

Eye and Ear Infection Surveillance Indicators

Exceptionally low post-surgical infection rates:

Eye: 0.04%

ENT: 0%

Hand Hygiene Program Compliance (%) Report to VICNISS

Regular audits indicate hand hygiene compliance rate of 81.5%
(DH benchmark 60%)

Submission of Data to VICNISS (%)

100%

VICNISS Influenza Data

Compliance rate submitted in July 2011 for influenza vaccination:

Cat A = 36.07%

Cat B = 35.77%

Total percentage of staff vaccinated: 36%

Victorian Patient Satisfaction Monitor

Overall Care index 77.2% compared to state average for A2 hospitals 74.0%

Summary of Financial Results

For the year ended 30 June 2011 compared with last 4 financial years

	2011* \$000's	2010* \$000's	2009* \$000's	2008* \$000's	2007* \$000's
Total Revenue	83,602	79,614	73,662	72,517	66,209
Total Expenses	(87,700)	(80,567)	(78,489)	(71,970)	(63,606)
Net Result	(4,098)	(953)	(4,827)	547	2,603
Retained Surplus / (Accumulated Deficit)	(6,374)	(4,451)	(2,848)	(1,790)	(355)
Total Assets	182,415	183,711	181,909	133,167	131,752
Total Liabilities	(17,502)	(16,720)	(18,563)	(15,748)	(14,150)
Net Assets	164,913	164,991	163,346	117,419	117,602
Total Equity	164,913	166,991	163,346	117,419	117,602

*Prepared in accordance with Australian Accounting Standards which include A-IFRS

Significant Changes in Financial Position During 2010-11.

There were no significant changes in financial position during 2010-11.

Summary of Major Changes or Factors which have Affected the Achievement of the Operational Objectives for the Year.

The hospital has undertaken a Triage self-audit to identify the accuracy of triage data being captured by the Emergency Department. As a result of this self-audit, a project has been undertaken to ensure consistency for patient allocation against the triage categories of the Australasian Triage Scale. This has resulted in some movement of outcomes in patients triaged as either category two or three when compared with previous years.

Events Subsequent to Balance Date which may have a Significant Effect on the Operations of the Entity in Subsequent Years.

There have been no events subsequent to balance date effecting the operations of the hospital.

Revenue Indicators

For the year ended 30 June 2011

Average Collection Days	2011	2010
Private	28	28
Transport Accident Commission	n/a	n/a
Victorian WorkCover Authority	100	53
Other Compensable	12	38

n/a = not applicable

Inpatient Debtors Outstanding as at 30 June 2011	Under 30 days \$'000	31-60 days \$'000	61-90 days \$'000	Over 90 days \$'000	Total 30/06/11 \$'000	Total 30/06/10 \$'000
Private	169	19	4	6	198	241
Transport Accident Commission	0	0	0	0	0	0
Victorian WorkCover Authority	28	20	0	4	52	29
Other Compensable	3	0	0	0	3	5

Financial Analysis of Operating Revenue and Expenses

	2010/11 \$'000	2009/10 \$'000
Revenue		
Services Supported by Health Service Agreement		
Government Grants	68,144	63,208
Indirect Contribution by Human Services	1,771	1,335
Patient Fees	3,927	3,943
Other Revenue	1,258	1,459
	75,100	69,945
Services Supported by Hospital and Community Initiatives		
Government Grants	895	3,622
Donations and Bequests	1,366	1,254
Investment Income	3,581	2,501
Property Income	193	190
Other Revenue	2,467	2,102
	8,502	9,669
Total Revenue from Ordinary Activities	83,602	79,614
Expenses		
Expenses from Ordinary Activities		
Services Supported by Health Service Agreement		
Salaries and Related Expenses	48,806	44,216
Supplies and Consumables	16,551	15,772
Other	11,698	11,368
	77,055	71,356
Services Supported by Hospital and Community Initiatives (H&CI)		
Salaries and Related Expenses	925	939
Supplies and Consumables	285	256
Other	9,435	8,016
	10,645	9,211
Total Expenses from Ordinary Activities	87,700	80,567
Net Results for the Year	(4,098)	(953)

Attestation on Data Integrity

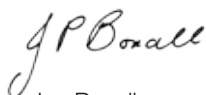
I, Ann Clark certify that The Royal Victorian Eye and Ear Hospital has put in place appropriate internal controls and processes to ensure that reported data reasonably reflects actual performance. The Royal Victorian Eye and Ear Hospital has critically reviewed these controls and processes during the year.



Ann Clark
Accountable Officer
Melbourne
23 August 2011

Attestation on Compliance with Australian / New Zealand Risk Management Standard

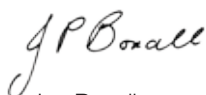
I, Jan Boxall certify that The Royal Victorian Eye and Ear Hospital has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard and an internal control system is in place that enables executives to understand, manage and satisfactorily control risk exposures. The audit committee verifies this assurance and that the risk profile of The Royal Victorian Eye and Ear Hospital has been critically reviewed within the last 12 months.



Jan Boxall
Chair, Board of Directors
Melbourne
23 August 2011

Responsible Bodies Declaration

In accordance with the Financial Management Act 1994, I am pleased to present the Report of Operations for The Royal Victorian Eye and Ear Hospital for the year ending 30 June 2011.



Jan Boxall
Chair, Board of Directors
Melbourne
23 August 2011

Disclosure Index

The Annual Report of The Royal Victorian Eye and Ear Hospital is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the Department's compliance with statutory disclosure requirements.

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<i>Building Act 1993</i>		15
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Comprehensive Operating Statement

For the Year Ended 30 June 2011

	Note	2011 \$'000	2010 \$'000
Revenue from Operating Activities	2	78,982	73,467
Revenue from Non-operating Activities	2	800	608
Employee Expenses	3	(46,302)	(43,463)
Non Salary Labour Costs	3	(3,429)	(1,693)
Supplies and Consumables	3	(16,836)	(16,028)
Other Expenses from Continuing Operations	3	(13,086)	(12,794)
Net Result Before Capital and Specific Items		129	97
Capital Purpose Income	2	3,820	5,539
Depreciation and Amortisation	4	(7,223)	(6,543)
Written Down Value of Assets Sold		(1)	(46)
Expenditure using Capital Purpose Income	3	(823)	-
NET RESULT FOR THE YEAR		(4,098)	(953)
Other Comprehensive Income			
Net Fair Value Gains/(Losses) on Available for Sale Financial Investments		2,020	2,598
Net Fair Value Revaluation on Non Financial Assets		-	-
COMPREHENSIVE RESULT FOR THE YEAR		(2,078)	1,645

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

Balance Sheet

For the Year Ended 30 June 2011

	Note	2011 \$'000	2010 \$'000
Current Assets			
Cash and Cash Equivalents	5	783	6,032
Receivables	6	1,735	1,116
Other Financial Assets	7	64,924	58,066
Inventories	8	490	622
Other Current Assets	9	1,414	252
Total Current Assets		69,346	66,088
Non-Current Assets			
Receivables	6	460	188
Other Financial Assets	7	2,824	3,331
Property, Plant and Equipment	10	107,253	110,600
Intangible Assets	11	1,892	864
Investment Properties	12	640	640
Work in Progress	16a	-	2,000
Total Non-Current Assets		113,069	117,623
TOTAL ASSETS		182,415	183,711
Current Liabilities			
Payables	13	4,263	4,901
Provisions	14	10,050	10,558
Other Liabilities	15	1,314	1,052
Total Current Liabilities		15,627	16,511
Non-Current Liabilities			
Provisions	14	1,875	209
Total Non-Current Liabilities		1,875	209
TOTAL LIABILITIES		17,502	16,720
NET ASSETS		164,913	166,991
EQUITY			
Property, Plant and Equipment Revaluation Surplus	16a	62,462	62,462
Financial Asset Available for Sale Revaluation Surplus	16a	4,618	2,598
General Purpose Reserve	16a	22,372	33,090
Restricted Specific Purpose Reserve	16a	30,267	21,724
Contributed Capital	16b	51,568	51,568
Accumulated Surpluses/(Deficits)	16c	(6,374)	(4,451)
TOTAL EQUITY	16d	164,913	166,991

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

Statement of Changes in Equity

For the Year Ended 30 June 2011

	Note	Property, Plant and Equipment Surplus \$'000	Financial Asset Available for Sale Revaluation Surplus \$'000	General Purpose Surplus \$'000	Restricted Specific Purpose Surplus \$'000	Contributions by Owners \$'000	Accumulated Surpluses/ (Deficits) \$'000	Total \$'000
Balance at 1 July 2009		62,462	-	35,978	18,186	51,568	(2,848)	165,346
Capital Contribution received from Victoria Government		-	-	-	-	-	-	-
Net Result for the Year as Stated		-	-	(2,888)	3,538	-	(1,603)	(953)
Other Comprehensive Income for the Year		-	2,598	-	-	-	-	2,598
Transfer to Accumulated Surplus		-	-	-	-	-	-	-
Balance at 30 June 2010		62,462	2,598	33,090	21,724	51,568	(4,451)	166,991
Net Result for the Year		-	-	(1,847)	(328)	-	(1,923)	(4,098)
Other Comprehensive Income for the Year	16a	-	2,020	-	-	-	-	2,020
Transfer to Accumulated Surplus - on Disposal of Business		-	-	-	-	-	-	-
Transfer to Accumulated Surplus	16a,c	-	-	(8,871)	8,871	-	-	-
Transfer to Contributed Capital		-	-	-	-	-	-	-
Administrative Restructure - Net Assets Received		-	-	-	-	-	-	-
Administrative Restructure - Net Assets Transferred		-	-	-	-	-	-	-
Balance at 30 June 2011		62,462	4,618	22,372	30,267	51,568	(6,374)	164,913

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

Cash Flow Statement

For the Year Ended 30 June 2011

	Note	2011 \$'000	2010 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		69,870	64,836
Patient and Resident Fees Received		4,268	4,170
Private Practice Fees Received		1,404	1,306
Donations and Bequests Received		1,393	1,254
GST Received from/(paid to) ATO		2,473	2,544
Interest Received		800	-
Dividends Received		-	-
Property Rental Income		193	190
Other Receipts		1,588	2,864
Employee Expenses Paid		(45,416)	(43,834)
Non Salary Labour Costs		(3,429)	(1,693)
Payments for Supplies and Consumables		(34,055)	(30,930)
Cash Generated from Operations		(911)	707
Capital Grants from Government		-	1,336
Other Capital Receipts		2,900	1,896
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	17	1,989	3,939
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Investments		(4,353)	(2,026)
Payments for Non-Financial Assets		(4,905)	(2,893)
Proceeds from Sale of Non-Financial Assets		-	22
Proceeds from Sale of Investments		2,020	-
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		(7,238)	(4,897)
CASH FLOWS FROM FINANCING ACTIVITIES			
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		-	-
NET INCREASE/(DECREASE) IN CASH HELD		(5,249)	(958)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		6,032	6,990
CASH AND CASH EQUIVALENTS AT END OF PERIOD	5	783	6,032

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

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

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Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Note 1: Summary of Significant Accounting Policies

(a) Statement of Compliance

These financial statements are a general purpose financial report which have been prepared in accordance with the Financial Management Act 1994 and applicable Australian Accounting Standards (AASs) and Australian Accounting Interpretations and other mandatory requirements. AASs include Australian equivalents to International Financial Reporting Standards.

