Annual Report

2019–20

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Designed by Viola Design.

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General Information

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

Manner of establishment and relevant Minister

The Eye and Ear was founded in 1863 by the pioneer surgeon, Dr Andrew Sexton Gray. The hospital is a public health service and is established under the Health Services Act 1988 (as amended). The responsible Minister during the reporting period was The Hon Jenny Mikakos MP (July 2019 – June 2020).

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, nose and throat (ENT) 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 two central locations in 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 60 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 2019–20 we provided over 170,000 episodes of care to our patients:

- 114,404 attended outpatient appointments
- 15,643 inpatient admissions
- 40,894 emergency attendances.

It should be noted that we treated less patients this financial year as a direct result of the suspension of elective surgery by National Cabinet on 26 March to allow health services to respond to the COVID-19 pandemic.

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 Technologies and HEARnet.

Vision, Mission and Values

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

In 2019–20, the Eye and Ear cared for approximately 61,120 unique patients throughout Victoria, maintaining essential specialist services throughout the considerable challenges associated with the COVID-19 pandemic and its broader implications on the Victorian healthcare system.

Vision

A world leader providing exceptional care.

Mission

We aspire to be the world's leading eye and ear health service through:

- Outstanding patient experience
- Exemplary leadership
- Inspiring our people
- Building a platform for the future

Values

Integrity, Care, Teamwork, Excellence

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

The COVID-19 pandemic resulted in an extremely challenging year for the entire Victorian healthcare sector. Throughout the unprecedented disruption, The Royal Victorian Eye and Ear Hospital continued to provide excellent care for our patients while concurrently working hard to ensure the progress of our redevelopment project.

On 26 March, National Cabinet implemented restrictions on elective surgery nationally to allow health services to cope with the pandemic. As a result we saw fewer patients than the previous year. Despite these challenges we were still able to care for 114,404 outpatients, 15,643 inpatients and 40,894 emergency patients.

During 2019-20 we focused on a range of activities to ensure our services were inclusive and that all members of the community were able to access our services.

Working in partnership

During the year we utilised our collaborative partnerships to expand service provision to patients in different locations. In September 2019 we officially launched the Dandenong Cochlear Care Centre which primarily services patients living in Victoria's South East region. The centre was founded with the goal of providing hearing care and maintenance for cochlear recipients closer to where they live. The centre is the third of its kind in Victoria and operates as a partnership between the Eye and Ear and Cochlear Ltd.

In December, we officially launched the Ophthalmology Outreach Clinic at the Victorian Aboriginal Health Service (VAHS) in Fitzroy. This clinic was set up to provide ophthalmology services for both adult and paediatric Aboriginal and Torres Strait Islander patients in a culturally safe environment. Both the eye and ear clinics are run in partnership with VAHS. These clinics are now well established and are fully utilised, even during the pandemic.

Engaging with the Community

Engaging with the community is an important part of our services meeting the diverse needs of our patients and consumers. The 2020-23 Disability Action Plan (DAP) is incorporated into the Partnering with Consumers and Community Plan 2020-23. The DAP focusses on patients with a disability receiving safe and equitable care and services. This new plan commenced in January 2020 and most of the actions in the DAP are due for completion by the end of the 2023. These actions are about whole of organisation improvement which is the long term goal we ultimately strive for. Regular updates on the progress against actions are reported at the Partnering with Consumers Committee and the Board Community Advisory Committee.

In October 2019, we began developing our second Reconciliation Action Plan (RAP), our Innovate RAP. This RAP contains actions that will build on the work we achieved in our Reflect RAP. The Innovate RAP is the next step for the organisation to continue our reconciliation journey. At the time of writing, (September 2020) the Innovate RAP had been endorsed by Reconciliation Australia and our Board and Primary Care & Population Health Advisory Committees and a virtual launch was held in July 2020. This Innovate RAP is a 2 year plan and will be in place from July 2020 to July 2022.

Staff training and development

Ongoing training to improve our understanding and awareness of diversity continues. The training being offered to staff includes the Educational Dementia Immersive (EDI) virtual reality training from Dementia Australia as well as the Guide Dogs Australia 'Dialogue in the Dark' immersive training which simulates the reality of those with low or no vision.

The Eye and Ear, along with five other Victorian health services, have developed an Aboriginal Cultural Awareness e-learning package which was implemented in April 2020. This package includes topics like: the history of colonisation and segregation; the Stolen Generation; legislation and political history; significant historical events for the Aboriginal community; cultural practices and how to provide a culturally safe environment for Aboriginal and Torres Strait Islander patients, carers and staff.

There is a component which provides general information for all staff and an additional section which discusses important information for managers focussing on the recruitment and retention of Aboriginal staff and the organisation's Aboriginal Employment Plan. This e-learning package was implemented in April 2020 and is mandatory for all staff to complete. The feedback has been overwhelmingly positive. This is one way we are continuing to improve the cultural safety of our organisation.

Clinical education

Ophthalmology trainee staff undertook a structured course run in conjunction with Dr Jo Mitchell, clinical psychologist from "The Mind Room". The main objective was to focus on the psychological wellbeing and performance of ophthalmology trainees with consideration of their high pressure lives and environments.

The training considered psychologic flexibility, identification of values, understanding of mindset and thoughts as well as psychological wellbeing.

For this training the team utilised a method called Acceptance Commitment Training (ACT). The team hopes that this training cultivates the self-compassion and acceptance for wellbeing required for high performance and happy lives for our future ophthalmologists. The attendees were excited to better understand their minds and look forward to applying this to their surgical practice and day to day lives.

Launched in 2019 , GENEYE is a virtual reality based program which focusses on technical skills and sessions on physical and mental wellbeing for surgeons. This year, a 5 part podcast series was produced for staff and explores what it takes to excel, achieve amazing outcomes and to remain well and happy. The program was paused in 2020 due to the pandemic but is expected to resume in 2021.

Redevelopment

Good progress was made on the redevelopment project during the year. The most significant highlights included completion of the new Infill Building structure, completion of 6 Operating Theatres and the partial completion of Theatres 7 and 8.

All the refurbished floors in the Smorgan Family Wing achieved occupancy status. Clinical staff across the hospital have continued to work on plans for more innovative and efficient models of care and service delivery and preparing for the move to the newly refurbished spaces.

Staff recognition

The Eye and Ear Excellence Awards celebrates those individuals and specialist groups who have contributed to achieving organisational excellence. They acknowledge creative and original thinking that results in positive outcomes for our patients, an improved working environment or improved hospital systems.

Recipients of the 2019 Excellence Awards awarded in November were:

- Board Chair's Medal – **Assoc Prof Catherine Green AO**, Head Glaucoma Unit
- Team Excellence Award - **Ophthalmology Outreach Clinic Team**
- Aubrey Bowen Medal – **Dr Anton van Heerden**, Head Surgical Ophthalmology Service
- Nursing Excellence Award – **Qing Lui**, ANUM Ward 8
- Allied Health Excellence Award – **Despina Amanatidou**, Interpreter
- Administrative Excellence Award – **Scott Henderson**, Facilities Team

Acknowledgements

This has been an extraordinarily challenging year. The Board Chair and CEO would like to thank all consumers, staff, volunteers, clinicians, and Board Directors for their courage, compassion and commitment during this difficult period. Further thanks are also extended to the Eye and Ear's partners and stakeholders, including the Department of Health and Human Services, who have continued to work so hard to support our activities. These invaluable collaborations ensure that we continue to provide world class care to our patients and the broader Victorian community.

In July 2019, Mr Mark Petty stepped down as CEO, and Mr Brendon Gardner assumed the role from September 2019.

During 2019 Dr Caroline Clarke stepped down as Executive Director Medical Services/Chief Medical Officer and Dr Sean Jespersen assumed the role.

Ms Loretta Sheales joined the Executive Team in the newly created role of Executive Director, People and Communication.

Professor Alan Lilly was appointed to the Board of Directors.

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 continue to provide world leading care.

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.

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 2020.

Dr Sherene Devanesen
Chair, Board of Directors
17 September 2020

Board of Directors and Board Committees

The Board of Directors is appointed by the Governor in Council on the recommendation of the Victorian Minister for Health and is governed by the principles contained within the Health Services Act 1988 (as amended).

The Board provides governance of The Royal Victorian Eye and Ear Hospital and is responsible for its financial performance, strategic directions, the quality of its health care services and strengthening community involvement through greater partnerships.

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

Dr Sherene Devanesen MBBS; Dip(Obs)RACOG; FRACMA; FACHSM; FIML; FHKCCM; GAICD

Appointed 14 April 2015

Chair Board of Directors

Member Finance Committee, Remuneration Committee

Dr 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. Dr Devanesen is a Fellow of the Royal Australasian College of Medical Administrators, a Fellow of the Australasian College of Health Service Management, a Fellow of the Australian Institute of Managers and Leaders, a Fellow of the Hong Kong College of Community Medicine and a Graduate of the Australian Institute of Company Directors. Dr Devanesen is also a member of the Victorian Health and Human Services Building Authority Advisory Board.

Mr David Anderson BCOM, MCOM (Finance), GAICD

Appointed 26 April 2016

Chair Finance Committee

Member Audit Committee, Remuneration Committee

Mr Anderson brings a wealth of experience in finance and audit. He has held senior finance positions within the Departments of Water Resources, Health and Human services within the Victorian Government over 20 years and was Executive Director of Finance at Peninsula Health for 16 years to 2018. He has a demonstrated commitment to the wider community and roles include being a Fellow and recent Board member of Healthcare Financial Management Association (HFMA) and previously Treasurer of the State-wide Autistic Society (Vic).

Mr Simon Brewin MBL, GDHSM, BBus, MAICD

Appointed 1 July 2017

Chair Audit Committee

Member Digital Health and Information Communication Technology Governance Committee (from 14 May 2020), Quality & Safety Committee, Remuneration Committee

For over 35 years, Mr Brewin has held senior management roles within the Victorian public health sector with Executive Director appointments at Peninsula Health, Monash Health and Alfred Health. Recent experience has been in the oversight of large scale infrastructure, building projects and facilities management. He has worked with the Victorian Department of Health and Human Services within the Infrastructure, Planning and Delivery Branch in an executive role overseeing the planning and delivery of the governments funded capital programs across public health agencies. Mr Brewin is a past state branch president of the Australasian College of Health Service Management, a Graduate of the Australian Institute of Company Directors, is a past Board Director of Health Purchasing Victoria and is the Deputy Chair of Uniting AgeWell. Mr Brewin is also the Eye and Ear's Nominee as a Director to the Board of The Centre for Eye Research Australia (CERA).

Ms Linda Hornsey Grad. Dip AB, MAICD

Appointed 2 August 2016

Chair Community Advisory Committee

Member Finance (from 14 May 2020), Primary Care and Population Health Advisory Committee

Ms Hornsey is a past General Manager for Organisational Transformation at Vision Australia, a provider of services for people who are blind or have low vision. Previously, she was Secretary of the Department of Premier and Cabinet in Tasmania for nine years, has worked as a journalist and political adviser and has many years' experience in public administration. Ms Hornsey has experience as a director of a number of statutory boards,

including Western Health. She is also a member of the Parenting Research Centre Board and its Governance Committee.

Professor Alan Lilly MHA, Grad Dip HSM, RGN, RPN, MAICD

Appointed 1 July 2019

Chair Quality & Safety Committee

Member Remuneration Committee

Adjunct Professor Alan Lilly is a Registered Psychiatric Nurse and Registered General Nurse with a Graduate Diploma in Health Services Management and Master of Business in Health Administration. He has worked across the health, disability and the aged care sectors and has been a Chief Executive for the past ten years in public and private organisations. He is also an Adjunct Professor with Australian Catholic University.

In addition to his appointment at the Royal Victorian Eye & Ear Hospital, he is also a Director of the Royal Women's Hospital. He is a Fellow of the Australian Institute of Managers & Leaders and the Australasian College of Health Services Management and a Member of the Australian Institute Company of Directors. Alan is now Principal of his own consulting firm, Acumenity, providing consulting services in Health and Aged Care.

Mr Bruce Mildenhall BA, GD Rec, GAICD

Appointed 1 July 2018

Member Finance Committee, Community Advisory Committee

Bruce has an extensive background in governance at a public sector and community level. He served as the State MP for Footscray for 14 years, including 7 years as Parliamentary Secretary to Premier, and 9 years as a councillor with the City of Footscray. In the health sector he served on the board of a primary health service for more than 20 years, chaired the board of the largest residential aged care service in the western suburbs for 9 years, has led a review of mental health workforce training, has been a board member of the Victorian Health Promotion Foundation and a metropolitan hospital. Beyond these involvements, Bruce is a graduate of the Australian Institute of Company Directors and was a senior manager in the Victorian Public Service before entering parliament.

Dr Karen Owen BA, Dip.Ed., M.Ed., D.Bus.Admin., GAICD

Appointed 1 July 2018

Member Digital Health and Information Communication Technology Governance Committee (from 14 May 2020), Quality & Safety Committee

Dr Owen has held executive appointments in the hospital and higher education sectors. She was inaugural CEO of The Royal Australasian College of Medical Administrators (RACMA). She Chaired the medical speciality colleges CEOs Committee for six years. At RACMA she successfully grew the organisation and positioned the college as a significant member of the Australasian medical speciality colleges and as a global influencer as a model in leadership and management education for medical practitioners. She holds a Doctorate of Business Administration and is a Graduate of the Australian Institute of Company Directors. Karen continues to hold positions on boards and management committees in the not-for-profit sector.

Ms Llewellyn Prain BA(hons), LLB(hons), FAICD

Appointed 1 July 2015

Chair Primary Care and Population Health Advisory Committee

Member Quality & Safety Committee

Ms Prain has a background in law and public policy. She has extensive corporate governance experience and has served as a company director for over ten years. She is currently also a director at Western Water and the Public Transport Ombudsman. She was the first woman to chair the board of the Western Region Health Centre. In 2017 Ms Prain completed the Williamson Community Leadership Program. She is invited to speak by a range of organisations on leadership development and disability inclusion. She is an associate of the Nous Group and provides consulting services in policy and diversity and inclusion. Ms Prain developed a vision impairment in 2014 and brings a strong consumer focus to the board of the hospital. Ms Prain is also the Eye and Ear's Nominee as the Alternate Director to the Board of The Centre for Eye Research Australia (CERA).

Mr Bruce Ryan BSc (maj. Computer Science and Statistics)

Appointed 1 July 2017

Chair Digital Health and Information Communication Technology Governance Committee (from 14 May 2020)

Member Audit Committee, Finance Committee (until 14 May 2020)

Mr Ryan is the Chief Information Officer at Yooralla. He has extensive Information and Communications Technology (ICT) management expertise within the Victorian public health sector and within other Victorian government settings. He has worked with the Department of Health and Human Services to assist with delivery of large scale ICT enabled projects, and worked closely with Eastern Health during the redevelopment of the Box Hill Hospital, and commissioning of an advanced Electronic Medical Record there.

Board Committees

Audit Committee

The Audit Committee membership comprises the following non-executive directors: Mr Simon Brewin (Chair), Mr David Anderson and Mr Bruce Ryan.

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 David Anderson (Chair), Dr Sherene Devanesen, Ms Linda Hornsey (from 14 May 2020), Mr Bruce Mildenhall and Mr Bruce Ryan (until 14 May 2020). 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.

Digital Health and Information Communication Technology Governance Committee

The Digital Health and Information Communication Technology Governance Committee membership comprises the following non-executive directors: Mr Bruce Ryan (Chair), Mr Simon Brewin and Dr Karen Owen.

The Committee was formed as of 14 May 2020 and will meet at least quarterly hereon. The primary purpose of the Committee is to ensure that all Digital Health, Information Communication Technology (ICT), Clinical Informatics (eHealth) and Electronic Medical Record (EMR) strategies, risks, work plans and high level operations are monitored centrally to ensure coordination of teams and functions, compliance with hospital policies and procedures and alignment with the hospital's strategic and business plans.

Quality & Safety Committee

The Quality & Safety Committee membership comprises the following non-executive directors: Professor Alan Lilly (Chair), Mr Simon Brewin, Dr Karen Owen and Ms Llewellyn Prain. Consumer member: Ms Ileana Guizzo.

The Quality & Safety 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 Account which highlights patient and family-centred care service improvements. All the Quality & Safety Committee members are independent of management.

Remuneration Committee

The Remuneration Committee membership comprises the following non-executive directors: Dr Sherene Devanesen (Chair), Mr David Anderson, Mr Simon Brewin and Professor Alan Lilly.

The Remuneration Committee meets at least annually 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. All the Remuneration Committee members are independent of management.

Community Advisory Committee

The Community Advisory Committee membership includes the following non-executive directors: Ms Linda Hornsey (Chair) and Mr Bruce Mildenhall.

The membership also comprises at least 8 members nominated by the Committee Chair and approved by the Board to represent the views of the communities served by the Eye and Ear. The Community Advisory Committee advises the Board on consumer and community participation in the development and delivery of services. The committee meets bi-monthly. All the Community Advisory Committee members are independent of management.

Primary Care and Population Health Advisory Committee

The Primary Care and Population Health Advisory Committee membership includes the following non-executive directors: Ms Llewellyn Prain (Chair) and Ms Linda Hornsey.

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 is currently focused on the Eye and Ear's Aboriginal health strategy and improving health outcomes for Aboriginal and Torres Strait Islander people. The committee meets at least twice a year. All members are independent of management.

Executive Management

Chief Executive Officer (CEO)

Brendon Gardner BApp Sc (HIM), MHA (UNSW)

(16 September 2019 – 30 June 2020)

Mark Petty MHA, GDip Comp Sci, BApp Sci Adv Nsg, FAICD

(1 July – 26 July 2020)

Jenni Bliss General Nursing, Grad Dip, Advanced Clinical Practice Paediatrics

(Acting 27 July 2019 – 15 September 2020)

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 and Human Services.

