The Royal Victorian Eye & Ear Hospital
caring in every sense

2013–14

ANNUAL REPORT

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Vision, Mission and Values

The Royal Victorian Eye and Ear Hospital (the Eye and Ear) is Australia's leading provider of eye and ear health care.

In 2013–14, the Eye and Ear cared for over 250,000 patients throughout Victoria and continued to improve its operational and financial performance.

Vision
Improving quality of life through caring for the senses.

Mission
We aspire to be the world's leading eye and ear hospital by:

- Excelling in specialist services
- Integrating teaching and research
- Enabling a highly engaged workforce
- Promoting health in our community
- Building a sustainable future.

Values
Integrity
We act ethically, accept personal accountability, communicate openly and honestly and treat everyone with trust and respect.

Care
We treat patients with respect, are compassionate, thoughtful and responsive to their needs and sensitive to diversity.

Teamwork
We communicate openly, respect diversity of views and skills and work effectively with partners and in multi-disciplinary teams to deliver the best outcomes for patients.

Excellence
We give our personal best at all times, deliver exemplary customer service, monitor performance and seek leading edge ways to improve it.

Chair and CEO Report

It has been a year of progress and celebration at The Royal Victorian Eye and Ear Hospital. In October 2013, the Construction Manager for the hospital's redevelopment was appointed and works officially began.

During the year exciting new services also came to fruition, with the start of the Balance Disorders and Ataxia Service (BDAS) and the Cochlear Care Centre. The hospital's anniversary celebrations continued throughout 2013, providing the perfect opportunity for us to look back at all we have achieved in the past 150 years of serving the Victorian community, and inspiring us to continue to innovate in the decades to come.

Caring for Victorians

We continued to experience high demand for our services, with the hospital providing 201,108 outpatient occasions of service, 14,107 inpatient occasions of service and 40,762 emergency occasions of service this year. As a state-wide provider, the hospital also supported care for patients through its network of metropolitan, regional and rural health partners. As Australia's only specialist eye, ear, nose and throat hospital, we have an important role to play in the health of our community.

Planning for the Future

The Eye and Ear is the largest public provider of ophthalmology and ENT services in Victoria and delivers more than half of Victoria's public eye surgery and all of Victoria's public cochlear implants.

Our redevelopment project progressed with the appointment of Hansen Yuncken as Construction Manager in October 2013. Works have officially begun and will include structural upgrades to improve the hospital's layout and enable user-friendly access for patients and staff. The project will involve the demolition of existing buildings between the Smorgon Family Wing and Peter Howson Wing to allow construction of open-plan floors on lower levels, along with connecting links in the upper floors. Clinical services will be consolidated on lower levels and provide major improvements in the Emergency Department, operating theatres and specialist clinics. It will also provide inpatient beds and new same-day recovery areas. A significant expansion of onsite teaching, training and research facilities will be consolidated on the upper floors.

The work is expected to be completed in early 2018, and will allow the Eye and Ear to better meet future demand.

150th Celebration

Throughout 2013, the Eye and Ear held a public lecture series to mark its 150th anniversary and to acknowledge the hospital's long tradition of clinical care, research, teaching and training. Lectures featured presentations from Eye and Ear staff members, as well as guest lectures from members of our research and clinical partner organisations. They covered a variety of topical issues relating to ear and eye health, including the critical links between teaching, research and clinical care.

A commemorative history of the hospital was produced, *The Eye and Ear through the decades: 150 years of caring in every sense*, telling the hospital's story across the decades.

The hospital also held public tours, giving visitors an opportunity to learn about our history and a rare glimpse into the underground tunnel linking the Eye and Ear with St Vincent's Hospital.

Events including the Community Board Meeting—which gave members of the community a chance to be involved in a range of matters affecting the hospital—and the Staff Service Awards, also became part of the anniversary celebrations.

The Staff Service Awards celebrated the achievements of long-serving employees who have worked at the hospital for 10, 15, 20, 25, 30, 35 and 40 years. The highlight of the evening was the Minster for Health, the Hon. David Davis, MLC, presenting Roger Zupanek with his award for 40 years of service to the hospital.

Service Excellence

The hospital constantly strives to apply new and efficient models of care, invest in research and training and share our knowledge to improve the eye and ear health of our community. The innovative work undertaken at the Eye and Ear has earned the hospital an international reputation for excellence over the past 150 years.

This year we continued to collaborate with other health services to improve our patients' journey and provide the best possible health care to the Victorian community.

The beginning of the Balance Disorders and Ataxia Service (BDAS) in late 2013 signalled another milestone for the hospital. Having this 'one-stop shop' will allow us to build on our world-leading research and teaching, and enable us to deliver the best possible clinical care for our patients well into the future. The BDAS is further enhanced by the Gandel Philanthropy Balance Disorders Diagnostic—an advanced diagnostic technology secured through a Gandel Philanthropy Community Building grant. The new system will mean an improved quality of life for patients, particularly those with complex balance disorders.

In December 2013, the Australian College of Optometry (ACO) and The Royal Victorian Eye and Ear Hospital signed an Affiliation Agreement. This affiliation is a major step forward in our partnership. It further highlights the improved integration of primary and secondary care services being achieved by ophthalmology and optometry working together to provide care for those patients needing both types of management. The broad objectives of the affiliation are to improve outcomes for patients with complex eye care needs; to promote a cooperative effort between ACO and Eye and Ear staff members; to develop and deliver responsive, high-quality pathways of care for patients; and to explore opportunities to provide teaching for undergraduate and postgraduate students.

The new Cochlear Care Centre was launched on 26 May 2014. The Centre is a partnership between the Eye and Ear and Cochlear Ltd, and will improve support and ongoing management for cochlear implant recipients. The new state-of-the-art Centre at 174 Victoria Parade will help recipients with programming their cochlear implant systems and aftercare, and will enable the hospital to focus our expertise on cochlear implant surgeries, research and other specialist medical services.

The hospital is committed to closing the gap between Indigenous and non-Indigenous Victorians. Through our provision of the Aboriginal Ear Health Clinic, in partnership with the Victorian Aboriginal Health Service, the hospital is improving timely access for children with ear health issues

Research Collaboration

We continued to collaborate with our research partners, the Centre for Eye Research Australia, the University of Melbourne, the Bionics Institute, Bionic Vision Australia and the HEARing CRC on research that translates into clinical care. Sharing our knowledge and expertise throughout the community, the Eye and Ear helps make world-quality eye and ear health care available to all. We would like to acknowledge and thank the generosity of our patients who take part in this ground-breaking research.

Awards and Acknowledgements

The Board Chair and CEO would like to thank Board Members, clinicians, volunteers and all staff for their commitment and passion throughout the year and congratulate those who have been recognised by the Eye and Ear or in the community for their dedication.

At the 2013 AGM, the winners of the annual Eye and Ear Excellence Awards, which recognise individuals and specialist groups that have contributed to achieving organisational excellence, were announced. The six award categories acknowledge creative and original thinking that results in positive outcomes for our patients, an improved working environment or improved hospital systems. In 2013, these were awarded to:

- Board Chair's Medal: Dr Mark McCombe, Ophthalmologist
- CEO's Team Award: the Marketing and Communications Team
- Dr J Aubrey Bowen Medal: Dr Alex Harper, Head of the Medical Retina Clinic
- Administrative Excellence Award: Ebony Holpen, Executive Assistant Corporate Services
- Nursing Excellence Award: Robin Dark, Enrolled Nurse, Short Stay Care Centre
- Allied Health Award: the Audiology Department.

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 2014.

Jan Boxall
Chair, Board of Directors

Ann Clark
Chief Executive Officer

Board of Directors

Ms Jan Boxall LLB FAICD
Appointed 1 July 2008, reappointed 1 July 2011
Chair Board of Directors, Remuneration Committee
Member Audit Committee, Finance Committee, Quality Committee, Redevelopment 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 was Chair of the Board of Directors of the Cabrini Health group and a former director of the Boards of City West Water Corporation and Queen Victoria Market Pty Ltd.

Ms Boxall is a Fellow of the Australian Institute of Company Directors.

Dr Malcolm Brown MBBS, DOH, FAFOEM (RACP)
Appointed 1 July 2011
Chair Primary Care and Population Health Advisory Committee
Member Audit Committee, Quality Committee

Dr Brown is an occupational physician in private practice and has many years' corporate experience, working primarily in the oil and gas and mining industries in Australia, the Middle East and Europe. He has sat on government expert committees, mainly on environmental health matters. Dr Brown is a Director of the Centre for Eye Research Australia (CERA) and is also an adjunct lecturer at the School of Public Health and Preventative Medicine at Monash University.

Mr Peter Buzzard FCA, FAICD
Appointed 1 July 2012
Chair Audit Committee
Deputy Chair Board of Directors
Member Finance Committee, Remuneration Committee

Mr Buzzard has over 40 years' experience in professional financial practice, principally in the area of audit and corporate services in the large companies sector, with an emphasis on listed public companies. He is a Fellow of both the Institute of Chartered Accountants and the Australian Institute of Company Directors. He has been Chairman of Parks Victoria, The People & Parks Foundation and the Sustainable Melbourne Fund, and a Director of the Queen Victoria Market Pty Ltd and the Wholesale Fish Market Pty Ltd.

Mr Roger Greenman AM
Appointed 1 July 2009, reappointed 30 June 2012
Chair Quality Committee, Redevelopment 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.

Sandra Mercer Moore AM, DBA, M PHYSIOTHERAPY
Appointed 1 July 2011
Chair Community Advisory Committee
Member Quality Committee, Redevelopment Committee

Dr Mercer Moore has extensive experience in the Australian and the International Health Care industry, covering both private and public sectors. She is the immediate past president of the World Confederation for Physical Therapy, an alternate Director of the Centre for Eye Research Australia (CERA) and a Fellow of the Australian Institute of Company Directors. Dr Mercer Moore, an independent management and training consultant, serves as a Board Member for a range of organisations.

Mr Andrew Porter MA (HONS), FCA, MAICD
Appointed 1 July 2009, reappointed 1 July 2011
Chair Finance Committee
Member Redevelopment 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.

Mr Derek Skues DIP. ARCH., REG. ARCH., MAICD
Appointed 3 December 2013
Member Finance Committee, Quality Committee, Redevelopment Committee

Mr Skues is qualified and practiced as an architect and campus planner in Australia and internationally for many years prior to becoming a director of Atkinson Project Management in 1989, which merged with Aurecon in 2006. He has undertaken executive client management roles in Victoria, New South Wales and Hong Kong for a variety of health and university capital works projects. Mr Skues is currently a director of two not-for-profit foundations, and previously a director of City West Water and President and Camp Chief of the youth development organisation Lord Somers Camp and Power House.

Ms Sue Smethurst MAICD
Appointed 3 December 2013
Member Audit Committee, Community Advisory Committee, Primary Care and Population Health Advisory Committee

Ms Smethurst is a journalist who has held senior roles with Australia's leading media organisations for more than 20 years, enjoying prominent roles across magazines, television and radio. She is a best-selling author and is currently employed by Bauer Media's flagship title, The Australian Women's Weekly. She has extensive experience in the fields of media, communications and marketing and currently serves on a number of boards and committees for a wide range of organisations.

Ms Jenny Taing BA LLB (HONS), GAICD
Appointed 1 July 2012
Member Audit Committee, Community Advisory Committee, Primary Care and Population Health Advisory Committee

Ms Taing is a financial services lawyer. She is an Agency Management Committee member of the Australian Health Practitioner Regulation Agency, an advisory board member of the Centre for Advancing Journalism at the University of Melbourne, and a former Commissioner of the Victorian Multicultural Commission. She is a graduate of the Australian Institute of Company Directors, appeared in the CPA Australia INTHEBLACK magazine's 40 Young Business Leaders List for 2013 and is the recipient of the University of Melbourne Faculty of Arts Alumni Rising Star Award for 2014.

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 is governed by the principles contained within the *Health Services Act 1988* (as amended).

The Board provides governance of The Royal Victorian Eye and Ear Hospital 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.

Audit Committee

The Audit Committee membership comprises the following non-executive directors: Mr Peter Buzzard (Chair), Ms Jan Boxall (ceased as of 5 March 2014), Dr Malcolm Brown, Ms Jenny Taing and Ms Sue Smethurst (from 13 February 2014). Advisor: Amanda Bond.

The Audit Committee meets at least four times per year and assists the Board in monitoring compliance with laws, regulations, standards and internal controls.

Key responsibilities for the Audit Committee include monitoring the hospital's strategic and operational risks, developing the hospital's strategic internal audit plan, oversight of the Internal Audit Program, review of the Draft Annual Accounts and review of the relevant risk policies and procedures. All the Audit Committee members are independent of Management.

Finance Committee

The Finance Committee membership comprises the following non-executive directors: Mr Andrew Porter (Chair), Ms Jan Boxall, Mr Peter Buzzard, Mr Roger Greenman AM and Mr Derek Skues (from 13 February 2013). Advisor: Grant Cashin.

The Finance Committee meets at least seven times per year and assists the Board to fulfil its duties relating to the effective financial management of the Eye and Ear.

Key responsibilities for the Finance Committee include oversight of the hospital's annual operating and capital budget, review of the financial management reports, advising the Board on the financial implications associated with major projects and reviewing the relevant financial policies and procedures. All the Finance Committee members are independent of Management.

Redevelopment Committee

The Redevelopment Committee membership comprises the following non-executive directors: Mr Roger Greenman AM (Chair), Ms Jan Boxall, Dr Sandra Mercer Moore AM, Mr Andrew Porter and Mr Derek Skues (from 13 February 2013).

The Redevelopment Committee meets bi-monthly to oversee the planning, design, construction and fit-out of the redevelopment of the Eye and Ear and ensures that the works align with the hospital's strategic direction. The Committee ensures that the Board is advised on the progress of planning, works and key issues arising from the redevelopment project. The Committee makes recommendations to the Board concerning matters that require Board approval, including expenditure and design issues.

Remuneration Committee

The Remuneration Committee membership comprises the following non-executive directors: Ms Jan Boxall (Chair), Mr Peter Buzzard, Mr Roger Greenman AM and Mr Andrew Porter.

The Remuneration Committee makes assessments and recommendations to the Board concerning the 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, Dr Malcolm Brown, Dr Sandra Mercer Moore AM and Mr Derek Skues (from 13 February 2014).

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 the delivery of the highest level of quality and safety to patients, family and staff, and to ensure that all relevant standards are met. Innovation to improve quality and safety systems is a priority. 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 includes the following non-executive directors: Dr Sandra Mercer Moore AM (Chair), Ms Sue Smethurst (from 13 February 2014) and Ms Jenny Taing.

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.

Primary Care and Population Health Advisory Committee

The Primary Care and Population Health Advisory Committee membership includes the following non-executive directors: Dr Malcolm Brown (Chair), Ms Sue Smethurst (from 13 February 2014) and Ms Jenny Taing.

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 membership includes representatives from community and consumer groups, and partner organisations.

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 Ambulatory and Medical Services, Chief Medical Officer
Dr Caroline Clarke MD, FRACP, MRCP, FRACMA
The Executive Director, Ambulatory and Medical Services leads the development and implementation of a central framework for clinical governance and medical administration and is responsible for the Outpatients and Emergency departments, the Ophthalmology program and clinical services. As Chief Medical Officer, the role requires key involvement in the recruitment, credentialing and scope of practice of senior and junior medical staff. There are also responsibilities for medical education and research governance.

Clinical Director Ophthalmology Services
Associate Professor Michael Coote MBBS, FRANZCO, GAICD
The Clinical Director Ophthalmology Services is responsible for ophthalmic medical leadership. The role advises on strategy and models of care in ophthalmology that are sustainable and lead to excellence.

