Annual Report

2022–2023

the royal victorian eye and ear hospital

Acknowledgement of Country

The Royal Victorian Eye and Ear Hospital would like to acknowledge and pay respect to the Traditional Custodians of this land. We acknowledge that the land we meet and work upon is the traditional lands of the Wurundjeri and pay our deep respects to Woi Wurrung Elders past, present and emerging and to all Elders of the Kulin Nation.

Contents

General information

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

Manner of establishment and relevant Minister

The Eye and Ear was founded in 1863 by pioneer surgeon Dr Andrew Sexton Gray. The hospital is a public health service established under the Health Services Act 1988 (Vic). The responsible Minister for Health during the reporting period was The Hon. Mary-Anne Thomas MP (July 2022–June 2023).

Powers and duties

The powers and duties of the hospital are prescribed by the Health Services Act 1988 (Vic).

Nature and range of services

The Eye and Ear provides a state-wide specialist tertiary and emergency eye, ear, nose and throat (ENT) healthcare service. It is internationally recognised as a leader in clinical service delivery, teaching and research in ophthalmology and otolaryngology.

The hospital operates from two central locations in East Melbourne to ensure ease of access to eye and ENT 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 most of Victoria's public cochlear implants. The Eye and Ear has more than 90 outpatient clinics for the diagnosis, monitoring and treatment of vision and hearing loss and provides a 24-hour emergency eye and ENT health service. Most services provided at the Eye and Ear are on an outpatient or same-day basis. In 2022-2023 we provided more than 192,000 episodes of care to our patients.

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

Vision, mission and values

The Royal Victorian Eye and Ear Hospital is Australia's leading provider of eye, ear, nose and throat health care.

In 2022-2023, the Eye and Ear cared for 58,472 unique patients from throughout Victoria and interstate, 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 in eye, ear, nose and throat health.

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 always give our personal best, deliver exemplary customer service, monitor performance and seek leading edge ways to improve performance.

Chair and Chief Executive Officer (CEO) report

In 2023, The Royal Victorian Eye and Ear Hospital celebrated 160 years of providing the Victorian community and beyond with the highest standard of patient care. We are incredibly proud to have served our community and look forward to continuing to provide patients with eye, ear, nose and throat care.

The Eye and Ear is the largest provider of specialist eye, ear, nose and throat care services in Victoria and is accredited by the Australian Council on Healthcare Standards until December 2024.

Our clinical services are delivered in partnership with patients, carers, the community and other healthcare providers across all metropolitan, regional and rural areas. In 2022-2023, we continued to experience high demand for our services, with the hospital caring for 136,119 outpatients, 14,307 inpatients and 42,371 emergency patients. The period also saw the hospital redevelopment project continue with the opening of the new Inpatient Ward and two visits from the Premier and Minister for Health who toured the new ward and other areas under redevelopment. Another significant milestone was the development of our new Strategic Plan currently being endorsed by the Department of Health.

Outstanding patient experience

One of Australia's best-known inventions, the cochlear implant, celebrates its 45th anniversary in 2023. The first cochlear implant operation was performed here by its creator, Professor Graeme Clark. Since then, more than 650,000 devices have been provided in over 180 countries. The hospital continues to lead advances in the device, to offer optimum results to the severely deaf or hard of hearing adults and children.

In our ongoing efforts to enhance our patient and carer experiences, we have undertaken works to expand our patient queue and flow system across all Specialist Clinics. Offering patients and carers the flexibility to check in at the kiosks or with reception staff will result in better patient flow and more efficient management of waiting room areas.

Increasing the accessibility of hospital information is incredibly important. This year we extended our language line to include Auslan on our hospital website, allowing patients with varying degrees of hearing loss to access an additional resource to obtain information.

In the community, we continued educating the people of Victoria and across Australia about the importance of eye, ear, nose and throat health. We featured in media stories on sports-related eye injuries, work-related eye injuries, cochlear implants and sudden sensorineural hearing loss, further reinforcing our specialist skills and services available for Victorians.

Digital health initiatives

Since the introduction of our Digital Health Strategy, the hospital has placed significant emphasis on digital projects and cyber security.

To better serve our community and help ease the anxiety of patients, we initiated a project aimed at informing patients of the expected wait times in the Emergency Department (ED). The two-part project included a display in our ED waiting room advising patients of the status and expected wait time to be seen, launched this year, and a web version available on our website, expected to be completed in the next financial year.

Working in partnership

The Eye and Ear continued working with the North East Metro Health Service Partnership (NEMHSP). We have progressed several initiatives on medical and non-medical models of care and have involved patients across a range of different sub-specialities. Our commitment to the Better at Home initiative has seen our telehealth consultations expand and evolve, with the recent implementation of the virtual care tool in Monitor++ which incorporates a new way for patients to interact with the hospital for their appointments.

The Eye and Ear and our research partner, the Centre for Eye Research Australia, launched a joint strategy in November, focusing on eye health research. The strategy harnesses the respective strengths of each organisation and creates a shared vision and purpose resulting in innovation for exceptional patient care. The strategy celebrates and formalises the strong partnership between our two organisations.

Our collaboration with the Australian College of Optometry (ACO) hit a milestone in March with our 200th Glaucoma Collaborative Clinic (GCC) taking place during Glaucoma Week. The GCC clinic was

initiated by the Eye and Ear in response to rising glaucoma levels and aims to alleviate pressure on the demand for public hospital ophthalmology services, facilitating more timely and appropriate care for patients. Held at the ACO's clinic in Carlton, it evidences how a team-based approach involving ophthalmologists, optometrists and orthoptists is integral to supporting positive eyecare outcomes for patients.

We are excited to be hosting the 17th Annual Conference for the World Association of Eye Hospitals (WAEH) in October this year. Working with WAEH, the Eye and Ear developed an eye drop education package to be used globally to teach a standardised technique for clinicians and patients. Aimed at improving compliance and health literacy, the project was successfully launched on World Sight Day in October last year.

Supporting our people

The Strategic Workforce Plan 2023-2025 is ready to be launched. The plan will underpin our commitment to retention, recruitment and wellbeing of our staff. In addition, the hospital is implementing a Human Resource Information System (HRIS).

During 2022-2023 we continued to provide training and support to staff to enhance their knowledge, skills and wellbeing. Our commitment to providing a safe workplace was further supported by the delivery of training in occupational violence, mental health first aid, disability, racism and discrimination.

Additionally for our clinical staff, the Eye and Ear partnered once again with GENEYE, a fully immersive training event for both trainee and current ophthalmologists to enhance their microsurgery skills and improve their health and wellbeing.

Equity and inclusion

The hospital continued to work with the community to meet the diverse needs of patients and consumers.

In October, our hospital achieved a significant milestone in our commitment to cultural understanding and respect through the establishment of our Welcome Space. This culturally significant area, a key initiative of our Reconciliation Action Plan, offers a safe space for Aboriginal and Torres Strait Islander patients, carers and staff to reflect, feel secure and connect with Country. The space has been embraced by our community and we look forward to commemorating this achievement when we launch our Innovate RAP 2.0 in the next financial year.

The Eye and Ear is committed to providing an inclusive and respectful environment, free from discrimination. The hospital's first Gender Equality Action Plan was launched in September with several initiatives implemented under the Gender Equality Act 2020, including the creation of Equity and Inclusion Champions.

On the International Day Against Homophobia, Biphobia and Transphobia (IDAHOBIT Day), and in support of the LGBTQIASB+ community, we were pleased to announce the launch of our first staff group, Pride Alliance. This inclusive group aims to bring together LGBTQIASB+ individuals and allies, fostering a supportive environment through guidance, assistance and informal social events.

Redevelopment

2022-2023 has been an exciting time for the hospital's redevelopment project, designed to provide a better experience for patients, staff and visitors.

An impressive interactive History Wall has been installed in the main ground floor lobby, linking the two towers. It showcases the Eye and Ear's rich history of research, clinical care, teaching and training, volunteering and philanthropy.

In June the new Inpatient Ward was launched. The redesigned layout promotes ease of access and improved patient flow, enhancing the overall quality of care we provide.

Use of the new Emergency Department Short Stay Unit (ED SSU) and the Acute Ophthalmology Service (AOS) will begin soon. The opening of the short stay unit will bring our ED in line with the Department of Health's vision for emergency care, and relocating our AOS next to our ED will further embed the close relationship between the two areas.

In addition, the completion of our Education Precinct is expected in August which includes a state-of-the-art auditorium, library, and clinical and virtual simulation room, enhancing our ongoing commitment to education.

The hospital is looking forward to the completion of its redevelopment in the next financial year and relocating Specialist Clinics and administrative staff and services back under one roof.

Staff Recognition

The Eye and Ear Excellence Awards celebrate individuals and teams who have contributed to achieving organisational excellence. The awards acknowledge creative and original thinking that

results in positive outcomes for our patients, an improved working environment or improved hospital systems. Recipients of the 2022 Excellence Awards were:

Board Chair's Medal – Professor Stephen O'Leary, otolaryngologist

Administrative Excellence Award – Geraldine Apswoude, Manager Medical Workforce Unit

Allied Health Excellence Award – Nichola Baker, audiologist

Nursing Excellence Award – Cam Moral, Specialist Clinics nurse

Dr J Aubrey Bowen Medal – Dr Tricia Drew, ophthalmologist and Chair of Senior Medical Staff

Team Excellence Award – Surgical Bookings Unit/ Pre-admission

Acknowledgments

The Board Chair and CEO would like to thank staff, volunteers, and Board directors for their continued engagement with and dedication to the hospital. This commitment ensures that we continue to provide world-class care to our patients and the broader Victorian community.

We express our gratitude to Llewellyn Prain for her invaluable contribution during her time on the Board of Directors, which ended in June 2023.

Thanks

The Eye and Ear is most grateful for the generosity of its supporters. Financial support from our loyal donors and philanthropic trusts and foundations helps 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 2023.

Dr Sherene Devanesen
Chair, Board of Directors
5 October 2023

Brendon Gardner,
Chief Executive Officer
5 October 2023

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 (Vic).

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 delegation of executive and operational responsibility, enabling designated executives and staff to perform their duties by exercising 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 was the former Chief Executive Officer of Yooralla. Before joining Yooralla in 2014, Dr Devanesen was Chief Executive Officer of Peninsula Health. With more than 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, the Australasian College of Health Service Management, the Australian Institute of Managers and Leaders and the Hong Kong College of Community Medicine. She is also a graduate of the Australian Institute of Company Directors. Dr Devanesen is a member of the Northern Health Board and the Northern Territory Health Governance and Assurance Committee.

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 in the Department of Water Resources, and Department of 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. Mr Anderson has recently undertaken work for the Department of Health and HealthShare Victoria and is a director of Grampians Health. He has a demonstrated commitment to the wider community and roles include being a Fellow of the Healthcare Financial Management Association (HFMA) and previously treasurer of Statewide Autistic Services (Vic).

Mr Simon Brewin MBL, GDHSM, BBus, GAICD
Appointed 1 July 2017
Deputy Board Chair; Chair Audit Committee
Member Digital Health and Information Communication Technology Governance Committee, Quality and Safety Committee, Remuneration Committee.

Mr Brewin is an experienced non-executive director holding several health-related board appointments including Uniting AgeWell Ltd and Guardian Network. He is experienced in corporate and clinical governance, risk and compliance and strategy. Previously Mr Brewin held senior appointments in the Victorian healthcare sector including executive director roles at Alfred Health, Monash Health and Peninsula Health. Mr Brewin is a graduate of the Australian Institute of Company Directors, past state branch president of the Australasian College of Health Service Management and The Royal Victorian Eye and Ear Hospital nominee as Director to the Board of the Centre for Eye Research Australia (CERA).

Ms Jane Hider LLM, LLB, BA
Appointed 1 July 2021
Member Digital Health and Information Communication Technology Governance Committee, Finance Committee

Ms Hider joined the Eye and Ear Board in July 2021 and is a partner at leading legal firm King & Wood Mallesons. Ms Hider has more than 20 years' experience in construction and infrastructure, as well as government advisory practice. She specialises in government major projects and procurement, commercial development, transport and energy. She has experience in all forms of procurement, collaborative models and consultancy arrangements. Ms Hider works with

clients to structure their approaches to market and gives tendering and probity advice. Ms Hider has also worked with government agencies to develop and implement supply and procurement policies. She also assists a range of pro bono clients including Very Special Kids and Kids Under Cover.

Ms Linda Hornsey Grad. Dip AB, MAICD
Appointed 2 August 2016
Chair Community Advisory Committee
Member Finance Committee, 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, worked as a journalist and political adviser and had many years' experience in public administration. She had a leadership role in changing Tasmania's old economy. This involved the first whole-of-state consultation in Australia which reached most of the population in many old and new forums. Ms Hornsey and a colleague from the Australian Bureau of Statistics were invited to the annual OECD Conference in Palermo in 2004 to present the resulting strategic plan to be measured and implemented over decades. She has held many statutory board directorships including Western Health. Previously, Ms Hornsey was a member of the Parenting Research Centre Board and its governance committee.

Mr Bruce Mildenhall BA, GD Rec, GAICD
Appointed 1 July 2018
Member Finance Committee, Community Advisory Committee, Quality and Safety Committee
Chair Community Advisory Committee

Mr Mildenhall 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 seven years as Parliamentary Secretary to Premier and nine 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 nine years, led a review of mental health workforce training and been a board member of the Victorian Health Promotion Foundation and a metropolitan hospital. Mr Mildenhall also regularly attends the Eye and Ear Primary Care and Population Health Advisory Committee meetings. He is a graduate of the Australian Institute of Company Directors and was a senior manager in the Victorian Public Service before entering parliament.

Ms Llewellyn Prain BA (hons), LLB (hons), FAICD
Appointed 1 July 2015
Chair Primary Care and Population Health Advisory Committee
Member Quality and Safety Committee, Community Advisory 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 more than ten years. She is a director at the Public Transport Ombudsman and Deputy Chair of Greater Western Water.

Ms Prain was the first woman to chair the board of the Western Region Health Centre. She is a Williamson Alumnus and received a Victorian Disability Award in the emerging leader category in 2021. Ms Prain has a vision impairment and is a strong advocate for the rights and strengths of people with disabilities. She 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. Comp Science and Statistics)
Appointed 1 July 2017
Chair Digital Health and Information Communication Technology Governance Committee
Member Audit Committee

Mr Ryan has extensive information and communications technology (ICT) management expertise within the Victorian public health sector and other Victorian government settings. He worked with the Department of Health to assist with delivery of large-scale ICT projects and worked closely with Eastern Health during the redevelopment of Box Hill Hospital and commissioning of advanced electronic records management there. Mr Ryan is also a former Chief Information Officer at Yooralla.

Dr Susan Sdrinis MBBS, FRACMA, MPH, MHSM
Appointed 1 July 2022
Chair Quality and Safety Committee
Member Remuneration Committee, Primary Care and Population Health Advisory Committee

Dr Susan Sdrinis is a medical practitioner and specialist medical administrator. She has held roles as Executive Director Medical Services and Director Medical Services in Victorian public hospitals and as a Senior Medical Advisor in the Victorian Department of Health. Her interests are in the areas of clinical governance, medical governance and professional issues and mentoring clinician managers and medical administrators in training. Dr Sdrinis is a Fellow of the Royal Australasian College of Medical Administrators and a graduate of the Australian Institute of Company Directors. She is also a member of the Victorian Health Complaints Commissioner Advisory Council and a board member of Barwon Health.

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 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 relevant risk policies and procedures. All Audit Committee members are independent of management.

Finance Committee

The Finance Committee membership comprises non-executive directors Mr David Anderson (Chair), Dr Sherene Devanesen, Ms Linda Hornsey and Ms Jane Hider. Advisor is Mr Grant Cashin.

The committee meets at least seven times per year and assists the Board in fulfilling its duties on effective financial management of the hospital.

Key responsibilities for the Finance Committee include oversight of the annual operating and capital budget, review of the financial management reports, advising the Board on financial implications associated with major projects and reviewing relevant financial policies and procedures. All 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 non-executive directors Mr Bruce Ryan (Chair), Mr Simon Brewin and Ms Jane Hider.

The committee meets quarterly to oversee all digital health, information communication technology (ICT), clinical informatics (eHealth) and electronic medical record (EMR) strategies and risks. This enables alignment with the hospital's strategic and business plans. All Digital Health and Information Communication Technology Governance Committee members are independent of management.

Quality and Safety Committee

The Quality and Safety Committee membership comprises non-executive directors Dr. Susan Sdrinis (Chair), Mr Simon Brewin, Mr Bruce Mildenhall and Ms Llewellyn Prain (end February 2023). Consumer members are Ms Ileana Guizzo and Ms Stephanie Thow-Tapp.

The committee meets quarterly and provides leadership and strategic direction on quality of services at the Eye and Ear. The committee's focus is delivery of the highest level of quality and safety to patients, families and staff and ensuring 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 Quality and Safety Committee members are independent of management.

Remuneration Committee

The Remuneration Committee membership comprise non-executive directors Dr Sherene Devanesen (Chair), Mr David Anderson, Mr Simon Brewin and Dr Susan Sdrinis.

The committee meets at least annually and makes assessments and recommendations to the Board about the performance against the agreed performance plan, remuneration and terms and conditions of employment for the CEO. It also provides oversight of remuneration of executive directors of the hospital. All Remuneration Committee members are independent of management.

Community Advisory Committee

The Community Advisory Committee membership includes non-executive directors Ms Linda Hornsey (Chair up to 14 July 2022 and has remained a member), Mr Bruce Mildenhall (Chair from 14 July 2022) and Ms Llewellyn Prain. Consumer members are Mr Ramakrishnan (Rama) Appuswamy, Ms Jayne Howley (from May 2022), Ms Sandra Knight, Mr Mick Shaddock, Ms Carolyn Tran, Mr Desbele (Des) G. Temelso, Mr Gordon Proudfoot (until January 2023) and Ms Stephanie Thow-Tapp.

Membership comprises at least six and up to eight members nominated by the committee chair and approved by the Board to represent 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 four times annually. All 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 non- executive directors Ms Llewellyn Prain (Chair), Ms Linda Hornsey and Mr Bruce Mildenhall.

The committee provides advice to the Board on working with primary health services and responding to population health issues. The committee is 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.

The hospital is grateful for the commitment and contribution of outgoing Board member Ms Llewellyn Prain.