Executive Director Medical Services and Chief Medical Officer

Dr Sean Jespersen MB ChB, M Med Psych, FRANZCP, FRACMA, FCHSM

(1 July 2019 – 21 October 2019, 6 January 2020 – 16 March 2020, 27 April – 30 June 2020)

Dr David Marty MBBS, FRACS

(Acting 22 October 2019 – 5 January 2020, 17 March 2020- 26 April 2020)

The Executive Director, Medical Services and Chief Medical Officer (CMO) has executive responsibility for medical workforce, medical training and education, and research at the hospital. The CMO is also responsible for leading clinical governance, risk, quality and safety, and clinical improvement initiatives. In addition, the role also provides executive leadership and oversight for health information services, clinical informatics, digital health and the development of the hospital's electronic medical record.

Clinical Director Ophthalmology Services

Dr Mark McCombe MBBS, FRANZCO

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 Operations and 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 Chief Operating Officer is responsible for overseeing all clinical operations for the organisation including surgical and inpatient services, the Emergency Department, Specialist Clinics and Ambulatory Services. It includes the management of pharmacy services, the Cochlear Implant program and the emergency management for both sites.
As Chief Nursing Officer, the role has professional responsibility and leadership for all nursing staff, the clinical competence framework and nurse education.

Clinical Director ENT Services

Dr David Marty MBBS, FRACS

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 Redevelopment, Planning and Infrastructure

Mr Ian Leong Bach Bldg (QS) (Hons), Grad Dip Comp Sc, MBA GAICD

The Executive Director Redevelopment, Planning and Infrastructure has overarching responsibility for capital redevelopment of the Eye and Ear, Business and Strategic Planning incorporating future health service delivery strategy, patient experience, facility maintenance and security services. The role has overview of the Eye and Ear on the Park site/services, oversight of the redevelopment program including the model of care and physical works associated with the redevelopment and service planning.

Executive Director Finance & Corporate Services

Mr Danny Mennuni B.Bus, CPA

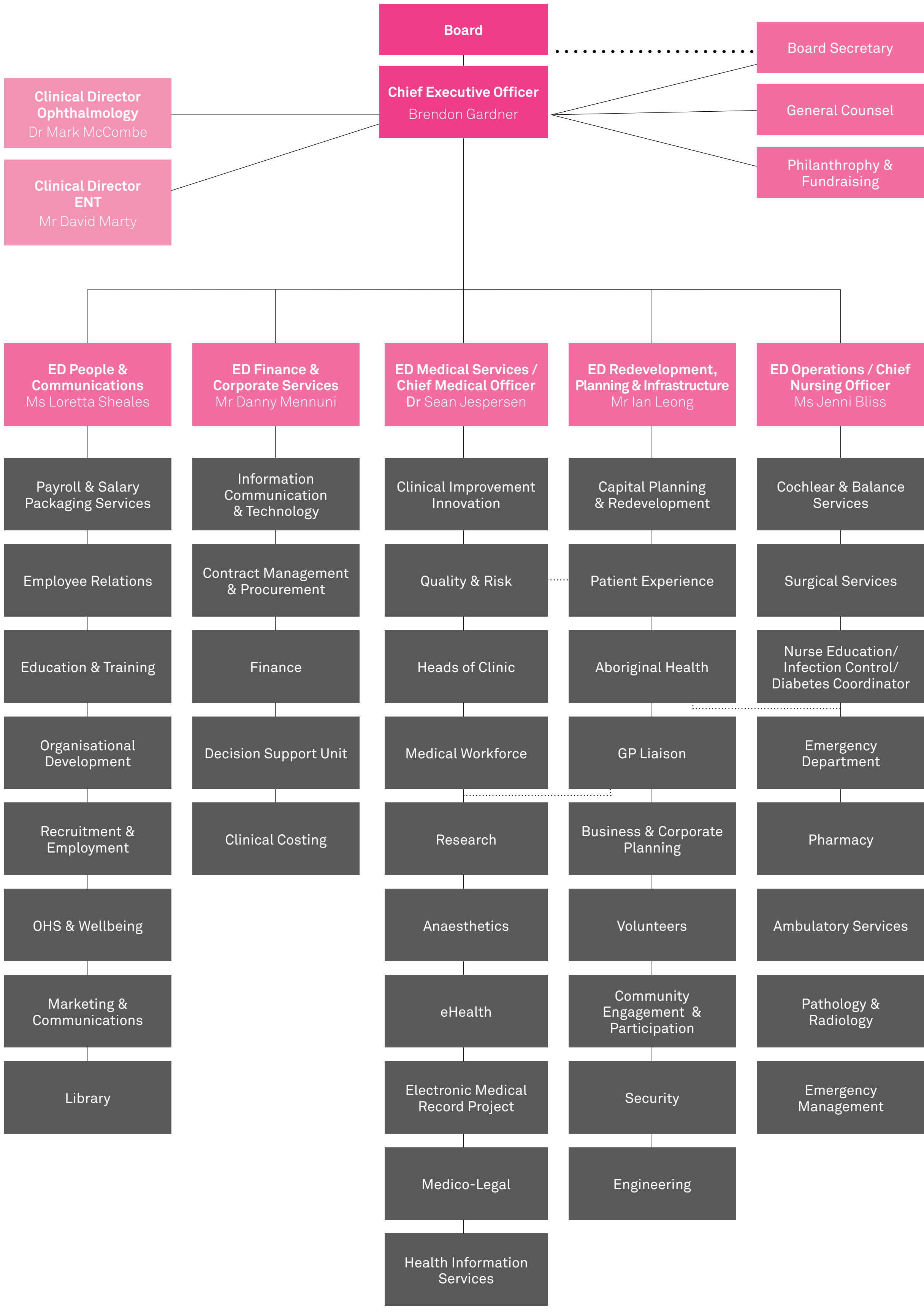
The Executive Director Finance and Corporate Services is the Chief Financial Officer and the hospital's Chief Procurement Officer. He is responsible for providing leadership in financial management, reporting and controls. The position is also responsible for leading and managing efficient and effective information technology, decision support, contracts and procurement services.

Executive Director People & Communication

Loretta Sheales BSc, MEd(RC), GradDipHRMngt, FAHRI, GAICD

The Executive Director People & Communication is responsible for the leadership and support to functions including People and Communication, Marketing & Communications, Organisational Development, Payroll Services, Employee Support Services, Safety and Wellbeing and the Library Services

Organisational Chart



Donors and Supporters

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

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

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

Patron
Mr Anthony Howard QC
(11 August 2015 - present)

Peter Howson Deafness Fellowship 2018-2020
A joint venture between the Eye and Ear and the Deafness Foundation funds a two year Fellowship in the field of hearing science.

Dr Caitlin Barr (BSc, MClinAud, PhD) was appointed as the fourth Peter Howson Deafness Fellow in 2018 to conduct the research project titled *'Who is talking, who is listening, and who is hearing? Optimising hearing help-seeking pathways starting in General Practitioner's office'.*

Zoran Georgievski Memorial Research Scholarship 2019-2022
In 2012, a Scholarship in memory of the late Associate Professor Zoran Georgievski (Manager Diagnostic Eye Services) was established in conjunction with La Trobe University.

Ms Emilie Rohan is the current recipient commencing in 2019.

Project Title: *'Identifying predictors of progression from early to advanced diabetic retinopathy.'*

Our Major Donors, Bequestors, Corporate and Community Supporters

Trusts and Foundations

Collier Charitable Fund
Lord Mayor's Charitable Foundation
The Louis & Lesley Nelken Trust Fund
John T Reid Charitable Trusts
Joe White Bequest
Trusts and Foundations managed by Perpetual
H & L Hecht Trust

Bequests

Estate of Robina Isabel Bohn
Estate of Anne-Elma Edyth Brown
Estate of Ernest Finlay Burns
Estate of Octavia Carter
Estate of the late Mrs Santina Di Natale
The Penelope Foster Foundation
Estate of Friedrich Huschka
Estate of Gol Namdarian
Estate of Norbert Schober
Estate of Geoffrey Allan Stubbs
Estate of Edna Irene Westcott

Estates

The Orloff Family Charitable Trust
The Elizabeth & Alexander Reddan Memorial Foundation
The Harry Yoffa Charitable Bequest
Estates managed by Perpetual
Estate of John Alexander Anderson
Estate of Alfred H W Dehnert
The William and Mary Ievers & Sons Maintenance Fund
The Joseph & Kate Levi Charitable Trust
Estate of Martha Miranda Livingstone
The Rudolph Hally & Pia Martin Memorial Trust

Estates managed by Equity Trustees

The Erica Cromwell Trust
William Hall Russell Trust Fund
The Joseph Kronheimer Charitable Fund
George T & Lockyer Potter Trust
Estate of Heather Sybil Smith
Betty Brenda Spinks Charitable Trust
Eliza Wallis Charitable Trust
Ernest and Letitia Wears Memorial Trust
Estate of John F Wright

Estates managed by State Trustees (S.T.A.F.)

Estate of Bruce L Powell
Estate of Jessie Ross

Major Donors

Mr Salah Ahmad
Mrs Norma Beaconsfield
Ms Dianne Bridle
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Ms Kaye Cleary
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Mrs Beryl Coombs
Ms Ruth Crutch
Mr Alexander Dean
Mrs Elizabeth Donovan
Mr Trevor Edwards
Mr Brian Goddard
Mr Michael Halprin
Mr Elias Jreissati AM, KJGC
Mr William Kerr
Mr Arun Kollomana
Ms Liliana Mangoni
Mr Alan McKay
Mr Graham McKnight
Miss Jules McLean in memory of the late Mr Douglas McLean
Mr Keith & Mrs Jeanne McRae
Mrs Thi Rang Nguyen & Ms Kim Ngo
Mr Colm O'Donovan
Mr Mark Porter
Mr Eduardo Quintana
Mr J Smith
Mr Harry Soultanidis
Ms Judith Stembridge in memory of the late Mr William Stembridge
Mrs Marjorie Todd
Mr Arthur Tsilibakis & Mrs Janet Sickinger
Dr Robert Webb
Mr Andrew Whitehead
12 anonymous donors

Community Supporters

Ballarat Combined Charities Card Shop
Frankston Friends
Ritchies
Uniting Church in Australia
Zouki Catering

Corporate Sponsors

Oracle Australia Matching Gift Program

Volunteers

The hospital is home to a dedicated and growing group of volunteers who assist in a range of roles, offer a welcoming smile and a bit of extra help to reassure patients in need. Due to the pandemic our volunteer program was paused in March. We have continued to stay in touch during this time. A highlight has been a number of Zoom call celebrations during National Volunteer Week in May to thank volunteers for their generosity and kindness. Thankfully, all our volunteers are well and keen to come back when it is safe to do so.

Before the pandemic our volunteers gave close to 7,000 hours of their time and provided direct assistance to over 25,000 patients. The Concierge volunteers, at both the main hospital and at Eye and Ear on the Park, provide an important personal touch to our patients' experience. They help patients and their carers through their journey from their arrival at our front door to arranging the taxi ride home. Volunteers also help with administrative tasks, and support patients in our Specialist Clinics, Emergency Department, and during the early morning sessions in Day Surgery. Our volunteers assist patients and visitors to have a positive experience at our hospital.

We would like to say a big thank you to our two remaining Auxiliary members for their combined total of 60 years of support and their long history dedicated to raising funds for the hospital. We also appreciate the long standing friendship and support from our Frankston Friend Auxiliaries who have been fundraising for a combined 186 years in the community.

We sincerely thank all our volunteers for their hard work and continued commitment.

Consumer Representatives

Among our volunteers are a dedicated group of consumer representatives who partner with us to help us improve our services for our patients, their families and carers. Consumer representatives can be involved in a number of ways, they participate in Committees and Working groups, attend focus group activities, review patient information developed by the hospital and share their stories in our publications.

Key Financial and Service Performance Reporting

Workforce data

	June Current Month FTE		June YTD FTE	
Hospitals Labour Category	**2019**	**2020**	**2019**	**2020**
Nursing	169	168	165	168
Administration and Clerical	161	161	160	162
Medical Support	54	53	57	55
Hotel and Allied Services	16	16	16	16
Medical Officers	6	5	6	5
Hospital Medical Officers	65	58	60	58
Sessional Clinicians	39	39	39	42
Ancillary Staff (Allied Health)	40	38	40	40
Total	**550**	**538**	**543**	**546**

The FTE figures in the table above exclude overtime. These do not include contracted staff (for example agency staff or fee-for-service visiting medical officers) who are not regarded as employees for this purpose.

People and culture

In the 2019-20 year we continued to implement strategies outlined in The Strategic Workforce Plan to build engagement and to facilitate a positive workplace. Our online educational resources and training modules were significantly improved including managing and responding to occupational violence and leading with appropriate behaviours. Staff resources were also tailored to the specific challenges that COVID-19 has presented to the Eye and Ear. Manager's tools included how to be an effective leader in uncertain times, managing changes in the work environment including workload and demands, and managing teams and events via a virtual process.

Employee Culture and Engagement

Our 2019 People Matter Survey results continued to reflect a positive trend in workplace culture, and were favourable in comparison with other hospitals. It provides an important opportunity for staff to provide feedback about their work environment and conditions and gauges employee engagement and satisfaction. The specific themes include: communication by our leaders, our safety culture, staff wellbeing, career development, equity and inclusion and team work. The Eye and Ear results related to patient safety culture was among the top in the state. We also benchmarked better for: employee engagement, satisfaction, wellbeing, senior leadership and climate. Our results for bullying, discrimination, sexual harassment and occupational violence were particularly reflective of lower incidence compared with other hospitals. Our positive scoring questions were related to: 'recommending a friend or relative is treated here', 'appropriate workload', 'not tolerating improper conduct' and that 'work performance is assessed against clear criteria'. We trended positively in the twelve months since 2018 related to: psychological health and safety; positive organisational culture for employees who are Aboriginal and / or Torres Strait Islander; positive organisational culture for employees with a disability; and, having 'the authority to do my job effectively'.

Health and wellbeing initiatives

We developed several projects to enhance staff wellbeing, as we recognise that the impact that work systems can contribute to positive staff health and wellbeing which facilitates better work outcomes.

During 2019/20 the Eye and Ear continued to progress our wellness@work program with the priority areas of: mental health and wellbeing of staff; physical activity; nutrition, financial health and reducing alcohol intake and the QUIT program. As a result of COVID-19 we adapted our health and wellbeing program to develop specific strategies to support staff in the workplace and those working from home.

The analysis of results received from staff surveys, specifically related to mental health and wellbeing (that is, The People at Work Survey and the People Matter Survey) informed initiatives such as the establishment of a peer to peer Manager Support Network, to facilitate information sharing and case studies to improve confidence and understanding of dealing with difficult issues.

We focused on supporting and encouraging staff to improve physical and psychological health. This included providing resources and tools to promote health and wellbeing via a new wellbeing resource page on the Eye and Ear intranet, wellbeing seminars, staff benefit offerings and progression of the Eye and Ear psychological framework.

Merit and equity principles

The Eye and Ear is an equal opportunity employer and is committed to providing its employees with a work environment which is free from harassment and discrimination, together with an environment that promotes wellbeing. Our employees show their commitment to our values by upholding appropriate behaviours and applying fair and equitable employment principles to their daily decisions. We aim to be viewed as an employer of choice, and we actively support and engage workforce diversity. Valuing diversity facilitates the delivery of better patient centred care to a wide range of patients. It also engages employees by celebrating our differences; with this strength we are able to harness these characteristics to achieve organisational and individual benefit.

Recruiting and onboarding staff

In 2019-20 the Eye and Ear workforce comprised over 900 staff. We recruited approximately 158 new staff, all of whom participated in an orientation program. Our turnover rate was 6.8%, which is slightly lower than industry average.

The Eye and Ear appreciates that its employees are its most important asset. A supportive, informative onboarding process is critical when staff begin at the Eye and Ear to ensure they understand the operational and clinical expectations in order effectively contribute to the organisation. We have continued to improve our online resources to be more interactive and educational. We evaluate and update our general orientation, on boarding and induction systems to ensure they meet current expectations.

Pre-employment safety screening

The organisation continues to apply thorough credentialing and pre-employment verification checks 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.

Employee recognition programs

The Eye and Ear recognises that its future success continues to depend upon the capacity of our staff. We are committed to supporting our staff with a fair and equitable reward and recognition system. We aim to create a climate for excellence at every level for individual and team performance.

The annual Eye and Ear Excellence Awards recognise specific individuals and teams that have contributed to achieving organisational excellence. There are six award categories and each acknowledges creative and original thinking that results in positive outcomes for our patients, an improved working environment and/or improved hospital systems.

The winners of our 2019 Excellence Awards are listed in our Chair and CEO Report on page 5. The following were the recipients of the Values Award in 2020:

- Camille Moral Registered Nurse Division 2,
- Specialist Clinics Steve Hondros, Electrician, Facilities Management

Building a capable workforce

We are four years into the development of a leadership pipeline. The need to optimise clinical leadership and operational leadership across the organisation is of critical importance to the delivery of excellence and improved patient outcomes. The Eye and Ear Leadership Development Pathway includes a four tiered development pathway, providing opportunities for emerging leaders, operational managers and senior leaders to develop and enhance leadership and change capability.

The programs on our Leadership Pathway are mapped to our Leadership and Change Capabilities, individual needs and organisational needs. Our programs are designed to include formal learning time through interactive workshops and also recognise the important role the manager has in reinforcing leadership development on the job.

Our 2019 post program impact evaluation results showed us that all participants were more confident to apply their leadership skills and equally, and all managers of participants believed their direct report had increased in confidence. Ninety nine percent of participants reported they ‘had an opportunity to apply their skills on the job’.

The leadership development focus has involved tailored programs for levels such as: Associate Nurse Unit Managers Team Leaders, emerging leaders and experienced managers. We held ‘making change happen’ workshops and online foundation leadership training. Online courses and virtual leadership ‘practice labs’ have become an important mode of delivery in response to physical distancing measures. Supporting our leaders through the COVID-19 period has seen the development of a range of resources including refresher apps and more detailed resources in our ‘Leading through times of uncertainty’.

We continue to improve the quality of our performance and development discussions by amending the template on our online e-Performance system. These critical discussions ensure performance feedback is provided and that work and personal development goals are established for the future. We have included considerations for career planning and the ability to list improvement projects. This process also provides for the review of: individual clinical scope of practice; mandatory training compliance; expectations about quality and safety responsibilities and; upward feedback and feedback on quality and safety processes.