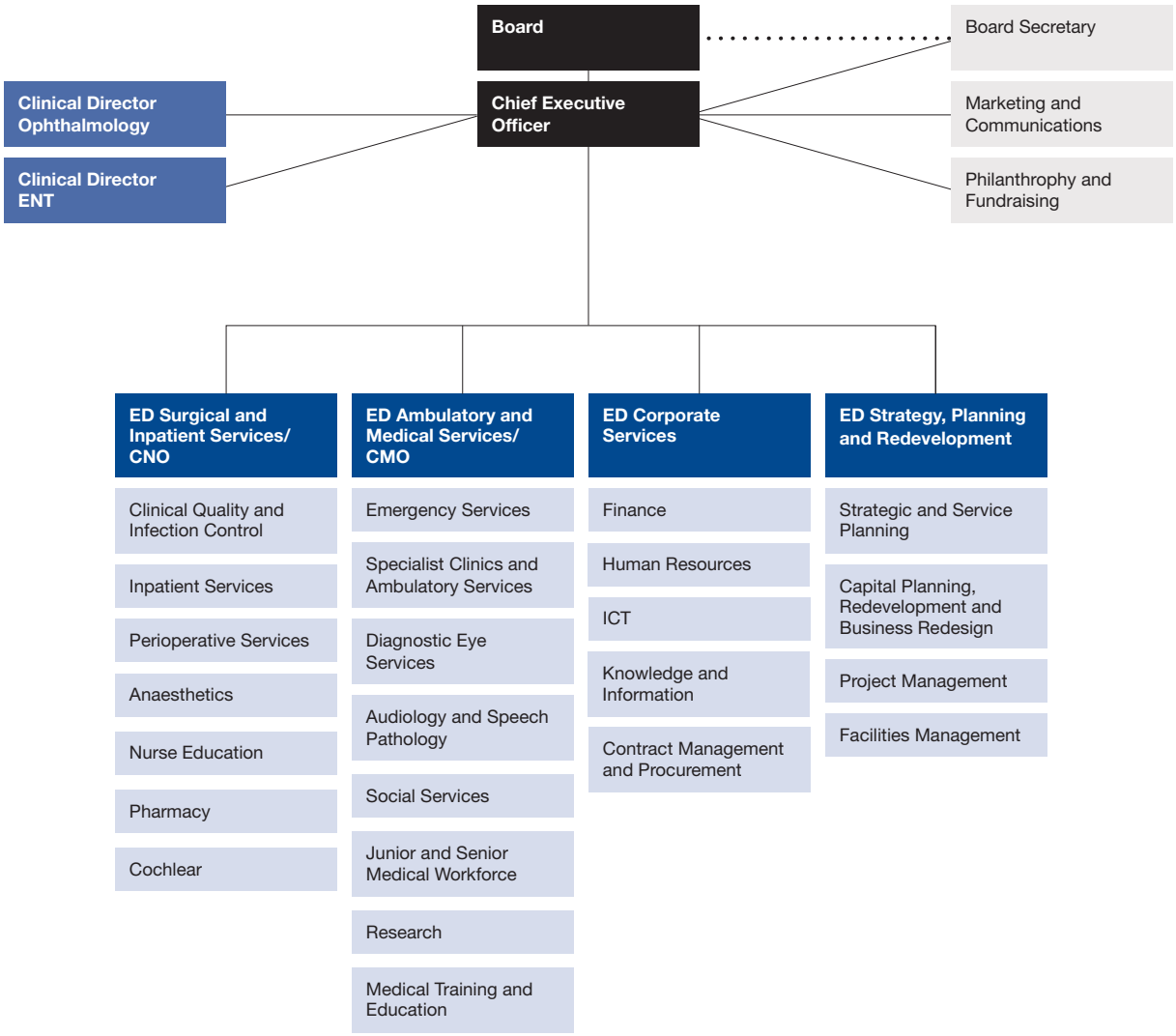
Executive Director Surgical and Inpatient Services, Chief Nursing Officer
Ms Jenni Bliss GENERAL NURSING, GRAD DIP, ADVANCED CLINICAL PRACTICE PAEDIATRICS AND PROFESSIONAL CERTIFICATE IN HEALTH SYSTEMS MANAGEMENT
The Executive Director Surgical and Inpatient Services is responsible for the Ear, Nose and Throat program and clinical services of the Eye and Ear, including the Cochlear Implant program, perioperative services, pharmacy, radiology services, pathology and inpatient services, and clinical quality and infection control. As Chief Nursing Officer, the role also has professional responsibility for nursing staff and education.

Clinical Director ENT Services
Mr Robert Briggs MBBS, FRACS, FACS
The Clinical Director ENT Services 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, Strategy, Planning and Redevelopment
Ms Jenni Gratton-Vaughan BAPPSC, GRADDIPREHABSTUD, MBUS, DIP PROJECT MGT, MAICD
The Executive Director Strategy, Planning and Redevelopment has overarching responsibility for the capital redevelopment of the Eye and Ear, and future strategy and service planning regarding health service delivery to meet future demand. The role also manages the Facilities and Security Department and the Program Management function which provides the governance for all projects across the hospital.

Executive Director Corporate Services, Chief Financial Officer
Mr Peter Gould BBUS, PGRADDIPSIA, FCPA, FFIN
The Executive Director Corporate Services is the Chief Financial Officer and is responsible for providing financial management leadership and oversight of the organisational financial position. The position is also responsible for leading and managing the development of effective and efficient financial and corporate support services, including contracts and procurement, financial services, human resources, information technology services and knowledge management.

Organisational Chart



Donors and Supporters

The Eye and Ear is most appreciative of the continued support of our donors, ambassadors and volunteers.

The financial donations and funding we receive enable us to improve our services to patients through the purchase of state-of-the-art equipment, new treatment options and continued research into new diagnostic techniques and treatments.

We also gratefully acknowledge our supporters who have expressed their intent to leave a bequest and those who have left a bequest to the Eye and Ear to help us continue to improve care and treatment for those living with vision and hearing loss in the future.

Patron
Mrs Elizabeth Chernov

Wagstaff Fellowships 2013–14
A significant bequest from Ernest Wagstaff, received in 1996, is used to fund major research fellowships in ophthalmology and otolaryngology. Wagstaff Fellows during 2013–14 were as follows:

Wagstaff Fellow in Ophthalmology
Associate Professor Ian Trounce PhD (1/10/2009 to 30/9/2015) for study into improving ocular health in ageing by optimising mitochondrial function.

Wagstaff Fellow in Otolaryngology
Dr Karina Needham PhD (1/11/2013 to 31/10/2016) for study on functional outcomes of novel treatments for hearing loss.

Peter Howson Deafness Fellowship 2013–14
In 2011, a joint venture between The Royal Victorian Eye and Ear Hospital and the Deafness Foundation saw the establishment of a fellowship in the field of hearing science. The Peter Howson Research Fellows during 2013–14 were as follows.

Dr Dani Tomlin (21/9/2011 to 20/9/2013); project title, 'The Impact of Auditory Processing Disorder on Aboriginal Children'.

Dr Jessica Vitkovic (21/10/2013 to 20/10/2015); project title, 'The Contribution of Hearing to Balance Control'.

Zoran Georgievski Memorial Research Scholarship 2013–14
In 2012, a scholarship in memory of the late Associate Professor Zoran Georgievski (Manager Diagnostic Eye Services) was established in conjunction with LaTrobe University.

The scholarship was awarded to Ms Jane Scheetz (1/7/2012 to 30/6/2015) for her project entitled 'The Validity and Reliability of Orthoptists in Classifying or Measuring Glaucoma Progression'.

Churches Award 2013–14
A bequest from the Estate of Ronald Keith Churches was received in 2007. From these funds a research award is granted annually to be used for 'promoting and supporting research into the causation, prevention, diagnosis and treatment of diseases of the eye'.

The Churches Award for 2013–14 was granted to Dr Kathryn Davidson for her project entitled 'Derivation and Characterisation of Human Induced Pluripotent Stem Cells (iPS) for Obtaining Eye-Specific Cell Lines'.

Our Major Donors, Bequestors, Corporate and Community Supporters

Trusts and Foundations
Collier Charitable Fund
Gandel Philanthropy
Louis and Lesley Nelken Trust Fund
Joe White Bequest

Bequests
Estate of Mrs Joyce Mary Carah
Estates of Noel and Imelda Foster
Estate of Ronald Ernest Johns
Estate of Ian Arthur Lucas
Estate of Dinah Elizabeth McPhee
Elizabeth and Alexander Reddan Memorial Foundation
Estate of Lesley Letty Rothschild
Estate of Adolph Wasilewski
Estate of Doreen Mavis Williams
Estate of Marjorie Jean Williams

Estates
The Orloff Family Charitable Trust
The Harry Yoffa Charitable Bequest

Managed By Perpetual
Estate of John Alexander Anderson
Estate of Alfred H W Dehnert
The Joseph and Kate Levi Charitable Trust

Managed by ANZ Trustees
Estate of Heather Sybil Smith
George T and Lockyer Potter Trust
Estate of Ernest and Letitia Wears
Estate of John F Wright

Managed by Equity Trustees
The Erica Cromwell Trust
Eliza Wallis Charitable Trust
Estate of Bruce L Powell

Managed by Trust Company
The Rudolph Hally and Pia Martin Memorial Trust

Major Donors

Mr Keith Bailey
Mrs Betty Brown
Mr and Mrs Terry and Margaret Bullock
Mrs Beryl Coombs
Mrs Elizabeth Donovan
Mr Trevor Edwards
Mr Zelman Elton
Mr Greg Shalit and Ms Miriam Faine
Mr Brian Goddard
Mr and Mrs Leon and Judith Goldman
Mr Kenneth Grenda
Dr Shirley Macintyre
Miss Jules McLean in memory of the late Mr Douglas McLean
Mr Hugh Portbury
Mrs Ann Reid
Mr John Schotkamp
Ms Robyn Swanson
Mrs Marjorie Todd
Mr Arthur Tsilibakis
Ms Trinh Vu
Mr and Mrs David and Fiona Walker

Community Supporters

Ballarat Combined Charities Card Shop
Camcare Charity Card Shop
Mornington Community Centre
Toby Hocking Memorial Dinner supported by the RACV Club
Uniting Church in Australia

Corporate Supporters

Richies Stores
Scent of a Flower
Zouki Catering

Volunteers

The hospital is fortunate to have a very dedicated and growing group of over 50 volunteers who have given more than 5,000 hours of their time this year.

Filling different roles, volunteers offer that extra bit of help to reassure patients in need. Concierge Volunteers provide an important personal touch to our patients' experience as they help patients throughout their journey from arrival at our front door to arranging the taxi ride home. They welcome patients, have a friendly chat and assist with directions, information, escorting and many other inquiries.

We thank our volunteers for their hard work. We would also 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, ear, nose and throat health care since it was founded in 1863. The hospital is accountable to the people of Victoria, through the Minister for Health.

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 Minister during the reporting period was the Hon. David Davis, MLC.

Powers and Duties

The power and duties of The Royal Victorian Eye and Ear Hospital are prescribed by the *Health Services Act 1988*.

Nature and Range of Services

The Royal Victorian Eye and Ear Hospital provides a state-wide specialist tertiary 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.

As the largest public provider of ophthalmology and ENT services in Victoria, the hospital delivers more than half of Victoria's public eye surgery and all of Victoria's public cochlear implants. 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-hour 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 2013–14 we cared for:

- 201,108 outpatients
- 14,107 inpatients
- 40,762 emergency patients.

The hospital is a teaching and research centre and has key partnerships with the Centre for Eye Research Australia, the University of Melbourne, the Bionics Institute, Bionic Vision Australia and HEARing CRC.

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) was endorsed by the Eye and Ear after a rigorous development phase that included 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*. Major DAP achievements implemented in 2013–14 are the inclusion of consumers in the hospital redevelopment planning (including way-finding and layout), a guide published for staff supporting communication with people with disabilities and participation in key events promoting staff and consumer wellbeing.

Privacy

Privacy is an important part of the culture at the Eye and Ear. Since the *Health Records Act 2001* became legally binding in 2002, the hospital has aimed to ensure all staff are aware of the Act and its implications in the workplace. The hospital also aims to ensure compliance with the *Information Privacy Act 2000*. The Eye and Ear's Privacy Officer is the Executive Director, Ambulatory and Medical Services, and the Deputy Privacy Officer is the Executive Director, Corporate Services.

Protected Disclosures Act 2012

Under the *Protected Disclosures Act 2012* (the Act), complaints about certain serious misconduct or corruption involving public health services in Victoria should be made directly to the Independent Broad-based Anti-corruption Commission (IBAC) in order to remain protected under the Act. The Eye and Ear encourages individuals to make any disclosures which are protected disclosures within the meaning of the Act with IBAC. The hospital also has a range of procedures in place to ensure no detrimental action is taken against anyone who makes a protected disclosure, including an overarching procedure available through the hospital's website.

Carers Recognition Act 2012

The *Carers Recognition Act 2012* recognises, promotes and values the role of carers. The Eye and Ear understands the different needs of carers and the value they provide to the community. The Eye and Ear takes practical measures to ensure that our staff have an awareness and understanding of the care relationship principles and this is reflected in our commitment to a model of patient- and family-centred care and to involving carers in the development and delivery of our services.

Workforce Data by Labour Category

Labour Category	June 2013 Current Month	June 2014 Current Month	June 2013 YTD FTE	June 2014 YTD FTE
Nursing	168	169	162	165
Administration and Clerical	160	163	158	158
Medical Support	45	44	44	46
Hotel and Allied Services	11	12	11	11
Medical Officers	—	—	—	—
Hospital Medical Officers	59	56	56	59
Sessional Clinicians	29	29	28	29
Ancillary Staff (Allied Health)	36	38	36	37
	508	511	495	505

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 2013–14	
Total requests	129
Fully granted	127
Completed	129

Human Resources

The Human Resources team is accountable for the strategic direction of human resources and workplace reform, and for supporting the development of a workplace culture aligned to the values of the Eye and Ear. Human resource initiatives are in place to build workforce capability to ensure our skills and competencies meet current and future requirements. This is provided through the delivery of a customer-focused HR service including:

- workforce planning and recruitment
- employment and payroll services
- occupational health and safety
- employee relations
- learning and organisational development
- emergency planning
- employee support and recognition programs.

Recruitment and Employment Principles

Merit, fairness and reasonable treatment, equal opportunity and avenues of redress are principles that are promoted and applied to our people processes. The Code of Conduct is widely promoted and forms the basis of the hospital's bullying prevention initiatives which are facilitated by a team of trained managers and contact officers.

Pre-employment Checks

The organisation ensures appropriate processes are in place for credentialing and undertaking pre-employment verification to sustain safety and quality of health care provision. Applicable clinical staff are required to hold and maintain current registration with the relevant National Board in conjunction with the National Agency (AHPRA) or equivalent. All staff are required to maintain a satisfactory Criminal Record Check and clinical staff are required to hold a valid Working With Children Check.

Aboriginal Employment Plan

The Royal Victorian Eye and Ear Hospital has developed an Aboriginal Employment Plan (AEP) with the objective to increase employment participation of Aboriginal people at the hospital. The AEP is designed to provide practical steps to achieve increased workforce participation under Karreeta Yirramboi.

The hospital is working towards setting strong foundations and developing greater cultural awareness and understanding of the Victorian Aboriginal community's needs and requirements. We are implementing attraction and retention strategies to ensure Aboriginal employees across all facets of the hospital are engaged in sustainable and rewarding employment, both now and well into the future.

Employee Recognition Programs

The Eye and Ear takes great pride in recognising and celebrating the achievements of our staff and volunteers. The Annual Excellence Awards recognise individuals and craft groups that have contributed to improving patient outcomes with a clinical initiative, work system or excellence in leadership and teamwork. The categories awarded are:

- Board Chair's Medal
- CEO's Team Award
- Administrative Excellence Award
- Allied Health Award
- Nursing Excellence Award
- Dr J Aubrey Bowen Medal.

The quarterly staff reward and recognition program is called *I see you, I hear you*, Values in Action. The award program aims to recognise and retain staff who contribute to the organisation's vision of *improving quality of life through caring for the senses*. Nominations are submitted by patients, staff and managers. Selected individuals or teams chosen to receive an award have demonstrated consistent application of the organisation's values and behaviours in their daily efforts.

The following were recipients of the *I see you, I hear you*, Values in Action Award for 2013–14:

- Outpatients Booking Unit Team
- Michael Anderson, Strategy, Planning and Redevelopment
- Linh Nguyen, Interpreting
- Day Surgery Unit.

