Annual

Report

2014–15



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relying on the information contained in this document.

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Vision, Mission and Values

The Royal Victorian Eye and Ear Hospital (the Eye and Ear) 1

is Australia’s leading provider of eye and ear health care. In 2014–15, the Eye and Ear cared for over 270,000 patients throughout Victoria and continued to improve its operational and financial performance.

THE ROYAL VICTORIAN EYE AND EAR HOSPITAL ANNUAL REPORT 2014–2015

Vision

Improving quality of life through caring for the senses.

Mission

We aspire to be the world’s leading eye and ear hospital:

• Excelling in specialist services

• Integrating teaching and research with clinical services

• Leading workforce capability

• Partnering with consumers and communities

• 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

2 It has been a year of change and progress at The Royal Victorian Eye and Ear Hospital (the Eye and Ear). The redevelopment project has seen many changes to the hospital building and we have also embraced numerous improvements to the way we provide patient centred care as we look forward to the future model of service provision.

THE ROYAL VICTORIAN EYE AND EAR HOSPITAL ANNUAL REPORT 2014–2015

In December 2014 we passed the assessment for accreditation across the ten National Standards.

This is just one of the many ways that the Eye and Ear demonstrates we are continually striving to achieve excellence, while improving our service delivery.

Caring for all Victorians

The Eye and Ear is the largest provider of specialist eye, ear, nose and throat care services in Victoria. Our clinical services are delivered in partnership

with patients, carers, the community and other health care providers across all metropolitan, regional and rural areas.

We continued to experience high demand on our services, with the hospital caring for 215,653 outpatients, 13,988 inpatients and 40,482 emergency patients this year.

As demand for our specialist services continues to increase, we must look to the future to ensure the hospital is equipped to meet the growing and changing needs of our community.

Redevelopment

Our redevelopment project continues to move forward, with significant construction taking place throughout the hospital over the past 12 months. During this time, we opened the revamped Ground Floor of the Peter Howson Wing including the temporary cafeteria, auxiliary desk, concierge desk and the new pharmacy area. Construction commenced on the new

Emergency Department which is scheduled to open towards the end of 2015.

As part of our commitment to supporting the community we donated a number of pieces of equipment and furniture, including medical equipment, beds, chairs and office equipment, assessed as redundant or obsolete due to the redevelopment, to various charities including the Liberian Charity and Marsh Foundation Indonesia.

To coincide with the redevelopment process, the hospital also launched its new brand. This was developed following extensive consultation and stakeholder workshops with staff, patients, carers and partner organisations. The new branding and visual identity reflects our innovative culture and long history as a specialist hospital in a clear and concise format.

National Standards Accreditation

National Safety and Quality Health Service (NSQHS) Standards apply to hospitals nationwide and are designed to drive the implementation of safety and quality systems and improve the quality of health care in Australia.

In December 2014, the hospital underwent an accreditation process and was successful and compliant in all areas, having met all 256 core actions across the 10 NSQHS Standards. Our work in community participation and engagement was particularly noted, especially the progress we have made with our consumer engagement and patient centred care programs.

Partnering with Consumers

Throughout the year, the Eye and Ear commenced a number of new projects under the Partnering with Consumers program including the establishment

of a Consumer Register. There are 90 consumers registered who have partnered with the hospital to help improve our services. This is a flexible program which enables people to choose their level of involvement depending on their interests and availability. Over 20 of these consumers attend regular committee meetings or working groups at the Eye

and Ear, whilst others participate in focus groups or review patient information from their own home.

Improving Health Outcomes

As Australia’s only specialist eye, ear, nose and throat hospital, our services continue to expand to meet the needs and demands of our community. This year we continued to look for new ways to improve our patients’ journey and streamlining our approach for better patient care to ensure patients and staff receive the best possible care in a timely and safe manner.

The Eye and Ear’s Cochlear Implant Clinic partnered with Australian Hearing to run a 14-week pilot project to test the feasibility of offering cochlear implant services in a regional centre. The project based in Geelong received very positive feedback, particularly in reducing travel time for patients. The success of

the project is currently being examined to explore the possibility of a long-term service being offered in Geelong and other regional centres.

In another initiative, the Eye and Ear’s Orthoptic Department has been participating in a project to up-skill clinicians and improve care for glaucoma patients. Members of the orthoptic team enhanced their knowledge and clinical practice in the area of glaucoma which has resulted in several changes to

the model of care and improved service delivery. As a result an additional 800 patients have been treated in the Glaucoma Monitoring Clinic.

This year the Eye and Ear officially launched the Gandel Philanthropy Balance Disorders Diagnostics area at the Balance Disorder and Ataxia Service. This is an area dedicated to the Omniax machine,

a state-of-the-art balance disorder diagnostic and management system, one of only 34 in the world and only the second in Australia. This machine will provide an increase in diagnostic accuracy for sufferers of balance disorders which will mean shorter hospital stays and a rapid return to daily activities.

A large digitisation shift is underway and we are on the move to becoming a digital hospital with a

‘paper-lite’ future. Digital Pathology and Radiology results went live in December 2014, the first major step towards achieving this goal.

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 Indigenous children with ear health issues.

Research

Research is one of the cornerstones of our clinical success and our clinical practice. We are currently involved with over 217 active research projects, all working towards improving outcomes for our patients.

A critical factor in our research success is the strength of relationships we have with partners such the Centre for Eye Research Australia, The University of Melbourne, the Bionics Institute, Bionic Vision Australia and the HEARing CRC. We acknowledge our research partners and the generosity of our patients who take part in ground-breaking research that will benefit future generations.

Acknowledgements

The Board Chair and CEO would like to thank Board Members, clinicians, volunteers and all staff for their continued dedication and passion throughout the year, particularly with the redevelopment and accreditation process. This commitment ensures

that we continue to provide world class care to our patients and the broader Victorian community.

In October 2014, Board Chair Jan Boxall resigned due to ill health, and sadly passed away a few months later. Jan made an outstanding contribution to the

Eye and Ear during her tenure, and her tireless work 3

on behalf of the hospital was greatly appreciated.

Peter Buzzard was Acting Chair from October 2014 and we are grateful for his contribution. Dr Sherene Devanesen was appointed Board Chair by the Victorian Health Minister Jill Hennessy in April 2015.

THE ROYAL VICTORIAN EYE AND EAR HOSPITAL ANNUAL REPORT 2014–2015

In March 2015, Chief Executive Officer, Ann Clark announced her planned retirement. Ann has made a significant contribution to the hospital over the past seven years, including leading the hospital into the redevelopment. We thank Ann for her dedication.

Following a robust search process, the Board appointed a new Chief Executive Officer, Mark Petty to lead the Eye and Ear into the future. Mark is a well-qualified, experienced senior health service manager with a strong track record in delivering positive outcomes.

Thank you

The Eye and Ear is most grateful for the generosity of its supporters. Financial support from our loyal donors and philanthropic Trusts and Foundations help the hospital to continue its work in improving quality

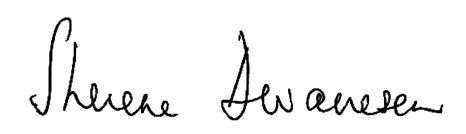
of life through caring for the senses.

We are also sincerely grateful to our volunteers and community advisory members who offer their time to help others and make the patient experience a more positive and memorable one.

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 2015.

<Signature>



Sherene Devanesen

Chair, Board of Directors



Ann Clark

Chief Executive Officer

Board of Directors

4 Ms Jan Boxall LLB FAICD

Appointed 1 July 2008, reappointed 1 July 2011 and

1 July 2014

ANNUAL REPORT 2014–2015

Resigned 21 October 2014

Chair Board of Directors, Remuneration Committee Member Audit Committee, Finance Committee, Quality Committee, Redevelopment Committee

Ms Boxall worked as 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.

Dr Malcolm Brown MBBS, DOH, FAFOEM (RACP)

Appointed 1 July 2011, reappointed 1 July 2014

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

Deputy Chair Board of Directors

Acting Board Chair 9 October 2014 to 27 April 2015

Chair Audit Committee

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.

Dr Sherene Devanesen MBBS; DIP(OBS)RACOG; FRACMA; FACHSM; FAIM; FHKCCM; GAICD

Appointed 14 April 2015

Chair Board of Directors

Member Finance Committee, Redevelopment

Committee, Remuneration Committee

Dr Sherene Devanesen is the Chief Executive Officer of Yooralla. Before joining Yooralla in January 2014, Dr Devanesen was Chief Executive Officer of Peninsula Health. With over 30 years’ experience in the management of health services and medical administration, her experience has provided her with a strong reputation in consumer consultation and engagement and in achieving quality outcomes for human and community services.

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. In March 2015, Mr Greenman was appointed Chair of the Snowdome Foundation.

Sandra Mercer Moore AM, DBA, M PHYSIOTHERAPY

Appointed 1 July 2011, reappointed 1 July 2014

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 and

1 July 2014

Chair Finance Committee

Member Redevelopment Committee, Remuneration

Committee

Mr Porter is a Chartered Accountant and has had over 21 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 5

Appointed 1 July 2012

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

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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, a member of the University of Melbourne Alumni Council 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

6 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 ROYAL VICTORIAN EYE AND EAR HOSPITAL ANNUAL REPORT 2014–2015

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), Dr Malcolm Brown, Ms Jenny Taing and

Ms Sue Smethurst. Advisor: Ms 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 (resigned 21 October 2014),

Mr Peter Buzzard, Mr Roger Greenman AM, Mr Derek Skues and Dr Sherene Devanesen (from 14 May 2015). Advisor: Mr 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

(resigned 21 October 2014), Dr Sandra Mercer Moore

AM, Mr Andrew Porter, Mr Derek Skues and

Dr Sherene Devanesen (from 14 May 2015).

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: Dr Sherene Devanesen (Chair, from 14 May 2015), Mr Peter Buzzard, Mr Roger Greenman AM and

Mr Andrew Porter.

The Remuneration Committee meets quarterly and 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 (resigned 21

October 2014), Dr Malcolm Brown, Dr Sandra

Mercer Moore AM and Mr Derek Skues.

The Quality Committee meets quarterly and 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 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 7

Committee

The Primary Care and Population Health Advisory Committee membership includes the following non- executive directors: Dr Malcolm Brown (Chair),

THE ROYAL VICTORIAN EYE AND EAR HOSPITAL ANNUAL REPORT 2014–2015

Ms Sue Smethurst 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 met quarterly to March 2015 and following a formal review, will meet at least annually in the future.

Executive Management

8 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.

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Executive Director Performance and Improvement

Dr Caroline Clarke MD, FRACP, MRCP, FRACMA

The Executive Director Performance and Improvement is responsible for the leadership of quality and improvement initiatives across the hospital,

including those related to the redevelopment and the introduction of the Electronic Medical Record. The role also provides oversight of the Data Integrity Framework and management of clinical datasets.

Executive Director Medical Services and Chief

Medical Officer

Dr Christine Bessell MBBS, MPH, FRANZCOG, FRACMA

The Executive Director Medical Services and Chief Medical Officer is responsible for professional leadership of the medical workforce. The role has executive responsibility for the leadership and management of specialist clinics and ambulatory services, the program of ophthalmology service delivery, the junior medical workforce, medical training and education and the research strategy of the hospital.

Clinical Director Ophthalmology Services

Associate Professor Michael Coote MBBS, FRANZCO, GAICD (1 JULY 2014 – 3 MAY 2015)

Dr Mark McCombe MBBS, FRANZCO (4 MAY 2015 –

30 JUNE 2015)

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, ACHS EXECUTIVE LEADERSHIP PROGRAM

The Executive Director Surgical and Inpatient Services is responsible for overseeing the surgical and inpatient services, the Emergency Department, the Cochlear Implant Service and the program of ENT service delivery. As Chief Nursing Officer, the role also has professional responsibility and leadership for all nursing staff, the clinical competence framework

and nurse 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 on behalf of the hospital as client for the five year capital redevelopment of the Eye and Ear ensuring design meets the needs of patients and staff and that the impact of construction on hospital operations is minimised. The role also has oversight of future strategy regarding health service delivery including telehealth and planning for new services across Victoria. The portfolio also includes management

of facilities, engineering, security, Aboriginal heath, the partnering with consumers strategy and the hospital’s art strategy.

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

Board

Board Secretary 9

Clinical Director

Ophthalmology

Chief Executive Officer

Marketing and

Communications

THE ROYAL VICTORIAN EYE AND EAR HOSPITAL ANNUAL REPORT 2014–2015

Clinical Director

ENT

Philanthrophy and

Fundraising

ED Medical Services/ CMO

ED Corporate Services

ED Performance and

Improvement

ED Strategy, Planning and Redevelopment

ED Surgical and

Inpatient Services/CNO

Audiology & Speech

Pathology

Diagnostic Eye

Services

Junior & Senior

Medical Workforce

Library

Medical Administration

Medical Training & Education

Contract Management

& Procurement

Emergency

Management

Finance

Human Resources

ICT

Health Information

Services

Clinical Improvement Decision Support Unit GP Liaison

Quality and Risk

Project Management

Office

Capital Planning and

Redevelopment

Facilities Management

Strategy, Service Planning and Partnering with Consumers

Anaesthetics

Cochlear

Elective Surgery

Access

Emergency

Department

Infection Control Inpatient Services Nurse Education

Research

Peri Operative Services

Social Services

Pharmacy

Specialist Clinics and

Ambulatory Services

Donors and Supporters

10 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.