A centralised calendar of staff development opportunities continues to offer all staff professional development workshops in the areas of Microsoft Excel, providing and receiving feedback and self-care during times of uncertainty.

Our in-house MyLearning portal continues to categorise training requirements by role, department and profession to ensure staff have access to maintain the knowledge and skills to perform their role safely.

Employee Assistance Program (EAP)

Counselling services, provided by AccessEAP continues to be utilised at a consistent annual rate of 6%. The Employee Assistance Program is a confidential outsourced counselling service available to staff, their family and household members. The service provides wellness at work education and awareness programs, financial coaching, family violence support, nutritional and legal consultation aimed to assist personal or work related issues that have an impact on wellbeing and quality of life. The service also offers manager support and post incident debriefing in the workplace.

Occupational Health and Safety

The Eye and Ear is committed to providing a safe and healthy workplace. To achieve this, management of the Eye and Ear's OHS is based upon a continuous improvement model of planning, implementing, monitoring and reviewing health, safety and wellbeing related to prevention, early intervention promotion and response activities. The Eye and Ear takes a holistic approach to safety, taking into account both physical and non-physical (psychosocial) hazards and understands the impact psychosocial hazards can have on workplace health and safety.

The Eye and Ear's focus for 2019/20 continued on key occupational health and safety risks related to slips, trips and falls, occupational violence and aggression, psychological safety, including the psychological impact of COVID-19 pandemic on staff and manual handling.

The following table outlines the Eye and Ear's OHS performance:

Eye And Ear Staff	2017-18	2018-19	2019-20
Incidents/hazards per 100 full-time equivalent staff members*	30	50	25
Lost time standard claims per 100 full-time equivalent staff members	0.76	0.92	1.13
Average cost per WorkCover claim	$ 4131	$ 8726	$ 16910

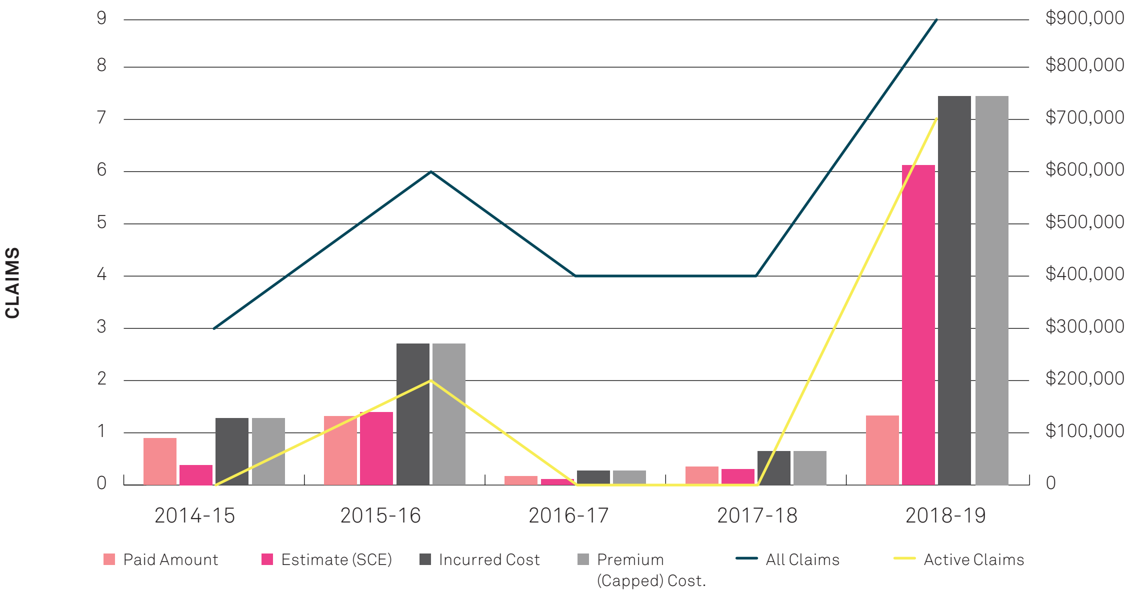
This decrease in incidents is likely due to reduced patient numbers and staff in the workplace as a result of COVID-19 restrictions.

WorkCover

During 2019/20 The Eye and Ear's injury management program continued to focus on preventative, proactive early intervention and injury management programs. The emphasis was on assisting staff prior to the issues escalating and assisting managers navigate the return to work process.

WorkCover claims increased during the year resulting in six time lost claims and three medical expense only claims. As a result claims costs paid to date have increased in addition to a significant increase in future estimated costs shown in 'incurred costs', see table below. Even so, we still have an Employer Performance Rating (EPR) that translates to a 49.1% better than the industry average. We continue to implement the preventative actions outlined below to contain costs and manage injuries.

WorkCover claims lodged and cost 2015-2020.



We have noticed an increase in musculoskeletal claims. In response to this trend we have engaged an expert ergonomist and occupational therapist to implement a leading evidence based holistic approach to managing musculoskeletal injuries.

Our claims cost average has increased due to unsustained return to work progress of two injured staff.

Preventative strategies & injury management

Our non-work related injury management program ensures coordination of staff to return, or remain at work which creates great benefit for individual staff and their work teams.

To minimise risk and promote staff safety, the following programs, activities and key messages were provided:

- zero tolerance for inappropriate behaviour at work including bullying, harassment and occupational violence and aggression
- raising awareness of appropriate behaviours and encouraging staff to report concerns through online education and staff forums
- ensuring People and Culture staff are able to respond to complaints and are adequately skilled in conducting workplace investigations
- reporting incidents, hazards and near misses to enable the Eye and Ear to address individual issues and collect data for trend analysis and development of risk controls, and
- the importance of appropriate consultation between Health and Safety representatives, staff, managers and People and Culture before implementing new work practices or equipment.

In 2019-20, the Health, Safety and Environment Committee met regularly to discuss and address safety issues. Committee members include Health and Safety representatives and a consumer representative. The Laser and Radiation Safety and Emergency Management Committees also provide staff and safety representatives to be involved in health and safety decisions through consultation. OHS training provided included: bullying, discrimination and harassment awareness and prevention training for all managers; occupational violence and aggression management for clinical and front line staff; manual handling ‘train the trainer’ training.

Occupational Violence

Occupational violence is any incident where an employee is abused, threatened or assaulted in circumstances arising out of, or in the course of, their employment. The Health, Safety and Environment Committee have oversight of occupational violence and aggression issues across the organisation and have developed an Occupational Violence and Aggression (OVA) Action Plan to address specific occupational violence needs and promote staff safety. An OVA training review is underway. This year all staff have the opportunity to complete an online occupational violence and aggression training package designed to increase staff awareness and understanding of OVA.

The Eye and Ear has implemented a number of initiatives based on the Occupational Violence and Aggression (OVA) Framework. There were 19 less OVA reported incidents for the 2019 – 20 reporting period than for the same period in 2018 – 19, with 19 less incidents reported for the months of September and October as there were for the same period in 2018 – 19. A review of the incidents reported in September and October 2018 does not identify any anomalies such as external or internal factors that which may have contributed to the increased number of incidents. The number of incidents reported for the remaining months are on par with monthly numbers reported for 2018 – 19.

Occupational violence statistics for 2019-20:

Occupational violence statistics	
WorkCover accepted claims with an occupational violence per 100 FTE	0
Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	0
Number of occupational violence incidents reported	62
Number of occupational violence incidents reported per 100 FTE	11.3
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	0

Financial Information

	2020 $,000	2019 $,000	2018 $,000	2017 $,000	2016 $,000
Operating Result	**824**	**148**	**272**	**130**	**332**
Total Revenue	148,986	147,407	158,047	131,558	120,679
Total Expense	(126,934)	(128,890)	(122,238)	(113,380)	(104,398)
Net Result from Transactions	**22,052**	**18,517**	**35,809**	**18,178**	**16,281**
Total Other Economic Flows	(1,836)	(4,088)	639	474	(246)
Net Result	**20,216**	**14,429**	**36,448**	**18,652**	**16,035**
Total Assets	345,001	326,678	332,022	285,370	251,205
Total Liabilities	(34,983)	(36,876)	(34,050)	(25,612)	(21,576)
Net Assets / Total Equity	**310,018**	**289,802**	**297,972**	**259,758**	**229,629**

Reconciliation of Net Result from Transactions and Operating Result

	2019-20 $,000
Net Operating Result	**824**
Capital and Specific Items:	
Capital Purpose Income	30,975
Specific Income	-
COVID 19 State Supply Arrangements:	
- Assets received free of charge or for nil consideration under the State Supply Arrangements	41
- State supply items consumed up to 30 June 2020	(41)
Assets Received Free of Charge	-
Assets Provided Free of Charge	-
Expenditure for Capital Purposes	(265)
Depreciation and Amortisation	(9,213)
Impairment of Non-Financial Assets	-
Finance Costs	(269)
Net Result from Transactions	**22,052**

Significant Changes in Financial Position During 2019–20
There were no significant changes in the financial position during 2019-20.

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.

Consultancies information FRD 11(e)

Details of consultancies (under $10,000)
In 2019-20, there were no consultancies where the total fees payable to the consultants were less than $10,000.

Details of consultancies (valued at $10,000 or greater)
In 2019-20, there were three consultancies where the total fees payable to the consultants were $10,000 or greater. The total expenditure incurred during 2019-20 in relation to these consultancies is $75,420 (excluding GST). Details of individual consultancies can be viewed at www.eyeandear.org.au.

Consultant	Purpose of Consultancy	Start Date	End Date	Total Approved Project Fee (excluding GST)	Expenditure 2019-20 (excluding GST)	Future Expenditure (excluding GST)
Noble Ambition Pty Ltd	Report on the current state of fundraising strategies and identify key opportunities and challenges to inform future planning.	Nov-19	Dec-19	$24,000	$24,000	$0
Workwell Consulting Pty Ltd	Articulate and agree strategic options in light of the COVID-19 pandemic.	Jun-20	Sep-20	$50,000	$25,000	$25,000
Bevington Consulting Pty Ltd	Facilitation support for workshops that focus on the role of the Board and the Executive team.	Jun-20	Jun-20	$26,420	$26,420	$0

Information and communication technology (ICT) expenditure

Business As Usual (BAU) ICT Expenditure	Non Business As Usual (non-BAU) ICT expenditure		
Total (excluding GST)	**Total=Operational expenditure and Capital Expenditure)(a+b)** (excluding GST)	**Operational expenditure** (excluding GST) (a)	**Capital expenditure** (excluding GST)(b)
$3.696 million	$1.445 million	$0 million	$1.445 million

Disclosures required under Legislation

Freedom of Information Act 1982

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.

The cost to make a FOI request in the 19/20 financial year was as follows:

Application fee	$29.60
Search and retrieval fee	$5.00
Photocopying/printing (black & white)	$0.20 per page
Photographs	$5.00
Supervised viewing	$27.00 per ¼ hour ($85.20max)

Freedom of Information Applications 2019–20		Requestors	No. of requests
Total requests	170	General Public	29
Fully granted	170	Lawyers & insurance companies	141
Completed	146	**Total**	170

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.

The FOI officer for the Eye and Ear is Dr Sean Jespersen.

Building Act 1993

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. 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 2019-20, The Royal Victorian Eye and Ear Hospital at 32 Gisborne St East Melbourne 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.

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 Privacy and Data Protection Act 2014.

The Eye and Ear's Privacy Officer is the Executive Director Medical Services/Chief Medical Officer.

Public Interest Disclosures Act 2012 (Vic)

The Eye and Ear has policies in place that includes the mandatory notification requirements of suspected corruption under the Directions made pursuant to section 57A of the Independent Broad-based Anti-corruption Commission Act 2011 and the requirements under the Public Interest Disclosures Act 2012 (Vic). This includes the obligation to report to IBAC any suspected corrupt conduct occurring at the Eye and Ear and suspected corrupt conduct occurring in other organisations connected with the Eye and Ear. Under the Public Interest Disclosures Act 2012 (Vic) (the Act), complaints about certain serious misconduct or corruption involving a public health service in Victoria should be made directly to 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 to IBAC. The hospital also has a range of procedures in place to protect persons making disclosures and to ensure, where possible, no detrimental action is taken against anyone who makes or is involved in the investigation of a protected disclosure, including an overarching procedure available through the hospital's website. The hospital is not an entity that can receive protected disclosures under the Act.

DataVIC Access Policy

Making datasets freely available to the public is the State's default position and where possible agencies must make datasets available with minimum restrictions, including the proactive removal of cost barriers. The Eye and Ear complies with this policy in all relevant business activities.

National Competition Policy

In accordance with the Competition Principles Agreement (CPA), Victoria is obliged to apply competitive neutrality policy and principles to all significant business activities undertaken by government agencies and local authorities. The Victorian Government's competitive neutrality policy commits public health services to apply this policy to all dealings. This includes the adoption of pricing principles to take account of the full cost attribution for net competitive advantages conferred by government ownership. The policy gives direction that where the government's business activities involve it in competition with private sector business activities, the net advantages that accrue to a government business are offset.

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.

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. In our commitment to a model of patient and family-centred care, we recognise and involve carers at a governance level in the development, delivery and evaluation of our services, and at an individual patient care level to support discussions and decision making between patients and staff, with the patient's consent.

The Safe Patient Care Act

The Eye and Ear takes all practicable measures to ensure compliance with the Safe Patient Care Act 2015. The hospital has no matters to report in relation to its obligations under section 40 of the Act.

Environmental performance

The Eye and Ear Hospital has a commitment to environmental sustainability. As we continue through our redevelopment phase, consideration is given to our energy and water consumption, as well as improving the management of waste and hazardous materials. We aim to achieve this by using resources efficiently, maximising recycling opportunities and minimising the amount of waste going to landfill.

Total greenhouse gas emissions (tonnes CO2e)	**2019/2020**
Scope 1	1,842
Scope 2	10,375
Total	12,217
Total stationary energy purchased by energy type (GJ)	
Electricity	36,618
Natural Gas	35,741
Total	72,359
Total water consumption by type (kL)	
Class A Recycled Water	N/A
Potable Water	34,387
Reclaimed Water	N/A
Total	34,387
Waste	
Total waste generated (kg clinical waste+kg general waste+kg recycling waste)	388,589
Total waste to landfill generated (kg clinical waste+kg general waste)	351,240
Total waste to landfill per patient treated ((kg clinical waste+kg general waste)/PPT)	4.70
Recycling rate % (kg recycling / (kg general waste+kg recycling))	10.60

- Since the banning of e-waste (electronic or electrical waste) came in place July 2019, 816kgs of e-waste was collected by United Star Resource, a recycling service that dismantles e-waste and recycle recovered materials

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 Partnering with Consumers and Community Plan 2020-23 incorporates the Disability Action Plan (DAP) and includes a governance model to ensure organisation wide engagement in the key deliverables and objectives of the plan.

The DAP reflects the vision and strategic priorities of the Eye and Ear and is aligned with the Victorian Department of Health and Human Services Disability Action Plan 2018-2020. Major DAP achievements implemented in 2019-20 include engaging consumers to inform improvements to our signage and wayfinding, and input into the actions outlined in new DAP.

Car parking fees

The Eye and Ear complies with the DHHS hospital circular on car parking fees. Details of car parking fees and concession benefits can be viewed at: www.eyeandear.org.au/page/News_and_Events/Latest_News/Car_parking_for_Eye_and_Ear_patients_and_visitors/

Victorian Industry Participation Policy Disclosure (now known as Local Jobs First Act 2003)

The Eye and Ear complies with the policy on Local Jobs First Act 2003. The Act requires, wherever possible, local industry participation, taking into consideration the principle of value for money and transparent tendering processes. No contracts commenced in 2019-20 for which compliance with this Act was necessary.

Disclosure of Ex-Gratia Payments

The Eye and Ear made no ex-gratia payments for the year ending 30 June 2020.

Additional Information Available on Request (FRD 22H Appendix)

In compliance with the requirements of FRH 22H 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):

- Declarations of pecuniary interests have been duly completed by all relevant officers.
- Details of shares held by senior officers as nominee or held beneficially.
- Details of publications produced by the entity about itself, and how these can be obtained.
- Details of changes in prices, fees, charges, rates and levies charged by The Royal Victorian Eye and Ear Hospital.
- Details of any major external reviews carried out on The Royal Victorian Eye and Ear Hospital.
- Details of major research and development activities undertaken by The Royal Victorian Eye and Ear Hospital that are not otherwise covered either in the report of operations or in a document that contains the financial statements and report of operations.
- Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit.
- Details of major promotional, public relations and marketing activities undertaken by the Health Service 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, which is not otherwise detailed in the report of operations.
- 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.

Attestations

Financial Management Compliance Attestation

I, Simon Brewin, on behalf of the Responsible Body5, certify that The Royal Victorian Eye and Ear Hospital has no Material Compliance Deficiency with respect to the applicable Standing Directions under the Financial Management Act 1994 and Instructions.

Mr Simon Brewin

Board Member and Chair, Audit Committee

17 September 2020

Data Integrity

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

Brendon Gardner

Chief Executive Officer

The Royal Victorian Eye and Ear Hospital

17 September 2020

Conflict of Interest

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

Brendon Gardner

Chief Executive Officer

The Royal Victorian Eye and Ear Hospital

17 September 2020

Integrity, fraud and corruption

I, Brendon Gardner certify that The Royal Victorian Eye and Ear Hospital has put in place appropriate internal controls and processes to ensure that integrity, fraud and corruption risks have been reviewed and addressed at The Royal Victorian Eye and Ear Hospital during the year.