Executive Management

Chief Executive Officer
Mr Brendon Gardner B.AppSc (HIM) MHA MAICD

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

Executive Director Operations and Chief Nursing Officer
Ms Jane Poxon RGN, RN PeriOp Cert - to 18 November 2022

Ms Fiona Moran GradDip (Nursing Science), B.Nurs, Dip.AppSc- Acting 18 November 2022 – 11 January 2023

Ms Leanne Turner RN, BHealthSci (Nursing), PostGradDip (Health Administration), MBA, GAICD - Appointed 11 January 2023.

The Executive Director of Operations and Chief Nursing Officer is responsible for overseeing all clinical operations for the organisation including surgical and inpatient services, the Emergency Department and ambulatory service delivery. The role of Chief Nursing Officer also has professional responsibility and leadership for all nursing staff, the clinical competence framework and nurse education.

Executive Director Medical Services and Chief Medical Officer
Dr Birinder Giddey MBBS(Hon), MHLM, FRACMA

The Executive Director Medical Services and Chief Medical Officer is responsible for professional leadership of the medical workforce. The role also has executive responsibility for medical training and education, the hospital's research strategy and quality and improvement initiatives including those related to the redevelopment and introduction of the electronic medical record. The role also provides oversight of the Data Integrity Framework and management of clinical datasets.

Clinical Director Ophthalmology Services
Dr Mark McCombe MBBS, FRANZCO

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

Clinical Director Ear, Nose and Throat (ENT) Services
Dr David Marty MBBS, FRACS

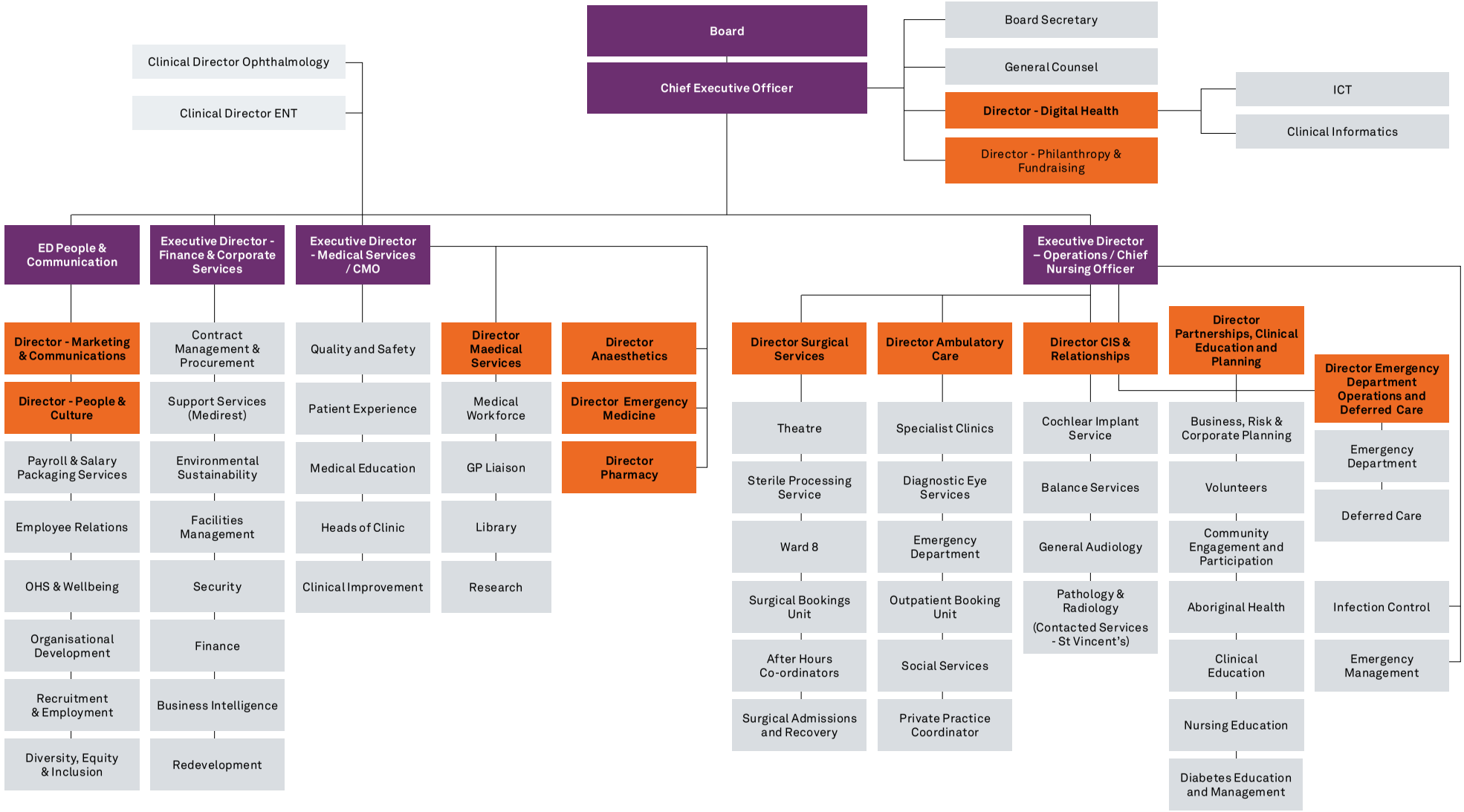
The Clinical Director, Ear Nose and Throat (ENT) Services is responsible for ENT clinical and medical leadership. The role advises on models of care in ENT to support clinical excellence.

Executive Director Finance and Corporate Services
Mr Danny Mennuni B.Bus, CPA

The Executive Director, Corporate Services and Chief Financial Officer is responsible for the management of corporate services, redevelopment project financial reporting, analysis, controls, budgeting and treasury.

Executive Director People and Communication
Ms Loretta Sheales BSc, Med(RC), GradDipHRMgt, FAHRI, GAICD
The Executive Director, People and Communication provides leadership and support to functions including People and Culture, Marketing and Communications, Organisational Development, Payroll Services, Employee Support Services, Safety and Wellbeing and Emergency Management.

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 enable us to improve our services to patients by buying 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 - 30 June 2023)

Early Career Research Support Grants (ECRSG)

ERCSGs awarded in 2021 and commenced in 2022.

Dr Claire Iseli - Correlation between clinical factors, aetiology (including genetics) and electrocochleography to improve perioperative counselling for paediatric cochlear implant recipients.

Dr Doron Hickey – Ex vivo human retinal culture for preclinical studies of Bietti Crystalline Dystrophy Gene Therapy.

Dr Jennifer Fan Gaskin - Improving Glaucoma Surgery Outcomes – A Study of the effects of a novel, slow-release Mitomycin C implant.

auDA Foundation Grant

In February the auDA Foundation awarded $40,000 to Dr George Kong to support long-term telehealth home monitoring to preserve sight for glaucoma patients.

Our major donors, bequestors, corporate and community supporters

Trusts and Foundations

Joe White Bequest

The Eirene Lucas Foundation

The Orloff Family Charitable Trust

The Penelope Foster Foundation

The John and Thirza Daley Charitable Trust

Ethel Paxton Trust Fund

The Collier Charitable Fund.

Bequests

Harold Muir Charitable Trust

Estate of Ron Charles Forsythe

Estate of Jacqueline Winifred Stephens

Estate of Edna May Kerr.

Estates

Estate of the late Alfred Herman William Dehnert

Rudolph Hally and Pia Martin Memorial Trust

Estate of Beverley Faye Hutcheson

Estate of John Alexander Anderson

The Elizabeth and Alexander Reddan Memorial Foundation

The Harry Yoffa Charitable Bequest

The Joseph and Kate Levi Charitable Trust

The William and Mary Ievers and Sons Maintenance Fund

Bruce Leslie Powell, a sub-fund of the State Trustees Australia Foundation

Jessie Ross, a sub-fund of the State Trustees Australia Foundation.

Estates managed by Equity Trustees

Betty Brenda Spinks Charitable Trust

Eliza Wallis Charitable Trust

Ernest and Letitia Wears Memorial Trust

Estate of Heather Sybil Smith

John Frederick Wright Estate

The George Thomas & Lockyer Potter Charitable Trust

The Erica Cromwell Trust

The Joseph Kronheimer Charitable Fund

William Hall Russell Trust Fund

Arthur Gordon Oldham Charitable Trust

The Martha Miranda Livingstone Fund

The Mark Ashkenasy Trust

The Valda Salton Charitable Trust

Donald Ean Ross Bequest

The Edith & William Wilson Charity Trust.

Major donors

Ms Judith Stembridge

Mrs Ruth Crutch

Mr Michael Halprin

William (Bill) Sherriff and the Estate of the late Elaine Sherriff

Dr Robert Webb

Mr Theodore Andriopoulos

Mr John & Mrs Patricia Webb

Lions Club of Speed

Miss Jules McLean

Mr Anthony Robins

Mr Arun Kollamana

Mr Colm O'Donovan

Mr Greg Shalit and Dr Miriam Faine

Mr Ray Hemphill.

Volunteers

In 2022, we celebrated 100 years of volunteering at the Eye and Ear. The first official volunteers were the wives of the hospital's Committee of Management members who started helping in the hospital in 1922. The first hospital auxiliaries were established, founded by women from Olinda, Sassafras and the Dandenong Ranges. This was instrumental for the hospital as a rapidly expanding population in the 1920s saw large growth in patients. The hospital, 100 years later, is home to a dedicated and growing group of volunteers who assist in a range of roles, offer a welcoming smile and help patients as needed.

November 2022 saw us start to safely welcome back some of our volunteers to the front entrances, specialist clinic, gift shop and administration areas. In May 2023 we celebrated National Volunteer Week by hosting onsite events, thanking them for their ongoing commitment and loyalty and for choosing to be change makers within our hospital. We look forward to growing our volunteer team.

Consumer Advisors

Among our volunteers is a dedicated group of consumer advisors (previously referred to as consumer representatives). Our consumer advisors partner with us to help improve our services. They participate in committees and working groups, attend focus group activities, review patient information and share their stories in our publications. These advisors ensure the voice or needs of our patients, carers and families are heard within our hospital.

Key financial and service performance reporting

Workforce data

Hospitals labour category	June current month FTE		Average monthly FTE	
	2022	2023	2022	2023
Nursing	169	185	169	179
Administration and clerical	168	181	169	176
Medical support	55	52	56	54
Hotel and allied services	18	17	18	17
Medical Officers	6	5	5	5
Hospital Medical Officers	55	66	58	60
Sessional clinicians	42	46	41	44
Ancillary staff (allied health)	40	45	38	42
Total	**553**	**597**	**554**	**577**

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.

Application of employment and conduct principles

The Eye and Ear is committed to upholding the principles of merit and equity in all aspects of the employment relationship. We have policies and practices in place to ensure all employment related decisions, including recruitment, promotion, training and retention, are based on merit. Any complaints, allegations or incidents involving discrimination, vilification, bullying or harassment are taken seriously and addressed. All staff are provided with education and training on their rights and responsibilities and the necessary resources to ensure equal opportunity principles are upheld.

People and culture

In 2022-2023, our workforce strategy focused on recruitment, retention and on workplace safety and wellbeing. We supported our managers to navigate the challenges associated with low unemployment and increased competition for talent. We have concentrated on delivering strategies to address employee burnout and improve psychological wellbeing.

Employee culture and engagement

In 2022, our People Matter Survey results reflected a positive trend in: safety climate; job enrichment; workload, innovation, manager support, satisfaction and taking action. Our results for stress levels and intention to stay were positive compared with other hospitals. Other positive results related to themes of respect, responsiveness, accountability and leadership.

Health and wellbeing initiatives

As part of our wellness@work program we focused on psychological health, nutrition, physical activity and financial health. During the year, a key focus was to support the psychological impact on staff which included continued participation in the Thriving in Health project. Staff participated in the job control project facilitated by the Black Dog Institute. The perioperative team is participating in a project led by Safer Care Victoria, in partnership with the Institute of Healthcare Improvement. The project aims to improve healthcare worker wellbeing by engaging staff to understand contributing factors to burnout and increasing joyfulness at work.

Recruiting and onboarding staff

In 2022-2023, the Eye and Ear workforce comprised of 1050 staff. We recruited and onboarded 274 new staff, all of whom participated in an orientation program. Our employee separation rate (the percentage of employees who left) was 11.9 per cent. A supportive and informative onboarding process is imperative for new employees to position themselves for success and ensure they understand their environment and relevant systems and processes to effectively contribute to the organisation. Our onboarding process is delivered via a blend of online courses and face to face, to provide a more flexible general orientation.

Pre-employment credentialling

The organisation has thorough credentialling and pre-employment verification checks to ensure staff are qualified to deliver safe patient care. Most 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 be vaccinated unless medically exempt, maintain a satisfactory

Criminal Record Check and relevant staff are required to hold a valid Working with Children Check.

Employee reward and recognition

The Eye and Ear recognises that its current and future success relies on capacity and engagement of our staff. We support 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.

Our annual Excellence Awards recognise individuals in each professional discipline and teams that have contributed to achieving organisational excellence. The winners of our 2022 Excellence Awards are listed in our Board Chair and CEO Report on page 5. The following staff were recipients of the Values Award in 2023:

- **Siew Yeak**, enrolled nurse, Perioperative Services
- **Dr Christopher Brown**, otolaryngologist

Building a capable workforce

Our leadership development pathway outlines development opportunities for four different levels in the organisation. The need to optimise clinical leadership and operational leadership across the organisation is critically important to the delivery of excellence and improved patient outcomes.

Programs on our Leadership Pathway are aligned with our Leadership and Change Capabilities, group needs and organisational needs. Our programs are designed to include formal learning time through interactive workshops and recognise the important role that the manager has in reinforcing leadership development on the job.

During 2022-2023, leadership development has involved tailored programs for emerging leaders and experienced managers. Our 2022 programs were delivered virtually and provided valuable learning opportunities for our leaders.

This was the sixth Leading with Impact program cohort and was delivered via web-based training, virtual classrooms and virtual practice labs. Post-program evaluations revealed participants felt confident applying their skills on the job. There were also workshops to support building and retaining talent including the art and science of behavioural interviews and connecting talent to strategy. We have focused on our offering for non-clinical learners via a partnership with St Vincent's Hospital. Training has included communication, meeting administration and time management.

We continue to support staff to have meaningful performance and development discussions with their managers by providing a range of new tools and resources. These critical discussions ensure performance feedback is provided and that work and personal development goals are established for the future.

Each year this process includes a review of individual clinical scope of practice; mandatory training and professional development; expectations about quality and safety responsibilities; upward feedback (where employees provide feedback to managers or supervisors) and feedback on quality and safety processes.

Employee Assistance Program

Confidential counselling and support services provided externally were used at a rate of 4.6 per cent of all staff, similar to the previous year. 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 and 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 (OHS)

The Eye and Ear is committed to providing a safe and healthy workplace. To achieve this, management of our occupational health and safety is based on 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 approaches health and safety holistically including the work system factors that contribute to and recognise the physical and non-physical hazards (psychosocial risks) worker wellbeing and workplace health and safety.

The table below shows highlights of OHS performance. There were fewer incidents lodged for the year for full-time equivalent employees, but our WorkCover claims and time lost to injuries increased.

Occupational Health and Safety statistics	2020 -2021	2021 -2022	2022 -2023
Incidents/hazards per 100 full-time equivalent staff members	35	37	30
Lost time standard claims per 100 full-time equivalent staff members	0.18	.036	0.51
The average cost per WorkCover claim for the year ('000)	$67.488	$15.182	$22.778

WorkCover and injury management

During 2022-2023, the Eye and Ear's injury management program continued to have positive results with a focus on preventative, proactive early intervention and injury management programs. The emphasis of early intervention is to address issues before escalation and help manage injuries and illnesses. 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.

The table above highlights our OHS performance. There were 30 incidents for the year per full-time equivalent employees which was a decrease of seven from the previous year.

Our key occupational health and safety incidents related to musculoskeletal disorders, occupational violence and aggression; psychological wellbeing and occupational exposures.

Our open WorkCover claims are related to mental health injury, musculoskeletal disorder and slips, trips and falls. The highest claims costs are attributed to psychological injuries.

Our Employer Performance Rating was 28 per cent better than the industry average in the 2022-2023 period.

We continue to implement preventative actions to reduce the likelihood and severity of injuries. WorkCover claims for time lost due to injuries in 2022-2023 reduced from the previous year from five to three.

Injury prevention strategies

During 2022-23, the Eye and Ear focused on key risks related to occupational violence and aggression, manual handling and psychological wellbeing. 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 can 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
- The importance of appropriate consultation between Health and Safety representatives, staff, managers and People and Culture before implementing new work practices or equipment
- Risk assessments were conducted to identify hazards that have the potential to cause harm before a change in work practices, procedures or work environment. A remediation plan was also put into place.

In 2022-2023, the Health, Safety and Environment Committee met quarterly to discuss, monitor and agree on remedial action for safety issues. Committee members include management, Health and Safety representatives and a consumer representative.

The Laser and Radiation Safety Committee is held quarterly and has management, medical and clinical staff representatives who oversee radiation and laser safety at the Eye and Ear.

Virtual forums with the Health and Safety representatives were held regularly during 2022-2023. The forums provide an opportunity for the representatives to discuss health and safety concerns and raise issues regarding their designated work group. The following OHS related training was provided:

- Appropriate workplace behaviours that incorporate the prevention of bullying, discrimination and harassment for all managers
- Responding to occupational violence and aggression for clinical and front-line staff
- Initial and refresher training for Health and Safety representatives
- Train the trainer manual handling training; and laser and radiation safety training.

Occupational violence

Occupational violence is any incident where an employee is abused, threatened or assaulted in circumstances arising from, or during, their employment.

The Eye and Ear's occupational violence and aggression (OVA) framework includes several preventative and responsive controls including: an OVA Action Plan, code grey and black procedures, code grey and code black response teams, controlled access, signage, duress alarms – fixed and pendant, education and training.

The Health, Safety and Environment Committee has oversight of occupational violence and aggression issues across the organisation.

In 2022-2023 all staff were encouraged to complete an online occupational violence and aggression training package to increase staff awareness and understanding of OVA. An external training provider facilitated occupational violence and aggression training for clinical and front-line staff and Code Grey and Code Black emergency response team members.

The Eye and Ear continued to raise awareness with staff, consumers, patients and their families that violence and aggression is unacceptable and will not be tolerated. The table below outlines the comparison in occupational violence incidents with the previous year.