THE ROYAL VICTORIAN EYE AND EAR HOSPITAL ANNUAL REPORT 2014–2015

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 (7 September 2011–30 June

2015)

Wagstaff Fellowships 2014–15

A significant bequest from Ernest Wagstaff, received in 1996, is used to fund major research fellowships in ophthalmology and otolaryngology. Wagstaff Fellows during 2014–15 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 2014–15

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 2014–15 were as follows:

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

Zoran Georgievski Memorial Research Scholarship

2014–15

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’.

Our Major Donors, Bequestors, Corporate and

Community Supporters

Trusts and Foundations

Collier Charitable Fund

The Muriel and Les Batten Foundation

The Jack Brockhoff Foundation

The Danks Trust

Lord Mayor’s Charitable Foundation

Eldon & Ann Foote Trust

Louis and Lesley Nelken Trust Fund

Joe White Bequest

Bequests

Estate of Gwenneth Barnes

Estate of Frank Berra

Estate of Constance Joyce Edgcumbe Estate of Euphemia Rosemary Rawson Estate of Adolph Wasilkewski

Estates

The Orloff Family Charitable Trust

The Elizabeth and Alexander Reddan Memorial

Foundation

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

The Rudolph Hally and Pia Martin Memorial Trust

Managed by Equity Trustees

The Erica Cromwell Trust Estate of Heather Sybil Smith Estate of John F Wright

George T and Lockyer Potter Trust Estate of Ernest and Letitia Wears Joseph Kronheimer Charitable Fund Eliza Wallis Charitable Trust

Betty Brenda Spinks Charitable Trust

William Hall Russell Trust Fund

Managed by State Trustees

Estate of Bruce L Powell

Estate of Jessie Ross

Major Donors Anonymous donor Mr Keith Bailey Mrs Beryl Coombs Mr Varun Dhawan

Mrs Elizabeth Donovan

Mr Trevor Edwards

Mr Zelman Elton

Mr Greg Shalit and Ms Miriam Faine

Mr Brian Goddard

Mr Leon Goldman and the late Mrs Judith Goldman

Mr Philip Hammond

Mr Bruce Howells

Mr and Mrs Harold and Margaret Jarvis

Mr Con Kalfadellis

Mr Brian Loton

Mr Minh Ly

Miss Jules McLean in memory of the late

Mr Douglas McLean Mrs Nirmala Pandey Mr Herbert Palmer Mr John Schotkamp

The late Ms Robyn Swanson

Mr Arthur Tsilibakis and Ms Janet Sickinger

Mrs Marjorie Todd

Community Supporters Mornington Community Centre Ritchies Stores

Silent Disco Events Group

United Way

Uniting Church in Australia

Zouki Catering

Volunteers 11

The hospital is fortunate to have a very dedicated

and growing group of volunteers who assist in a range of roles and offer that extra bit of help to reassure patients in need. This year we were fortunate to welcome 20 new volunteers to the Eye and Ear.

THE ROYAL VICTORIAN EYE AND EAR HOSPITAL ANNUAL REPORT 2014–2015

Our volunteers have provided direct assistance to almost 50,000 patients over the past year. These volunteers have given more than 6,600 hours of their time. The 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 a taxi ride home.

Volunteers also assist in the Outpatient Clinics and, in July 2014, commenced in the Emergency Department where they have provided invaluable support and assistance to almost four thousand patients. We sincerely thank all 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.

We also appreciate the contributions made by consumers who kindly provide their time to sit on our advisory and research committees, hospital working groups and committees, act as patient ambassadors and are members of our consumer register. Our consumers make up a very special workforce who represent the voices of our patients. We currently

have just over 90 consumers on our register who have partnered with the hospital to provide their feedback and help us work towards implementing positive changes across the hospital.

Service Overview

12 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.

THE ROYAL VICTORIAN EYE AND EAR HOSPITAL ANNUAL REPORT 2014–2015

Manner of Establishment and Relevant Minister The Eye and Ear was founded in 1863 by the pioneer surgeon, Dr Andrew Sexton Gray. The hospital is a public health service and is established under the Health Services Act 1988 (as amended). The responsible Ministers during the reporting period were The Hon David Davis MLC (1 July 2014 –

4 December 2014) and The Hon Jill Hennessy MP (4 December 2014 – 30 June 2015).

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 2014–15 we cared for:

• 215,653 outpatients

• 13,988 inpatients

• 40,482 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 The 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. The Disability Action Plan (DAP) is supported by the diversity and disability working group, which is

a mixture of staff and consumers. The group focuses on implementing and monitoring activity around diversity and disability.

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 2014–15 included the completion of a staff survey on diversity and disability, which will inform the development of resources and training, along with the inclusion of representative consumers in working and focus groups.

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 newly introduced Privacy and Data Protection Bill 2014.

The Eye and Ear’s Privacy Officer is the Executive

Director Medical Services and Chief Medical Officer.

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 Broadbased 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 13

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|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Labour Category | June 2014  Current  Month | June 2015  Current  Month | June 2014  YTD FTE | June 2015  YTD FTE |
| Nursing | 169 | 153 | 165 | 157 |
| Administration and Clerical | 163 | 159 | 158 | 160 |
| Medical Support | 44 | 41 | 46 | 45 |
| Hotel and Allied Services | 12 | 13 | 11 | 12 |
| Medical Officers | – | 5 | – | 5 |
| Hospital Medical Officers | 56 | 59 | 59 | 60 |
| Sessional Clinicians | 29 | 31 | 29 | 31 |
| Ancillary Staff (Allied Health) | 38 | 37 | 37 | 37 |
|  | 511 | 498 | 505 | 507 |

Freedom of Information

The Victorian Freedom of Information (FOI) Act 1982 provides members of the public with the right to apply, in writing, 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 2014–15 | |
| Total requests | 161 |
| Fully granted | 161 |
| Completed | 161 |

Of the 161 applications, 30 were from the general public. Of the total requests received by the hospital, all were acceded to.

The requirements for making a request are:

• it should be in writing

• it should identify as clearly as possible which document is being requested

• it should be accompanied by the appropriate application fee.

Human Resources

The Human Resources team is responsible 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 we have skills and competencies to meet current and future requirements.

Recruiting Staff

In 2014–15 the Eye and Ear employed 863 staff; we recruited 124 new staff, 98% of whom attended an orientation program.

Merit, fairness and reasonable treatment, equal opportunity and avenues of redress are reinforced in our policies and procedures to support our decision making processes. The organisation’s Values and Code of Conduct are widely promoted and form the basis of how we work together.

Pre-employment Verification

The organisation has further improved the process for credentialing and pre-employment verification to ensure we 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 Australian Health Practitioner Regulation 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 organisation continued activities to support the Aboriginal Employment Plan (AEP) which aims to increase employment 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. With this support we have recruited an additional two Aboriginal team members.

14 Employee Recognition Programs

The Eye and Ear is proud to recognise the

achievements of our staff and volunteers. The Annual Excellence Awards recognise the outstanding contribution by staff to improving patient outcomes with a clinical initiative, work system or excellence in leadership and teamwork.

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The award categories and recipients for 2014 were:

• Board Chair’s Medal – Dr Richard Stawell, Senior Medical Staff

• CEO’s Team Award – Cochlear Implant Clinic

• Dr Aubrey Bowen Medal – Dr Kristen Wells, Senior Medical Staff

• Administrative Excellence Award – Jag Thind, Ward Clerk, Ward 4 Short Stay Centre

• Allied Health Award – Orthoptic Department

• Nursing Excellence Award – Mitchell Wilson, Nurse Unit Manager, Ward 4 Short Stay Centre

In addition, the quarterly ‘I see you, I hear you, Values

in Action’ staff reward and recognition program is well supported and receives a high number of nominees each quarter. The program aims to recognise and retain staff who contribute to the organisation’s vision of improving quality of life through caring for the senses, through practical demonstration of our values.

The following were the recipients of the ‘I see you, I

hear you, Values in Action’ Award for 2014–15:

• Gerard Walsh, Clinical Nurse Specialist, Emergency

Department

• Marc Hand, Organisational Performance

Coordinator, Decision Support Unit

• Betty Tellis, Coordinator, Community Engagement and Participation

• John Moh, Computer Clerk, Outpatients

Employee Support Program

The Employee Assistance Program is a confidential external counselling service available to staff and their family. The service provides assisting in addressing personal concerns or work related issues that have an impact on wellbeing and quality of life. Nearly 30 staff or family members accessed the service during 2014–15.

Developing Our Workforce

The Eye and Ear’s education program develops the capacity, performance and capability of our staff. Education programs are specific for nursing, medical, allied health and administrative staff.

The mandatory training framework was developed and rolled out in line with the Australian Council on Health Care Standards. The mandatory training matrix outlines training requirements by role.

The online learning system profiles individual training schedules of mandatory and professionally

recommenced education courses for staff to ensure they maintain the knowledge and skills to perform their role safely.

The Eye and Ear continues to place importance on building and developing the management and leadership capacity of our managers. A 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 also delivered to build skills in coaching and influencing.

Managers are required to conduct annual performance appraisals for their team members. This provides a formal framework to ensure performance discussions are held to review past achievements and set goals for the next 12 months. Managers are provided with tools and support from Human Resources to facilitate effective outcomes. The appraisal process also provides for the review of: clinical scope of practice; mandatory training compliance; expectations about quality and safety responsibilities; upward feedback; and, feedback on quality and safety processes.

Payroll

Payroll is outsourced to Melbourne Health who processed over 19,000 pays during 2014–15.

Occupational Health and Safety

The Eye and Ear is committed to providing a safe environment for employees, patients, visitors, volunteers and contractors. We operate in accordance with the Victorian OHS Act 2004, OHS Regulations

2007, the Workplace Injury Rehabilitation and

Compensation Act 2013 and other relevant legislation.

In 2014-15, staff were involved in health and safety decisions through regular meetings, the health and safety committee and regular consultation with health and safety representatives.

Immediately following an incident, an investigation is undertaken to identify and implement remedial action. Quarterly preventative workplace inspections are carried out by management and input is encouraged by health and safety representatives to ensure the identification and control of OHS hazards.

A comprehensive review and improvement of the emergency management system was undertaken in

2014–15. As a result, the Hospital Emergency Coordinators reported they were better equipped to manage an unplanned emergency.

Other OHS training included: bullying prevention training for all managers, aggression management for clinical staff, OHS education at orientation and local induction, laser and radiation safety for clinical staff, and emergency response training for emergency coordinators and area wardens.

Comparison of average workers compensation claim costs and total claims cost 15

14 $700,000

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12 $600,000

10 $500,000

CLAIM COSTS

8 $400,000

CLAIMS

6 $300,000

4 $200,000

2 $100,000

0

2010–11 2011–12 2012–13

$0

2013–14 2014–15

Claims Total cost of claims per year Average claim cost

Workers Compensation

The total number of WorkCover claims lodged decreased in 2014–15. There was one standard claim with time lost from work during the year. 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

During the financial year, it has been practice to obtain building permits for building projects and certificates of occupancy or certificates of final inspection for all completed projects. Registered building practitioners have been engaged for all building projects, new or major refurbishments. In order to ensure buildings are maintained in a safe and functional condition, ongoing maintenance programs are in place. 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 2015, 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 management of the Essential Safety Measures (ESM). All ESM are annually audited and identified on the Certificate of Occupancy issued

by the building surveyor with each ESM maintained as per certified maintenance agreements at the specified time intervals. The ESM compliance certificates can be located on display at the

main entrance of the hospital.

Environmental Achievements

The Eye and Ear recognises the critical link between human health and the health of the environment

and has continued its commitment to reducing

and minimise the environmental impact by applying environmentally sustainable design principles, and by partnering with suppliers, staff and contractors,

especially during the hospital’s redevelopment project.

In the past 12 months the Eye and Ear has:

• Renewed the Environmental Management Plan

2015–18 which was endorsed by the Board.

• Publicly reported and disclosed the hospital’s environmental performance (Environmental Management Plan 2015–18 is available on our website).

• Continued the recycling program.

• During the redevelopment project, assessed redundant and obsolete goods and worked with other partners such as recyclers, universities and charity organisations including the Marsh Foundation Indonesia.

• Implemented Digital Health Records.

• Promoted World Environmental Day.

• Internal campaign to encouraged staff to ‘Think before you print’ to reduce paper usage.

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.

16 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.

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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 with 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 2015.

Consultancies less than $10k

In 2014-15, 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 $9,000 (excl GST).

Consultancies more than $10k

In 2014-15 the Eye and Ear engaged two consultancies where the total fees payable were in excess of $10,000 (excluding GST):

• Health Legal - Professional Fees relating to legislative compliance, FOI advice: $99,392

• K & L Gates - Professional Fees relating to advice on employee related matters: $53,841

Disclosure of Ex-Gratia Payments

The Eye and Ear made no ex-gratia payments for the year ending 30 June 2015.