Brendon Gardner

Chief Executive Officer

The Royal Victorian Eye and Ear Hospital

17 September 2020

Financial and Service Performance

Part A: Strategic Priorities

Goals	Strategies	Health Service Deliverables	Outcomes
Better Health A system geared to prevention as much as treatment Everyone understands their own health and risks Illness is detected and managed early Healthy neighbourhoods and communities encourage healthy lifestyles	**Better Health** Reduce Statewide Risks Build Healthy Neighbourhoods Help people to stay healthy Target health gap	Implement the Ocular Oncology service plan	**Good progress** The gap analysis of the service plan has been completed and priority has been to progress development of a Multi-disciplinary Team meeting (MDM). A project officer was provided by Western & Central Melbourne Integrated Cancer service to develop a project plan and supporting documentation to progress implementation of the MDM. This has been completed and the Head of Unit is progressing full implementation of the MDM.
		Establish new outreach services for Cochlear Care	**Achieved** The Dandenong CCC was commissioned in September 2019, with second regional centre being considered for late 2020. A partnership arrangement has been established with an audiology service in Albury and service provision has commenced. A strategic plan for establishment of a statewide program is underway focussing on a partnership mode
Better Access Care is always being there when people need it Better access to care in the home and community People are connected to the full range of care and support they need Equal access to care	**Better Access** Plan and invest Unlock innovation Provide easier access Ensure fair access	Progress the Glaucoma Collaborative Community Care Program (G3CP) project to provide streamlined glaucoma patient care in the community	**Achieved** All planned G3CP educational events have been conducted. A further regional education event occurred in Ballarat in December. All education events planned have now been provided. Project evaluation is underway, draft report completed.
		Invest in our future by progressing the redevelopment project.	**Good progress** The project is progressing with slab pouring of the Infill building now complete and fit-out underway. Regular communication provided to all staff and volunteers through normal channels.

Goals	Strategies	Health Service Deliverables	Outcomes
Better Care Targeting zero avoidable harm Healthcare that focusses on outcomes Patients and carers are active partners in care Care fits together around people's needs	**Better Care** Put quality first Join up care Partner with patients Strengthen the workforce Embed evidence Ensure equal care	Progress Stage 1 of the Electronic Medical Record (EMR) project with implementation in the Emergency Department and the Acute Ophthalmology Service	**Good progress** Purchase Order Contracts signed and EMR team recruited and on board. Project Kick Off and Current State Workshops completed. **Future** State Review completed March 2020 **Project progressing** with adjusted Go Live date of March 2021 due to COVID related delays.
		Continue the implementation of a Comprehensive Care Plan that is tailored to identify the needs of patients and that will ensure risk of harm to patients is managed and/or prevented	**Good progress** Mock survey conducted and findings are informing the progress of the Comprehensive care Plan via the NS5 Comprehensive Care Working Group. There is a specific sub working group progressing this development.
		Continue to progress the work required to achieve Organisation Wide Accreditation in August 2020.	**Good progress** Mock survey conducted 12-14 Nov 2019. Report has been circulated and the committees have incorporated the recommendations in the gap analysis. These are currently being evaluated. National Standards (NS) committee risk registers have been refreshed. Outstanding mock recommendations and gap analysis items are now monitored via each NS committee action log and reviewed each meeting. National Standards 1 (NS1) committee has been commenced (chaired by CEO) to assist with addressing NS1 recommendations from mock and the NS 1 GRR. Due to COVID-19 in March the Eye and Ear were notified by the Australian Commission on Safety and Quality in Health Care (ACSQHC) that accreditation surveys are on hold and we will be contacted by ACSQHC to reschedule in the post pandemic phase. NS committees are at present cancelled and chairs and leads have been requested where possible continue to progress work.

Goals	Strategies	Health Service Deliverables	Outcomes
Specific 2019-20 priorities (mandatory)	**Supporting the Mental Health System** Improve service access to mental health treatment to address the physical and mental health needs of consumers.	Improve identification and referral of patients with mental health needs to St Vincent's Hospital	**Good progress** Currently in discussion with St Vincent's Health regarding our existing arrangements. It is expected that this will improve the referral process for patients with mental health needs
	Occupational violence Foster an organisational wide occupational health and safety risk management approach, including identifying security risks and implementing controls, with a focus on prevention and improved reporting and consultation. Implement the department's security training principles to address identified security risks.	Further embed the Occupational Violence and Behaviours of Concern Plan, incorporating alignment of Security staff training with DHHS guide	**Achieved** There was one time lost staff injury for the last quarter. 100% Return to Work rate. Zero time lost due to occupational violence and aggression. Planned safety walks were 100% completed.
	Bullying and harassment Actively promote positive workplace behaviours, encourage reporting and action on all reports. Implement the department's Framework for promoting a positive workplace culture: preventing bullying, harassment and discrimination and Workplace culture and bullying, harassment and discrimination training: guiding principles for Victorian health services.	Broaden the approach to addressing inappropriate behaviour in order to provide a psychologically safe environment	**Achieved** Developed our staff Mental Health & Wellbeing Strategy following a staff survey & focus groups. New online courses have been developed for all staff that promote appropriate Workplace Behaviours. We have updated our manager training – "Leading Appropriate Workplace Behaviours". The Worksafe Occupational Health and Safety wellbeing workgroup team effectiveness process has been implemented in target areas. Complaint outcomes are reported to the Board, Executive and Health and Safety Committee. Manager peer support sessions are held to help managers identify and manage inappropriate behaviours. We have also developed an online complaints form that allows for anonymity and /or the provision of information only. We have also provided 'Be-upstanding' face to face sessions for staff. Debrief Manager & support workshops have been scheduled.

Goals	Strategies	Health Service Deliverables	Outcomes
		Expand opportunities to educate and upskill managers and staff to foster a culture of leading a positive safety culture and challenging inappropriate behaviours.	**Good progress** As outlined above. 89% of managers have completed "leading appropriate workplace behaviours training". this has been expanded to senior medical staff. 45% of all staff have completed "promoting appropriate workplace behaviours" training. Leadership development program equips managers to have difficult conversations, manage poor performance and address inappropriate behaviours
	Supporting Vulnerable Patients Partner with patients to develop strategies that build capability within the organisation to address the health needs of communities and consumers at risk of poor access to health care.	Progress Close the Gap initiatives by providing streamlined care for Aboriginal and Torres Strait Islander patients	**Achieved** The Victorian Aboriginal Health Service (VAHS) clinics continue to be fully utilised and eye injecting services now well established. VAHS clinical sessions are fully utilised with all appointments booked. Additional funding received to increase clinic frequency by 1 clinic per month – now on hold due to COVID-19.
		Further embed and evaluate the newly established multidisciplinary Ocular Oncology Service.	**Good progress** The completion of the multidisciplinary meeting project plan by Western & Central Melbourne Integrated Cancer Service has now occurred and progress of the implementation of the MDM sits with the HoU. Additional credentialed orthoptic staff have been introduced to the service, in addition to the recruitment of an additional Fellow of The Royal Australian and New Zealand College of Ophthalmologists credentialed ophthalmologist.

Goals	Strategies	Health Service Deliverables	Outcomes
	Supporting Aboriginal Cultural Safety Improve the health outcomes of Aboriginal and Torres Strait Islander people by establishing culturally safe practices across all parts of the organisation to recognise and respect Aboriginal culture and deliver services that meet the needs, expectations and rights of Aboriginal patients, their families, and Aboriginal staff.	Implement an Aboriginal Cultural Awareness e-learning package and monitor completion rates	**Achieved** Implemented and as at 8 July 2020, 62% of staff have completed the Aboriginal Cultural Awareness e-learning package. The Board Directors have also completed the training.
		Board of Directors to undertake e-learning training package.	**Achieved** All Board Directors have completed the training.
	Addressing Family Violence Strengthening hospital responses to family violence (SHRFV) in line with the Multiagency Risk Assessment and Risk Management Framework (MARAM) and assist the government in understanding workforce capabilities by championing participation in the census of workforces that intersect with family violence.	Continue to implement the SHRFV project in order to create a safe environment where patients, volunteers and staff experiencing family violence can be supported by skilled staff to access services and supports	**Good progress** Mandatory training of all craft groups continues and planning is now underway for the implementation of an online eLearning module that will further support embedding knowledge and practices across the organisation.
	Implementing Disability Action Plans Continue to build upon last year's action by ensuring implementation and embedding of a disability action plan which seeks to reduce barriers, promote inclusion and change attitudes and practices to improve the quality of care and employment opportunities for people with disability.	Implement actions from the disability action plan focussing on ensuring patients with a disability receive safe and equitable care and services.	**Achieved** All actions from the 2016-2019 Disability Action Plan have been completed. The 2020-2023 Disability Action Plan was launched in October 2019 and has become current as of January 2020. An action tracker has been established to monitor the progress for completing the actions in this plan over the next 4 years. The first progress report was delivered to the Community Advisory Committee (CAC) and the Partnering with Consumers (PwC) Committee in June 2020. Most items are due for completion by the end of the plan but work has commenced on some of the actions and work is ongoing over the timeframe of the plan to complete all actions. Work continues with our clinical and non-clinical staff and volunteers to ensure we provide a safe, welcoming and inclusive environment for all people with a disability. This includes patients, their carers, visitors, volunteers and staff.

Goals	Strategies	Health Service Deliverables	Outcomes
	Environmental Sustainability Contribute to improving the environmental sustainability of the health system by identifying and implementing projects and/or processes to reduce carbon emissions.	Continue seeking out new and innovative ways that improve our environmental performance through procurement, reduction, re-use and recycling programs	**Good progress** Templates and procedures have been updated to align with new framework however any further development on the social procurement framework, including education sessions, has been put on hold by Health Purchasing Victoria due to COVID pandemic
		Implement the new Victorian Government policy on e-waste, including safe storage, handling, education and staff awareness	**Achieved** A new process for disposing e-waste has been implemented and the relevant procedure is in the process of being updated to reflect changes.
		Continue to seek opportunities to reduce our carbon footprint as we progress the redevelopment project.	**Good progress** Waste recycling from redevelopment project continue to be monitored though Project Control Group (PCG) reports. Waste reports provided in PCG report regarding the quantum of recycling is sitting at around 85-90% of recyclable products.

Part B: Performance Priorities

High quality and safe care

Key performance indicator	Target	Result
Infection prevention and control		
Compliance with the Hand Hygiene Australia Program	83%	83.5%
Percentage of health care workers immunised for influenza	84%	86%
Patient experience		
Victorian Healthcare Experience Survey – percentage of positive patient experience responses Q1	95%	96%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses Q2	95%	95.8%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses Q3	95%	93.1%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses Q4	95%	93.8%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care Q1	75%	77%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care Q2	75%	78.8%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care Q3	75%	77.3%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care Q4	75%	76%
Victorian Healthcare Experience Survey – patients perception of cleanliness Q1	70%	70.2%
Victorian Healthcare Experience Survey – patients perception of cleanliness Q2	70%	69.0%
Victorian Healthcare Experience Survey – patients perception of cleanliness Q3	70%	76.1%
Victorian Healthcare Experience Survey – patients perception of cleanliness Q4	70%	78.7%
Rate of patients with SAB per 10,000 occupied bed days	<1	0
Sentinel events – root cause analysis (RCA) reporting	All RCA reports submitted within 30 business days	Achieved

Strong Governance, Leadership and Culture

Each year, all Eye and Ear staff are encouraged to take part in the People Matter Survey (PMS), an employee opinion survey conducted by the Victorian Public Sector Commission. The survey is a chance for staff to be heard about their views on the workplace, express concerns, report on job satisfaction and overall engagement. Our 2020 PMS has been delayed until October 2020, due to COVID-19. Although, notably, our 2019 People Matter Survey results continued to reflect a positive trend in workplace culture, and were favourable in comparison with other hospitals.

Key performance indicator	Target	Result
Organisational culture		
People Matter Survey – percentage of staff with a positive response to safety culture questions	80%	94%
People matter survey – percentage of staff with a positive response to the question, “I am encouraged by my colleagues to report any patient safety concerns I may have”	80%	97%

Key performance indicator	Target	Result
People matter survey – percentage of staff with a positive response to the question, “Patient care errors are handled appropriately in my work area”	80%	97%
People Matter Survey – percentage of staff with a positive response to the question, “My suggestions about patient safety would be acted upon if I expressed them to my manager”	80%	95%
People Matter Survey – percentage of staff with a positive response to the question, “The culture in my work area makes it easy to learn from the errors of others”	80%	94%
People Matter Survey – percentage of staff with a positive response to the question, “Management is driving us to be a safety-centred organisation”	80%	96%
People Matter Survey – percentage of staff with a positive response to the question, “This health service does a good job of training new and existing staff”	80%	84%
People Matter Survey – percentage of staff with a positive response to the question, “Trainees in my discipline are adequately supervised”	80%	91%
People Matter Survey – percentage of staff with a positive response to the question, “I would recommend a friend or relative to be treated as a patient here”	80%	97%

The 2020 People Matter Survey has been delayed and commenced until October 2020, due to COVID-19.

Timely access to care

Emergency care	Target	Result
Percentage of ambulance patients transferred from ambulance to emergency department within 40 minutes	90%	100%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended times	80%	82%
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%	74%
Number of patients with length of stay in the Emergency Department greater than 24 hours	0	0
Elective Surgery		
Percentage of Urgency Category 1 elective surgery patients admitted within 30 days	100%	100%
Percentage of Urgency Category 1, 2 and 3 elective patients admitted within clinically recommended timeframes	94%	92%
Percentage of patients on the waiting list who have waited longer than clinically recommended time for their respective triage category	5% or 15% proportional improvement from prior year	27%
Number of patients on the elective surgery waiting list	2,900	3,055
Number of hospital initiated postponements per 100 scheduled admissions	<7/100	3
Number of patients admitted from the elective surgery waiting list – annual total	13,160	11,166
Specialist clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	88%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	92%

Effective financial management

Key performance indicator	Target	Result
Operating Result ($M)	0.000	0.824
Average Number of Days to Paying Trade Creditors	60 days	42 days
Average Number of Days to Receiving Patient Fee Debtors	60 days	25 days
Public and Private WIES Activity Performance to Target	100%	83%
Adjusted Current Asset Ratio	0.7 or 3% improvement from health service base target	4.2
Forecast number of days a health service can maintain its operations with unrestricted available cash (based on end of year forecast)	14 days	53 days
Actual number of days a health service can maintain its operations with unrestricted available cash, measured on the last day of each month	14 days	Achieved
Measures the accuracy of forecasting the Net result from transactions (NRFT) for the current financial year ending 30 June.	Variance ≤ $250,000	($1,044,812)

Part C: Activity and Funding

Funding Type	2019-2020 Activity Achievement
Acute Admitted	
WIES Public	7960.7
WIES Private	2123.6
WIES DVA	45.2
WIES TAC	0.5
Acute non-admitted	
Specialist Clinics	114,416

Disclosure Index

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

Legislation	Requirement	Page Reference
Ministerial Directions		
Report of Operations		
Charter and purpose		
FRD 22H	Manner of establishment and the relevant Ministers	2
FRD 22H	Purpose, functions, powers and duties	2
FRD 22H	Nature and range of services provided	2
FRD 22H	Activities, programs and achievements for the reporting period	3
FRD 22H	Significant changes in key initiatives and expectations for the future	3
Management and structure		
FRD 22H	Organisational structure	10
FRD 22H	Workforce data/ employment and conduct principles	14
FRD 22H	Occupational Health and Safety	16
Financial information		
FRD 22H	Summary of the financial results for the year	18
FRD 22H	Significant changes in financial position during the year	19
FRD 22H	Operational and budgetary objectives and performance against objectives	18
FRD 22H	Subsequent events	19
FRD 22H	Details of consultancies under $10,000	19
FRD 22H	Details of consultancies over $10,000	19
FRD 22H	Disclosure of ICT expenditure	19
Legislation		
FRD 22H	Application and operation of *Freedom of Information Act 1982*	20
FRD 22H	Compliance with building and maintenance provisions of *Building Act 1993*	20
FRD 22H	Application and operation of *Protected Disclosure 2012*	20
FRD 22H	Statement on National Competition Policy	21
FRD 22H	Application and operation of *Carers Recognition Act 2012*	21
FRD 22H	Summary of environmental performance	21
FRD 22H	Additional information on request	22
Other relevant reporting directives		
FRD 25D	Local Jobs First Act disclosures	22
SD 5.1.4	Financial Management Compliance attestation	23
SD 5.1.3	Declaration in report of operations	23
Attestations		
Attestation on Data Integrity		23
Attestation on managing Conflicts of Interest		23
Attestation on Integrity, fraud and corruption		23
Other reporting requirements		
Reporting of outcomes from Statement of Priorities 2019-20		24
Occupational Violence reporting		17
Reporting obligations under the *Safe Patient Care Act 2015*		21
Reporting of compliance regarding Car Parking Fees		22

Financial Statements

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

The attached financial statements for *The Royal Victorian Eye and Ear Hospital* have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2020 and the financial position of *The Royal Victorian Eye and Ear Hospital* at 30 June 2020.

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 17 September 2020

Dr Sherene Devanesen
Chair, Board of Directors
17 September 2020

Brendon Gardner
Accountable Officer
17 September 2020

Danny Mennuni
Chief Finance and Accounting Officer
17 September 2020

Independent Auditor's Report

To the Board of The Royal Victorian Eye and Ear Hospital

Opinion

I have audited the financial report of The Royal Victorian Eye and Ear Hospital (the health service) which comprises the:

- balance sheet as at 30 June 2020
- comprehensive operating statement for the year then ended
- statement of changes in equity for the year then ended
- cash flow statement for the year then ended
- notes to the financial statements, including significant accounting policies
- board member's, accountable officer's and chief finance & accounting officer's declaration.