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

The annual financial statements were authorised for issue by the Board of The Royal Victorian Eye and Ear Hospital on 23 August 2011.

(b) 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 2011, and the comparative information presented in these financial statements for the year ended 30 June 2010.

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

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

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

The financial statements are prepared in accordance with the historical cost convention, except for the revaluation of certain non-financial assets and financial instruments, as noted.

Particularly, exceptions to the historical cost convention include:

- Non-current physical assets, which subsequent to acquisition, are measured at valuation and are re-assessed with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair values;
- Derivative financial instruments, managed investment schemes, certain debt securities, and investment properties after initial recognition, which are measured at fair value through profit or loss; and
- Available-for-sale investments which are measured at fair value with movements reflected in equity until the asset is derecognised.
- The fair value of assets other than land is generally based on their depreciated replacement value.

Historical cost is based on the fair values of the consideration given in exchange for assets.

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

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

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Note 1: Summary of Significant Accounting Policies (Continued)

(c) Reporting Entity

The financial statements include all the controlled activities of The Royal Victorian Eye and Ear Hospital ('the hospital'). Its principal address is:

32 Gisborne Street
East Melbourne
Victoria 3002.

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

(d) Scope and Presentation of Financial Statements

Fund Accounting

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

Services Supported By Health Services Agreement and Services Supported By Hospital and Community Initiatives

Activities classified as Services Supported by Health Services Agreement (HSA) are substantially funded by the Department of Health and are also funded from other sources such as the Commonwealth, patients and residents, while Services Supported by Hospital and Community Initiatives (H&CI) are funded by the hospital's own activities or local initiatives and/or the Commonwealth.

Comprehensive Operating Statement

The Comprehensive Operating Statement includes the subtotal entitled 'Net Result Before Capital & Specific Items' to enhance the understanding of the financial performance of the hospital. This subtotal reports the result excluding items such as capital grants, assets received or provided free of charge, depreciation, and items of an unusual nature and amount such as specific income and expenses. The exclusion of these items is made to enhance matching of income and expenses so as to facilitate the comparability and consistency of results between years and Victorian Public Health Services.

The 'Net result Before Capital & Specific Items' is used by the management of the hospital, the Department of Health and the Victorian Government to measure the ongoing performance of the hospital in operating hospital services.

Capital and specific items, which are excluded from this subtotal, comprise:

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

Balance Sheet

Assets and liabilities are categorised either as current or non-current.

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Note 1: Summary of Significant Accounting Policies (Continued)

Statement of Changes in Equity

The statement of changes in equity presents reconciliations of each non-owner and owner equity opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the comprehensive result and amounts recognised in other comprehensive income related to other non owner changes in equity.

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 under AASB 107 Statement of Cash Flows.

Comparative Information

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

(e) Change in Accounting Policies

Presentation of Financial Statements

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial statement include:

- the replacement of the Income Statement with the Statement of Comprehensive Income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the Statement of Changes in Equity; and
- the adoption of a single statement approach to the presentation of the Statement of Comprehensive Income.

(f) Income 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 hospital and the income can be reliably measured. Unearned income at reporting date is reported as income received in advance.

Amounts disclosed as revenue are, where applicable, net of returns, allowances and duties and taxes. If conditions are attached to a grant the recognition of the grant as revenue will be deferred until the conditions have been satisfied.

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 are recognised as income when the hospital gains control of the underlying assets irrespective of whether conditions are imposed on the hospital's use of the contributions.

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

Indirect Contributions from the Department of Health

- Insurance is recognised as revenue following advice from the Department of Health.
- 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 14/2009.

Patient and Resident Fees

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

Private Practice Fees

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

Revenue from Commercial Activities

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

Donations and Other Bequests

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

Dividend Revenue

Dividend revenue is recognised on a receivable basis.

Interest Revenue

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

Rental Income

Rental Income is recognised in the period earned.

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Note 1: Summary of Significant Accounting Policies (Continued)

(g) Expense Recognition

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

Cost of Goods Sold

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

Employee Expenses

Employee expenses include:

- Wages and salaries;
- Annual leave;
- Sick leave;
- Long service leave; and
- Superannuation expenses which are reported differently depending upon whether employees are members of defined benefit or defined contribution plans.

Defined Contribution 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 Plans

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

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

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

Fund	Contributions Paid or Payable for the Year	
	2011 \$,000	2010 \$,000
Defined Benefit Plans:		
Health Super Pty Ltd	134	119
Defined Contribution Plans:		
Health Super Pty Ltd	2,647	2,506
Hesta	677	581
Other	202	156
Total	3,660	3,362

Depreciation

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. 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.

Depreciation is provided on property, plant and equipment, including freehold buildings, but excluding land and investment properties. Depreciation begins when the asset is available for use, which is when it is in the location and condition necessary for it to be capable of operating in a manner intended by management.

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

	2011	2010
Buildings	Up to 40 years	Up to 40 years
Plant & Equipment	From 5 to 20 years	From 5 to 20 years
Medical Equipment	From 3 to 10 years	From 3 to 10 years
Computers & Communications	From 3 to 10 years	From 3 to 10 years
Furniture & Fittings	From 3 to 15 years	From 3 to 15 years
Motor Vehicles	From 4 years	From 4 years

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

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Note 1: Summary of Significant Accounting Policies (Continued)

Amortisation

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

Intangible assets with finite useful lives are amortised over a 3-10 year period (2010: 3-10 years).

(h) Financial Assets

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, deposits at call and highly liquid investments with an original maturity of 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.

Receivables

Receivables consist of:

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

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

Receivables that are contractual are classified as financial instruments. Statutory receivables are not classified as financial instruments.

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

Other Financial Assets

Other financial assets are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Other financial assets are classified in the following categories:

- Financial assets at fair value through profit or loss;
- Loans and receivables; and
- Available-for-sale financial assets.

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

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

All financial assets, except those measured at fair value through profit or loss are subject to annual review for impairment.

Financial Assets at Fair Value through Profit or Loss

Financial instruments at fair value through profit or loss are initially measured at fair value and attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result.

Financial assets held for trading purposes are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in net result incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 18.

Loans and Receivables

Trade receivables, loans, term deposits with maturity greater than three months and other receivables are recorded at amortised cost, using the effective interest method, less impairment. Term deposits with maturity greater than three months are also measured at amortised cost, using the effective interest method, less impairment.

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Note 1: Summary of Significant Accounting Policies (Continued)

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

Held-to-Maturity Investments

Where the Health Service has the positive intent and ability to hold investments to maturity, they are measured at amortised cost less impairment losses.

Available-for-Sale Financial Assets

All the other financial assets, being investments held by the hospital, are classified as being available-for-sale and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in net result for the period. Fair value is determined in the manner described in Note 18.

Impairment of Financial Assets

At the end of each reporting period the hospital assesses whether there is objective evidence that a financial asset or group of financial asset is impaired. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings. All financial instruments assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

Bad and doubtful debts for financial assets are assessed on a regular basis. Those bad debts considered as written off and allowance for doubtful receivables are recognised as expenses in the net result.

The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Where the fair value of an investment in an equity instrument at balance date has reduced by 20 percent or more than its cost price or where its fair value has been less than its cost price for a period of 12 or more months, the financial asset is treated as impaired.

In order to determine an appropriate fair value as at 30 June 2011 for its portfolio of financial assets, the hospital obtained a valuation based on the best available advice using an estimated fair value based on market value through a reputable financial institution. This value was compared against valuation methodologies provided by the issuer as at 30 June 2011. These methodologies were critiqued and considered to be consistent with standard market valuation techniques.

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*.

Net Gain/ (Loss) on Financial Instruments

Net gain/ (loss) on financial instruments includes:

- realised and unrealised gains and losses from revaluations of financial instruments that are designated at fair value through profit or loss or held-for-trading;
- impairment and reversal of impairment for financial instruments at amortised cost; and
- disposals of financial assets.

Revaluations of Financial Instruments at Fair Value

The revaluation gain/ (loss) on financial instruments at fair value excludes dividends or interest earned on financial assets, which is reported as part of income from transactions.

(i) Non-Financial Assets

Inventories

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

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

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

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

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Note 1: Summary of Significant Accounting Policies (Continued)

Property, Plant and Equipment

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

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 constructive 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.

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

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

Restrictive Nature of Cultural and Heritage Assets, Crown Land and Infrastructure Assets

During the reporting period, the Health Service may hold cultural assets, heritage assets, Crown land and infrastructure assets. Such assets are deemed worthy of preservation because of the social rather than financial benefits they provide to the community. The nature of these assets means that there are certain limitations and restrictions imposed on their use and/or disposal.

Revaluations of Non-current Physical Assets

Non-current physical assets measured at fair value and are revalued in accordance with FRD 103D. This revaluation process normally occurs at least every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate material changes in values. Revaluation increments or decrements arise from differences between an asset's carrying value and fair value.

Revaluation increments are credited directly to the property, plant and equipment 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 immediately as expenses in the net result, except that, to the extent that a credit balance exists in the property, plant and equipment revaluation surplus in respect of the same class of assets, they are debited directly to the property, plant equipment revaluation surplus.

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

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

In accordance with FRD 103D, the hospital non-current physical assets were assessed annually to determine whether revaluation of the non-current physical assets was required. Refer Note 10 for additional details.

Investment Properties

Investment properties represent properties held to earn rentals or for capital appreciation or both. Investment properties exclude properties held to meet service delivery objectives of the State of Victoria.

Investment properties are initially recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the hospital.

Subsequent to initial recognition at cost, investment properties are revalued to fair value with changes in the fair value recognised as income or expenses in the period that they arise. The properties are neither depreciated nor tested for impairment.