Additional Information Available on Request

(FRD 22F Appendix)

In compliance with the requirements of FRD 22F 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 in a statutory authority or subsidiary.

• Details of publications produced by The Royal

Victorian Eye and Ear Hospital.

• Details of changes in prices, fees, charges, rates and levies charged.

• Details of any major external reviews carried out.

• Details of major research and development activities undertaken.

• 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 Royal Victorian Eye and Ear Hospital 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 Royal Victorian Eye and Ear Hospital and details of time lost through industrial accidents and disputes.

• A list of major committees sponsored by The Royal Victorian Eye and Ear Hospital, 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 Performing Reporting

Part A: Strategic Priorities 17

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|  |  |  |  |
| --- | --- | --- | --- |
| Priority | Action | Deliverables | Outcomes |
| Developing a system that is responsive to people’s needs | Optimise timely access to specialist care through the implementation of the Access Policy for Specialist Clinics in Victorian Public Hospitals. | Review model of care for glaucoma, AMD, cataracts, diabetic retinopathy, and otology clinics to improve access and throughput. | In progress. Activities currently underway within Glaucoma, Medical Retina, Surgical Ophthalmology and Otology clinics. Phased commencement to review across the various clinics. Review will be ongoing through this financial year as we continue to refine and improve. |
|  | Progress partnerships with other services to improve outcomes for regional and rural patients. | Completion and review of Geelong Cochlear outreach pilot with a view to implementation of an ongoing sustainable outreach service. | Completed. Pilot completed with very positive outcomes in terms of patient feedback on experience, access to services and clinical care received. |
| Improving every Victorian’s health status and experiences | Use consumer feedback to improve person and family centred care, health service practice and patient experience. | Implementation of the Eye and Ear Partnering with Consumers framework in line with Australian Commission on Safety and Quality in Healthcare National Standards, including the establishment of a Partnering with Consumer committee. | Partnering with Consumers framework implemented. Met and achieved met with merit for actions within Standard 2 in National Standards Accreditation. |
|  | Identify service users who are marginalised or vulnerable to poor health, and develop interventions that improve their outcomes relative to other groups, for example, Aboriginal  people, people affected by mental illness, people at risk of elder abuse, people with disability, homeless people, refugees and asylum seekers. | Bi-annual monitoring of Aboriginal  Health Strategy for the Eye and Ear including the completion of Aboriginal Health Plan. | Bi-annual monitoring of Aboriginal Health Strategy and refreshed Aboriginal Health Plan. |
|  |  | Annual review of the Victorian Aboriginal Health Service outreach clinic completed. | Annual Review completed. Review indicated the clinic was making a positive impact and should be continued. Received further funding for this clinic for 2015–16 through Rural Workforce Agency Victoria. |
| Expanding service, workforce and system capacity | Develop and implement a workforce immunisation plan that includes pre- employment screening and immunisation  assessment for existing staff that work in high risk areas in order to align with Australian infection control and immunisation guidelines. | Reinforce existing workforce immunisation plan and implement new measures including an enhanced education program for healthcare workers; pre-employment screening with immunisation history and  immunisation records maintained on staff database. | Comprehensive review of existing immunisation program undertaken, including clarification of roles and relationship with screening clinic and pathology partners.  Staff education and pre- employment screening underway.  Flu vaccination program rolled out with enhanced participation. |
|  | Build workforce capability and sustainability by supporting formal and informal clinical education and training for staff and health students, in particular inter-professional learning. | Implementation of workforce plan to promote increased staff retention, a workforce profile that meets future requirements, and staff development plans that maintain staff competencies and define clinical scope of practice. | Action Plan for Strategic Workforce Plan has been developed, phased implementation in progress. Change management toolkit including change competencies has been drafted. All ongoing clinical staff are monitored to ensure completion of annual performance appraisals, clinical competencies completion and mandatory training. Credentialing governance structure for all clinical staff has been embedded. |

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Increasing the system’s financial sustainability and productivity

Implementing continuous improvements and innovation

Increasing accountability and transparency

Improving utilisation of e-health and communications technology

Work collaboratively with the department on service and capital planning to develop service and system capacity.

Reduce health service administrative costs.

Drive improved health outcomes through a strong focus on patient-centred care in the

planning, delivery and evaluation of services, and the development of new models for putting patients first.

Undertake an annual board assessment to identify and develop board capability to ensure all board members are well equipped to effectively discharge their responsibilities.

Prepare for National Safety and Quality Health Service Standards, as applicable.

Utilise telehealth to better connect service providers and consumers to appropriate and timely services.

Trial, implement and evaluate strategies that use e-health as an enabler of better patient care.

Continue to participate in the Department of Health

& Human Services’ redevelopment project focusing on completion of design phase and enabling works.

Develop further components for HR and Finance within the business intelligence system to improve decision making and benchmarking; and to allow cost centre managers improved visibility of administrative costs to identify opportunities for savings.

Develop model of care for the management of eye trauma, including a streamlined clinical service pathway from presentation to surgical repair aimed at improving longer term visual outcomes.

Develop model of care for high risk patients including implementation of a multi- disciplinary clinic with assessment and follow up.

Board to continue to undertake its annual performance assessment.

Implementation of enhanced systems and programs to ensure National Standards compliance—including regular review of risk log and standards progress undertaken.

Remote Ophthalmic Digital Service (RODS) project trialled and evaluated.

Continue to implement EMR strategy for the Eye and Ear, including delivery of pathology and radiology viewing as part of the Digital Health Record (DHR).

Design and enabling works delivered including the creation of a loading dock, refurbishment of nine areas, decanting of multiple departments and numerous services upgrades (mechanical, electrical and plumbing).

HR and Finance modules of the Business Intelligence Tool have been delivered with components enabling cost centre managers to view payroll, leave and absence data; as well as expenses and revenue, consumables, vendors, budgets, forecasts and requisitions.

Revised model of care for eye trauma is complete and now embedded in normal operational activity.

Initial planning has commenced, however development has been delayed while models of care for other areas are progressed. Some multi- and inter-disciplinary clinics are already in place. Discussions have commenced

on the requirement for more, expected decision by end of 2015

Board member development (information, knowledge, skill) activities planned and undertaken.

External Governance review undertaken.

‘National Standards Community’ IT system developed to meet the National Standards (NS).

A central repository for education, audits, project work and improvement activities built in collaboration with NS Clinical Leads and feedback from consumers to ensure accountability and transparency for all objectives.

Clinical trial of devices in Emergency Department and Glaucoma clinic undertaken. New Telehealth Coordinator appointed and device roadshow undertaken in rural health services.

DHR Phase 2 implemented including pathology and radiology viewing, 10 eForms in use, mobile devices enabled, staff trained and scanning operational.

Part B: Performance Priorities 19

Financial Sustainable Performance

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|  |  |  |
| --- | --- | --- |
| Key performance indicator | Target | 2014–15 actuals |
| Operating Result |  |  |
| Annual Operating Result ($m) | 0 | 0.057 |
| WIES activity performance |  |  |
| Percentage of WIES (1) (public and private) performance to target | 100% | 104.38% |
| Cash Management/Liquidity |  |  |
| Creditors | <60 days | 42 days |
| Debtors | <60 days | 28 days |
| Asset management |  |  |
| Basic asset management plan | Full compliance | Full compliance |

(1) WIES is a Weighted Inlier Equivalent Separation

Access Performance

Key performance indicator Target 2014–15 actuals

Emergency care

Percentage of ambulance transfers within 40 minutes 90 95

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

81 83.9

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 76.1

Elective surgery

NEST - 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 88 88.5

NEST – Percentage of Urgency Category 3 elective surgery patients treated within 365 days

(July – December 2014)

NEST – Percentage of Urgency Category 3 elective surgery patients treated within 365 days

(January – June 2015)

97 96.5

97 96

Number of patients on the elective surgery waiting list 2,472 (1) 2,815

Number of Hospital Initiated Postponements per 100 scheduled admissions 8 2.8

Number of patients admitted from the elective surgery waiting list – quarter 1 3,170 3,154

Number of patients admitted from the elective surgery waiting list – quarter 2 2,830 2,855

Number of patients admitted from the elective surgery waiting list – quarter 3 2,728 2,688

Number of patients admitted from the elective surgery waiting list – quarter 4 2,517 2,719

Total 11,245 11,416

(1) The target shown is the number of patients on the elective surgery waiting list as at 30 June 2015

20 Safety and Quality Performance

Key performance indicator Target 2014–15 actuals

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Patient experience and outcomes

Victorian Healthcare Experience Survey) formerly Victorian Health

Experience Measurement Instrument (VHEMI)

Full compliance Full Compliance

SAB rate per occupied bed days <2/10,000 Full Compliance

Governance, leadership and culture

People Matter Survey Patient safety culture Full compliance Achieved

Safety and Quality

Health service accreditation Full compliance Full Compliance Cleaning standards overall Full compliance Achieved Cleaning Standards AQL-A 90% Achieved Cleaning Standards AQL-B 85% Achieved Cleaning Standards AQL-C 85% Achieved Hand Hygiene

- Hand Hygiene (rate) – quarter 2 75% 79%

- Hand Hygiene (rate) – quarter 3 77% 78%

- Hand Hygiene (rate) – quarter 4 80% 86% Health care worker immunisation - influenza 75% 54.2%

Part C: Activity and Funding

|  |  |
| --- | --- |
| Funding type | 2014-15 Activity Achievement |
| Acute Admitted | |
| WIES Public | 7,564 |
| WIES Private | 2,553 |
| Total PPWIES (Public and Private) | 10,117 |
| WIES DVA | 62 |
| WIES TAC | 7 |
| WIES TOTAL | 10,186 |

Summary of Financial Results

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| For the year ended 30 June 2015 compared with the last five financial ye  2015 2014  $’000 $’000 | | | ars  2013 | 2012 | 2011 | 21 |
| $’000 | $’000 | $’000 |  |
| Total Revenue | 95,774 | 99,088 | 85,797 | 89,252 | 83,602 |  |
| Total Expenses | (100,671) | (94,225) | (91,005) | (89,250) | (87,700) |  |
| Net Result for the Year | (4,897) | 4,863 | (5,208) | 2 | (4,098) |  |
| Retained Surplus/(Accumulated Deficit) | (7,109) | (13,325) | (10,750) | (7,370) | (6,374) |  |
| Total Assets | 226,102 | 194,700 | 184,623 | 183,053 | 182,415 |  |
| Total Liabilities | 20,209 | (21,082) | (19,334) | (19,534) | (17,502) |  |
| Net Assets | 205,893 | 173,618 | 165,289 | 163,519 | 164,913 |  |
| Total Equity | 205,893 | 173,618 | 165,289 | 163,519 | 164,913 |  |

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

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Significant Changes in Financial Position During 2014–15

There were no significant changes in financial position during 2014–15.

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 2015

|  |  |  |
| --- | --- | --- |
|  | 2015 | 2014 |
| Average Collection Days |  |  |
| Private | 31 | 34 |
| Victorian WorkCover Authority | 117 | 90 |
| Other Compensable | 26 | 38 |

Inpatient Debtors Outstanding as at 30 June 2015

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | | | | | Total | Total |
|  | Under 30 | 31–60 days | 61–90 days | Over 90 days | 30/06/15 | 30/06/14 |
|  | Days $’000 | $’000 | $’000 | $’000 | $’000 | $’000 |
| Private | 221 | 26 | 12 | 23 | 282 | 274 |
| Victorian WorkCover Authority | 47 | 0 | 0 | 25 | 72 | 16 |
| Other Compensable | 6 | 4 | 0 | 16 | 26 | 13 |

Attestations

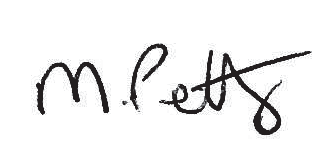
22 Attestation on Data Integrity

I, Mark Petty, 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

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Ear Hospital has critically reviewed these controls and processes during the year.



Mark Petty

Accountable Officer

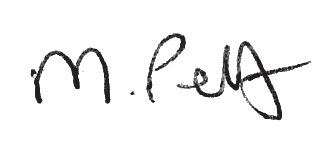
The Royal Victorian Eye and Ear Hospital

25 August, 2015

Attestation for risk management framework and processes

I, Mark Petty certify that The Royal Victorian Eye and Ear Hospital has complied with the Ministerial Standing

Direction 4.5.5 – Risk Management Framework and Processes.



Mark Petty

Accountable Officer

The Royal Victorian Eye and Ear Hospital

25 August, 2015

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 2015.



Dr Sherene Devanesen

Chair, Board of Directors

25 August, 2015

Disclosure Index

The annual report of the Department is prepared in accordance with all relevant Victorian legislations and 23

pronouncements. This index has been prepared to facilitate identification of the Department’s compliance with

statutory disclosure requirements.