In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2020 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

Basis for Opinion

I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975.* My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Board's responsibilities for the financial report

The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

Level 31 / 35 Collins Street, Melbourne Vic 3000
T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

Auditor's responsibilities for the audit of the financial report	As required by the *Audit Act 1994,* my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report. As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also: • identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. • obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the health service's internal control • evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board • conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the health service's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the health service to cease to continue as a going concern. • evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation. I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
22 September 2020

Travis Derricott
as delegate for the Auditor-General of Victoria

The Royal Victorian Eye and Ear Hospital
Comprehensive Operating Statement
For the Financial Year Ended 30 June 2020

	Note	2020 $'000	2019 $'000
Income from Transactions:			
Operating Activities	2.1	146,094	141,646
Non-Operating Activities	2.1	2,892	5,761
Total Income from Transactions		**148,986**	**147,407**
Expenses from Transactions:			
Employee Expenses	3.1	(78,710)	(74,609)
Supplies and Consumables	3.1	(24,946)	(27,633)
Finance Costs	3.1	(269)	(559)
Other Administrative Expenses	3.1	(7,516)	(7,435)
Other Operating Expenses	3.1	(6,198)	(5,333)
Depreciation and Amortisation	4.4	(9,213)	(13,261)
Other Non-Operating Expenses	3.1	(82)	(60)
Total Expenses from Transactions		**(126,934)**	**(128,890)**
Net Result from Transactions - Net Operating Balance		**22,052**	**18,517**
Other Economic Flows Included In Net Result:			
Net (Loss) on Non-Financial Assets	3.2	-	(1,720)
Net (Loss) on Financial Instruments at Fair Value	3.2	(1,633)	(1,754)
Other (Loss) from Other Economic Flows	3.2	(203)	(614)
Total Other Economic Flows Included In Net Result		**(1,836)**	**(4,088)**
Net Result For The Year		**20,216**	**14,429**
Other Comprehensive Income:			
Items that Will Not Be Reclassified to Net Result			
Changes in Property, Plant and Equipment Revaluation Surplus	4.2(f)	-	(22,345)
Total Other Comprehensive Income		**-**	**(22,345)**
Comprehensive Result for the Year		**20,216**	**(7,916)**

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

The Royal Victorian Eye and Ear Hospital
Balance Sheet
As at 30 June 2020

	Note	2020 $'000	2019 $'000
Current Assets			
Cash and Cash Equivalents	6.2	25,394	35,198
Receivables	5.1	1,759	1,777
Investments and Other Financial Assets	4.1	-	43,617
Inventories	4.6	371	270
Other Assets	5.4	1,142	1,175
Total Current Assets		**28,666**	**82,037**
Non-Current Assets			
Receivables	5.1	4,211	3,131
Investments and Other Financial Assets	4.1	41,898	-
Property, Plant and Equipment	4.2	252,467	225,969
Intangible Assets	4.3	5,149	2,931
Investment Properties	4.5	12,610	12,610
Total Non-Current Assets		**316,335**	**244,641**
Total Assets		**345,001**	**326,678**
Current Liabilities			
Payables	5.2	4,263	9,092
Borrowings	6.1	1,736	-
Provisions	3.4	18,521	15,710
Other Liabilities	5.3	-	66
Total Current Liabilities		**24,520**	**24,868**
Non-Current Liabilities			
Provisions	3.4	3,584	3,662
Borrowings	6.1	6,879	8,346
Total Non-Current Liabilities		**10,463**	**12,008**
Total Liabilities		**34,983**	**36,876**
Net Assets		**310,018**	**289,802**
Equity			
Property, Plant and Equipment Revaluation Surplus	4.2(f)	67,428	67,428
General Purpose Surplus	SCE	166	110
Restricted Specific Purpose Surplus	SCE	49,948	56,418
Contributed Capital	SCE	51,568	51,568
Accumulated Surpluses	SCE	140,908	114,278
Total Equity		**310,018**	**289,802**

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

The Royal Victorian Eye and Ear Hospital
Statement of Changes in Equity
For the Financial Year Ended 30 June 2020

	Note	Property, Plant and Equipment Revaluation Surplus	General Purpose Surplus	Restricted Specific Purpose Surplus	Contributed Capital	Accumulated Surpluses/ (Deficits)	Total
		$'000	$'000	$'000	$'000	$'000	$'000
Balance at 30 June 2018		**89,773**	**182**	**66,194**	**51,568**	**90,001**	**297,718**
Net Result for the Year		-	-	-	-	14,429	14,429
Other Comprehensive Income for the Year		(22,345)	-	-	-	-	(22,345)
Transfer to / (from) Accumulated Surpluses		-	(72)	(9,776)	-	9,848	-
Balance at 30 June 2019		**67,428**	**110**	**56,418**	**51,568**	**114,278**	**289,802**
Net Result for the Year		-	-	-	-	20,216	20,216
Transfer to / (from) Accumulated Surpluses		-	56	(6,470)	-	6,414	-
Balance at 30 June 2020		**67,428**	**166**	**49,948**	**51,568**	**140,908**	**310,018**

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

The Royal Victorian Eye and Ear Hospital
Cash Flow Statement
For the Financial Year Ended 30 June 2020

	Note	2020 $'000	2019 $'000
Cash Flows From Operating Activities:			
Operating Grants from Government (State)		99,582	95,332
Operating Grants from Government (Commonwealth)		3,070	3,409
Capital Grants from Government (State)		2,519	3,803
Patient Fees Received		4,199	4,575
Private Practice Fees Received		1,903	2,363
Donations and Bequests Received		3,179	900
GST Received from ATO		3,726	3,615
Interest and Investment Income Received		2,494	5,472
Car Park Income Received		430	477
Other Receipts		6,024	7,756
Total Receipts		**127,126**	**127,702**
Employee Expenses Paid		(75,813)	(71,481)
Payments for Supplies and Consumables		(26,902)	(27,654)
Payments for Medical Indemnity Insurance		(1,375)	(1,260)
Payments for Repairs and Maintenance		(2,094)	(1,495)
GST (Paid to) ATO		(251)	(278)
Other Payments		(16,868)	(15,554)
Total Payments		**(123,303)**	**(117,722)**
Net Cash Flow From/(Used In) Operating Activities	8.1	**3,823**	**9,980**
Cash Flows From Investing Activities:			
Proceeds from Sale / (Purchase) of Investments		-	35,000
Purchase of Non-Financial Assets		(13,651)	(15,155)
Proceeds from Sale of Non-Financial Assets		24	-
Net Cash Flow From/(Used In) Investing Activities		**(13,627)**	**19,845**
Net Increase/(Decrease) In Cash And Cash Equivalents Held		**(9,804)**	**29,825**
Cash and Cash Equivalents at Beginning of Year		**35,198**	**5,373**
Cash and Cash Equivalents at End of Year	6.2	**25,394**	**35,198**

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

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 2020. The report provides users with information about the hospital's stewardship of resources entrusted to it.

These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in preparing these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

(a) Statement of Compliance

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

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

The Royal Victorian Eye and Ear Hospital is a not-for profit entity and therefore applies the additional Aus paragraphs applicable to “not-for-profit” entities under the AASBs.

(b) Reporting Entity

The financial statements include all the controlled activities of The Royal Victorian Eye and Ear 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.

(c) Basis of Accounting Preparation and Measurement

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

The accounting policies set out below have been applied in preparing the financial statements for the year ending 30 June 2020, and the comparative information presented in these financial statements for the year ending 30 June 2019.

The financial statements are prepared on a going concern basis (refer Note 8.8).

The financial statements are presented in Australian dollars, the functional and presentation currency of the hospital.

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

The hospital operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds.

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.

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

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

- The fair value of land, buildings, infrastructure and plant and equipment, (refer Note 4.2); and
- Employee benefit provisions are based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.4).

Global Coronavirus Pandemic

A state of emergency was declared in Victoria on 16 March 2020 due to the global coronavirus pandemic, known as COVID-19. A state of disaster was subsequently declared on 2 August 2020.

To contain the spread of the virus and to prioritise the health and safety of our communities various restrictions have been announced and implemented by the state government, which in turn has impacted the manner in which businesses operate, including The Royal Victorian Eye and Ear Hospital.

In response, the hospital placed restrictions on non-essential visitors, implemented reduced visitor hours, deferred elective surgery and reduced activity, performed COVID-19 testing and implemented work from home arrangements where appropriate.

For further details refer to Notes 2.1, 3.1 and 4.2.

Goods and Services Tax (GST)

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

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

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

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

(d) Equity

Contributed Capital

Consistent with the requirements of AASB 1004 Contributions, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the hospital.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

Other transfers that are in the nature of contributions or distributions or that have been designated as contributed capital are also treated as contributed capital.

Specific Restricted Purpose Surplus

The 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.

Note 2: Funding the Delivery of Services

The hospital's overall objective is to provide quality health services that support and enhance the wellbeing of all Victorians.

The hospital is predominantly funded by accrual based grant funding for the provision of outputs. The hospital also receives income from the supply of goods and services.

Structure:

2.1 Income from Transactions

Note 2.1 (a): Income from Transactions

	Note	2020 $'000	2019 $'000
Government Grants (State) - Operating [(i)]		100,929	95,538
Government Grants (Commonwealth) - Operating		3,075	3,337
Government Grants (State) - Capital		26,822	28,679
Patient Fees		3,964	4,549
Private Practice Fees		1,903	2,363
Commercial Activities [(ii)]		1,275	1,418
Assets Received Free of Charge or for Nominal Consideration	2.1 (b)	1,702	129
Other Revenue from Operating Activities (including Non-Capital Donations)		6,424	5,633
Total Income from Operating Activities		**146,094**	**141,646**
Capital Interest		459	916
Dividends		2,035	4,430
Rental Income - Investment Properties		398	415
Total Income from Non-Operating Activities		**2,892**	**5,761**
Total Income from Transactions		**148,986**	**147,407**

[(i)] Government Grants (State) - Operating includes funding of $6.11 million which was spent due to the impacts of COVID-19.

[(ii)] Commercial Activities represent business activities which the hospital enters into to support its operations.

Revenue Recognition

Income is recognised in accordance with either:

a) contributions by owners, in accordance with AASB 1004;

b) income for not-for-profit entities, in accordance with AASB 1058;

c) revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15;

d) a lease liability in accordance with AASB 16;

e) a financial instrument, in accordance with AASB 9; or

f) a provision, in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

Impact of COVID-19 on Revenue and Income

As indicated at Note 1, the hospital's response to the pandemic included the deferral of elective surgeries and reduced activity. This resulted in the hospital incurring lost revenue as well as direct and indirect COVID-19 costs. The Department of Health and Human Services provided funding which was spent due to COVID-19 impacts on the hospital. The hospital also received essential personal protective equipment free of charge under the state supply arrangement.

Government Grants

Income from grants that are enforceable and with sufficiently specific performance obligations are accounted for under AASB 15 as revenue from contracts with customers, with revenue recognised as these performance obligations are met.

Income from grants without sufficiently specific performance obligations, or that are not enforceable, is recognised when the hospital has an unconditional right to receive the cash which usually coincides with receipt of cash. On initial recognition of the asset, the hospital recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue ('related amounts') in accordance with other Australian Accounting Standards.

As a result of the transitional impacts of adopting AASB 15 and AASB 1058, a portion of the grant revenue has been deferred. If the grant income is accounted for in accordance with AASB 15, the deferred grant revenue has been recognised in contract liabilities whereas grant revenue in relation to the construction of capital assets which the hospital controls has been recognised in accordance with AASB 1058 and recognised as deferred grant revenue (refer note 5.2). If the grant revenue was accounted for under the previous accounting standard AASB 1004 in 2019-20, the total grant revenue received would have been recognised in full.

Performance Obligations

The types of government grants recognised under AASB15 Revenue from Contracts with Customers includes:

- Activity Based Funding (ABF) paid as WIES casemix; and
- Other one-off grants if funding conditions contain enforceable and sufficiently specific performance obligations.

The performance obligations for ABF are the number and mix of patients admitted to hospital (casemix) in accordance with levels of activity agreed to with the Department of Health and Human Services (DHHS) in the annual Statement of Priorities (SoP). Revenue is recognised when a patient is discharged and in accordance with the WIES activity for each separation. The performance obligations have been selected as they align with funding conditions set out in the Policy and Funding Guidelines issued by DHHS.

For other grants with performance obligations the hospital exercises judgement over whether the performance obligations have been met, on a grant by grant basis.

Previous accounting policy for 30 June 2019

Grant income arises from transactions in which a party provides goods or assets (or extinguishes a liability) to the hospital without receiving approximately equal value in return. While grants may result in the provision of some goods or services to the transferring party, they do not provide a claim to receive benefits directly of approximately equal value (and are termed 'non-reciprocal' transfers). Receipt and sacrifice of approximately equal value may occur, but only by coincidence.

Some grants are reciprocal in nature (i.e. equal value is given back by the recipient of the grant to the provider). The hospital recognises income when it has satisfied its performance obligations under the terms of the grant.

For non-reciprocal grants, the hospital recognises revenue when the grant is received.

Grants can be received as general purpose grants, which refers to grants which are not subject to conditions regarding their use. Alternatively, they may be received as specific purpose grants, which are paid for a particular purpose and/or have conditions attached regarding their use.

Non-Cash Contributions from the Department of Health and Human Services

The Department of Health and Human Services makes some payments on behalf of health services as follows:

- The Victorian Managed Insurance Authority non-medical indemnity insurance payments are recognised as revenue following advice from the Department of Health and Human Services; and
- Long Service Leave (LSL) revenue is recognised upon finalisation of movements in LSL liability in line with the long service leave funding arrangements set out in the relevant Department of Health and Human Services Hospital Circular.

Patient Fees

Patient fees revenue is recognised when the performance obligation is satisfied, which is when the episode of care is completed, ie. upon discharge of the patient or completion of their appointment.

Private Practice Fees

Private practice fees revenue is recognised when the performance obligation is satisfied, which is following completion of the patient's outpatient appointment.

Revenue from Commercial Activities

Commercial activities includes commercial car parking facilities, property rental, sale of medication and providing education services. Revenue is recognised when the performance obligation is satisfied, which is following the provision of the service or goods. There has been no change in the recognition of revenue from commercial activities as a result of the adoption of AASB 15 or AASB 16.

Performance Obligations and Revenue Recognition Policies

Revenue is measured based on the consideration specified in the contract with the customer. The hospital recognises revenue when it transfers control of a good or service to the customer i.e. revenue is recognised when, or as, the performance obligations for the sale of goods and services to the customer are satisfied.

- Customers obtain control of the supplies and consumables at a point in time when the goods are delivered to and have been accepted at their premises.
- Income from the sale of goods is recognised when the goods are delivered and have been accepted by the customer at their premises.
- Revenue from the rendering of services is recognised at a point in time when the performance obligation is satisfied when the service is completed; and over time when the customer simultaneously receives and consumes the services as it is provided.

Consideration received in advance of recognising the associated revenue from the customer is recorded as a contract liability (Note 5.2 (b)). Where the performance obligations is satisfied but not yet billed, a contract asset is recorded (Note 5.2).

Note 2.1 (b): Fair Value of Assets Received Free of Charge or For Nominal Consideration

	2020 $'000	2019 $'000
Cash Donations and Gifts - Capital	1,659	129
Assets Received Free of Charge Under State Supply Arrangements	41	-
Other Assets Received Free of Charge	2	-
Total Fair Value of Assets Received Free of Charge or For Nominal Consideration	**1,702**	**129**

Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the hospital obtains control over the resources, irrespective of whether restrictions or conditions are imposed over the use of the contributions.

In order to meet the State of Victoria's health network supply needs during the COVID-19 pandemic, arrangements were put in place to centralise the purchasing of essential personal protective equipment and essential capital items such as ventilators.

The general principles of the State Supply Arrangement were that Health Purchasing Victoria sourced, secured and agreed terms for the purchase of the products, funded by the department, while Monash Health and the department took delivery, and distributed the products to health services as resources provided free of charge.

Cash Donations and Gifts - Capital: Donations and bequests are recognised as revenue when received. If donations are for a specific purpose, they may be appropriated to a surplus, such as the specific restricted purposes surplus.

Voluntary Services: 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. The hospital received volunteer services that it would not have purchased if not donated and does not depend on volunteers to deliver its services; these services are not recognised at fair value.

Other Revenue

Other income is recognised as revenue when received. Other income includes recoveries for salaries and wages and external services provided and non-capital donations and bequests. If donations are for a specific purpose, they may be appropriated to a surplus, such as the specific restricted purpose surplus.

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.

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.

Rental and Lease Income

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

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

In the event that lease incentives are given to the lessee, the aggregate cost of incentives is 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.

The following table sets out the maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

Note 2.1 (c): Operating Lease Income

	2020 $'000	2019 $'000
Non-Cancellable Operating Lease Receivables		
Not later than 1 year	406	677
Later than 1 year and not later than 5 years	568	1,043
Later than 5 years	87	102
Total Other Income	**1,061**	**1,822**

Note 3: The Cost of Delivering Services

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

Structure:
3.1 Expenses from Transactions
3.2 Other Economic Flows
3.3 Analysis of Expense and Revenue by Internally Managed and Restricted Specific Purpose Funds
3.4 Employee Benefits in the Balance Sheet
3.5 Superannuation

Note 3.1: Expenses from Transactions

	2020 $'000	2019 $'000
Salaries and Wages	60,058	56,645
On-Costs	16,085	14,691
Agency Expenses	1,324	1,395
Fee for Service Medical Officer Expenses	820	1,255
Workcover Premium	423	623
Total Employee Expenses	**78,710**	**74,609**
Drug Supplies	4,648	5,017
Medical and Surgical Supplies (including Prostheses)	15,772	17,832
Diagnostic and Radiology Supplies	1,010	948
Other Supplies and Consumables	3,516	3,836
Total Supplies and Consumables	**24,946**	**27,633**
Finance Costs	269	559
Total Finance Costs	**269**	**559**
Other Administrative Expenses	7,516	7,435
Total Other Administrative Expenses	**7,516**	**7,435**
Fuel, Light, Power and Water	2,464	2,557
Repairs and Maintenance	597	511
Maintenance Contracts	1,497	984
Medical Indemnity Insurance	1,375	1,260
Expenditure for Capital Purposes	265	21
Total Other Operating Expenses	**6,198**	**5,333**
Depreciation and Amortisation (refer Note 4.4)	9,213	13,261
Total Depreciation and Amortisation	**9,213**	**13,261**
Bad and Doubtful Debt Expense	82	60
Total Other Non-Operating Expenses	**82**	**60**
Total Expenses from Transactions	**126,934**	**128,890**

Impact of COVID-19 on Expenses

As indicated at Note 1, the hospital's daily activities were impacted by the pandemic. This resulted in direct and indirect costs being incurred, such as additional salary and wages, supplies and consumables and facility maintenance costs.

