2020/21 Annual Report

Advancing health for everyone, every day

The Royal Melbourne Hospital

About this report

This annual report outlines the operational and financial performance for the Royal Melbourne Hospital from 1 July 2020 to 30 June 2021.

The relevant Ministers for the reporting period were:

From 1 July 2020 to 26 September 2020
Jenny Mikakos MP
Minister for Health
Minister for Ambulance Services

From 1 July 2020 to 29 September 2020
The Hon Martin Foley MP
Minister for Mental Health
Minister for Equality

From 26 September 2020 to 30 June 2021
The Hon Martin Foley MP
Minister for Health
Minister for Ambulance Services
Minister for Equality

From 29 September 2020 to 30 June 2021
The Hon James Merlino MP
Minister for Mental Health

Melbourne Health (operating as the Royal Melbourne Hospital) is a health service established in July 2000 under the Health Services Act 1988 (Victoria). This report is also available online at thermh.org.au

The Royal Melbourne Hospital acknowledges the Kulin nations as the Traditional Custodians of the land on which our services are located. We are committed to improving the health and wellbeing of Aboriginal and Torres Strait Islander peoples.

Our cover features cleaner Miloud Benhaddou, nurse Angela Lavender, infectious diseases physician Dr Steve Muhi and pharmacy technician Claire Kellock, who are each representing the many staff who have been delivering COVID-19 vaccinations at the state-run vaccination centre and on-site at the RMH City.

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Chair's report

On behalf of the Royal Melbourne Hospital (RMH) Board of Directors, I am pleased to present our 2020/21 Annual Report.

Our promise to the community is to be there when it matters most. Over the past financial year, the RMH has fulfilled this promise, taking to the frontline of what has been one of the most challenging periods in Victoria's history, and providing care beyond the boundaries of our service sites.

At the start of the financial year, when North Melbourne and Flemington public housing towers were placed in lockdown, our people were there, providing testing and much-needed health and wellbeing services to the community. This included the creation of an urgent care clinic at the Melbourne Showgrounds, which serviced the acute care needs of residents, in partnership with St John's Ambulance.

A virtual hospital was created in partnership with cohealth and our primary healthcare network to help manage more than 2,000 COVID-19 positive patients from the comfort and safety of their home. This innovative collaboration managed 800 patients at its peak and the model has now been rolled out across Melbourne.

In the past six months, our people have taken on the responsibility of operating the state's largest COVID-19 vaccination clinic at the Melbourne Convention and Exhibition Centre in addition to a clinic at the RMH City to offer vaccinations to our own people, our colleagues on the frontline of other important services and our community.

Our operations this financial year were significantly impacted by COVID-19. However, there was also a significant increase in demand on our services as many Victorians delayed healthcare, resulting in a surge in demand for access to acute care.

Across the financial year, 420 COVID-19 inpatients were cared for, 84,875 tests were processed and 93,999 vaccinations have been provided by the RMH in what has been a remarkable contribution to the state's COVID-19 response. And all the while, our day-to-day work has continued treating 2,273 traumas, 479,153 mental health service contacts and more than 19,503 elective and emergency surgeries.

Preparing to be there when it matters most in the future

Following on from the home-first care approach of the peak pandemic, our RMH@Home service has been expanded with 25 additional beds in the community. Telehealth – used for 75 per cent of outpatient appointments during the second wave of the pandemic – is now being optimised for ongoing use so the RMH can provide quality care to patients, no matter where they are.

The Parkville Electronic Medical Record (EMR) went live in August, and has changed the way we provide care. The shared record system across the RMH, Peter MacCallum Cancer Centre, the Royal Women's Hospital and the Royal Children's Hospital, not only provides greater transparency and efficiencies to allow clinicians to spend more time focused on patient care but also is a move for sustainability as we reduce our paper use.

We have again partnered with Parkville hospitals, along with Western Health, Mercy Werribee Hospital and the North Western Melbourne Primary Health Network in the West Metro Health Services Partnership. Established during COVID, the RMH has been proud to lead this

> **Telehealth... is now being optimised for ongoing use so the RMH can provide quality care to patients, no matter where they are...**

collaboration, which has expanded beyond COVID-19 to help improve access to services and community health.

In another example of realising the potential of our precinct, the RMH is working closely with the Royal Women's to progress the masterplanning of a new health hub at Arden Street, which opens the door to new and improved possibilities for the way we deliver healthcare into the future.

This past financial year, the RMH Foundation also received our largest ever donation of $19 million, a bequest from long-time supporter John Perrett. His generous donation will help us to make those advancements that enable us to provide great care. This year there has been a change to the Board. I would like to acknowledge the contributions of Professor Shitij Kapur, Angela Jackson, Leigh Hocking and Penny Hutchinson. I extend a warm welcome to new appointments Professor Jane Gunn, Emma Skinner, Kylie Bishop and Sam Lobley.

I would also like to acknowledge each of the staff of the RMH for their contribution this year. You have gone above and beyond to provide great care, and have truly lived up to our promise, being there in one of the toughest times for our community, and performing the important work for a future-thinking healthcare service.

Linda Bardo Nicholls AO
Board Chair

Declaration on the report of operations

In accordance with the Financial Management Act 1994, I am pleased to present the report of operations for the Royal Melbourne Hospital for the year ending 30 June 2021.

Linda Bardo Nicholls AO
Board Chair
The Royal Melbourne Hospital

Melbourne
25 August 2021

Chief Executive's report

The 2020/21 financial year has been another extraordinary year in the history of the Royal Melbourne Hospital (RMH). There is no doubt COVID-19 has dominated our work and continues to influence our care. But amidst these challenges, the RMH is taking great strides to realise our vision for the future of healthcare.

The RMH was at the frontlines of the Victorian COVID-19 outbreak that began in July, providing care for patients in the hospital and in their homes. Our work extended far beyond the hospital doors, as the RMH stepped up to provide support to residential aged care facilities, disability homes, public screening services and in the past few months, vaccination hubs.

Despite an uncompromising approach to making the safety of our people our highest priority, the RMH Royal Park campus became an outbreak site, and this led to the difficult, but necessary, decision to close four wards at the site in order to rapidly reduce infections.

As we continue to work with the complexities of delivering healthcare in a pandemic, our experience caring for more than 400 COVID-19 patients has led to the implementation of stronger infection prevention policies and practices, including a better understanding of the role of ventilation and the transmission of the virus.

> **"... our experience caring for more than 400 COVID-19 patients has led to the implementation of stronger infection prevention policies and practices...**

The wellbeing of our people was a critical part of our COVID-19 response, with clinicians dedicated to those who experienced furloughing, infection and anyone who needed to reach out during the difficult 112-day lockdown and beyond. In a true example of the Melbourne Way (our term for the way we put people first, lead with kindness and working together to excel as one) staff formed the 'RMH Scrub Choir' as a boost to employee morale but was embraced by millions of people in the community and provided kindness and connection through music therapy. Wellbeing and mental health support continues to be a major focus, and we have championed a workforce that speaks up for safety and our values.

These lessons will continue to strengthen our systems to prepare for future health crises. Through the Doherty Institute, our partnership with the University of Melbourne, and with the support of the Victorian Government, the RMH will be part of the development of a new Australian Institute of Infectious Disease, and contribute to advancing health in this important field.

In another great collaboration – with the Royal Women's Hospital, Peter MacCallum Cancer Centre and the Royal Children's Hospital – the Parkville Electronic Medical Record (EMR) was successfully implemented in August 2020. This has been one of the largest clinical transformations in our history, and the improvement in access and accuracy of data will help to support and advance our delivery of safe, timely, effective, person-centred care.

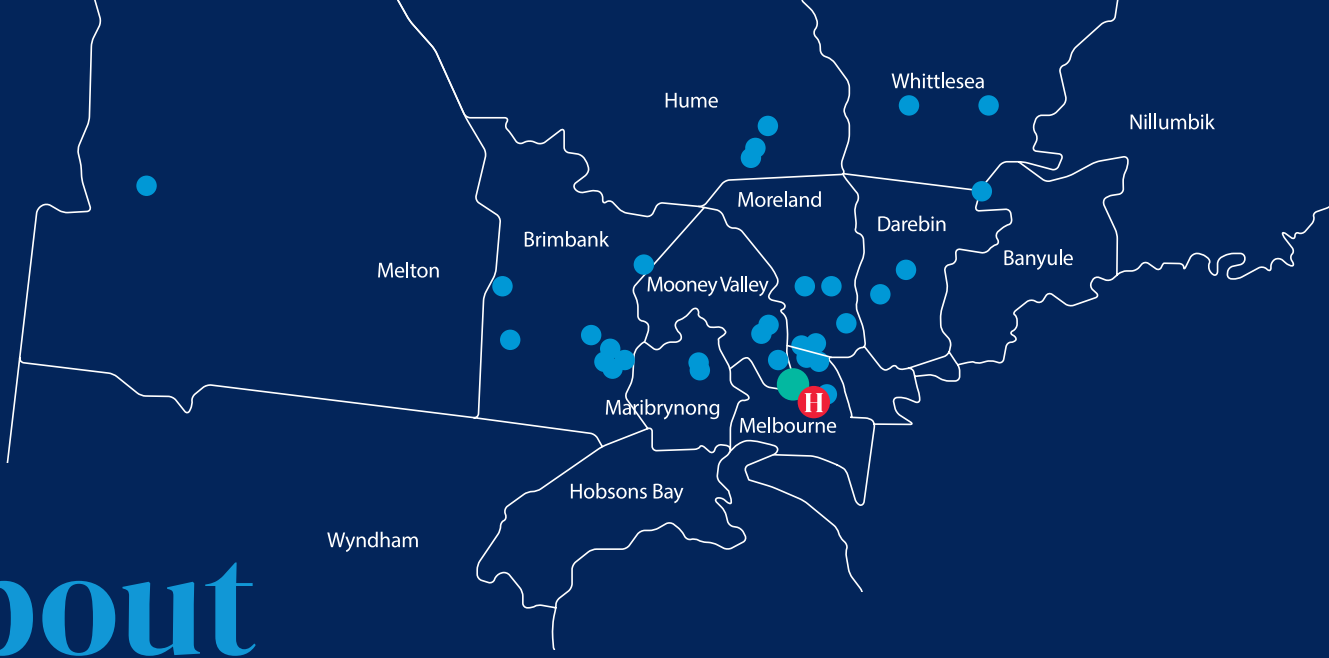
Wellbeing and mental health support continues to be a major focus, and we have championed a workforce that speaks up for safety and our values.

Partnerships have also been crucial to our response to the surge in demand for acute healthcare, which emerged following the second COVID-19 wave, and to address the recommendations of the Royal Commission into Victoria's Mental Health System. With our partners in the West Metro Health Services Partnership, we are harnessing opportunities to create efficiencies in our hospital in the home services, develop rapid access services for those with chronic conditions and find innovative ways of addressing emergency demand, such as a 24-hour telehealth service that works in collaboration with primary care providers to reduce admissions. We will continue this work in the masterplanning for a new campus in the Arden precinct, a joint venture with the Royal Women's Hospital.

This year also saw the launch of the organisation's first Reconciliation Action Plan (RAP), building on our commitment to making the RMH a great place to work and a great place to receive care for Aboriginal and Torres Strait Islander peoples. We were proud to create a memorandum of understanding with the Wurundjeri Woi Wurrung Cultural Heritage Aboriginal Corporation to strengthen our ties as we continue the important work of Reconciliation.

Over the past 12 months, our staff have shown remarkable dedication, compassion and commitment to our values of People First, Leading with Kindness and Excellence Together. I thank each of our staff and volunteers for their work, and thank our community for their ongoing support in this extraordinary year.

Professor Christine Kilpatrick AO
Chief Executive



About the Royal Melbourne Hospital

The Royal Melbourne Hospital (RMH) began in 1848 as Victoria's first public hospital. And while we only had 10 beds to our name, we had the community of Melbourne behind us, and we were ready to provide the best possible care for those in need.

Since those early years, we've moved forward with purpose. Always at the forefront, leading the way on improving the quality of life for all.

Today the RMH is one of the largest health providers in the state, providing a comprehensive range of specialist medical, surgical, and mental health services; as well as rehabilitation, aged care, outpatient and community programs.

Our care extends from the City through Royal Park and 32 mental health services across the north-western suburbs of Melbourne. We are a designated state-wide provider for services including trauma, and we lead centres of excellence for tertiary services in several key specialties including neurosciences, nephrology, cardiology and virtual health.

We are surrounded by a precinct of brilliant thinkers, and we're constantly collaborating to set new benchmarks in health excellence – benchmarks that impact across the globe. This includes the world-renowned Peter Doherty Institute for Infection and Immunity, our joint venture with the University of Melbourne.

And while the work we're doing takes us in inspiring new directions, we lead with kindness that defines a better standard of care.

Our people of more than 11,000 strong, embody who we are and what we stand for. Our reputation for caring for all Melburnians is as essential to who we are as any scientific breakthrough we make. We're here when it matters most, and we'll continue to be the first to speak out for our diverse community's wellbeing.

OUR PURPOSE

Advancing healthcare for everyone, every day

OUR COMMUNITY PROMISE

Always there when it matters most

OUR VALUES

People First

Lead with Kindness

Excellence Together

Board of Directors

The Board comprises up to nine independent non-executive directors and a chair. The directors are elected for a term of up to three years, and may be re-elected to serve for up to nine years.