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| --- | --- | --- |
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| Charter and purpose | | |
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Financial Statements

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Comprehensive Operating Statement

For the year ended 30 June 2015

26

Note

2015

$’000

2014

$’000

Revenue from Operating Activities 2 89,416 84,534

THE ROYAL VICTORIAN EYE AND EAR HOSPITAL ANNUAL REPORT 2014–2015

Revenue from Non-Operating Activities 2 2,517 2,003

Employee Expenses 3 (57,381) (55,080) Non Salary Labour Costs 3 (1,740) (1,640) Supplies & Consumables 3 (23,238) (17,777) Administrative Costs 3 (5,048) (4,731) Other Expenses 3 (4,469) (7,237) Net Result Before Capital & Specific Items 57 72

Capital Purpose Income 2 3,772 9,573

Available-for-Sale Revaluation Surplus gain/(loss) recognised 17 69 2,978

Depreciation and Amortisation 4 (8,525) (7,654) Written Down Value of Assets Sold 2a (33) (6) Expenditure for Capital Purpose 3 (237) (100)

Net Result for the Year (4,897) 4,863

Other Comprehensive Income

Items that will not be reclassified to net result

Net fair value revaluation on Non Financial Assets 17 – 4,040

Items that may be reclassified subsequently to net result

Gain/(loss) on available-for-sale financial assets taken to equity 17 1,105 2,404

Cumulative (gain)/loss reclassified to profit or loss on sale of available for sale financial assets

17 (69) (2,978)

Total Other Comprehensive Income 1,036 3,466

Comprehensive Result (3,861) 8,329

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

Balance Sheet

For the year ended 30 June 2015

Current Assets

Note

2015

$’000

27

2014

$’000

Cash and Cash Equivalents 5 2,953 7,151

THE ROYAL VICTORIAN EYE AND EAR HOSPITAL ANNUAL REPORT 2014–2015

Receivables 6 3,097 1,703

Investments and Other Financial Assets 7 69,359 70,452

Inventories 8 594 641

Other Assets 9 2,401 1,783

Total Current Assets 78,404 81,730

Non-Current Assets

Receivables 6 1,618 656

Investments and Other Financial Assets 7 – 1,804

Property, Plant & Equipment 10 143,068 106,951

Intangible Assets 11 1,907 2,454

Investment Properties 12 1,105 1,105

Total Non-Current Assets 147,698 112,970

Total Assets 226,102 194,700

Current Liabilities

Payables 13 3,727 5,866

Provisions 14 12,986 12,994

Other Liabilities 16 653 601

Total Current Liabilities 17,366 19,461

Non-Current Liabilities

Provisions 14 2,843 1,621

Total Non-Current Liabilities 2,843 1,621

Total Liabilities 20,209 21,082

Net Assets 205,893 173,618

Equity

Property, Plant & Equipment Revaluation Surplus 17a 70,147 70,147

Financial Asset Available for Sale Revaluation Surplus 17a 5,754 4,718

General Purpose Surplus 17a 22,252 21,918

Restricted Specific Purpose Surplus 17a 36,935 38,592

Contributed Capital 17b 77,914 51,568

Accumulated Surpluses/(Deficits) 17c (7,109) (13,325)

Total Equity 17d 205,893 173,618

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 2015

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Property, Plant & Equipment Revaluation Surplus

THE ROYAL VICTORIAN EYE AND EAR HOSPITAL ANNUAL REPORT 2014–2015

Financial Asset Available for Sale

Revaluation

Surplus

General Purpose Surplus

Restricted Specific Purpose Surplus

Contributions by Owners

Accumulated

Surpluses/

(Deficits) Total

Balance at

Note $'000 $'000 $'000 $'000 $’000 $'000 $’000

1 July 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)

Transfer to / (from) General Purpose Surplus

Transfer to / (from) Restricted Specific Purpose Surplus

Transfer to / (from)

17a 4,040 – – – – – 4,040

17a – – 5,060 – – 1,951 7,011

17a – – – (5,060) – (9,389) (14,449)

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

Net result for the year – – – – – (4,897) (4,897) Other comprehensive

income for the year 17a – 1,036 – – – – 1,036

Transfer to / (from)

General Purpose

Surplus

Transfer to / (from) Restricted Specific Purpose Surplus

Transfer to / (from)

17a – – 334 – – (334) –

17a – – 669 – (669) –

Accumulated surplus 17a, c – – – (2,326) – 12,116 9,790

Transfer to

contributed capital 17b

Balance at

– – – – 26,346 – 26,346

30 June 2015 70,147 5,754 22,252 36,935 77,914 (7,109) 205,893

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

Cash Flow Statement

For the year ended 30 June 2015

Cash Flows From Operating Activities

Note

2015

$’000

29

2014

$’000

Operating Grants from Government 73,996 73,057

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Patient and Resident Fees Received 4,877 4,573

Private Practice Fees Received 1,587 1,412

Donations and Bequests Received 547 1,030

GST Received from/(paid to) ATO 2,697 2,766

Interest Received 1,937 1,109

Dividend Received 163 296

Property Rental Income 312 304

Other Receipts 6,277 2,859

Total Receipts 92,393 87,406

Employee Expenses Paid (56,167) (54,750) Non Salary Labour Costs (1,740) (1,640) Payments for Supplies & Consumables (38,467) (30,874) Total Payments (96,374) (87,264) Cash Generated from Operations (3,981) 142

Capital Grants from Government 1,057 6,860

Other Capital Receipts 2,712 2,569

Net Cash Inflow/(Outflow) from Operating Activities 18 (212) 9,571

Cash Flows From Investing Activities

Purchase of Investments (1,800) (9,296) Proceeds from Sale of Investments 5,803 10,568

Payments for Non-Financial Assets (7,992) (6,929) Proceeds from sale of Non-Financial Assets 2a 3 4

Net Cash Inflow/(Outflow) from Investing Activities (3,986) (5,653)

Cash Flows From Financing Activities – – Net Cash Inflow/(Outflow) from Financing Activities – –

Net Increase/(Decrease) In Cash And Cash Equivalents Held (4,198) 3,918

Cash And Cash Equivalents at Beginning Of Year 7,151 3,233

Cash And Cash Equivalents at End Of Year 5 2,953 7,151

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

Annual Accounts 2014-15

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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 2015.

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 AASs, which include interpretations 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 25 August 2015.

(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 2015, and the comparative

information presented in these financial statements for the year ended 30 June 2014.

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 31

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;

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

• Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

• Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

• Level 3 – Valuation techniques for which the lowest

32 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.

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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 Human Services 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 sub-total 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 Human Services 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)); and

• 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.

‘Other economic flows; are changes arising from market re-measurements. They include:

• gains and losses from disposals of non-financial assets;

• revaluations and impairments of non-financial physical and intangible assets;

• re-measurement arising from defined benefit superannuation plans; and

• fair value changes of financial instruments.

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.

The net result is equivalent to profit or loss derived in accordance with AASs.

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

Subsequent to the 2013-14 reporting period, the following new and revised Standards have been adopted for the first time in the current period with their financial impacts disclosed.

AASB 11 Joint Arrangements 33

In accordance with AASB 11, there are two types of

joint arrangements, i.e. joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportionate consolidation of joint ventures is no longer permitted.

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The hospital has reviewed its existing contractual arrangements with other entities to ensure they are aligned with the new classifications under AASB 11.

There is currently only one joint venture agreement with MACH and this is disclosed at Note 23. Under this joint venture agreement, Members retain the ownership and any associated inherent risks in any property purchased for joint activities and annual fees paid are treated as an operating cost.

AASB 12 Disclosure of Interests in Other Entities

AASB 12 Disclosure of Interests in Other Entities prescribes the disclosure requirements for an entity’s interests in subsidiaries, associates and joint arrangements; and extends to the entity’s

association with unconsolidated structured entities.

The hospital has disclosed information about its interests in associates and joint ventures, including any significants judgement and assumptions used in determining the type of joint arrangement in which it has an interest.

(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

34 Health and Human Services

• Insurance is recognised as revenue following

advice from the Department of Health and Human

Services.

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• 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. Dividends represent the income arising from the Hospital’s investments in financial assets.

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 and Human Services.

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

The following table indicates the expected useful

lives of non-current assets on which the depreciation charges are based.

2015 2014

Buildings

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 35

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.

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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

- Structure Shell Building

Fabric

- Site Engineering Services and Central Plant

2–40 years 2–40 years

2–15 years 2–15 years

amount is recognised as an impairment loss.

Intangible assets with finite useful lives are amortised between 2 and 10 years (2014: 2 and 10 years).

- Fit Out 2–15 years 2–15 years

Other operating expenses

- Trunk Reticulated

Building Systems

2–15 years 2–15 years

Other operating expenses generally represent the day-to-day running costs incurred in normal

Plant & Equipment 5–20 years 5–20 years

Medical Equipment 4–10 years 4–10 years

operations and include:

Supplies and consumables

Computers and

Communication

3–10 years 3–10 years

Supplies and services costs are recognised as an expense in the reporting period in which they are

Non-Medical 10–20 years 10–20 years

Furniture and Fitting 10–13 years 10–13 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

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

36 physical assets

Refer to Note 1(j) Revaluations of non-financial

physical assets.

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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.

Financial assets and liabilities at fair value through profit or loss include the majority of the Hospital’s equity investments, debt securities and borrowings.

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 37

investment within the timeframe established by the

market concerned, and are initially measured at fair value, net of transaction costs.

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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. It excludes depreciable assets.

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

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.

38 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.

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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 cultural assets, heritage assets, and other non-financial physical assets (including Crown land and infrastructure assets) that it intends to preserve because of their unique historical, cultural or environmental attributes.

In general, the fair value of those assets is measured at the depreciated replacement cost. However, the cost of some heritage and iconic assets may be the reproduction cost rather than the replacement cost if those assets’ service potential could only be replaced by reproducing them with the same materials.

In addition, as there are limitations and restrictions imposed on those assets use and/or disposal, they may impact the fair value of those assets, and should be taken into account when the fair value is determined.

Revaluations of Non-current Physical Assets

Non-current physical assets are measured at fair value and are revalued in accordance with FRD 103F Non-current physical assets. This revaluation process normally occurs at least every five years, based upon the asset’s Government Purpose Classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent

valuers are used to conduct these scheduled revaluations and any interim revaluations are determined in accordance with the requirements of the FRDs. Revaluation increments or decrements arise from differences between an asset’s carrying value and fair value.

Revaluation increments are 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 normally transferred to accumulated funds on derecognition of the relevant asset.

In accordance with FRD 103F, 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 joint operations

In respect of any interest in joint operations, the hospital recognises in the financial statements:

• its assets, including its share of any assets held jointly;

• any liabilities including its share of liabilities that it 39

had incurred;

• its revenue from the sale of its share of the output from the joint operation;

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• its share of the revenue from the sale of the output by the operation; and

• its expenses, including its share of any expenses incurred jointly.

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 2015 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

40 methodologies provided by the issuer as at 30 June

2015. These methodologies were critiqued and

considered to be consistent with standard market valuation techniques.

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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) is disclosed in

the notes to the financial statements as a current liability even where the hospitaldoes 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 another 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 payroll tax, 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 41

the net consideration agreed for the use of the leased

asset, irrespective of the incentive’s nature or form or the timing of payments.

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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.

Specific Restricted Purpose Surplus

A specific restricted 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.

(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

42 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.

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(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 2015 reporting period.

As at 30 June 2015, 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 | The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a  revised impairment loss model to recognise impairment  losses earlier, as opposed to the current approach that recognises impairment only when incurred. | 1 Jan 2018 | The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed. |
| AASB 15 Revenue from  Contracts with Customers | The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a  revised impairment loss model to recognise impairment  losses earlier, as opposed to the current approach that recognises impairment only when incurred. | 1 Jan 2017  (Exposure Draft 263 – Potential deferral to 1 Jan  2018) | The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications. A potential impact will be the upfront recognition of revenue from licenses that cover multiple reporting periods. Revenue  that was deferred and amortised over a period may now need to be recognised immediately as a transitional adjustment against the opening returned earnings if there are no former performance obligations outstanding. |
| AASB 2014-1 Amendments to Australian Accounting Standards [Part E Financial Instruments] | Amends various AASs to reflect the AASB’s decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1  January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements. | 1 Jan 2018 | This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements. |
| AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & AASB 138] | Amends AASB 116 Property, Plant and Equipment and AASB 138 Intangible  Assets to:  • establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future  economic benefits of an asset;  • prohibit the use of revenue based methods to calculate the depreciation or amortisation of an asset,  tangible or intangible, because revenue generally reflects the pattern of economic benefits that are generated from operating the business, rather than the consumption through the use of the asset. | 1 Jan 2016 | The assessment has indicated that there is no expected impact as the revenue-based method is not used for depreciation and amortisation. |

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Standard/Interpretation Summary Applicable for annual

reporting periods beginning on

Impact on public sector entity financial statements

AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & AASB 128]

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AASB 2014-10 amends AASB

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Investments in Associates to ensure consistent treatment in dealing with the sale or contribution of assets between an investor and its associate

or joint venture. The amendments require that:

• a full gain or loss to be recognised by the investor when a transaction involves a business (whether it is housed in a subsidiary or not); and

• a partial gain or loss to be recognised by the parent when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

1 Jan 2016 The assessment has indicated that there is limited impact, as the revisions to AASB 10 and AASB 128 are guidance in nature.

AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 & AASB 1049]

The Amendments extend the scope of AASB 124 Related Party Disclosures to not-for- profit public sector entities. A guidance has been included to assist the application of the Standard by not for-profit public sector entities.

1 Jan 2016 The amending standard will result in extended disclosures on the entity’s key

management personnel (KMP), and the related party transactions.

(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.

Non-Admitted 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: Analysis of Revenue by Source

45

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Admitted  Patients | Non- Admitted | EDS | Other | Total |
| 2015  $’000 | 2015  $’000 | 2015  $’000 | 2015  $’000 | 2015  $’000 |
| Government Grants | 43,853 | 25,628 | 5,916 | – | 75,397 |
| Indirect contributions by Department of Health and Human Services |  |  |  |  |  |
| – Insurance | 56 | 33 | 8 | – | 97 |
| – Long Service Leave | 561 | 328 | 76 | – | 965 |
| Patient Fees | 3,716 | 618 | 479 | 64 | 4,877 |
| Recoupment from Private Practice for Use of  Hospital Facilities | 303 | 177 | 41 | 1,066 | 1,587 |
| Donations & Bequests (non capital) | – | – | – | 547 | 547 |
| Other Revenue from Operating Activities | 5,370 | 59 | – | 517 | 5,946 |
| Total Revenue from Operating Activities | 53,859 | 26,843 | 6,520 | 2,194 | 89,416 |
| Interest | 9 | 297 | 59 | 1,989 | 2,354 |
| Dividends | 4 | 133 | 26 | – | 163 |
| Total Revenue from Non-Operating Activities | 13 | 430 | 85 | 1,989 | 2,517 |
| Capital Purpose Income (excluding interest) | – | – | – | 1,559 | 1,559 |
| Capital Interest | – | – | – | 2,159 | 2,159 |
| Capital Dividends | – | – | – | 54 | 54 |
| Total Capital Purpose Income | – | – | – | 3,772 | 3,772 |
| Available-for-Sale Revaluation Surplus gain/(loss) recognised (refer Note 17a) | – | – | – | 69 | 69 |
| Total Revenue | 53,872 | 27,273 | 6,605 | 8,024 | 95,774 |

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Indirect contributions by Department of Health (1 July 2014-31 Dec 2014) / Department of Health and Human Services (1 Jan 2015 – 30 June 2015).

Department of Health / Department of Health and Human Services 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 2: Analysis of Revenue by Source (continued)

46

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Admitted  Patients | Non- Admitted | EDS | Other | Total |
| 2014  $’000 | 20154  $’000 | 2014  $’000 | 2014  $’000 | 2014  $’000 |
| Government Grants | 43,001 | 25,545 | 5,260 | – | 73,806 |
| Indirect contributions by Department of Health and Human Services |  |  |  |  |  |
| – Insurance | 49 | 21 | 6 | – | 76 |
| – Long Service Leave | – | – | – | – | – |
| Patient Fees | 3,440 | 985 | 60 | 88 | 4,573 |
| Recoupment from Private Practice for Use of  Hospital Facilities | 393 | 173 | 47 | 799 | 1,412 |
| Donations & Bequests (non capital) | – | – | – | 1,030 | 1,030 |
| Other Revenue from Operating Activities | 3,002 | 20 | – | 615 | 3,637 |
| Total Revenue from Operating Activities | 49,885 | 26,744 | 5,373 | 2,532 | 84,534 |
| Interest | 66 | 158 | 17 | 1,548 | 1,789 |
| Dividends | 58 | 141 | 15 | – | 214 |
| Total Revenue from Non-Operating Activities | 124 | 299 | 32 | 1,548 | 2,003 |
| Capital Purpose Income (excluding interest) | – | – | – | 7,576 | 7,576 |
| Capital Interest | – | – | – | 1,926 | 1,926 |
| Capital Dividends | – | – | – | 72 | 72 |
| Total Capital Purpose Income | – | – | – | 9,573 | 9,573 |
| Available-for-Sale Revaluation Surplus gain/ (loss) recognised (refer Note 17a) | – | – | – | 2,978 | 2,978 |
| Total Revenue | 50,009 | 27,043 | 5,405 | 16,631 | 99,088 |

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Indirect contributions by Department of Health (1 July 2014-31 Dec 2014) / Department of Health and Human Services (1 Jan 2015 – 30 June 2015).

Department of Health / Department of Health and Human Services 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: Net Gain/(Loss) on Disposal of Non-Financial Assets

Proceeds from Disposals of Non-Current Assets

2015

$’000

2014

$’000

Medical Equipment 3 4

Total Proceeds from Disposal of Non-Current Assets 3 4

Less: Written Down Value of Non-Current Assets Sold

Medical Equipment 33 6

Total Written Down Value of Non-Current Assets Sold 33 6

Net gain/(loss) on Disposal of Non-Financial Assets (30) (2)

Note 3: Analysis of Expenses by Source

47

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Admitted  Patients | Non- Admitted | EDS | Other | Total |
| 2015  $‘000 | 2015  $‘000 | 2015  $‘000 | 2015  $‘000 | 2015  $‘000 |
| Employee Expenses | 37,630 | 11,911 | 6,694 | 1,146 | 57,381 |
| Non Salary Labour Costs | 1,445 | 32 | 245 | 18 | 1,740 |
| Supplies & Consumables | 9,496 | 13,239 | 358 | 145 | 23,238 |
| Administrative Costs | 1,703 | 2,033 | 865 | 447 | 5,048 |
| Other Expenses | 2,097 | 2,137 | 143 | 92 | 4,469 |
| Total Expenditure from Operating Activities | 52,371 | 29,352 | 8,305 | 1,848 | 91,876 |
| Expenditure for Capital Purposes | – | – | – | 237 | 237 |
| Depreciation & Amortisation (refer note 4) | – | – | – | 8,525 | 8,525 |
| Written Down Value of Assets Sold  (refer Note 2c) | – | – | – | 33 | 33 |
| Total other expenses | – | – | – | 8,795 | 8,795 |
| Total Expenses | 52,371 | 29,352 | 8,305 | 10,643 | 100,671 |

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|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Admitted  Patients | Non- Admitted | EDS | Other | Total |
| 2014  $‘000 | 2014  $‘000 | 2014  $‘000 | 2014  $‘000 | 2014  $‘000 |
| Employee Expenses | 36,701 | 11,149 | 6,690 | 540 | 55,080 |
| Non Salary Labour Costs | 1,486 | 15 | 122 | 17 | 1,640 |
| Supplies & Consumables | 11,428 | 5,565 | 648 | 136 | 17,777 |
| Administrative Costs | 1,375 | 2,255 | 650 | 451 | 4,731 |
| Other Expenses | 3,599 | 2,735 | 718 | 185 | 7,237 |
| Total Expenditure from Operating Activities | 54,589 | 21,719 | 8,828 | 1,329 | 86,465 |
| Expenditure for Capital Purposes | – | – | – | 100 | 100 |
| Depreciation & Amortisation (refer note 4) | – | – | – | 7,654 | 7,654 |
| Written Down Value of Assets Sold  (refer Note 2c) | – | – | – | 6 | 6 |
| Total other expenses | – | – | – | 7,760 | 7,760 |
| Total Expenses | 54,589 | 21,719 | 8,828 | 9,089 | 94,225 |

Note 3a: Analysis of Expense and Revenue by Internally

Managed and Restricted Specific Purpose Funds

Expense Revenue

48

Commercial Activities

2015

$’000

2014

$’000

2015

$’000

2014

$’000

Private Practice and Other Patient Activities 1,102 485 1,068 992

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Pharmacy Services 102 117 187 213

Property Expenses – 4 253 250

Other 58 – 92 –

Other Activities

Fundraising and Community Support 514 692 2,320 2,522

Research and Scholarship 72 19 256 85

Education and Training – 12 7 18

Total 1,848 1,329 4,183 4,080

Note 4: Depreciation and Amortisation

|  |  |  |
| --- | --- | --- |
|  | 2015  $’000 | 2014  $’000 |
| Depreciation |  |  |
| Buildings | 5,976 | 4,695 |
| Plant & Equipment | 168 | 177 |
| Medical Equipment | 1,008 | 1,024 |
| Computers and Communication | 301 | 639 |
| Non-Medical Equipment | 8 | 12 |
| Furniture and Fittings | 27 | 21 |
| Motor Vehicle | 3 | 7 |
| Total Depreciation | 7,491 | 6,575 |
| Amortisation |  |  |
| Intangible Assets | 1,034 | 1,079 |
| Total Amortisation | 1,034 | 1,079 |
| Total Depreciation & Amortisation | 8,525 | 7,654 |

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.

|  |  |  |
| --- | --- | --- |
|  | 2015  $’000 | 2014  $’000 |
| Cash on Hand | 2 | 2 |
| Cash at Bank | 156 | 323 |
| Deposits at Call | 2,795 | 6,826 |
| Total Cash and Cash Equivalents | 2,953 | 7,151 |
| Represented by:  Cash for Health Service Operations (as per Cash Flow Statement) | 2,953 | 7,151 |
| Total Cash and Cash Equivalents | 2,953 | 7,151 |

Note 6: Receivables

Current

Contractual

2015

$’000

2014

$’000

49

Inter Hospital Debtors 1,186 417

Forward Contract Receivable – 38

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Trade Debtors 813 171

Patient Fees 420 340

Accrued Revenue – Other 558 631

Less Allowance for Doubtful Debts

Trade Debtors (28) (29) Patient Fees (58) (57)

2,891 1,511

Statutory

GST Receivable 206 192

206 192

Total Current Receivables 3,097 1,703

Non-current

Statutory

Long Service Leave – Department of Health and Human Services / Department of Health 1,618 656

Total Non-Current Receivables 1,618 656

Total Receivables 4,715 2,359

(a) Movement in the Allowance for doubtful debts

Balance at beginning of year 86 76

Amounts written off during the year 46 27

Increase/(decrease) in allowance recognised in net result (47) (17)

Balance at end of year 85 86

(b) Ageing analysis of receivables

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

(c) Nature and extent of risk arising from receivables

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

Note 7: Investments and other Financial Assets

Specific Purpose Fund Total

50

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 2015  $’000 | 2014  $’000 | 2015  $’000 | 2014  $’000 |
| Current  Loans and receivables |  |  |  |  |
| Term Deposit |  |  |  |  |
| Aust. Dollar Term Deposits > 3 months\* | 41,500 | 45,500 | 41,500 | 45,500 |
| Available for sale |  |  |  |  |
| Equities and Managed Investment Schemes |  |  |  |  |
| Australian Listed Equity Securities | 13,515 | 14,769 | 13,515 | 14,769 |
| Wholesale Index Global Share Fund | 14,344 | 10,183 | 14,344 | 10,183 |
| Total Current | 69,359 | 70,452 | 69,359 | 70,452 |
| Non Current |  |  |  |  |
| Available for sale |  |  |  |  |
| Units in Managed Funds | – | 1,804 | – | 1,804 |
| Total Non Current | – | 1,804 | – | 1,804 |
| Total Investments and Other Financial Assets | 69,359 | 72,256 | 69,359 | 72,256 |
| Represented by: |  |  |  |  |
| Health Service Investments | 69,359 | 72,256 | 69,359 | 72,256 |
| Total Investments and Other Financial Assets | 69,359 | 72,256 | 69,359 | 72,256 |

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\* 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(c) 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(c) for the nature and extent of credit risk arising from investments and other financial assets.

(c) Restrictions on investments

The Hospital has cash and cash equivalents that are subject to restrictions. As at the reporting date the

Hospital held Specific Purpose Funds that are restricted.