Occupational violence statistics	2021 -2022	2022 -2023
WorkCover accepted claims with an occupational violence per 100 FTE	0	0.17
Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	0	1.08
Number of occupational violence incidents reported	84	81
Number of occupational violence incidents reported per 100 FTE	15.2	14.0
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	2.4	1.23

There was a decrease of three occupational violence and aggression reported incidents to 81 in 2022-2023, compared with 84 incidents the previous year. Many related to changes in hospital processes stemming from COVID-19 and the requirement for patients, visitors and carers to wear masks and comply with COVIDSafe requirements.

Definitions of occupational violence:

- **Occupational violence** – any incident where an employee is abused, threatened or assaulted in circumstances arising out of, or in the course of their employment
- **Incident** – an event or circumstance that could have resulted in, or did result in, harm to an employee. Incidents of all severity must be included. Code Grey reporting is not included, however if an incident occurs during a planned or unplanned Code Grey, the incident must be included
- **Accepted Workcover claims** – accepted Workcover claims that were lodged in 2022-2023
- Lost time is defined as greater than one day.
- **Injury, illness or condition** – includes all reported harm due to the incident, regardless of whether the employee required time off work or submitted a claim.

Financial information

	2023 $000	2022 $000	2021 $000	2020 $000	2019 $000
Operating result*	**439**	**422**	**96**	**824**	**148**
Total revenue	171,455	156,638	157,785	148,986	147,407
Total expense	(153,600)	(136,557)	(129,357)	(126,934)	(128,890)
Net result from transactions	**17,855**	**20,081**	**28,428**	**22,052**	**18,517**
Total other economic flows	460	(4,861)	4,784	(1,836)	(4,088)
Net result	**18,315**	**15,220**	**33,212**	**20,216**	**14,429**
Total assets	451,782	410,143	388,452	345,001	326,678
Total liabilities	(57,595)	(51,693)	(45,222)	(34,983)	(36,876)
Net assets/total equity	**394,187**	**358,450**	**343,230**	**310,018**	**289,802**

* The operating result is the result for which the health service is monitored in its Statement of Priorities

Reconciliation of net result from transactions and operating result

	2022-2023 $000
Operating result	**439**
Capital and specific items:	
Capital purpose income	29,619
Specific income	-
COVID-19 State Supply Arrangements:	
- Assets received free of charge or for nil consideration under the State Supply Arrangements	130
- State supply items consumed up to 30 June 2021	(130)
Assets received for free	-
Assets provided for free	-
Expenditure for capital purposes	(10)
Depreciation and amortisation	(12,126)
Impairment of non-financial assets	-
Finance costs	(67)
Net result from transactions	**17,855**

Significant changes in financial position during 2022-2023

There were no significant changes in the financial position during 2022-2023.

Operational and budgetary objectives and performance against objectives

The Eye and Ear met the budgetary requirements for 2022-2023, however operational performance was impacted by the COVID-19 pandemic restrictions and elective surgery suspensions.

Significant events occurring after balance date

There were no significant events occurring after the balance date.

Consultancies information FRD 11(e)

Details of consultancies (under $10,000)

In 2022-2023, there were two consultancies where the total fees payable to the consultants were less than $10,000. The total expenditure incurred during 2022-2023 in relation to these consultancies is $14,250 (excl. GST).

Details of consultancies (valued at $10,000 or greater)

In 2022-2023, there were two consultancies where the total fees payable to the consultants were $10,000 or more. The total expenditure incurred during 2022-2023 for these consultancies was $229,019 (excl. GST). Details of these consultancies can be viewed at **www.eyeandear.org.au**

Consultant	Purpose	Start date	End date	Total approved project fee (excluding GST)	Expenditure 2022-2023 (excluding GST)	Future expenditure (excluding GST)
Team Synergy Management Consultants	Board planning days	Sep-22	Sep-22	$9,000	$9,000	$0
AngeG Business Consulting	Review of current and proposed Anaesthetic SMS Craft Group and Anaesthetic SMS Salary rates	Nov-22	Nov-22	$5,250	$5,250	$0
PricewaterhouseCoopers Consulting (Australia)	Development of the Eye and Ear's Strategic Plan 2023-2027	Dec-22	Mar-23	$184,019	$184,019	$0
Mercer Consulting (Australia)	Classification and Remuneration Framework	Dec-22	Mar-23	$45,000	$ 45,000	$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)**
$5.4 million	$2.2 million	$1.5 million	$0.7 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.

Costs of FOI requests 2022-2023

Application fee	$30.60
Search and retrieval fee	$5.00
Photocopying/printing (black & white)	$0.20
Photographs	$5 per photo
Supervised viewing	$27.00 per ¼ hour ($85.20 max.)

Freedom of Information applications 2022–2023

Total requests	227
Fully granted	227
Completed	204

Requestors	No. of requests
General public	56
Lawyers and insurance companies	171
Total	**227**

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 Birinder Giddey.

Building Act 1993

During the financial year, building permits were obtained for building projects and certificates of occupancy or certificates of final inspection were obtained for all completed projects. Registered building practitioners were engaged for all building projects including new or major refurbishments.

Ongoing maintenance programs ensure buildings are maintained in a safe and functional condition.

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 2022-2023, The Royal Victorian Eye and Ear Hospital at 32 Gisborne St, East Melbourne achieved 100 percent compliance with mandatory ESM inspections, testing, maintenance and documentation for building safety. The hospital established 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 specified time intervals. The ESM compliance certificates are on display in the hospital's main entrance.

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 that include 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 or 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 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 to protect people 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 directs that where the government's business activities involve it in competition with private sector business activities, the net advantages that accrue to a government business are offset.

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

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 development, delivery and evaluation of our services and at an individual patient care level to support discussions and decision-making between patients and staff, and with the patient's carer 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

In 2022-2023 the Eye and Ear continued its commitment to environmental sustainability. As we come close to final stages of our redevelopment, we remain focused on undertaking the 5S approach (sort, set in order, shine, standardise and sustain), recycling and donating suitable items that are no longer required.

The hospital acknowledged its obligations under the Environment Protection Amendment (Banning Single-Use Plastic Items) Regulations 2022 regarding the ban of single use plastic items.

Total greenhouse gas emissions (tonnes CO2e)	**2020 -2021**	**2021 -2022**	**2022 -2023**
Scope 1	2,280	2,334	2,502
Scope 2	11,717	10,629	9,951
Total	**13,997**	**12,963**	**12,453**
Normalised greenhouse gas emissions			
Emissions per unit of floor space (kgCO2e/m2)	183.7	170.1	163.4
Emissions per unit of Separations (kgCO2e/Separations)	995.1	1,016.1	950.9
Emissions per unit of bed-day (LOS+Aged Care cOBD) (kgCO2e/OBD)	865.6	880.0	838.2
Total stationary energy purchased by energy type (GJ)			
Electricity	43,042	42,045	42,147
Natural gas	44,234	45,285	48,546
Total	**87,276**	**87,330**	**90,693**
Normalised stationary energy consumption			
Energy per unit of floor space (GJ/m2)	1.14	1.15	1.19
Energy per unit of Separations (GJ/Separations)	6.2	6.8	6.9
Energy per unit of bed-day (LOS+Aged Care OBD) (GJ/OBD)	5.4	5.9	6.1
Total water consumption by type (kL)			
Class A recycled water	N/A	N/A	N/A
Potable water	37,857	36,578	35,562
Reclaimed water	N/A	N/A	N/A
Total	**37,857**	**36,578**	**35,562**
Normalised water consumption (Potable + Class A)			
Water per unit of floor space (kL/m2)	0.49	0.48	0.47
Water per unit of Separations (kL/Separations)	2.69	2.87	2.72
Water per unit of bed-day (LOS+Aged Care OBD) (kL/OBD)	2.34	2.48	2.39
Water re-use and recycling			
Re-use or recycling rate % (Class A + Reclaimed / Potable + Class A + Reclaimed)	N/A	N/A	N/A
Waste			
Total waste generated (kg clinical waste + kg general waste + kg recycling waste)	404,931	373,349	391,571
Total waste to landfill generated (kg clinical waste + kg general waste)	345,471	315,230	334,714
Total waste to landfill per patient treated (kg clinical waste + kg general waste)/PPT)	5.11	4.77	5.0151
Recycling rate % (kg recycling/(kg general waste + kg recycling)	16.1	16.95	15.2473

Total greenhouse gas emissions (tonnes CO2e)	2020 -2021	2021 -2022	2022 -2023
Paper			
Total reams of paper	4,293	N/A	N/A
Reams of paper per FTE	7.8339	N/A	N/A
Rate recycled paper % (0% - 49%)	97.1	N/A	N/A
Rate recycled paper % (50% - 74%)	0.5	N/A	N/A
Rate recycled paper % (75% - 100%)	2.4	N/A	N/A
Corporate transport			
Reported vehicle kilometres (1000km)	N/A	N/A	N/A
Tonnes CO2-e corporate transport	0.1123	N/A	N/A
Tonnes CO2-e per 1000 reported kilometres	N/A	N/A	N/A
Non-emergency transport			
Reported vehicle kilometres (1000km)	N/A	N/A	N/A
Tonnes CO2-e Non-emergency transport	N/A	N/A	N/A
Tonnes CO2-e per 1000 reported kilometres	N/A	N/A	N/A
Other transport (tonnes CO2e)			
Short haul air travel (average)	N/A	N/A	N/A
Medium haul air travel (average)	N/A	N/A	N/A
Medium haul air travel (economy)	N/A	N/A	N/A
Medium haul air travel (business)	N/A	N/A	N/A
Long haul air travel (average)	N/A	N/A	N/A
Long haul air travel (economy)	N/A	N/A	N/A
Long haul air travel (premium economy)	N/A	N/A	N/A
Long haul air travel (business)	N/A	N/A	N/A
Long haul air travel (first class)	N/A	N/A	N/A
Taxi travel	N/A	N/A	N/A
Medical gases			
Kilograms CO2-e per patient treated	N/A	N/A	N/A
Refrigerants			
Kilograms CO2-e per M2	N/A	N/A	N/A
Expenditure Rates ($ thousand)			
Diesel oil in buildings	N/A	N/A	N/A
Electricity	2,033	2,161	2,164
Natural gas	524	563	644
Potable water	166	160	157
Total	**2,723**	**2,885**	**2,965**
Normalised expenditure rates (electricity, natural gas, potable water, steam, diesel oil in buildings)			
Expenditure per unit of floor space ($ thousand/m2)	0.036	0.038	0.039
Expenditure per unit of separations ($ thousand/separation)	0.194	0.226	0.226
Expenditure per unit of bed-day ($ thousand/(LOS+Aged Care OBD))	0.168	0.196	0.200
Expenditure per unit of Aged Care Bed Day ($ thousand/Aged Care OBD)	N/A	N/A	N/A
Normalisers (for information only)			
Area M	76,188	76,188	76,188
1000km (corporate	N/A	N/A	N/A
1000km (non-emergency)	N/A	N/A	N/A
Aged Care OB	N/A	N/A	N/A
ED departure	37,316	38,498	38,790
FT	548	544	607
LO	16,169	14,729	14,856
OBD	16,169	14,729	14,856
PPT	67,550	65,983	66,741
Separations	14,065	12,756	13,095

N/A - The organisation uses the Department of Health's environmental data management system (EDMS), which uploads this data. The data gap will be addressed, and we will be able to report on these indicators in the next financial year.

Social Procurement Framework

The Eye and Ear initiated a tender for "Aboriginal Artwork" as part of its Redevelopment project on 4 January to form part of series of art works to be displayed in the refurbished ground floor of the Gisborne Street site.

The tender was open to staff as well as individuals or organisations that provide art, cultural and arts industry support to First Nations people, including those currently in or recently released from Victorian prisons.

Submissions were received and an evaluation process undertaken in order to determine the successful artist. A Wiradjuri man was awarded the project and the hospital's Mirring Ba Wirring Team collaborated with the artist in the design of the new painting.

In addition to being displayed in the newly developed hospital foyer, the finalised artwork will be also used by the Eye and Ear in its Reconciliation Action Plan and other publications.

Summary of Activities relating to Social benefit supplier Objectives	No of Suppliers engaged	Total Expenditure
Opportunities for social benefit suppliers	9	$1,650,708
Opportunities for Victorian Aboriginal businesses	2	$2,450
Opportunities for Victorian social enterprises (led by a mission for people with disability) and Australian Disability Enterprises engaged (Group 1)	1	$6,365
Opportunities for Victorian social enterprises (led by a mission for people with disability) and Australian Disability Enterprises engaged (Group 2)	6	$1,591,794
Opportunities for Victorian social enterprises (led by a social mission for one of the five disadvantaged cohorts) engaged (Group 1)	7	$1,648,258
Total		**$4,899,575**

Disability Action Plan

The Eye and Ear is committed to providing an inclusive and accessible environment for staff, patients and visitors, regardless of ability or capacity. The Partnering with Consumers and Community Plan 2020-2023 incorporates the Disability Action Plan (DAP) 2020-2023 and includes a governance model to ensure organisation-wide engagement in the plan's key deliverables and objectives.

The DAP reflects the vision and strategic priorities of the Eye and Ear and is aligned with the Victorian Department of Health Disability Action Plan 2018-2020.

Car parking fees

The Eye and Ear complies with the Department of Health's hospital circular on car parking fees. Details of car parking fees and concession benefits can be viewed at: https://eyeandear.org.au/about/policies-procedures/car-parking/

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 started in 2022-2023 for which compliance with this Act was necessary.

Gender Equality Act 2020

We strive to be a workplace where:

- We welcome and celebrate all genders, cultures, identities and other differences to provide a rich opportunity for success for all employees
- We foster an equitable workplace where all employees feel motivated to actively contribute
- We promote inclusive and respectful behaviours that enhance a safe and supportive environment.

In 2022-2023 we continued to implement actions set out in our Gender Equality Action Plan. We undertook a mentorship program to improve our capabilities with disability employment. A Pride Alliance group was initiated and we have an active Equity and Inclusion network. A successful new cultural awareness program named, Walk With Me, provided staff from across the organisation the opportunity to connect with one another to understand and celebrate our differences.

Additional Information Available on Request (FRD 22 Appendix)

To comply with requirements of FRH 22 Standard Disclosures in the Report of Operations, details about items listed below have been retained by the Eye and Ear and are available to the relevant Ministers, Members of Parliament and the public on request (subject to Freedom of Information requirements, if applicable). They are:

- a statement that declarations of pecuniary interests have been duly completed by all relevant officers
- details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary
- 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 entity
- details of any major external reviews carried out on the entity
- details of major research and development activities undertaken by the entity
- details of overseas visits undertaken including a summary of objectives and outcomes of each visit
- details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the entity and its services
- details of assessments and measures undertaken to improve the occupational health and safety of employees

- a general statement on industrial relations within the entity and details of time lost through industrial accidents and disputes
- a list of major committees sponsored by the entity, the purposes of each committee and the extent to which the purposes have been achieved and
- details of all consultancies and contractors including:
  - (I) consultants/contractors engaged
  - (ii) services provided and
  - (iii) expenditure committed for each engagement.

Attestations

Financial management compliance attestation

I, Simon Brewin, on behalf of the Board, 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
5 October 2023

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
5 October 2023

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
5 October 2023

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
5 October 2023

HealthShare Victoria (HSV) Purchasing Policies

No compliance issues

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 materially complied with all requirements set out in the HSV Purchasing Policies including mandatory HSV collective agreements as required by the Health Services Act 1988 (Vic) and has critically reviewed these controls and processes during the year.

Brendon Gardner
Chief Executive Officer
The Royal Victorian Eye and Ear Hospital
5 October 2023

Financial and service performance

Reporting against the Statement of Priorities Part A: Strategic priorities

2022-2023 Priority area	Deliverable	Current status
Keep people healthy and safe in the community:		
Maintain COVID-19 readiness	*Maintain a robust COVID-19 readiness and response, working with the department, Health Service Partnership and Local Public Health Unit (LPHU) to ensure effective responses to changes in demand and community pandemic orders. This includes, but is not limited to, participation in the COVID-19 Streaming Model, the Health Service Winter Response framework and continued support of the COVID-19 vaccine immunisation program and community testing.*	**Complete** The Eye and Ear worked closely with the North East Public Health Unit in quickly responding to changes and maintaining COVID-19 readiness throughout the hospital. The hospital's Winter Response Framework was implemented enabling timely response to changes in COVID-19 safety requirements and alignment with staff availability. Effective communications increased awareness of COVID safe behaviours and practices, including promoting anti-viral therapy. A focus throughout 2022-2023 included concierge staff onsite at all hospital entrances performing entry safety screening. Infection Control nurses provided an onsite COVID-19 vaccination program for hospital staff. The COVID-19 Operations Group convened on a regular basis to enable rapid response actions after changes in the public health management of COVID-19.
Care Closer to Home		
Delivering more care in the home or virtually	*Increase the provision of home-based or virtual care, where appropriate and preferred, by the patient, including via the Better at Home program.*	**In progress** The Royal Victorian Eye and Ear Hospital has actively participated in the Department of Health's Better At Home program. Key initiatives which have been progressed include: expanded post operative telehealth models across both ophthalmology and ENT specialties; growth in the development of rapid diagnostic clinics followed by telehealth review in ophthalmology subspecialty clinics; expansion of capacity in the Ocular Rheumatology Service by providing nurse-led education to patients; and co-management of giant cell arteritis patients with the Neuro-ophthalmology Clinic. The Virtual Models of Care Steering Group has overseen work to progress initiatives such as increasing telehealth appointments, establishing the functionality and use of the Monitor ++ platform, developing a virtual reception concept and exploring opportunities for the identification and use of validated diagnostic apps. Future opportunities to partner with other health services to deliver new models of care which are being investigated include establishing a specialist ophthalmology pathway for the Victorian Virtual Emergency Department and partnering with St Vincent's Hospital in the Home (HITH) to deliver IV methylprednisolone treatment to neuro-ophthalmology patients in the community.