The directors for 2020/21 were:

Mrs Linda Bardo Nicholls AO – Chair
Appointed to the RMH Board in May 2018

Mr Eugene Arocca
Appointed to the RMH Board in July 2016

Ms Philippa Connolly
Appointed to the RMH Board in July 2018

Mr Peter Funder
Appointed to the RMH Board in July 2019

Professor Jane Gunn
Appointed to the RMH Board in February 2021

Mr Leigh Hocking
Appointed to the RMH Board in July 2019

Ms Penelope Hutchinson
Appointed to the RMH Board in November 2015

Ms Angela Jackson
Appointed to the RMH Board in September 2015

Professor Shitij Kapur
Appointed to the RMH Board in December 2016 and resigned in December 2020

Professor Harvey Newnham
Appointed to the RMH Board in August 2017

Mr Gregory Tweedly
Appointed to the RMH Board in July 2016

The RMH Board Committees

The Board has established a number of sub-committees, advisory committees and advocacy committees, which are also attended by members of the RMH Executive. The Chair is an ex-officio of each committee. The Board is accountable to the Minister for Health.

People, Culture and Remuneration Committee

Current board members:
Eugene Arocca (Chair)
Penny Hutchinson
Philippa Connolly
Leigh Hocking

Community Advisory Committee

Current board members:
Harvey Newnham (Chair)

Quality and Population Health Committee

Current board members:
Greg Tweedly (Chair)
Harvey Newnham
Angela Jackson

Finance Committee

Current board members:
Angela Jackson (Chair)
Eugene Arocca
Philippa Connolly
Peter Funder
Leigh Hocking
Sam Lobley (Expert Content – Observer Status)

Audit Committee

Current board members:
Penny Hutchinson (Chair)
Greg Tweedly
Harvey Newnham
Sam Lobley (Expert Content – Observer Statu)

RMH Foundation Committee

Current board members:
Linda Bardo Nicholls AO (Chair)
Eugene Arocca

THE ROYAL MELBOURNE HOSPITAL

Organisation structure

BOARD

CHIEF EXECUTIVE

Professor Christine Kilpatrick AO
(she/her)

- Director, Research
- Director, Strategic Communications and Media
- Chief Information Officer
- General Counsel
- Director, RMH Foundation

CHIEF OPERATING OFFICER

Jackie McLeod
she/her

- Electronic Medical Record (EMR)
- Division of Cardiovascular, Renal and Endocrine Services
- Division of Critical Care and Investigative Services
- Division of Medicine and Community Care
- Division of Neurosciences, Cancer and Infectious Medicine
- Division of Surgery, Perioperative, Trauma and Surgical Oncology
- Division of NorthWestern Mental Health
- Access and Outpatients

EXECUTIVE DIRECTOR

Finance and Logistics

Paul Urquhart
he/him

- Financial Services
- Payroll
- Procurement
- Supply Chain
- Facilities Management
- Capital Works

EXECUTIVE DIRECTOR

Nursing Services, Allied Health and Residential Aged Care

Associate Professor Denise Heinjus
she/her

- Nursing Workforce
- Nursing Education
- Nurse Bank
- Policy and Procedure
- Emergency Management Planning
- Simulation Education
- Residential Aged Care
- Allied Health

EXECUTIVE DIRECTOR

Clinical Governance and Medical Services and Chief Medical Officer

Dr Cate Kelly
she/her

- Medical Workforce Unit
- Medical Governance
- Medical Education
- Medicolegal
- Library
- Infection Prevention and Surveillance Service
- Victorian Infectious Diseases Reference Laboratory (VIDRL)
- Victorian Coordinating Centre for Healthcare Associated Infections (VICNISS)

EXECUTIVE DIRECTOR

People and Culture

Ellen Flint
she/her

- HR Business Partnering
- Health, Safety and Wellbeing
- Safety Culture
- Leadership and Learning
- Diversity and Inclusion
- Recruitment Services
- Employee Services

EXECUTIVE DIRECTOR

Strategy, Quality and Improvement

Professor George Braitberg AM
he/him

- Strategy and Planning
- Quality and Improvement
- Community Engagement
- Business Intelligence
- Guidance
- Health Information Services
- Project Management Office

Our care at a glance

77,371
Emergency Department presentations (excluding COVID screening clinic)

6,480
Emergency surgeries

4,412
Mental health inpatient admissions

98,900
Inpatient admissions across our services

93
Kidney transplants

479,153
Mental health service contacts in the community

2,273
Trauma patients treated

243,336
Outpatient appointments

645
Arrivals by air

13,023
Elective surgeries

82,282
Telehealth appointments

593,080
Meals served

COVID by the numbers

Watch the story of the RMH Scrub Choir, which was there when it mattered most for our staff and community.

420
patients

84,875
tests conducted by the RMH Microbiology

93,999
vaccinations provided by the RMH staff

495
episodes of care

52,155
presentations to COVID screening clinic

Year in review

This financial year saw the launch of ***Towards 2025*** with five bold strategic pillars to advance health for everyone, every day. Here are some key events over the past 12 months:

A GREAT PLACE TO WORK, A GREAT PLACE TO RECEIVE CARE

- The launch of our first Reconciliation Action Plan (RAP) in November represented another milestone in the RMH Reconciliation journey. As part of this work, the RMH signed a Memorandum of Understanding with the Wurundjeri Woi Wurrung Cultural Heritage Aboriginal Corporation in February, and invited Wurundjeri Elder Aunty Di Kerr, to join the RMH Community Advisory Committee as a cultural expert.
- A new Aboriginal Health Unit was announced, utilising an Aboriginal Cultural Safety Grant from the Department of Health. This will create: a seven-day Aboriginal Hospital Liaison Officer within the Emergency Department; an Aboriginal Health Unit Team Manager; and an Elder in Residence role to support the RMH staff, patients and consumers. The RMH will develop an annual cultural safety plan in consultation with staff, Aboriginal health services and the community.
- An Aboriginal Cultural Awareness eLearning package was also launched to staff. This was developed through the Wandeat Bangoongagat - Aboriginal employment working group through the Royal Children's Hospital, and is designed to create a cultural awareness base from which to build upon.
- The Melbourne Way Leadership Program, co-designed and facilitated with Melbourne Business School, was launched in April 2021 to provide leaders across the RMH with the skills and confidence to lead with the values framework of People First, Lead with Kindness and Excellence Together.
- The great care provided by staff across the RMH Emergency Department was showcased to millions in the debut of medical series *Emergency* on the Nine television network in July 2020. A second season began airing in June 2021.

RAP artwork 'Walk Together' by Dixon Patten, Gunnai and Yorta Yorta

Scan to learn more about our Reconciliation Action Plan.

GROW OUR HOME FIRST APPROACH

- The West Metro Health Service Partnership hospital-in-the-home service was established to create a more efficient care model to allow clinicians to spend less time travelling and more time with patients.
- RMH@Home sub-acute services expanded from 15 to 25 beds, with plans to further increase beds in the community. RMH@Home acute services expanded from 45 to 60 beds.
- The RMH virtual hospital, created to manage more than 2,000 COVID-19 patients in partnership with cohealth and the North West Primary Health Network was rolled out across Melbourne and the model will continue to be used to support patients with chronic disease. Planning underway currently includes home-based care options for cancer patients and home-monitoring of antibiotics for diverticulitis patients.
- A 24-hour complex telehealth service was also established in collaboration with GPs and community health networks to support the complex needs of patients in the community and reduce the need for ED presentations and admissions.

REALISE THE POTENTIAL OF THE MELBOURNE BIOMEDICAL PRECINCT

- The RMH was asked to lead the West Metro Health Services Partnership, one of three in the metropolitan area and nine across the state, to develop a co-ordinated COVID-19 response plan alongside local health services, and continues to be used to create innovative collaborations. This has included the new West Pathology Network, one of three in Victoria to strengthen public pathology systems across the state.
- With the Royal Women's Hospital, the RMH progressed development and opportunities for collaboration for the master-planning of health services at Arden Street, including ambulatory, rehabilitation and aged care, with opportunity to add virtual and home-based care, dialysis, and community mental health.
- The RMH again partnered with the Royal Women's Hospital on a new digital strategy and shared IT structure, focused on leading digital innovation.
- The Australian Institute for Infectious Disease, supported by the Victorian Government, was announced. Through the Doherty Institute, the RMH will take part in this development in collaboration with other leaders, including the Burnett Institute, Walter and Eliza Hall Institute, CSL and Murdoch Children's Research Institute.
- Following on from the Royal Commission into Victoria's Mental Health System, and working with the University of Melbourne and lived experience organisations, the RMH is developing a proposal for the establishment of the Victorian Collaborative Centre for Mental Health and Wellbeing to drive continual improvement across the mental health system.

BECOME A DIGITAL HEALTH SERVICE

- The Parkville EMR went live in August 2020, with the RMH transitioning from paper to electronic medical records alongside Peter MacCallum Cancer Centre, the Royal Women's Hospital and the Royal Children's Hospital. The EMR is the biggest clinical and digital transformation ever undertaken at the RMH, and improves the patient experience for safe, timely, more efficient and effective person-centred care. It also enables clinicians to work more effectively across the Parkville precinct and provides better quality data for research and services such as telehealth. One new addition with the EMR has been the scanning of patient identifications and medication barcodes to improve medication safety, resulting in a 10 per cent reduction in medication errors.
- Extensive consumer engagement assisted the development and pilot implementation of the Health Hub – a new online patient portal. Available via a secure website and mobile app, the portal connects patients and carers to important personalised healthcare information via the EMR.
- Telehealth (phone or video) appointments have increased from 29,395 in the previous financial year, to 82,282 this year – an increase of almost 180 per cent. This rapid growth was accelerated by the pandemic, with approximately 80 per cent of all outpatient appointments delivered by telehealth at its peak. Telehealth has been central to supporting vulnerable patient groups, for example preventing unnecessary hospital visits for cancer care patients. Video-interpreting has also been crucial to the service to enable culturally and linguistically appropriate care.
- Facilities Management introduced a computer-aided facilities management system at the start of the financial year, enabling more than 350 services to be requested and managed from a single, digital access point. Across the year the team managed 30,765 tasks through the system, ranging from general maintenance to patient transfer.

STRIVE FOR SUSTAINABILITY

- The new RMH Environmental Sustainability Strategy outlines our commitment to implement environmental strategies, including initiatives to reduce our total carbon emissions and paper consumption, create efficiencies in utility use, and develop sustainable procurement and waste management solutions over the next five years.
- The RMH Foundation continued to strengthen collaborative philanthropic relationships across the Parkville Precinct and successfully pivoted the public lecture series online.

Awards, recognition and accolades

Head of Gastroenterology and Hepatology Professor Geoff Hebbard was awarded the Outstanding Clinician Award 2020 by the Gastroenterological Society of Australia.

Clinical haematologist and bone marrow transplant physicians Professor Andrew Roberts and Professor John Seymour were awarded the Ramaciotti Medal for Excellence at the 2020 Ramaciotti Awards for Biomedical Research for their work treating chronic lymphocytic leukaemia patients with Venetoclax.

Director of Neurology Professor Bruce Campbell was awarded the Woodward Medal in Science and Technology from the University of Melbourne, recognising his research in stroke medicine, particularly for the suite of thrombectomy trials in acute stroke.

Emergency Specialist Dr Glenn Harrison was appointed Director of the Australian Indigenous Doctors Association.

Infectious Diseases Physician and Deputy Chief Medical Information Officer Dr Kudzai Kanhutu was ranked number 10 in the 2020 CIO50 by CIO Australia in recognition of her work in telehealth, EMR and mentoring young women to enter careers in science, technology, engineering and mathematics.

Endocrinologist Dr Rahul Barmanray was awarded the 2020 Australasian Diabetes Society President's Clinical Young Investigator of the Year Award for his research into the implementation of networked blood glucose monitoring.

Emergency Department Physician Dr Martin Dutch was awarded the Digital Innovation Champion Award at the City of Melbourne's Melbourne Awards for his work developing pulse oximeters for at-home monitoring of COVID-19 patients. **Emergency Clinical Nurse Specialist Cherylynn McGurgan** was also a finalist in the awards for her response to COVID-19 with AUSMAT in Wuhan at the outbreak of the pandemic and her commitment to screening and treatment at RMH and to returned travellers in the Northern Territory. **VIDRL** was also nominated for its essential role growing COVID-19 in a lab and sharing the data, and providing testing support.

Neurology Fellow Dr Izanne Roos was awarded the Stephen Davis Award for Outstanding Fellow of the Year for her research on therapeutic lag in multiple sclerosis.

RMH nurses were chosen to represent all healthcare workers on the frontlines of COVID-19 in Marie Claire's Women of the Year 2020.

Anaesthetist Professor Kate Leslie AO was appointed President and Chair of the Board of Directors of the Australian Medical Council.

Cardiology registrar Dr Melissa Lee was awarded the 2020 Premier's Award for Health and Medical Research for her research to improve long-term outcomes after surgery for coarctation (narrowing) of the aorta.

Head of the Victorian Infectious Diseases Services (VIDS) Professor Kirsty Buising was crowned Moomba Monarch by the City of Melbourne in recognition of the hard work and dedication she and all healthcare workers displayed in 2020.

Director of Neurology Professor Stephen Davis AO was recognised in the 2021 Queen's Birthday Honours for his service to medical education, stroke research and the management of cerebrovascular disease.

Neuroradiologist Associate Professor Frank Gaillard was awarded an Honorary Fellowship of the Royal College of Radiologists (UK) for his contributions to clinical radiology.

Cardiologist Associate Professor Luke Burchill was awarded the National Health and Medical Research Council Sandra Eades Investigator Award for his clinical leadership and research in the field of congenital heart disease.