Service Awards

In September 2013 the Eye and Ear Staff Service Awards were held to celebrate the achievements of long-serving employees. The awards recognise those who have worked at the hospital for 10, 15, 20, 25, 30, 35 and 40 years. In total, 118 staff members were recognised for their contributions and ongoing commitment.

Employee Support Program

The Employee Assistance Program is a confidential external counselling service available to staff and their family. The counselling service can assist to resolve personal, family or work issues that impact wellbeing and quality of life. Thirty staff or family members accessed the service during 2013–14.

Developing Our Workforce

The annual human resources training and education schedule is developed to provide staff with opportunities to develop a range of competencies applicable to their daily work. The online system, 'My Learning', provides individual training schedules of mandatory and professionally recommenced courses that are designed to build and maintain competencies for our staff to operate safely and effectively in their roles. My Learning has continued to be enhanced to support the learning needs of our staff.

The Eye and Ear continues to place importance on building and developing the management and leadership capacity of our managers. A four-day Transforming Leaders program was held for our emerging leaders with a focus on personal leadership styles, team building, managing change and conflict, and performance development. A senior leaders program was held across two days to develop the coaching and influencing skills of senior managers.

The annual performance appraisal process was improved to ensure it provided a practical process to effectively review: clinical scope of practice; mandatory training compliance; expectations about quality and safety responsibilities; and individual feedback on quality and safety processes.

Managers and supervisors attended workshops that gave tips and examples to facilitate meaningful performance discussions on:

- preparing for the performance appraisal process and discussions
- giving and receiving feedback
- setting and agreeing work goals
- building individual development plans.

Payroll

Payroll is outsourced to Melbourne Health who processed 19,111 pays during 2013–14.

Occupational Health and Safety

The Eye and Ear is committed to providing a safe environment for employees, patients, visitors, volunteers and contractors, and operates in accordance with the *Victorian OHS Act 2004*, OHS Regulations 2007, the *Workplace Injury Rehabilitation and Compensation Act 2013* and other relevant legislation.

The hospital has developed strategies to improve safety and security and reduce violence against hospital staff. Aggression management training was available to all staff in support of the government's commitment to improving safety and security in Victorian hospitals and reducing violence against hospital staff.

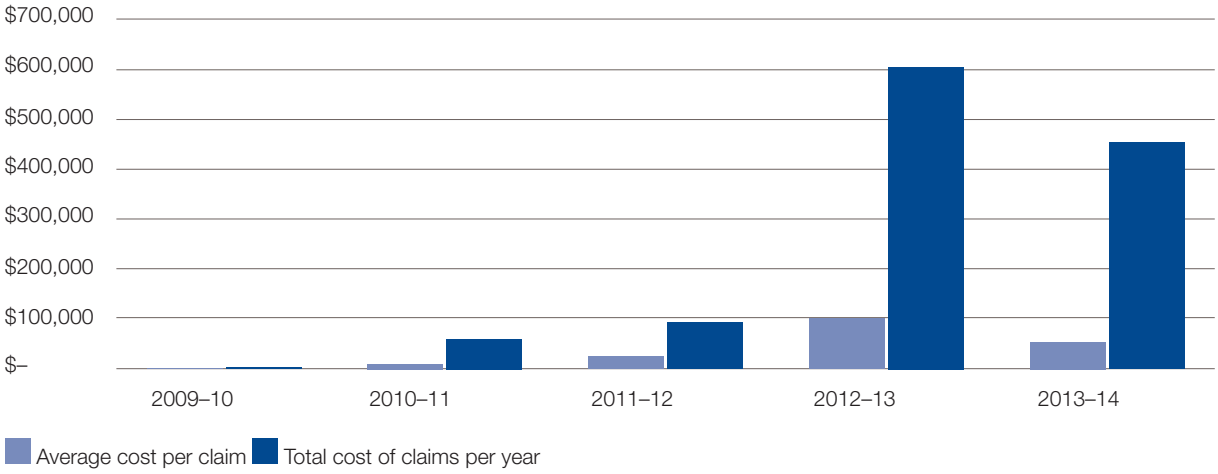
A supportive collegial workplace provides a healthy and productive environment for employees to enjoy. Behaviours that foster a unified, respectful and caring workplace facilitate the delivery of safe patient care. The organisation promotes appropriate standards of behaviour at all times and treats complaints of bullying and harassment in a sensitive, fair and confidential manner. Training and awareness-raising strategies are in place to ensure managers and employees know their rights and responsibilities.

WorkHealth checks were offered to all employees to learn more about their risk of heart disease, stroke and type 2 diabetes. The confidential checks provided information to individuals about lifestyle choices that impact personal health such as diet, exercise, smoking and alcohol consumption.

OHS activities undertaken in the year include:

- OHS education provided to new staff at orientation and induction
- accident and incident investigation requiring implementing remedial action
- quarterly workplace inspections to identify and control OHS hazards
- training in laser and radiation safety, emergency coordinator and emergency warden, emergency response, and aggression management.

COMPARISON OF AVERAGE WORKERS COMPENSATION CLAIM COSTS AND TOTAL CLAIMS COST



During the year there were 12 claims lodged under the *Workplace Injury Rehabilitation and Compensation Act 2013*.

The table above summarises workers' compensation claims lodged over the last five years. It shows a comparison of total claims costs and the average cost per claim.

Building and Maintenance Compliance

There is a requirement under the *Building Act 1993* (Building Regulations 2006, rr. 1209, 1215) for the hospital to establish comprehensive management of the Essential Safety Measures (ESM). In March 2014, the hospital once again achieved 100% compliance with mandatory ESM inspections, testing, maintenance and documentation in relation to building safety. The hospital has established a comprehensive process to manage maintenance of the ESM. All ESM are identified on the Certificate of Occupancy, issued by the building surveyor. Each ESM is maintained as per certified maintenance agreements at the specified time intervals. The Building Surveyor, Stokes Perna, audits the maintenance of all the ESM at the hospital annually and certifies the ESM report as evidence of an appropriate level of maintenance of the relevant physical fire safety measures. The ESM compliance certificates can be located on display at the main entrance of the hospital.

Environmental Achievements

The Eye and Ear has continued its proactive approach towards a sustainable environment that will minimise impacts by applying environmentally sustainable design principles, and by partnering with suppliers, staff and contractors.

Protection of our environment is essential to the long-term health of our community, especially during the hospital's redevelopment project.

In the past 12 months the Eye and Ear has:

- continued our recycling program
- donated obsolete medical equipment to charity organisations such as the Marsh Foundation
- implemented a new financial management system to improve service efficiency and reduce paper consumption
- promoted bike facilities and riding to work.

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 into consideration the principle of value for money and transparent tendering processes.

National Competition Policy

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

The Victorian Government's competitive neutrality policy commits public health services to apply this policy to 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 requirements of the Victorian Public Sector Financial Management Compliance Framework for the year ended 30 June 2014.

Consultancies less than $10k
In 2013–14, the Eye and Ear engaged one consultant where the total fees payable to the consultant were less than $10,000, with a total expenditure of $6,945 (excl. GST).

Consultancies more than $10k
In 2013-14 the Eye and Ear engaged three consultancies where the total fees payable were in excess of $10,000 (excl. GST):

- Health Legal – Professional fees relating to tax rulings, legislative compliance, FOI advice: $24,705
- Herbert Smith Freehills – Professional advice relating to license agreement associated with the redevelopment of the hospital: $16,613
- Seyfarth Shaw Australia – Board governance review: $49,924.

Disclosure of Ex-Gratia Payments
The Eye and Ear made no ex-gratia payments for the year ending 30 June 2014.

Additional Information Available on Request (FRD 22E Appendix)
In compliance with the requirements of FRD 22E Standard Disclosures in the Report of Operations, details in respect of the items listed below have been retained by The Royal Victorian Eye and Ear Hospital 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 statement that declarations of pecuniary interests have been duly completed by all relevant officers;
- Details of shares held by senior officers as nominee or held beneficially;
- Details of publications produced by the entity about the activities of the Health Service and where they can be obtained;
- Details of changes in prices, fees, charges, rates and levies charged by the entity;
- Details of any major external reviews carried out on the entity;
- 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 statements and Report of Operations;
- Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- Details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the Health Service and its services;
- Details of assessments and measures undertaken to improve the occupational health and safety of employees;
- 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;
- A list of major committees sponsored by the entity, the purposes of each committee and the extent to which those purposes have been achieved;
- Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

Key Financial and Service Performance Reporting

Part A: Strategic Priorities

Priority	Action	Deliverables	Outcomes
Developing a system that is responsive to people's needs	Implement formal advance care planning structures and processes that provide patients with opportunities to develop, review and have their expressed preferences for future treatment and care enacted.	Establish a consumer participation framework that includes the involvement of consumers in the development of care plans.	Completed. Partnering with consumers, framework and procedures developed.
	Contribute to area-based planning initiatives that consider health across the continuum.	Sustainable Eye Health Service Delivery Model Project is complete with recommendations submitted for sector-wide consideration.	Completed. Sustainable Eye Health Service Delivery Model Report.
	Configure and distribute services to address the health needs of the local population.	Define and confirm the role the Eye and Ear plays in the delivery of effective and efficient ophthalmology services at a local, metropolitan and state-wide level. Clinic established for specification and treatment of benign paroxysmal positional vertigo.	In progress. Sustainable Eye Health project. Completed. Clinical services plan. Completed. Clinic established and operational.
Improving every Victorian's health status and experiences	Improve the 30-day unplanned readmission rates.	Complete the implementation of monthly quality scorecard reporting and monitor to identify opportunities to reduce unplanned readmission rates.	Completed. Scorecards are presented to the Medical & Ambulatory Service and Surgical & Inpatient Service Divisions monthly and the rate has decreased over the past 12 months.
	Collaborate with key partners such as Medicare locals, community health services and other providers to support local implementation of the Victorian Health and Wellbeing Plan 2011–2015.	Victorian Vision Collaborative partnership enhanced, and success demonstrated, by members collaborating on initiatives to improve the experience and outcomes for individuals with vision needs.	Completed and ongoing. Victorian Vision Collaborative partnership meetings focused on service level integration and consumer-focused outcomes.
	Use consumer feedback to improve person- and family-centred care and patient experience.	Consumer participation is included in all clinical redevelopment user groups. Increase the number of consumers on consumer register. All Eye and Ear patient information publications produced are reviewed by consumers.	Completed. All clinical redevelopment user groups have had consumer participation. Completed. Consumer register increased by 82% from June 2013 (15 consumers) to June 2014 (67 consumers). In progress. All patient information reviewed or currently being reviewed by consumers. New procedure published and patient information standardised.
	Use existing service capability frameworks, patient pathways and clinical guidelines to support better health outcomes.	Continuation of Aboriginal Ear Health Outreach Clinic.	Completed. Aboriginal Ear Health Outreach Clinics at Victorian Aboriginal Health Service formally extended for two years.

Expanding service, workforce and system capacity	Optimise workforce productivity through identification and implementation of workforce models that enhance individual and team capacity and support flexibility.	Completed workforce plan addressing: • Eye and Ear future requirements • staff development to maintain and increase scope of practice.	In progress. Workforce plan in development. In progress. E-learning system update and improvements.
Increasing the system's financial sustainability and productivity	Reduce variation in health service administrative costs.	Continue to implement the Business Intelligence Tool to improve decision-making and benchmarking.	Completed and ongoing. Business Intelligence Tool implemented and continuously reviewed and developed. Data used to inform decision-making. Hospital able to benchmark against state and international KPIs.
	Continue to identify opportunities for efficiency and better value service delivery.	Increase and implement best practice arrangements for the operation of MBS-billed clinics.	Completed and ongoing. MBS clinics operational and in line with current best practice guidelines.
Implementing continuous improvements and innovation	Develop and implement improvement strategies that optimise access, patient flow, system coordination and the quality and safety of hospital services.	Review and document models of care with service delivery process maps for Emergency Department, Ambulatory and Perioperative services to achieve better patient flow. Model of Care for General Eye Clinics (Phase 2) is implemented.	Completed and ongoing. New models of care implemented including the Acute Ophthalmology Service (AOS), Ear Care Service and Acute ENT Clinic. Completed. Revised Model of Care implemented for the General Eye Clinic – Surgical and Acute Ophthalmology Service.
Increasing accountability and transparency	Increase transparency and accountability in reporting of accurate and relevant information about the organisation's performance.	Capability enhancement of the Business Intelligence Tool is implemented. The risk management framework is reviewed.	Completed and ongoing. Business Intelligence Tool enhanced for all clinical areas and focused on ongoing refinement. Support area (e.g. Human Resources and Finance) to be enhanced over 2014–15. Completed. Risk management framework formally reviewed.
Improving utilisation of e-health and communications technology	Maximise the use of health ICT infrastructure.	Remote Ophthalmic Diagnostic Service (RODS) project implemented.	Ongoing. RODS device at prototype stage and is waiting clinical trial following notification from Therapeutic Goods Administration.
	Trial, implement and evaluate strategies that use e-health as an enabler of better patient care.	The use of telehealth within the Emergency Department is reviewed and aligned to the Sustainable Eye Health Service Delivery Model project recommendations. Scanned medical records implemented.	Completed. Telehealth link with Warrnambool ED established. In progress.

Part B: Performance Priorities

FINANCIAL PERFORMANCE	Target	2013–14 actuals
Operating Result		
Annual Operating Result ($m)	0	0.072
WIES activity performance		
Percentage of WIES (public and private) performance to target	100	101.84
Cash Management/Liquidity		
Creditors	<60 days	17
Debtors	<60 days	30

ACCESS PERFORMANCE	Target	2013–14 actuals
Emergency care		
Percentage of ambulance transfers within 40 minutes	90	96.1*
NEAT – Percentage of emergency presentations to physically leave the Emergency Department for admissions to hospital, be referred to another hospital for treatment, or be discharged within four hours (July – December 2013)	75	86
NEAT – Percentage of emergency presentations to physically leave the Emergency Department for admissions to hospital, be referred to another hospital for treatment, or be discharged within four hours (January – June 2014)	81	86
Number of patients with length of stay in the Emergency Department greater than 24 hours	0	0
Percentage of Triage Category 1 emergency patients seen immediately	100	100
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended times	80	69
Elective surgery		
Percentage of Urgency Category 1 elective patients treated within 30 days	100	100
NEST – Percentage of Urgency Category 2 elective surgery patients treated within 90 days (July – December 2013)	80	94
NEST – Percentage of Urgency Category 2 elective surgery patients treated within 90 days (January – June 2014)	88	90
NEST – Percentage of Urgency Category 3 elective surgery patients treated within 365 days (July – December 2013)	94.5	96
NEST – Percentage of Urgency Category 3 elective surgery patients treated within 365 days (January – June 2014)	97	96
Number of patients on the elective surgery waiting list	2070	2303
Number of Hospital Initiated Postponements per 100 scheduled admissions	8.0	4.2

Data as at 10 July 2014

SERVICE PERFORMANCE	Target	2013–14 actuals
Elective surgery		
Number of patients admitted from the elective surgery waiting list – Quarter 1	3,081	2,985
Number of patients admitted from the elective surgery waiting list – Quarter 2	2,678	2,850
Number of patients admitted from the elective surgery waiting list – Quarter 3	2,625	2,743
Number of patients admitted from the elective surgery waiting list – Quarter 4	2,804	2,963
Total	**11,187**	**11,541**

Quality and Safety		
Health service accreditation	Full compliance	Achieved
Cleaning standards Overall	Full compliance	Achieved
Cleaning Standards AQL-A	90%	93.6%
Cleaning Standards AQL-B	85%	97.3%
Cleaning Standards AQL-C	85%	90.0%
Health care worker immunisation - influenza	60%	56%
Hospital acquired infection surveillance	No outliers	Achieved
Hand Hygiene (rate)	70%	Achieved (84%)
SAB rate per occupied bed days	<2/10,000	Achieved (0)
Victorian Patient Satisfaction Monitor (VPSM) Overall Care Index (July to December 2013)	73%	Achieved (78.6%)
VPSM Consumer Participation Indicator (July to December 2013)	75%	Achieved (79.2%)
Victorian Hospital Experience Measurement Instrument (January to June 2014)	Full compliance	Achieved
People Matter Survey	Full compliance	Achieved

Part C: Activity and Funding

FUNDING TYPE	2013–14 Activity Achievement
Acute Admitted	
WIES Public	7,331.48
WIES Private	2,537.79
Total PPWIES (Public and Private)	**9,869.27**
WIES DVA	91.76
WIES TAC	0.72
WIES TOTAL	**9,961.75**

Summary of Financial Results

For the year ended 30 June 2014 compared with the last five financial years

	2014 $'000	2013 $'000	2012 $'000	2011 $'000	2010 $'000
Total Revenue	99,088	85,797	89,252	83,602	79,614
Total Expenses	(94,225)	(91,005)	(89,250)	(87,700)	(80,567)
Net Result for the Year	**4,863**	**(5,208)**	**2**	**(4,098)**	**(953)**
Retained Surplus/ (Accumulated Deficit)	(13,325)	(10,750)	(7,370)	(6,374)	(4,451)
Total Assets	194,700	184,623	183,053	182,415	183,711
Total Liabilities	(21,082)	(19,334)	(19,534)	(17,502)	(16,720)
Net Assets	**173,618**	**165,289**	**163,519**	**164,913**	**166,991**
Total Equity	173,618	165,289	163,519	164,913	166,991

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

Significant Changes in Financial Position During 2013–14

There were no significant changes in financial position during 2013–14.