Note 8: Inventories

Pharmaceuticals\*

2015

$’000

2014

$’000

At cost 177 185

51

Medical and Surgical Lines\*

At cost 410 445

Total Medical and Surgical lines 587 630

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Other \*

Gift Shop – At Cost 7 11

Total Inventories 594 641

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

Note 9: Prepayments and Other Assets

Current

2015

$’000

2014

$’000

Prepayments 408 207

Accrued Investment Income 1,993 1,576

Total Current Other Assets 2,401 1,783

Non-Current

Total Non-Current Other Assets – – Total Other Assets 2,401 1,783

Note 10: Property, Plant & Equipment

(a) Gross carrying amount and accumulated depreciation

52 Land

2015

$’000

2014

$’000

Land at Fair Value 37,704 37,704

Total Land 37,704 37,704

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Buildings

Buildings at Fair Value 58,282 58,282

Buildings at Cost 11 –

– Less Acc'd Depreciation (5,976) –

Total Buildings 52,317 58,282

Plant and Equipment

Plant and Equipment at Fair Value 3,575 3,575

– Less Acc'd Depreciation (1,808) (1,640)

Total Plant and Equipment 1,767 1,935

Medical Equipment

Medical Equipment at Fair Value 18,233 17,451

– Less Acc'd Depreciation (13,277) (12,571)

Total Medical Equipment 4,956 4,880

Computers and Communication

Computers and Communication at Fair Value 2,696 2,677

– Less Acc'd Depreciation (2,304) (2,003)

Total Computers and Communication 392 674

Non-Medical Equipment

Non-Medical Equipment at Fair Value 157 157

– Less Acc'd Depreciation (100) (93)

Total Non-Medical Equipment 57 64

Furniture and Fittings

Furniture and Fittings at Fair Value 494 413

– Less Acc'd Depreciation (304) (277)

Total Furniture and Fittings 190 136

Motor Vehicles

Motor Vehicles at Fair Value 27 27

– Less Acc'd Depreciation (27) (24)

Total Motor Vehicles – 3

Under contruction

Assets under construction 45,685 3,273

Total Assets under contruction 45,685 3,273

Total Property, Plant & Equipment 143,068 106,951

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

Plant &

Medical

Computers

Non- Medical

Furniture

Motor

Assets Under Constr-

Land Buildings

Equipment

Equipment

& Comm’ns Equipment

& Fittings Vehicles

uction Total

Balance at

$'000 $'000 $'000 $'000 $'000 $'000 $'000 $'000 $'000 $'000 53

1 July 2013 30,805 63,640 2,074 4,585 600 83 142 10 2,180 104,119

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Additions – 1,378 38 1,304 266 2 15 – 3,182 6,185

Assets

transferred between Classes

– 818 – 9 447 (9) – – (2,072) (807)

Disposals – – – 6 – – – – – 6

Revaluation

Increments/ (Decrements)

Assets written back and transferred to expense

Depreciation and Amortisation (Note 4)

Balance at

6,899 (2,859) – – – – – – – 4,040

– – – – – – – – (17) (17)

– (4,695) (177) (1,024) (639) (12) (21) (7) – (6,575)

1 July 2014 37,704 58,282 1,935 4,880 674 64 136 3 3,273 106,951

Additions – 11 – 800 13 1 81 – 46,514 47,420

Assets

transferred between Classes

– – – 317 6 – – –

|  |  |
| --- | --- |
| (337) | (14) |
| – | (33) |
| (3,765) | (3,765) |
| – | (7,491) |
| 45,685 | 143,068 |

Disposals – – – (33) – – – – Assets written

back and

transferred to expense

Depreciation and Amortisation (Note 4)

Balance at 30

– – – – – – – –

– (5,976) (168) (1,008) (301) (8) (27) (3)

June 2015 37,704 52,317 1,767 4,956 392 57 190 –

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 2015 management conducted an assessment of land and buildings via the application of the Valuer-General Victoria indices relevant to 2014–15 and there was no change in the asset revaluation reserve.

Plant, Equipment, Furniture and Fittings

For the year ended Balance at 30 June 2015 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.

Assets under construction

The hospital is currently undertaking a redevelopment project, managed by the Department of Health and Human Services. During the year ended 30 June 2015 the value of the construction works to date was recognised as Capital Works in Progress and Contributed Equity. As part of this process adjustments were made to account for previous reimbursements for costs incurred on this project that had been treated as income in prior periods.

(c ) Fair value measurement hierarchy for assets as at 30 June 2015

54 Land

Carrying amount as at

30 June 2015

Fair value measurement at end of reporting period using:

Level 1 (i) Level 2 (i) Level 3 (i)

Land at Fair Value 37,704 – 12,660 25,044

Total Land at Fair Value 37,704 – 12,660 25,044

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Buildings

Buildings at Fair Value 52,317 – 6,605 45,712

Total Buildings at Fair Value 52,317 – 6,605 45,712

Plant and Equipment

Plant and Equipment at Fair Value 1,767 – – 1,767

Total Medical Equipment at Fair Value 1,767 – – 1,767

Medical Equipment

Medical Equipment at Fair Value 4,956 – – 4,956

Total Medical Equipment at Fair Value 4,956 – – 4,956

Computers and Communication

Computers and Communication at Fair Value 392 – – 392

Total Computers and Communication at Fair Value 392 – – 392

Non-Medical Equipment

Non-Medical Equipment at Fair Value 57 – – 57

Total Non-Medical Equipment at Fair Value 57 – 57

Furniture and Fittings

Furniture and Fittings at Fair Value 190 – – 190

Total Furniture and Fittings at Fair Value 190 – – 190

Motor Vehicles (ii)

Motor Vehicles at Fair Value – – – –

Total Motor Vehicles at Fair Value – – – –

Total Property, Plant & Equipment at Fair Value 97,383 – 19,265 78,118

(i) Classified in accordance with the fair value hierarchy, see Note 1

(ii) Vehicles are categories 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. 55

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.

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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 2015.

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

(d) Reconciliation of Level 3 fair values (i)

Plant &

Medical

Computers

Non- Medical

Furniture

Motor

Land Buildings

Equipment

Equipment

& Comm’ns Equipment

& Fittings Vehicles Total

$'000 $'000 $'000 $'000 $'000 $'000 $'000 $'000 $'000

Opening Balance 25,044 51,677 1,935 4,880 674 64 136 3 84,413

Purchases (sales) – 11 – 767 19 1 81 – 879

Assets transferred

between Classes – – – 317 – – – – 317

Gain or losses recognised in net result

– Depreciation – (5,976) (168) (1,008) (301) (8) (27) (3) (7,491)

Balance at 30 June 2015 25,044 45,712 1,767 4,956 392 57 190 – 78,118

(i) Classified in accordance with the fair value hierarchy, see Note 1. There have been no transfers between levels during the period.

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

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Note 11: Intangible Assets

|  |  |  |
| --- | --- | --- |
|  | 2015  $’000 | 2014  $’000 |
| Computer Software | 6,773 | 5,705 |
| – Less Acc'd Amortisation | (5,086) | (4,052) |
|  | 1,687 | 1,653 |
| Computer Software – Work in Progress | 220 | 801 |
|  | 220 | 801 |
| Total Intangible Assets | 1,907 | 2,454 |

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

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Computer

Software

Comp Software Work in

Progess Total

$’000 $’000 $’000

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 1 July 2014 1,653 801 2,454

Additions 253 220 473

Assets transferred between Classes 815 (801) 14

Amortisation (Note 4) (1,034) – (1,034)

Balance at 30 June 2015 1,687 220 1,907

Note 12: Investment Properties

2015

$’000

2014

$’000

Land 655 660

Buildings 450 305

Balance at Beginning of Period 1,105 965

Net Gain/(Loss) from Fair Value Adjustments – 140

Balance at End of Period 1,105 1,105

Net Rental Income

Rental Income 44 43

Rental Expenses (2) (2)

Net Rental Income 42 41

Carrying amount as at

Fair value measurement at end of reporting period using:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 30 June 2015 | | 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. There were no changes in valuation techniques throughout the period 30 June 2015.

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 2015 have been arrived on the basis of an independent

valuation that was carried out by the Valuer-General Victoria during the 30 June 2014 financial period. 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

58 Contractual

2015

$’000

2014

$’000

Trade Creditors (i) 2,314 1,165

Accrued Expenses 1,413 4,694

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3,727 5,859

Statutory

Fringe Benefits Tax Payable – 7

– 7

Total Current 3,727 5,866

Non Current

Total Non Current – – Total Payables 3,727 5,866

(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 19d for the ageing analysis of contractual payables.

(b) Nature and extent of risk arising from payables

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

Note 14: Provisions

Current Provisions

Employee Benefits (Note 14(a))

Annual leave (Note 14(a))

2015

$’000

2014

$’000

59

- Unconditional and expected to be settled within 12 months (ii) 3,436 3,206

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- Unconditional and expected to be settled after 12 months (ii) 578 621

Long service leave (Note 14(a))

- Unconditional and expected to be settled within 12 months (ii) 814 794

- Unconditional and expected to be settled after 12 months (ii) 4,802 4,681

Employee Benefits (Note 14(a))

- Unconditional and expected to be settled within 12 months (ii) 2,226 2,648

11,856 11,950

Provisions related to Employee Benefit On-Costs- Annual Leave

- Unconditional and expected to be settled within 12 months (ii) 403 345

- Unconditional and expected to be settled after 12 months (ii) 68 57

Provisions related to Employee Benefit On-Costs- Long Service Leave

- Unconditional and expected to be settled within 12 months (ii) 96 93

- Unconditional and expected to be settled after 12 months (ii) 563 549

1,130 1,044

Total Current Provisions 12,986 12,994

Non-Current Provisions

Employee Benefits (i) (Note 14(a)) 2,843 1,621

Total Non-Current Provisions 2,843 1,621

Total Provisions 15,829 14,615

(a) Employee Benefits and Related On-Costs

|  |  |  |
| --- | --- | --- |
| Current Employee Benefits and related on-costs  Annual Leave Entitlements | 4,485 | 4,229 |
| Accrued Wages and Salaries | 1,917 | 2,421 |
| Accrued Days Off | 97 | 135 |
| Unconditional LSL Entitlement  Other: Superannuation | 6,275  212 | 6,117  92 |
| Non-Current Employee Benefits and related on-costs  Conditional Long Service Leave Entitlements | 2,843 | 1,621 |
| Total Employee Benefits and Related On-Costs | 15,829 | 14,615 |
| (b) Movement in Provisions Movement in Long Service Leave: Balance at start of year | 7,738 | 7,162 |
| Provision made during the year  - Revaluations | 593 | 42 |
| - Expense recognising Employee Service | 1,680 | 1,391 |
| Settlement made during the year | (893) | (857) |
| Balance at end of year | 9,118 | 7,738 |

Notes:

(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

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.

60 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.

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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 | | |
|  | 2015  $’000 | 2014  $’000 |
| Defined benefit plans: (i) | | |
| Health Super Pty Ltd | 114 | 154 |
| Defined contribution plans: | | |
| Health Super Pty Ltd | 3,137 | 3,110 |
| Hesta | 1,049 | 926 |
| Other | 244 | 260 |
| Total | 4,544 | 4,450 |

(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

Current

2015

$’000

2014

$’000

Prepaid Revenue 96 114

Bond Money 9 9

Patient Fees 50 66

Income in Advance - Department of Health and Human Services 477 354

Income in Advance (Rent) 21 20

Forward contract – 38

Total Current 653 601

Non Current

Total Non-Current – – Total Other Liabilities 653 601

Note 17: Equity

(a) Surpluses

Property, Plant & Equipment Revaluation Surplus 1

2015

$’000

2014

$’000

61

Balance at the beginning of the reporting period 70,147 66,107

Revaluation Increment/(Decrements)

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- Land – (2,859)

- Buildings – 6,899

Balance at the end of the reporting period 70,147 70,147

\* Represented by:

- Land 27,615 27,615

- Buildings 42,532 42,532

70,147 70,147

Financial Assets Available-for-Sale Revaluation Surplus2

Balance at the beginning of the reporting period 4,718 5,292

Valuation gain/(loss) recognised 1,105 2,404

Cumulative (gain)/loss transferred to Operating Statement on Sale of Financial Assets (69) (2,978)

Balance at end of the reporting period 5,754 4,718

General Purpose Surplus3

Balance at the beginning of the reporting period 21,918 18,809

Transfer (to) and from:

- Restricted Specific Purpose Surplus 334 5,060

- Accumulated Surplus / (Deficits) – (1,951)

Balance at the end of the reporting period 22,252 21,918

Restricted Specific Purpose Surplus3

Balance at the beginning of the reporting period 38,592 34,263

Transfer (to) and from:

- General Purpose Surplus 669 (5,060)

- Accumulated Surpluses / (Deficits) 9,389

Adjustments Resulting from reallocation from Work in Progress 4 (2,326) –

Balance at the end of the reporting period 36,935 38,592

Total Surpluses 135,088 135,375 (b) Contributed Capital

Balance at the beginning of the reporting period 51,568 51,568

Capital Contribution received from Victorian Government 26,346 –

Balance at the end of the reporting period 77,914 51,568

(c) Accumulated Surpluses/(Deficits)

Balance at the beginning of the reporting period (13,325) (10,750) Net Result for the Year (4,897) 4,863

Transfers (to) and from:

- General Purpose Reserve (334) 1,951

- Restricted Specific Purpose Reserve (669) (9,389) Adjustments Resulting from reallocation from Work in Progress 5 12,116 – Balance at the end of the reporting period (7,109) (13,325)

(d) Total Equity at end of financial year 205,893 173,618

(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.

(4) As part of the hospital redevelopment, the hospital has incurred costs which have been reimbursed by the project manager, being the Department of Health and Human Services. In prior years the reimbursement of these costs was treated as capital income rather than a reduction in the Capital Works in Progress. As a result of this, adjustments have been made to the Equity accounts to reflect the correction of this treatment.

(5) The hospital is currently undertaking a redevelopment project, managed by the Department of Health and Human Services. During the year ended 30th June 2015 the value of the construction works to date was recognised as Capital Works in Progress and Contributed Equity.