Significant supporters

The RMH recognises and is deeply appreciative of the generous support received from individuals, including every RMH Board director, families, businesses, trusts, foundations, community groups and organisations. It gives us great pleasure to acknowledge these contributions below:

Trusts & Foundations

Annie Josephine Wellard Charitable Trust, managed by Equity Trustees

Australian Communities Foundation - Domenic & Anne Gallace Family Fund

Circle of Latitude Foundation

Dry July Foundation

Estate of Milan Kantor

Fight Cancer Foundation

Guthrie Family Charitable Trust

Jack Ma Foundation

Lord Mayor's Charitable Foundation

LMCF – Meg & Frank Sims Fund

Movember Foundation

Norman Beischer Medical Research Foundation

Perpetual Foundation – C.M.Herd Endowment

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The Muriel and Les Batten Foundation

The Myer Foundation

The William Buckland Foundation

Type1 Foundation

Gifts in Wills

Estate of:

- Claire Brigid Bryan Aird
- Noel Charles Belcher
- Agnes Ferguson Clark
- Elsie Margaret Cleaver
- David Grills
- Helen Mildred Keneley
- Ruth Mann
- Alan Ambrose Murray
- Vicki Peroulis
- John James Perrett
- Mauri Clare Sendapperuma
- Graeme Bernard Sexton
- Laura Sillitto
- Jacqueline Pauline Troisi

Endowments

Estate of:
Allan Watt & Chris Geyer

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- Ethel Mary Drummond
- Mary Ann Edwards
- George Lawrence Godfree
- Herbert William Hampton
- Louisa Henty
- Ernest John Kebby
- Joseph & Kate Levi
- William Macrow
- Charlotte Marshall
- William Marshall
- Mary Mason
- J R G & E McKenzie
- Margaret Lillian Merrifield
- Isabella Agnes Pritchard
- Muriel Ivey Smith
- Emily Vera Winder
- John Frederick Wright
- Ephraim Yoffa

Eugene & Janet O'Sullivan Trust

Grant Bequest

Haydn & Henrietta Williams Memorial Trust

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Joseph Herman Charitable Trust

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Louis Berner Charitable Trust

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Mr Paul McSweeney
Mr Colin & Mrs Joceyln Mead
Mr Warwick Miles
Mr Robin Miller
Mr Michael & Mrs Susan Minshall
Ms Marlene Mogford
Miss Joan Montgomery AM OBE
Family of the Late Rosalie Mordech
Claire Morgan
Louisa Vass & Rodney Morgan
Mr Stephen Morgan
Mrs Susan Morgan
Dr Tony Morton
Mr Baillieu Myer AC & Mrs Sarah Myer
Mr Stephen Nethercote
Prof Harvey Newnham
Mrs Danh Ngo
Mrs Anne Nolan
Mrs Beverley Noonan
Mr David Oakley
Mrs Penelope Odel
Mr Peter Parkinson
Mr Thomas Paton
Prof David Penington AC
Ms Paz Pisarski
Mr Russell Peters
Mr William Power
Ms Muoi Quach
Mr Graham Quinn
Mr Bruce Sanderson
Mr Robin Scott
Miss Kylie Simpson
Mr Edward Smith & Mrs Cecilia Fan
Ms Carol Soderstrom
Mr Larry Stewart
Mr Russell Stocker
Mr Richard Stradwick
Mr Neil Strapp
Mr Binh Thai
Ms Carina Thomas
Mr Gary & Mrs Judith Thomson
Mr Colin Townsend
Mr Binh Tran
Mr Bernard Tranter
Ms Lan Truong
Mr Neil Tucker
Ms Jill Turpin
Mr Greg Tweedly
Chhim Heang Ven
Mr Brian Vernon
Mr Ian Vincent
Liem Vo
Mr Detlef Vonrichter
Mrs Kamalpreet Waraich
Mr Anthony Warden
Mr Philip & Mrs Patricia Weickhardt
Mr Daniel Wissa
Prof David Wiesenfeld
Mrs Carolyn Wright
Mr Shudong Wu
The Hon. Richard Wynne MP
Ms Ka Yim
Ms Xiaolin Zhai

Corporate Partners

Abbott Medical Pty Ltd
Archies Footwear
BankVic
Cook Medical
Coregas Pty Ltd
Doctor Dumpling
Dr Falk Pharma Australia
Factory X
FCG Property
Gastroenterology Society of Australia (GESA)
Haigh's Chocolates
Hewlett Packard
Intact Media (Vic) Pty Ltd
Janssen - Cilag Pty Ltd
Johnson & Johnson Medical Pty Ltd
KLS Martin
Lavazza Australia Pty Ltd
Maurice Blackburn Lawyers
McDermott Richards Lawyers
Medical and Optical Instruments Australia
Medtronic Australasia Pty Ltd
Melbourne Recital Centre
Motorola
Mushroom Group
Nelson Alexander – Carlton
OneVue Holdings Limited
OPTUS Enterprise
PROVE Standards & Engineering Pty Ltd
PwC Australia
Roche Global
Roche Products Pty Ltd
Sable Pharmacy
S.O. Asher Consultants Pty Ltd
Steady Teddy Tattoo
Telstra Corporation Limited
WTFN Entertainment Pty Ltd

Community Fundraising

Mr Cam Alford
Mrs. Eleanor Allen
Australian Chinese Giving Circle
Australian Sri Lankan Association Incorporated
Mr Timothy Barrett & Mrs Catherine Barrett
Bendigo Chinese Association
Ms Candice Bigham
Ms Annette Chaitman
Ms Melissa Chen / Mills Kitchen
Chinese Masonic Society
Ms Teresa Chung
Family & Friends of:
Michael Allan
Donald Brown
Martin Clancy
Geoffrey Goral
Family & Friends of:
Christos Koutsovasilis
Khanh Lam
Mauricio Munoz
Rollo Morgan
Neralie Reynolds
Grigorios Thiveos
Grant Thomas
Placido Viola
Mr Stuart Flanigan
Mr Perryn Fowler
Miss Elliette Jeffrey
Miss Olivia Karcoushkas
Mr Benjamin Kay
Yong Liu
Mr Steve & Mrs Robyn Mahoney
Matty's Soldiers
Melbourne Neuropsychiatry Centre
Mrs Gina Mifsud
Mr Brian Minns
Mr Jimi Paul
Mr Dave Reynolds
Mr Deane Reynolds & Mrs Maxine Quinlan
Rotary Club of Brighton North
Seaford North Primary School
Mrs Sara Taji
See Tuang Tan
See Yup Society
The Rangers Foundation Inc.
Treasure Chest
Natasha Zogaric & Friends

Friends of the RMH

Ms Audrey Cheah
Mrs Barbara Haynes OAM
Mrs Diana Frew
Miss Joan Montgomery AM OBE
Mrs Marian Lawrence
Mrs Susan Sherson
Mrs Patricia Weickhardt

Occupational health, safety and wellbeing

During 2020/21, the RMH continued to progress projects from previous years, as well as implementing a number of new initiatives to ensure a safe working environment for our staff and improve staff health and wellbeing.

Our safety systems and processes continued to evolve in response to COVID-19 and a range of initiatives to support the safety of our staff have been implemented: policies have been developed and re-adjusted in line with Department of Health guidelines; COVID-19 workplace audits and inspections have been introduced and early support and return to work assistance provided for staff impacted by COVID-19.

Part of this work has included mask fit-testing – a core component of the RMH Respiratory Protection Program, and an annual requirement for any staff who may need to wear an N95 mask. The program involves staff completing a 15-minute learning package; a five-minute survey and a 40-minute mask fit-test.

Following on from the interdisciplinary approach of the COVID-19 Staff Support and Wellbeing Service (a confidential phone line and intervention support team), a Workforce Wellbeing Team was created in September with wellbeing consultants, general and mental health nurses, psychologists and occupational therapists to support staff.

The team uses a psychological first aid framework, and offers skills sessions to build wellbeing capacity among staff and leaders. The team also oversees services including a Peer Support Program, Family Violence Contact Officers and the Employee Assistance Program.

The OVA clinical nurse consultancy (CNC) service was introduced in 2020/21 to support staff through code grey responses. This includes the implementation of early intervention strategies, training and in-services, wellbeing check-in's and work to improve the reporting culture of incidents across the organisation.

Occupational Health and Safety Statistics	2020-21	2019-20	2018-19
The number of reported hazards/incidents for the year per 100 FTE	42.72	33.4	31
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	0.83	0.86	0.59
The average cost per WorkCover claim for the year ('000)	$72,455	$83,565	$46,417

Occupational Violence Statistics	2020-21*
Workcover accepted claims with an occupational violence cause per 100 FTE	0.13
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	0.09
Number of occupational violence incidents reported	2955
Number of occupational violence incidents reported per 100 FTE	26.9
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	0.61%

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 rating must be included. Code Grey reporting is not included, however, if an incident occurs during the course of a planned or unplanned Code Grey, the incident must be included.

Accepted WorkCover claims – Accepted WorkCover claims that were lodged in 2020-21.

Lost time – is defined as greater than one day.

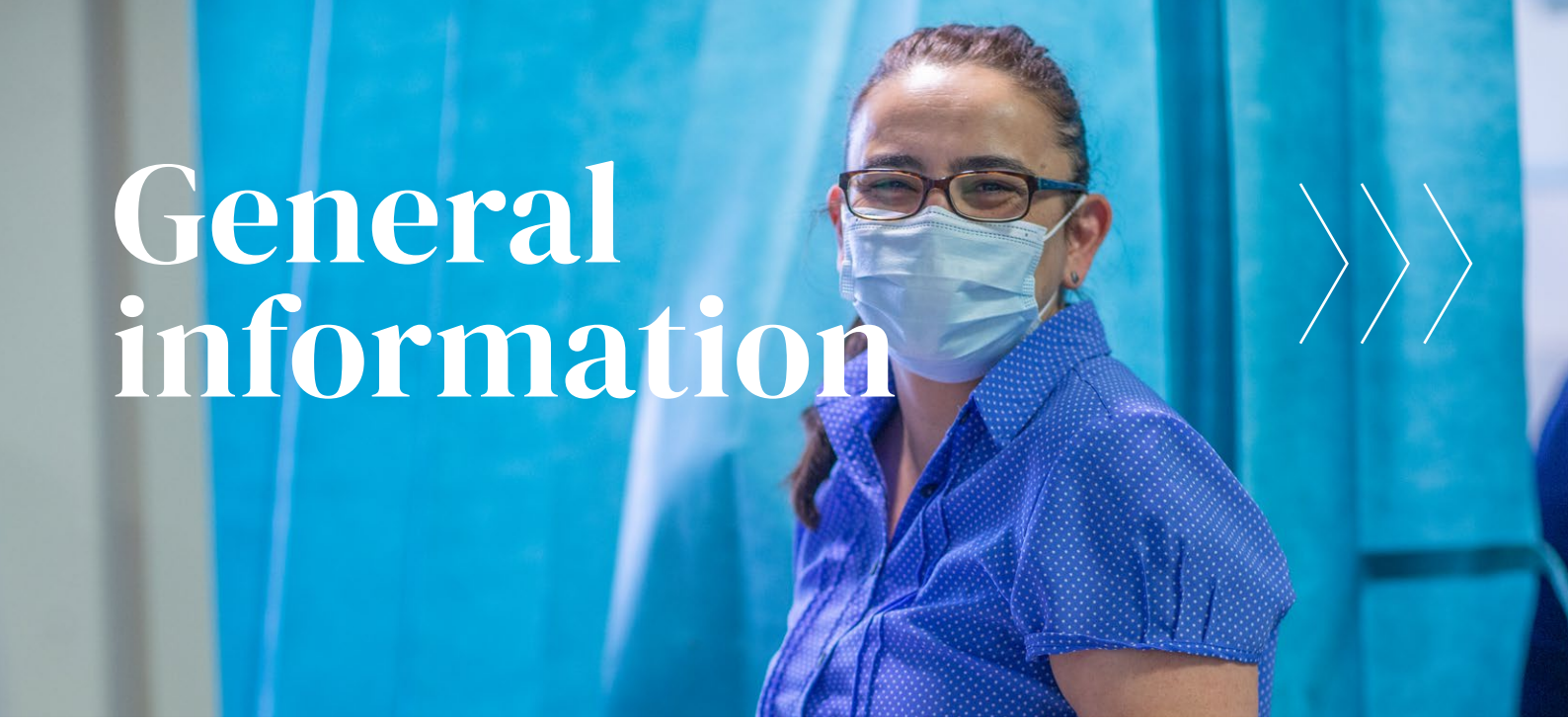
Injury, illness or condition – This includes all reported harm as a result of the incident, regardless of whether the employee required time off work or submitted a claim.

Workforce information

The RMH is an equal opportunity employer, committed to providing a safe workplace that is free of harassment or discrimination. Staff are committed to our values as the principles of employment and conduct.

The following table discloses the full-time equivalent (FTE) of all active employees of the RMH as at June 2021 and year to date (YTD), with 2020 data shown for comparative purposes.