Rental revenue from leasing of investment properties is recognised in the Comprehensive Operating Statement in the periods in which it is receivable on a straight line basis over the lease term.

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Note 1: Summary of Significant Accounting Policies (Continued)

Intangible Assets

Intangible assets represent identifiable non-monetary assets without physical substance such as patents, trademarks, and computer software and development costs (where applicable). Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the hospital.

Other Non-Financial Assets

Prepayments

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.

Disposal of Non-Financial Assets

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

Impairment of Non-Financial Assets

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

- inventories;
- financial assets;
- investment property that is measured at fair value;

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

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

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

(j) Liabilities

These amounts consist predominantly of liabilities for goods and services.

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

The normal credit terms are usually Nett 30 days.

Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision.

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Note 1: Summary of Significant Accounting Policies (Continued)

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

Employee Benefits

Wages and Salaries, Annual Leave, Sick Leave and Accrued Days Off

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

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

Long Service Leave

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

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

The components of this current LSL liability are measured at:

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

Non-Current Liability – Conditional LSL (representing less than 10 years of continuous service) is disclosed as a non-current liability.

There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. Conditional LSL is required to be measured at present value.

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

Termination Benefits

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

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

On-Costs

Employee benefit on-costs, such as workers compensation, superannuation are recognised separately from provisions for employee benefits.

Superannuation Liabilities

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

Onerous Contracts

An onerous contract is considered to exist when the hospital has a contract under which the unavoidable cost of meeting the contractual obligation exceeds the estimated economic benefits to be received. Present obligations arising under onerous contracts are recognised as a provision to the extent that the present obligation exceeds the estimated economic benefits to be received.

Make Good Provisions

Make good provisions are recognised when the Health Service has contractual obligations to remove leasehold improvements from leased properties and restore the leased premises to their original condition at the end of the lease term. The related expenses of making good such properties are recognised when leasehold improvements are made.

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Note 1: Summary of Significant Accounting Policies (Continued)

(k) Leases

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

Operating Leases

Operating lease payments, including any contingent rentals, are recognised as an expense in the 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.

(l) Equity

Contributed Capital

Consistent with Australian Accounting Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities and FRD 119 Contributions by Owners, appropriations for additions FRD22B to the net asset base have been designated as contributed capital. Other transfers that are in the nature of contributions or distributions that have been designated as contributed capital are also treated as contributed capital.

Property, Plant and Equipment Revaluation Surplus

The property, plant and equipment revaluation surplus is used to record increments and decrements on the revaluation of non-current physical assets.

Financial Asset Available-For-Sale Revaluation Surplus

The available-for-sale revaluation reserve arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold that portion of the reserve which relates to that financial asset is effectively realised, and is recognised in the Comprehensive Operating Statement. Where a revalued financial asset is impaired that portion of the reserve which relates to that financial asset is recognised in the Comprehensive Operating Statement.

Specific Restricted Purpose Reserve

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

(m) Commitments for Expenditure

Commitments for expenditure are not recognised on the Balance Sheet. Commitments for expenditure are disclosed at their nominal value and are inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated.

(n) Goods and Services Tax

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

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

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

(o) Rounding of Amounts

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

Figures in the financial statements may not equal due to rounding.

(p) New Accounting Standards and Interpretations

Certain new Australian accounting standards and interpretations have been published that are not mandatory for the 30 June 2011 reporting period.

As at 30 June 2011, the following standards and interpretations had been issued but were not mandatory for financial years ended 30 June 2011. The hospital has not and does not intend to adopt these standards early.

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Note 1: Statement of Significant Accounting Policies (Continued)

Standard/Interpretation	Summary	Applicable for Annual Reporting Periods Beginning on	Impact on Health Services Financial Statements
AASB 124 Related party disclosures (Dec 2009)	Government related Health Services have been granted partial exemption with certain disclosure requirements.	Beginning 1 Jan 2011	Preliminary assessment suggests that impact is insignificant.
AASB 2009-12 Amendments to Australian Accounting Standards [AASB 5,8,108,110,112,119,133,137,139,1023 and 1031 and Interpretations 2, 4,16,1039 and 1052]	This standard amends AASB 8 to require an entity to exercise judgement in assessing whether a government and Health Services known to be under control of that government are considered a single customer for purposes of certain operating segment disclosures. This standard also makes numerous editorial amendments to other AASs.	Beginning 1 Jan 2011	AASB 8 does not apply to Health Services therefore no impact expected. Otherwise, only editorial changes arising from amendments to other standards, no major impact. Impacts of editorial amendments are not expected to be significant.
AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a minimum funding requirement [AASB Interpretation 14]	Amendment to Interpretation 14 arising from the issuance of Prepayments of a minimum funding requirement.	Beginning 1 Jan 2011	Expected to have no significant impact.
AASB 9 Financial instruments	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial instruments: recognition and measurement (AASB 139 financial Instruments: recognition and measurement).	Beginning 1 Jan 2013	Detail of impact is still being assessed.
AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB9 [AASB 1,3,4,5,7,101,102,108,112,118,121,127,128,131,132,136,139,1023 and 1038 and interpretations 10 and 12]	This gives effect to consequential changes arising from the issuance of AASB 9.	Beginning 1 Jan 2013	Detail of impact is still being assessed.

(q) Category Groups

The hospital has used the following category groups for reporting purposes for the current and previous financial years.

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

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

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

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

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Note 2: Revenue

	HSA 2011 \$'000	HSA 2010 \$'000	H&CI 2011 \$'000	H&CI 2010 \$'000	Total 2011 \$'000	Total 2010 \$'000
Revenue from Operating Activities						
Government Grants						
- Department of Health	67,588	62,736	-	-	67,588	62,736
- Equipment and Infrastructure Maintenance	556	472	-	-	556	472
Total Government Grants	68,144	63,208	-	-	68,144	63,208
Indirect Contributions by Department of Health						
- Insurance	1,771	1,344	-	-	1,771	1,344
- Long Service Leave	-	(9)	-	-	-	(9)
Total Indirect Contributions by Department of Health	1,771	1,335	-	-	1,771	1,335
Patient and Resident Fees						
- Patient and Resident Fees (refer note 2b)	3,927	3,943	322	194	4,249	4,137
Total Patient and Resident Fees	3,927	3,943	322	194	4,249	4,137
Business Units						
Commercial Diagnostic Imaging						
- Research	-	-	116	-	116	-
- Other (include any unit or fund not stated above)	-	-	-	-	-	-
Total Business Units and Specific Purpose Funds	-	-	116	-	116	-
Donations and Bequests	5	-	1,366	1,254	1,371	1,254
Recoupment from Private Practice for Use of Hospital Facilities	35	49	1,368	1,257	1,403	1,306
Other Revenue from Operating Activities	1,098	1,410	830	817	1,928	2,227
Sub-Total Revenue from Operating Activities	74,980	69,945	4,002	3,522	78,982	73,467
Revenue from Non-Operating Activities						
Interest and Dividends	120	-	680	608	800	608
Other Revenue from Non-Operating Activities	-	-	-	-	-	-
Sub-Total Revenue from Non-Operating Activities	120	-	680	608	800	608
Revenue from Capital Purpose Income						
State Government Capital Grants						
- Targeted Capital Works and Equipment	-	-	895	3,622	895	3,622
Net Gain/(Loss) on Disposal of Financial Assets	-	-	-	-	-	-
Capital Interest	-	-	2,992	1,745	2,992	1,745
Capital Dividends	-	-	(91)	148	(91)	148
Donations and Bequests	-	-	22	-	22	-
Proceeds on Sale of Non Financial Assets (refer note 3c)	-	-	40	22	40	22
Other Capital Purpose Income	-	-	(38)	2	(38)	2
Sub-Total Revenue from Capital Purpose Income	-	-	3,820	5,539	3,820	5,539
Specific Income	-	-	-	-	-	-
Reversal on Impairment Loss on Financial Asset	-	-	-	-	-	-
Available-for-Sale Revaluation Reserve Gain Recognised	-	-	-	-	-	-
Total Revenue (refer to note 2a)	75,100	69,945	8,502	9,669	83,602	79,614

Indirect contributions by Department of Health makes certain payments on behalf of the hospital. These amounts have been brought to account in determining the operating result for the year by recording them as revenue and expenses. This note relates to revenue above the net result line only, and does not reconcile to comprehensive income.

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Note 2a: Analysis of Revenue by Source

	Admitted Patients 2011 \$'000	Outpatients 2011 \$'000	EDS 2011 \$'000	Other 2011 \$'000	Total 2011 \$'000
Revenue from Services Supported by Health Services Agreement					
Government Grants					
- Department of Health	43,321	20,063	3,932	-	67,316
- State Government - Other	339	186	30	-	555
Indirect Contributions by Department of Health					
- Insurance	1,247	685	112	-	2,044
- Long Service Leave	-	-	-	-	-
Patient and Resident Fees (refer note 2b)	3,175	150	924	-	4,249
Donations and Bequests (non capital)	-	5	-	-	5
Recoupment from Private Practice for use of Hospital Facilities	-	35	-	-	35
Business Units and Specific Purpose Funds	-	-	-	-	-
Other Revenue from Operating Activities	754	307	37	-	1,098
Interest and Dividends	73	40	7	-	120
Capital Purpose Income (refer note 2)	-	-	-	-	-
Sub-Total Revenue from Services Supported by Health Services Agreement	48,909	21,471	5,042	-	75,422
Revenue from Services Supported by Hospital and Community Initiatives					
Government Grants					
- Department of Health	-	-	-	-	-
Donations and Bequests (non capital)	-	-	-	1,366	1,366
Commercial Activities and Specific Purpose Funds	-	-	-	-	-
Other					
- Private Practice and Other Patient Activities	-	-	-	1,368	1,368
- Pharmacy Fees	-	-	-	85	85
- Car Park	-	-	-	13	13
- Property Income	-	-	-	259	259
- Research	-	-	-	116	116
- Investment Returns	-	-	-	680	680
- Other	-	-	-	473	473
Capital Purpose Income (refer note 2)	-	-	-	3,820	3,820
Sub-Total Revenue from Services Supported by Hospital and Community Initiatives	-	-	-	8,180	8,180
Total Revenue	48,909	21,471	5,042	8,180	83,602

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

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Note 2a: Analysis of Revenue by Source