2022-2023 Priority area	Deliverable	Current status
Keep improving care		
Improve quality and safety of care	*Work with Safer Care Victoria (SCV) in areas of clinical improvement to ensure the Victorian health system is safe and delivers best care, including working together on hospital acquired complications, low value care and targeting preventable harm to ensure that limited resources are optimised without compromising clinical care and outcomes.*	**In progress** The Patient Safety Committee monitors all serious incidents and oversees the progress of implementation of recommendations (improvement activities) which arise from in-depth investigations through serious case reviews and panel discussions. The serious adverse patient safety event (SAPSE) program has been implemented and successfully utilised to investigate serious incidents.
Improve Emergency Department access	*Improve access to emergency services by implementing strategies to reduce bed access blockage to facilitate improved whole of system flow, reduce emergency department four-hour wait times, and improve ambulance to health service handover times.*	**In progress** Despite increasing presentations, the hospital met the target for seeing patients within expected timeframes and leads Victoria with ambulance off-stretcher performance. Establishment of the Short Stay Unit will assist with patient flow and support the reduction in potential bed access block.
Plan update to nutrition and food quality standards	*Develop a plan to implement nutrition and quality of food standards in 2022-23, implemented by December of 2023.*	**Complete** The hospital aligns practices with the Healthy Choices Policy Directive and has reviewed vending machine offerings. This has led to healthier food and drink options in all vending machines. The Nutrition and Hydration Guideline provides guidance for undertaking nutritional screening to identify patients presenting with, or at risk of, malnutrition, provision of appropriate food and fluids for patients, and the communication, education and support systems that underpin this care.
Climate Change Commitments	*Contribute to enhancing health system resilience by improving the environmental sustainability, including identifying and implementing projects and/or processes that will contribute to committed emissions reduction targets through reducing or avoiding carbon emissions and/or implementing initiatives that will help the health system to adapt to the impacts of climate change.*	**Complete** The Eye and Ear is committed to the environmental improvement targets outlined in our Environmental Management Plan endorsed in 2021. The plan demonstrates the hospital's organisation-wide commitment to reducing the adverse environmental impacts associated with the day-to-day operations and through its procurement activities. A review of the hospital's Environmental Management Committee has commenced with a view to strengthening the hospital's governance and reporting.
Asset Maintenance and Management	*Improve health service and Department Asset Management Accountability Framework (AMAF) compliance by collaborating with Health Infrastructure to develop policy and processes to review the effectiveness of asset maintenance and its impact on service delivery.*	**Complete** The Eye and Ear Asset Management Framework and Strategy reflects the organisation's asset program and aligns with the Victorian Government Asset Management Accountability Framework (2016).

2022-2023 Priority area	Deliverable	Current status
Improving Aboriginal Health and Wellbeing		
Improve Aboriginal cultural safety	*Strengthen commitments to Aboriginal Victorians by addressing the gap in health outcomes by delivering culturally safe and responsive health care.*	**In progress** The Mirring Ba Wirring Aboriginal Health Team supports patients, and their families as required, to attend for care and treatment. The team follows-up patients who do not wait in the Emergency Department to determine the reasons for leaving and check whether they still need to be seen. Patients who fail to attend Specialist Clinics are also followed up to assist rescheduling and support them to attend for care. The Mirring Ba Wirring team also supports staff by delivering cultural awareness and 'Asking the Question' training and through providing a resource for staff five days a week.
	Establish meaningful partnerships with Aboriginal Community-Controlled Health Organisations.	**In progress** The Mirring Ba Wirring Aboriginal Health Team, the Director Partnerships, Clinical Education and Planning and manager of the Mirring Ba Wirring Team, have strong connections with the Victorian Aboriginal Community Controlled Health Organisation (VACCHO) via membership on external committees working in the Aboriginal Health space. The Eye and Ear also works in collaboration with the Victorian Aboriginal Health Service (VAHS) to deliver two outreach clinics – Ophthalmology and Healthy Ears.
	Implement strategies and processes to actively increase Aboriginal employment.	**In progress** The Aboriginal Employment Plan 2021-2025 outlines the strategies underway to increase the number of Aboriginal identified staff working at the Eye and Ear. Currently eight employees identify which is 0.84% of the workforce. This is consistent with our Aboriginal patient percentage. A Year 11 student doing a Certificate II in Allied Health Assistant undertook a placement in the Specialist Clinics in early 2023. One of the Mirring Ba Wirring team members is a member on the Aboriginal Employment Health Service Community of Practice which is an initiative being led by Austin Health.
	Improve patient identification of Aboriginal people presenting for health care, and to address variances in health care and provide equitable access to culturally safe care pathways and environments.	**In progress** The Mirring Ba Wirring team deliver Ask the Question/Cultural Awareness training to staff working in frontline administration roles to support improvements to Asking the Question. Posters are displayed across clinical areas to support patients to self-identify. The Primary Care and Population Health Advisory Committee has a key focus on improving access to care and treatment for Aboriginal and Torres Strait Islander patients.
	Develop discharge plans for every Aboriginal patient.	**In progress** Aboriginal patients are supported by the Mirring Ba Wirring Aboriginal Health Team to receive care and treatment as needed. Patients with complex needs or who live in rural and remote locations and are required to attend Specialist Clinics or surgery receive support from the Mirring Ba Wirring team to do so through a collaboration between the patient's local ACCHO, where available, and the Eye and Ear Social Work team. Discharge plans are developed, especially for those patients with more complex needs.

2022-2023 Priority area	Deliverable	Current status
Moving from competition to collaboration		
Foster and develop local partnerships	*Strengthen cross-service collaboration, including through active participation in health service partnerships (HSP).*	**In progress** The Eye and Ear maintains active involvement in the North East Metro Health Service Partnership (NEMHSP). Eye and Ear representatives form part of the Better At Home and Elective Surgery Recovery and Reform Governance Committee membership. The Eye and Ear is collaborating with ENT networks across the partnership to develop a consistent approach to the management of day stay ENT procedures. In addition, we participate in Partnership Community of Practice activities and maintain close networking streams with Partnership members. The Eye and Ear partners with community and private providers to better enhance safe and culturally appropriate access for our patients. We maintain strong collaborative partnerships with the Centre for Eye Research Australia (CERA) and the University of Melbourne.
	Work together with other HSP members on strategic system priorities where there are opportunities to achieve better and more consistent outcomes through collaboration, including the pandemic response, elective surgery recovery and reform, implementation of the Better at Home program and mental health reform.	**In progress** As noted above, we actively participated with: • Health Services Partnership across the domains of planning, planned surgery and Better At Home and • NEMHSP to deliver local and shared priorities including elective surgery recovery and reform and numerous Better At Home initiatives. Along with its role in ENT clinical networks across the state that identify consistent approaches to the management of day stay ENT procedures, the hospital is developing a submission for the Victorian Virtual Emergency Department (VVED) to operationalise a specialist ophthalmology stream.
Joint service planning	*Develop HSP Strategic Service Plans – codesigned by health services and the department – that guide a system approach to future service delivery and consider equity, quality and safety, and value.*	**In progress** Alongside partner health services and led by the Department of Health, the Eye and Ear is collaborating on the development of a NEMHSP Strategic Service Plan. This has involved engagement of clinicians and operational leads through a number of consultations and workshops informed by future demand forecasts. Through the NEMHSP Steering Committee, the Department of Health have been able to test, debate and draft a set of strategic service planning directions to inform future health system delivery.
Planned Surgery Recovery and Reform Program	*Maintain commitment to deliver goals and objectives of the Planned Surgery Recovery and Reform Program, including initiatives as outlined, agreed and funded through the HSP workplan. Health services are expected to work closely with HSP members and the department throughout the implementation of this strategy, and to collaboratively develop and implement future reform initiatives to improve the long term sustainability of safe and high quality planned surgical services to Victorians.*	**In progress** On June 30 the Eye and Ear's surgical services concluded its additional elective surgical activity by temporarily running two all-day Saturday Theatre sessions. This initiative saw 366 patients treated across 72 theatre sessions in the past financial year. Additionally, surgical services have used the public-private partnership with Victoria Parade Surgery Centre (VPSC), with 1,153 patients treated since launching the partnership in November 2022. This initiative exceeded the target of 1,000 patients treated by the end of June 2023 and was delivered within allocated funds to support this initiative.

2022-2023 Priority area	Deliverable	Current status
A Stronger Workforce		
Improve workforce wellbeing	*Participate in the Occupational Violence and Aggression (OVA) training that will be implemented across the sector in 2022-23.*	**In progress** The endorsed comprehensive three-tiered approach by the Board to OVA training in 2021 continued in 2022-2023. The tiers comprise of online training for all staff, and face to face training for patient-facing staff and Code Grey and Code Black Emergency Response teams. The training is delivered by an expert in OVA. OVA training is further supported in the Eye and Ear's Workforce Wellbeing, Recruitment and Retention Plan which was endorsed by the Board in 2022-2023.
	Support the implementation of the Strengthening Hospital Responses to Family Violence (SHRFV) initiative deliverables including health service alignment to MARAM, the Family Violence Multi-Agency Risk Assessment and Management framework.	**In progress** The Eye and Ear has implemented SHRFV since 2018. Its deliverables include communication to patients about the supportive environment within the hospital space, mapping staff to responsibilities relating to SHRFV and staff training including an eLearning module and face to face training with selected workforces such as the Emergency Department. The Eye and Ear is aligned to the Multi-Agency Risk Assessment and Management Framework (MARAM). This involves completion of Identification and Risk forms, referrals to Social Work as agreed by patients and establishment of 'Information Sharing' under the Family Violence Information Sharing System and Child Information Sharing System via the hospital's Health Information Service. The Eye and Ear will start the mapping process to work with adults who use violence and continue to develop training and response plans into the 2023-2024 period.
	Prioritise wellbeing of healthcare workers and implement local strategies to address key issues.	**In progress** The Eye and Ear is actively participating in two projects aimed at addressing employee wellbeing; • WorkSafe Victoria's STAR project • SaferCare Victoria's Wellbeing for health care workers initiative In addition to these projects, the hospital continues to deliver a targeted staff wellbeing program which include activities such as: • Virtual wellbeing workshops • Employee Assistance Program (EAP) and peer support program development and promotion • Fitness passports which offer discounted gym memberships to staff.

Part B: Key performance measures

High quality and safe care

Key performance measure	Target	2022-2023 result
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	85%	84%
Percentage of healthcare workers immunised for influenza	92%	99%
Healthcare associated infections (HAIs)		
Rate of patients with SAB (staphylococcus aureus bloodstream infections) per 10,000 occupied bed days	≤ 1	0.7
Patient experience		
Percentage of adult patients who reported positive experiences of their hospital stay	95%	94.7%

* Given COVID-19 resulted in delays to surgery, visitor restriction and increased demand for services, patient experience has been impacted

Strong governance, leadership and culture

Key performance measure	Target	2022-2023 result
Organisation culture		
People matter survey - percentage of staff with an overall positive response to safety culture survey questions	62%	73%

Timely access to care

Key Performance Measure	Target	2022-2023 result
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 time	94%	84.4%
Number of patients on the elective surgery waiting list at 30 June 2023	3,430	4,371
Number of patients admitted from the elective surgery waiting list	11,664	9,971
Number of patients (in addition to base) admitted from the elective surgery waiting list	4,652	0
Percentage of patients on the waiting list who waited longer than clinically recommended times for their respective triage category	5% or 15% proportional improvement from previous year	31%
Number of hospital-initiated postponements per 100 scheduled admissions	≤7	5.8
Emergency Care		
Percentage of ambulance patients transferred from ambulance to emergency department within 40 minutes	90%	100%
Percentage of Triage Category 1 emergency patients seen immediately	100%	N/A*
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended time	80%	90%
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%	71%
Number of patients with length of stay in the Emergency Department greater than 24 hours	0	0

* There were no Triage category 1 emergency presentations to the Eye and Ear in the FY2022-2023

Key Performance Measure	Target	2022-2023 result
Specialist Clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	90.4%
Percentage of routine patients referred by a GP or external specialist who attended a first appointment within 365 days	90%	71%

Effective financial management

Key Performance Measure	Target	2022-2023 result
Operating result ($m)	0.00	0.44
Average number of days to pay trade creditors	60 days	32 days
Average number of days to receive patient fee debtors	60 days	30 days
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	2.0
Variance between forecast and actual net result from transactions (NRFT) for the current financial year ending 30 June.	Variance ≤ $250,000	Not achieved
Actual number of days available cash, measured on the last day of each month.	14 days	68 days

Part C: Activity and funding

Funding type	2022-2023 activity achievement
Consolidated activity funding	
Acute admitted, subacute admitted, emergency services, non-admitted NWAU (national weighted activity unit)	16,639.12
Acute admitted	
Acute admitted DVA	34.83
Acute admitted TAC	0

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 of Health's compliance with statutory disclosure requirements.

Legislation	Requirement	Page reference
Ministerial directions		
Rreport of operations		
Charter and purpose		
FRD 22	Manner of establishment and the relevant Ministers	2
FRD 22	Purpose, functions, powers and duties	2
FRD 22	Nature and range of services provided	2
FRD 22	Activities, programs and achievements for the reporting period	3-5
FRD 22	Significant changes in key initiatives and expectations for the future	3-5
Management and structure		
FRD 22	Organisational structure	12
FRD 22	Workforce data/ employment and conduct principles	16
FRD 22	Occupational Health and Safety	17-18
Financial information		
FRD 22	Summary of the financial results for the year	20
FRD 22	Significant changes in financial position during the year	20
FRD 22	Operational and budgetary objectives and performance against objectives	20
FRD 22	Subsequent events	20
FRD 22	Details of consultancies under $10,000	21
FRD 22	Details of consultancies over $10,000	21
FRD 22	Disclosure of ICT expenditure	21
Legislation requirement		
FRD 22	Application and operation of Freedom of Information Act 1982	22
FRD 22	Compliance with building and maintenance provisions of Building Act 1993	22
FRD 22	Application and operation of Public Interest Disclosure Act 2012	22
FRD 22	Statement on National Competition Policy	23
FRD 22	Application and operation of Carers Recognition Act 2012	23
FRD 22	Summary of environmental performance	23-24
FRD 22	Additional information on request	25-26
Other relevant reporting directives		
FRD 25	Local Jobs First Act 2003 disclosures	25
SD 5.1.4	Financial Management Compliance attestation	27
SD 5.1.3	Declaration in report of operations	5
Attestations		
Attestation on data integrity		27
Attestation on managing conflicts of interest		27
Attestation on integrity, fraud and corruption		27
Compliance with HealthShare Victoria (HSV) Purchasing Policies		27
Other reporting requirements		
Reporting of outcomes from Statement of Priorities 2022-2023		28-34
Occupational Violence reporting		19
Gender Equality Act 2020		25
Reporting obligations under the Safe Patient Care Act 2015		23
Reporting of compliance regarding car parking fees		25

Financial Statements

Financial Statements

Financial Year ended 30 June 2023

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 2023 and the financial position of *The Royal Victorian Eye and Ear Hospital* at 30 June 2023.

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 5 October 2023.

Dr Sherene Devanesen
Chair, Board of Directors
5 October 2023

Brendon Gardner
Chief Executive Officer
5 October 2023

Danny Mennuni
Chief Finance and Accounting Officer
5 October 2023

Independent Auditor's Report

Victorian Auditor-General's Office

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 2023 • 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 • chairperson's, chief executive officer's and chief financial 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 2023 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
9 October 2023

Sanchu Chummar
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 2023

	Note	2023 $'000	2022 $'000
Revenue and Income from Transactions:			
Operating Activities	2.1	167,702	153,730
Non-Operating Activities	2.1	3,753	2,908
Total Revenue and Income from Transactions		**171,455**	**156,638**
Expenses from Transactions:			
Employee Expenses	3.1	(93,998)	(84,146)
Supplies and Consumables	3.1	(27,211)	(25,217)
Finance Income/Costs	3.1	(67)	201
Administrative Expenses	3.1	(13,790)	(9,475)
Other Operating Expenses	3.1	(6,369)	(6,537)
Depreciation and Amortisation	4.5	(12,126)	(11,349)
Other Non-Operating Expenses	3.1	(39)	(34)
Total Expenses from Transactions		**(153,600)**	**(136,557)**
Net Result from Transactions - Net Operating Balance		**17,855**	**20,081**
Other Economic Flows Included In Net Result:			
Net Gain/(Loss) on Non-Financial Assets	3.2	(143)	(195)
Net Gain/(Loss) on Financial Instruments	3.2	1,197	(5,324)
Other Gain/(Loss) from Other Economic Flows	3.2	(594)	658
Total Other Economic Flows Included In Net Result		**460**	**(4,861)**
Net Result For The Year		**18,315**	**15,220**
Other Comprehensive Income:			
Items that Will Not Be Reclassified to Net Result			
Changes in Property, Plant and Equipment Revaluation Surplus	4.3	17,422	-
Total Other Comprehensive Income		**17,422**	**-**
Comprehensive Result For The Year		**35,737**	**15,220**

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

The Royal Victorian Eye and Ear Hospital
Balance Sheet
As at 30 June 2023

	Note	2023 $'000	2022 $'000
Current Assets			
Cash and Cash Equivalents	6.2	38,320	26,916
Receivables	5.1	1,535	1,795
Contract Assets	5.2	718	585
Investments and Other Financial Assets	4.1	-	441
Inventories	4.7	201	291
Prepaid Expenses	5.5	1,699	1,377
Total Current Assets		**42,473**	**31,405**
Non-Current Assets			
Receivables	5.1	5,691	5,287
Investments and Other Financial Assets	4.1	41,390	40,211
Property, Plant and Equipment	4.2	342,593	312,642
Intangible Assets	4.4	6,961	7,781
Investment Properties	4.6	12,674	12,817
Total Non-Current Assets		**409,309**	**378,738**
Total Assets		**451,782**	**410,143**
Current Liabilities			
Payables	5.3	27,903	22,252
Contract Liabilities	5.4	33	354
Employee Benefits	3.3	23,790	21,249
Borrowings	6.1	1,736	1,736
Total Current Liabilities		**53,462**	**45,591**
Non-Current Liabilities			
Employee Benefits	3.3	2,539	2,840
Borrowings	6.1	1,594	3,262
Total Non-Current Liabilities		**4,133**	**6,102**
Total Liabilities		**57,595**	**51,693**
Net Assets		**394,187**	**358,450**
Equity			
Revaluation Surplus	4.3	84,850	67,428
General Purpose Reserve	SCE	232	246
Restricted Specific Purpose Reserve	SCE	31,424	30,822
Contributed Capital	SCE	51,568	51,568
Accumulated Surplus/(Deficit)	SCE	226,113	208,386
Total Equity		**394,187**	**358,450**

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 2023

	Note	2023 $'000	2022 $'000
Cash Flows From Operating Activities:			
Operating Grants from State Government		130,941	115,650
Operating Grants from Commonwealth Government		3,316	3,063
Capital Grants from State Government		5,800	8,299
Patient Fees Received		3,980	2,865
Private Practice Fees Received		1,776	1,613
Pharmaceutical Sales Received		558	500
Car Park Income Received		304	288
Donations and Bequests Received		91	326
GST Received from ATO		4,316	3,585
Interest and Investment Income Received		3,974	2,688
Other Receipts		5,733	4,837
Total Receipts		**160,789**	**143,714**
Employee Expenses		(91,693)	(81,595)
Non Salary Labour Costs		(1,593)	(1,347)
Payments for Supplies and Consumables		(26,572)	(23,534)
Payments for Medical Indemnity Insurance		(1,407)	(1,405)
Payments for Repairs and Maintenance		(2,039)	(2,283)
GST Paid to ATO		(342)	(260)
Other Payments		(20,811)	(14,781)
Total Payments		**(144,457)**	**(125,205)**
Net Cash Flows From/(Used In) Operating Activities	8.1	**16,332**	**18,509**
Cash Flows From Investing Activities:			
Proceeds from Sale of Financial Assets		465	-
Purchase of Non-Financial Assets		(4,624)	(18,040)
Proceeds from Sale of Non-Financial Assets		-	14
Capital Donations and Bequests Received		967	1,868
Net Cash Flow From/(Used In) Investing Activities		**(3,192)**	**(16,158)**
Cash Flows From Financing Activities:			
Repayment of Borrowings		(1,736)	(1,736)
Net Cash Flow From/(Used In) Financing Activities		**(1,736)**	**(1,736)**
Net Increase/(Decrease) In Cash And Cash Equivalents Held		**11,404**	**615**
Cash and Cash Equivalents at Beginning of Year		26,916	26,301
Cash and Cash Equivalents at End of Year	6.2	**38,320**	**26,916**

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 2023

	Revaluation Surplus	General Purpose Reserve	Restricted Specific Purpose Reserve	Contributed Capital	Accumulated Surplus/ (Deficit)	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2021	**67,428**	**258**	**41,922**	**51,568**	**182,054**	**343,230**
Net Result for the Year	-	-	-	-	15,220	15,220
Transfer to/(from) Accumulated Surplus/(Deficit)	-	(12)	(11,100)	-	11,112	-
Balance at 30 June 2022	**67,428**	**246**	**30,822**	**51,568**	**208,386**	**358,450**
Net Result for the Year	-	-	-	-	18,315	18,315
Other Comprehensive Income for the Year	17,422	-	-	-	-	17,422
Transfer to/(from) Accumulated Surplus/(Deficit)	-	(14)	602	-	(588)	-
Balance at 30 June 2023	**84,850**	**232**	**31,424**	**51,568**	**226,113**	**394,187**

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

Note 1: Basis of Preparation

These 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 2023. The report provides users with information about the hospital's stewardship of resources entrusted to it.