Labour category	June current month FTE		Average monthly FTE	
	2020	2021	2020	2021
Nursing	3017	**3194**	2926	**3065**
Administration and Clerical	1204	**1164**	1183	**1148**
Medical Support	906	**961**	893	**923**
Hotel and Allied Services	568	**547**	546	**559**
Medical Officers	150	**147**	147	**151**
Hospital Medical Officers	648	**665**	618	**647**
Sessional Clinicians	244	**256**	238	**251**
Ancillary Staff (Allied Health)	695	**711**	684	**696**
Total FTE	**7431**	**7645**	**7235**	**7440**



General information

Carers Recognition Act 2012

At the RMH, we believe that patients, consumers and their families and carers have the right to play active roles in their healthcare journey. We know that by empowering and by partnering together, we can improve the quality and safety of our services, and the overall healthcare experience. This inclusive and collaborative approach is represented in our strategic plan *Towards 2025.*

We take all practicable measures to ensure our staff understand the important, valuable and often challenging role carers play. This is reflected in our *Rights and Responsibilities Procedure*, which states carers will be respected and recognised as an individual with their own rights and as someone with special knowledge of the person they are supporting. Staff also undertake our Partnering with Consumers education package, which incorporates principles of inclusive practice and person-centred care, identifying our role in treating carers as equals and as partners.

Carers are also a core part of our growing Lived Experience Workforce across the RMH mental health services, ensuring these important voices and unique perspectives inform how services are designed, delivered and evaluated. This includes everything from one-on-one support for families, to feeding into organisational policies and procedures. This work has a direct impact on care provision, and the care experience for consumers and patients – and, importantly, the experiences of carers themselves.

> **At the RMH, we believe that patients, consumers and their families and carers have the right to play active roles in their healthcare journey.**

Safe Patient Care Act 2015

The RMH has no matters to report in relation to its obligations under section 40 of the Safe Patient Care Act 2015.

Freedom of Information Act 1982

The Freedom of Information Act 1982 provides a legally enforceable right of public access to information held by government agencies.

All applications made to the RMH under the Freedom of Information Act 1982 were processed in accordance with that Act. The RMH provides a report on these requests to the Freedom of Information Commissioner.

Applications and requests for information about making applications, under the Act can be made via

Postal application
Freedom of Information Officer

Health Information Services
PO Box 2155
The Royal Melbourne Hospital
Victoria 3050
Telephone: (03) 9342 7224
Facsimile: (03) 9342 8008
Email: FOIrequest@mh.org.au

The cost of making an FOI application is $30.10. The total production cost varies according to the number and types of documents required. Application forms are available for download from our website at thermh.org.au

More detailed information can be found on our website, including how we process FOI requests, publications and other material that can be inspected by the public.

The majority of our FOI requests came from solicitors on behalf of patients, TAC, insurance companies and patients themselves. Smaller number of requests also came from media and government organisations.

Freedom of Information applications 2020-21

Received during the year	3447
In progress at the start of the year	298
Granted in full	2716
Denied in part	178
Denied in full	11
Withdrawn/not proceeded with	428
In progress	174
Transferred to or from another service	21
No record*	54

*No record refers to situations where an FOI request was received relating to a patient who did not attend RMH. This data includes all RMH patient record requests, including those managed by other FOI agencies.

Public Interest Disclosure Act 2012

The RMH is committed to extend the protections under the Public Interest Disclosure Act 2012 (Vic) to individuals who make protected disclosures under that Act or who cooperate with investigations into protected disclosures. The procedure and brochure are available to all staff on the RMH intranet site and to the public at thermh.org.au

Gender Equality Act 2020

The RMH is committed to providing a great place to work and a great place to receive care for people of all genders, backgrounds and identities. We are on track to meet the requirements of the Gender Equality Act 2020, which aims to support equal outcomes in employment and community services for people of all genders.

In October 2020 the first Diversity and Inclusion Advisor was appointed to help steer these efforts. In July 2021 a RMH staff gender equity advisory committee was convened for the first time. This group has commenced work with senior leaders and staff to take an intersectional approach in the development of the first Equity and Inclusion Action Plan.

The Equity and Inclusion Action Plan 2022 will draw on findings of the RMH Workplace Gender Audit 2021, the People Matter Survey and consultation with staff across the health service. Actions will focus on enhancements to recruitment practices, staff training, awareness raising and strengthening responses to inappropriate behaviour in the workplace. In addition, it will facilitate implementation of Gender Impact Assessments of policies, programs and services with an impact on patients, consumers and the community.

In 2021 a range of training sessions, consultation and awareness raising activities were delivered relevant to the Act. These included explaining our responsibilities under the Act, awareness raising relevant to transgender and gender diverse issues, and training on the impact of unconscious bias. International Women's Day was celebrated with a forum for staff. Initial staff feedback has highlighted a gratitude for the increased attention on inclusive practice. The Workplace Audit findings and Action Plan will be submitted to the Commission and shared publically on the RMH website by December 2021.

Building Act 1993

As required under the Building Act 1993, the RMH capital work projects have obtained building permits for new projects and Certificates of Occupancy or Certificates of Final Inspection for all completed projects. In addition to compliance with the Act, the RMH also seeks compliance with other regulatory bodies and codes, such as the Australasian Health Facility Guidelines, the Victorian Department of Health Fire Risk Management Guidelines, Disability Discrimination Act regulations, Cladding Safety Victoria and the Victorian Building Authority.

Registered Building Practitioners have been involved with all new building works projects and were supervised by either the relevant construction manager in liaison with the RMH Capital Projects Department and/or independent project managers. Each building practitioner has supplied the required Building Registration Number.

Building contractors include:

- Alchemy
- Building Engineering
- PlanGroup
- MAW Building and Maintenance

National Competition Policy

The RMH continues to comply with the Victorian Government's Competitive Neutrality Policy. In addition, the Victorian Government's Competitive Neutrality pricing principles have been applied by the RMH from 1 July 2000 for all relevant business activities.

Local Jobs Act 2003

The RMH complies with the intent of the Local Jobs First Act 2003 (LJF). The aim of this legislation is to expand market opportunities to Victorian and Australian organisations and therefore promote employment and business growth within the State.

The Local Jobs First Policy is comprised of the Victorian Industry Participation Policy (VIPP) and the Major Projects Skills Guarantee (MPSG).

The objectives of the Local Jobs First Policy are to:

- promote employment and business growth by expanding market opportunities for local industry;
- provide contractors with increased access to, and raised awareness of, local industry capability;
- expose local industry to world's best practice in workplace innovation, e-commerce and use of new technologies and materials; and
- develop local industry's international competitiveness and flexibility in responding to changing global markets by giving local industry a fair opportunity to compete against foreign suppliers.

For tenders and resulting contracts with a value of $3 million or more, the RMH applies LJF specific evaluation criteria. This criteria assesses:

- level of local content;
- employment and engagement of apprentices, trainees and cadets; and
- number of newly created or existing jobs retained.

The assessment of these criteria in conjunction with other tender specific assessment criteria leads to the selection of the best possible product and service for the expenditure. It also ensures those organisations that provide quality local products and/or services are recognised and promoted as per the policy.

Within the past 12 months, the RMH commenced two standard metropolitan based contracts with a total combined value of $11.5 million for which the LJF policy applied. There were zero strategic projects in the past 12 months.

The standard projects were registered with the Industry Capability Network (ICN) and were assessed by ICN to determine whether the projects had contestable inputs.

In the last 12 months, the following metropolitan items were deemed to have contestable inputs by ICN and therefore required Local Industry Development Plans (LIDP's) to be submitted:

- Anatomical Pathology Relocation
- Telephony Upgrade Project

The following commitments were made:

- Local Content Committed: 18.45%
- Local Jobs to be created: 1
- Local Jobs to be Retained: 1
- Engagement of apprentices, trainees and cadets commitment: 0

Major Projects Skills Guarantee (MPSG) did not apply to any projects over the last 12 months and therefore the following criteria were not assessed:

- The total number of hours completed or to be completed by apprentices, trainees or cadets on these projects
- the total number of opportunities created for apprentices, trainees and cadets on these projects
- total number, across all projects commenced or completed by the department, of small and medium sized businesses engaged as either the principle contractor or as part of the supply chain.

Car parking fees

The RMH complies with the Department of Health hospital circular on car parking fees and details of car parking fees and concession benefits can be viewed at thermh.org.au/parking.

Environmental performance

In 2020-21, the RMH continued to implement the actions and strive towards the targets set out in the RMH *Environmental Sustainability Strategy 2020-25*. Waste reduction initiatives were impacted this financial year by the COVID-19 pandemic, increasing generation of clinical waste by 29 per cent.

The RMH focused on a paper reduction strategic target and achieved a 12 per cent reduction of copy paper use and also reduced the use of pre-printed medical forms by almost 50 per cent. This achievement was enabled by the introduction of the Parkville EMR and also the deployment of Computer Assisted Facilities Management (CAFM).

After a successful trial, new drug waste bins were introduced to ensure safe disposal of all unwanted pharmaceuticals across all RMH sites.

Electricity consumption has decreased by nine per cent this year, resulting in a reduction of our greenhouse gas emissions, and water consumption is lower than in previous years.

For more detailed information about environmental performance, please view the RMH annual Sustainability Report at thermh.org.au, available in October 2021.

Information and communication technology (ICT) expenditure

The total ICT expenditure incurred during 2020-21 is $77.58 m (excluding GST) with the details shown below.

Business as Usual (BAU) ICT expenditure	**Non Business as Usual (non BAU) ICT expenditure**		
Total (excluding GST)	Total=Operational expenditure and Capital Expenditure (excluding GST)	Operational expenditure (excluding GST)	Capital expenditure (excluding GST)
$41.753 million	**$35.825 million**	**$0 million**	**$35.825 million**

Consultancies information

Details of consultancies (under $10,000)

In 2020-21, there were no consultancies where the total fees payable to the consultants were less than $10,000.

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

In 2020-21, there were two consultancies where the total fees payable to the consultants were $10,000 or greater. The total expenditure incurred during 2020-21 in relation to these consultancies is $149,347 (excl. GST). Details are provided in the below table:

Consultant	**Purpose of consultancy**	**Start date**	**End date**	**Total approved project fe.e $'000** (excluding GST)	**Expenditure 2020-21 $'000** (excluding GST)	**Future expenditure $'000** (excluding GST)
The Foundation for Young Australians	Hospital in the Home co-design/ consultancy	15/10/2020	31/12/2020	138	138	-
Alpha Crucis Group	Video-interpreting service implementation/ co-design	1/10/2020	31/09/2021	97	11	86

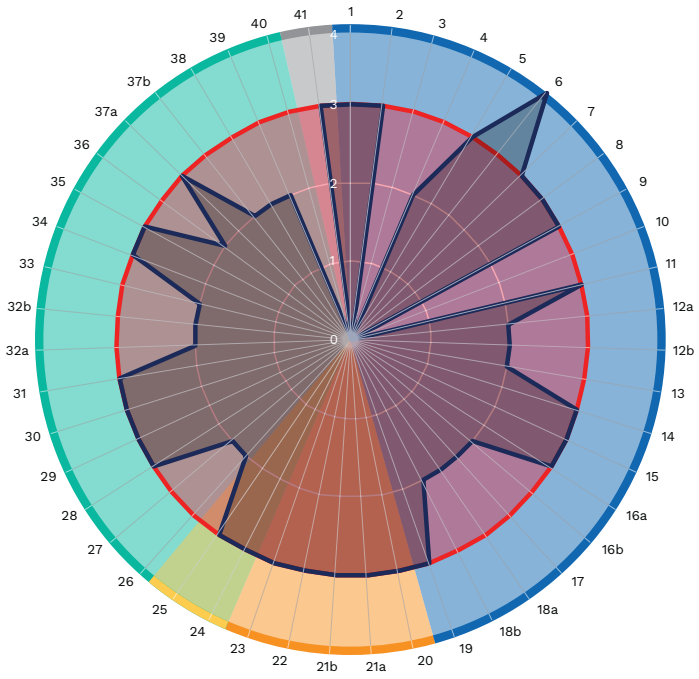
Asset Management Accountability Framework (AMAF) Maturity Assessment

The following section summarises the RMH's assessment of maturity against the requirements of the Asset Management Accountability Framework (AMAF). The AMAF is a non-prescriptive, devolved accountability model of asset management that aims for compliance with 41 mandatory requirements. These requirements can be found on the Department of Treasury and Finance website.

The overall RMH target maturity rating is 'developing' and no material compliance deficiencies were noted. Some systems and processes are fully in place, consistently applied and systematically meeting the AMAF requirements with necessary plans in place for those areas developing.

Compliance and Maturity Rating Tool

Asset Management Maturity



Whole-of-life Asset Management

- Leadership and Accountability
- Asset Operation
- Asset Planning
- Asset Disposal
- Asset Acquisition

Target

Overall

Legend

Status	Scale
Not Applicable	N/A
Innocence	0
Awareness	1
Developing	2
Competence	3
Optimising	4
Unassessed	0

The specific categories covered by the AMAF self-assessment and results for the RMH are as follows:

1 Leadership and Accountability (requirements 1-18)

The RMH has met or exceeded its target maturity level under some requirements within this category. While not classified as material compliance deficiencies, the RMH has some compliance deficiencies within the areas of monitoring asset performance, asset management, reporting to government and evaluation of asset performance. A plan for improvement is in place and activity commenced to improve the RMH's maturity rating in these areas.

2 Asset Planning (requirements 20-23)

The RMH has met its target maturity level under the requirements within this category.

3 Asset Acquisition (requirements 24-25)

The RMH has met its target maturity level under the requirements within this category.

4 Asset Operation (requirements 26-40)

The RMH has met its target maturity level under some of the requirements within this category. While not classified as material compliance deficiencies, the RMH is deficient in certain requirements across the areas of monitoring and preventive action, maintenance of assets, information management, record keeping and asset valuation. A plan for improvement is in place and activity has commenced to improve the RMH's maturity rating in these areas.