	Admitted Patients 2010 \$'000	Outpatients 2010 \$'000	EDS 2010 \$'000	Other 2010 \$'000	Total 2010 \$'000
Revenue from Services Supported by Health Services Agreement					
Government Grants					
-Department of Health	36,140	19,853	3,246	-	59,239
- State Government - Other	288	158	26	-	472
Indirect Contributions by Department of Health					
-Insurance	910	500	82	-	1,492
- Long Service Leave	(6)	(3)	(1)	-	(10)
Patient and Resident Fees (refer note 2b)	3,208	130	799	-	4,137
Donations and Bequests (non capital)	-	-	-	-	-
Recoupment from Private Practice for use of Hospital Facilities	-	-	-	-	-
Business Units and Specific Purpose Funds	-	-	-	-	-
Other Revenue from Operating Activities	810	3,564	241	-	4,615
Interest and Dividends	-	-	-	-	-
Capital Purpose Income (refer note 2)	-	-	-	-	-
Sub-Total Revenue from Services Supported by Health Services Agreement	41,350	24,202	4,393	-	69,945
Revenue from Services Supported by Hospital and Community Initiatives					
Government Grants					
-Department of Health	-	-	-	159	159
Donations and Bequests (non capital)	-	-	-	1,198	1,198
Commercial Activities and Specific Purpose Funds	-	-	-	-	-
Other					
- Private Practice and Other Patient Activities	-	-	-	1,360	1,360
- Pharmacy Fees	-	-	-	114	114
- Car Park	-	-	-	13	13
- Property Income	-	-	-	177	177
- Research	-	-	-	310	310
- Investment Returns	-	-	-	488	488
- Other	-	-	-	311	311
Capital Purpose Income (refer note 2)	-	-	-	5,539	5,539
Sub-Total Revenue from Services Supported by Hospital and Community Initiatives	-	-	-	9,669	9,669
Total Revenue	41,350	24,202	4,393	9,669	79,614

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

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Note 2b: Patient and Resident Fees

	2011 \$'000	2010 \$'000
Patient and Resident Fees Raised		
Recurrent:		
Acute		
- Inpatients	3,175	3,208
- Outpatients	1,074	929
Total Recurrent	4,249	4,137

Note 3: Expenses

	HSA 2011 \$'000	HSA 2010 \$'000	H&CI 2011 \$'000	H&CI 2010 \$'000	Total 2011 \$'000	Total 2010 \$'000
Employee Expenses						
Salaries and Wages	40,130	37,881	590	814	40,720	38,695
WorkCover Premium	392	316	4	2	396	318
Departure Packages	220	155	-	-	220	155
Long Service Leave	1,304	927	2	6	1,306	933
Superannuation	3,621	3,343	39	19	3,660	3,362
Total Employee Expenses	45,667	42,622	635	841	46,302	43,463
Non Salary Labour Costs						
Fees for Visiting Medical Officers	801	829	24	41	825	870
Agency Costs - Nursing	334	279	-	-	334	279
Agency Costs - Other	2,004	487	266	57	2,270	544
Total Non Salary Labour Costs	3,139	1,595	290	98	3,429	1,693
Supplies and Consumables						
Drug Supplies	5,701	5,270	256	211	5,957	5,481
S100 Drugs	-	-	-	-	-	-
Medical, Surgical Supplies and Prosthesis	9,785	9,447	27	42	9,812	9,489
Pathology Supplies	592	601	-	-	592	601
Food Supplies	473	454	2	3	475	457
Total Supplies and Consumables	16,551	15,772	285	256	16,836	16,028
Other Expenses from Continuing Operations						
Domestic Services and Supplies	2,281	2,166	31	41	2,312	2,207
Fuel, Light, Power and Water	637	668	-	-	637	668
Insurance Costs Funded by Department of Health	1,766	1,345	-	-	1,766	1,345
Motor Vehicle Expenses	43	42	-	-	43	42
Repairs and Maintenance	1,421	1,489	15	9	1,436	1,498
Maintenance Contracts	410	355	-	-	410	355
Patient Transport	197	207	-	-	197	207
Bad and Doubtful Debts	18	10	17	(1)	35	9
Lease Expenses	268	488	-	-	268	488
Postal and Telephone	459	392	17	53	476	445
Other Administrative Expenses	3,509	3,178	1,121	915	4,630	4,093

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Note 3: Expenses (Continued)

	HSA 2011 \$'000	HSA 2010 \$'000	H&CI 2011 \$'000	H&CI 2010 \$'000	Total 2011 \$'000	Total 2010 \$'000
Other	553	882	187	410	740	1,292
Audit Fees						
- VAGO - Audit of Financial Statements	57	49	-	-	57	49
- Other	79	96	-	-	79	96
Ex Gratia Payments	-	-	-	-	-	-
Total Other Expenses from Continuing Operations	11,698	11,367	1,388	1,427	13,086	12,794
Expenditure using Capital Purpose Income						
Employee Expenses						
- Salaries and Wages	-	-	319	-	319	-
- WorkCover Premium	-	-	-	-	-	-
- Departure Packages	-	-	-	-	-	-
- Superannuation	-	-	-	-	-	-
- Long Service Leave	-	-	-	-	-	-
Total Employee Expenses	-	-	319	-	319	-
Non Salary Labour Costs						
- Agency Costs - Other	-	-	-	-	-	-
Total Non Salary Labour Costs	-	-	-	-	-	-
Other Expenses						
- Domestic Services and Supplies	-	-	-	-	-	-
- Fuel, Light, Power and Water	-	-	32	-	32	-
- Motor Vehicle Expenses	-	-	-	-	-	-
- Repairs and Maintenance	-	-	-	-	-	-
- Administrative Expenses	-	-	74	-	74	-
- Other	-	-	398	-	398	-
Total Other Expenses	-	-	504	-	504	-
Total Expenditure using Capital Purpose Income	-	-	823	-	823	-
Impairment of Non-Financial Assets	-	-	-	-	-	-
Impairment of Financial Assets						
- Available-for-Sale Financial Assets	-	-	-	-	-	-
Total Impairment of Assets	-	-	-	-	-	-
Depreciation and Amortisation	-	-	7,223	6,543	7,223	6,543
Written Down Value of Assets Sold (refer note 3c)	-	-	1	46	1	46
Finance Costs	-	-	-	-	-	-
Assets Provided Free-of-Charge	-	-	-	-	-	-
Total	-	-	7,224	6,589	7,224	6,589
Total Expenses	77,055	71,356	10,645	9,211	87,700	80,567

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Note 3a: Analysis of Expenses by Source

	Admitted Patients 2011 \$'000	Outpatients 2011 \$'000	EDS 2011 \$'000	Ambulatory 2011 \$'000	Other 2011 \$'000	Total 2011 \$'000
Services Supported by Health Services Agreement						
Employee Expenses	27,270	13,698	4,699	-	-	45,667
Non Salary Labour Costs	2,091	983	65	-	-	3,139
Supplies and Consumables	7,379	8,527	645	-	-	16,551
Other Expenses from Continuing Operations	7,515	3,710	473	-	-	11,698
Sub-Total Expenses from Services Supported by Health Services Agreement	44,255	26,918	5,882	-	-	77,055
Services Supported by Hospital and Community Initiatives						
Employee Expenses	-	-	-	-	635	635
Non Salary Labour Costs	-	-	-	-	289	289
Supplies and Consumables	-	-	-	-	286	286
Other Expenses from Continuing Operations	-	-	-	-	1,388	1,388
Sub-Total Expenses from Services Supported by Hospital and Community Initiatives	-	-	-	-	2,598	2,598
Expenditure using Capital Purpose Income						
Employee Expenses	-	-	-	-	319	319
Non Salary Labour Costs	-	-	-	-	-	-
Other Expenses	-	-	-	-	504	504
Sub-Total Expenditure using Capital Purpose Income	-	-	-	-	823	823
Impairment of Non-Financial Assets (refer note 3)	-	-	-	-	-	-
Impairment of Financial Assets (refer note 3)	-	-	-	-	-	-
Depreciation and Amortisation (refer note 4)	-	-	-	-	7,223	7,223
Written Down Value of Assets Sold (refer note 3d)	-	-	-	-	1	1
Sub-Total Expenditure from Services Supported by Health Services Agreement and by Hospital and Community Initiatives	-	-	-	-	7,224	7,224
Total Expenses	44,255	26,918	5,882	-	10,645	87,700

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Note 3a: Analysis of Expenses by Source (Continued)

	Admitted Patients 2010 \$'000	Outpatients 2010 \$'000	EDS 2010 \$'000	Ambulatory 2010 \$'000	Other 2010 \$'000	Total 2010 \$'000
Services Supported by Health Services Agreement						
Employee Expenses	25,642	12,925	4,055	-	-	42,622
Non Salary Labour Costs	532	1,063	-	-	-	1,595
Supplies and Consumables	7,653	7,562	557	-	-	15,772
Other Expenses from Continuing Operations	5,541	4,793	1,033	-	-	11,367
Sub-Total Expenses from Services Supported by Health Services Agreement	39,368	26,343	5,645	-	-	71,356
Services Supported by Hospital and Community Initiatives						
Employee Expenses	-	-	-	-	841	841
Non Salary Labour Costs	-	-	-	-	98	98
Supplies and Consumables	-	-	-	-	256	256
Other Expenses from Continuing Operations	-	-	-	-	1,427	1,427
Depreciation and Amortisation (refer note 4)	-	-	-	-	-	-
Sub-Total Expenses from Services Supported by Hospital and Community Initiatives	-	-	-	-	2,622	2,622
Expenditure using Capital Purpose Income						
Employee Expenses	-	-	-	-	-	-
Non Salary Labour Costs	-	-	-	-	-	-
Other Expenses	-	-	-	-	-	-
Sub-Total Expenditure using Capital Purpose Income	-	-	-	-	-	-
Written Down Value of Assets Sold (refer note 3c)	-	-	-	-	46	46
Impairment of Non-Financial Assets (refer note 3)	-	-	-	-	-	-
Impairment of Financial Assets (refer note 3)	-	-	-	-	-	-
Depreciation and Amortisation (refer note 4)	-	-	-	-	6,543	6,543
Finance Costs	-	-	-	-	-	-
Assets Provided Free-of-Charge	-	-	-	-	-	-
Sub-Total Expenditure from Services Supported by Health Services Agreement and by Hospital and Community Initiatives	-	-	-	-	6,589	6,589
Total Expenses	39,368	26,343	5,645	-	9,211	80,567

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

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

	2011 \$'000	2010 \$'000
Private Practice and Other Patient Activities	962	865
Pharmacy Services	283	209
Property Expenses	13	17
Computer Implementation	1	(2)
Other	639	390
Other Activities		
Fundraising and Community Support	307	432
Research and Scholarship	393	667
Education and Training	-	44
TOTAL	2,598	2,622