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

There were no major changes or factors which have affected the achievement of operational objectives for the year.

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

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

REVENUE INDICATORS

As at 30 June 2014

	2014	2013
Average Collection Days		
Private	34	30
Victorian WorkCover Authority	90	104
Other Compensable	38	22

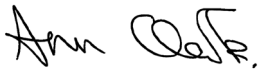
Inpatient Debtors Outstanding as at 30 June 2014

	Under 30 Days $'000	31–60 days $'000	61–90 days $'000	Over 90 days $'000	Total 30/06/14 $'000	Total 30/06/13 $'000
Private	128	35	9	102	274	319
Victorian WorkCover Authority	9	0	2	5	16	43
Other Compensable	0	0	1	12	13	23

Attestations

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
18 August 2014

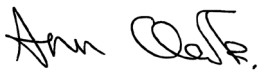
Attestation for Compliance with the Ministerial Standing Direction 4.5.5.1 – Insurance

I, Ann Clark, certify that The Royal Victorian Eye and Ear Hospital has complied with Ministerial Direction 4.5.5.1 – Insurance.

Ann Clark
Accountable Officer
Melbourne
18 August 2014

Attestation on Compliance with Australian / New Zealand Risk Management Standard

I, Ann Clark, certify that The Royal Victorian Eye and Ear Hospital has risk management processes in place consistent with AS/NZS ISO 31000:2009 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.



Ann Clark
Accountable Officer
Melbourne
18 August 2014

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 2014.

Jan Boxall
Chair, Board of Directors
Melbourne
18 August 2014

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.

MINISTERIAL DIRECTIONS

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FRD 22E	Nature and range of services provided	12
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Financial and other information		
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Financial Statements

Comprehensive Operating Statement

For the year ended 30 June 2014

	Note	2014 $'000	2013 $'000
Revenue from Operating Activities	2	84,534	79,752
Revenue from Non-Operating Activities	2	2,003	1,853
Employee Expenses	3	(55,080)	(52,017)
Non Salary Labour Costs	3	(1,640)	(1,486)
Supplies & Consumables	3	(17,777)	(16,695)
Administrative Costs	3	(4,731)	(4,184)
Other Expenses	3	(7,237)	(7,186)
Net Result Before Capital & Specific Items		**72**	**37**
Capital Purpose Income	2	9,573	4,192
Available-for-Sale Revaluation Surplus gain/(loss) recognised	17	2,978	(39)
Impairment of Financial Assets	3	-	(143)
Depreciation and Amortisation	4	(7,654)	(8,308)
Written Down Value of Assets sold	2c	(6)	(101)
Expenditure using Capital Purpose Income	3	(100)	(846)
Net Result For The Year		**4,863**	**(5,208)**
Other Comprehensive Income			
Items that will not be reclassified to net result			
Net fair value revaluation on Non Financial Assets	17	4,040	3,645
Transfer impairment write-down of available-for-sale financial assets	17	-	143
Items that may be reclassified subsequently to profit or loss			
Gain/(loss) on available-for-sale financial assets taken to equity	17	2,404	3,149
Cumulative (gain)/loss reclassified to profit or loss on sale of available for sale financial assets		(2,978)	39
Total Other Comprehensive Income		**3,466**	**6,976**
Comprehensive Result For The Year		**8,329**	**1,768**

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

Balance Sheet

For the year ended 30 June 2014

	Note	2014 $'000	2013 $'000
Current Assets			
Cash and Cash Equivalents	5	7,151	3,233
Receivables	6	1,703	1,028
Investments and Other Financial Assets	7	70,452	69,391
Inventories	8	641	556
Other Assets	9	1,783	1,128
Total Current Assets		**81,730**	**75,336**
Non-Current Assets			
Receivables	6	656	475
Investments and Other Financial Assets	7	1,804	1,734
Property, Plant & Equipment	10	106,951	104,119
Intangible Assets	11	2,454	1,994
Investment Properties	12	1,105	965
Total Non-Current Assets		**112,970**	**109,287**
Total Assets		**194,700**	**184,623**
Current Liabilities			
Payables	13	5,866	3,879
Provisions	14	12,994	12,852
Other Liabilities	16	601	1,172
Total Current Liabilities		**19,461**	**17,903**
Non-Current Liabilities			
Provisions	14	1,621	1,431
Total Non-Current Liabilities		**1,621**	**1,431**
Total Liabilities		**21,082**	**19,334**
Net Assets		**173,618**	**165,289**
Equity			
Property, Plant & Equipment Revaluation Surplus	17a	70,147	66,107
Financial Asset Available for Sale Revaluation Surplus	17a	4,718	5,292
General Purpose Surplus	17a	21,918	18,809
Restricted Specific Purpose Surplus	17a	38,592	34,263
Contributed Capital	17b	51,568	51,568
Accumulated Surpluses/(Deficits)	17c	(13,325)	(10,750)
Total Equity	17d	**173,618**	**165,289**
Commitments	20		
Contingent Assets and Contingent Liabilities	21		

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

Statement of Changes in Equity

For the year ended 30 June 2014

	Note	Property, Plant & Equipment Revaluation Surplus	Financial Asset Available for Sale Revaluation Surplus	General Purpose Surplus	Restricted Specific Purpose Surplus	Contributions by Owners	Accumulated Surpluses/ (Deficits)	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2012		**62,462**	**1,961**	**23,939**	**30,954**	**51,568**	**(7,363)**	**163,521**
Net result for the year		-	-	-	-	-	(5,208)	(5,208)
Other comprehensive income for the year	17a	-	3,331	-	-	-	-	3,331
Revaluation Increment/ (Decrements)	17a	3,645	-	-	-	-	-	3,645
Transfer to / (from) General Purpose Surplus	17a	-	-	(5,130)	-	-	-	(5,130)
Transfer to / (from) Restricted Specific Purpose Surplus	17a	-	-	-	3,309	-	-	3,309
Transfer to / (from) Accumulated surplus	17a, c	-	-	-	-	-	1,821	1,821
Balance at 30 June 2013		**66,107**	**5,292**	**18,809**	**34,263**	**51,568**	**(10,750)**	**165,289**
Net result for the year		-	-	-	-	-	4,863	4,863
Other comprehensive income for the year	17a	-	(574)	-	-	-	-	(574)
Revaluation Increment/ (Decrements)	17a	4,040	-	-	-	-	-	4,040
Transfer to / (from) General Purpose Surplus	17a	-	-	5,060	-	-	1,951	7,011
Transfer to / (from) Restricted Specific Purpose Surplus	17a	-	-	-	(5,060)	-	(9,389)	(14,449)
Transfer to / (from) Accumulated surplus	17a, c	-	-	(1,951)	9,389	-	-	7,438
Balance at 30 June 2014		**70,147**	**4,718**	**21,918**	**38,592**	**51,568**	**(13,325)**	**173,618**

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

Cash Flow Statement

For the year ended 30 June 2014

	Note	2014 $'000	2013 $'000
Cash Flows From Operating Activities			
Operating Grants from Government		73,057	71,223
Patient and Resident Fees Received		4,573	4,699
Private Practice Fees Received		1,412	1,187
Donations and Bequests Received		1,030	859
GST Received from/(paid to) ATO		2,766	2,515
Interest Received		1,109	1,133
Dividend Received		296	273
Property Rental Income		304	325
Other Receipts		2,859	2,292
Total Receipts		**87,406**	**84,506**
Employee Expenses Paid		(54,750)	(51,889)
Non Salary Labour Costs		(1,640)	(1,486)
Payments for Supplies & Consumables		(30,874)	(31,786)
Total Payments		**(87,264)**	**(85,161)**
Cash Generated from Operations		**142**	**(655)**
Capital Grants from Government		6,860	1,061
Other Capital Receipts		2,569	3,131
Net Cash Inflow/(Outflow) From Operating Activities	18	**9,571**	**3,537**
Cash Flows From Investing Activities			
Purchase of Investments		(9,296)	(146)
Proceeds from Sale of Investments		10,568	2,236
Payments for Non-Financial Assets		(6,929)	(4,038)
Proceeds from sale of Non-Financial Assets	2c	4	5
Net Cash Inflow/(Outflow) From Investing Activities		**(5,653)**	**(1,943)**
Cash Flows From Financing Activities		**–**	**–**
Net Cash Inflow/(Outflow) From Financing Activities		**–**	**–**
Net Increase/(Decrease) In Cash And Cash Equivalents Held		**3,918**	**1,594**
Cash and Cash Equivalents at Beginning of Year		3,233	1,639
Cash and Cash Equivalents at End of Year	5	**7,151**	**3,233**

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

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Note 1: Summary of significant accounting policies

These annual financial statements represent the audited general purpose financial statements for The Royal Victorian Eye and Ear Hospital ("the hospital") for the period ending 30 June 2014. The purpose of the report is to provide users with information about the Health Service's stewardship of resources entrusted to it.

(a) Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards (AASs) issued by the Australian Accounting Standards Board (AASB). They are presented in a manner consistent with the requirements of AASB101 *Presentation of Financial Statements*.

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

The 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 18 August 2014.

(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 2014, and the comparative information presented in these financial statements for the year ended 30 June 2013.

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 hospital.

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

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

- Non-current physical assets, which subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made and are reassessed with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair values;
- Investment properties after initial recognition are measured at fair value through profit or loss;
- 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.

In the application of AASs management is required to make judgments, 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 professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 1(j));
- superannuation expense (refer to Note 1(g)); and
- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 1(k)).

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

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

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

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

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

The Valuer-General Victoria (VGV) is the hospital's independent valuation agency.

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

For key assumptions used in the determination of fair value, refer to Note 10 (e).

(c) Reporting Entity

The financial statements include all the controlled activities of 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.

Objectives and funding

The Royal Victorian Eye and Ear Hospital's overall objective is to improve the quality of life to Victorians by caring for the senses.

The Royal Victorian Eye and Ear Hospital is predominantly funded by accrual based grant funding for the provision of outputs.

(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 fund-raising 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 and patients, 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, expenditure using capital purpose income and items of an unusual nature and amounts 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 operating performance of Health Services.

Capital and specific items, which are excluded from this sub-total, 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 (f)). 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:
  - Non-current asset revaluation increments/ decrements
  - Diminution/impairment of investments
  - Restructuring of operations (disaggregation/ aggregation of Health Services)
  - Litigation settlements
  - Non-current assets lost or found
  - Reversals of provisions
  - 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 Notes 1 (h) and (i)
- Depreciation and amortisation, as described in Note 1 (g)
- Assets provided or received free of charge (refer to Notes 1 (f) and (g))

- 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 (non-current being those assets or liabilities expected to be recovered/settled more than 12 months after reporting period), are disclosed in the notes where relevant.

Statement of Changes in Equity
The statement of changes in equity presents reconciliations of each non-owner and owner changes in equity from 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.

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*.

For the cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts, which are included as current borrowings in the balance sheet.

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

Minor discrepancies in tables between totals and sum of components are due to rounding.

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

(e) Change in accounting policies

AASB 13 Fair Value Measurement
AASB 13 establishes a single source of guidance for all fair value measurements. AASB 13 does not change when the hospital is required to use fair value, but rather provides guidance on how to measure fair value under Australian Accounting Standards when fair value is required or permitted. The hospital has considered the specific requirements relating to highest and best use, valuation premise, and principal (or most advantageous) market. The methods, assumptions, processes and procedures for determining fair value were revised and adjusted where applicable. In light of AASB 13, the hospital has reviewed the fair value principles as well as its current valuation methodologies in assessing fair value, and the assignment has not materially changed the fair value recognised.

AASB 13 has predominately impacted the disclosures of the hospital. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards, including *AASB 7 Financial Instruments: Disclosures*.

The disclosure requirements of AASB 13 apply prospectively and need not to be provided for comparative periods, before initial application. Consequently, comparatives of these disclosures have not been provided for 2012–13, except for financial instruments, of which the fair value disclosures are required under *AASB 7 Financial Instruments Disclosures*.

AASB 119 Employee Benefits
In 2013-14, the hospital has applied *AASB 119 Employee Benefits (Sep 2011, as amended)*, and related consequential amendments for the first time.

The revised AASB 119 changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligation and plan assets. As the current accounting policy is for the Department of Treasury and Finance to recognise and disclose the State's defined benefit liabilities in its financial statements, changes in defined benefit obligations and plan assets will have limited impact on the hospital.

The revised standard also changes the determination of short term employee benefits. These were previously benefits that were expected to be settled within 12 months after the end of the reporting period in which the employees render the related service, however, short-term employee benefits are now defined as benefits expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service. As a result, accrued annual leave balances which were previously classified as short-term employee benefits no longer meet this definition and are now classified as long-term employee benefits. This has resulted in a change of measurement for the annual leave provision from an undiscounted to discounted basis.

Comparative amounts for the 2012–13 and the related amounts as at 1 July 2012 have been restated in accordance with the relevant transitional provisions set out in AASB 119. The impact is as follows:

$ thousand	2012–13
Increase in employee expense	(128)

IMPACT ON LIABILITIES AND EQUITY

	$ thousand		
	As at 1 Jul 2012 as previously reported	AASB 119 adjustments	As at 1 Jul 2012 (restated)
Current Employee Benefit			
Provision – Annual Leave	(3,838)	(4)	(3,842)
Accumulated surplus	7,359	4	7,363

	As at 1 Jul 2013 as previously reported	AASB 119 adjustments	As at 1 Jul 2013 (restated)
Current Employee Benefit			
Provision – Annual Leave	(3,897)	(128)	(4,025)
Accumulated surplus	10,622	128	10,750

(f) Income from transactions

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

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

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

In accordance with AASB 1004 *Contributions*, government grants and other transfers of income (other than contributions by owners) are recognised as income when the 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 05/2013.

Patient 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 private pharmacy sales is recognised at the time invoices are raised.

Donations and Other Bequests

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

Dividend Revenue

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

Interest Revenue

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

Sale of Investments

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

Fair value of assets and services received free of charge or for nominal consideration

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

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

Defined Benefit Superannuation Plans
The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by the 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 disclosed in Note 15: *Superannuation*.

Depreciation
All infrastructure assets, buildings, plant and equipment and other non-financial physical assets that have finite useful lives are depreciated (i.e. excludes land assets held for sale, 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.

Intangible produced assets with finite lives are depreciated as an expense from transactions on a systematic basis over the asset's useful life. Depreciation is generally calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives, residual value and depreciation method for all assets are reviewed at least annually, and adjustments made where appropriate. This depreciation charge is not funded by the Department of Health.