Expense Recognition

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

Employee Expenses

Employee expenses include:

- Salaries and wages (including fringe benefits tax, leave entitlements, termination payments);
- On-costs;
- Agency expenses;
- Fee for service medical officer expenses; and
- Work cover premium.

Supplies and Consumables

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

Finance Costs

Finance costs include:

- amortisation of discounts or premiums relating to borrowings.

Other Operating Expenses

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

- Fuel, light and power;
- Repairs and maintenance;
- Other administrative expenses; and
- Expenditure for capital purposes (includes expenditure related to the purchase of assets that are below the capitalisation threshold of $1,000).

The Department of Health and Human Services also makes certain payments on behalf of the hospital. These amounts have been brought to account as grants in determining the operating result for the year by recording them as revenue and also recording the related expense.

Non-Operating Expenses

Other non-operating expenses generally represent expenditure for outside the normal operations such as depreciation and amortisation and assets and services provided free of charge or for nominal consideration.

Operating Lease Payments

Operating lease payments up until 30 June 2019 (including contingent rentals) were recognised 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.

From 1 July 2019, the following lease payments are recognised on a straight-line basis:

- Short-term leases – leases with a term less than 12 months; and
- Low value leases – leases with the underlying asset’s fair value (when new, regardless of the age of the asset being leased) is no more than $10,000.

Variable lease payments not included in the measurement of the lease liability (i.e. variable lease payments that do not depend on an index or a rate, initially measured using the index or rate as at the commencement date). These payments are recognised in the period in which the event or condition that triggers those payments occur.

Note 3.2: Other Economic Flows

	2020 $'000	2019 $'000
Net Gain/(Loss) on Non-Financial Assets:		
Gain/(Loss) on Revaluation of Investment Property	-	(1,701)
Net Gain/(Loss) on Disposal of Property Plant and Equipment	-	(19)
Total Net Gain/(Loss) on Non-Financial Assets	**-**	**(1,720)**
Net Gain/(Loss) on Financial Instruments:		
Allowance for Impairment Losses of Contractual Receivables	86	149
Other Gains/(Losses) on Financial Instruments	(1,719)	(1,903)
Total Net Gain/(Loss) on Financial Instruments	**(1,633)**	**(1,754)**
Other Gains/(Losses) from Other Economic Flows:		
Net Gain/(Loss) from Revaluation of Long Service Leave Liability	(203)	(614)
Total Other Gains/(Losses) from Other Economic Flows	**(203)**	**(614)**
Total Gains/(Losses) from Other Economic Flows	**(1,836)**	**(4,088)**

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions.

Net Gain/(Loss) on Non-Financial Assets

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

- Revaluation gains/(losses) of non-financial physical assets (refer Note 4.2); and
- 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).

Net Gain/(Loss) on Financial Instruments at Fair Value

Net gain/(loss) on financial instruments at fair value 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 Notes 4.1 and 7.1); and
- Disposals of financial assets and derecognition of financial liabilities.

Other Gains/(Losses) from Other Economic Flows

Other gains/(losses) include:

- The revaluation of the present value of the long service leave liability due to changes in the bond rate movements, inflation rate movements and the impact of changes in probability factors.

Note 3.3: Analysis of Expense and Revenue by Internally Managed and Restricted Specific Purpose Funds

	Expense		Revenue	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Commercial Activities				
Private Practice and Other Patient Activities	1,071	976	853	938
Pharmacy Services	61	67	111	112
Car Park	103	93	430	478
Property	37	43	594	660
Other Activities				
Fundraising and Community Support	673	673	1,341	827
Research and Scholarship	379	353	215	370
Investments	-	-	-	1,663
Education and Training	71	16	118	9
Total	**2,395**	**2,221**	**3,662**	**5,057**

Note 3.4: Employee Benefits in the Balance Sheet

	2020 $'000	2019 $'000
Current Provisions		
Employee Benefits (i)		
Accrued Days Off		
- Unconditional and expected to be settled wholly within 12 months (ii)	188	158
Annual Leave		
- Unconditional and expected to be settled wholly within 12 months (ii)	4,321	3,736
- Unconditional and expected to be settled wholly after 12 months (iii)	1,852	1,601
Long Service Leave		
- Unconditional and expected to be settled wholly within 12 months (ii)	900	900
- Unconditional and expected to be settled wholly after 12 months (iii)	9,520	7,838
	16,781	14,233
Provisions related to Employee Benefit On-Costs		
- Unconditional and expected to be settled within 12 months (ii)	548	487
- Unconditional and expected to be settled after 12 months (iii)	1,192	990
	1,740	1,477
Total Current Provisions	**18,521**	**15,710**
Non-Current Provisions		
Conditional Long Service Leave	3,243	3,314
Provisions related to Employee Benefits On-Costs	341	348
Total Non-Current Provisions	**3,584**	**3,662**
Total Provisions	**22,105**	**19,372**

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

Note 3.4 (a) Employee Benefits and Related On-Costs

	2020 $'000	2019 $'000
Current Employee Benefits including Related On-Costs		
Unconditional Long Service Leave Entitlements	11,514	9,655
Annual Leave Entitlements	6,819	5,897
Accrued Days Off	188	158
Non-Current Employee Benefits including Related On-Costs		
Conditional Long Service Leave Entitlements [(ii)]	3,584	3,662
Total Employee Benefits including Related On-Costs	**22,105**	**19,372**

Note 3.4 (b) Movements in On-Costs Provision

	2020 $'000	2019 $'000
Balance at Start of Year	**1,825**	**1,574**
Additional Provisions Recognised	1,008	914
Unwinding of Discount and Effect of Changes in the Discount Rate	21	64
Reduction due to Transfer Out	(773)	(727)
Balance at End of Year	**2,081**	**1,825**

Employee Benefits Recognition

Provision is made for benefits accruing to employees in respect of accrued days off, annual leave and long service leave for services rendered to the reporting date, as an expense during the period that the services are delivered.

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

Annual Leave and Accrued Days Off

Liabilities for annual leave and accrued days off are all recognised in the provision for employee benefits as 'current liabilities' because the hospital does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for annual leave and accrued days off are measured at:

- Nominal value – if the hospital expects to wholly settle within 12 months; or
- Present value – if the hospital does not expect to wholly settle within 12 months.

Long Service Leave

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

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

The components of this current LSL liability are measured at:

- Nominal value – if the hospital expects to wholly settle within 12 months; or
- Present value – if the hospital does not expect to wholly settle within 12 months.

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

Termination Benefits

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

On-Costs Related to Employee Benefits

Provision for on-costs, such as workers compensation insurance premium and superannuation are recognised separately from provisions for employee benefits.

Note 3.5: 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 plans provide benefits based on years of service and final average salary.

Superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of the hospital.

The name, details and amounts paid in relation to the major employee superannuation funds and contributions made by the hospital are as follows:

	Contributions Paid for the Year		Contribution Outstanding at Year End	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Defined benefit plans[(i)]:				
First State Super	147	148	-	-
Defined contribution plans:				
First State Super	3,902	3,845	-	-
HESTA	1,960	1,792	-	-
Other	634	496	-	-
Total Superannuation	6,643	6,281	-	-

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

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 the plan, and are based upon actuarial advice.

The hospital does not recognise any unfunded defined benefit liability in respect of the 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 discloses the State's defined benefit liabilities in its disclosure for administered items.

Defined Contribution Superannuation Plans

In relation to defined contribution (ie. 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.

Note 4: Key Assets to Support Service Delivery

The hospital controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to the hospital to be utilised for delivery of those outputs.

Structure:

4.1 Investments and Other Financial Assets
4.2 Property, Plant and Equipment
4.3 Intangible Assets
4.4 Depreciation and Amortisation
4.5 Investment Properties
4.6 Inventories

Note 4.1: Investments and Other Financial Assets

	2020 $'000	2019 $'000
Current		
Managed Investment Schemes	-	43,617
Total Current	-	43,617
Non-Current		
Managed Investment Schemes	41,898	-
Total Non Current	41,898	-
Total Investments and Other Financial Assets	**41,898**	**43,617**
Represented by:		
Hospital Investments	41,898	43,617
Total Investments and Other Financial Assets	**41,898**	**43,617**

Investments Recognition

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

The hospital classifies its other financial assets between current and non-current assets based on the Board’s intention at balance date with respect to the timing of disposal of each asset.

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

The hospital's investments must comply with Standing Direction 3.7.2 - Treasury Management, including Central Banking System. The investment portfolio of the hospital is managed by Victorian Funds Management Corporation through specialist fund managers and a Master Custodian. The Master Custodian holds the investments and conducts settlements pursuant to instructions from the specialist fund managers.

All financial assets, except those measured at fair value through net result are subject to annual review for impairment.

Note 4.2: Property, Plant and Equipment

Initial Recognition

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

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

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

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

Revaluations of Non-Current Physical Assets

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

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

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

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

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

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

Fair Value Measurement

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

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

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 estimates and underlying assumptions are reviewed on an ongoing basis.

Valuation Hierarchy

In determining fair values a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

- 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; and
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Identifying Unobservable Inputs (Level 3) Fair Value Measurement

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

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

Consideration of Highest and Best Use (HBU) for Non-Financial Physical Assets

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

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

Non-Specialised Land and Non-Specialised Buildings

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

For non-specialised land and non-specialised buildings, an independent valuation was performed by the Valuer-General Victoria to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2019.

Specialised Land and Specialised Buildings

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

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

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

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

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

An independent valuation of hospital's specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2019.

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 the consumption of the vehicles. As a result, the fair value of vehicles does not differ materially from the carrying amount (depreciated cost).

Plant and Equipment

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

There were no changes in valuation techniques throughout the period to 30 June 2020.

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

Note 4.2 (a) Gross Carrying Amount and Accumulated Depreciation

	2020 $'000	2019 $'000
Land		
Land at Fair Value		
- Crown	2,160	2,160
- Freehold	43,568	43,568
Total Land	**45,728**	**45,728**
Buildings		
Buildings at Fair Value	138,242	138,178
less Accumulated Depreciation	(7,034)	(11)
Total Buildings	**131,208**	**138,167**
Plant and Equipment		
Plant and Equipment at Fair Value	5,052	3,753
less Accumulated Depreciation	(3,203)	(2,950)
Total Plant and Equipment	**1,849**	**803**
Medical Equipment		
Medical Equipment at Fair Value	19,451	18,809
less Accumulated Depreciation	(12,115)	(11,383)
Total Medical Equipment	**7,336**	**7,426**
Assets Under Construction		
PP&E Assets Under Construction	66,346	33,845
Total Assets Under Construction	**66,346**	**33,845**
Total Property, Plant & Equipment	**252,467**	**225,969**

Note 4.2 (b) Reconciliation of the Carrying Amount by Class of Asset

	Land $'000	Buildings $'000	Plant & Equipment $'000	Medical Equipment $'000	Assets Under Construction $'000	Total $'000
Balance at 1 July 2018	**49,396**	**88,513**	**1,021**	**6,493**	**76,467**	**221,890**
Additions	-	3,504	18	2,081	33,826	39,429
Disposals	-	-	-	(19)	-	(19)
Assets Written Back and Transferred to Expense	-	-	-	-	(6)	(6)
Revaluation Increments/(Decrements)	(3,668)	(18,677)	-	-	-	(22,345)
Net Transfers between Classes	-	76,229	88	125	(76,442)	-
Depreciation (Note 4.4)	-	(11,402)	(324)	(1,254)	-	(12,980)
Balance at 1 July 2019	**45,728**	**138,167**	**803**	**7,426**	**33,845**	**225,969**
Additions	-	63	496	1,257	33,567	35,383
Disposals	-	-	(5)	(19)	-	(24)
Net Transfers between Classes	-	-	1,052	14	(1,066)	-
Depreciation (Note 4.4)	-	(7,022)	(497)	(1,342)	-	(8,861)
Balance at 30 June 2020	**45,728**	**131,208**	**1,849**	**7,336**	**66,346**	**252,467**

Land and Buildings Carried at Valuation

A full revaluation of the hospital's land and buildings was performed by the Valuer-General of Victoria (VGV) in May 2019 in accordance with the requirements of Financial Reporting Direction (FRD) 103H Non-Financial Physical Assets. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The effective date of the valuation for both land and buildings was 30 June 2019.

In compliance with FRD 103H, in the year ended 30 June 2020, management conducted an annual assessment of the fair value of land and buildings. To facilitate this, management obtained from the Department of Treasury and Finance the VGV indices for the financial year ended 30 June 2020.

The VGV indices, which are based on data to March 2020, indicate an average increase of 0.0% across all land parcels and a 2.5% increase in buildings.

Management regards the VGV indices to be a reliable and relevant data set to form the basis of their estimates. Whilst these indices are applicable at 30 June 2020, the fair value of land and buildings will continue to be subjected to the impacts of COVID-19 in future accounting periods.

As the accumulative movement was less than 10% for land and buildings no managerial revaluation was required.

The land and building balances are considered to be sensitive to market conditions. To trigger a managerial revaluation a decrease in the land indices of 10.0% and a decrease in the building indices of 12.5% would be required.

Note 4.2 (c) Fair Value Measurement Hierarchy for Assets

	Carrying Amount as at 30 June 2020	Fair Value Measurement at End of Reporting Period using:		
		Level 1 [(i)]	Level 2 [(i)]	Level 3 [(i)]
	$'000	$'000	$'000	$'000
Land				
Non-Specialised Land at Fair Value	4,880	-	4,880	-
Specialised Land at Fair Value	40,848	-	-	40,848
Total Land at Fair Value	**45,728**	**-**	**4,880**	**40,848**
Buildings				
Non-Specialised Buildings at Fair Value	3,390	-	3,390	-
Specialised Buildings at Fair Value	127,818	-	-	127,818
Total Buildings at Fair Value	**131,208**	**-**	**3,390**	**127,818**
Plant and Equipment				
Plant and Equipment at Fair Value	1,849	-	-	1,849
			-	
Medical Equipment				
Medical Equipment at Fair Value	7,336	-	-	7,336
Assets Under Construction				
Assets Under Construction at Fair Value	66,346	-	-	66,346
Total Property, Plant and Equipment At Fair Value	**252,467**	**-**	**8,270**	**244,197**

	Carrying Amount as at 30 June 2019	Fair Value Measurement at End of Reporting Period using:		
		Level 1 [(i)]	Level 2 [(i)]	Level 3 [(i)]
	$'000	$'000	$'000	$'000
Land				
Non-Specialised Land at Fair Value	4,880	-	4,880	-
Specialised Land at Fair Value	40,848	-	-	40,848
Total Land at Fair Value	**45,728**	**-**	**4,880**	**40,848**
Buildings				
Non-Specialised Buildings at Fair Value	3,490	-	3,490	-
Specialised Buildings at Fair Value	134,677	-	-	134,677
Total Buildings at Fair Value	**138,167**	**-**	**3,490**	**134,677**
Plant and Equipment				
Plant and Equipment at Fair Value	803	-	-	803
Medical Equipment				
Medical Equipment at Fair Value	7,426	-	-	7,426
Assets Under Construction				
Assets Under Construction at Fair Value	33,845	-	-	33,845
Total Property, Plant and Equipment At Fair Value	**225,969**	**-**	**8,370**	**217,599**

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

There have been no transfers between levels during the period.

Note 4.2 (d) Reconciliation of Level 3 Fair Value Measurement

	Land	Buildings	Plant and Equipment	Medical Equipment	Assets Under Construction	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Opening Balance at 1 July 2019	40,848	134,677	803	7,426	33,845	217,599
Additions / (Disposals)	-	63	491	1,238	33,567	35,359
Transfers In (Out) of Asset Classes	-	-	1,052	14	(1,066)	-
Gains / (Losses) Recognised in Net Result						
- Depreciation	-	(6,922)	(497)	(1,342)	-	(8,761)
Closing Balance at 30 June 2020	**40,848**	**127,818**	**1,849**	**7,336**	**66,346**	**244,197**
				-		
Opening Balance at 1 July 2018	44,891	86,078	1,021	6,493	76,467	214,950
Additions / (Disposals)	-	3,504	18	2,062	33,826	39,410
Transfers In (Out) of Asset Classes	-	76,229	88	125	(76,442)	-
Gains / (Losses) Recognised in Net Result						
Gains / (Losses) Recognised in Net Result						
- Depreciation	-	(11,345)	(324)	(1,254)	-	(12,923)
- Assets Written Back and Transferred to Expense	-	-	-	-	(6)	(6)
Items Recognised in Other Comprehensive Income						
- Revaluation	(4,043)	(19,789)	-	-	-	(23,832)
Closing Balance at 30 June 2019	**40,848**	**134,677**	**803**	**7,426**	**33,845**	**217,599**

Note 4.2 (e) Fair Value Determination

Asset Class	Likely Valuation Approach	Significant Inputs (Level 3 only)
Non-Specialised Land	Market approach	N/A
Specialised Land (Crown / Freehold)	Market approach	CSO adjustments (20%)
Non-Specialised Buildings	Market approach	N/A
Specialised Buildings	Depreciated replacement cost approach	Cost per square metre Useful life
Vehicles	Market approach	N/A
Plant and Equipment	Depreciated replacement cost approach	Cost per square metre Useful life

Note 4.2 (f) Property, Plant and Equipment Revaluation Surplus

	2020 $'000	2019 $'000
Balance at Beginning of Reporting Period	67,428	89,773
Revaluation Increment/(Decrements):		
- Land	-	(3,668)
- Buildings	-	(18,677)
Balance at End of the Reporting Period *	**67,428**	**67,428**
* Represented by:		
- Land	42,079	42,079
- Buildings	25,349	25,349
Balance at End of the Reporting Period	**67,428**	**67,428**

Note 4.3: Intangible Assets

Note 4.3 (a) Gross Carrying Amount and Accumulated Amortisation

	2020 $'000	2019 $'000
Computer Software	9,995	9,234
Less Accumulated Amortisation	(7,352)	(7,001)
	2,643	**2,233**
Computer Software - Work in Progress	2,506	698
Total Intangible Assets	**5,149**	**2,931**

Note 4.3 (b) Reconciliation of the Carrying Amount by Class of Asset

	Computer Software	Computer Software Work in Progress	Total
	$'000	$'000	$'000
Balance at 1 July 2018	**1,763**	**841**	**2,604**
Additions	50	558	608
Assets transferred between Classes	701	(701)	-
Amortisation (Note 4.4)	(281)	-	(281)
Balance at 1 July 2019	**2,233**	**698**	**2,931**
Additions	100	2,470	2,570
Assets transferred between Classes	662	(662)	-
Amortisation (Note 4.4)	(352)	-	(352)
Balance at 30 June 2020	**2,643**	**2,506**	**5,149**

Intangible assets represent identifiable non-monetary assets without physical substance such as computer software.