Note 3c: Net Gain/(Loss) on Disposal of Non-Financial Assets

	2011 \$'000	2010 \$'000
Proceeds from Disposals of Non-Current Assets		
Plant and Equipment	-	-
Medical Equipment	33	22
Motor Vehicles	7	-
Buildings	-	-
Total Proceeds from Disposal of Non-Current Assets	40	22
Written Down Value of Non-Current Assets Sold		
Plant and Equipment	-	-
Medical Equipment	1	46
Motor Vehicles	-	-
Buildings	-	-
Total Written Down Value of Non-Current Assets Sold	1	46
Net Gains/(Losses) on Disposal of Non-Current Assets	39	(24)

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Note 4: Depreciation and Amortisation

	2011 \$'000	2010 \$'000
Depreciation		
Buildings	4,549	4,544
Plant and Equipment	160	147
Medical Equipment	1,305	1,470
Computers and Communication	329	211
Non-Medical Equipment	10	12
Furniture and Fittings	20	20
Motor Vehicle	4	-
Total Depreciation	6,377	6,404
Amortisation		
Intangible Assets	846	139
Total Amortisation	846	139
Total Depreciation and Amortisation	7,223	6,543

Note 5: Cash and Cash Equivalents

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

	2011 \$'000	2010 \$'000
Cash on Hand	1	1
Cash at Bank	108	(388)
Deposits at Call	674	6,419
TOTAL	783	6,032
Represented by:		
Cash for Health Service Operations (as per Cash Flow Statement)	783	6,032
TOTAL	783	6,032

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Note 6: Receivables

	2011 \$'000	2010 \$'000
CURRENT		
Contractual		
Inter Hospital Debtors	296	271
Trade Debtors	396	174
Patient Fees	273	293
Accrued Revenue - Other	319	81
<i>Less Allowance for Doubtful Debts</i>		
Inter Hospital Debtors	-	-
Trade Debtors	(34)	(21)
Patient Fees	(24)	(26)
	1,226	772
Statutory		
GST Receivable	509	344
	509	344
TOTAL CURRENT RECEIVABLES	1,735	1,116
Statutory		
Long Service Leave - Department of Health	460	188
<i>Less Allowance for Doubtful Debts</i>	-	-
TOTAL NON-CURRENT RECEIVABLES	460	188
TOTAL RECEIVABLES	2,195	1,304

(a) Movement in the Allowance for Doubtful Debts Contractual Receivables

	2011 \$'000	2010 \$'000
Balance at Beginning of Year	47	57
Amounts Written off During the Year	25	19
Amounts Recovered During the Year	-	-
Increase/(Decrease) in Allowance Recognised in Net Result	10	(29)
Balance at End of Year	82	47

(b) Ageing Analysis of Receivables

Please refer to note 18(b) for the ageing analysis of receivables

(c) Nature and Extent of Risk Arising from Receivables

Please refer to note 18(b) for the nature and extent of credit risk arising from receivables

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Note 7: Other Financial Assets

	Operating Fund 2011 \$'000	Operating Fund 2010 \$'000	Specific Purpose Fund 2011 \$'000	Specific Purpose Fund 2010 \$'000	Capital Fund 2011 \$'000	Capital Fund 2010 \$'000	Total 2011 \$'000	Total 2010 \$'000
CURRENT								
<i>Term Deposit</i>								
Aust. Dollar Term Deposits > 3 months*	-	-	45,500	-	-	-	45,500	-
<i>Equities and Managed Investment Schemes</i>								
Australian Listed Equity Securities	-	-	19,424	58,066	-	-	19,424	58,066
Managed Investment Schemes	-	-	-	-	-	-	-	-
<i>Derivative Financial Asset</i>	-	-	-	-	-	-	-	-
<i>Available-for-Sale Financial Assets</i>								
Cash Management Account	-	-	-	-	-	-	-	-
Total Current	-	-	64,924	58,066	-	-	64,924	58,066
NON CURRENT								
<i>Available-for-Sale Financial Assets</i>								
Cash Management Account	-	-	-	-	-	-	-	-
Units in Managed Funds	-	-	2,824	3,331	-	-	2,824	3,331
Total Non Current	-	-	2,824	3,331	-	-	2,824	3,331
TOTAL	-	-	67,748	61,397	-	-	67,748	61,397
Represented by:								
Health Service Investments	-	-	67,748	61,397	-	-	67,748	61,397
TOTAL	-	-	67,748	61,397	-	-	67,748	61,397

Notes: *Term deposits under 'investments and other financial assets' class include only term deposits with maturity greater than 90 days.

(a) Ageing Analysis of other Financial Assets

Please refer to note 18(b) for the ageing analysis of other financial assets

(b) Nature and Extent of Risk Arising from other Financial Assets

Please refer to note 18(b) for the nature and extent of credit risk arising from other financial assets

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Note 8: Inventories

	2011 \$'000	2010 \$'000
Pharmaceuticals		
At Cost	196	269
Medical and Surgical Lines		
At Cost	288	345
Total Medical and Surgical Lines	484	614
Other		
Cochlear Implants - At Cost	-	-
Gift Shop - At Cost	6	8
TOTAL INVENTORIES	490	622

Note 9: Other Current Assets

	2011 \$'000	2010 \$'000
Prepayments	391	205
Accrued Investment Income	1,023	47
CURRENT	1,414	252
TOTAL CURRENT OTHER ASSETS	1,414	252

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Note 10: Property, Plant and Equipment

	2011 \$'000	2010 \$'000
Land		
Land at Fair Value - 2010	27,160	27,160
Less Impairment	-	-
Total Land	27,160	27,160
Buildings		
Buildings Under Construction at Cost	2,535	1,638
Buildings at Fair Value - 2010	181,770	181,770
Buildings at Cost	100	82
Less Acc'd Depreciation	(113,106)	(108,557)
Total Buildings	71,299	74,933
Plant and Equipment		
Plant and Equipment at Cost	3,213	2,710
Less Acc'd Depreciation	(1,097)	(949)
Total Plant and Equipment	2,116	1,761
Medical Equipment		
Medical Equipment at Cost	16,870	16,939
Less Acc'd Depreciation	(11,529)	(11,118)
Total Medical Equipment	5,341	5,821
Computers and Communication		
Computers and Communication at Cost	2,371	1,761
Less Acc'd Depreciation	(1,305)	(1,065)
Total Computers and Communication	1,066	696
Non-Medical Equipment		
Non-Medical Equipment at Cost	157	165
Less Acc'd Depreciation	(88)	(91)
Total Non-Medical Equipment	69	74
Furniture and Fittings		
Furniture and Fittings at Cost	348	307
Less Acc'd Depreciation	(170)	(152)
Total Furniture and Fittings	178	155
Motor Vehicles		
Motor Vehicles at Fair Value	27	-
Less Acc'd Depreciation	(4)	-
Total Motor Vehicles	24	-
TOTAL	107,253	110,600

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Note 10: Property, Plant and Equipment (Continued)

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

	Land \$'000	Buildings \$'000	Under Construction \$'000	Plant and Equipment \$'000	Medical Equipment* \$'000	Computers & Comm'n's* \$'000	Non- Medical Equipment* \$'000	Furniture & Fittings* \$'000	Motor Vehicles* \$'000	Total \$'000
Balance at 1 July 2009	27,160	77,757	680	1,911	6,434	546	72	226	-	114,786
Additions	-	82	958	1	936	364	16	9	-	2,366
Assets Transferred as Capital Contributions	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(46)	-	-	-	-	(46)
Classified as Held For Sale	-	-	-	-	-	-	-	-	-	-
Impairment Losses (Recognised)/Reversed in Net Result	-	-	-	-	-	-	-	-	-	-
Net Additions Through Restructuring	-	-	-	-	-	-	-	-	-	-
Revaluation Increments/ (Decrements)	-	-	-	-	-	-	-	-	-	-
Net Transfers Between Classes	-	-	-	(4)	(33)	(3)	(2)	(60)	-	(102)
Depreciation and Amortisation (note 4)	-	(4,544)	-	(147)	(1,470)	(211)	(12)	(20)	-	(6,404)
Balance at 1 July 2010	27,160	73,295	1,638	1,761	5,821	696	74	155	-	110,600
Additions	-	18	897	515	826	699	5	43	27	3,030
Assets transferred as Capital Contributions	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(1)	-	-	-	-	(1)
Classified as Held For Sale	-	-	-	-	-	-	-	-	-	-
Impairment Losses (Recognised)/Reversed in Net Result	-	-	-	-	-	-	-	-	-	-
Net Additions Through Restructuring	-	-	-	-	-	-	-	-	-	-
Revaluation Increments/ (Decrements)	-	-	-	-	-	-	-	-	-	-
Net Transfers Between Classes	-	-	-	-	-	-	-	-	-	-
Depreciation and Amortisation (note 4)	-	(4,549)	-	(160)	(1,305)	(329)	(10)	(20)	(4)	(6,377)
Balance at 30 June 2011	27,160	68,764	2,535	2,116	5,341	1,066	69	178	24	107,253

(Additions should be at cost and disposals should be at carrying amount).

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Land and Buildings Carried at Valuation

For the year ended 30 June 2009 an independent valuation of the hospital's property, plant and equipment was performed by the Valuer-General Victoria to determine the fair value of the land and buildings. This exercise resulted in the assets being revalued in that year leading to an increase in the Asset Revaluation Reserve of \$50.754 million. For the year ended 30 June 2010 management conducted an assessment of land and building values via the application of Valuer-General Victoria indices relevant to 2009-10 and the resulting change in values was deemed immaterial. Consequently a further revaluation was not required for the year ended 30 June 2011.

Plant, Equipment, Furniture and Fittings

At 30 June 2011 the hospital used fair values to measure all these asset groups. For the year ended 30 June 2011 the hospital reviewed the carrying values of a large number of Medical Equipment assets against the replacement costs of these assets in order to assess carrying value against fair value. This exercise indicated that fair value did not materially differ from the current value and as a result no adjustment was recorded.

Note 11: Intangible Assets

	2011 \$'000	2010 \$'000
Computer Software	3,294	907
Less Acc'd Amortisation	(1,445)	(619)
	1,849	288
Computer Software - Work in Progress	43	576
	43	576
Total Written Down Value	1,892	864

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

	2010 \$'000
Balance at 1 July 2009	427
Additions	576
Amortisation (note 4)	(139)
Balance at 1 July 2010	864
Additions	1,874
Amortisation (note 4)	(846)
Balance at 30 June 2011	1,892

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Note 12: Investment Properties

	2011 \$'000	2010 \$'000
Balance at Beginning of Period -Fair Value	640	640
Net Gain/(Loss) from Fair Value Adjustments	-	-
Balance at End of Period	640	640

Valuation

An independent valuation of the hospital's investment properties was performed by the Valuer-General Victoria to determine fair value as at 30 June 2009. This valuation was based on independent assessment and Fair (Market) Value subject to lease.