This section explains the basis of preparing the financial statements.

Structure:

Note 1.1: 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.

Note 1.2: Basis of Preparation of the Financial Statements

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

The financial statements also comply with relevant Financial Reporting Directions (FRDs) issued by the Department of Treasury and Finance, and relevant Standing Directions 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 a "not-for-profit" health service under the Australian Accounting Standards. Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are the same as those adopted in the previous period.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements are prepared on a going concern basis (refer 8.9 Economic Dependency).

The financial statements are in Australian dollars.

The amounts presented in the financial statements have been rounded to the nearest thousand dollars. Minor discrepancies in tables between totals and sum of components are due to rounding.

The annual financial statements were authorised for issue by the Board of The Royal Victorian Eye and Ear Hospital on 5 October 2023.

Note 1.3: Impact of COVID-19 Pandemic

The Pandemic (Public Safety) Order 2022 (No. 5) which commenced on 22 September 2022 ended on 12 October 2022 when it was allowed to lapse and was revoked. Long-term outcomes from COVID-19 infection are currently unknown and while the pandemic response continues, a transition plan towards recovery and reform in 2022/23 was implemented. Victoria's COVID-19 Catch-Up Plan is aimed at addressing Victoria's COVID-19 case load and restoring surgical activity.

Where financial impacts of the pandemic are material to the hospital, they are disclosed in the explanatory notes. For the hospital, this includes:

- Note 2: Funding the Delivery of Services
- Note 3: The Cost of Delivering Services
- Note 5: Other Assets and Liabilities

Note 1.4: Abbreviations and Terminology Used in the Financial Statements

The following table sets out the common abbreviations used throughout the financial statements:

Reference	Title
AASB	Australian Accounting Standards Board
AASs	Australian Accounting Standards, which include Interpretations
DH	Department of Health
DTF	Department of Treasury and Finance
FMA	Financial Management Act 1994
FRD	Financial Reporting Direction
NWAU	National Weighted Activity Unit
SD	Standing Direction
VAGO	Victorian Auditor General's Office

Note 1.5: Key Accounting Estimates and Judgements

Management make estimates and judgements when preparing the financial statements.

These estimates and judgements are based on historical knowledge and best available current information and assume any reasonable expectation of future events; actual results may differ.

Revisions to key estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision.

The accounting policies and significant management judgements and estimates used, and any changes thereto, are identified at the beginning of each section where applicable and relate to the following disclosures:

- Note 3.3: Employee Benefits and Related On-Costs
- Note 4.2: Property, Plant and Equipment
- Note 4.4: Intangible Assets
- Note 4.5: Depreciation and amortisation
- Note 4.8: Impairment of Assets
- Note 5.1: Receivables
- Note 5.4: Contract Liabilities
- Note 7.4: Fair Value Determination

Note 1.6: Accounting Standards Issued but Not Yet Effective

An assessment of accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to the hospital and their potential impact when adopted in future periods is outlined below:

Standard	Adoption Date	Impact
AASB 17: *Insurance Contracts*	Reporting periods beginning on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2020-1: *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current*	Reporting periods beginning on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2022-5: *Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback*	Reporting periods beginning on or after 1 January 2024.	Adoption of this standard is not expected to have a material impact.
AASB 2022-6: *Amendments to Australian Accounting Standards – Non-Current Liabilities with Covenants*	Reporting periods beginning on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2022-8: *Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments*	Reporting periods beginning on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2022-9: *Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector*	Reporting periods beginning on or after 1 January 2026.	Adoption of this standard is not expected to have a material impact.
AASB 2022-10: *Amendments to Australian Accounting standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*	Reporting periods beginning on or after 1 January 2024.	Adoption of this standard is not expected to have a material impact.

There are no other accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to the hospital in future periods.

Note 1.7: Goods and Services Tax (GST)

Income, expenses, assets and liabilities are recognised net of the amount of GST, except where the GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables in the Balance Sheet are stated inclusive of the amount of GST. 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 included in the Cash Flow Statement on a gross basis, except for the GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, which are disclosed as operating cash flows.

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

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 grant funding for the provision of outputs. The hospital also receives income from the supply of goods and services.

Structure:

2.1 Revenue and Income from Transactions

Telling the COVID-19 Story

Revenue and income recognised to fund the delivery of our services increased during the financial year which was attributable to the COVID-19 Coronavirus pandemic. Whilst the COVID-19 public health response during the year ended 30 June 2023 was scaled down, this was offset by additional funding provided under Victoria's COVID-19 Catch-Up Plan, which aims to address Victoria's COVID-19 case load and restore surgical capacity and activity.

The COVID-19 pandemic impacted the hospital's ability to satisfy its performance obligations contained within its contracts with customers. The hospital received notification that there would be no obligation to return funds to the Department of Health where performance obligations had not been met.

Additional sustainability funding was also provided by the Department of Health.

Key Judgements and Estimates

This section contains the following key judgements and estimates:

Key Judgements and Estimates	Description
Identifying performance obligations	The hospital applies significant judgment when reviewing the terms and conditions of funding agreements and contracts to determine whether they contain sufficiently specific and enforceable performance obligations. If this criteria is met, the contract/funding agreement is treated as a contract with a customer, requiring the hospital to recognise revenue as or when the hospital transfers promised goods or services to the beneficiaries. If this criteria is not met, funding is recognised immediately in the net result from operations.
Determining timing of revenue recognition	The hospital applies significant judgement to determine when a performance obligation has been satisfied and the transaction price that is to be allocated to each performance obligation. A performance obligation is either satisfied at a point in time or over time.
Determining timing of capital grant income recognition	The hospital applies significant judgement to determine when its obligation to procure or construct an asset is satisfied. Costs incurred is used to measure the hospital's progress as this is deemed to be the most accurate reflection of the stage of completion.
Assets and services received free of charge or for nominal consideration	The hospital applies significant judgement to determine the fair value of assets and services provided free of charge or for nominal value. Donations and bequests are recognised at the cash or market value of the assets received. Personal protective equipment is recognised at the value advised by Health Share Victoria and Monash Health.

Note 2.1: Revenue and Income from Transactions

	Note	2023 $'000	2022 $'000
Operating Activities			
Revenue from Contracts with Customers:			
Government Grants (State) - Operating		112,278	98,631
Government Grants (Commonwealth) - Operating		3,321	3,072
Patient Fees		3,809	3,044
Private Practice Fees		1,776	1,613
Commercial Activities [(i)]		1,143	1,054
Total Revenue from Contracts with Customers	2.1 (a)	**122,327**	**107,414**
Other Sources of Income:			
Government Grants (State) - Operating		13,787	12,186
Government Grants (State) - Capital		24,678	26,247
Assets Received Free of Charge or for Nominal Consideration	2.1 (b)	1,097	2,472
Other Revenue from Operating Activities (including Non-Capital Donations)		5,813	5,411
Total Other Sources of Income		**45,375**	**46,316**
Total Revenue and Income from Operating Activities		**167,702**	**153,730**
Non-Operating Activities			
Income from Other Sources:			
Rental Income		452	311
Capital Interest		1,144	130
Dividends		2,157	2,467
Total Income from Non-Operating Activities		**3,753**	**2,908**
Total Revenue and Income from Transactions		**171,455**	**156,638**

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

Note 2.1(a) Timing of Revenue Recognition from Contracts with Customers

The hospital disaggregates revenue by the timing of revenue recognition.

	2023 $'000	2022 $'000
Goods and Services Transferred to Customers:		
At a Point In Time	122,106	107,198
Over Time	221	216
Total Revenue from Contracts With Customers	**122,327**	**107,414**

How We Recognise Revenue and Income From Transactions

Government Operating Grants

To recognise revenue, the hospital assesses whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with AASB 15: *Revenue from Contracts with Customers* .

When both these conditions are satisfied, the hospital:

- identifies each performance obligation relating to the revenue
- recognises a contract liability for its obligations under the agreement
- recognises revenue as it satisfies its performance obligations, at a point in time or over time as and when services are rendered

If a contract liability is recognised, the hospital recognises revenue in profit or loss as and when it satisfies its obligations under the

When the contract is not enforceable and/or does not have sufficiently specific performance obligations, the hospital:

- recognises the asset received in accordance with the recognition requirements of other applicable Accounting Standards (for example, AASB 9, AASB 16, AASB 116 and AASB 138)
- recognises related amounts (being contributions by owners, lease liabilities, financial instruments, provisions, revenue or contract liabilities from a contract with a customer)
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount in accordance with AASB 1058

In contracts with customers, the 'customer' is typically a funding body, who is the party that promises funding in exchange for the hospital's goods or services. Hospital funding bodies often direct that goods or services are to be provided to third party beneficiaries, including individuals or the community at large. In such instances, the customer remains the funding body that has funded the program or activity, however the delivery of goods or services to third party beneficiaries is a characteristic of the promised good or service being transferred to the funding body.

This policy applies to each of the hospital's revenue streams, with information detailed below relating to the hospital's significant revenue streams:

Government Grant	Performance Obligation
Activity Based Funding (ABF) paid as National Weighted Activity Unit (NWAU)	NWAU is a measure of health service activity expressed as a common unit against which the national efficient price (NEP) is paid. The performance obligations for NWAU are the number and mix of admissions, emergency department presentations and outpatient episodes, and is weighted for clinical complexity. Revenue is recognised at point in time, which is when a patient is discharged.

Capital Grants

When the hospital receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liabilities, financial instruments, provisions, revenue or contract liabilities arising from a contract with a customer) recognised under other Australian Accounting Standards.

Income is recognised progressively as the asset is procured or constructed which aligns with the hospital's obligation to procure or construct the asset. The progressive percentage of costs incurred is used to recognise income, as this most accurately reflects the stage of completion.

Patient Fees

Patient fees are charges that can be levied on patients for some services they receive. Patient fees are recognised at a point in time when the performance obligation, the provision of services, is satisfied.

Private Practice Fees

Private practice fees include recoupments from various private practice organisations for the use of hospital facilities. Private practice fees are recognised over time as the performance obligation, the provision of facilities, is provided to customers.

Commercial Activities

Revenue from commercial activities includes commercial car parking facilities, property rental, sale of medication and providing education services. Commercial activity revenue is recognised at a point in time, upon provision of the goods or service to the customer.

How We Recognise Income from Non-Operating Activities

Rental Income – Investment Properties

Rental income from investment properties is recognised on a straight-line basis over the term of the lease, unless another systematic basis is more representative of the pattern of use of the underlying asset.

Where a lease incentive is provided to a lessee, this is considered an integral part of the net consideration agreed for the use of the lease asset and therefore the incentive is recognised as a reduction of rental income over the period to which it relates.

The following table sets out the maturity analysis of undiscounted future lease payments receivable under our operating leases:

As at 30 June	2023 $'000	2022 $'000
Within One Year	352	611
Within One to Two Years	174	322
Within Two to Three Years	67	150
Within Three to Four Years	70	67
Within Four to Five Years	13	70
After Five Years	23	36
Total Undiscounted Future Lease Payments Receivable	**699**	**1,256**

Dividend Income

Dividend income is recognised when the right to receive payment is established. Dividends represent the income arising from the hospital's investments in financial assets.

Interest Income

Interest income is recognised on a time proportionate basis that considers the effective yield of the financial asset, which allocates interest over the relevant period.

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

	2023 $'000	2022 $'000
Donations and Bequests - Capital	967	1,868
Personal Protective Equipment	130	604
Total Fair Value of Assets and Services Received Free of Charge or For Nominal Consideration	**1,097**	**2,472**

How We Recognise the Fair Value of Assets and Services Received Free of Charge or For Nominal Consideration

Donations and Bequests

Donations and bequests are generally recognised as income upon receipt (which is when the hospital obtained control of the asset) as they do not contain sufficiently specific and enforceable performance obligations. Where sufficiently specific and enforceable performance obligations exist, revenue is recorded as and when the performance obligation is satisfied.

Personal Protective Equipment

In order to meet the State of Victoria's health system supply needs during the COVID-19 pandemic, arrangements were put in place to centralise the purchasing of essential personal protective equipment (PPE) and other essential plant and equipment.

The general principles of the State Supply Arrangement were that Health Share Victoria sourced, secured and agreed terms for the purchase of the PPE products, funded by the Department of Health, while Monash Health took delivery, and distributed an allocation of the products to the hospital as resources provided free of charge. Health Share Victoria and Monash Health were acting as an agent of the Department of Health under this arrangement.

Non-Cash Contributions from the Department of Health

The Department of Health makes some payments on behalf of the hospital as follows:

Supplier	Description
Victorian Managed Insurance Authority	The Department of Health purchases non-medical indemnity insurance for the hospital which is paid directly to the Victorian Managed Insurance Authority. To record this contribution, such payments are recognised as income with a matching expense in the net result from transactions.
Department of Health	Long Service Leave (LSL) revenue is recognised upon finalisation of movements in LSL liability in line with the long service leave funding arrangements with the Department of Health.
Various suppliers	The Department of Health makes payments on behalf of the hospital to various suppliers related to the hospital building redevelopment project.

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 Employee Benefits and Related On-Costs

3.4 Superannuation

Telling the COVID-19 Story

Expenses incurred to deliver our services increased during the financial year which was attributable to the COVID-19 Coronavirus pandemic. Specifically, additional costs were incurred to deliver additional services under Victoria's COVID Catch-Up Plan aimed at addressing Victoria's COVID-19 case load and restoring surgical capacity and activity.

This includes costs associated with increasing admitted and non-admitted patient activity.

Key Judgements and Estimates

This section contains the following key judgements and estimates:

Key Judgements and Estimates	Description
Classifying employee benefit liabilities	The hospital applies significant judgment when measuring and classifying its employee benefit liabilities. Employee benefit liabilities are classified as a current liability if the hospital does not have an unconditional right to defer payment beyond 12 months. Annual leave, accrued days off and long service leave entitlements (for staff who have exceeded the minimum vesting period) fall into this category. Employee benefit liabilities are classified as a non-current liability if the hospital has a conditional right to defer payment beyond 12 months. Long service leave entitlements (for staff who have not yet exceeded the minimum vesting period) fall into this category.
Measuring employee benefit liabilities	The hospital applies significant judgment when measuring its employee benefit liabilities. The hospital applies judgement to determine when it expects its employee entitlements to be paid. With reference to historical data, if the hospital does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value, being the expected future payments to employees. Expected future payments incorporate: • an inflation rate of 4.35%, reflecting the future wage and salary levels • durations of service and employee departures, which are used to determine the estimated value of long service leave that will be taken in the future, for employees who have not yet reached the vesting period; the estimated rates are between 27% and 88% • discounting at the rate of 4.06%, as determined with reference to market yields on government bonds at the end of the reporting period All other entitlements are measured at their nominal value.

Note 3.1: Expenses from Transactions

	Note	2023 $'000	2022 $'000
Salaries and Wages		71,989	65,513
On-Costs		18,914	16,591
Agency Expenses		680	458
Fee for Service Medical Officer Expenses		1,957	1,254
Workcover Premium		458	330
Total Employee Expenses		**93,998**	**84,146**
Drug Supplies		5,656	4,898
Medical and Surgical Supplies (including Prostheses)		15,924	14,948
Diagnostic and Radiology Supplies		1,143	1,279
Other Supplies and Consumables		4,488	4,092
Total Supplies and Consumables		**27,211**	**25,217**
Finance Costs		67	(201)
Total Finance Costs		**67**	**(201)**
Administrative Expenses		13,790	9,475
Total Administrative Expenses		**13,790**	**9,475**
Fuel, Light, Power and Water		2,913	2,853
Repairs and Maintenance		369	428
Maintenance Contracts		1,670	1,855
Medical Indemnity Insurance		1,407	1,405
Expenditure for Capital Purposes		10	(4)
Total Other Operating Expenses		**6,369**	**6,537**
Total Operating Expense		**141,435**	**125,174**
Depreciation and Amortisation	4.5	12,126	11,349
Total Depreciation and Amortisation		**12,126**	**11,349**
Bad and Doubtful Debt Expense		39	34
Total Other Non-Operating Expenses		**39**	**34**
Total Non-Operating Expense		**12,165**	**11,383**
Total Expenses from Transactions		**153,600**	**136,557**

How We Recognise Expenses From Transactions

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 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;
- 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 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.