5 Asset Disposal (requirements 41)

The RMH has met its target maturity level under the requirements within this category. The RMH has appointed a third-party-vendor to complete an audit and condition assessment of all assets. Key outcomes of the audit will include the development of a revised asset register and a central asset management plan integrated within the existing Computer Aided Facilities Management tool (CAFM). This will enable the RMH to addressing the areas of improvement identified within the AMAF self-assessment.

Additional information available on request

Details in respect of the items listed below have been retained by the RMH and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the freedom of information requirements, if applicable):

a) Declarations of pecuniary interests have been duly completed by all relevant officers;

b) Details of shares held by senior officers as nominee or held beneficially;

c) Details of publications produced by the entity about itself, including annual Aboriginal cultural safety reports and plans, and how these can be obtained;

d) Details of changes in prices, fees, charges, rates and levies charged by the RMH;

e) Details of any major external reviews carried out on the RMH;

f) Details of major research and development activities undertaken by the RMH that are not otherwise covered either in the report of operations or in a document that contains the financial statements and report of operations;

g) Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;

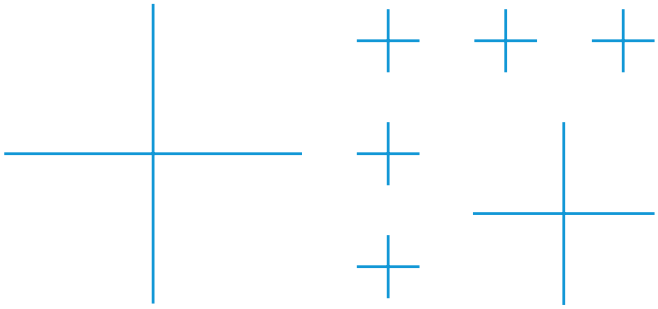
h) Details of major promotional, public relations and marketing activities undertaken by the RMH to develop community awareness of the RMH and its services;

i) Details of assessments and measures undertaken to improve the occupational health and safety of employees;

j) A general statement on industrial relations within the RMH and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the report of operations;

k) A list of major committees sponsored by the RMH, including any Aboriginal advisory or governance committees, the purposes of each committee and the extent to which those purposes have been achieved;

l) Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.



Attestations and declarations

Financial Management compliance

I, Linda Bardo Nicholls AO, on behalf of the Board, certify that Melbourne Health has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.

Linda Bardo Nicholls AO
Board chair

Melbourne
25 August 2021

Data integrity declaration

I, Christine Kilpatrick, certify that Melbourne Health has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. Melbourne Health has critically reviewed these controls and processes during the year.

Professor Christine Kilpatrick AO
Chief Executive

Melbourne
25 August 2021

Conflict of interest declaration

I, Christine Kilpatrick, certify that Melbourne Health 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 Melbourne Health 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.

Professor Christine Kilpatrick AO
Chief Executive

Melbourne
25 August 2021

Integrity, fraud and corruption declaration

I, Christine Kilpatrick, certify that Melbourne Health has put in place appropriate internal controls and processes to ensure that Integrity, Fraud and Corruption risks have been reviewed and addressed at Melbourne Health during the year.

Professor Christine Kilpatrick AO
Chief Executive

Melbourne
25 August 2021

Disclosure index

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

Legislation	Requirement	Page
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FRD 22I	Manner of establishment and the relevant Ministers	2
FRD 22I	Purpose, functions, powers and duties	8
FRD 22I	Nature and range of services provided	8
FRD 22I	Significant changes in key initiatives and expectations for the future	4-7
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FRD 22I	Organisational structure	10
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FRD 22I	Disclosure of ICT expenditure	23
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Attestations		
Attestation on data integrity		26
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• Reporting obligations under the *Safe Patient Care Act 2015*		21
• Gender Equality Act		22
• Reporting of compliance regarding car parking fees		23
• Asset Management Accountability Framework		24-25
• Reporting of outcomes from Statement of Priorities 2020-21		29-34

Financial summary

The key financial performance measure monitored by the Department of Health and the RMH is the *Operating result*. The RMH achieved a surplus Operating result of $0.2m in 2020/21 which is in line with the Statement of Priorities breakeven target.

The RMH's operations this financial year were significantly impacted by COVID-19. The Department of Health provided additional grant revenue to support the RMH's ability to respond to the pandemic. This response included the establishment of dedicated screening and vaccination clinics, additional COVID-19 testing capacity for pathology, COVID-19 dedicated wards and ICU capacity, increased telehealth consultations, additional personal protective equipment, testing and research, and also support for staff impacted by the virus. However, there was also a significant increase in demand on our services as many Victorians delayed healthcare, resulting in a surge in demand for access to acute care.

Overall, revenue increased by $114.7m (7.9%) and supported a small surplus position of $0.2m.

	2021 $m	2020 $m	2019 $m	2018 $m	2017 $m
Operating Result*	**0.2**	**0.08**	**0.05**	**0.04**	**0.05**
Total Revenue	1,560.2	1,445.5	1,352.7	1,230.3	1,116.5
Total Expenses	1,576.0	1,452.4	1,313.2	1,205.9	1,132.1
Net Result from transactions	**(15.8)**	**(6.8)**	**39.5**	**24.4**	**(15.6)**
Other economic flows	23.5	(16.2)	(28.3)	(4.6)	2.9
Net Result	**7.7**	**(23.0)**	**11.3**	**19.8**	**(12.7)**
Total Assets	1,407.5	1,321.8	1,275.8	1,004.7	881.1
Total Liabilities	575.2	521.9	430.0	380.7	340.8
Net Assets/Total equity	**832.3**	**799.9**	**845.7**	**623.9**	**540.3**

* The Operating Result is the result for which the health service is monitored in its Statement of Priorities.

Reconciliation between the Net result reported in the Comprehensive Operating Statement to the Operating result as agreed in the Statement of Priorities

	2020-21 $m
Operating Result	**0.2**
Capital purpose income	124.4
COVID 19 State Supply Arrangements	
— Assets received free of charge or for nil consideration under the State Supply Arrangements	16.6
— State supply items consumed up to 30 June 2021	(13.5)
Assets provided free of charge or for nil consideration	(2.8)
Assets received free of charge or for nil consideration	-
Expenditure for capital purposes	(41.5)
Impairment of non-financial assets	-
Depreciation and amortisation	(99.4)
Finance costs	(1.0)
Specific expense	1.5
Net Gain/(Loss) on Non-Financial Assets	(0.1)
Net Gain/(Loss) on Financial Instruments	(4.2)
Net Gain/(Loss) on disposal of Financial Assets	1.2
Other Gains/(Losses) from Other Economic Flows	26.7
Revenue/(expenses) from jointly controlled operations	(0.4)
Net Result	**7.7**

Statement of priorities

The Statement of Priorities is the key accountability agreement between the RMH and the Minister for Health. This annual agreement ensures delivery of, or substantial progress towards, the key shared objectives of financial viability, improved access and quality of service provision.

Statement of priorities: Part A

Part A of the Statement of Priorities usually sets our strategic goals and are aligned with Department of Health directives/reforms and healthcare policy. For 2020/21 the Minister for Health requested the RMH focus on the four immediate and ongoing priorities:

Priority	The Royal Melbourne Hospital Response YTD
Maintain your robust COVID-19 readiness and response, working with the Department of Health to rapidly respond to outbreaks, if and when they occur, which includes providing testing for the community and staff, where necessary and if required. This includes preparing to participate in, and assist with, the implementation of the COVID-19 vaccine immunisation program rollout, ensuring the local community's confidence in the program.	• COVID Safe Plans developed and in place at each RMH facility. Audited by Safer Care Victoria in September 2020. • As part of the West Metro Health Service Partnership (HSP), HSP COVID-19 plan developed and reviewed to manage changing guidelines. • The RMH one of three hospitals designated to provide care for adult COVID positive cases. • Screening Clinic at the RMH City remains operational and hours and capacity extended to meet demand, as appropriate. • The RMH City provides a vaccination hub for the Parkville precinct health services and a state-wide hub at the Melbourne Convention and Exhibition Centre. • Fit-testing provided for all clinical staff.
Engage with the community to address the needs of patients, especially vulnerable Victorians whose care has been delayed due to the pandemic, and provide the necessary "catch-up" care to support them to get back on track.	• As part of the West Metro HSP – applications for funding by Department of Health for Better@Home and Elective Surgery submitted and funding received. • Telehealth established for outpatient appointments to ensure service delivery continues • Appointment of Disability Liaison Officer to support improved access to COVID-19 assessment and treatment services for people with disability. • Responded to the Residential Aged Care Sector including privates in the North West Region with operational management, education on infection prevention and cleaning during COVID. • Led the Concierge Response to Homeless Persons in Hotel from July – December 2020 across 23 hotels. This role also saw the RMH take over the responsibility for managing the agency workforce across all sites including orientation and risk assessment of locations. • RMH Reconciliation Action Plan: Reflect was launched, addressing our work with Aboriginal and Torres Strait Islander peoples. An assessment of the healthcare needs of this patient cohort undertaken and KPIs established to monitor quality of are delivered.

Priority	The Royal Melbourne Hospital Response YTD
As providers of care, respond to the recommendations of the Royal Commission into Victoria's Mental health System and the Royal Commission into Aged Care Quality and Safety.	• Meetings commenced with Western Health and Northern Health on disaggregation of services. • The RMH in collaboration with the University of Melbourne and other key stakeholders commenced preparatory work on a proposal for the establishment of the Victorian Collaborative Centre for Mental Health and Wellbeing. • Plans for the additional mental health beds for the RMH City underway. • Orygen Youth hospital in the home beds
Develop and foster your local health partner relationships, which have been strengthened during the pandemic response, to continue delivering collaborative approaches to planning, procurement and service delivery at scale. This extends to prioritising innovative ways to deliver healthcare through shared expertise and workforce models, virtual care, co-commissioning services and surgical outpatient reform to deliver improved patient care through greater integration.	• The RMH City established screening clinic hub and vaccination hub for the staff of Parkville precinct health services and medical research institutes. • Worked with cohealth on the COVID-19 Care Pathway to care and monitor COVID+ patients in their home with escalation pathway into hospital when required. • As part of the West Metro HSP established strong links with members (public and private) to address demand during the various waves. • The four Parkville Precinct health servicess are working together to create a coordinated and integrated service – Parkville Pathology. • The RMH engaged with Melbourne Private Hospital and Epworth to assist with the elective surgery deferred care blitz. • Engaged Brunswick Private Hospital to assist with the provision of geriatric evaluation and management (GEM) and rehabilitation beds. • Successful transition of all the RMH employees and assets associated with transfer to the state's supply and procurement warehouse initiative, HealthShare Victoria (HSV), on 28 June 2021.

Statement of priorities: Part B

High quality and safe care

Our operations this financial year were significantly impacted by COVID-19. However, there was also a significant increase in demand on our services as many Victorians delayed healthcare, resulting in a surge in demand for access to acute care. This resulted in several of our KPIs not being met.

Key performance indicator	Target	2020/21 result
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	83%	86% Achieved
Percentage of healthcare workers immunised for influenza	90%	92% Achieved
Patient experience		
Victorian Healthcare Experience Survey – data submission	Full compliance	Not applicable[1]
Victorian Healthcare Experience Survey – positive patient experience – Quarter 1	95% positive experience	Not applicable[1]
Victorian Healthcare Experience Survey – positive patient experience – Quarter 2	95% positive experience	Not applicable[1]

1 The Victorian Healthcare Experience Survey was not conducted in 2020/21

Statement of priorities: Part B

High quality and safe care (continued)

Key performance indicator	Target	2020/21 result
Victorian Healthcare Experience Survey – positive patient experience – Quarter 3	95% positive experience	Not applicable[1]
Victorian Healthcare Experience Survey – discharge care – Quarter 1	75% very positive experience	Not applicable[1]
Victorian Healthcare Experience Survey – discharge care – Quarter 2	75% very positive experience	Not applicable[1]
Victorian Healthcare Experience Survey – discharge care – Quarter 3	75% very positive experience	Not applicable[1]
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 1	70%	Not applicable[1]
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 2	70%	Not applicable[1]
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 3	70%	Not applicable[1]
Healthcare associated infections (HAI's)		
Number of patients with surgical site infection **State-wide Surveillance not done due to second wave during Q1*	No outliers	Achieved in Q2, Q3, Q4
Number of patients with ICU central-line-associated bloodstream infection (CLABSI)	Nil	0.6 Not Achieved
Rate of patients with Staphylococcus Aureus Bacteraemia[1] per occupied bed day	≤ 1/10,000	1.3 Not Achieved
Mental health		
Percentage of adult acute mental health inpatients who are readmitted within 28 days of discharge	14%	13% Achieved
Rate of seclusion events relating to a child and adolescent acute mental health admission	≤ 10/1,000	5.1/1,000 Achieved
Rate of seclusion events relating to an adult acute mental health admission	≤ 10/1,000	14.7/1,000 Not Achieved
Rate of seclusion events relating to an aged acute mental health admission	≤ 5/1,000	1.4/1,000 Achieved
Percentage of child and adolescent acute mental health inpatients who have a post discharge follow-up within seven days	80%	90% Achieved
Percentage of adult acute mental health inpatients who have a post-discharge follow-up within seven days	80%	82% Achieved
Percentage of aged acute mental health inpatients who have a post-discharge follow-up within seven days	80%	87% Achieved
Continuing care		
Functional independence gain from an episode of rehabilitation admission to discharge relative to length of stay	No outliers	0.76 Achieved