At 30 June 2011, management verified this valuation by applying the Valuer-General Victoria indices relevant for the asset category and period and determined that the carrying value did not materially differ from fair market value. Accordingly, no adjustment to the 2011 carrying value was required as it is a reasonable approximation of fair value.

Note 13: Payables

	2011 \$'000	2010 \$'000
CURRENT		
Contractual		
Trade Creditors	2,266	1,549
Accrued Expenses	1,952	3,339
	4,218	4,888
Statutory		
GST Payable	45	21
Fringe Benefits Tax Payable	-	(8)
	45	13
TOTAL CURRENT	4,263	4,901
TOTAL	4,263	4,901

(a) Maturity Analysis of Payables

Please refer to Note 18c for the ageing analysis of payables

(b) Nature and Extent of Risk Arising from Payables

Please refer to note 18c for the nature and extent of risks arising from payables

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Note 14: Provisions

	2011 \$'000	2010 \$'000
Current Provisions		
Employee Benefits (i)		
- Unconditional and Expected to be Settled within 12 months (ii)	5,600	5,592
- Unconditional and Expected to be Settled after 12 months (iii)	3,876	4,674
Employee Termination Expenses		
- Unconditional and Expected to be Settled within 12 months (ii)	-	-
- Unconditional and Expected to be Settled after 12 months (iii)	-	-
	9,476	10,266
Provisions Related to Employee Benefits On-costs		
- Unconditional and Expected to be Settled within 12 months (nominal value) (ii)	574	292
- Unconditional and Expected to be Settled after 12 months (present value) (iii)	-	-
Total Current Provisions	574	292
Non-Current Provisions	10,050	10,558
Employee Benefits (i)	1,875	209
Employee Termination Expenses	-	-
Provisions Related to Employee Expense On-costs	-	-
Onerous Lease Contracts	-	-
Make-good Provision	-	-
Total Non-Current Provisions	1,875	209
Total Provisions	11,925	10,767
	2011 \$'000	2010 \$'000
(a) Employee Benefits and Related On-costs		
Current Employee Benefits and Related On-costs		
Unconditional LSL Entitlement	4,364	5,361
Annual Leave Entitlements	2,845	2,892
Accrued Wages and Salaries	1,973	1,602
Sick Leave	-	-
Accrued Days Off	161	137
Other:	-	-
Superannuation	133	262
WorkCover	-	12
Non-Current Employee Benefits and Related On-costs		
Conditional Long Service Leave Entitlements (iii)	1,875	209
Total Employee Benefits	11,351	10,475
Current On-costs	574	292
Non-Current On-costs	-	-
Total On-costs	574	292
Total Employee Benefits and Related On-costs	11,925	10,767

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Note 14: Provisions (Continued)

	2011 \$'000	2010 \$'000
(b) Movement in Provisions:		
Movement in Long Service Leave:		
Balance at Start of Year	5,570	5,282
Provision Made During the Year		
- Revaluations	23	28
- Expense Recognising Employee Service	(594)	911
Settlement Made During the Year	(635)	(651)
Balance at End of Year	4,364	5,570

Notes:

(i) Provisions for employee benefits consist of amounts for annual leave and long service leave accrued by employees, not including on-costs.

(ii) The amounts disclosed are nominal amounts

(iii) The amounts disclosed are discounted to present values

Note 15: Other Liabilities

	2011 \$'000	2010 \$'000
CURRENT		
Rental in Advance	37	33
Bond Money	9	9
Patient Fees	29	16
Income in Advance - Department of Health	1,227	994
Other (Prepaid Revenue)	12	-
Total Current	1,314	1,052
Total Other Liabilities	1,314	1,052

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Note 16: Reserve

	2011 \$'000	2010 \$'000
(a) Reserves		
Property, Plant and Equipment Revaluation Surplus 1		
Balance at the Beginning of the Reporting Period	62,462	62,462
Balance at the End of the Reporting Period*	62,462	62,462
* Represented by:		
- Land	17,071	17,071
- Buildings	45,391	45,391
- Plant and Equipment	-	-
	62,462	62,462
Financial Assets Available-for-Sale Revaluation Surplus 2		
Balance at the Beginning of the Reporting Period	2,598	-
Adjustment on Adoption of New Accounting Policy	-	-
Valuation Gain/(Loss) Recognised	2,020	2,598
Cumulative (Gain)/Loss Transferred to Operating Statement on Sale of Financial Assets	-	-
Cumulative (Gain)/Loss Transferred to Operating Statement on Impairment of Financial Assets	-	-
Balance at End of the Reporting Period	4,618	2,598
General Purpose Reserve		
Balance at the Beginning of the Reporting Period	33,090	35,978
Transfer to and from General Reserve	-	-
- Accumulated Surplus/(Deficits)	(10,718)	(2,888)
Balance at the End of the Reporting Period	22,372	33,090

(1) The property, plant and equipment asset revaluation surplus arises on the periodic revaluation of land and buildings. The most recent valuation was at 30 June 2009.

(2) The financial assets available-for-sale revaluation surplus arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold, that portion of the reserve which relates to the financial asset, and is effectively realised, is recognised in the net result. Where a revalued financial asset is impaired that portion of the reserve which relates to that financial asset is recognised in the net result.

(3) The opening equity balance for 2009 has been corrected and represents the recognition of an intangible asset where the cost has (in prior years) been incorrectly expensed rather than capitalised as work in progress. The impact of the correction is to increase the opening equity balance by \$2M.

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Note 16: Reserve (Continued)

	2011 \$'000	2010 \$'000
Restricted Specific Purpose Reserve		
Balance at the Beginning of the Reporting Period	21,724	18,186
Transfer to and from Restricted Specific Purpose Reserve	8,543	3,538
Balance at the end of the Reporting Period	30,267	21,724
Total Reserves	119,719	119,874
(b) Contributed Capital		
Balance at the Beginning of the Reporting Period	51,568	51,568
Capital Contribution Received from Victorian Government	-	-
Capital Repayments	-	-
Balance at the end of the Reporting Period	51,568	51,568
(c) Accumulated Surpluses/(Deficits)		
Balance at the Beginning of the Reporting Period	(4,451)	(2,848)
Net Result for the Year	(4,098)	(953)
Transfers to and from Reserve		
- General Purpose Reserve	1,847	2,888
- Restricted Specific Purpose Reserve	328	(3,538)
Adjustments Resulting from Correction of Errors	-	-
Balance at the end of the Reporting Period	(6,374)	(4,451)
(d) Total Equity at end of Financial Year	164,913	166,991

Note 17: Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities

	2011 \$'000	2010 \$'000
Net Result for the Year	(4,098)	(953)
Depreciation	6,377	6,404
Amortisation of Intangibles	846	139
Impairment of Non Current Assets	-	-
Provision for Doubtful Receivable	11	(10)
Change in Inventories	132	265
Resources/Assets Provided Free of Charge	-	-
Resources/Assets (Received) Free of Charge	-	-
Net (Gain)/Loss from Sale of Plant and Equipment	(39)	24
Net (Gain)/Loss from Sale of Investments	-	-
Change in Operating Assets and Liabilities		
(Increase)/Decrease in Receivables	(705)	(55)
(Increase)/Decrease in Other Assets	(1,140)	(81)
(Increase)/Decrease in Prepayments	(186)	(4)
Increase/(Decrease) in Payables	(669)	459
Increase/(Decrease) in Provisions	1,158	(372)
Increase/(Decrease) in Other Liabilities	302	(1,877)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	1,989	3,939

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Note 18: Financial Instruments

(a) Financial Risk Management Objectives and Policies

The hospital's principal financial instruments comprise of:

- Cash Assets
- Term Deposits
- Receivables (excluding statutory receivables)
- Investment in Equities and Managed Investment Schemes
- Payables (excluding statutory payables)

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

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

Categorisation of Financial Instruments

	Carrying Amount 2011 \$'000	Carrying Amount 2010 \$'000
Financial Assets		
Cash and Cash Equivalents	783	6,032
Designated at Fair Value through Profit or Loss	-	-
Held-for-Trading at Fair Value through Profit or Loss	-	-
Loans and Receivables	2,195	1,304
Available for Sale	67,748	61,397
Total Financial Assets (i)	70,726	68,733
Financial Liabilities		
Financial Liabilities at Amortised Cost	4,263	4,901
Other Liabilities at Amortised Cost	1,314	1,052
Total Financial Liabilities (ii)	5,577	5,953

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

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

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

	Net Holding Gain/(Loss) 2011 \$'000	Net Holding Gain/(Loss) 2010 \$'000
Financial Assets		
Cash and Cash Equivalents (i)	-	-
Designated at Fair Value through Profit or Loss (iii)	-	-
Held-for-Trading at Fair Value through Profit or Loss (iii)	-	-
Loans and Receivables (i)	-	-
Available for Sale (i)	2,020	2,598
Total Financial Assets	2,020	2,598
Financial Liabilities		
Designated at Fair Value through Profit or Loss (iii)	-	-
Held-for-Trading at Fair Value through Profit or Loss (iii)	-	-
At Amortised Cost (ii)	-	-
Total Financial Liabilities	-	-

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

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

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

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Note 18: Financial Instruments (continued)

(b) Credit Risk

Credit Risk represents the loss that would be recognised if counterparties fail to meet their obligations under the respective contracts at maturity. The credit risk on financial assets of the hospital has been recognised on the Balance Sheet, as the carrying amount, net of any provisions for doubtful debts.

There is no significant exposure to any individual debtor, except the Department of Health.