Note 3.2: Other Economic Flows

	2023 $'000	2022 $'000
Net Gain/(Loss) on Non-Financial Assets:		
Net Gain/(Loss) on Revaluation of Investment Property	(143)	(193)
Net Gain/(Loss) on Disposal of Property Plant and Equipment	-	(2)
Total Net Gain/(Loss) on Non-Financial Assets	**(143)**	**(195)**
Net Gain/(Loss) on Financial Instruments:		
Net Gain/(Loss) on Allowance for Impairment Losses of Contractual Receivables	(6)	10
Other Net Gains/(Losses) on Financial Instruments	1,203	(5,334)
Total Net Gain/(Loss) on Financial Instruments	**1,197**	**(5,324)**
Other Gains/(Losses) from Other Economic Flows:		
Net Gain/(Loss) from Revaluation of Long Service Leave Liability	(594)	658
Total Other Gains/(Losses) from Other Economic Flows	**(594)**	**658**
Total Gains/(Losses) from Other Economic Flows	**460**	**(4,861)**

How We Recognise Other Economic Flows

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 investment properties
- 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

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
- Disposals of financial assets and derecognition of financial liabilities

Other Net 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: Employee Benefits and Related On-Costs

	2023 $'000	2022 $'000
Current Employee Benefits and Related On-Costs		
Accrued Days Off		
- Unconditional and expected to be settled wholly within 12 months [(i)]	218	198
Annual Leave		
- Unconditional and expected to be settled wholly within 12 months [(i)]	5,335	4,597
- Unconditional and expected to be settled wholly after 12 months [(ii)]	2,144	2,501
Long Service Leave		
- Unconditional and expected to be settled wholly within 12 months [(i)]	1,537	1,277
- Unconditional and expected to be settled wholly after 12 months [(ii)]	11,941	10,441
Employee Termination Benefits		
- Unconditional and expected to be settled wholly within 12 months [(i)]	62	-
	21,237	**19,014**
Provisions Related to Employee Benefit On-Costs		
- Unconditional and expected to be settled within 12 months [(i)]	816	669
- Unconditional and expected to be settled after 12 months [(ii)]	1,737	1,566
	2,553	**2,235**
Total Current Employee Benefits and Related On-Costs	**23,790**	**21,249**
Non-Current Employee Benefits and Related On-Costs		
Conditional Long Service Leave	2,258	2,527
Provisions related to Employee Benefits On-Costs	281	313
Total Non-Current Employee Benefits and Related On-Costs	**2,539**	**2,840**
Total Employee Benefits and Related On-Costs	**26,329**	**24,089**

[(i)] The amounts disclosed are nominal amounts.

[(ii)] The amounts disclosed are discounted to present values.

Note 3.3 (a) Consolidated Employee Benefits and Related On-Costs

	2023 $'000	2022 $'000
Current Employee Benefits and Related On-Costs		
Unconditional Accrued Days Off	218	198
Unconditional Annual Leave Entitlements	8,377	7,911
Unconditional Long Service Leave Entitlements	15,133	13,140
Employee Termination Benefits	62	-
Total Current Employee Benefits and Related On-Costs	**23,790**	**21,249**
Non-Current Employee Benefits and Related On-Costs		
Conditional Long Service Leave Entitlements	2,539	2,840
Total Non-Current Employee Benefits and Related On-Costs	**2,539**	**2,840**
Total Employee Benefits and Related On-Costs	**26,329**	**24,089**
Attributable to:		
Employee Benefits	23,495	21,541
Provision for Related On-Costs	2,834	2,548
Total Employee Benefits and Related On-Costs	**26,329**	**24,089**

Note 3.3 (b) Provision for Related On-Costs Movement Schedule

	2023 $'000	2022 $'000
Carrying Amount at Start of Year	**2,548**	**2,548**
Additional Provisions Recognised	1,432	855
Amounts Incurred During the Year	(1,078)	(927)
Net Gain/(Loss) Arising from Revaluation of Long Service Leave Liability	(68)	72
Carrying Amount at End of Year	**2,834**	**2,548**

How We Recognise Employee Benefits

Employee Benefits Recognition

Employee benefits are accrued for employees in respect of accrued days off, annual leave and long service leave, for services rendered to the reporting date.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the Statement of Comprehensive Income as it is taken.

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

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

Unconditional LSL is disclosed in the notes to the financial statements as a current liability, even where the 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 measured at present value and is disclosed as a non-current liability. Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in estimations eg. 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.

Provision for On-Costs Related to Employee Benefits

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

Note 3.4: Superannuation

	Contributions Paid for the Year		Contributions Outstanding at Year End	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Defined Benefit Plans[(i)]:				
Aware Super	112	119	-	3
Defined Contribution Plans:				
Aware Super	4,427	3,890	-	98
HESTA	2,843	2,379	-	47
Other	1,472	799	-	36
Total Superannuation	8,854	7,187	-	184

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

How We Recognise Superannuation

Employees of the hospital are entitled to receive superannuation benefits and the hospital contributes to both the defined benefit and defined contribution plans.

Defined Benefit Superannuation Plans

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

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.

DTF discloses the State's defined benefits liabilities in its disclosure for administered items. However superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of the hospital.

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

Defined Contribution Superannuation Plans

Defined contribution (i.e., accumulation) superannuation plan expenditure 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.

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

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 Revaluation Surplus
4.4 Intangible Assets
4.5 Depreciation and Amortisation
4.6 Investment Properties
4.7 Inventories
4.8 Impairment of Assets

Telling the COVID-19 Story

Assets used to support the delivery of our services during the financial year were not materially impacted by the COVID-19 pandemic.

Key Judgements and Estimates

This section contains the following key judgements and estimates:

Key Judgements and Estimates	Description
Estimating useful life of property, plant and equipment	The hospital assigns an estimated useful life to each item of property, plant and equipment. This is used to calculate depreciation of the asset. The health service reviews the useful life and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.
Estimating the useful life of intangible assets	The hospital assigns an estimated useful life to each intangible asset with a finite useful life, which is used to calculate amortisation of the asset.
Identifying indicators of impairment	At the end of each year, the hospital assesses impairment by evaluating the conditions and events specific to the hospital that may be indicative of impairment triggers. Where an indication exists, the hospital tests the asset for impairment. The hospital considers a range of information when performing its assessment, including considering: • if an asset's value has declined more than expected based on normal use • if a significant change in technological, market, economic or legal environment which adversely impacts the way the hospital uses an asset • if an asset is obsolete or damaged • if the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life • if the performance of the asset is or will be worse than initially expected Where an impairment trigger exists, the hospital applies significant judgement and estimate to determine the recoverable amount of the asset.

Note 4.1: Investments and Other Financial Assets

	2023 $'000	2022 $'000
Current		
Australian Listed Equity Securities	-	441
Total Current	-	441
Non-Current		
Managed Investment Schemes	41,390	40,211
Total Non Current	41,390	40,211
Total Investments and Other Financial Assets *	**41,390**	**40,652**
*** Represented by:**		
Hospital Investments	41,390	40,652
Total Investments and Other Financial Assets	**41,390**	**40,652**

How We Recognise Investments and Other Financial Assets

The hospital's investments and other financial assets are made in accordance with Standing Direction 3.7.2 - Treasury Management, including the Central Banking System.

The hospital manages its investments and other financial assets in accordance with an investment policy approved by the Board.

Investments are recognised when the hospital enters into a contract to either purchase or sell the investment (i.e. when it becomes a party to the contractual provisions to the investment). Investments 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.

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

Note 4.2 (a) Gross Carrying Amount and Accumulated Depreciation

	2023 $'000	2022 $'000
Land		
Land at Fair Value - Crown	10,080	10,080
Land at Fair Value - Freehold	35,648	35,648
Total Land at Fair Value	**45,728**	**45,728**
Buildings		
Buildings at Fair Value	174,114	181,133
less Accumulated Depreciation	-	(22,001)
Total Buildings at Fair Value	**174,114**	**159,132**
Plant and Equipment		
Plant and Equipment at Fair Value	7,628	6,694
less Accumulated Depreciation	(5,140)	(4,357)
Total Plant and Equipment at Fair Value	**2,488**	**2,337**
Medical Equipment		
Medical Equipment at Fair Value	25,850	24,606
less Accumulated Depreciation	(16,519)	(14,665)
Total Medical Equipment at Fair Value	**9,331**	**9,941**
Assets Under Construction		
PP&E Assets Under Construction at Cost	110,932	95,504
Total Assets Under Construction at Cost	**110,932**	**95,504**
Total Property, Plant & Equipment	**342,593**	**312,642**

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 2021	**45,728**	**152,759**	**1,790**	**7,853**	**78,069**	**286,199**
Additions	-	2	791	2,662	33,375	36,830
Disposals	-	-	-	(15)	-	(15)
Assets Written Back and Transferred to Expense	-	-	-	-	(22)	(22)
Net Transfers between Classes	-	14,312	413	1,193	(15,918)	-
Depreciation (Note 4.5)	-	(7,941)	(657)	(1,752)	-	(10,350)
Balance at 30 June 2022	**45,728**	**159,132**	**2,337**	**9,941**	**95,504**	**312,642**
Additions	-	67	477	1,127	21,999	23,670
Assets Written Back and Transferred to Expense	-	-	-	-	(29)	(29)
Revaluation Increments/(Decrements)	-	17,423	-	-	-	17,423
Net Transfers between Classes	-	5,960	465	117	(6,542)	-
Depreciation (Note 4.5)	-	(8,468)	(791)	(1,854)	-	(11,113)
Balance at 30 June 2023	**45,728**	**174,114**	**2,488**	**9,331**	**110,932**	**342,593**

Land and Buildings Carried at Valuation

The Valuer-General Victoria undertook to re-value all of the hospital's land and buildings to determine their fair value. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation was 30 June 2019. A managerial revaluation adjustment was performed for buildings as at 30 June 2023.

How We Recognise Property, Plant and Equipment

Property, plant and equipment are tangible items that are used by the hospital in the supply of goods or services, for rental to others, or for administration purposes, and are expected to be used during more than one financial year.

Initial Recognition

Items of property, plant and equipment are initially measured at cost. Where an asset is acquired for no or nominal cost, being far below the fair value of the asset, the deemed cost is its fair value at the date of acquisition. Assets transferred as part of an amalgamation/machinery of government change are transferred at their carrying amounts.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Subsequent Measurement

Items of property, plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment losses where applicable.

Fair value is determined with reference to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset).

Further information regarding fair value measurement is disclosed in Note 7.4.

Revaluation

Fair value is based on periodic valuations by independent valuers, which normally occur once every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate a material change in fair value has occurred.

Where an independent valuation has not been undertaken at balance date, the hospital performs a managerial assessment to estimate possible changes in fair value of land and buildings since the date of the last independent valuation with reference to Valuer-General of Victoria (VGV) indices.

An adjustment is recognised if the assessment concludes that the fair value of land and buildings has changed by 10% or more since the last revaluation (whether that be the most recent independent valuation or managerial valuation). Any estimated change in fair value of less than 10% is deemed immaterial to the financial statements and no adjustment is recorded. Where the assessment indicates there has been an exceptionally material movement in the fair value of land and buildings since the last independent valuation, being equal to or in excess of 40%, the hospital would obtain an interim independent valuation prior to the next scheduled independent valuation.

An independent valuation of the hospital's property, plant and equipment was performed by the VGV on 30 June 2019. The valuation, which complies with Australian Valuation Standards, was determined by reference to the amount for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. As an independent valuation was not undertaken on 30 June 2023, a managerial assessment was performed at 30 June 2023, which indicated an overall:

- decrease in fair value of land of 8.0% ($3.6 million)
- increase in fair value of buildings of 11.1% ($17.4 million)

As the cumulative movement was less than 10% for land since the last revaluation, a managerial revaluation adjustment was not required as at 30 June 2023.

As the cumulative movement was greater than 10% but less than 40% for buildings since the last revaluation, a managerial revaluation adjustment was required as at 30 June 2023.

Revaluation increases (increments) arise when an asset's fair value exceeds its carrying amount. In comparison, revaluation decreases (decrements) arise when an asset's fair value is less than its carrying amount. Revaluation increments and revaluation decrements 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 increments are recognised in 'Other Comprehensive Income' and are credited directly to the asset revaluation reserve, 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, in which case 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 reserve in respect of the same class of property, plant and equipment. Otherwise, the decrement is recognised as an expense in the net result.

The revaluation reserve included in equity in respect of an item of property, plant and equipment may be transferred directly to retained earnings when the asset is derecognised.

Note 4.3: Revaluation Surplus

	2023 $'000	2022 $'000
Balance at Beginning of Reporting Period	67,428	67,428
Revaluation Increment/(Decrements):		
- Buildings	17,422	-
Balance at End of the Reporting Period *	**84,850**	**67,428**
* Represented by:		
- Land	42,079	42,079
- Buildings	42,771	25,349
Total Revaluation Surplus	**84,850**	**67,428**

Note 4.4: Intangible Assets

Note 4.4 (a) Gross Carrying Amount and Accumulated Amortisation

	2023 $'000	2022 $'000
Computer Software	17,165	16,852
Less Accumulated Amortisation	(10,257)	(9,243)
	6,908	**7,609**
Computer Software - Work in Progress	53	172
Total Intangible Assets	**6,961**	**7,781**

Note 4.4 (b) Reconciliation of the Carrying Amount by Class of Asset

	Computer Software $'000	Computer Software Work in Progress $'000	Total $'000
Balance at 1 July 2021	**8,248**	**338**	**8,586**
Additions	100	94	194
Assets transferred between Classes	260	(260)	-
Amortisation (Note 4.5)	(999)	-	(999)
Balance at 1 July 2022	**7,609**	**172**	**7,781**
Additions	149	44	193
Assets transferred between Classes	163	(163)	-
Amortisation (Note 4.5)	(1,013)	-	(1,013)
Balance at 30 June 2023	**6,908**	**53**	**6,961**

How We Recognise Intangible Assets

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

Initial Recognition

Purchased intangible assets are initially recognised at cost.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is also recognised at cost if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- an intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

Subsequent Measurement

Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Note 4.5: Depreciation and Amortisation

	2023 $'000	2022 $'000
Depreciation		
Buildings	8,468	7,941
Plant and Equipment	791	657
Medical Equipment	1,854	1,752
Total Depreciation	**11,113**	**10,350**
Amortisation		
Computer Software	1,013	999
Total Depreciation and Amortisation	**12,126**	**11,349**

How We Recognise Depreciation

All infrastructure assets, 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.

How We Recognise 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 and amortisation charges are based:

	2023	2022
Buildings		
- Structure Shell Building Fabric	2 to 80 years	2 to 80 years
- Site Engineering Services and Central Plant	2 to 15 years	2 to 15 years
Central Plant		
- Fit Out	2 to 20 years	2 to 20 years
- Trunk Reticulated Building Systems	2 to 30 years	2 to 30 years
Plant & Equipment	3 to 20 years	3 to 20 years
Medical Equipment	3 to 15 years	3 to 15 years
Intangible Assets	2 to 15 years	2 to 15 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 4.6: Investment Properties

Note 4.6(a): Gross Carrying Amount

	2023 $'000	2022 $'000
Investment Properties at Fair Value	12,674	12,817
Total Investment Properties at Fair Value	**12,674**	**12,817**

Note 4.6(b) Reconciliation of Carrying Amount

	2023 $'000	2022 $'000
Balance at Beginning of Period	12,817	13,010
Net Gain/(Loss) from Fair Value Adjustments	(143)	(193)
Balance at End of Period	**12,674**	**12,817**

How We Recognise 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.

Initial Recognition

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 Measurement

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 2019 were arrived at on the basis of an independent valuation carried out by the Valuer-General Victoria. The valuation was determined with reference to market evidence of properties including location, condition and lease terms. The fair value of the hospital's investment properties at 30 June 2023 are based on the 30 June 2019 valuation adjusted by the Valuer-General Victoria land and building indexation factors for the subsequent financial years.

Further information regarding fair value measurement is disclosed in Note 7.4.

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 4.7: Inventories

	2023 $'000	2022 $'000
Pharmaceuticals at Cost	201	291
Total Inventories	**201**	**291**

How We Recognise Inventories

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

Inventories are measured at the lower of cost and net realisable value.

Note 4.8: Impairment of Assets

How We Recognise Impairment

At the end of each reporting period, the hospital reviews the carrying amount of its tangible and intangible assets that have a finite useful life, to determine whether there is any indication that an asset may be impaired.

The assessment will include consideration of external sources of information and internal sources of information.

External sources of information include but are not limited to observable indications that an asset's value has declined during the period by significantly more than would be expected as a result of the passage of time or normal use. Internal sources of information include but are not limited to evidence of obsolescence or physical damage of an asset and significant changes with an adverse effect the hospital which changes the way in which an asset is used or expected to be used.

If such an indication exists, an impairment test is carried out. Assets with indefinite useful lives (and assets not yet available for use) are tested annually for impairment, in addition to where there is an indication that the asset may be impaired.

When performing an impairment test, the hospital compares the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in net result, unless the asset is carried at a revalued amount.

Where an impairment loss on a revalued asset is identified, this is recognised against the asset revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the cumulative balance recorded in the asset revaluation surplus for that class of asset.

Where it is not possible to estimate the recoverable amount of an individual asset, the hospital estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The hospital did not record any impairment losses for its tangible and intangible assets that have a finite useful life for the year ended 30 June 2023.

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

5.2 Contract Assets

5.3 Payables

5.4 Contract Liabilities

5.5 Prepaid Expenses

Telling the COVID-19 Story

The measurement of other assets and liabilities were impacted during the financial year which was partially attributable to the COVID-19 pandemic.

The following items were impacted:

- The contractual payable liability for the Department of Health increased due to the receipt of excess sustainability funding and the deferred processing of recall of the prior years' funding represented in the opening liability.