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

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

	2014	2013
Buildings		
– Structure Shell Building Fabric	2 to 40 years	2 to 40 years
– Site Engineering Services and Central Plant	2 to 15 years	2 to 15 years
– Fit Out	2 to 15 years	2 to 15 years
– Trunk Reticulated Building Systems	2 to 15 years	2 to 15 years
Plant & Equipment	From 5 to 20 years	From 5 to 20 years
Medical Equipment	From 4 to 10 years	From 3 to 10 years
Computers and Communication	From 3 to 40 years	From 3 to 10 years
Non Medical	From 10 to 20 years	From 10 to 20 years
Furniture and Fitting	From 10 to 13 years	From 3 to 15 years
Motor Vehicles	4 years	4 years

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

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

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

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

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually or whenever there is an indication that the asset may be impaired. The useful lives of intangible assets that are not being amortised are reviewed each period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset.

In addition, the hospital tests all intangible assets with indefinite useful lives for impairment by comparing the recoverable amount for each asset with its carrying amount:

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

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

Intangible assets with finite useful lives are amortised between 2 and 10 years (2013: 3 years).

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

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

Bad and doubtful debts
Refer to Note 1 (j) *Impairment of financial assets*.

Fair value of assets, services and resources provided free of charge or for nominal consideration
Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another agency as a consequence of a restructuring of administrative arrangements. In the latter case, such a transfer will be recognised at its carrying value.

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

(h) Other comprehensive income

Other comprehensive income measures the change in volume or value of assets or liabilities that do not result from transactions.

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

Revaluation gains/ (losses) of non-financial physical assets
Refer to Note 1(j) *Revaluations of non-financial physical assets*.

Net gain/ (loss) on disposal of non-financial assets
Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal and is the difference between the proceeds and the carrying value of the asset at the time.

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

- realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- impairment and reversal of impairment for financial instruments at amortised cost (refer to Note 1 (j)); and
- disposals of financial assets and derecognition of financial liabilities

Revaluations of financial instruments at fair value
Refer to Note 1 (i) *Financial instruments*.

Other gains/ (losses) from other comprehensive income
Other gains/ (losses) include:

a. the revaluation of the present value of the long service leave liability due to changes in the bond interest rates; and

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

(i) Financial Instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the hospital's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*. For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract.

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

The following refers to financial instruments unless otherwise stated.

Categories of non-derivative financial instruments

Financial assets and liabilities at fair value through profit or loss

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

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

Loans and receivables

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

Loans and receivables category includes cash and deposits (refer to Note 1(j)), term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

Held-to-maturity investments

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

The hospital makes limited use of this classification because any sale or reclassification of more than an insignificant amount of held-to-maturity investments not close to their maturity would result in the whole category being reclassified as available-for-sale. The hospital would also be prevented from classifying investment securities as held-to-maturity for the current and the following two financial years.

The held-to-maturity category includes certain term deposits and debt securities for which the entity concerned intends to hold to maturity.

Available-for-sale financial assets

Available-for-sale financial instrument assets are those designated as available-for-sale or not classified in any other category of financial instrument asset. Such assets are initially recognised at fair value. Subsequent to initial recognition gains and losses arising from changes in fair value are recognised in 'other comprehensive income' 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 19.

Financial liabilities at amortised cost

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

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

(j) Assets

Cash and Cash Equivalents

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

Receivables

Receivables consist of:

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

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

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

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

Investments 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.

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

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.

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

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

Non-financial Physical Assets Classified as Held for Sale
Non-financial physical assets and disposal groups and related liabilities are treated as current and are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, the asset's sale (or disposal group) is expected to be completed within 12 months from the date of classification, and the asset is available for immediate use in the current condition.

Non-financial physical assets (including disposal groups) classified as held for sale are treated as current and are measured at the lower of carrying amount and fair value less costs of disposal, and are not subject to depreciation.

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. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 10 *Property, Plant and Equipment*.

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. Depreciated historical cost is generally a reasonable proxy for fair value because of the short lives of the assets concerned.

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

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

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of assets, they are debited directly to the asset 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 surplus is not transferred to accumulated funds on derecognition of the relevant asset.

In accordance with FRD 103E, the hospital's non-current physical assets were assessed to determine whether revaluation of the non-current physical assets was required (refer to Note 10 for additional details).

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.

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, determined annually by independent valuers. Fair values are determined based on a market comparable approach that reflects recent transaction prices for similar properties. Investment 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.

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 in the Comprehensive Operating Statement 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 lives (and intangible assets not yet available for use) are tested annually for impairment (as described below) and whenever there is an indication that the asset may be impaired.

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

- inventories; and
- investment properties that are 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 surplus amount applicable to that same class of asset.

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

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

Investments in jointly controlled assets and operations
In respect of any interest in jointly controlled assets, the hospital recognises in the financial statements:

- its share of jointly controlled assets;
- any liabilities that it had incurred;
- its share of liabilities incurred jointly by the joint venture;
- any income earned from the selling or using of its share of the output from the joint venture; and
- any expenses incurred in relation to being an investor in the joint venture.

For jointly controlled operations the hospital recognises:

- the assets that it controls;
- the liabilities that it incurs;
- expenses that it incurs; and
- the share of income that it earns from selling outputs of the joint venture

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the hospital retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the hospital has transferred its rights to receive cash flows from the asset and either:
  (a) has transferred substantially all the risks and rewards of the asset; or
  (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the hospital has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the hospital's continuing involvement in the asset.

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

Receivables are assessed for bad and doubtful debts on a regular basis. Bad debts considered as written off and allowances for doubtful receivables are expensed. Bad debt written off by mutual consent and the allowance for doubtful debts are classified as 'other comprehensive income' 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 per cent 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 2014 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 2014. 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.

(k) Liabilities

Payables
Payables consist of:

- contractual payables which consist predominantly of accounts payable representing 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 those goods and services. The normal credit terms for accounts payable are usually Nett 30 days.
- statutory payables, such as goods and services tax and fringe benefits tax payables.

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

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.

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

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

Wages and Salaries, Annual Leave, Sick Leave and Accrued Days Off
Liabilities for wages and salaries, including non-monetary benefits, annual leave, 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, and are classified as current liabilities and measured at their 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, but are 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 (LSL)
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, current liability - unconditional long service leave (LSL) is disclosed in the notes to the financial statements 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. This non-current LSL liability is measured at present value.

Any gain or loss followed revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an other economic flow.

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

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

On-Costs
Employee benefit on-costs, such as workers compensation and 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.

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

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

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

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

All other leases are classified as operating leases.

Operating leases

Entity as lessor

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease.

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives are given to the lessee, the aggregate cost of incentives are recognised as a reduction of rental income over the lease term, on a straight-line basis unless another systematic basis is more appropriate of the time pattern over which the economic benefit of the leased asset is diminished.

Entity as lessee

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

(m) 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 to the net asset base have been designated as contributed capital. Other transfers that are in the nature of contributions or distributions that have been designated as contributed capital are also treated as contributed capital.

Property, Plant & Equipment Revaluation Surplus

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

Financial Asset Available-for-Sale Revaluation Surplus

The 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 surplus 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 surplus which relates to that financial asset is recognised in the Comprehensive Operating Statement.

Restricted Specific Purpose Surplus

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

General Purpose Reserve

The General Purpose Surplus represents the non-restrictive surplus of the hospital where the hospital has discretion to amend or vary the restrictions and/or conditions of the funds.

(n) Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to Note 20) at their nominal value and are inclusive of the goods and services tax ("GST") payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

(o) Contingent assets and contingent liabilities

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

(p) Goods and Services Tax ("GST")

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the 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 an operating cash flow.

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

(q) Events after the Reporting Period

Assets, liabilities, income or expenses arise from past transactions or other past events. Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting period and before the date the financial statements are authorised for issue, where those events provide information about conditions which existed in the reporting period. Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate to conditions which arose after the end of the reporting period and which may have a material impact on the results of subsequent reporting periods.

(r) AASs issued that are not yet effective

Certain new Australian accounting standards and interpretations have been published that are not mandatory for the 30 June 2014 reporting period.

As at 30 June 2014, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. The hospital has not and does not intend to adopt these standards early.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 *Financial Instruments*	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).	1 Jan 2017	The preliminary assessment has identified that the financial impact on the current available for sale (AFS) assets may now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 11 *Joint Arrangements*	This Standard deals with the concept of joint control, and sets out a new principles – based approach for determining the type of joint arrangement that exists and the corresponding accounting treatment. The new categories of joint arrangements under AASB 11 are more aligned to the actual rights and obligations of the parties to the arrangement.	1 Jan 2014 (not-for-profit entities)	Based on current assessment, entities already apply the equity method when accounting for joint ventures. It is anticipated that there would be no material impact. Ongoing work is being done to monitor and assess the impact of this standard.
AASB 127 *Separate Financial Statements*	This revised Standard prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.	1 Jan 2014 (not-for-profit entities)	Current assessment indicates that there is limited impact on Victorian Public Sector entities. Ongoing work is being done to monitor and assess the impact of this standard.

(s) 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, 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 outpatient clinics specialising in ophthalmic aids.

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 Kooris liaison officers, immunisation and screening services, Drugs services, counselling, clinical education, Disability services including aids and equipment and flexible support packages to people with a disability, Community Care programs and various support services. Health and Community Initiatives also falls in this category group.

Note 2: Revenue

	HSA 2014 $'000	HSA 2013 $'000	H&CI 2014 $'000	H&CI 2013 $'000	Total 2014 $'000	Total 2013 $'000
Revenue from Operating Activities						
Government Grants						
– Department of Health	4,517	20,605	-	-	4,517	20,605
– Victorian Health Funding Pool	65,953	47,167	-	-	65,953	47,167
– Other	3,336	3,247	-	-	3,336	3,247
Total Government Grants	**73,806**	**71,019**	**-**	**-**	**73,806**	**71,019**
Indirect Contributions by Department of Health						
Insurance	76	(39)	-	-	76	(39)
Total Indirect Contributions by Department of Health	**76**	**(39)**	**-**	**-**	**76**	**(39)**
Patient Fees						
Patient Fees (refer Note 2b)	4,485	4,614	88	85	4,573	4,699
Total Patient Fees	**4,485**	**4,614**	**88**	**85**	**4,573**	**4,699**
Commercial Activities & Specific Purpose Funds						
– Research	-	-	158	142	158	142
Total Commercial Activities & Specific Purpose Funds	-	-	**158**	**142**	**158**	**142**
Donations & Bequests	-	-	1,030	859	1,030	859
Recoupment from Private Practice for Use of Hospital Facilities	613	32	799	1,155	1,412	1,187
Other Revenue from Operating Activities	3,022	1,130	457	755	3,479	1,885
Sub-Total Revenue from Operating Activities	**82,002**	**76,756**	**2,532**	**2,996**	**84,534**	**79,752**
Revenue from Non-Operating Activities						
Interest & Dividends	455	398	1,548	1,455	2,003	1,853
Sub-Total Revenue from Non-Operating Activities	**455**	**398**	**1,548**	**1,455**	**2,003**	**1,853**
Capital Purpose Income						
State Government Capital Grants						
– Targeted Capital Works and Equipment	-	-	6,860	1,061	6,860	1,061
Capital Interest and Dividends	-	-	1,997	1,897	1,997	1,897
Donations & Bequests	-	-	439	403	439	403
Proceeds on sale of Non Financial Assets (refer Note 2c)	-	-	4	5	4	5
Other Capital Purpose Income	-	-	273	826	273	826
Sub-Total Revenue from Capital Purpose Income	**-**	**-**	**9,573**	**4,192**	**9,573**	**4,192**
Available-for-Sale Revaluation Surplus gain/(loss) recognised (refer Note 17a)	-	-	2,978	-	2,978	-
Total Revenue (refer to Note 2a)	**82,457**	**77,154**	**16,631**	**8,643**	**99,088**	**85,797**

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. This note relates to revenues above the net result line only, and does not reconcile to comprehensive income.

Note 2a: Analysis of Revenue by Source

	Admitted Patients	Outpatients	EDS	Other	Total
	2014 $'000	2014 $'000	2014 $'000	2014 $'000	2014 $'000
Revenue from Services Supported by Health Services Agreement					
Government Grants	43,001	25,545	5,260	-	73,806
Indirect contributions by Department of Health					
– Insurance	49	21	6	-	76
Patient Fees (refer Note 2b)	3,440	985	60	-	4,485
Recoupment from Private Practice for Use of Hospital Facilities	393	173	47	-	613
Other Revenue from Operating Activities	3,002	20	-	-	3,022
Interest & Dividends	124	299	32	-	455
Sub-Total Revenue from Services Supported by Health Services Agreement	**50,009**	**27,043**	**5,405**	**-**	**82,457**
Revenue from Services Supported by Hospital and Community Initiatives					
Donations & Bequests (non capital)	-	-	-	1,030	1,030
Other					
– Patient Fees (refer Note 2b)				88	88
– Private Practice and Other Patient Activities	-	-	-	799	799
– Pharmacy Fees	-	-	-	97	97
– Property Income	-	-	-	304	304
– Research	-	-	-	158	158
– Investment Returns	-	-	-	1,548	1,548
– Other	-	-	-	56	56
Capital Purpose Income (refer Note 2)	-	-	-	9,573	9,573
Available-for-Sale Revaluation Surplus gain/ (loss) recognised (refer Note 17a)	-	-	-	2,978	2,978
Sub-Total Revenue from Services Supported by Hospital and Community Initiatives	**-**	**-**	**-**	**16,631**	**16,631**
Total Revenue	**50,009**	**27,043**	**5,405**	**16,631**	**99,088**

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.

Note 2a: Analysis of Revenue by Source (continued)

	Admitted Patients	Outpatients	EDS	Other	Total
	2013 $'000	2013 $'000	2013 $'000	2013 $'000	2013 $'000
Revenue from Services Supported by Health Services Agreement					
Government Grants	40,492	25,546	4,981	-	71,019
Indirect contributions by Department of Health	(22)	(14)	(3)	-	(39)
Patient Fees (refer Note 2b)	2,630	1,660	324	-	4,614
Recoupment from Private Practice for Use of Hospital Facilities	19	11	2	-	32
Other Revenue from Operating Activities	644	407	79	-	1,130
Interest & Dividends	227	143	28	-	398
Sub-Total Revenue from Services Supported by Health Services Agreement	**43,990**	**27,753**	**5,411**	**-**	**77,154**
Revenue from Services Supported by Hospital and Community Initiatives					
Donations & Bequests (non capital)	-	-	-	859	859
– Patient Fees (refer Note 2b)				85	85
– Private Practice and Other Patient Activities	-	-	-	1,155	1,155
– Pharmacy Fees	-	-	-	189	189
– Car Park	-	-	-	13	13
– Property Income	-	-	-	271	271
– Research	-	-	-	142	142
– Investment Returns	-	-	-	1,455	1,455
– Other	-	-	-	282	282
Capital Purpose Income (refer Note 2)	-	-	-	4,192	4,192
Sub-Total Revenue from Services Supported by Hospital and Community Initiatives	**-**	**-**	**-**	**8,643**	**8,643**
Total Revenue	**43,990**	**27,753**	**5,411**	**8,643**	**85,797**

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.