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

Credit Quality of Contractual Financial Assets that are neither Past, Due nor Impaired

	Financial Institution (AAA Credit Rating) \$'000	Government Agencies (AAA Credit Rating) \$'000	Government Agencies (BBB Credit Rating) \$'000	Not Past Due and Not Impaired \$'000	Other (min BBB Credit Rating) \$'000	Total \$'000
2011						
Financial Assets						
Cash and Cash Equivalents	783	-	-	-	-	783
Receivables (i)						-
- Trade Debtors	-	-	-	658	-	658
- Other Receivables	-	-	-	1,537	-	1,537
Other Financial Assets						-
- Other Financial Assets	22,248	-	-	-	-	22,248
- Term Deposit	45,500	-	-	-	-	45,500
- Shares in Other Entities	-	-	-	-	-	-
Total Financial Assets	68,531	-	-	2,195	-	70,726
2010						
Financial Assets						
Cash and Cash Equivalents	6,032	-	-	-	-	6,032
Receivables (i)						-
- Trade Debtors	-	-	-	424	-	424
- Other Receivables	-	-	-	880	-	880
Other Financial Assets						-
- Other Financial Assets	61,397	-	-	-	-	61,397
- Term Deposit	-	-	-	-	-	-
- Shares in Other Entities	-	-	-	-	-	-
Total Financial Assets	67,429	-	-	1,304	-	68,733

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

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Note 18: Financial Instruments (continued)

Ageing Analysis of Financial Asset as at 30 June

	Carrying Amount \$'000	Not Past Due and Not Impaired \$'000	Past Due But Not Impaired				Impaired Financial Assets \$'000
			Less than 1 Month \$'000	1 to 3 Months \$'000	3 Months to 1 Year \$'000	1 to 5 Years \$'000	
2011							
Financial Assets							
Cash and Cash Equivalents	783	783	-	-	-	-	-
Receivables (i)							
- Trade Debtors	658	512	101	41	4	-	-
- Other Receivables	1,537	1,026	40	6	5	460	-
Other Financial Assets							
- Other Financial Assets	22,248	22,248	-	-	-	-	-
- Term Deposit	45,500	45,500	-	-	-	-	-
- Shares in Other Entities	-	-	-	-	-	-	-
Total Financial Assets	70,726	70,069	141	47	9	460	-
2010							
Financial Assets							
Cash and Cash Equivalents	6,032	6,032	-	-	-	-	-
Receivables (i)							
- Trade Debtors	424	247	155	11	11	-	-
- Other Receivables	880	564	105	19	4	188	-
Other Financial Assets							
- Other Financial Assets	61,397	61,397	-	-	-	-	-
- Term Deposit	-	-	-	-	-	-	-
- Shares in Other Entities	-	-	-	-	-	-	-
Total Financial Assets	68,733	68,240	260	30	15	188	-

(i) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable). There are no material financial assets which are individually determined to be impaired. Currently the hospital does not hold any collateral as security nor credit enhancements relating to any of its financial assets. There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated. The ageing analysis table above discloses the ageing only of contractual financial assets that are past due but not impaired.

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Note 18: Financial Instruments (continued)

(c) Liquidity Risk

Liquidity risk arises from the possibility that the hospital may encounter difficulty in settling its debts or otherwise meeting its obligations to financial liabilities. This risk is managed by monitoring monthly cash flow in relation to the hospital's operating investing and financing activities, managing credit risk related to financial assets and investing any surplus cash with major financial institutions.

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

Maturity Analysis of Financial Liabilities as at 30 June

			Maturity Dates			
	Carrying Amount \$'000	Contractual Cash Flows \$'000	Less than 1 Month \$'000	1 to 3 Months \$'000	3 Months to 1 Year \$'000	1 to 5 Years \$'000
2011						
Financial Liabilities						
Payables	4,263	4,263	3,974	289	-	-
Borrowings	-	-	-	-	-	-
Other Financial Liabilities (i)						
- Accommodation Bonds	-	-	-	-	-	-
- Other	1,314	1,314	1,269	25	20	-
Total Financial Liabilities	5,577	5,577	5,243	314	20	-
2010						
Financial Liabilities						
Payables	4,901	4,901	3,975	926	-	-
Borrowings	-	-	-	-	-	-
Other Financial Liabilities (i)						
- Accommodation Bonds	-	-	-	-	-	-
- Other	1,052	1,052	1,043	9	-	-
Total Financial Liabilities	5,953	5,953	5,018	935	-	-

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

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Note 18: Financial Instruments (continued)

(d) Market Risk

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

Currency Risk

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

Interest Rate Risk

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

Other Price Risk

Market Price Risk is the risk that the value of a financial instrument will fluctuate due to factors specific to the individual instruments or factors affecting all instruments traded in the market. The hospital is exposed to securities price risk and this is managed by an asset allocation strategy of diversification of investments across industries and geographic locations.

(d) Market Risk (Continued)

Interest Rate Exposure of Financial Assets and Liabilities as at 30 June

	Weighted Average Effective Interest Rate (%)	Carrying Amount	Interest Rate Exposure		
			Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non- Interest Bearing \$'000
2011					
Financial Assets					
Cash and Cash Equivalents(i)	4.75	783	-	783	-
Receivables					
- Trade Debtors	-	658	-	-	658
- Other Receivables	-	1,537	-	-	1,537
Other Financial Assets					
- Other Financial Assets	-	22,248	-	-	-
- Term Deposit	6.1	45,500	45,500	-	-
- Shares in Other Entities	-	-	-	-	-
Totals	-	70,726	45,500	783	2,195
Financial Liabilities					
Payables(i)	-	4,263	-	-	4,263
Borrowings	-	-	-	-	-
Other Financial Liabilities					
- Accommodation Bonds	-	-	-	-	-
- Other	-	1,314	-	-	1,314
Totals	-	5,577	-	-	5,577

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

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Note 18: Financial Instruments (continued)

(d) Market Risk (cont)

Interest Rate Exposure of Financial Assets and Liabilities as at 30 June

2010	Weighted Average Effective Interest Rate (%)	Carrying Amount	Interest Rate Exposure		
			Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non- Interest Bearing \$'000
Financial Assets					
Cash and Cash Equivalents(i)	3.64	6,032	-	6,032	-
Receivables					
- Trade Debtors	-	424	-	-	424
- Other Receivables	-	880	-	-	880
Other Financial Assets					
- Other Financial Assets	8.46	61,397	-	38,743	-
- Term Deposit	-	-	-	-	-
- Shares in Other Entities	-	-	-	-	-
Totals	-	68,733	-	44,775	1,304
Financial Liabilities					
Payables(i)	-	4,901	-	-	4,901
Borrowings	-	-	-	-	-
Other Financial Liabilities					
- Accommodation Bonds	-	-	-	-	-
- Other	-	1,052	-	-	1,052
Totals	-	5,953	-	-	5,953

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

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Note 18: Financial Instruments (continued)

(d) Market Risk (Continued)

Sensitivity Disclosure Analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, The Royal Victorian Eye and Ear Hospital believes the following movements are 'reasonably possible' over the next 12 months.

- A shift of +2% and -2% in market interest rates (AUD) from year-end rates of 6%;
- A parallel shift of +2% and -2% in inflation rate from year-end rates of 2%

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

	Carrying Amount \$'000	Interest Rate Risk				Other Price Risk			
		-2%		+2%		-2%		+2%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
2011									
Financial Assets									
Cash and Cash Equivalents(i)	783	(16)	(16)	16	16	-	-	-	-
Receivables (ii)									
- Trade Debtors	658	-	-	-	-	-	-	-	-
- Other Receivables	1,537	-	-	-	-	-	-	-	-
Other Financial Assets									
- Other Financial Assets	22,248					(445)	(445)	445	445
- Term Deposit	45,500	(910)	(910)	910	910				
- Shares in Other Entities	-	-	-	-	-	-	-	-	-
	70,726	(926)	(926)	926	926	(445)	(445)	445	445
Financial Liabilities									
Payables	4,263	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-	-
Other Financial Liabilities	-	-	-	-	-	-	-	-	-
- Accommodation Bonds	-	-	-	-	-	-	-	-	-
- Other	1,314	-	-	-	-	-	-	-	-
	5,577	-	-	-	-	-	-	-	-
	65,149	(896)	(896)	896	896	-	(445)	-	445

(i) eg. Sensitivity of cash and cash equivalents to a +1% movement in interest rates: $[\$22,403k \times 0.07] - [\$22,403k \times 0.06] = \$224k$. Similar for a -1% movement in interest rate, impact = $\$(224k)$.

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

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Note 18: Financial Instruments (continued)

(d) Market Risk (Continued) Sensitivity Disclosure Analysis

	Carrying Amount \$'000	Interest Rate Risk				Other Price Risk			
		-2%		+2%		-2%		+2%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
2010									
Financial Assets									
Cash and Cash Equivalents(i)	6,032	(121)	(121)	121	121	-	-	-	-
Receivables (ii)									
- Trade Debtors	424	-	-	-	-	-	-	-	-
- Other Receivables	880	-	-	-	-	-	-	-	-
Other Financial Assets									
- Other Financial Assets	61,397	(775)	(775)	775	775	-	(458)	-	458
- Term Deposit	-	-	-	-	-	-	-	-	-
- Shares in Other Entities	-	-	-	-	-	-	-	-	-
	68,733	(896)	(896)	896	896	-	(458)	-	458
Financial Liabilities									
Payables	4,901	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-	-
Other Financial Liabilities									
- Accommodation Bonds	-	-	-	-	-	-	-	-	-
- Other	1,052	-	-	-	-	-	-	-	-
	5,953	-	-	-	-	-	-	-	-
	62,780	(896)	(896)	896	896	-	(458)	-	458

(i) eg. Sensitivity of cash and cash equivalents to a +1% movement in interest rates: $[\$22,403k \times 0.07] - [\$22,403k \times 0.06] = \$224k$. Similar for a -1% movement in interest rate, impact = $-(\$224k)$.

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

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Note 18: Financial Instruments (continued)

(e) Fair Value

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

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

Comparison Between Carrying Amount and Fair Value

	Carrying Amount 2011 \$'000	Fair Value 2011 \$'000	Carrying Amount 2010 \$'000	Fair Value 2010 \$'000
Financial Assets				
Cash and Cash Equivalents	783	783	6,032	6,032
Receivables (i)				
- Trade Debtors	658	658	424	424
- Other Receivables	1,537	1,537	880	880
Other Financial Assets				
- Other Financial Assets	22,248	22,248	61,397	61,397
- Term Deposit	45,500	45,500	-	-
- Shares in Other Entities	-	-	-	-
Total Financial Assets	70,726	70,726	68,733	68,733
Financial Liabilities				
Payables	4,263	4,263	4,901	4,901
Borrowings	-	-	-	-
Other Financial Liabilities (i)				
- Accommodation Bonds	-	-	-	-
- Other	1,314	1,314	1,052	1,052
Total Financial Liabilities	5,577	5,577	5,953	5,953

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

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Note 18: Financial Instruments (continued)

(e) Fair Value (Continued)

Financial Assets Measured at Fair Value

	Carrying Amount as at 30 June \$'000	Fair Value Measurement at End of Reporting Period using:		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
2011				
Financial Assets at Fair Value through Profit and Loss				
Debt Securities	-	-	-	-
Available for Sale Financial Assets	22,248	15,690	6,558	-
- Equities and Managed Funds	-	-	-	-
Total Financial Assets	22,248	15,690	6,558	-
2010				
Financial Assets at Fair Value through Profit and Loss				
Debt Securities	-	-	-	-
Available for Sale Financial Assets	61,397	53,445	7,952	-
- Equities and Managed Funds	-	-	-	-
Total Financial Assets	61,397	53,445	7,952	-

Level 1 means

Quoted prices (unadjusted) in active markets for identical assets.