Note 18: Reconciliation of Net Result for the Year to Net Cash

Inflow/(Outflow) from Operating Activities

62

|  |  |  |
| --- | --- | --- |
|  | 2015  $’000 | 2014  $’000 |
| Net Result for the Year | (4,897) | 4,863 |
| Non-cash movements: |  |  |
| Depreciation | 7,491 | 6,575 |
| Amortisation of Intangibles | 1,034 | 1,079 |
| Revaluation of Investment Properties | – | (140) |
| Provision for Doubtful Debts | (1) | 10 |
| Write Off of Work in Progress to Operating Expense | – | 17 |
| Movements included in investing and financing activities |  |  |
| Net (Gain)/Loss from Disposal of Non Financial Physical Assets | 30 | 2 |
| Net (Gain)/Loss from Disposal of Financial Assets | (69) | (2,978) |
| Movements in assets and liabilities |  |  |
| Change in Operating Assets & Liabilities |  |  |
| (Increase)/Decrease in Accrued Income | (344) | (1,186) |
| (Increase)/Decrease in Receivables | (2,467) | 78 |
| (Increase)/Decrease in Prepayments | (201) | (57) |
| Increase/(Decrease) in Payables | 1,149 | (637) |
| Increase/(Decrease) in Accruals | (3,281) | 2,636 |
| Increase/(Decrease) in Provisions | 1,214 | 13 |
| Increase/(Decrease) in Other Liabilities | 83 | (619) |
| (Increase)/Decrease in Inventories | 47 | (85) |
| Net Cash Inflow/(Outflow) From Operating Activities | (212) | 9,571 |

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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 and interest rate risk. 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

2015

Contractual Financial Assets

$’000 $’000 $’000 $’000

63

Cash and Cash Equivalents 2,953 – – 2,953

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Loans and Receivables (i) 2,891 – – 2,891

Other Financial Assets

- Other Financial Assets – 27,859 – 27,859

- Term Deposit – 41,500 – 41,500

Total Financial Assets (i) 5,844 69,359 – 75,203

Financial Liabilities

Payables (ii) – – 3,727 3,727

Other Financial Liabilities

- Other – – 653 653

Total Financial Liabilities (ii) – – 4,380 4,380

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Contractual financial assets – loans and receivables | Contractual financial assets – available for sale | Contractual financial liabilities at amortised cost | Total |
| $’000 | $’000 | $’000 | $’000 |
| 2014 |  |  |  |  |
| Contractual 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 (ii) | – | – | 5,859 | 5,859 |
| Other Financial Liabilities |  |  |  | – |
| - Other | – | – | 601 | 601 |
| Total Financial Liabilities (ii) | – | – | 6,460 | 6,460 |

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

64

2015

Financial Assets

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Total interest income /

(expense) Total

$'000 $'000

Cash and Cash Equivalents 71 71

Loans and Receivables 4,443 4,443

Total Financial Assets 4,514 4,514

Financial Liabilities – –

Total Financial Liabilities – –

2014

Contractual Financial Assets

Total interest income /

(expense) Total

$'000 $'000

Cash and Cash Equivalents 221 221

Loans and Receivables 3,493 3,493

Total Financial Assets 3,714 3,714

Financial Liabilities

Total Financial Liabilities – –

(c) 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)

Other

(min BBB

credit rating) Total 65

2015

Financial Assets

$'000 $'000 $'000

Cash and Cash Equivalents 2,953 – 2,953

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Receivables

- Trade Debtors – 1,971 1,971

- Other Receivables (i) – 920 920

Other Financial Assets

- Other Financial Assets 27,859 – 27,859

- Term Deposit 41,500 – 41,500

Total Financial Assets 72,312 2,891 75,203

2014

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

(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

Not Past Due

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Carrying  Amount | and Not  Impaired | Less than 1  Month | Not Impaired  1-3 Months | 3 months - 1  Year |
| $'000 | $'000 | $’000 | $’000 | $’000 |
| 2015 |  |  |  |  |  |
| Financial Assets |  |  |  |  |  |
| Cash and Cash Equivalents | 2,953 | 2,953 | – | – | – |
| Receivables |  |  |  |  |  |
| - Trade Debtors | 1,971 | 1,746 | 178 | 44 | 3 |
| - Other Receivables | 920 | 834 | 33 | 29 | 24 |
| Other Financial Assets |  |  |  |  |  |
| - Other Financial Assets | 27,859 | 27,859 | – | – | – |
| - Term Deposit | 41,500 | 41,500 | – | – | – |
| Total Financial Assets | 75,203 | 74,892 | 211 | 73 | 27 |
| 2014 |  |  |  |  |  |
| 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 |

Past Due But

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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.

(d) 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.

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Maturity analysis of Financial Liabilities as at 30 June

Maturity Dates

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|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Carrying  Amount | Contractual  Cash Flows | Less than 1  Month | 3 months - 1  1-3 Months Year 1-5 Years | | |
| $’000 | $’000 | $’000 | $’000 | $’000 | $’000 |
| 2015 |  |  |  |  |  |  |
| Financial Liabilities |  |  |  |  |  |  |
| Payables (i) | 3,727 | 3,727 | 3,652 | 32 | 43 | – |
| Other Financial Liabilities |  |  |  |  |  |  |
| - Other | 653 | – | – | – | – | – |
| Total Financial Liabilities | 4,380 | 3,727 | 3,652 | 32 | 43 | – |
| 2014 |  |  |  |  |  |  |
| 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 |

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

(e) 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.

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

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

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|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Weighted Average Effective Interest | Carrying  Amount | Fixed Interest Rate | Variable Interest Rate | Non- Interest Bearing |
| Rate (%) | $'000 | $'000 | $'000 | $'000 |
| 2015 |  |  |  |  |  |
| Financial Assets |  |  |  |  |  |
| Cash and Cash Equivalents | 2.10 | 2,953 | – | 2,953 | – |
| Receivables (i) |  |  |  |  |  |
| - Trade Debtors | – | 1,971 | – | – | 1,971 |
| - Other Receivables | – | 920 | – | – | 920 |
| Other Financial Assets |  |  |  |  |  |
| - Other Financial Assets | – | 27,859 | – | – | 27,859 |
| - Term Deposit | 3.44 | 41,500 | 41,500 | – | – |
|  |  | 75,203 | 41,500 | 2,953 | 30,750 |
| Financial Liabilities |  |  |  |  |  |
| Payables (i) | – | 3,727 | – | – | 3,727 |
| Other Financial Liabilities |  |  |  |  |  |
| - Other | – | 653 | – | – | 653 |
|  |  | 4,380 | – | – | 4,380 |
| 2014 |  |  |  |  |  |
| 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 | – | – |
|  |  | 80,918 | 45,500 | 7,151 | 28,267 |
| Financial Liabilities |  |  |  |  |  |
| Payables (i) | – | 5,859 | – | – | 5,859 |
| Other Financial Liabilities |  |  |  |  |  |
| - Other | – | 601 | – | – | 601 |
|  | – | 6,460 | – | – | 6,460 |

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(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 3%;

• A parallel shift of +2% and -2% in inflation rate from year-end rates of 2% 69

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.

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Interest Rate Risk Other Price Risk

-2% +2% -2% +2%

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Carrying  Amount | Profit  $’000 | Equity  $’000 | Profit  $’000 | Equity  $’000 | Profit  $’000 | Equity  $’000 | Profit  $’000 | Equity  $’000 |
| 2015 |  |  |  |  |  |  |  |  |  |
| Financial Assets |  |  |  |  |  |  |  |  |  |
| Cash and Cash Equivalents (i) | 2,953 | (59) | (59) | 59 | 59 | – | – | – | – |
| Receivables (ii) |  |  |  |  |  |  |  |  |  |
| - Trade Debtors | 1,971 | – | – | – | – | – | – | – | – |
| - Other Receivables | 920 | – | – | – | – | – | – | – | – |
| Other Financial Assets |  |  |  |  |  |  |  |  |  |
| - Other Financial Assets | 27,859 | – | – | – | – | (557) | (557) | 557 | 557 |
| - Term Deposit | 41,500 | (830) | (830) | 830 | 830 | – | – | – |  |
|  | 75,203 | (889) | (889) | 889 | 889 | (557) | (557) | 557 | 557 |
| Financial Liabilities | – |  |  |  |  |  |  |  |  |
| Payables (ii) | 3,727 | – | – | – | – | (75) | (75) | 75 | 75 |
| Other Financial Liabilities |  |  |  |  |  |  |  |  |  |
| - Other | 653 | – | – | – | – | (13) | (13) | 13 | 13 |
|  | 4,380 | – | – | – | – | (88) | (88) | 88 | 88 |
|  | 70,823 | (889) | (889) | 889 | 889 | (645) | (645) | 645 | 645 |
| 2014 |  |  |  |  |  |  |  |  |  |
| 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 |

(i) eg. Sensitivity of cash and cash equivalents to a +2% movement in interest rates: [$2,953\*0.08]-[$2,953\*0.06] = $60k. Similar for a -2%

movement in interest rate, impact = $60(k).

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

(f) Fair Value

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

• Level 1 - the fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;

• Level 2 - the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly;

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• Level 3 - the fair value is determined in accordance with generally accepted pricing models based on

discounted cash flow analysis using unobservable market inputs.

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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  2015 | Fair value  2015 | Carrying  Amount  2014 | Fair value  2014 |
| $'000 | $'000 | $'000 | $'000 |
| Financial Assets |  |  |  |  |
| Cash and Cash Equivalents | 2,953 | 2,953 | 7,151 | 7,151 |
| Receivables (i) |  |  |  |  |
| - Trade Debtors | 1,971 | 1,971 | 559 | 559 |
| - Other Receivables | 920 | 920 | 952 | 952 |
| Other Financial Assets |  |  |  |  |
| - Other Financial Assets | 27,859 | 27,859 | 26,756 | 26,756 |
| - Term Deposit | 41,500 | 41,500 | 45,500 | 45,500 |
| Total Financial Assets | 75,203 | 75,203 | 80,918 | 80,918 |
| Financial Liabilities |  |  |  |  |
| Payables | 3,727 | 3,727 | 5,859 | 5,859 |
| Other Financial Liabilities (i) |  |  |  |  |
| - Other | 653 | 653 | 601 | 601 |
| Total Financial Liabilities | 4,380 | 4,380 | 6,460 | 6,460 |

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

Financial assets measured at fair value

Carrying

Amount as at

Fair value measurement at end of reporting period using:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 30 June | Level 1 \* | Level 2 \* | Level 3 \* |
| $'000 | $'000 | $'000 | $'000 |
| 2015 |  |  |  |  |
| Financial assets at fair value through profit & loss |  |  |  |  |
| Available for sale financial assets |  |  |  |  |
| - Equities and managed funds | 27,859 | 27,859 | – | – |
| Total Financial Assets | 27,859 | 27,859 | – | – |
| 2014 |  |  |  |  |
| 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 | – |

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

Level 1 means

Quoted prices (unadjusted) in active markets for identical assets. At 30 June 2015 the hospital holds investments in Wholesale Australian Share Fund - Core of $13.515m (2014: $14.769m) and Wholesale Index Global Share of $14.344m (2014: $10.183m).

Level 2 means

Inputs other than quoted prices that are observable, either directly as prices or indirectly derived. At 30 June 71

2015 the hospital did not hold any investments regarded as Level 2. (At 30 June 2014 the hospital held an investment in a Wholesale Infrastructure Income Fund of $1.804M managed by Colonial First State Global Asset Management. The price was provided by the Manager at balance date and was measured at fair value in line with AASB139.)

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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

Other Expenditure Commitments

Payable:

2015

$’000

2014

$’000

Consumables/Supplies 16,674 9,549

Maintenance 702 1,514

Capital \* 24,000 30,000

Total Other Expenditure Commitments 41,376 41,063

Not later than one year 19,486 16,710

Later than 1 year and not later than 5 years 21,890 24,353

Total 41,376 41,063

Total Commitments (inclusive of GST) 41,376 41,063 less GST recoverable from the Australian Tax Office (1,580) (407) Total Commitments (exclusive of GST) 39,797 40,656

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

\* The hospital has a commitment to the Department of Health and Human Services for $24 million over the next 4 years relating to the hospital redevelopment.

Note 21: Contingent Assets and Contingent Liabilities

The hospital does not have any contingent assets or contingent liabilities. (2013-14: $nil).

72 Note 22: Operating Segments

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

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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 2015, the hospital’s contribution towards MACH was $50,000.

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.

Responsible Ministers: 73

The Honourable David Davis, MLC, Minister for Health and Ageing 1/07/2014 - 3/12/2014

The Honourable Jill Hennessy, MP, Minister for Health 4/12/2014 - 30/06/2015

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Governing Boards

Ms Jan Boxall 1/07/2014 - 22/10/2014

Dr Malcolm Brown 1/07/2014 - 30/06/2015

Mr Peter Buzzard 1/07/2014 - 30/06/2015

Mr Roger Greenman AM 1/07/2014 - 30/06/2015

Dr Sandra Mercer-Moore AM 1/07/2014 - 30/06/2015

Mr Andrew Porter 1/07/2014 - 30/06/2015

Mr Derek Skues 1/07/2014 - 30/06/2015

Ms Sue Smethurst 1/07/2014 - 30/06/2015

Ms Jenny Taing 1/07/2014 - 30/06/2015

Ms Sherene Devanesen 14/4/2015 - 30/06/2015

Accountable Officers

Ms Ann Clark 1/07/2015 - 30/06/2015

Remuneration of Responsible Persons

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

Income Band

2015

$’000

2014

$’000

$0 - $9,999 1 –

$10,000 - $19,999 8 7

$20,000 - $29,999 – 1

$30,000 - $39,999 1 –

$40,000 - $49,999 – 1

$340,000 - $349,999 – 1

$360,000 - $369,999 1 –

Total Numbers 11 10

Total remuneration received or due and receivable by

Responsible Persons from the reporting entity amounted to: $554,695 $530,931

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

74 exclusive of bonus payments, long-service leave payments, redundancy payments and retirement benefits.