Note 2b: Patient Fees Raised

	2014 $'000	2013 $'000
Patient Fees		
Acute		
– Inpatients	3,440	3,709
– Outpatients	1,133	990
Total Patient Fees	**4,573**	**4,699**

Note 2c: Net Gain/(Loss) on Disposal of Non-Financial Assets

	2014 $'000	2013 $'000
Proceeds from Disposals of Non-Current Assets		
Medical Equipment	4	5
Total Proceeds from Disposal of Non-Current Assets	**4**	**5**
Less: Written Down Value of Non-Current Assets Sold		
Medical Equipment	6	101
Total Written Down Value of Non-Current Assets Sold	**6**	**101**
Net gain/(loss) on Disposal of Non-Financial Assets	**(2)**	**(96)**

Note 3: Expenses

	HSA 2014	HSA 2013	H&CI 2014	H&CI 2013	Total 2014	Total 2013
Employee Expenses						
Salaries & Wages	48,307	46,390	501	213	48,808	46,603
WorkCover Premium	303	210	2	1	305	211
Departure Packages	79	48	2	-	81	48
Long Service Leave	1,431	984	6	(1)	1,437	983
Superannuation	4,420	4,163	29	9	4,449	4,172
Total Employee Expenses	**54,540**	**51,795**	**540**	**222**	**55,080**	**52,017**
Non Salary Labour Costs						
Fees for Visiting Medical Officers	322	338	-	-	322	338
Agency Costs – Nursing	367	451	-	-	367	451
Agency Costs – Other	934	693	17	4	951	697
Total Non Salary Labour Costs	**1,623**	**1,482**	**17**	**4**	**1,640**	**1,486**
Supplies & Consumables						
Drug Supplies	5,042	5,240	130	185	5,172	5,425
Medical, Surgical Supplies and Prosthesis	11,269	9,916	6	28	11,275	9,944
Pathology Supplies	835	790	-	-	835	790
Food Supplies	495	527	-	9	495	536
Total Supplies & Consumables	**17,641**	**16,473**	**136**	**222**	**17,777**	**16,695**
Administrative Costs						
Other Administrative Expenses	4,280	4,027	451	157	4,731	4,184
Total Administrative Costs	**4,280**	**4,027**	**451**	**157**	**4,731**	**4,184**
Other Expenses						
Domestic Services & Supplies	2,303	2,321	12	24	2,315	2,345
Fuel, Light, Power and Water	827	756	-	-	827	756
Insurance costs funded by Department of Health	76	1,145	-	-	76	1,145
Motor Vehicle Expenses	5	3	1	1	6	4
Repairs & Maintenance	813	927	14	16	827	943
Maintenance Contracts	366	401	-	-	366	401
Patient Transport	273	287	-	-	273	287
Bad & Doubtful Debts	36	44	-	(6)	36	38
Postal and Telephone	337	396	15	10	352	406
Other	1,800	529	143	211	1,943	740
Audit Fees						
– VAGO - Audit of Financial Statements	48	48	-	-	48	48
– Other	168	73	-	-	168	73
Total Other Expenses	**7,052**	**6,930**	**185**	**256**	**7,237**	**7,186**

Note 3: Expenses (continued)

Expenditure Using Capital Purpose Income						
Other Expenses						
– Repairs and Maintenance	-	-	-	11	-	11
– Administrative Expenses	-	-	100	800	100	800
– Other	-	-	-	35	-	35
Total Expenditure using Capital Purpose Income	**-**	**-**	**100**	**846**	**100**	**846**
Impairment of Assets						
– Avaliable-for-Sale Financial Assets	-	-	-	143	-	143
Total Impairment of Financial Assets	**-**	**-**	**-**	**143**	**-**	**143**
Depreciation & Amortisation	-	-	7,654	8,308	7,654	8,308
(Gain)/ Loss on sale of Available-for-Sale Financial Assets	-	-	-	39	-	39
Written Down Value of Assets sold (refer Note 2c)	-	-	6	101	6	101
Total Expenditure from Services supported by Health Services Agreement and by Hospital and Community Initiatives	**-**	**-**	**7,660**	**8,448**	**7,660**	**8,448**
Total Expenses	**85,136**	**80,707**	**9,089**	**10,298**	**94,225**	**91,005**

This note relates to expenditures above the net result line only, and does not reconcile to comprehensive income.

Note 3a: Analysis of Expenses by Source

	Admitted Patients	Outpatients	EDS	Other	Total
	2014 $'000	2014 $'000	2014 $'000	2014 $'000	2014 $'000
Services Supported by Health Services Agreement					
Employee Expenses	36,701	11,149	6,690	-	54,540
Non Salary Labour Costs	1,486	15	122	-	1,623
Supplies & Consumables	11,428	5,565	648	-	17,641
Administrative Costs	1,375	2,255	650	-	4,280
Other Expenses from Continuing Operations	3,599	2,735	718	-	7,052
Total Expenses from Services Supported by Health Services Agreement	**54,589**	**21,719**	**8,828**	**-**	**85,136**
Services Supported by Hospital and Community Initiatives					
Employee Expenses	-	-	-	540	540
Non Salary Labour Costs	-	-	-	17	17
Supplies & Consumables	-	-	-	136	136
Administrative Costs	-	-	-	451	451
Other Expenses from Continuing Operations	-	-	-	185	185
Total Expense from Services Supported by Hospital and Community Initiatives	**-**	**-**	**-**	**1,329**	**1,329**
Expenditure using Capital Purpose Income					
Other Expenses	-	-	-	100	100
Total Expenditure using Capital Purpose Income	**-**	**-**	**-**	**100**	**100**
Depreciation & Amortisation (refer Note 4)	-	-	-	7,654	7,654
Written Down Value of Assets sold (refer Note 2c)	-	-	-	6	6
Total Expenditure from Services supported by Health Services Agreement and by Hospital and Community Initiatives	**-**	**-**	**-**	**7,660**	**7,660**
Total Expenses	**54,589**	**21,719**	**8,828**	**9,089**	**94,225**

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

	Admitted Patients	Outpatients	EDS	Other	Total
	2013 $'000	2013 $'000	2013 $'000	2013 $'000	2013 $'000
Services Supported by Health Services Agreement					
Employee Expenses	35,382	9,960	6,453	-	51,795
Non Salary Labour Costs	1,301	53	128	-	1,482
Supplies & Consumables	10,720	5,172	581	-	16,473
Administrative Costs	1,819	1,510	698	-	4,027
Other Expenses from Continuing Operations	3,997	1,916	1,017	-	6,930
Total Expenses from Services Supported by Health Services Agreement	**53,219**	**18,611**	**8,877**	**-**	**80,707**
Services Supported by Hospital and Community Initiatives					
Employee Expenses	-	-	-	222	222
Non Salary Labour Costs	-	-	-	4	4
Supplies & Consumables	-	-	-	222	222
Administrative Costs	-	-	-	157	157
Other Expenses from Continuing Operations	-	-	-	256	256
Total Expense from Services Supported by Hospital and Community Initiatives	**-**	**-**	**-**	**861**	**861**
Expenditure using Capital Purpose Income					
Other Expenses	-	-	-	846	846
Total Expenditure using Capital Purpose Income	**-**	**-**	**-**	**846**	**846**
Impairment of Assets					
– Avaliable-for-Sale Financial Assets	-	-	-	143	143
Total Impairment of Financial Assets	**-**	**-**	**-**	**143**	**143**
Depreciation & Amortisation (refer Note 4)	-	-	-	8,308	8,308
Gain/ (Loss) on sale of Avaliable-for-Sale Financial Assets				39	39
Written Down Value of Assets sold (refer Note 2c)	-	-	-	101	101
Total Expenditure from Services supported by Health Services Agreement and by Hospital and Community Initiatives	**-**	**-**	**-**	**8,448**	**8,448**
Total Expenses	**53,219**	**18,611**	**8,877**	**10,298**	**91,005**

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

	2014 $'000	2013 $'000
Commercial Activities		
Private Practice and Other Patient Activities	485	(58)
Pharmacy Services	117	276
Property Expenses	4	8
Other	-	125
Other Activities		
Fundraising and Community Support	692	243
Research and Scholarship	19	253
Education and Training	12	14
Total	**1,329**	**861**

Note 4: Depreciation and Amortisation

	2014 $'000	2013 $'000
Depreciation		
Buildings	4,695	4,650
Plant & Equipment	177	184
Medical Equipment	1,024	1,115
Computers and Communication	639	507
Non-Medical Equipment	12	10
Furniture and Fittings	21	23
Motor Vehicle	7	7
Total Depreciation	**6,575**	**6,496**
Amortisation		
Intangible Assets	1,079	1,812
Total Amortisation	**1,079**	**1,812**
Total Depreciation & Amortisation	**7,654**	**8,308**

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.

	2014 $'000	2013 $'000
Cash on Hand	2	2
Cash at Bank	323	271
Deposits at Call	6,826	2,960
Total Cash and Cash Equivalents	**7,151**	**3,233**
Represented by:		
Cash for Health Service Operations (as per Cash Flow Statement)	7,151	3,233
Total Cash and Cash Equivalents	**7,151**	**3,233**

Note 6: Receivables

Current	2014 $'000	2013 $'000
Contractual		
Inter Hospital Debtors	417	193
Forward Contract Receivable	38	-
Trade Debtors	171	183
Patient Fees	340	423
Accrued Revenue - Other	631	54
Less Allowance for Doubtful Debts		
Trade Debtors	(29)	(20)
Patient Fees	(57)	(56)
	1,511	**777**
Statutory		
GST Receivable	192	251
	192	**251**
Total Current Receivables	**1,703**	**1,028**
Non-current		
Statutory		
Long Service Leave – Department of Health	656	475
Total Non-Current Receivables	**656**	**475**
Total Receivables	**2,359**	**1,503**

(a) Movement in the Allowance for doubtful debts

Balance at beginning of year	76	60
Amounts written off during the year	27	22
Increase/(decrease) in allowance recognised in net result	(17)	(6)
Balance at end of year	**86**	**76**

(b) Ageing analysis of receivables

Please refer to note 19(b) for the ageing analysis of contractual receivables.

(c) Nature and extent of risk arising from receivables

Please refer to note 19(b) for the nature and extent of credit risk arising from contractual receivables.

Note 7: Investments and other Financial Assets

	Specific Purpose Fund		Total	
Current	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Term Deposit				
Aust. Dollar Term Deposits > 3 months*	45,500	47,800	45,500	47,800
Equities and Managed Investment Schemes				
Australian Listed Equity Securities	14,769	18,132	14,769	18,132
CFS Global Properties Securities	-	3,459	-	3,459
Wholesale Index Global Share Fund	10,183	-	10,183	-
Total Current	**70,452**	**69,391**	**70,452**	**69,391**
Non Current				
Available-for-Sale Financial Assets				
Units in Managed Funds	1,804	1,734	1,804	1,734
Total Non Current	**1,804**	**1,734**	**1,804**	**1,734**
Total Investments And Other Financial Assets	**72,256**	**71,125**	**72,256**	**71,125**
Represented by				
Health Service Investments	72,256	71,125	72,256	71,125
Total Investments And Other Financial Assets	**72,256**	**71,125**	**72,256**	**71,125**

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

(a) Ageing analysis of investments and other financial assets

Please refer to note 19(b) for the ageing analysis of investments and other financial assets.

(b) Nature and extent of risk arising from investments and other financial assets

Please refer to note 19(b) for the nature and extent of credit risk arising from investments and other financial assets.

Note 8: Inventories

	2014 $'000	2013 $'000
Pharmaceuticals*		
At cost	185	166
Medical and Surgical Lines*		
At cost	445	383
Total Medical and Surgical lines	**630**	**549**
Other *		
Gift Shop – At Cost	11	7
Total Inventories	**641**	**556**

* All categories are valued at the lower of Cost or Net Realisable Value.

Note 9: Other Assets

Current	2014 $'000	2013 $'000
Prepayments	207	150
Accrued Investment Income	1,576	978
Total Current Other Assets	**1,783**	**1,128**
Non-Current		
Total Non-Current Other Assets	**-**	**-**
Total Other Assets	**1,783**	**1,128**

Note 10: Property, Plant & Equipment

(a) Gross carrying amount and accumulated depreciation

	2014 $'000	2013 $'000
Land		
Land at Fair Value	37,704	30,805
Total Land	**37,704**	**30,805**
Buildings		
Buildings at Fair Value	58,282	181,770
Buildings at Cost	-	4,238
– Less Acc'd Depreciation	-	(122,368)
Total Buildings	**58,282**	**63,640**
Plant and Equipment		
Plant and Equipment at Fair Value	3,575	3,536
– Less Acc'd Depreciation	(1,640)	(1,462)
Total Plant and Equipment	**1,935**	**2,074**
Medical Equipment		
Medical Equipment at Fair Value	17,451	16,314
– Less Acc'd Depreciation	(12,571)	(11,729)
Total Medical Equipment	**4,880**	**4,585**
Computers and Communication		
Computers and Communication at Fair Value	2,677	1,964
– Less Acc'd Depreciation	(2,003)	(1,364)
Total Computers and Communication	**674**	**600**
Non-Medical Equipment		
Non-Medical Equipment at Fair Value	157	170
– Less Acc'd Depreciation	(93)	(87)
Total Non-Medical Equipment	**64**	**83**
Furniture and Fittings		
Furniture and Fittings at Fair Value	413	398
– Less Acc'd Depreciation	(277)	(256)
Total Furniture and Fittings	**136**	**142**
Motor Vehicles		
Motor Vehicles at Fair Value	27	27
– Less Acc'd Depreciation	(24)	(17)
Total Motor Vehicles	**3**	**10**
Under contruction		
Assets under construction	3,273	2,180
Total Assets under contruction	**3,273**	**2,180**
Total Property, Plant & Equipment	**106,951**	**104,119**

(b) 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	Buildings	Plant & Equipment	Medical Equipment	Computers & Comm'ns	Non-Medical Equipment	Furniture & Fittings	Motor Vehicles	Assets Under Constr-uction	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2012	**27,160**	**66,682**	**2,258**	**5,129**	**1,012**	**63**	**165**	**17**	**3,025**	**105,511**
Additions	-	-	-	672	95	30	-	-	2,199	2,996
Assets transferred between Classes	-	1,608	-	-	-	-	-	-	(2,766)	(1,158)
Disposals	-	-	-	(101)	-	-	-	-	-	(101)
Revaluation Increments/ (Decrements)	3,645	-	-	-	-	-	-	-	-	3,645
Assets written back and transferred to expense	-	-	-	-	-	-	-	-	(278)	(278)
Depreciation and Amortisation (Note 4)	-	(4,650)	(184)	(1,115)	(507)	(10)	(23)	(7)	-	(6,496)
Balance at 1 July 2013	**30,805**	**63,640**	**2,074**	**4,585**	**600**	**83**	**142**	**10**	**2,180**	**104,119**
Additions	-	1,378	38	1,304	266	2	15	-	3,182	6,185
Assets transferred between Classes	-	818	-	15	447	(15)	-	-	(2,072)	(807)
Disposals	-	-	-	6	-	-	-	-	-	6
Revaluation Increments/ (Decrements)	6,899	(2,859)	-	-	-	-	-	-	-	4,040
Assets written back and transferred to expense	-	-	-	-	-	-	-	-	(17)	(17)
Depreciation and Amortisation (Note 4)	-	(4,695)	(177)	(1,024)	(639)	(12)	(21)	(7)	-	(6,575)
Balance at 30 June 2014	**37,704**	**58,282**	**1,935**	**4,886**	**674**	**58**	**136**	**3**	**3,273**	**106,951**

Land and buildings carried at valuation

For the year ended 30 June 2014 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 valuation which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgable willing parties in an arm's length transaction.

For the year ended 30 June 2013 management conducted an assessment of land and buildings via the application of the Valuer-General Victoria indices relevant to 2012–13 and the resulting change in the asset revaluation reserve was $3.645 million.

Plant, Equipment, Furniture and Fittings

For the year ended Balance at 30 June 2014 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 the 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.

(c) Fair value measurement hierarchy for assets as at 30 June 2014

	Carrying amount as at 30 June 2014	Fair value measurement at end of reporting period using: Level 1 (i)	Level 2 (i)	Level 3 (i)
Land				
Land at Fair Value	37,704	-	12,660	25,044
Total Land	**37,704**	**-**	**12,660**	**25,044**
Buildings				
Buildings at Fair Value	58,282	-	6,605	51,677
Total Buildings	**58,282**	**-**	**6,605**	**51,677**
Plant and Equipment				
Plant and Equipment at Fair Value	1,935	-	-	1,935
Total Plant and Equipment	**1,935**	**-**	**-**	**1,935**
Medical Equipment				
Medical Equipment at Fair Value	4,880	-	-	4,880
Total Medical Equipment	**4,880**	**-**	**-**	**4,880**
Computers and Communication				
Computers and Communication at Fair Value	674	-	-	674
Total Computers and Communication	**674**	**-**	**-**	**674**
Non-Medical Equipment				
Non-Medical Equipment at Fair Value	64	-	-	64
Total Non-Medical Equipment	**64**	**-**		**64**
Furniture and Fittings				
Furniture and Fittings at Fair Value	136	-	-	136
Total Furniture and Fittings	**136**	**-**	**-**	**136**
Motor Vehicles				
Motor Vehicles at Fair Value	3	-	-	3
Total Motor Vehicles	**3**	**-**	**-**	**3**
Total Property, Plant & Equipment at Fair Value	**103,678**	**-**	**19,265**	**84,413**

Note
(i) Classified in accordance with the fair value hierarchy, see Note 1.
(ii) Vehicles are categorised to Level 3 if the depreciated replacement cost is used in estimating the fair value.