1 The Victorian Healthcare Experience Survey was not conducted in 2020/21

Statement of priorities: Part B

Timely access to care

Key performance indicator	Target	2020/21 result
Emergency care		
Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%	60% Not Achieved
Percentage of Triage Category 1 emergency patients seen immediately	100%	100% Achieved
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended time	80%	70% Not Achieved
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%	58% Not Achieved
Number of patients with a length of stay in the emergency department greater than 24 hours	0	3 Not Achieved
Elective surgery		
Percentage of urgency category 1 elective surgery patients admitted within 30 days	100%	100% Achieved
Percentage of urgency category 1,2 and 3 elective surgery patients admitted within clinically recommended time	94%	76.4% Not Achieved
Percentage of patients on the waiting list who have waited longer than clinically recommended time for their respective triage category	5% State-wide Target or ≥ 15% proportional improvement from prior year	46% Not Achieved
Number of patients on the elective surgery waiting list[2]	3889	3982 Not Achieved
Number of hospital initiated postponements per 100 scheduled elective surgery admissions	≤ 7%	5% Achieved
Number of patients admitted from the elective surgery waiting list	7757	7853 Achieved
Specialist clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	71% Not Achieved
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	89% Achieved

2 The target shown is the number of patients on the elective surgery waiting list as at 30 June 2021.

Statement of priorities: Part B

Effective financial management

Key performance indicator	Target	2020/21 result
Finance		
Operating result ($m)	0	0.2 Achieved
Average number of days to paying trade creditors	60 days	21 Achieved
Average number of days to receiving patient fee debtors	60 days	48 Achieved
Public and Private WIES[3] activity performance to target	100%	97.9% Not Achieved
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	0.78 Achieved
Actual number of days a health service can maintain its operations with unrestricted available cash, measured on the last day of each month.	14 days	19 days Achieved
Measures the accuracy of forecasting the Net result from transactions (NRFT) for the current financial year ending 30 June.	Variance ≤250,000	>$250,000 Not Achieved

3 WIES is a Weighted Inlier Equivalent Separation

Statement of priorities: Part C

Activity and funding	2020/21 ($'000)
Acute Admitted	
Acute WIES	434,421
WIES DVA	1,425
WIES TAC	33,797
Other Admitted	27,842
Other non- Admitted	363
Number of patients admitted from the elective surgery waiting list	7444
Acute Non-Admitted	
Emergency Services	27,630
Genetic services	6,430
Home Enteral Nutrition	237
Home Renal Dialysis	6,974
Specialist Clinics	44,832
Specialist Clinics - DVA	2
Other non-admitted	204
Total Perinatal Nutrition	1,417
Subacute & Non-Acute Admitted	
Subacute WIES - Rehabilitation Public	8,989
Subacute WIES - Rehabilitation Private	1,679
Subacute WIES - GEM Public	19,222
Subacute WIES - GEM Private	3,400
Subacute WIES - Palliative Care Public	3,139
Subacute WIES - Palliative Care Private	539
Subacute WIES - DVA	527
Transition Care - Bed days	1,686
Transition Care - Home days	728
Subacute Admitted Other	977
Subacute Non-Admitted	
Health Independence Program - Public	24,998
Health Independence Program - DVA	9
Victorian Artificial Limb Program	2,114
Other specified funding	255
Aged Care	
Aged Care Assessment Service	3,652
Residential Aged Care	2,661
HACC	818
Aged Care Other	1,181
Mental Health and Drug Services	
Mental Health Ambulatory	144,689
Mental Health Inpatient - Available bed days	80,350
Mental Health Inpatient - Secure Unit	5,592
Mental Health PDRS	8
Mental Health Residential	2,224
Mental Health Service System Capacity	11,745
Mental Health Subacute	22,672
Mental Health Other	4,779
Drug Services	198
Primary Health	
Community Health / Primary Care Programs	39,232
Community Health Other	255
Other	539
Health Workforce	32,591
Other specified funding	202,875
Total funding	1,212,542

2020/21

Financial statements

How This Report Is Structured

Melbourne Health presents its audited general purpose financial statements for the financial year ended 30 June 2021 in the following structure to provide users with the information about Melbourne Health's stewardship of the resources entrusted to it.

Declarations	Board Member's, Accountable Officer's, and Chief Finance and Accounting Officer's Declaration	
	Independent Audit Report	
Financial Statements	Comprehensive Operating Statement	
	Balance Sheet	
	Statement of Changes in Equity	
	Cash Flow Statement	
Notes to the Financial Statements	**1**	**Basis of Preparation**
	1.1	Basis of Preparation of the Financial Statements
	1.2	Impact of COVID-19 Pandemic
	1.3	Abbreviations and Terminology used in the Financial Statements
	1.4	Joint Arrangements
	1.5	Key Accounting Estimates and Judgements
	1.6	Accounting Standards Issued but not yet Effective
	1.7	Goods and Services Tax (GST)
	1.8	Reporting Entity
	1.9	Comparatives
	2	**Funding Delivery of Our Services**
	2.1	Revenue and Income from Transactions
	2.2	Fair Value of Assets and Services Received Free of Charge or for Nominal Consideration
	3	**The Cost of Delivering Our Services**
	3.1	Expenses from Transactions
	3.2	Other Economic Flows Included in Net Result
	3.3	Employee Benefits
	3.4	Superannuation
	4	**Key Assets to Support Service Delivery**
	4.1	Investments and Other Financial Assets
	4.2	Property, Plant and Equipment
	4.3	Intangible Assets
	4.4	Depreciation and Amortisation
	4.5	Inventories
	5	**Other Assets and Liabilities**
	5.1	Receivables
	5.2	Payables and Contract Liabilities
	5.3	Other Liabilities
	6	**How We Finance Our Operations**
	6.1	Borrowings
	6.2	Cash and Cash Equivalents
	6.3	Commitments for Expenditure
	7	**Risks, Contingencies and Valuation Uncertainties**
	7.1	Financial Instruments
	7.2	Financial Risk Management Objectives and Policies
	8	**Other Disclosures**
	8.1	Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities
	8.2	Responsible Persons Disclosures
	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	Jointly Controlled Operations
	8.9	Equity
	8.10	Economic Dependency

Declaration

The attached financial statements for Melbourne Health 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 2021 and the financial position of Melbourne Health at 30 June 2021.

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

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

Linda Bardo Nicholls AO
Board Chair
Melbourne
25 August 2021

Professor Christine Kilpatrick AO
Chief Executive
Melbourne
25 August 2021

Paul Urquhart
Executive Director Finance & Logistics
Melbourne
25 August 2021

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Melbourne Health

Opinion

I have audited the financial report of Melbourne Health (the health service) which comprises the:

- Balance Sheet as at 30 June 2021
- Comprehensive Operating Statement for the year then ended
- Statement of Changes in Equity for the year then ended
- Cash Flow Statement for the year then ended
- Notes to the Financial Statements, including significant accounting policies
- Board Member's, Accountable Officer's and Chief Finance & Accounting Officer's Declaration.

In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2021 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.

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. I have determined that there are no matters that required my significant auditor attention and accordingly there are no key audit matters that I am required to communicate in my report.

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.

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
31 August 2021

Dominika Ryan
as delegate for the Auditor-General of Victoria

Comprehensive Operating Statement
For the Financial Year Ended 30 June 2021

	Note	Total 2021 $'000	Total 2020 $'000
Revenue and Income from Transactions			
Operating Activities	2.1	1,527,573	1,411,253
Non-Operating Activities	2.1	5,693	6,014
Revenue from Inter Hospital Inventory Sale	2.1	26,911	28,238
Total Revenue and Income from Transactions		**1,560,177**	**1,445,505**
Expenses from Transactions			
Employee Expenses	3.1	(1,063,946)	(987,508)
Supplies and Consumables	3.1	(194,581)	(186,227)
Finance Costs	3.1	(1,004)	(1,087)
Other Administrative Expenses	3.1	(70,179)	(70,365)
Other Operating Expenses	3.1	(118,685)	(98,412)
Depreciation and Amortisation	3.1, 4.4	(99,422)	(80,062)
Expenses from Inter Hospital Inventory Purchase	3.1	(26,911)	(28,238)
Other Non-Operating Expenses	3.1	(1,265)	(452)
Total Expenses from Transactions		**(1,575,993)**	**(1,452,351)**
Net Result from Transactions - Net Operating Balance		**(15,816)**	**(6,846)**
Other Economic Flows Included in Net Result			
Net Gain/(Loss) on Non-Financial Assets	3.2	(118)	36
Net Gain/(Loss) on Financial Instruments	3.2	(3,060)	(7,565)
Other Gains/(Losses) from Other Economic Flows	3.2	26,731	(8,666)
Total Other Economic Flows Included in Net Result		**23,553**	**(16,195)**
NET RESULT FOR THE YEAR		**7,737**	**(23,041)**
Other Comprehensive Income			
Items that will not be reclassified to Net Result			
Changes in Property, Plant and Equipment Revaluation Surplus	4.2(b)	24,721	-
Total Other Comprehensive Income		**24,721**	**-**
COMPREHENSIVE RESULT FOR THE YEAR		**32,458**	**(23,041)**

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

Balance Sheet
As at 30 June 2021

	Note	Total 2021 $'000	Total 2020 $'000
Current Assets			
Cash and Cash Equivalents	6.2	182,173	96,656
Receivables	5.1	61,815	51,978
Inventories	4.5	10,980	10,099
Prepayments and Other Assets		19,819	14,584
Total Current Assets		**274,787**	**173,317**
Non-Current Assets			
Receivables	5.1	49,318	44,434
Investments and Other Financial Assets	4.1	2	2
Property, Plant and Equipment	4.2 (a)	1,026,757	1,061,838
Intangible Assets	4.3	56,656	42,233
Total Non-Current Assets		**1,132,733**	**1,148,507**
TOTAL ASSETS		**1,407,520**	**1,321,824**
Current Liabilities			
Payables and Contract Liabilities	5.2	227,018	138,578
Borrowings	6.1	6,632	46,073
Employee Benefits	3.3	256,302	241,863
Other Liabilities	5.3	8,650	6,328
Total Current Liabilities		**498,602**	**432,842**
Non-Current Liabilities			
Payables and Contract Liabilities	5.2	3,000	-
Borrowings	6.1	30,773	36,034
Employee Benefits	3.3	42,804	53,065
Total Non-Current Liabilities		**76,577**	**89,099**
TOTAL LIABILITIES		**575,179**	**521,941**
NET ASSETS		**832,341**	**799,883**
EQUITY			
Property, Plant and Equipment Revaluation Surplus	4.2 (f)	631,455	606,734
Restricted Specific Purpose Surplus	SCE	603	1,065
Contributed Capital	SCE	374,204	374,204
Accumulated Surplus/(Deficit)	SCE	(173,921)	(182,120)
TOTAL EQUITY		**832,341**	**799,883**

This balance sheet should be read in conjunction with the accompanying notes.

Statement of Changes in Equity
For the Financial Year Ended 30 June 2021

	Property, Plant and Equipment Revaluation Surplus	Restricted Specific Purpose Surplus	Contributed Capital	Accumulated Surplus/ (Deficit)	Total
	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2019	**606,734**	**212**	**373,744**	**(158,226)**	**822,464**
Net Result for the Year	-	-	-	(23,041)	(23,041)
Capital Contribution by State Government	-	-	460	-	460
Transfer from/(to) Accumulated Surplus/(Deficit)	-	853	-	(853)	-
Balance at 30 June 2020	**606,734**	**1,065**	**374,204**	**(182,120)**	**799,883**
Net Result for the Year	-	-	-	7,737	7,737
Other Comprehensive Income for the Year	24,721	-	-	-	24,721
Transfer from/(to) Accumulated Surplus/(Deficit)	-	(462)	-	462	-
Balance at 30 June 2021	**631,455**	**603**	**374,204**	**(173,921)**	**832,341**

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

Cash Flow Statement
For the Financial Year Ended 30 June 2021

	Note	Total 2021 $'000	Total 2020 $'000
Cash Flows from Operating Activities			
Operating Grants from Government		1,214,358	1,081,244
Capital Grants from Government		58,536	81,676
Patient and Resident Fees Received		36,202	51,094
Private Practice Fees Received		28,622	31,292
Donations and Bequests Received		13,426	9,473
GST Received from/(paid to) ATO[1]		38,713	41,372
Interest Received		777	1,483
Dividend Received		88	-
Other Capital Receipts		267	132
External Recoveries		36,811	36,319
Other Receipts		178,967	184,946
Total Receipts		***1,606,767***	***1,519,031***
Employee Expenses Paid		(1,008,014)	(974,339)
Payments for Supplies and Consumables		(209,271)	(213,934)
Payments for Medical Indemnity Insurance		(9,711)	(8,991)
Payments for Repairs and Maintenance		(38,032)	(26,112)
Finance Costs		(1,004)	(1,087)
Other Payments		(171,715)	(230,736)
Total Payments		***(1,437,747)***	***(1,455,199)***
Net Cash Flows from/(used in) Operating Activities	8.1	**169,020**	**63,832**
Cash Flows from Investing Activities			
Purchase of Non-Financial Assets		(49,992)	(77,929)
Proceeds from Disposal of Non-Financial Assets		44	268
Proceeds from Disposal of Investments		10,695	-
Net Cash Flows from/(used in) Investing Activities		**(39,253)**	**(77,661)**
Cash Flows from Financing Activities			
Proceeds from Borrowings		-	40,160
Repayment of Borrowings		(46,569)	(6,552)
Receipt of Accommodation Deposits		2,906	3,372
Repayment of Accommodation Deposits		(587)	(1,297)
Contributed Capital from Government		-	460
Net Cash Flows from/(used in) Financing Activities		**(44,250)**	**36,143**
Net Increase/(Decrease) in Cash and Cash Equivalents Held		**85,517**	**22,314**
Cash and Cash Equivalents at Beginning of Financial Year		**96,656**	**74,342**
Cash and Cash Equivalents at End of Financial Year	6.2	**182,173**	**96,656**

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

[1] *GST received from/paid to the Australian Taxation Office is presented on a net basis.*

Note 1: Basis of Preparation

These annual financial statements represent the audited general purpose financial statements for Melbourne Health for the year ended 30 June 2021. The report provides users with information about Melbourne Health's stewardship of resources entrusted to it.