Total Remuneration Base Remuneration

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|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 2015 | 2014 | 2015 | 2014 |
| No. | No. | No. | No. |
| $50,000 - $59,999 | – | – | 1 | – |
| $60,000 - $69,999 | 1 | – | – | – |
| $150,000 - $159,999 | – | – | 1 | 1 |
| $170,000 - $179,999 | – | 1 | – | 2 |
| $180,000 - $189,999 | 1 | – | 2 | – |
| $200,000 - $209,999 | 1 | 2 | – | – |
| $210,000 - $219,999 | 1 | – | – | – |
| $220,000 - $229,999 | – | – | 1 | 1 |
| $250,000 - $259,999 | – | 1 | – | – |
| $260,000 - $269,999 | 1 | – | – | – |
| Total | 5 | 4 | 5 | 4 |
| Total annualised employee equivalents (AEE) (i) | 4 | 4 | 4 | 4 |
| Total Remuneration | $921,631 | $833,196 | $805,097 | $725,786 |

(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

2015

$’000

2014

$’000

Audit fees paid or payable to the Victorian Auditor-General's Office for audit of the hospital's current financial report

Fees paid to Ernst & Young:

49 48

- Internal audit 133 101

- Compliance audit – 67

Total Paid and Payable 182 216

Note 26: Events Occurring after the Balance Sheet Date

There were no events after the Balance Sheet Date of 30 June 2015 that materially affected the financial result for that period.

Board Member’s, Accountable Officer’s and

Chief Finance and Account Officer’s Declaration

The attached financial statements for The Royal Victorian Eye and Ear Hospital have been prepared in 75

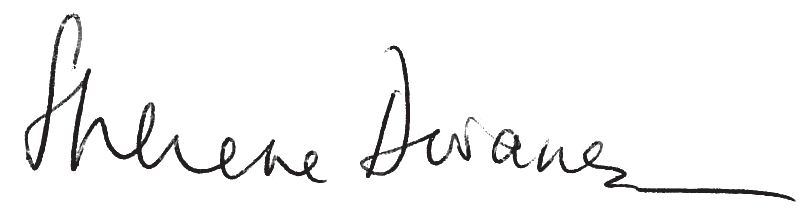
accordance with Standing Directions 4.2 of the Financial Management Act 1994, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

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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 2015 and financial position of The Royal Victorian Eye and Ear Hospital at 30 June 2015.

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.

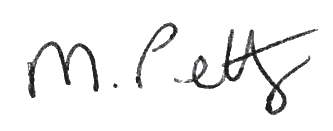
We authorise the attached financial statements for issue on this day.



Dr Sherene Devanesen

Chair, Board of Directors

25 August, 2015



Mark Petty

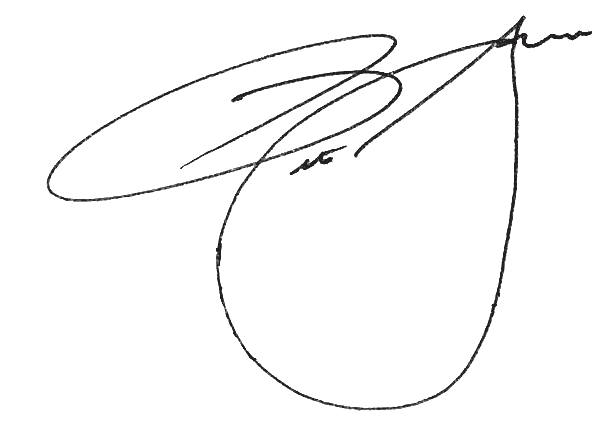
Accountable Officer

25 August, 2015

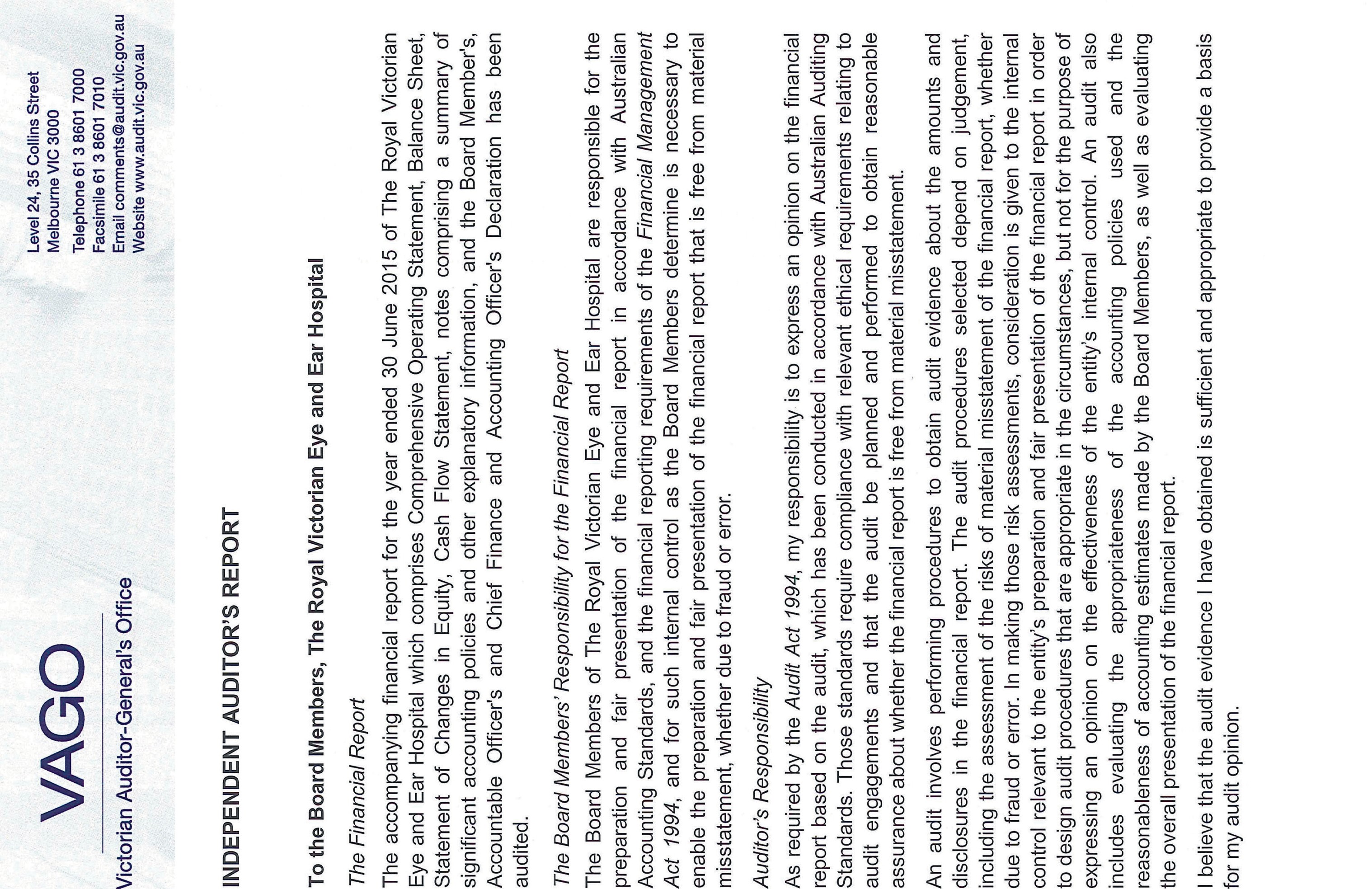
Peter Gould

Chief Finance and Accounting

25 August 2015



Officer

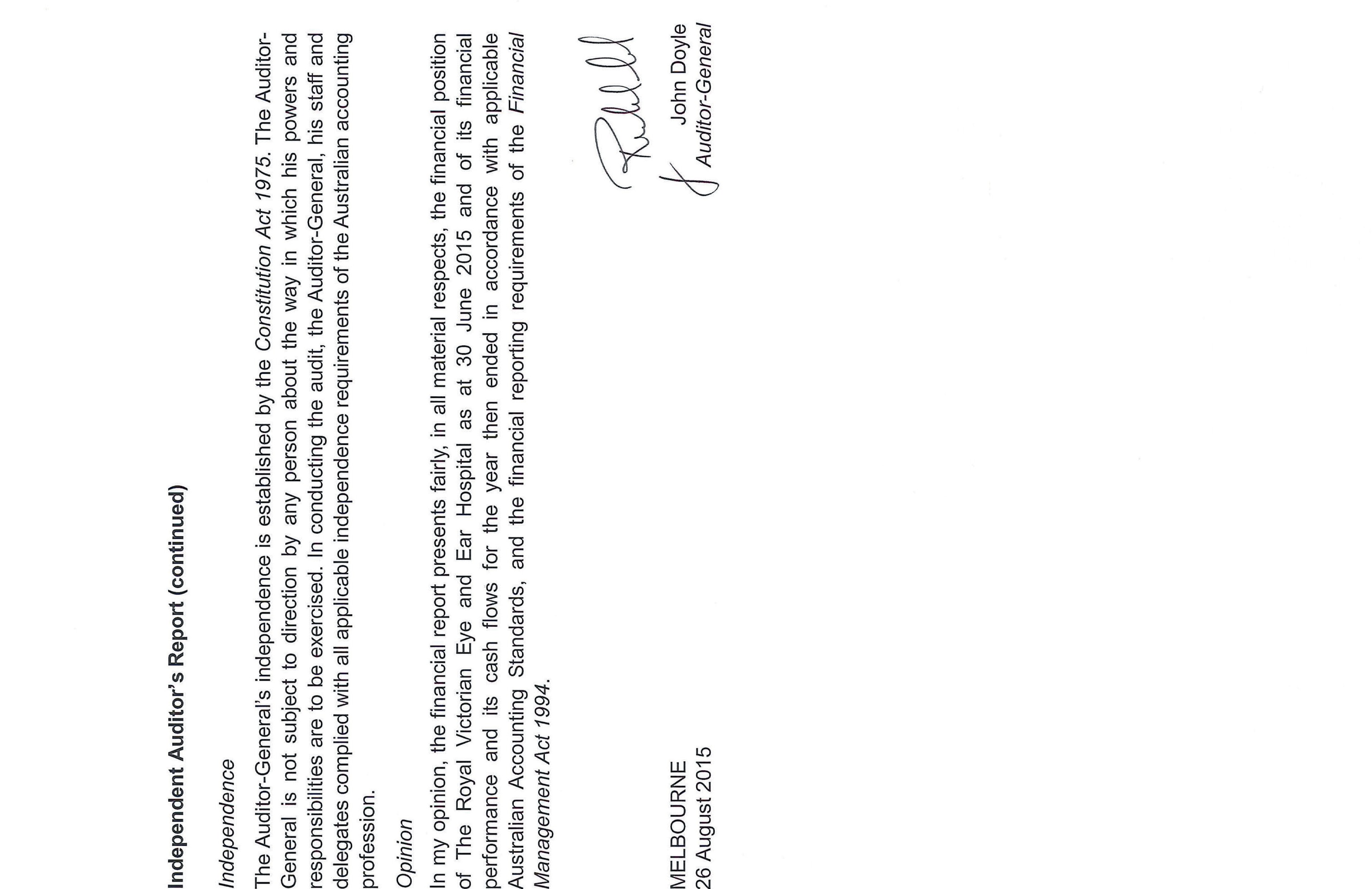


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Affiliations and Memberships

78 The Royal Victorian Eye and Ear Hospital is affiliated with:

Bionic Vision Australia

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Lions Eye Donations Service Melbourne

The HEARing CRC The Bionics Institute

The Centre for Eye Research Australia 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 Eriks 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, Sydney, Australia; Kim’s Eye Hospital, Seoul, South Korea; Aditya Jyot Eye Hospital, Maharashtra, India; St John Eye Hospital, Jerusalem, Israel; Kellogg Eye Center, Ann Arbor, USA; Fondation Asile des Aveugles, Lausanne,

Switzerland; The Metta Eye Hospital (Mettapracharak

(Wat Rai Khing) Hospital), Bangkok, Thailand.

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; 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 Eriks Eye Hospital, Stockholm, Sweden; Wills Eye Hospital, Pennsylvania, USA; Wilmer Eye Institute, Maryland, USA; King Khaled Eye Specialist Hospital, Riyadh, Saudi Arabia.

Victorian Healthcare Association

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