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the hospital.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Note 4.4: Depreciation and Amortisation

	2020	2019
	$'000	$'000
Depreciation		
Buildings	7,022	11,402
Plant and Equipment	497	324
Medical Equipment	1,342	1,254
Total Depreciation	**8,861**	**12,980**
Amortisation		
Computer Software	352	281
Total Depreciation and Amortisation	**9,213**	**13,261**

Depreciation

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

Amortisation

Amortisation is the systematic allocation of the depreciable amount of an intangible asset over its useful life.

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

	2020	2019
Buildings		
- Structure Shell Building Fabric	2 to 60 years	2 to 60 years
- Site Engineering Services and Central Plant	2 to 15 years	2 to 15 years
Central Plant		
- Fit Out	2 to 15 years	2 to 15 years
- Trunk Reticulated Building Systems	2 to 15 years	2 to 15 years
Plant & Equipment	3 to 20 years	3 to 20 years
Medical Equipment	4 to 10 years	4 to 10 years
Intangible Assets	2 to 10 years	2 to 10 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.

Note 4.5: Investment Properties

(a) Movements in Carrying Value for Investment Properties as at 30 June 2020

	2020 $'000	2019 $'000
Balance at Beginning of Period	12,610	14,311
Net Gain/(Loss) from Fair Value Adjustments	-	(1,701)
Balance at End of Period	**12,610**	**12,610**

(b) Fair Value Measurement Hierarchy for Investment Properties

	Carrying amount as at 30 June 2020	Fair Value Measurement at End of Reporting Period using:		
		Level 1 [(i)]	Level 2 [(i)]	Level 3 [(i)]
Investment properties	12,610	-	12,610	-
	12,610	**-**	**12,610**	**-**

	Carrying amount as at 30 June 2019	Fair Value Measurement at End of Reporting Period using:		
		Level 1 [(i)]	Level 2 [(i)]	Level 3 [(i)]
Investment properties	12,610	-	12,610	-
	12,610	**-**	**12,610**	**-**

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

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 hospital.

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 and/or reference to Valuer-General Victoria indices. 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.

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 2020 were based on the 30 June 2019 valuation adjusted by the Valuer-General Victoria land indexation factors for the financial year.

The fair value of the hospital's investment properties at 30 June 2019 were based on an independent valuation carried out by the Valuer-General Victoria. The valuation was determined by reference to market evidence of transactions for similar properties with no significant unobservable adjustments, in the same location and condition and subject to similar lease and other contracts.

There were no transfers between levels of the fair value measurement hierarchy during the period.

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.

Note 4.6: Inventories

	2020 $'000	2019 $'000
Pharmaceuticals At Cost	371	270
Total Inventories	**371**	**270**

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.

Note 5: Other Assets and Liabilities

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

Structure:
5.1 Receivables and Contract Assets
5.2 Payables and Contract Liabilities
5.3 Other Liabilities
5.4 Other Assets

Note 5.1: Receivables and Contract Assets

	Note	2020 $'000	2019 $'000
Current			
Contractual			
Inter Hospital Debtors		57	132
Trade Debtors		1,309	637
Patient Fees		134	417
Accrued Revenue		110	406
less Allowance for Impairment of Contractual Receivables:			
- Trade Debtors	7.1 (c)	(109)	(145)
- Patient Fees	7.1 (c)	(27)	(76)
Total Contractual		**1,474**	**1,371**
Statutory			
GST Receivable		285	406
Total Statutory		**285**	**406**
Total Current Receivables		**1,759**	**1,777**
Statutory			
Long Service Leave - Department of Health and Human Services		4,211	3,131
Total Non-Current Receivables		**4,211**	**3,131**
Total Receivables		**5,970**	**4,908**

Receivables Recognition

Receivables consist of:

- **Contractual Receivables** are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. The hospital holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment; and
- **Statutory Receivables** do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. The hospital applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition.

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

The hospital is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various geographical areas. Based on historical information about customer default rates, management consider the credit quality of trade receivables that are not past due or impaired to be good.

Impairment Losses of Contractual Receivables

Refer Note 7.1 (c) for the hospital's contractual receivables impairment losses.

Note 5.2: Payables and Contract Liabilities

	Notes	2020 $'000	2019 $'000
Current			
Contractual			
Accounts Payable		226	2,483
Accrued Expenses		2,837	3,824
Accrued Salaries and Wages		968	2,400
Deferred Capital Grant Revenue	5.2 (a)	98	-
Contract Liabilities - Income Received in Advance	5.2 (b)	26	-
Total Contractual		**4,155**	**8,707**
Statutory			
Department of Health and Human Services Payable	5.2 (b)	108	385
Total Statutory		**108**	**385**
Total Current Payables		**4,263**	**9,092**
Total Payables		**4,263**	**9,092**

Payables Recognition

Payables consist of:

- Contractual payables, classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to the hospital prior to the end of the financial year that are unpaid; and
- Statutory payables, that are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

The normal credit terms for accounts payable are usually 30 days from the end of month of invoice.

Note 5.2 (a) Deferred Capital Grant Revenue

	2020 $'000
Grant Consideration for Capital Works Received During the Year	26,920
Grant Revenue for Capital Works Recognised Consistent with the Capital Works Undertaken During the Year	(26,822)
Closing Balance of Deferred Grant Consideration Received for Capital Works	**98**

Grant consideration was received from the Department of Health and Human Services for various projects including the redevelopment of the hospital building, equipment, technology and infrastructure replacement and to procure an operating room microscope. Grant revenue is recognised progressively as the asset is constructed or procured, since this is the time when the hospital satisfies its obligations under the transfer by controlling the asset as and when it is constructed or procured. As a result, the hospital has deferred recognition of a portion of the grant consideration received as a liability for the outstanding obligations.

Note 5.2 (b) Contract Liabilities

	2020 $'000
Opening Balance Brought Forward from 30 June 2019 (adjusted for AASB 15)	57
Add: Payments Received for Performance Obligations Yet To Be Completed During the Period	26
Less: Revenue Recognised in the Reporting Period for the Completion of a Performance Obligation	(57)
Add: Grant Consideration for Sufficiently Specific Performance Obligations Received During the Year	57,500
Less: Grant Revenue for Sufficiently Specific Performance Obligations Works Recognised Consistent with the Performance Obligations Met During the Year	(57,392)
Total Contract Liabilities	**134**
Current Contract Liabilities	**134**

Contract liabilities include consideration received in advance from customers in respect of property rental and providing education services. Revenue is recognised following the provision of the service.

Maturity Analysis of Payables

Refer Note 7.1 (b) for the ageing analysis of payables.

Note 5.3: Other Liabilities

	2020 $'000	2019 $'000
Current		
Bond Monies Held in Trust *	-	9
Unearned Income - Operating	-	57
Total Current	**-**	**66**
Total Other Liabilities	**-**	**66**
*** Monies Held in Trust**		
Represented by the following assets:		
- Cash Assets	-	9
Total Monies Held in Trust	**-**	**9**

Note 5.4: Other Assets

	2020 $'000	2019 $'000
Current		
Prepayments	1,142	1,175
Total Other Assets	**1,142**	**1,175**

Note 6: Operational Financing

This section provides information on the sources of finance utilised by the hospital during its operations, along with other information related to financing activities of the hospital.

This section includes disclosures of balances that are financial instruments (such as cash balances). Note: 7.1 provides additional, specific financial instrument disclosures.

Structure:

6.1 Borrowings

6.2 Cash and Cash Equivalents

6.3 Commitments for Expenditure

Note 6.1: Borrowings

	2020 $'000	2019 $'000
Current		
Department of Health and Human Services Loan (i)	1,736	-
Total Current Borrowings	**1,736**	**-**
Non-Current		
Department of Health and Human Services Loan (i)	6,879	8,346
Total Non-Current Borrowings	**6,879**	**8,346**
Total Borrowings	**8,615**	**8,346**

(i) Unsecured loan which bears no interest.

Maturity Analysis of Borrowings

Refer Note 7.1 (b) for the ageing analysis of Borrowings.

Defaults and Breaches

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

Borrowings Recognition

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether the hospital has categorised its liability as either 'financial liabilities designated at fair value through profit or loss', or financial liabilities at 'amortised cost'.

Subsequent to initial recognition, interest bearing borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the net result over the period of the borrowing using the effective interest method. Non-interest bearing borrowings are measured at 'fair value through profit or loss'.

Leases

A lease is a right to use an asset for an agreed period of time in exchange for payment. All leases are recognised on the balance sheet, with the exception of low value leases (less than $10,000 AUD) and short term leases of less than 12 months.

The Hospital's Leasing Activities

The hospital has not entered into any lease agreements other than for the lease of the hospital building at 2 St Andrews Place East Melbourne which is a below market (peppercorn) lease.

For any new contracts entered into on or after 1 July 2019, the hospital considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the hospital assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the hospital and for which the supplier does not have substantive substitution rights;
- the hospital has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and the hospital has the right to direct the use of the identified asset throughout the period of use; and
- the hospital has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

Separation of Lease and Non-Lease Components

At inception or on reassessment of a contract that contains a lease component, the lessee is required to separate out and account separately for non-lease components within a lease contract and exclude these amounts when determining the lease liability and right-of-use asset amount.

Recognition and Measurement of Leases as a Lessee (under AASB 16 from 1 July 2019)

Lease Liability – Initial Measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or the hospital incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments) less any lease incentive receivable;
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments arising from purchase and termination options reasonably certain to be exercised.

Lease Liability – Subsequent Measurement

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right of use asset is already reduced to zero.

Short-Term Leases and Leases of Low Value Assets

The hospital has elected to account for short-term leases and leases of low value assets using the practical expedients. Instead of recognising a right of use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight line basis over the lease term.

Below Market (Peppercorn) Lease

The hospital is the tenant in a lease agreement for the premises at 2 St Andrews Place, East Melbourne. The agreement has significantly below-market terms and conditions including the rental being $1.00 per annum. The hospital is utilising the premises at 2 St Andrews Place to provide some of its clinical, administrative, research and ancillary services whilst redevelopment works are being undertaken to the premises at 32 Gisborne Street, East Melbourne. The current agreement expires on 30 June 2022.

Right-of-use assets under leases at significantly below-market terms and conditions that are entered into principally to enable the hospital to further its objectives, are initially and subsequently measured at cost.

These right-of-use assets are depreciated on a straight line basis over the shorter of the lease term and the estimated useful lives of the assets.

Presentation of Right-of-Use Assets and Lease Liabilities

The hospital presents right-of-use assets as 'property plant equipment' unless they meet the definition of investment property, in which case they are disclosed as 'investment property' in the balance sheet. Lease liabilities are presented as 'borrowings' in the balance sheet.

Recognition and Measurement of Leases (under AASB 117 until 30 June 2019)

In the comparative period, leases of property, plant and equipment were classified as either finance lease or operating leases.

The hospital determined whether an arrangement was or contained a lease based on the substance of the arrangement and required an assessment of whether fulfilment of the arrangement is dependent on the use of the specific asset(s); and the arrangement conveyed a right to use the asset(s).

Leases of property, plant and equipment where the hospital as a lessee had substantially all of the risks and rewards of ownership were classified as finance leases. Finance leases were initially recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The leased asset is accounted for as a non-financial physical asset and depreciated over the shorter of the estimated useful life of the asset or the term of the lease. Minimum finance lease payments were apportioned between the reduction of the outstanding lease liability and the periodic finance expense, which is calculated using the interest rate implicit in the lease and charged directly to the consolidated comprehensive operating statement.

Contingent rentals associated with finance leases were recognised as an expense in the period in which they are incurred.

Assets held under other leases were classified as operating leases and were not recognised in the hospital balance sheet. Operating lease payments were recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

Operating lease payments up until 30 June 2019 (including contingent rentals) are recognised 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.

From 1 July 2019, the following lease payments are recognised on a straight-line basis:

• Short-term leases – leases with a term less than 12 months; and

• Low value leases – leases with the underlying asset’s fair value (when new, regardless of the age of the asset being leased) is no more than $10,000.

Note 6.2: Cash and Cash Equivalents

	2020 $'000	2019 $'000
Cash on Hand (excluding Monies Held in Trust)	3	3
Cash at Bank (excluding Monies Held in Trust)	81	453
Deposits at Call (excluding Monies Held in Trust)	25,310	34,733
Deposits at Call (Monies Held in Trust)	-	9
Total Cash and Cash Equivalents	**25,394**	**35,198**

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 with an insignificant risk of changes in value.

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as liabilities on the balance sheet. The cash flow statement includes monies held in trust.

Note 6.3: Commitments for Expenditure

	2020 $'000	2019 $'000
Capital Expenditure Commitments:		
Not later than one year	9,604	15,738
Later than 1 year and not later than 5 years	10,569	13,030
Total Capital Expenditure Commitments	**20,173**	**28,768**
Operating Expenditure Commitments:		
Not later than one year	8,160	8,505
Later than 1 year and not later than 5 years	7,029	12,591
Later than 5 years	85	-
Total Operating Expenditure Commitments	**15,274**	**21,096**
Total Commitments for Expenditure (inclusive of GST)	**35,447**	**49,864**
less GST Recoverable from the Australian Tax Office	(1,534)	(2,118)
Total Commitments for Expenditure (exclusive of GST)	**33,913**	**47,746**

Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed at their nominal value and are inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the Balance Sheet.

Capital expenditure commitments include contributions to the hospital building redevelopment project that are payable to the Department of Health and Human Services that are not subject to GST.

Note 7: Risks, Contingencies and Valuation Uncertainties

The hospital is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for the hospital is related mainly to fair value determination.

Structure:

7.1 Financial Instruments

7.2 Contingent Assets and Contingent Liabilities

Note 7.1: Financial Instruments

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

Note 7.1 (a) Financial Instruments: Categorisation

	Note	Financial Assets at Amortised Cost	Financial Assets at Fair Value through Net Result	Financial Liabilities at Amortised Cost	Total
		$'000	$'000	$'000	$'000
2020					
Contractual Financial Assets					
Cash and Cash Equivalents	6.2	25,394	-	-	25,394
Receivables					
- Trade Debtors	5.1	1,257	-	-	1,257
- Other Receivables	5.1	107	-	-	107
Other Financial Assets					
- Managed Investment Schemes	4.1	-	41,898	-	41,898
Total Contractual Financial Assets (i)		**26,758**	**41,898**	**-**	**68,656**
Contractual Financial Liabilities					
Payables	5.2	-	-	4,031	4,031
Borrowings	6.1	-	-	8,615	8,615
Total Contractual Financial Liabilities (i)		**-**	**-**	**12,646**	**12,646**

(i) The carrying amount excludes statutory receivables (ie. GST receivable) and statutory payables (ie. Department of Health and Human Services payable).

Note 7.1 (a) Financial Instruments: Categorisation (continued)

	Note	Financial Assets at Amortised Cost $'000	Financial Assets at Fair Value through Net Result $'000	Financial Liabilities at Amortised Cost $'000	Total $'000
2019					
Contractual Financial Assets					
Cash and Cash Equivalents	6.2	35,198	-	-	35,198
Receivables					
- Trade Debtors	5.1	624	-	-	624
- Other Receivables	5.1	341	-	-	341
Other Financial Assets					
- Managed Investment Schemes	4.1	-	43,617	-	43,617
Total Contractual Financial Assets (i)		**36,163**	**43,617**	**-**	**79,780**
Contractual Financial Liabilities					
Payables	5.2	-	-	8,707	8,707
Borrowings	6.1	-	-	8,346	8,346
Other Financial Liabilities	5.3	-	-	66	66
Total Contractual Financial Liabilities (i)		**-**	**-**	**17,119**	**17,119**

(i) The carrying amount excludes statutory receivables (ie. GST receivable and Department of Health and Human Services receivable) and statutory payables (ie. Department of Health and Human Services payable).

Financial Assets at Amortised Cost

Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:

- The assets are held by the hospital to collect the contractual cash flows, and
- The assets' contractual terms give rise to cash flows that are solely payments of principal and interest.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

The hospital recognises the following assets in this category:

- Cash and cash equivalents; and
- Receivables (excluding statutory receivables).

Financial Assets at Fair Value through Net Result

Equity instruments that are held for trading as well as derivative instruments are classified as fair value through net result. Other financial assets are required to be measured at fair value through net result unless they are measured at amortised cost or fair value through other comprehensive income.

However, as an exception to those rules above, the hospital may, at initial recognition, irrevocably designate financial assets as measured at fair value through net result if doing so eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The hospital recognises listed equity securities as mandatorily measured at fair value through net result and designated all of its managed investment schemes as fair value through net result.

Financial Liabilities at Amortised Cost

Financial liabilities at amortised cost are initially recognised on the date that 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. The hospital recognises the following liabilities in this category:

- Payables (excluding statutory payables); and
- Borrowings.

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.

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 'other economic flow' in the comprehensive operating statement.

Reclassification of financial instruments: Subsequent to initial recognition reclassification of financial liabilities is not permitted. Financial assets are required to be reclassified between fair value through net result, fair value through other comprehensive income and amortised cost when and only when hospital's business model for managing its financial assets has changes such that its previous model would no longer apply.

Note 7.1 (b) Maturity Analysis of Financial Liabilities

The following table discloses the contractual maturity analysis for the hospital's financial liabilities.