This section explains the basis of preparing the financial statements and identifies the key accounting estimates and judgements.

Structure

1.1 Basis of Preparation of the Financial Statements

1.2 Impact of COVID-19 Pandemic

1.3 Abbreviations and Terminology used in the Financial Statements

1.4 Joint Arrangements

1.5 Key Accounting Estimates and Judgements

1.6 Accounting Standards Issued but not yet Effective

1.7 Goods and Services Tax (GST)

1.8 Reporting Entity

1.9 Comparatives

Note 1.1: 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 (DTF) and relevant Standing Directions (SDs) authorised by the Assistant Treasurer.

Melbourne Health is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to "not-for-profit" entities 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 cash flow information, have been prepared using the accrual basis of accounting. Under the accrual basis, items are recognised as assets, liabilities, equity, income or expenses when they satisfy the definitions and recognition criteria for those items, that is they are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

These financial statements are presented in Australian dollars, the functional and presentation currency of Melbourne Health, and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The financial statements are prepared on a going concern basis (refer to Note 8.10 Economic Dependency).

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 Melbourne Health on 25 August 2021.

Note 1.2: Impact of COVID-19 Pandemic

In March 2020 a state of emergency was declared in Victoria due to the global coronavirus pandemic, known as COVID-19. Since this date, to contain the spread of COVID-19 and prioritise the health and safety of our community, Melbourne Health was required to comply with various restrictions announced by the Commonwealth and State Governments, which in turn, has continued to impact the way in which Melbourne Health operates.

Melbourne Health introduced a range of measures in both the prior and current year, including:

- restrictions on non-essential visitors
- greater utilisation of telehealth services
- implementing reduced visitor hours
- deferring elective surgery and reducing activity
- transferring inpatients to private health facilities
- performing COVID-19 testing
- administering COVID-19 vaccinations
- implementing work from home arrangements, where appropriate.

As restrictions eased during the financial year Melbourne Health has revised some measures where appropriate including easing restrictions on non-essential visitors, increasing visitor hours, resuming elective surgery and outpatient clinic activity.

Further information on the impacts of the pandemic are disclosed at:

- Note 2: Funding Delivery of Our Services
- Note 3: The Cost of Delivering Our Services
- Note 6: How We Finance Our Operations.

Note 1.3: 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
SD	Standing Direction
VAGO	Victorian Auditor General's Office
WIES	Weighted Inlier Equivalent Separation

Note 1.4: Joint Arrangements

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

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

- its assets, including its share of any assets held jointly;
- any liabilities including its share of liabilities that it had incurred;
- its revenue from the sale of its share of the output from the joint operation;
- its share of the revenue from the sale of the output by the operation; and

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

Melbourne Health is a Member of the Victorian Comprehensive Cancer Centre Joint Venture and retains joint control over the arrangement, which it has classified as a joint operation (refer to Note 8.8 Jointly Controlled Operations).

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 the following sections and are disclosed in further detail throughout the accounting policies:

- Note 2: Funding Delivery of Our Services
- Note 3: The Cost of Delivering Our Services
- Note 4: Key Assets to Support Service Delivery
- Note 5: Other Assets and Liabilities
- Note 6: How We Finance Our Operations

Note 1.6: Accounting Standards Issued but not yet Effective

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2021 reporting period. Department of Treasury and Finance assesses the impact of all these new standards and advises Melbourne Health of their applicability and early adoption where applicable.

As at 30 June 2021, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. Melbourne Health has not and does not intend to adopt these standards early.

Standard/Interpretation	Summary	Applicable for Annual Reporting Periods Beginning On	Impact on Public Sector Entity Financial Statements
AASB 17 *Insurance Contracts*	The new Australian standard seeks to eliminate inconsistencies and weaknesses in existing practices by providing a single principle based framework to account for all types of insurance contracts, including reissuance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities. *AASB 2020-5 Amendments to Australian Accounting Standards – Insurance Contracts* was issued in July 2020 with the intention to reduce the costs application and easing transition by deferring its effective date to annual periods beginning on or after 1 January	1 January 2023	The assessment has indicated that there will be no significant impact for the public sector.

Standard/Interpretation	Summary	Applicable for Annual Reporting Periods Beginning On	Impact on Public Sector Entity Financial Statements
	2023 instead of 1 January 2021. This standard currently does not apply to the not-for-profit public sector entities.		
AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current*	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified. AASB 2020-6 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date* was issued in August 2020 and defers the effective date to annual reporting periods beginning on or after 1 January 2023 instead of 1 January 2022, with earlier application permitted.	1 January 2023	The standard is not expected to have a significant impact on the public sector.
AASB 2021-3 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021*	This Standard amends AASB 16 to extend by one year the application period of the practical expedient added to AASB 16 by AASB 2020-4 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions*. The practical expedient permits lessees not to assess whether rent concessions that occur as a direct consequence of the covid-19 pandemic and meet specified conditions are lease modifications and, instead, to account for those rent concessions as if they were not lease modifications (e.g. account for as variable lease payment instead). This standard extends the practical expedient to rent concessions that reduce only lease payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.	1 April 2021	The standard is not expected to have a significant impact on the public sector.

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

Note 1.7: Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST. 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 1.8: Reporting Entity

The financial statements include all the controlled activities of Melbourne Health.

Its principal address is:

c/o The Royal Melbourne Hospital
VIC 3050.

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

Note 1.9: Comparatives

Where applicable, the comparative figures have been reclassified to align with the presentation in the current year.

Note 2: Funding Delivery of Our Services

Melbourne Health's overall objective is to deliver programs and services that support and enhance the wellbeing of all Victorians.

Melbourne Health is predominantly funded by accrual based grant funding for the provision of outputs.

Melbourne Health also receives income from the supply of services.

Structure

2.1 Revenue and Income from Transactions

2.2 Fair Value of Assets and Services Received Free of Charge or for Nominal Consideration

Impact of COVID-19 Pandemic

Revenue recognised to fund the delivery of our services increased during the financial year which was partially attributable to the COVID-19 coronavirus pandemic.

Activity Based Funding (ABF) decreased as the level of activity agreed in the Statement of Priorities could not be delivered due to restrictions on elective surgery at various times throughout the financial year.

This was offset by funding provided by the Department of Health to compensate for revenue forgone and to cover certain direct and indirect COVID-19 related costs.

Additional funding provided included:

- COVID-19 Grants and State Repurposed Grants – funding provided to support the impact of COVID-19 on operational requirements.
- Sustainability Funding – supplementary funding to support the achievement of budgeted result.
- Elective Surgery Blitz Funding – provided to support elective surgery activity.
- Better @ Home Funding – provided to support the delivery of more healthcare within the patients' homes.
- Mental Health Capacity Funding – provided to support delivery of key clinical mental health service initiatives which aimed to address immediate surge demands resulting from the COVID-19 coronavirus pandemic.
- Pathology Laboratory Capital Works, Equipment and Testing Funding – provided to support the expansion of COVID testing capacity.

Key Judgements and Estimates

This section contains the following key judgements and estimates:

Key Judgements and Estimates	Description
Identifying performance obligations	Melbourne Health applies 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 Melbourne Health to recognise revenue as or when the health service transfers promised goods or services to customers. If this criteria is not met, funding is recognised immediately in the net result from operations.
Determining timing of revenue recognition	Melbourne Health applies 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

Key Judgements and Estimates	Description
	obligation is either satisfied at a point in time or over time.
Determining time of capital grant income recognition	Melbourne Health applies judgement to determine when its obligation to construct an asset is satisfied. Costs incurred is used to measure the health service's progress as this is deemed to be the most accurate reflection of the stage of completion.

Note 2.1: Revenue and Income from Transactions

	Note	Total 2021 $'000	Total 2020 $'000
Operating Activities			
Revenue from Contracts with Customers			
Government Grants (State) - Operating		543,261	528,776
Government Grants (Commonwealth) - Operating		45,868	46,175
Patient and Resident Fees		38,362	52,249
Private Practice Fees		29,653	34,145
Commercial Activities[1]		21,174	22,409
Total Revenue from Contracts with Customers		**678,318**	**683,754**
Other Sources of Income			
Government Grants (State) - Operating		591,703	481,365
Government Grants (State) - Capital[2]		64,361	93,651
Government Grants (Commonwealth) - Capital		244	220
Other Capital Purpose Income		40,835	17,422
S&W Recoveries from External Organisations		27,738	26,884
Fair value of assets and services received free of charge or for nominal consideration	2.2	40,858	12,421
Other Revenue from Operating Activities		83,516	95,536
Total Other Sources of Income		**849,255**	**727,499**
Total Revenue and Income from Operating Activities		**1,527,573**	**1,411,253**
Non-operating Activities			
Other Sources of Income			
Interest		777	1,483
Dividends		88	-
Rental Income		4,828	4,531
Total Other Sources of Income		**5,693**	**6,014**
Total Income from Non-Operating Activities		**5,693**	**6,014**
Revenue from Inter Hospital Inventory Sale			
Revenue from Inter Hospital Inventory sale		26,911	28,238
Total Revenue from Inter Hospital Inventory Sale		**26,911**	**28,238**
Total Revenue and Income from Transactions		**1,560,177**	**1,445,505**

[1] Commercial activities represent business activities which Melbourne Health enters into to support its operations.
[2] In 2021 Government Grants (State) - Capital includes $29.3m (2020: $22.4m) grants received for Electronic Medical Record Project on behalf of other hospitals involved in the project.

Income from Operating Activities

Government Operating Grants

To recognise revenue, Melbourne Health 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, Melbourne Health:

- 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 the time or over time when services are rendered.

Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, in accordance with AASB 1058: *Income for not-for-profit entities*, Melbourne Health:

- 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), and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

The types of government grants recognised under AASB 15: *Revenue from Contracts with Customers* includes:

Government Grant	Performance Obligation
Activity Based Funding (ABF) paid as Weighted Inlier Equivalent Separation (WIES) casemix	The performance obligations for ABF are the number and mix of patients admitted to hospital (defined as 'casemix') in accordance with the levels of activity agreed to, with the Department of Health in the annual Statement of Priorities. Revenue is recognised at a point in time, which is when a patient is discharged, in accordance with the WIES activity when an episode of care for an admitted patient is completed. WIES activity is a cost weight that is adjusted for time spent in hospital, and represents a relative measure of resource use for each episode of care in a diagnosis related group.
Elective Surgery Blitz Funding	Funding provided to support elective surgery activity. Melbourne Health is required to provide a set number of elective surgery procedures. Revenue is recognised over time, as and when the services are delivered.
Mental Health Capacity Funding	Funding provided to support the delivery of mental health service key clinical initiatives which aimed to address immediate surge demands resulting from the COVID-19 coronavirus pandemic. Melbourne Health is required to provide a set number of hours of service delivery. Revenue is recognised over time, as and when the services are delivered.
Better @ Home Funding	Funding provided to support the delivery of more healthcare within the patient's homes by expanding access to services and investing in workforce skills to deliver care in the home. The funding has three components: • demand funding – Melbourne Health is required to provide a set number of home-based activity. • shared service and clinical redesign investment – It is expected that this funding will fund the employment of a project director and other project staff to develop and implement a project plan and associated activities including

Government Grant	Performance Obligation
	training. • home-based care technology capital funding – This funding is intended for capital expenditure on tools and technology to support home-based care delivery and improve quality and standardisation of service delivery. Revenue is recognised over time, as and when the services are delivered.

Capital Grants

Where Melbourne Health 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 constructed which aligns with Melbourne Health's obligation to construct the asset. The progressive percentage of costs incurred is used to recognise income, as this most accurately reflects the stage of completion.

Non-cash Contributions from the Department of Health

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

Supplier	Description
Victorian Managed Insurance Authority	The Department of Health purchases non-medical indemnity insurance for Melbourne Health 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 set out in the relevant Department of Health Hospital Circular.
Construction Costs Paid on behalf of Health Services (CCPH)	The Department of Health pays certain construction costs on behalf of health services.

Patient and Resident Fees

Patient and resident fees are charges that can be levied on patients for some services they receive. Patient and resident fees are recognised at a point in time when the performance obligation, the provision of services, is satisfied, except where the patient and resident fees relate to accommodation charges. Accommodation charges are calculated daily and are recognised over time, to reflect the period accommodation is provided.

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 items such as car park income, clinical trial income, breast-screen service and external supply agreements. Commercial activity revenue is recognised at a point in time, upon provision of the goods or service to the customer.

Other Revenue from Operating Activities

Other revenue is recognised as revenue when received. Other revenue includes research revenue and any other revenue that do not fall into the above categories.