There have been no transfers between levels during the period.

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

For non-specialised land and non-specialised buildings, an independent valuation was performed by the Valuer-General Victoria to determine the fair value using the market approach.

Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specified to the asset being valued.

An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2014.

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

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

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

There were no changes to valuation techniques throughout the period to 30 June 2014.

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

(d) Reconciliation of Level 3 fair values

	Land	Buildings	Plant & Equipment	Medical Equipment	Computers & Comm'ns	Non-Medical Equipment	Furniture & Fittings	Motor Vehicles	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Opening Balance	**18,145**	**54,536**	**2,074**	**4,585**	**600**	**83**	**142**	**10**	**80,175**
Purchases (sales)	-	-	38	1,304	713	2	15	-	2,072
Assets transferred between Classes	-	-	-	9	-	(9)	-	-	-
– Depreciation	-	-	(177)	(1,024)	(639)	(12)	(21)	(7)	(1,880)
Items recognised in other comprehensive income	-	-	-	6	-	-	-	-	6
– Revaluation	6,899	(2,859)	-	-	-	-	-	-	4,040
Balance at 30 June 2014	**25,044**	**51,677**	**1,935**	**4,880**	**674**	**64**	**136**	**3**	**84,413**

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

	Valuation technique	Significant unobservable inputs (i)	Range (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs.
Specialised land	Market Approach	Community Service Obligation (CSO) adjustment	20% (20%)	An increase or decrease in the CSO adjustment would result in a higher or lower fair value.
Specialised buildings	Depreciated replacement cost	Direct cost per square metre	$7,000 /m2 ($7,000/m2)	An increase or decrease in direct cost per square meter adjustment would result in a higher or lower fair value.
		Useful life of specialised buildings	2–40 years (13 years)	An increase or decrease in the estimated useful life of the asset would result in a higher or lower valuation.
Plant and equipment at fair value	Depreciated replacement cost	Cost per unit	$300 - $2,111,000 ($1,287,000)	An increase or decrease in cost per unit would result in a higher or lower fair value.
		Useful life of PPE	4–10 years (10 years)	An increase or decrease in the estimated useful life of the asset would result in a higher or lower valuation.
Medical Equipment at fair value	Depreciated replacement cost	Cost per unit	$100–$175,000 ($49,000)	An increase or decrease in cost per unit would result in a higher or lower fair value.
		Useful life of PPE	5-20 years (19 years)	An increase or decrease in the estimated useful life of the asset would result in a higher or lower valuation.
Computers at fair value	Depreciated replacement cost	Cost per unit	$100–$315,000 ($78,000)	An increase or decrease in cost per unit would result in a higher or lower fair value.
		Useful life of PPE	3–40 years (4 years)	An increase or decrease in the estimated useful life of the asset would result in a higher or lower valuation.
Non-Medical Equipment at fair value	Depreciated replacement cost	Cost per unit	$200–$35,000 ($3,000)	An increase or decrease in cost per unit would result in a higher or lower fair value.
		Useful life of PPE	10–20 years (10 years)	An increase or decrease in the estimated useful life of the asset would result in a higher or lower valuation.
Furniture and Fittings at fair value	Depreciated replacement cost	Cost per unit	$600–$13,000 ($5,000)	An increase or decrease in cost per unit would result in a higher or lower fair value.
		Useful life of PPE	10–13 years (13 years)	An increase or decrease in the estimated useful life of the asset would result in a higher or lower valuation.
Vehicles	Depreciated replacement cost	Cost per unit	$27,000 per unit ($27,000 per unit)	An increase or decrease in cost per unit would result in a higher or lower fair value.
		Useful life of vehicles	4 years (4 years)	An increase or decrease in the estimated useful life of the asset would result in a higher or lower valuation.

Note 11: Intangible Assets

	2014 $'000	2013 $'000
Computer Software	5,705	3,912
– Less Acc'd Amortisation	(4,052)	(2,973)
	1,653	**939**
Computer Software – Work in Progress	801	1,055
	801	**1,055**
Total Intangible Assets	**2,454**	**1,994**

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

	Computer Software	Comp S'ware Work in Progess	Total
	$'000	$'000	$'000
Balance at 1 July 2012	**1,340**	**266**	**1,606**
Additions	253	789	1,042
Assets transferred between Classes	1,158	-	1,158
Amortisation (Note 4)	(1,812)	-	(1,812)
Balance at 1 July 2013	**939**	**1,055**	**1,994**
Additions	626	106	732
Assets transferred between Classes	1,167	(360)	807
Amortisation (Note 4)	(1,079)	-	(1,079)
Balance at 30 June 2014	**1,653**	**801**	**2,454**

Note 12: Investment Properties

	2014 $'000	2013 $'000
Land	660	670
Buildings	305	330
Balance at Beginning of Period	**965**	**1,000**
Net Gain/(Loss) from Fair Value Adjustments	140	(35)
Balance at End of Period	**1,105**	**965**

Net Rental Income		
Rental Income	43	40
Rental Expenses	(2)	(2)
Net Rental Income	**41**	**38**

	Carrying amount as at 30 June 2014	Fair value measurement at end of reporting period using:		
		Level 1 (i)	Level 2 (i)	Level 3 (i)
Investment properties	1,105	-	1,105	-
Total Investment properties	**1,105**	**-**	**1,105**	**-**

(i) classified in accordance with the fair value hierarchy.

There have been no transfers between levels during this period.

For investment properties measured at fair value, the current use of the asset is considered the highest and best use.

The fair value of the hospital's investment properties at 30 June 2014 have been arrived on the basis of an independent valuation carried out by the Valuer-General Victoria. This valuation was determined by reference to market evidence of transaction process for similar properties with no significant unobservable adjustments, in the same location and condition and subject to similar lease and other contracts.

Note 13: Payables

Current	2014 $'000	2013 $'000
Contractual		
Trade Creditors (i)	1,165	1,802
Accrued Expenses	4,694	2,060
	5,859	**3,862**
Statutory		
GST Payable	-	17
Fringe Benefits Tax Payable	7	-
	7	**17**
Total Current	**5,866**	**3,879**
Non Current		
Total Non Current	-	-
Total Payables	**5,866**	**3,879**

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

(a) Maturity analysis of payables

Please refer to Note 19c for the ageing analysis of contractual payables.

(b) Nature and extent of risk arising from payables

Please refer to Note 19c for the nature and extent of risks arising from contractual payables.

Note 14: Provisions

	2014 $'000	2013 $'000
Current Provisions		
Employee Benefits (Note 14(a))		
Annual leave (Note 14(a))		
– Unconditional and expected to be settled within 12 months (ii)	3,206	3,095
– Unconditional and expected to be settled after 12 months (ii)	621	556
Long service leave (Note 14(a))		
– Unconditional and expected to be settled within 12 months (ii)	794	576
– Unconditional and expected to be settled after 12 months (ii)	4,681	4,567
Employee Benefits (Note 14(a))		
– Unconditional and expected to be settled within 12 months (ii)	2,648	3,096
	11,950	**11,890**
Provisions related to Employee Benefit On-Costs- Annual Leave		
– Unconditional and expected to be settled within 12 months (ii)	345	317
– Unconditional and expected to be settled after 12 months (ii)	57	57
Provisions related to Employee Benefit On-Costs- Long Service Leave		
– Unconditional and expected to be settled within 12 months (ii)	93	66
– Unconditional and expected to be settled after 12 months (ii)	549	522
	1,044	**962**
Total Current Provisions *	**12,994**	**12,852**
Non-Current Provisions		
Employee Benefits (i) (Note 14(a))	1,621	1,431
Total Non-Current Provisions *	**1,621**	**1,431**
Total Provisions	**14,615**	**14,283**

(a) Employee Benefits and Related On-Costs

Current Employee Benefits and related on-costs		
Annual Leave Entitlements	4,229	4,025
Accrued Wages and Salaries	2,421	2,686
Accrued Days Off	135	131
Unconditional LSL Entitlement	6,117	5,731
Other:		
Superannuation	92	279
Non-Current Employee Benefits and related on-costs		
Conditional Long Service Leave Entitlements	1,621	1,431
Total Employee Benefits and Related On-Costs	**14,615**	**14,283**

(b) Movement in Provisions

Movement in Long Service Leave:		
Balance at start of year	**7,162**	**6,904**
Provision made during the year		
– Revaluations	42	(13)
– Expense recognising Employee Service	1,391	983
Settlement made during the year	(857)	(712)
Balance at end of year	**7,738**	**7,162**

(i) Employee benefits consist of annual leave and long service leave accrued by employees. On-costs such as payroll tax and worker's compensation insurance are not employee benefits and are reflected as a seperate provision.

(ii) The amounts disclosed are at present values

* It has been identified that the prior year classification of long service leave between current and non-current was incorrect. To rectify this, the amounts presented in the 2013 financial statements have been amended so that the current portion of long service leave has been increased by $1.277 million and the non-current portion of long service leave has been decreased by the same amount. There has been no restatement of profit as a result of this error.

Note 15: Superannuation

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

However the superannuation contributions paid or payable for the reporting period are included as part of employees benefits in the comprehensive operating statement of the hospital. The name, details and amounts expensed in relation to the major employee superannuation funds and contributions made by the hospital are as follows:

	Contributions paid or payable for the year	
	2014 $'000	2013 $'000
Defined benefit plans: (i)		
Health Super Pty Ltd	154	173
Defined contribution plans:		
Health Super Pty Ltd	3,110	2,932
Hesta	926	845
Other	260	222
Total	**4,450**	**4,172**

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

Note 16: Other Liabilities

	2014 $'000	2013 $'000
Current		
Prepaid Revenue	114	107
Bond Money	9	9
Patient Fees	66	54
Income in Advance – Department of Health	354	978
Income in Advance (Rent)	20	24
Forward contract	38	-
Total Current	**601**	**1,172**
Non Current		
Total Non-Current	**-**	**-**
Total Other Liabilities	**601**	**1,172**

Note 17: Equity

(a) Surpluses	2014 $'000	2013 $'000
Property, Plant & Equipment Revaluation Surplus [1]		
Balance at the beginning of the reporting period	66,107	62,462
Revaluation Increment/(Decrements)		
– Land	(2,859)	3,645
– Buildings	6,899	-
Balance at the end of the reporting period*	**70,147**	**66,107**
* Represented by:		
– Land	27,615	20,716
– Buildings	42,532	45,391
	70,147	**66,107**
Financial Assets Available-for-Sale Revaluation Surplus [2]		
Balance at the beginning of the reporting period *	5,292	1,961
Valuation gain/(loss) recognised	2,404	3,149
Cumulative (gain)/loss transferred to Operating Statement on Impairment of Financial Assets	-	143
Cumulative (gain)/loss transferred to Operating Statement on Sale of Financial Assets	(2,978)	39
Balance at end of the reporting period	**4,718**	**5,292**
General Purpose Surplus [3]		
Balance at the beginning of the reporting period	18,809	23,939
Transfer (to) and from:		
– Restricted Specific Purpose Surplus	5,060	467
– Accumulated Surplus / (Deficits)	(1,951)	(5,597)
Balance at the end of the reporting period	**21,918**	**18,809**
Restricted Specific Purpose Surplus [3]		
Balance at the beginning of the reporting period	34,263	30,954
Transfer (to) and from:		
– General Purpose Surplus	(5,060)	(467)
– Accumulated Surpluses / (Deficits)	9,389	3,776
Balance at the end of the reporting period	**38,592**	**34,263**
Total Surpluses	**135,375**	**124,471**
(b) Contributed Capital		
Balance at the beginning of the reporting period	51,568	51,568
Balance at the end of the reporting period	**51,568**	**51,568**
(c) Accumulated Surpluses/(Deficits)		
Balance at the beginning of the reporting period *	(10,750)	(7,363)
Net Result for the Year	4,863	(5,208)
Transfers (to) and from:		
– General Purpose Reserve	1,951	5,597
– Restricted Specific Purpose Reserve	(9,389)	(3,776)
Balance at the end of the reporting period	**(13,325)**	**(10,750)**
(d) Total Equity at end of financial year	**173,618**	**165,289**

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

(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 net result.

(3) Refer Note 1 for explanation on nature of reserve.

* An error had been detected in the prior year (2011/12) relating to investment disposals, resulting in a $1.266mil restatement between the Financial-Assets-Available for Sale Revaluation and the Accumulated Surpluses/(Deficits) Reserve. There was no impact on comprehensive income as a result of this reclass.

Note 18: Reconciliation of Net Result for the Year to Net Cash Inflow/ (Outflow) from Operating Activities

	2014 $'000	2013 $'000
Net Result for the Year	**4,863**	**(5,208)**
Non-cash movements		
Depreciation	6,575	6,496
Amortisation of Intangibles	1,079	1,812
Revaluation of Investment Properties	(140)	35
Provision for Doubtful Debts	10	16
Write Off of Work in Progress to Operating Exp	17	278
Impairment of Financial Assets	-	143
Movements included in investing and financing activities		
Net (Gain)/Loss from Disposal of Non Financial Physical Assets	2	96
Net (Gain)/Loss from Disposal of Financial Assets	(2,978)	39
Movements in assets and liabilities		
Change in Operating Assets & Liabilities		
(Increase)/Decrease in Accrued Income	(1,186)	(152)
(Increase)/Decrease in Receivables	78	308
(Increase)/Decrease in Other Assets	-	1
(Increase)/Decrease in Prepayments	(57)	(26)
Increase/(Decrease) in Payables	(637)	(230)
Increase/(Decrease) in Accruals	2,636	(355)
Increase/(Decrease) in Provisions	13	482
Increase/(Decrease) in Other Liabilities	(619)	(96)
(Increase)/Decrease in Inventories	(85)	19
Net Cash Inflow/(Outflow) From Operating Activities	**9,571**	**3,658**

Note 19: 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)
- Investments in Managed Funds
- Payables (excluding statutory payables)

The hospital's main financial risks include credit risk, liquidity risk, market risk, currency risk, interest rate risk and other price risks. The hospital manages these financial risks in accordance with its financial risk management policy.

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.

	Contractual financial assets – loans and receivables	Contractual financial assets – available for sale	Contractual financial liabilities at amortised cost	Total 1–3 Months
2014	$'000	$'000	$'000	$'000
Financial Assets				
Cash and Cash Equivalents	7,151	-	-	7,151
Loans and Receivables (i)	1,511	-	-	1,511
Other Financial Assets				
– Other Financial Assets	-	26,756	-	26,756
– Term Deposit	-	45,500	-	45,500
Total Financial Assets (i)	**8,662**	**72,256**	**-**	**80,918**
Financial Liabilities				
Payables	-	-	5,859	5,859
Other Financial Liabilities (ii)				
– Other	-	-	601	601
Total Financial Liabilities (ii)	**-**	**-**	**6,460**	**6,460**

2013	Contractual financial assets - loans and receivables	Contractual financial assets - available for sale	Contractual financial liabilities at amortised cost	Total
Financial Assets				
Cash and Cash Equivalents	3,233	-	-	3,233
Loans and Receivables (i)	777	-	-	777
Other Financial Assets				
– Other Financial Assets	-	23,325	-	23,325
– Term Deposit	-	47,800	-	47,800
Total Financial Assets (i)	**4,010**	**71,125**	**-**	**75,135**
Financial Liabilities				
Payables	-	-	3,862	3,862
Other Financial Liabilities (ii)				-
– Other	-		1,172	1,172
Total Financial Liabilities (ii)	**-**	**-**	**5,034**	**5,034**

(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)

(b) Credit Risk

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

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

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

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

Except as otherwise detailed, The Royal Victorian Eye and Ear Hospital's exposure to credit risk and effective weighted average 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 institutions (AAA credit rating)	Not Past Due and Not Impaired	Total
2014	$'000	$'000	$'000
Financial Assets			
Cash and Cash Equivalents	7,151	-	7,151
Receivables			
– Trade Debtors	-	597	597
– Other Receivables (i)	-	914	914
Other Financial Assets			
– Other Financial Assets	26,756	-	26,756
– Term Deposit	45,500	-	45,500
Total Financial Assets	**79,407**	**1,511**	**80,918**
2013			
Financial Assets			
Cash and Cash Equivalents	3,233	-	3,233
Receivables			
– Trade Debtors	-	356	356
– Other Receivables (i)	-	421	421
Other Financial Assets			-
– Other Financial Assets	23,325	-	23,325
– Term Deposit	47,800	-	47,800
Total Financial Assets	**74,358**	**777**	**75,135**

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

Ageing analysis of Financial Asset as at 30 June

			Past Due But Not Impaired		
	Carrying Amount	Not Past Due and Not Impaired	Less than 1 Month	1–3 Months	3 Months – 1 Year
2014	$'000	$'000	$'000	$'000	$'000
Financial Assets					
Cash and Cash Equivalents	7,151	7,151	-	-	-
Receivables					
– Trade Debtors	559	505	10	37	7
– Other Receivables	952	772	75	87	17
Other Financial Assets					
– Other Financial Assets	26,756	26,756	-	-	-
– Term Deposit	45,500	45,500	-	-	-
Total Financial Assets	**80,918**	**80,685**	**85**	**124**	**24**
2013					
Financial Assets					
Cash and Cash Equivalents	3,233	3,233	-	-	-
Receivables					
– Trade Debtors	356	247	34	35	40
– Other Receivables	421	344	52	23	2
Other Financial Assets					
– Other Financial Assets	23,325	23,325	-	-	-
– Term Deposit	47,800	47,800	-	-	-
Total Financial Assets	**75,135**	**74,949**	**86**	**58**	**42**

Contractual financial assets that are either past due or impaired

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 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 their carrying amounts as indicated. The ageing analysis table above discloses the ageing only of contractual financial assets that are past due but not impaired.