Maturity Analysis of Financial Liabilities as at 30 June

	Note	Carrying Amount	Nominal Amount	Maturity Dates			
				Less than 1 Month	1 to 3 Months	3 months to 1 Year	1-5 Years
		$'000	$'000	$'000	$'000	$'000	$'000
2020							
Financial Liabilities [(i)]							
At Amortised Cost							
Payables	5.2	4,031	4,031	4,031	-	-	-
Borrowings	6.1	8,615	8,615	-	-	1,736	6,879
Total Financial Liabilities		**12,646**	**12,646**	**4,031**	**-**	**1,736**	**6,879**
2019							
Financial Liabilities [(i)]							
At Amortised Cost							
Payables	5.2	8,707	8,707	8,707	-	-	-
Borrowings	6.1	8,346	8,346	-	-	-	8,346
Other Financial Liabilities	5.3	66	66	19	30	8	9
Total Financial Liabilities		**17,119**	**17,119**	**8,726**	**30**	**8**	**8,355**

[(i)] Ageing analysis of financial liabilities excludes statutory payables (ie. Department of Health and Human Services payable)

Note 7.1 (c) Contractual Receivables at Amortised Cost

30 June 2019	Note	Current	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Total
Expected Loss Rate		4%	22%	45%	88%	100%	
Gross Carrying Amount of Contractual Receivables ($'000)	5.1	1,274	147	36	113	22	1,592
Loss Allowance		**51**	**33**	**16**	**99**	**22**	**221**

30 June 2020	Note	Current	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Total
Expected Loss Rate		4%	16%	37%	88%	100%	
Gross Carrying Amount of Contractual Receivables ($'000)	5.1	1,300	238	27	44	1	1,610
Loss Allowance		**47**	**39**	**10**	**39**	**1**	**136**

Note 7.1 (c) Contractual Receivables at Amortised Cost

Impairment of Financial Assets under AASB 9 Financial Instruments

The hospital records the allowance for expected credit loss for the relevant financial instruments, in accordance with AASB 9 Financial Instruments 'Expected Credit Loss' approach. Subject to AASB 9 Financial Instruments, impairment assessment includes the hospital's contractual receivables and statutory receivables.

Equity instruments are not subject to impairment under AASB 9 Financial Instruments. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9 Financial Instruments. While cash and cash equivalents are also subject to the impairment requirements of AASB 9 Financial Instruments, any identified impairment loss would be immaterial.

Contractual Receivables at Amortised Cost

The hospital applies AASB 9 Financial Instruments simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. The hospital has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on the hospital's past history, existing market conditions, as well as forward looking estimates at the end of the financial year.

On this basis, the hospital determines the opening loss allowance and the closing loss allowance at end of the financial year as disclosed above.

Reconciliation of the Movement in the Loss Allowance for Contractual Receivables

	Note	2020 $'000	2019 $'000
Balance at Beginning of the Year		(221)	(115)
Opening Retained Earnings Adjustment on Adoption of AASB 9		-	(254)
Opening Loss Allowance	5.1	**(221)**	**(369)**
Increase in Provision Recognised in the Net Result		(50)	-
Reversal of Provision of Receivables Written Off During the Year as Uncollectible		82	45
Reversal of Unused Provision Recognised in the Net Result		53	103
Balance at End of the Year	5.1	**(136)**	**(221)**

Credit loss allowance is classified as other economic flows in the net result. Contractual receivables are written off when there is no reasonable expectation of recovery and impairment losses are classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line item.

In prior years, a provision for doubtful debts was recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. A provision was made for estimated irrecoverable amounts from the sale of goods and services when there is objective evidence that an individual receivable is impaired. Bad debts were considered as written off by mutual consent.

Statutory Receivables

The hospital's non-contractual receivables arising from statutory requirements are not financial instruments. However, they are nevertheless recognised and measured in accordance with AASB 9 requirements as if those receivables are financial instruments.

The statutory receivables are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As the result, the loss allowance recognised for these financial assets during the period was limited to 12 months expected losses.

Note 7.2: Contingent Assets and Contingent Liabilities

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

The Royal Victorian Eye and Ear Hospital has Nil contingent assets or contingent liabilities at 30 June 2020. (30 June 2019: Nil).

Note 8: Other Disclosures

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

Structure:

8.1 Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities
8.2 Responsible Persons
8.3 Remuneration of Executives
8.4 Related Parties
8.5 Remuneration of Auditors
8.6 Ex-gratia payments
8.7 Events Occurring After the Balance Sheet Date
8.8 Economic Dependency
8.9 AASBs Issued that are Not Yet Effective

Note 8.1: Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities

	Note	2020 $'000	2019 $'000
Net Result for the Period	OS	20,216	14,429
Non-Cash Movements:			
Depreciation	4.4	8,861	12,979
Amortisation of Intangible Non-Produced Assets	4.4	352	281
(Gain)/Loss on Revaluation of Investment Property	4.5	-	1,701
Net (Gain)/Loss on Financial Instruments at Fair Value	3.3	1,719	1,903
Discount Interest on Financial Instruments	3.1	269	559
Allowance for Impairment of Contractual Receivables	5.1	(86)	(148)
Non-Cash DHHS Government Grants		(24,303)	(24,876)
Movements Included in Investing and Financing Activities:			
Net (Gain)/Loss from Disposal of Non-Financial Physical Assets		-	19
Movements in Assets and Liabilities:			
Change in Operating Assets and Liabilities:			
(Increase)/Decrease in Receivables	5.1	(976)	1,238
(Increase)/Decrease in Prepayments	5.4	33	(371)
(Increase)/Decrease in Inventories	4.6	(100)	(2)
Increase/(Decrease) in Payables	5.2	(3,521)	447
Increase/(Decrease) in Provisions		1,301	1,806
Increase/(Decrease) in Other Liabilities	5.3	58	15
Net Cash Inflow / (Outflow) from Operating Activities		**3,823**	**9,980**

Note 8.2: Responsible Persons

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

	Period
Relevant Minister:	
The Honourable Jenny Mikakos, Minister for Health and Minister for Ambulance Services	1/7/2019 - 30/6/2020
Governing Board:	
Mr David Anderson	1/7/2019 - 30/6/2020
Mr Simon Brewin	1/7/2019 - 30/6/2020
Dr Sherene Devanesen	1/7/2019 - 30/6/2020
Ms Linda Hornsey	1/7/2019 - 30/6/2020
Professor Alan Lilly	1/7/2019 - 30/6/2020
Mr Bruce Mildenhall	1/7/2019 - 30/6/2020
Dr Karen Owen	1/7/2019 - 30/6/2020
Ms Llewellyn Prain	1/7/2019 - 30/6/2020
Mr Bruce Ryan	1/7/2019 - 30/6/2020
Accountable Officer:	
Mr Mark Petty	1/7/2019 - 26/7/2019
Ms Jenni Bliss	27/7/2019 - 15/9/2019
Mr Brendon Gardner	16/9/2019 - 30/6/2020

Remuneration of Responsible Persons

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

Income Band	2020 Number	2019 Number
$10,000 - $19,999	-	1
$20,000 - $29,999	8	7
$30,000 - $39,999	1	-
$50,000 - $59,999	2	1
$240,000 - $249,999	1	-
$360,000 - $369,999	-	1
Total Numbers	**12**	**10**

	2020 $'000	2019 $'000
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	**604**	**613**

Amounts relating to Responsible Ministers are reported within the Department of Parliamentary Services' Financial Report.

Note 8.3: Remuneration of Executives

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

Remuneration of Executives (including Key Management Personnel disclosed in Note 8.4)	2020 $'000	2019 $'000
Short Term Employee Benefits	1,008	883
Post-Employment Benefits	79	82
Other Long-Term Benefits	24	26
Total Remuneration (i)	**1,111**	**991**
Total Number of Executives	5	6
Total Annualised Employee Equivalents (AEE) (ii)	3.89	3.89

(i) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the hospital under AASB 124 Related Party Disclosures and are also reported within Note 8.4.
(ii) Annualised Employee Equivalent is based on working 38 ordinary hours per week over the reporting period.

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

Short-Term Employee Benefits

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

Post-Employment Benefits

Pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other Long-Term Benefits

Long service leave, other long-service benefit or deferred compensation.

Note 8.4: Related Parties

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

- Key Management Personnel (KMP) and their close family members;
- Cabinet ministers (where applicable) and their close family members; and
- Hospitals and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

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

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

Key Management Personnel of hospital:

- Dr Sherene Devanesen, Chair Board of Directors;
- Mr David Anderson, Non-Executive Director;
- Mr Simon Brewin, Non-Executive Director;
- Ms Linda Hornsey, Non-Executive Director;
- Professor Alan Lilly, Non-Executive Director;
- Mr Bruce Mildenhall, Non-Executive Director;
- Dr Karen Owen, Non-Executive Director;
- Ms Llewellyn Prain, Non-Executive Director;
- Mr Bruce Ryan, Non-Executive Director;
- Mr Mark Petty, Chief Executive Officer and Accountable Officer (1 July to 26 July 2019);
- Ms Jenni Bliss, Chief Executive Officer and Accountable Officer (Interim 27 July to 15 September 2019);
- Mr Brendon Gardner, Chief Executive Officer and Accountable Officer (16 September 2019 to 30 June 2020);
- Dr Sean Jespersen, Executive Director Medical Services and Chief Medical Officer (1 July 2019 to 21 October 2019, 6 January 2020 to 16 March 2020, 27 April to 30 June 2020);

· Dr David Marty, Executive Director Medical Services and Chief Medical Officer (Acting 22 October 2019 to 5 January 2020, 17 March 2020 to 26 April 2020);
· Ms Jenni Bliss, Executive Director Chief Operating Officer and Chief Nursing Officer;
· Mr Ian Leong, Executive Director Redevelopment, Planning and Infrastructure;
· Mr Danny Mennuni, Executive Director Finance and Corporate Services and Chief Finance and Accounting Officer; and
· Ms Loretta Sheales, Executive Director People and Communications (20 April to 30 June 2020).

The compensation detailed below is rounded to the nearest thousand dollars and excludes the salaries and benefits the Portfolio Ministers receives. The Ministers' remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* , and is reported within the Department of Parliamentary Services' Financial Report.

Compensation - Key Management Personnel	**2020 $'000**	**2019 $'000**
Short Term Employee Benefits	1,559	1,442
Post-Employment Benefits	125	127
Other Long-Term Benefits	31	35
Total (i)	**1,715**	**1,604**

(i) KMPs are also reported in Note 8.2 Responsible Persons or Note 8.3 Remuneration of Executives.

Significant Transactions with Government Related Entities

The hospital received funding from the Department of Health and Human Services of $102.3 million (2019: $98.1 million) and indirect contributions of $25.5 million (2019: $26.1 million).

Expenses incurred by the hospital in delivering services and outputs are in accordance with Health Purchasing Victoria requirements. Goods and services including procurement, diagnostics, patient meals and multi-site operational support are provided by other Victorian Health Service Providers on commercial terms.

Professional medical indemnity insurance and other insurance products are obtained from the Victorian Managed Insurance Authority.

The Standing Directions under the *Financial Management Act 1994* require the hospital to hold cash (in excess of working capital) in accordance with the State's centralised banking arrangements. All borrowings are required to be sourced from Treasury Corporation Victorian unless an exemption has been approved by the Minister for Health and Human Services and the Treasurer.

Transactions with Key Management Personnel and Other Related Parties

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

Outside of normal citizen type transactions with the hospital, there were no related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties. There were no related party transactions with Cabinet Ministers required to be disclosed in 2020.

There were no related party transactions required to be disclosed for the hospital Board of Directors, Chief Executive Officer and Executive Directors in 2020.

Note 8.5: Remuneration of Auditors

	2020 $'000	**2019 $'000**
Victorian Auditor-General's Office		
Audit of Financial Statements	49	48
Total Auditor Remuneration	**49**	**48**

Note 8.6: Ex-Gratia Payments

The hospital made Nil ex-gratia payments for the year ending 30 June 2020. (The year ending 30 June 2019: Nil.)

Note 8.7: Events Occurring After the Balance Sheet Date

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by the hospital at the reporting date. As responses by government continue to evolve, management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on hospital, its operations, its future results and its financial position. The state of emergency in Victoria was extended on 16 August 2020 until 13 September 2020 and the state of disaster is still in place.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of the hospital, the results of the operations or the state of affairs of the hospital in the future financial years.

Note 8.8: Economic Dependency

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

Note 8.9: Changes in Accounting Policy

Leases

This note explains the impact of the adoption of AASB 16 Leases on the hospital’s financial statements.

The hospital has applied AASB 16 with a date of initial application of 1 July 2019. The hospital has elected to apply AASB 16 using the modified retrospective approach, as per the transitional provisions of AASB 16 for all leases for which it is a lessee. The cumulative effect of initial application is recognised in retained earnings as at 1 July 2019. Accordingly, the comparative information presented is not restated and is reported under AASB 117 and related interpretations.

Previously, the hospital determined at contract inception whether an arrangement is or contains a lease under AASB 117 and Interpretation 4 – ‘Determining whether an arrangement contains a Lease’. Under AASB 16, the hospital assesses whether a contract is or contains a lease based on the definition of a lease as explained in note 6.1.

On transition to AASB 16, the hospital has elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and Interpretation 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under AASB 16 was applied to contracts entered into or changed on or after 1 July 2019.

The hospital has not applied the fair value measurement requirements for right-of-use assets arising from leases with significantly below-market terms and conditions principally to enable the entity to further its objectives as allowed under temporary option under AASB 16 and as mandated by FRD 122.

Leases Classified as Operating Leases under AASB 117

As a lessee, the hospital previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the hospital. Under AASB 16, the hospital recognised right-of-use assets and lease liabilities for all leases except where exemption is availed in respect of short-term and low value leases.

On adoption of AASB 16, the hospital recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the hospital’s incremental borrowing rate as of 1 July 2019. On transition, right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019.

The hospital has elected to apply the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- Applied a single discount rate to a portfolio of leases with similar characteristics;
- Adjusted the right-of-use assets by the amount of AASB 137 onerous contracts provision immediately before the date of initial application, as an alternative to an impairment review;
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term;
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and lease liability at 1 July 2019 are determined as the carrying amount of the lease asset and lease liability under AASB 117 immediately before that date.

Leases as a Lessor

The hospital is not required to make any adjustments on transition to AASB 16 for leases in which it acts as a lessor. The hospital accounted for its leases in accordance with AASB 16 from the date of initial application.

Impacts on Financial Statements

On transition to AASB 16, the hospital recognised Nil right-of-use assets and Nil lease liabilities.

Revenue from Contracts with Customers

In accordance with FRD 121 requirements, the hospital has applied the transitional provision of AASB 15, under modified retrospective method with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Under this transition method, the hospital applied this standard retrospectively only to contracts that are not 'completed contracts' at the date of initial application.

Comparative information has not been restated.

Note 2.1 includes details about the transitional application of AASB 15 and how the standard has been applied to revenue transactions.

Income of Not-for-Profit Entities

In accordance with FRD 122 requirements, the hospital has applied the transitional provision of AASB 1058, under modified retrospective method with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Under this transition method, the hospital applied this standard retrospectively only to contracts and transactions that are not completed contracts at the date of initial application.

Comparative information has not been restated.

Note 2.1 includes details about the transitional application of AASB 1058 and how the standard has been applied to revenue transactions.

The adoption of AASB 1058 did not have an impact on Other Comprehensive Income and the Statement of Cash flows for the financial year.

Transition Impact on Financial Statements

There was no impact on the hospital's Balance Sheet at 1 July 2019 due to the adoption of AASB 15, AASB 1058 and AASB 16.

Note 8.10: AASBs Issued that are Not Yet Effective

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2020 reporting period. The Department of Treasury and Finance assesses the impact of all these new standards and advises the hospital of their applicability and early adoption where applicable.

As at 30 June 2020, 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	Impact on Financial Statements
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material	This Standard principally amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.	1 January 2020	The standard is not expected to have a significant impact on the hospital.
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.	1 January 2022. However, ED 301 has been issued with the intention to defer application to 1 January 2023.	The standard is not expected to have a significant impact on the hospital.

Affiliations and Memberships

The Royal Victorian Eye and Ear Hospital is affiliated with:

Bionic Vision Technologies
Lions Eye Donations Service Melbourne
HEARnet
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: Singapore National Eye Centre (Singapore), Moorfields Eye Hospital (London, UK), The Rotterdam Eye Hospital (Rotterdam, The Netherlands), Tun Hussein On National Eye Hospital (Kuala Lumpur, Malaysia), Rutnin Eye Hospital (Bangkok, Thailand), St. Erik Eye Hospital (Stockholm, Sweden), The Royal Victoria Eye and Ear Hospital (Dublin, Ireland), Jakarta Eye Center (Jakarta, Indonesia), Tianjin Medical University Eye Hospital (Tianjin, China), Sydney Eye Hospital (Sydney, Australia), Kim's Eye Hospital (Seoul, South Korea), St. John of Jerusalem Eye Hospital, Kellogg Eye Center (Ann Arbor, USA), Foundation Asile des Aveugles (Lausanne, Switzerland), The Metta Eye Hospital (Mettapracharak (Wat Rai Khing) Hospital) (Bangkok – Thailand), Ispahani Islamia Eye Institute & Hospital (Bangladesh), Bascom Palmer Eye Institute (USA), Massachusetts Eye and Ear Infirmary (USA), Phillips Eye Institute (USA), Wilmer Eye Institute at Johns Hopkins (USA), Emory Eye Center (USA), New York Eye and Ear Infirmary (USA), Wills Eye Hospital (USA), Turin Ophthalmic Hospital (Italy), Hoftalon Eye Hospital (Brasil), Eye & Ent Hospital Fudan University (China), The Beijing TONGREN Hospital (China), The Niteroi Eye Hospital (Brasil), The Xi'an Eye Hospital (China), King Khaled Eye Specialist Hospital (Saudi Arabia), Aier Eye Hospital Group (China).

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; Singapore National Eye Centre, Singapore; St Eriks Eye Hospital, Stockholm, Sweden; Wills Eye Hospital, Pennsylvania, USA; Wilmer Eye Institute, Maryland, USA.

Victorian Healthcare Association

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