Key Judgements and Estimates

This section contains the following key judgements and estimates:

Key Judgements and Estimates	Description
Estimating the provision for expected credit losses	The hospital uses a simplified approach to account for the expected credit loss provision. A provision matrix is used, which considers historical experience, external indicators and forward-looking information to determine expected credit loss rates.
Measuring deferred capital grant income	Where the hospital has received funding to procure or construct an identifiable non-financial asset, such funding is recognised as deferred capital grant income until the underlying asset is procured or constructed. The hospital applies significant judgement when measuring the deferred capital grant income balance, which references the estimated stage of completion at the end of each financial year.
Measuring contract liabilities	The hospital applies significant judgement to measure its progress towards satisfying a performance obligation as detailed in Note 2. Where a performance obligation is yet to be satisfied, the hospital assigns funds to the outstanding obligation and records this as a contract liability until the promised good or service is transferred to the customer.

Note 5.1: Receivables

	Note	2023 $'000	2022 $'000
Current			
Contractual			
Inter Hospital Debtors		6	61
Trade Debtors		720	797
Patient Fees		223	393
Allowance for Impairment Losses	5.1 (a)	(77)	(71)
Total Current Contractual Receivables		**872**	**1,180**
Statutory			
GST Receivable		663	615
Total Current Statutory Receivables		**663**	**615**
Total Current Receivables		**1,535**	**1,795**
Non-Current			
Contractual			
Long Service Leave - Department of Health		5,691	5,287
Total Non-Current Receivables		**5,691**	**5,287**
Total Receivables		**7,226**	**7,082**

	Note	2023 $'000	2022 $'000
Financial Assets Classified as Receivables			
Total Receivables		7,226	7,082
GST Receivable		(663)	(615)
Total Financial Assets Classified as Receivables	7.1 (a)	**6,563**	**6,467**

Note 5.1 (a) Movement in Allowance for Impairment Losses of Contractual Receivables

	2023 $'000	2022 $'000
Balance at Beginning of Year	(71)	(81)
Increase in Allowance	(91)	(77)
Amounts Written Off During the Year	39	34
Reversal of Allowance Written Off During Year as Uncollectable	46	53
Balance at End of Year	**(77)**	**(71)**

How We Recognise Receivables

Receivables consist of:

- **Contractual Receivables:** Mostly includes debtors in relation to goods and services. These receivables are classified as financial instruments and categorised as 'financial assets at amortised cost'. 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 they are subsequently measured at amortised cost using the effective interest method, less any impairment.

- **Statutory Receivables:** Includes Goods and Services Tax (GST) input tax credits that are recoverable. 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* .

Impairment Losses of Contractual Receivables

Refer Note 7.2 (a) for the hospital's contractual impairment losses.

Note 5.2 Contract Assets

	2023 $'000	2022 $'000
Balance at Beginning of Year	585	295
Add: Additional Costs Incurred Recoverable from Customer	718	585
Less: Transfer to Trade Receivable or Cash at Bank	(585)	(295)
Total Contract Assets *	**718**	**585**
*** Represented by:**		
- Current Contract Assets	718	585
Total Contract Assets	**718**	**585**

How We Recognise Contract Assets

Contract assets relate to the hospital's right to consideration in exchange for goods transferred to customers for works completed, but not yet billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional and at this time an invoice is issued. Contract assets are expected to be recovered during the next financial year.

Note 5.3: Payables

	Note	2023 $'000	2022 $'000
Current			
Contractual			
Trade Creditors		1,533	744
Accrued Expenses		2,743	3,663
Accrued Salaries and Wages		1,809	2,145
Department of Health		21,312	15,344
Superannuation		-	184
Deferred Capital Grant Revenue	5.3 (a)	506	172
Total Current Contractual Payables		**27,903**	**22,252**
Total Current Payables		**27,903**	**22,252**
Total Payables		**27,903**	**22,252**

	Note	2023 $'000	2022 $'000
Financial Liabilities Classified as Payables			
Total Payables		27,903	22,252
Deferred Capital Grant Revenue		(506)	(172)
Total Financial Liabilities Classified as Payables	7.1 (a)	**27,397**	**22,080**

How We Recognise Payables

Payables consist of:

- **Contractual Payables:** Mostly includes payables in relation to goods and services. These payables are 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.

- **Statutory Payables:** Includes Goods and Services Tax (GST) payable. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

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

Maturity Analysis of Payables

Refer Note 7.2 (b) for the maturity analysis of payables.

Note 5.3 (a) Deferred Capital Grant Income

	2023 $'000	2022 $'000
Opening Balance of Deferred Capital Grant Income	172	98
Grant Consideration for Capital Works Received During the Year	25,012	26,321
Grant Revenue for Capital Works Recognised During the Year	(24,678)	(26,247)
Closing Balance of Deferred Capital Grant Income	**506**	**172**

How We Recognise Deferred Capital Grant Income

Grant consideration was received from the Department of Health for various projects including the redevelopment of the hospital building and for the procurement of equipment, technology and infrastructure replacement.

Capital grant income is recognised progressively as the asset is constructed or procured, since this is the time when the hospital satisfies its obligations. The progressive percentage of costs incurred is used to recognise revenue because this most closely reflects the percentage of completion of the works or procurement. As a result, the hospital has deferred recognition of a portion of the grant consideration received as a liability for the outstanding obligations.

The hospital expects to recognise all of the remaining deferred capital grant income for capital works during the following financial year.

Note 5.4 Contract Liabilities

	2023 $'000	2022 $'000
Opening Balance of Contract Liabilities	354	29
Payments Received for Performance Obligations Not Yet Fulfilled	33	354
Revenue Recognised for Completion of Performance Obligations	(354)	(29)
Total Contract Liabilities *	**33**	**354**
*** Represented by:**		
- Current Contract Liabilities	33	354
Total Contract Liabilities	**33**	**354**

How We Recognise Contract Liabilities

Contract liabilities include consideration received in advance from customers in respect of property rental, provision of education services and provision of patient services.

Contract liabilities are derecognised and recorded as revenue when promised goods and services are transferred to the customer (refer to Note 2.1).

Note 5.5: Prepaid Expenses

	2023 $'000	2022 $'000
Current		
Prepaid Expenses	1,699	1,377
Total Prepaid Expenses	**1,699**	**1,377**

Note 6: Operational Financing

This section provides information on the sources of finance utilised by the hospital during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of the hospital.

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

Structure:

6.1 Borrowings

6.2 Cash and Cash Equivalents

6.3 Commitments for Expenditure

Telling the COVID-19 Story

The hospital's finance and borrowing arrangements were not materially impacted by the COVID-19 Coronavirus pandemic and scaling down of the COVID-19 public health response during the year ended 30 June 2023.

Key Judgements and Estimates

This section contains the following key judgements and estimates:

Key Judgements and Estimates	Description
Determining if a contract is or contains a lease	The hospital applies significant judgement to determine if a contract is or contains a lease by considering if the hospital: • has the right-to-use an identified asset • has the right to obtain substantially all economic benefits from the use of the leased asset • can decide how and for what purpose the asset is used throughout the lease
Determining if a lease meets the short-term or low value asset lease exemption	The hospital applies significant judgement when determining if a lease meets the short-term or low value lease exemption criteria. The hospital estimates the fair value of leased assets when new. Where the estimated fair value is less than $10,000, the hospital applies the low-value lease exemption. The hospital also estimates the lease term with reference to remaining lease term and period that the lease remains enforceable. Where the enforceable lease period is less than 12 months the hospital applies the short-term lease exemption.

Note 6.1: Borrowings

	Note	2023 $'000	2022 $'000
Current			
Department of Health Loan [(i)]		1,736	1,736
Total Current Borrowings		**1,736**	**1,736**
Non-Current			
Department of Health Loan [(i)]		1,594	3,262
Total Non-Current Borrowings		**1,594**	**3,262**
Total Borrowings	7.1 (a)	**3,330**	**4,998**

[(i)] Unsecured loan which bears no interest.

How We Recognise Borrowings

Borrowings refer to interesting bearing liabilities mainly raised from advances from the Treasury Corporation of Victoria (TCV) and other funds raised through lease liabilities, service concession arrangements and other interest-bearing arrangements.

Initial Recognition

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs.

Subsequent Measurement

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 net result'.

Maturity Analysis of Borrowings

Refer Note 7.2 (b) for the ageing analysis of Borrowings.

Defaults and Breaches

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

Note 6.2: Cash and Cash Equivalents

	Note	2023 $'000	2022 $'000
Cash on Hand		2	2
Cash at Bank		187	114
Cash at Bank - Centralised Banking System (CBS)		38,131	26,800
Total Cash and Cash Equivalents	7.1 (a)	**38,320**	**26,916**

How We Recognise Cash and Cash Equivalents

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

Note 6.3: Commitments for Expenditure

	2023 $'000	2022 $'000
Capital Expenditure Commitments:		
Not Later Than One Year	2,300	2,274
Total Capital Expenditure Commitments	**2,300**	**2,274**
Operating Expenditure Commitments:		
Not Later Than One Year	6,890	14,906
Later Than One Year and Not Later Than Five Years	5,118	5,754
Total Operating Expenditure Commitments	**12,008**	**20,660**
Total Commitments for Expenditure (inclusive of GST)	**14,308**	**22,934**
less GST Recoverable from the Australian Tax Office	(705)	(2,085)
Total Commitments for Expenditure (exclusive of GST)	**13,603**	**20,849**

How We Disclose Commitments

Our commitments relate to expenditure.

Expenditure 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.

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 Financial Risk Management Objectives and Policies

7.3 Contingent Assets and Contingent Liabilities

7.4 Fair Value Determination

Key Judgements and Estimates

This section contains the following key judgements and estimates:

Key Judgements and Estimates	Description
Measuring fair value of non-financial assets	Fair value is measured with reference to highest and best use, that is, the use of the asset by a market participant that is physically possible, legally permissible, financially feasible, and which results in the highest value, or to sell it to another market participant that would use the same asset in its highest and best use. In determining the highest and best use, the hospital has assumed the current use is its highest and best use. Accordingly, characteristics of the hospital's assets are considered, including condition, location and any restrictions on the use and disposal of such assets. The hospital uses a range of valuation techniques to estimate fair value, which include the following: • Market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The fair value of the hospital's specialised land, non-specialised land, non-specialised buildings and investment properties are measured using this approach. • Cost approach, which reflects the amount that would be required to replace the service capacity of the asset (referred to as current replacement cost). The fair value of the hospital's specialised buildings, plant and equipment, medical equipment and assets under construction are measured using this approach. • Income approach, which converts future cash flows or income and expenses to a single undiscounted amount. The hospital does not this use approach to measure fair value. The hospital selects a valuation technique which is considered most appropriate, and for which there is sufficient data available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Subsequently, the hospital applies significant judgement to categorise and disclose such assets within a fair value hierarchy, which includes: • Level 1, using quoted prices (unadjusted) in active markets for identical assets that the hospital can access at measurement date. The hospital does not categorise any fair values within this level. • Level 2, inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. The hospital categorises non-specialised land and non-specialised buildings in this level. • Level 3, where inputs are unobservable. The hospital categorises specialised land, specialised buildings, plant and equipment, medical equipment and assets under construction in this level.

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 (eg. taxes). Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation.*

Note 7.1 (a) Categorisation of Financial Instruments

	Note	Financial Assets at Amortised Cost	Financial Assets at Fair Value through Net Result	Financial Liabilities at Amortised Cost	Total
		$'000	$'000	$'000	$'000
30 June 2023					
Contractual Financial Assets					
Cash and Cash Equivalents	6.2	38,320	-	-	38,320
Contractual Receivables	5.1	6,563	-	-	6,563
Investments and Other Financial Assets	4.1	-	41,390	-	41,390
Total Financial Assets [(i)]		**44,883**	**41,390**	**-**	**86,273**
Financial Liabilities					
Payables	5.3	-	-	27,397	27,397
Borrowings	6.1	-	-	3,330	3,330
Total Financial Liabilities [(ii)]		**-**	**-**	**30,727**	**30,727**
30 June 2022					
Contractual Financial Assets					
Cash and Cash Equivalents	6.2	26,916	-	-	26,916
Contractual Receivables	5.1	6,467	-	-	6,467
Investments and Other Financial Assets	4.1		40,652	-	40,652
Total Financial Assets [(i)]		**33,383**	**40,652**	**-**	**74,035**
Financial Liabilities					
Payables	5.3	-	-	22,080	22,080
Borrowings	6.1	-	-	4,998	4,998
Total Financial Liabilities [(ii)]		**-**	**-**	**27,078**	**27,078**

[(i)] The carrying amount excludes statutory receivables (ie. GST receivable) and contract assets.

[(ii)] The carrying amount excludes deferred capital grant revenue and contract liabilities.

How We Categorise Financial Instruments

Categories of Financial Assets:

Financial assets are recognised when the hospital becomes party to the contractual provisions to the instrument. For financial assets, this is at the date the hospital commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through net result, in which case transaction costs are expensed to profit or loss immediately.

Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15 para 63.

Financial Assets at Amortised Cost

Financial assets are measured at amortised cost 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 soley to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specific dates.

These assets are initially recognised at fair value plus any directly attributable transaction costs and are 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

The hospital initially designates a financial instrument as measured at fair value through net result if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an "accounting mismatch") that would otherwise arise from measuring assets or recognising the gains and losses on them, on a different basis;
- it is in accordance with the documented risk management or investment strategy and information about the groupings was documented appropriately, so the performance of the financial asset can be managed and evaluated consistently on a fair value basis; or
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through net result is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

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

Categories of Financial Liabilities:

Financial liabilities are recognised when the hospital becomes a party to the contractual provisions to the instrument. Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit or loss, in which case transaction costs are expensed to profit or loss immediately.

Financial Liabilities at Amortised Cost

Financial liabilities are measured at amortised cost using the effective interest method, where they are not held at fair value through net result.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in net result over the relevant period. The effective interest is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

The hospital recognises the following liabilities in this category:

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

Offsetting Financial Instruments

Financial instrument assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, the hospital has a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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:
  - has transferred substantially all the risks and rewards of the asset; or
  - 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

A financial asset is required to be reclassified between amortised cost, fair value through net result and fair value through other comprehensive income when, and only when, the hospital's business model for managing its financial assets has changed such that its previous model would no longer apply.

A financial liability reclassification is not permitted.

Note 7.2: Financial Risk Management Objectives and Policies

As a whole, the hospital's financial risk management program seeks to manage the risks and the associated volatility of its financial performance.

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

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

The hospital uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Chief Finance and Accounting Officer.

Note 7.2 (a) Credit Risk

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. The hospital's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the hospital. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with the hospital's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than the Government, the hospital is exposed to credit risk.

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

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

Contractual financial assets are written off against the carrying amount when there is no reasonable expectation of recovery. Bad debt written off by mutual consent is classified as a transaction expense. Bad debt written off following a unilateral decision is recognised as other economic flows in the net result.

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents the hospital's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There has been no material change to the hospital's credit risk profile in 2022-23.

Impairment of Financial Assets Under AASB 9

The hospital records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss approach. Subject to AASB 9, impairment assessment includes the hospital's contractual receivables.

Equity instruments are not subject to impairment under AASB 9. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9.

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.

Contractual Receivables at Amortised Cost

The hospital applies AASB 9's 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 closing loss allowance at the end of the financial year as follows:

	Note	Current	Less than 1 Month	1 to 3 Months	3 Months to 1 Year	1 to 5 Years	Total
30 June 2023							
Expected Loss Rate		2.9%	14.5%	36.7%	86.5%	0.1%	
Gross Carrying Amount of Contractual Receivables ($'000)	5.1	776	114	27	25	5,698	6,640
Loss Allowance		**(23)**	**(16)**	**(10)**	**(22)**	**(6)**	**(77)**
30 June 2022							
Expected Loss Rate		1.6%	14.9%	23.5%	38.0%	0.1%	
Gross Carrying Amount of Contractual Receivables ($'000)	5.1	1,066	70	19	91	5,292	6,538
Loss Allowance		**(17)**	**(10)**	**(4)**	**(35)**	**(5)**	**(71)**

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.

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 a result, no loss allowance has been recognised.

Note 7.2 (b) Liquidity Risk

Liquidity risk arises from being unable to meet financial obligations as they fall due.

The hospital is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet.

The hospital manages its liquidity risk by:

- close monitoring of its short-term and long-term borrowings by senior management, including monthly reviews on current and future borrowing levels and requirements;
- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations;
- holding investments and other contractual financial assets that are readily tradeable in the financial markets; and
- careful maturity planning of its financial obligations based on forecasts of future cash flows.

The hospital's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events is generally sourced from liquidation of investments and other financial assets.

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

	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
30 June 2023							
Financial Liabilities [(i)]							
At Amortised Cost							
Payables	5.3	27,397	27,397	6,085	-	21,312	-
Borrowings	6.1	3,330	3,330	-	-	1,736	1,594
Total Financial Liabilities		**30,727**	**30,727**	**6,085**	**-**	**23,048**	**1,594**
30 June 2022							
Financial Liabilities [(i)]							
At Amortised Cost							
Payables	5.3	22,080	22,080	6,736	-	15,344	-
Borrowings	6.1	4,998	4,998	-	-	1,736	3,262
Total Financial Liabilities		**27,078**	**27,078**	**6,736**	**-**	**17,080**	**3,262**

[(i)] Ageing analysis of financial liabilities excludes deferred capital grant revenue and contract liabilities.

Note 7.2 (c) Market Risk

The hospital's exposures to market risk are primarily through interest rate risk, foreign currency risk and equity price risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

Sensitivity Disclosure Analysis and Assumptions

The hospital's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five-year period. The hospital's fund managers cannot be expected to predict movements in market rates and prices. The following movements are 'reasonably possible' over the next 12 months:

- A change in interest rates of 1% up or down; and
- A change in the top ASX 200 index of 15% up or down.

Interest Rate Risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The hospital does not hold any interest-bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The hospital has minimal exposure to cash flow interest rate risks through cash and deposits that are at floating rate.

Foreign Currency Risk

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign monetary items existing at the end of the reporting period are translated at the closing rate at the date of the end of the reporting period.

The hospital has minimal exposure to foreign currency risk.

Equity Risk

The hospital is exposed to equity price risk through its investments in managed investment schemes. Such investments are allocated and traded to match the hospital's investment objectives.

The hospital's sensitivity to equity price risk is set out below.