(c) Liquidity Risk

Liquidity risk is the risk that the hospital would be unable to meet its financial obligations as and when they fall due.

The hospital's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet.

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

Maturity analysis of Financial Liabilities as at 30 June

			Maturity Dates			
	Carrying Amount	Contractual Cash Flows	Less than 1 Month	1–3 Months	3 Months – 1 Year	1–5 Years
2014	$'000	$'000	$'000	$'000	$'000	$'000
Financial Liabilities						
Payables (i)	5,859	5,859	5,725	113	21	-
Other Financial Liabilities						
– Other	601	563	463	34	57	9
Total Financial Liabilities	**6,460**	**6,422**	**6,188**	**147**	**78**	**9**
2013						
Financial Liabilities						
Payables (i)	3,862	3,862	3,554	293	15	-
Other Financial Liabilities						
– Other	1,172	1,172	1,090	38	35	9
Total Financial Liabilities	**5,034**	**5,034**	**4,644**	**331**	**50**	**9**

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

(d) Market Risk

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

Currency Risk

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 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 accross industries and geographic locations.

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

			Interest Rate Exposure		
	Weighted Average Effective Interest Rate	Carrying Amount	Fixed Interest Rate	Variable Interest Rate	Non-Interest Bearing
2014	(%)	$'000	$'000	$'000	$'000
Financial Assets					
Cash and Cash Equivalents	2.75	7,151	-	7,151	-
Receivables (i)					
– Trade Debtors	-	559	-	-	559
– Other Receivables	-	952	-	-	952
Other Financial Assets					
– Other Financial Assets	-	26,756	-	-	26,756
– Term Deposit	3.97	45,500	45,500	-	-
– Shares in Other Entities	-	-	-	-	-
		80,918	**45,500**	**7,151**	**28,267**
Financial Liabilities					
Payables (i)	-	5,859	-	-	5,859
Borrowings	-	-	-	-	-
Other Financial Liabilities					
– Accommodation Bonds	-	-	-	-	-
– Other	-	601	-	-	601
		6,460	**-**	**-**	**6,460**
2013					
Financial Assets					
Cash and Cash Equivalents	3.15	3,233	-	3,233	-
Receivables (i)					
– Trade Debtors	-	356	-	-	356
– Other Receivables	-	421	-	-	421
Other Financial Assets					
– Other Financial Assets	-	23,325	-	-	23,325
– Term Deposit	4.81	47,800	47,800	-	-
		75,135	**47,800**	**3,233**	**24,102**
Financial Liabilities					
Payables (i)	-	3,862	-	-	3,862
Other Financial Liabilities					
– Other	-	1,172	-	-	1,172
	-	**5,034**	**-**	**-**	**5,034**

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

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 4%;
- 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.

		Interest Rate Risk				Other Price Risk			
		-2%		2%		-2%		2%	
2014	Carrying Amount	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial Assets									
Cash and Cash Equivalents (i)	7,151	(143)	(143)	143	143	-	-	-	-
Receivables (ii)									
– Trade Debtors	559	-	-	-	-	-	-	-	-
– Other Receivables	952	-	-	-	-	-	-	-	-
Other Financial Assets									
– Other Financial Assets	26,756	-	-	-	-	(535)	(535)	535	535
– Term Deposit	45,500	(910)	(910)	910	910	-	-	-	
	80,918	**(1,053)**	**(1,053)**	**1,053**	**1,053**	**(535)**	**(535)**	**535**	**535**
Financial Liabilities									
Payables (ii)	5,859	-	-	-	-	(117)	(117)	117	117
Other Financial Liabilities	-	-	-	-	-	-	-	-	-
– Other	601	-	-	-	-	(12)	(12)	12	12
	6,460	**-**	**-**	**-**	**-**	**(129)**	**(129)**	**129**	**129**
	74,458	**(1,053)**	**(1,053)**	**1,053**	**1,053**	**(664)**	**(664)**	**664**	**664**
2013									
Financial Assets									
Cash and Cash Equivalents (i)	3,233	(65)	(65)	65	65	-	-	-	-
Receivables (ii)									
– Trade Debtors	356	-	-	-	-	-	-	-	-
– Other Receivables	421	-	-	-	-	-	-	-	-
Other Financial Assets									
– Other Financial Assets	23,325	-	-	-	-	(467)	(467)	467	467
– Term Deposit	47,800	(956)	(956)	956	956	-	-	-	
	75,135	**(1,021)**	**(1,021)**	**1,021**	**1,021**	**(467)**	**(467)**	**467**	**467**
Financial Liabilities									
Payables (ii)	3,862	-	-	-	-	(77)	(77)	77	77
Other Financial Liabilities						-	-	-	-
– Other	1,172	-	-	-	-	(23)	(23)	23	23
	5,034	**-**	**-**	**-**	**-**	**(100)**	**(100)**	**100**	**100**
	70,101	**(1,021)**	**(1,021)**	**1,021**	**1,021**	**(567)**	**(567)**	**567**	**567**

(i) eg. Sensitivity of cash and cash equivalents to a +2% movement in interest rates: [$4,332k*0.08]-[$4,332k*0.06] = $87k. Similar for a -2% movement in interest rate, impact = $(87k).
(ii) The carrying amount must exclude types of statutory financial assets and liabilities (i.e. GST input tax credit and GST payable).

(e) Fair Value

The fair values and net fair values of financial instrument assets and liabilities are determined as follows:

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

The hospital 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 2014	Fair value 2014	Carrying Amount 2013	Fair value 2013
	$'000	$'000	$'000	$'000
Financial Assets				
Cash and Cash Equivalents	7,151	7,151	3,233	3,233
Receivables (i)				
– Trade Debtors	559	559	356	356
– Other Receivables	952	952	421	421
Other Financial Assets				
– Other Financial Assets	26,756	26,756	23,325	23,325
– Term Deposit	45,500	45,500	47,800	47,800
Total Financial Assets	**80,918**	**80,918**	**75,135**	**75,135**
Financial Liabilities				
Payables	5,859	5,859	3,862	3,862
Other Financial Liabilities (i)				
– Other	601	601	1,172	1,172
Total Financial Liabilities	**6,460**	**6,460**	**5,034**	**5,034**

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

Financial assets measured at fair value

	Carrying Amount 2014	Fair value measurement at end of reporting period using: Level 1 *	Level 2 *	Level 3 *
2014	$'000	$'000	$'000	$'000
Financial assets at fair value through profit & loss				
Available for sale financial assets				
– Equities and managed funds	26,756	24,952	1,804	-
Total Financial Assets	**26,756**	**24,952**	**1,804**	**-**
2013				
Financial assets at fair value through profit & loss				
Available for sale financial assets				
– Equities and managed funds	23,325	18,132	5,193	-
Total Financial Assets	**23,325**	**18,132**	**5,193**	**-**

* There is no significant transfer between level 1 and level 2.

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 2014 the hospital holds a new investment in a Global Wholesale Index Share Fund of $10.183M (2013: $0M) and a Wholesale Infrastructure Income Fund of $1.804M (2013: $1.734M) 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.

There is no significant transfer between Level 1 and Level 2.

Managed Investment schemes
The hospital invests in managed funds which are not quoted in an active market and which may be subject to restrictions on redemptions. The hospital considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investment, to ensure they are reasonable and appropriate and therefore the net asset value of these funds may be used as an input into measuring their fair value. In measuring this fair value, the net asset value of the funds is adjusted, as necessary, to reflect restrictions and redemptions, future commitments and other specific factors of the funds. Depending on the nature and level of adjustments needed to the net asset value and the level of trading of the hospital, the hospital classifies these funds as Level 2.

Note 20: Commitments

	2014 $'000	2013 $'000
Other Expenditure Commitments		
Payable:		
Consumables/Supplies	9,549	420
Maintenance	1,514	890
Capital *	30,000	-
Total Other Expenditure Commitments	**41,063**	**1,310**
Not later than one year	16,710	1,267
Later than 1 year and not later than 5 years	24,353	43
Total	**41,063**	**1,310**
Total Commitments (inclusive of GST)	**41,063**	**1,310**
less GST recoverable from the Australian Tax Office	(407)	(119)
Total Commitments (exclusive of GST)	**40,656**	**1,191**

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

* The hospital has a commitment to the Department of Health for $30 million over the next 5 years relating to the hospital redevelopment.

Note 21: Contingent Assets and Contingent Liabilities

The hospital does not have any contingent assets or contingent liabilities, (2012–13:$nil).

Note 22: Operating Segments

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 Blackburn.

Note 23: Jointly Controlled Operations and Assets

Name of Entity	Principal Activity
Melbourne Academic Centre for Health Agreement (MACH)	Information Systems

From 30 April 2014, the hospital entered into an agreement with 19 other parties with the University of Melbourne acting as the administrative institution. A group of 20 organisations including the University of Melbourne, public health services, research institutes and the Bio21 Cluster worked cooperatively to develop a proposal to the Victorian Government that funding be provided to a new academic health science centre.

The Members have agreed to form an unincorporated joint venture and to work together, along with the Affiliated Organisations, to achieve the aims of MACH, including delivering better health outcomes for Victorian communities, provide improved educational support and drive the translation and application of health research into the delivery of healthcare.

As at 30 June 2014, the hospital's contribution towards MACH was $25,000, no other financial information of the jointly controlled operations are available as at the time of this report.

Note 24a: 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 David Davis, MLC, Minister for Health and Ageing	1/07/2013 - 30/06/2014
Governing Boards	
Ms Jan Boxall	1/07/2013 - 30/06/2014
Dr Malcolm Brown	1/07/2013 - 30/06/2014
Mr Peter Buzzard	1/07/2013 - 30/06/2014
Mr Roger Greenman AM	1/07/2013 - 30/06/2014
Dr Sandra Mercer-Moore AM	1/07/2013 - 30/06/2014
Mr Andrew Porter	1/07/2013 - 30/06/2014
Mr Derek Skues	3/12/2013 - 30/06/2014
Ms Sue Smethurst	3/12/2013 - 30/06/2014
Ms Jenny Taing	1/07/2013 - 30/06/2014
Accountable Officers	
Ms Ann Clark	1/07/2013 - 30/06/2014

Remuneration of Responsible Persons

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

	2014 No.	2013 No.
Income band		
$0–$9,999	-	-
$10,000–$19,999	7	8
$20,000–$29,999	1	-
$40,000–$49,999	1	1
$310,000–$319,999	-	1
$340,000-$349,999	1	-
Total Numbers	**10**	**10**

Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	**$530,931**	**$510,606**

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

Other Transactions of Responsible Persons and their Related Parties.

There were no other transactions with Responsible Persons and their Related Parties.

Note 24b: Executive Officer Disclosures

Executive Officers' Remuneration
The numbers of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands.

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	
	2014 No.	2013 No.	2014 No.	2013 No.
$140,000–$149,999	-	-	-	1
$150,000–$159,999	-	1	1	1
$160,000–$169,999	-	-	-	1
$170,000–$179,999	1	1	2	1
$180,000–$189,999	-	-	-	1
$190,000–$199,999	-	2	-	-
$200,000–$209,999	2	-	-	-
$210,000–$219,999	-	1	-	-
$220,000–$229,999	-	-	1	-
$250,000–$259,999	1	-	-	-
Total	**4**	**5**	**4**	**5**
Total annualised employee equivalents (AEE) (i)	**4**	**5**	**4**	**5**
Total Remuneration	**$833,196**	**$938,006**	**$725,786**	**$823,941**

(i) Annualised employee equivalents is based on paid working hours of 38 ordinary hours per week over the 52 weeks for a reporting period.

Note 25: Remuneration of Auditors

	2014 $'000	2013 $'000
Audit fees paid or payable to the Victorian Auditor-General's Office for audit of the hospital's current financial report	48	47
Fees paid to Ernst & Young:		
– Internal audit	101	61
– Compliance audit	67	14
Total Paid and Payable	**216**	**122**

Note 26: Events Occurring after the Balance Sheet Date

There were no events after the Balance Sheet Date of 30 June 2014 that materially affected the financial result for that period.

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

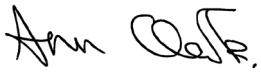
The attached financial statements for The Royal Victorian Eye and Ear Hospital have been prepared in accordance with Standing Directions 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2014 and the financial position of The Royal Victorian Eye and Ear Hospital at 30 June 2014.

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
18 August 2014



Ann Clark
Accountable Officer
18 August 2014

Peter Gould
Chief Finance and Accounting Officer
18 August 2014

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Website www.audit.vic.gov.au

INDEPENDENT AUDITOR'S REPORT

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

The Financial Report

The accompanying financial report for the year ended 30 June 2014 of the The Royal Victorian Eye and Ear Hospital which comprises 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 The Royal Victorian Eye and Ear Hospital are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, 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 and fair presentation 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.

Independent Auditor's Report (continued)

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.

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the The Royal Victorian Eye and Ear Hospital as at 30 June 2014 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, 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 The Royal Victorian Eye and Ear Hospital for the year ended 30 June 2014 included both in the The Royal Victorian Eye and Ear Hospital's annual report and on the website. The Board Members of the The Royal Victorian Eye and Ear Hospital are responsible for the integrity of the The Royal Victorian Eye & Ear Hospital's website. I have not been engaged to report on the integrity of the The Royal Victorian Eye and 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
19 August 2014

Dr Peter Frost
Acting Auditor-General

The Royal Victorian Eye and Ear Hospital is affiliated with:

Bionic Vision Australia
Lions Eye Donations Service Melbourne
The Bionics Institute
The Centre for Eye Research Australia
The HEARing CRC
The University of Melbourne
Australian College of Optometry

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, Singapore; 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 Royal Victoria Eye and Ear Hospital, Dublin, Ireland; Jakarta Eye Center, Jakarta, Indonesia; Tianjin Medical University Eye Centre, China; Sydney Eye Hospital, Australia; Kim's Eye Hospital, Seoul, South Korea; Aditya Jyot Eye Hospital, Maharashtra, India; St. John of Jerusalem Eye Hospital; Kellogg Eye Center (Ann Arbor, USA).

The American Association of Eye and Ear Centers of Excellence
Members: Bascom Palmer Eye Institute, Florida, USA; Emory Eye Centre, Georgia, 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; Rutnin Eye Hospital, Bangkok, Thailand; Show Chwan Health Care System, Taiwan; Singapore National Eye Centre, Singapore; St. Erik's Eye Hospital, Stockholm, Sweden; Wills Eye Hospital, Pennsylvania, USA; Wilmer Eye Institute, Maryland, USA.

Victorian Hospitals Association

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