Level 2 means

Inputs other than quoted prices that are observable, either directly as prices or indirectly derived. At 30 June 2011 the hospital holds an investment in a Global Properties Securities Fund of \$3.735M (2010 - \$4.621M) and a Wholesale Infrastructure Income Fund of \$2.824M (2010 - \$3.331M) managed by Colonial First State Global Asset Management. Prices are provided by the Manager at each balance date and are measured at fair value in line with AASB139.

Level 3 means

Not based on observable market data.

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Note 19: Commitments for Expenditure

	2011 \$'000	2010 \$'000
Capital Expenditure Commitments		
Payable:		
Land and Buildings	509	15
Plant and Equipment	53	253
Computer Equipment	-	-
Total Capital Commitments	562	268
Land and Buildings		
Not Later than One Year	509	268
Total	509	268
Other Expenditure Commitments		
Payable:		
Consumables/Supplies	376	779
Maintenance	5,335	635
Total Other Commitments	5,711	1,414
Not Later than One Year	2,913	1,414
Later than 1 Year and not Later than 5 Years	2,798	-
TOTAL	5,711	1,414
Lease Commitments		
Commitments in Relation to Leases Contracted for at the Reporting Date:		
Operating Leases	-	521
Total Lease Commitments	-	521
Operating Leases		
Cancellable		
Not Later than one Year	-	401
Later than 1 Year and not Later than 5 years	-	120
Sub Total	-	521
TOTAL	-	521
Total Commitments for Expenditure (inclusive of GST)	6,273	2,203
Less GST recoverable from the Australian Tax Office	(570)	(200)
Total Commitments for Expenditure (exclusive of GST)	5,703	2,003

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

Note 20: Contingent Assets and Contingent Liabilities

The hospital does not have any contingent assets or contingent liabilities, (2009-10:\$nil).

Note 21: Segment Reporting

The Royal Victorian Eye and Ear Hospital derives all its revenue from the Acute Health Programs Services

Geographical Segment

The hospital operates predominantly in Melbourne, Victoria. More than 90% of revenue, net surplus from ordinary activities and assets relate to operations in Melbourne, Victoria. The hospital has spoke services at Lilydale, Broadmeadows and Blackburn.

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Note 22a: Responsible Persons Disclosures

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

	Period
Responsible Ministers:	
The Honourable Daniel Andrews, MLA, Minister for Health	1/07/2010 - 2/12/2010
The Honourable David Davis, MP, Minister for Health and Ageing	2/12/2010 - 30/06/2011
Governing Boards	
Ms Jan Boxall	1/07/2010 - 30/06/2011
Ms Katerina Angelopoulos	1/07/2010 - 30/06/2011
Mr Roger Greenman AM	1/07/2010 - 30/06/2011
Mr Timothy O'Leary	1/07/2010 - 30/06/2011
Mr Ian Pollard	1/07/2010 - 30/06/2011
Mr Andrew Porter	1/07/2010 - 30/06/2011
Ms Natalie Savin	1/07/2010 - 30/06/2011
Mr John Wilson	1/07/2010 - 30/06/2011
Mr Mike Zafiroopoulos AM	1/07/2010 - 30/06/2011
Accountable Officers	
Ms Ann Clark	1/07/2010 - 30/06/2011

Remuneration of Responsible Persons

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

	2011 No.	2010 No.
Income Band		
\$0 - \$9,999	-	-
\$10,000 - \$19,999	8	2
\$20,000 - \$29,999	-	6
\$40,000 - \$49,999	1	1
\$100,000 - \$109,999	-	-
\$190,000 - \$199,999	-	-
\$270,000 - \$279,999	1	1
Total Numbers	10	10
Total Remuneration Received or Due and Receivable by Responsible Persons from the Reporting Entity Amounted to:	\$475,522	\$487,080

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

	\$'000	\$'000
Other Transactions of Responsible Persons and their Related Parties.		
There were no other transactions with Responsible Persons and their Related Parties.	-	-

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Note 22b: Executive Officer Disclosures

Executive Officers' Remuneration

The numbers of executive officers, other than Ministers and Accountable Officers, and their total remuneration. The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long-service leave payments, redundancy payments and retirement benefits.

	Total Remuneration		Base Remuneration	
	2011 No.	2010 No.	2011 No.	2010 No.
\$90,000 - \$99,999	-	-	-	1
\$100,000 - \$109,999	-	1	-	-
\$110,000 - \$119,999	-	-	-	1
\$120,000 - \$129,999	-	1	-	-
\$130,000 - \$139,999	2	-	2	-
\$140,000 - \$149,999	-	-	-	-
\$150,000 - \$159,999	1	-	1	1
\$160,000 - \$169,999	1	1	1	-
\$170,000 - \$179,999	1	-	1	-
\$180,000 - \$189,999	-	-	-	-
\$190,000 - \$199,999	-	-	-	-
\$200,000 - \$209,999	-	-	-	-
\$210,000 - \$219,999	-	-	-	-
\$220,000 - \$229,999	-	-	-	-
\$230,000 - \$239,999	-	-	-	-
Total	5	3	5	3
Total Remuneration	\$765,615	\$394,381	\$702,399	\$362,807

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

Note 23: Remuneration of Auditors

	2011 \$'000	2010 \$'000
Audit fees Paid or Payable to the Victorian Auditor-General's Office for Audit of the Hospital's Current Financial Report	57	49
Internal Audit	79	95
Total Paid and Payable	136	144

Note 24: Events Occurring after the Balance Sheet Date

Since Balance Sheet Date of 30 June 2011, the investments held by The Royal Victorian Eye and Ear Hospital in market link securities have been subjected to a volatile market which has seen the value of the portfolio fluctuate. At this time, the market value of this investment cannot be quantified, however the level of investments subjected to this market is limited and is unlikely to materially affect the value of the overall financial results of the hospital.

Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2011

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

We certify that the attached financial statements for The Royal Victorian Eye and Ear Hospital have been prepared in accordance with Standing Direction 4.2 of the Financial Management Act 1994, applicable Financial Reporting Directions, Australian Accounting Standards, Australian Accounting Interpretations and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2011 and financial position at that date of The Royal Victorian Eye and Ear Hospital.

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

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



Jan Boxall
Chair, Board of Directors
Melbourne
23 August 2011



Ann Clark
Accountable Officer
Melbourne
23 August 2011



Peter Gould
Chief Finance and Accounting Officer
Melbourne
23 August 2011



Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Board Members, The Royal Victorian Eye & Ear Hospital

The Financial Report

The accompanying financial report for the year ended 30 June 2011 of The Royal Victorian Eye & Ear Hospital which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the Board Member's, Accountable Officer's and Chief Finance and Accounting Officer's Declaration has been audited.

The Board Members' Responsibility for the Financial Report

The Board Members of The Royal Victorian Eye & Ear Hospital are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, including the Australian Accounting Interpretations, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Board Members determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independence

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

Independent Auditor's Report (continued)

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of The Royal Victorian Eye & Ear Hospital as at 30 June 2011 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, including the Australian Accounting Interpretations, and the financial reporting requirements of the *Financial Management Act 1994*.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of The Royal Victorian Eye & Ear Hospital for the year ended 30 June 2011 included both in The Royal Victorian Eye & Ear Hospital's annual report and on the website. The Board Members of The Royal Victorian Eye & Ear Hospital are responsible for the integrity of The Royal Victorian Eye & Ear Hospital's website. I have not been engaged to report on the integrity of The Royal Victorian Eye & Ear Hospital's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE
24 August 2011



for D D R Pearson
Auditor-General

Caring for Victoria

The Royal Victorian Eye and Ear Hospital is affiliated with:
La Trobe University
Lions Eye Donations Service Melbourne
The Bionics Institute
The Centre for Eye Research Australia
The HEARing CRC
The University of Melbourne

The Royal Victorian Eye and Ear Hospital is a member of:

The World Association of Eye Hospitals

Members: Tun Hussein On National Eye Hospital, Kuala Lumpur, Malaysia, The Department of Ophthalmology of the University Hospital Leuven, Belgium, Singapore National Eye Centre, Moorfields Eye Hospital, London, UK, The Royal Victorian Eye and Ear Hospital, Melbourne, Australia, Rutnin Eye Hospital, Bangkok, Thailand, St Erik Eye Hospital, Stockholm, Sweden, The Rotterdam Eye Hospital, The Netherlands.

The European Association of Eye Hospitals

Members: 37 Military Hospital, Ghana, VISSUM Instituto Oftalmologico de Alicante, Spain, Department of Ophthalmology, University of Helsinki, Finland, The Royal Victorian Eye and Ear Hospital, Melbourne, Australia, The Department of Ophthalmology of the University Hospital Leuven, Belgium, Singapore National Eye Centre, Moorfields Eye Hospital, London, UK, St Erik Eye Hospital, Stockholm, Sweden, The Rotterdam Eye Hospital, The Netherlands.

The American Association of Eye and Ear Hospitals

Members: Bascom Palmer Eye Institute, Florida, USA, Callahan Eye Foundation Hospital, Alabama, USA, Manhattan Eye, Ear and Throat Hospital, New York, USA, Massachusetts Eye and Ear Infirmary, Massachusetts, USA, Moorfields Eye Hospital, London, UK, New York Eye and Ear Infirmary, New York, USA, Phillips Eye Institute, Minnesota, USA, Rotterdam Eye Hospital, The Netherlands, The Royal Victorian Eye and Ear Hospital, Melbourne, Australia, St. Erik's Eye Hospital, Stockholm, Sweden, Wills Eye Hospital, Pennsylvania, USA, Wilmer Eye Institute, Maryland, USA.

Environmental Profile

ecoStar is an environmentally responsible paper made carbon neutral. The greenhouse gas emissions of the manufacturing process including transportation of the finished product to BJ Ball Papers Warehouses has been measured by the Edinburgh Centre for Carbon Management (ECCM) and offset by the CarbonNeutral Company. ecoStar is manufactured from 100% post consumer recycled paper in a process chlorine free environment under the ISO 14001 environmental management system.



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