	Carrying Amount	-15%	+15%
		Net Result	Net Result
30 June 2023			
Contractual Financial Assets			
Investments and Other Contractual Financial Assets	41,390	(6,209)	6,209
Total Impact		**(6,209)**	**6,209**
30 June 2022			
Contractual Financial Assets			
Investments and Other Contractual Financial Assets	40,652	(6,098)	6,098
Total Impact		**(6,098)**	**6,098**

Note 7.3: Contingent Assets and Contingent Liabilities

At balance date, the Board are not aware of any contingent assets or liabilities.

How We Measure and Disclose Contingent Assets and Contingent Liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Contingent Assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the hospital.

These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

Contingent Liabilities

Contingent liabilities are:

- Possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the hospital; or
- Present obligations that arise from past events but are not recognised because:
  - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations; or
  - the amount of the obligations cannot be measured with sufficient reliability.

Contingent liabilities are also classified as either quantifiable or non-quantifiable.

Note 7.4: Fair Value Determination

How We Measure Fair Value

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.

The following assets and liabilities are carried at fair value:

- Financial assets and liabilities at fair value through net result
- Property, plant and equipment
- Investment properties

In addition, the fair value of other assets and liabilities that are carried at amortised cost, also need to be determined for disclosure.

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.

The hospital determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There have been no transfers between levels during the period.

The hospital monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required. The Valuer-General Victoria (VGV) is the hospital's independent valuation agency for property, plant and equipment.

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.

Note 7.4 (a) Fair Value Determination of Investments and Other Financial Assets

	Note	Carrying Amount as at 30 June 2023 $'000	Fair Value Measurement at End of Reporting Period using:		
			Level 1 [(i)] $'000	Level 2 [(i)] $'000	Level 3 [(i)] $'000
Managed Investment Schemes		41,390	-	41,390	-
Total Financial Assets Held at Fair Value Through Net Result	4.1	**41,390**	**-**	**41,390**	**-**
Total Investments and Other Financial Assets at Fair Value		**41,390**	**-**	**41,390**	**-**

	Note	Carrying Amount as at 30 June 2022 $'000	Fair Value Measurement at End of Reporting Period using:		
			Level 1 [(i)] $'000	Level 2 [(i)] $'000	Level 3 [(i)] $'000
Australian Listed Equity Securities		441	441	-	-
Managed Investment Schemes		40,211	-	40,211	-
Total Financial Assets Held at Fair Value Through Net Result	4.1	**40,652**	**441**	**40,211**	**-**
Total Investments and Other Financial Assets at Fair Value		**40,652**	**441**	**40,211**	**-**

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

How We Measure Fair Value of Investments and Other Financial Assets

Australian Listed Equity Securities

Australian Listed Equity Securities are valued at fair value with reference to a quoted (unadjusted) market price from an active market.

The hospital classifies these instruments as Level 1.

Managed Investment Schemes

The hospital invests in managed funds, which are not quoted in an active market and which may be subject to restrictions on redemptions.

The hospital considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investment, to ensure they are reasonable and appropriate. The net asset value of these funds is used as an input into measuring their fair value, and is adjusted as necessary, to reflect restrictions and redemptions, future commitments and other specific factors of the fund.

The hospital classifies these funds as Level 2.

Note 7.4 (b) Fair Value Determination of Non-Financial Physical Assets

	Note	Carrying Amount as at 30 June 2023 $'000	Fair Value Measurement at End of Reporting Period using:		
			Level 1 [(i)] $'000	Level 2 [(i)] $'000	Level 3 [(i)] $'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	4.2 (a)	**45,728**	**-**	**4,880**	**40,848**
Buildings					
Non-Specialised Buildings at Fair Value		3,491	-	3,491	-
Specialised Buildings at Fair Value		170,623	-	-	170,623
Total Buildings at Fair Value	4.2 (a)	**174,114**	**-**	**3,491**	**170,623**
Plant and Equipment					
Plant and Equipment at Fair Value	4.2 (a)	2,488	-	-	2,488
Medical Equipment					
Medical Equipment at Fair Value	4.2 (a)	9,331	-	-	9,331
Investment Properties					
Investment Properties at Fair Value	4.6 (a)	12,674	-	12,674	-
Total Non-Financial Physical Assets at Fair Value		**244,335**	**-**	**21,045**	**223,290**

	Note	Carrying Amount as at 30 June 2022 $'000	Fair Value Measurement at End of Reporting Period using:		
			Level 1 [(i)] $'000	Level 2 [(i)] $'000	Level 3 [(i)] $'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	4.2 (a)	**45,728**	**-**	**4,880**	**40,848**
Buildings					
Non-Specialised Buildings at Fair Value		3,191	-	3,191	-
Specialised Buildings at Fair Value		155,941	-	-	155,941
Total Buildings at Fair Value	4.2 (a)	**159,132**	**-**	**3,191**	**155,941**
Plant and Equipment					
Plant and Equipment at Fair Value	4.2 (a)	2,337	-	-	2,337
Medical Equipment					
Medical Equipment at Fair Value	4.2 (a)	9,941	-	-	9,941
Investment Properties					
Investment Properties at Fair Value	4.6 (a)	12,817	-	12,817	-
Total Non-Financial Physical Assets at Fair Value		**229,955**	**-**	**20,888**	**209,067**

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

How We Measure Fair Value of Non-Financial Physical Assets

The fair value measurement of non-financial physical assets takes into account the market participant's ability to use the asset in its highest and best use, or to sell it to another market participant that would use the same asset in its highest and best use.

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.

The hospital has assumed the current use of a non-financial physical asset is its highest and best use unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

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

Non-Specialised Land, Non-Specialised Buildings and Investment Properties

Non-specialised land, non-specialised buildings and investment properties 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, non-specialised buildings and investment properties 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. VGV indices have been used to adjust the value of non-specialised buildings and investment properties with an effective date of 30 June 2023.

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 current 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 effective date of the valuation is 30 June 2019. VGV indices have been used to adjust the value of specialised buildings with an effective date of 30 June 2023.

Plant and Equipment

Furniture, fittings, plant and equipment (including medical equipment, computers and communication equipment) 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 2023.

Fair Value Determination of Level 3 Fair Value Measurement

Asset Class	Likely Valuation Approach	Significant Inputs (Level 3 only)
Specialised Land (Crown / Freehold)	Market approach	Community Service Obligations adjustments (20%) [(i)]
Specialised Buildings	Current replacement cost approach	- Cost per square metre - Useful life
Plant and Equipment	Current replacement cost approach	- Cost per unit - Useful life

[(i)] A community service obligation (CSO) of 20% was applied to the hospital's specialised land.

Reconciliation of Level 3 Fair Value Measurement

	Land	Buildings	Plant and Equipment	Medical Equipment	Total
	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2021	40,848	149,469	1,790	7,853	199,960
Additions/(Disposals)	-	2	791	2,647	3,440
Net Transfers Between Classes	-	14,312	413	1,193	15,918
Gains/(Losses) Recognised in Net Result					
- Depreciation	-	(7,842)	(657)	(1,752)	(10,251)
- Assets Written Back and Transferred to Expense	-	-	-	-	-
Balance at 30 June 2022	**40,848**	**155,941**	**2,337**	**9,941**	**209,067**
Additions/(Disposals)	-	67	477	1,127	1,671
Net Transfers Between Classes	-	5,960	465	117	6,542
Gains/(Losses) Recognised in Net Result					
- Depreciation	-	(8,369)	(791)	(1,854)	(11,014)
- Assets Written Back and Transferred to Expense	-	-	-	-	-
Items Recognised in Other Comprehensive Income					
- Revaluation	-	17,024	-	-	17,024
Balance at 30 June 2023	**40,848**	**170,623**	**2,488**	**9,331**	**223,290**

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 Flow from Operating Activities
8.2 Responsible Persons Disclosure
8.3 Remuneration of Executives
8.4 Related Parties
8.5 Remuneration of Auditors
8.6 Ex-Gratia Expenses
8.7 Events Occurring After the Balance Sheet Date
8.8 Equity
8.9 Economic Dependency

Telling the COVID-19 Story

Our other disclosures were not materially impacted by the COVID-19 pandemic.

Note 8.1: Reconciliation of Net Result for the Year to Net Cash Flow from Operating Activities

	Note	2023 $'000	2022 $'000
Net Result for the Year	OS	18,315	15,220
Non-Cash Movements:			
Depreciation of Non-Current Assets	4.5	11,113	10,350
Amortisation of Non-Current Assets	4.5	1,013	999
(Gain)/Loss on Revaluation of Investment Property	4.6 (b)	143	193
Net (Gain)/Loss on Financial Instruments at Fair Value	3.2	(1,203)	5,333
Discount Interest on Loan	3.1	67	(201)
Loss Allowance for Receivables	3.2	6	(10)
Non-Cash DH Government Grants		(19,211)	(18,962)
Assets and Services Received Free of Charge		-	(356)
Movements Included in Investing and Financing Activities:			
Net (Gain)/Loss on Disposal of Non-Financial Assets	3.2	-	2
Capital Donations and Bequests Received	2.1 (b)	(967)	(1,868)
Movements in Assets and Liabilities:			
Change in Operating Assets and Liabilities:			
(Increase)/Decrease in Receivables and Contract Assets	5.1, 5.2	(283)	(407)
(Increase)/Decrease in Prepaid Expenses	5.5	(322)	(228)
(Increase)/Decrease in Inventories	4.7	90	35
Increase/(Decrease) in Payables and Contract Liabilities	5.3, 5.4	5,393	7,672
Increase/(Decrease) in Employee Benefits	3.3	2,178	737
Net Cash Inflow / (Outflow) from Operating Activities		**16,332**	**18,509**

Note 8.2: Responsible Persons Disclosure

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.

A caretaker period was enacted during the year ended 30 June 2023 which spanned the time the Legislative Assembly expired, until the Victorian election results were clear or a new government was commissioned. The caretaker period for the 2022 Victorian election commenced at 6pm on Tuesday the 1st of November and new ministers were sworn in on the 5th of December.

	Period
Relevant Minister:	
The Honourable Mary-Anne Thomas, Minister for Health	1 Jul 2022 - 30 Jun 2023
Governing Board:	
Mr David Anderson	1 Jul 2022 - 30 Jun 2023
Mr Simon Brewin	1 Jul 2022 - 30 Jun 2023
Dr Sherene Devanesen	1 Jul 2022 - 30 Jun 2023
Ms Jane Hider	1 Jul 2022 - 30 Jun 2023
Ms Linda Hornsey	1 Jul 2022 - 30 Jun 2023
Mr Bruce Mildenhall	1 Jul 2022 - 30 Jun 2023
Ms Llewellyn Prain	1 Jul 2022 - 30 Jun 2023
Mr Bruce Ryan	1 Jul 2022 - 30 Jun 2023
Dr Susan Sdrinis	1 Jul 2022 - 30 Jun 2023
Accountable Officer:	
Mr Brendon Gardner (Chief Executive Officer)	1 Jul 2022 - 30 Jun 2023

Remuneration of Responsible Persons

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

Income Band	2023 Number	2022 Number
$20,000 - $29,999	8	8
$60,000 - $69,999	1	1
$350,000 - $359,999	-	1
$370,000 - $379,999	1	-
Total Numbers	**10**	**10**

	2023 $'000	2022 $'000
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	**660**	**635**

Amounts relating to Responsible Ministers are reported within the State's Annual Financial Report.

Note 8.3: Remuneration of Executives

The number of executive officers, other than Ministers and the Accountable Officer, 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)	2023 $'000	2022 $'000
Short Term Employee Benefits	1,076	1,138
Post-Employment Benefits	92	101
Other Long-Term Benefits	28	25
Total Remuneration [(i)]	**1,196**	**1,264**
Total Number of Executives	6	7
Total Annualised Employee Equivalent [(ii)]	3.87	4.34

[(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 (such as superannuation guarantee contributions) 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:

- All Key Management Personnel (KMP) and their close family members and personal business interests;
- Cabinet ministers (where applicable) and their close family members; and
- All health services and public sector entities that are controlled and consolidated into the State of Victoria financial statements.

Key Management Personnel (KMP)

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 Jane Hider, Non-Executive Director
- Ms Linda Hornsey, Non-Executive Director
- Mr Bruce Mildenhall, Non-Executive Director
- Ms Llewellyn Prain, Non-Executive Director
- Mr Bruce Ryan, Non-Executive Director
- Dr Susan Sdrinis, Non-Executive Director
- Mr Brendon Gardner, Chief Executive Officer and Accountable Officer
- Dr Birinder Giddey, Executive Director Medical Services and Chief Medical Officer
- Ms Jane Poxon, Executive Director Operations and Chief Nursing Officer (1 July 2022 to 25 November 2022)
- Ms Fiona Moran, Executive Director Operations and Chief Nursing Officer (26 November 2022 to 10 January 2023)
- Ms Leanne Turner, Executive Director Operations and Chief Nursing Officer (11 January 2022 to 30 June 2023)
- Mr Danny Mennuni, Executive Director Finance and Corporate Services and Chief Finance and Accounting Officer
- Ms Loretta Sheales, Executive Director People and Communications

The compensation detailed below excludes the salaries and benefits the Portfolio Ministers receive. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the State's Annual Financial Report.

Compensation - Key Management Personnel	**2023 $'000**	**2022 $'000**
Short Term Employee Benefits	1,675	1,715
Post-Employment Benefits	143	150
Other Long-Term Benefits	38	34
Total Compensation [(i)]	**1,856**	**1,899**

[(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 of $130.8 million (2022: $117.0 million) and indirect contributions of $20.0 million (2022: $20.0 million).

Expenses incurred by the hospital in delivering services and outputs are in accordance with HealthShare 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 of Victoria'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 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 HealthShare Victoria and 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 or 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 2023 (2022: none).

There were no related party transactions required to be disclosed for the hospital Board of Directors, Chief Executive Officer and Executive Directors in 2023 (2022: none).

Note 8.5: Remuneration of Auditors

	2023 $'000	2022 $'000
Victorian Auditor-General's Office		
Audit of the Financial Statements	64	48
Total Remuneration of Auditors	**64**	**48**

Note 8.6: Ex-Gratia Expenses

The hospital made Nil ex-gratia payments for the year ending 30 June 2023 that were individually or in aggregate, greater than or equal to $5,000 . (The year ending 30 June 2022: Nil.)

Note 8.7: Events Occurring After the Balance Sheet Date

There are no events occurring after the Balance Sheet date.

Note 8.8: Equity

Contributed Capital

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.

Restricted Specific Purpose Reserves

A restricted specific purpose reserve 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 8.9: Economic Dependency

The hospital is dependent on the Department of Health for the majority of its revenue used to operate the hospital. At the date of this report, the Board of Directors believes the Department of Health will continue to support the hospital.

Affiliations and Memberships

The Royal Victorian Eye and Ear Hospital is affiliated with:

Australian College of Optometry
Bionic Vision Technologies
The Bionics Institute
The Centre for Eye Research Australia
HEARnet
The Lions Eye Donation Service Melbourne
The University of Melbourne
Victorian Aboriginal Health Service (VAHS)

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

The World Association of Eye Hospitals
Members: Aier Eye Hospital Group (China); Emory Eye Center (Atlanta, USA); Eye & ENT Hospital of Fudan University (Shanghai, China); Fondation Asile des Aveugles (Lausanne, Switzerland); Hoftalon Eye Hospital (Londrina, Brasil); Ispahani Islamia Eye Institute & Hospital (Bangladesh, India); Jakarta Eye Center (Jakarta, Indonesia); Kellogg Eye Center (Ann Arbor, USA); Kim's Eye Hospital (Seoul, South Korea); King Khaled Eye Specialist Hospital (Riyadh, Saudi Arabia); Magrabi Eye Hospital (Saudi Arabia); Massachusetts Eye and Ear Infirmary (Massachusetts, USA); Moorfields Eye Hospital (London, UK); New York Eye and Ear Infirmary (New York, USA); Orenburg branch of S. Fyodorov Eye Microsurgery Federal State Institution (Orenburg, Russia) ; Phillips Eye Institute (Minneapolis, USA); Rutnin Eye Hospital (Bangkok, Thailand); Singapore National Eye Centre (Singapore); St. Erik Eye Hospital (Stockholm, Sweden); St. John of Jerusalem Eye Hospital (Jerusalem, Israel); Sydney Eye Hospital (Sydney, Australia); The Beijing TONGREN Hospital (Beijing, China); The Metta Eye Hospital (Mettapracharak (Wat Rai Khing) Hospital) (Bangkok, Thailand); The Niteroi Eye Hospital (Rio de Janeiro, Brasil); The Rotterdam Eye Hospital (Rotterdam, The Netherlands); The Royal Victoria Eye and Ear Hospital (Dublin, Ireland); The Xi'an Eye Hospital (Xi'an, China); Tianjin Medical University Eye Hospital (Tianjin, China);Tun Hussein Onn National Eye Hospital (Kuala Lumpur, Malaysia); UCSF Eye Health (San Francisco, USA); Wills Eye Hospital (Philadelphia, USA); Wilmer Eye Institute at Johns Hopkins (Baltimore, USA); The Maastricht University Clinic for Ophthalmology (Maastricht, The Netherlands); Dhahran Eye Specialist Hospital (DESH)(Dhahran, Saudi Arabia); Hopital National des 15-20 (France); Opty Eye Hospital Chain (Brasil); South Tyneside and Sunderland NHS Foundation Trust (United Kingdom); Shenyang He Eye Specialist Hospital Shenyang (China); Beirut Eye & ENT Hospital (Lebanon); Hopital Fondation Adolphe de Rothschild (France); LV Prasad Eye Institute (India); Al-Shifa Trust Eye Hospital (Pakistan).

The American Association of Eye and Ear Centers of Excellence
Members: Bascom Palmer Eye Institute (Florida, USA); Emory Eye Center (Georgia, USA); The University of California, San Francisco Medical Center (San Francisco, USA); Massachusetts Eye and Ear Infirmary (Massachusetts, USA); Moorfields Eye Hospital (London, UK); Wills Eye Hospital (Philadelphia, USA); Phillips Eye Institute (Minnesota, USA); Rutnin Eye Hospital (Bangkok, Thailand); Singapore National Eye Centre (Singapore); St. Erik's Eye Hospital (Stockholm, Sweden); Wilmer Eye Institute at Johns Hopkins (Baltimore, USA).

Victorian Healthcare Association

Melbourne Academic Centre for Health

North East Metro Health Service Partnership
Austin Health; St Vincent's Hospital Melbourne; Eastern Health; Northern Health; Mercy Hospital for Women, (Heidelberg); Forensicare; Eastern Melbourne Primary Health Network; North Western Melbourne Primary Health Network

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