Income from Non-Operating Activities

Interest Income

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

Dividend Income

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

Property Rental Income

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

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

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

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

	Total 2021 $'000	Total 2020 $'000
Commitments in relation to Leases Receivable:		
Less than one year	5,347	791
Longer than one year but not longer than five years	13,848	1,472
Five years or more	79	11
Total Commitments Receivable (inclusive of GST)	**19,274**	**2,274**
Less GST Payable to the Australian Tax Office	(1,752)	(207)
TOTAL COMMITMENTS RECEIVABLE (exclusive of GST)	**17,522**	**2,067**

All amounts shown in the commitments note are nominal amounts.

Revenue from Inter Hospital Inventory Purchase

Revenue from Inter hospital Inventory Purchase represents income received from other hospitals for procurement services provided.

Note 2.2: Fair Value of Assets and Services Received Free of Charge or for Nominal Consideration

	Total 2021 $'000	Total 2020 $'000
Cash Donations and Gifts*	22,952	9,473
Plant and Equipment	420	11
Land at Fair value	770	-
Buildings at Fair Value	70	-
Assets Received Free of Charge under State Supply	16,646	2,937
Total Fair Value of Assets and Services Received Free of Charge or for Nominal Consideration	**40,858**	**12,421**

*The movement in Cash Donations and Gifts is impacted by a one off gift from the John Perrett Estate received during the year.

Donations and Bequests

Donations and bequests are generally recognised as income upon receipt (which is when Melbourne Health usually 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.

Plant and Equipment

Melbourne Health received plant and equipment from the Commonwealth National Medical Stockpile.

Land and Buildings

Melbourne Health received land and buildings as part of bequest left by John Perrett to the health service during the financial year.

Personal Protective Equipment

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

Generally, the State Supply Arrangement stipulates that Health Purchasing Victoria (trading as HealthShare Victoria) sources, secures and agrees terms for the purchase of PPE. The purchases are funded by the Department of Health, while Monash Health takes delivery and distributes an allocation of the products to health services. Melbourne Health received these resources free of charge and recognised them as income.

Voluntary Services

Contributions by volunteers, in the form of services, are only recognised when fair value can be reliably measured, and the services would have been purchased if they had not been donated. Melbourne Health has considered the services provided by volunteers and has determined the value of volunteer services cannot be readily determined and therefore it has not recorded any income related to volunteer services.

Note 3: The Cost of Delivering Our Services

This section provides an account of the expenses incurred by Melbourne Health 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 Included in Net Result

3.3 Employee Benefits

3.4 Superannuation

Impact of COVID-19 Pandemic

Expenses incurred to deliver our services increased during the financial year which was partially attributable to the COVID-19 coronavirus pandemic.

Additional costs incurred included:

- Establishment of dedicated COVID wards – dedicated wards and ICU capacity were established to care for COVID patients in isolation with negative pressure individual rooms.
- Implementation of COVID safe practices throughout Melbourne Health – redesigning work space following COVID social distancing rules, setting up remote working/collaborating facilities using information technology, additional cleaning (according to the infection prevention standards) and security support to protect the staff and to prevent the spread of COVID.
- Establishment of COVID testing facilities – provision of dedicated COVID screening clinic for public and staff at the City Campus and in the community. Melbourne Health Pathology was also tasked with setting up additional (high volume) testing capacity to address the increased demand of COVID testing across the state.
- Increasing the capacity at Victorian Infectious Diseases Reference Laboratory (VIDRL) to manage additional testing demand and to improve testing turnaround times.
- Establishment of vaccination clinics to administer vaccines to staff and the community – COVID vaccine hubs were set up at RMH for the precinct hospital staff and an additional facility at Melbourne Convention and Exhibition Centre for the general public.

Key Judgements and Estimates

This section contains the following key judgements and estimates:

Key Judgements and Estimates	Description
Measuring and classifying employee benefit liabilities	Melbourne Health applies judgment when measuring and classifying its employee benefit liabilities. Employee benefit liabilities are classified as a current liability if Melbourne Health 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 Melbourne Health 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. Melbourne Health also applies judgement to determine when it

Key Judgements and Estimates	Description
	expects its employee entitlements to be paid. With reference to historical data, if the health service does not expect entitlements to be paid within 12 months, the entitlement is measured at its discounted present value. All other entitlements are measured at their nominal value.

Note 3.1: Expenses from Transactions

	Note	Total 2021 $'000	Total 2020 $'000
Salaries and Wages		829,427	759,771
On-costs		204,961	197,610
Agency Expenses		20,290	16,301
Fee for Service Medical Officer Expenses		2,938	2,488
Workcover Premium		6,330	11,338
Total Employee Expenses		**1,063,946**	**987,508**
Drug Supplies		44,286	44,613
Medical and Surgical Supplies (including Prostheses)		92,661	84,784
Diagnostic and Radiology Supplies		30,043	25,972
Other Supplies and Consumables		27,591	30,858
Total Supplies and Consumables		**194,581**	**186,227**
Finance Costs		1,004	1,087
Total Finance Costs		**1,004**	**1,087**
Other Administrative Expenses		70,179	70,365
Total Other Administrative Expenses		**70,179**	**70,365**
Fuel, Light, Power and Water		11,542	12,054
Repairs and Maintenance		11,452	8,839
Maintenance Contracts		28,850	16,867
Medical Indemnity Insurance		9,711	8,991
Expenditure for Capital Purposes[1]		41,508	37,805
Other Operating Expenses		15,622	13,856
Total Other Operating Expenses		**118,685**	**98,412**
Depreciation and Amortisation	4.4	99,422	80,062
Total Depreciation and Amortisation		**99,422**	**80,062**
Expenses from Inter Hospital Inventory Purchase		26,911	28,238
Total Expenses from Inter Hospital Inventory Purchase		**26,911**	**28,238**
Assets Transferred for Nil Consideration[2]		2,759	-
Liabilities Transferred for Nil Consideration[3]		(1,494)	-
Specific Expense		-	452
Total Other Non-Operating Expenses		**1,265**	**452**
Total Expenses from Transactions		**1,575,993**	**1,452,351**

[1] In 2021, Expenditure for Capital Purposes includes $29.3m (2020: $22.4m) expenditure for Electronic Medical Record Project incurred on behalf of other hospitals.
[2] Land and buildings for Supply warehouse transferred to HealthShare Victoria.
[3] Leave entitlements for Supply employees transferred to HealthShare Victoria.

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 and termination payments);
- On-costs (including superannuation expenses which are reported differently depending upon whether employees are members of defined benefit or defined contribution plans);
- Agency expenses;
- Fee for service medical officer expenses;
- WorkCover premiums.

Supplies and Consumables

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

Finance Costs

Finance costs include:

- amortisation of discounts or premiums relating to borrowings;
- finance charges in respect of finance leases which are recognised in accordance with AASB 16 *Leases*.

Other Administrative Expenses

Other administrative expenses include expenses that are not recognised in any of the other categories.

Other Operating Expenses

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

- Fuel, light and power
- Repairs and maintenance
- Expenditure for capital purposes (represents 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 Melbourne Health. 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 (refer to Note 2.1).

Expenses from Inter Hospital Inventory Purchase

Expenses from Inter hospital Inventory Purchase represents purchases made on behalf of other hospitals for procurement services provided to them.

Other Non-Operating Expenses

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

Note 3.2: Other Economic Flows Included in Net Result

	Total 2021 $'000	Total 2020 $'000
Net Gain/(Loss) on Disposal of Property, Plant and Equipment	(118)	36
Total Net Gain/(Loss) on Non-Financial Assets	**(118)**	**36**
Allowance for Impairment Losses of Contractual Receivables	(4,190)	(7,731)
Net Foreign Exchange Gain/(Loss) arising from Financial Instruments	(40)	166
Net Gain/(Loss) on disposal of financial instruments	1,170	-
Total Net Gain/(Loss) on Financial Instruments	**(3,060)**	**(7,565)**
Net Gain/(Loss) arising from Revaluation of Long Service Liability	26,731	(8,666)
Total Other Gains/(Losses) from Other Economic Flows	**26,731**	**(8,666)**
Total Gains/(Losses) from Other Economic Flows	**23,553**	**(16,195)**

Other Economic Flows Included in Net Result

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:

- 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 includes:

- realised and unrealised gains and losses from revaluations of financial instruments; and
- disposals of financial assets and derecognition of financial liabilities.

Other Gains/(Losses) from Other Economic Flows

Other gains/(losses) include:

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

Note 3.3: Employee Benefits

	Total 2021 $'000	Total 2020 $'000
Current Provisions		
Employee Benefits [i]		
Accrued Days Off		
- Unconditional and expected to be settled wholly within 12 months [ii]	2,454	2,415
- Unconditional and expected to be settled wholly after 12 months [iii]	-	-
	2,454	**2,415**
Annual Leave		
- Unconditional and expected to be settled wholly within 12 months [ii]	60,322	50,937
- Unconditional and expected to be settled wholly after 12 months [iii]	26,795	23,157
	87,117	**74,094**
Long Service Leave		
- Unconditional and expected to be settled wholly within 12 months [ii]	17,100	14,912
- Unconditional and expected to be settled wholly after 12 months [iii]	123,576	125,500
	140,676	**140,412**
Other Employee Benefits		
- Unconditional and expected to be settled wholly within 12 months [ii]	1,021	1,102
- Unconditional and expected to be settled wholly after 12 months [iii]	-	-
	1,021	**1,102**
Provisions related to Employee Benefit On-Costs		
- Unconditional and expected to be settled within 12 months [ii]	8,732	7,547
- Unconditional and expected to be settled after 12 months [iii]	16,302	16,293
	25,034	**23,840**
Total Current Provisions	**256,302**	**241,863**
Non-Current Provisions		
Conditional Long Service Leave	38,613	47,815
Provisions related to Employee Benefit On-Costs	4,191	5,250
Total Non-Current Provisions	**42,804**	**53,065**
Total Provisions	**299,106**	**294,928**

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

(a) Employee Benefits and Related On-Costs

	Total 2021 $'000	Total 2020 $'000
Current Employee Benefits and Related On-Costs		
Unconditional Long Service Leave Entitlements	155,946	155,830
Unconditional Annual Leave Entitlements	96,506	82,135
Unconditional Accrued Days Off	2,719	2,677
Unconditional Substitution Leave	278	442
Unconditional Four Clear Days	853	779
Total Current Employee Benefits and Related On-Costs	**256,302**	**241,863**
Non-Current Employee Benefits and Related On Costs		
Conditional Long Service Leave Entitlements	42,804	53,065
Total Non-Current Employee Benefits and Related On Costs	**42,804**	**53,065**
Total Employee Benefits and Related On-Costs	**299,106**	**294,928**

(b) Movement in On-Costs Provisions

	Total 2021 $'000	Total 2020 $'000
Balance at start of year	**29,090**	**25,960**
Additional provisions recognised	12,427	12,708
Unwinding of discount and effect of changes in the discount rate	(2,636)	976
Reduction due to transfer out	(9,656)	(10,554)
Balance at end of year	**29,225**	**29,090**

Employee Benefit Recognition

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

Provisions

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

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

Annual Leave and Accrued Days Off

Liabilities for annual leave and accrued days off are recognised in the provision for employee benefits as 'current liabilities', because Melbourne Health 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 Melbourne Health expects to wholly settle within 12 months; or
- Present value – if Melbourne Health 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 (representing 10 or more years of continuous service) is disclosed in the notes to the financial statements as a current liability even where Melbourne Health 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 Melbourne Health expects to wholly settle within 12 months; or
- Present value – if Melbourne Health does not expect to wholly settle within 12 months.

Conditional LSL (representing less than 10 years of continuous service) is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. Conditional LSL is required to be measured at present value.

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 e.g. bond rate movements, inflation rate movements and changes in probability factors which are then recognised as other economic flows.

Termination Benefits

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

On-Costs Related to Employee Benefits

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

Note 3.4: Superannuation

	Total Paid Contribution for the Year		Total Contribution Outstanding at Year End		Total Contribution for the Year	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Defined Benefit Plans[(i)]:						
Emergency Services and State Super (ESSSuper)	574	560	7	56	581	616
Aware Super Defined Benefit*	368	476	55	62	423	538
Defined Contribution Plans:						
HESTA	20,247	18,506	2,258	1,941	22,505	20,447
Aware Super*	39,138	40,918	4,696	4,372	43,834	45,290
Other	9,834	7,856	1,132	866	10,966	8,722
TOTAL	**70,161**	**68,316**	**8,148**	**7,297**	**78,309**	**75,613**

[(i)] The basis for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans.
*VicSuper and First State Super merged on 1 July 2020 and is now known as Aware Super.

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

Superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of Melbourne Health.

The names, details and amounts expensed in relation to the major employee superannuation funds and contributions made by Melbourne Health are disclosed above.

Defined Benefit Superannuation Plans

The defined benefit plan provides 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 Melbourne Health to the superannuation plans in respect of the services of current Melbourne Health 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.

Melbourne Health does not recognise any unfunded defined benefit liability in respect of the superannuation plans because Melbourne Health has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due.

The Department of Treasury and Finance discloses the State's defined 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 Melbourne Health.

Defined Contribution Superannuation Plans

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

Note 4: Key Assets to Support Service Delivery

Melbourne Health 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 Melbourne Health to be utilised for delivery of those outputs.

Structure

4.1 Investments and Other Financial Assets

4.2 Property, Plant and Equipment

4.3 Intangible Assets

4.4 Depreciation and Amortisation

4.5 Inventories

Key Judgements and Estimates

This section contains the following key judgements and estimates:

Key Judgements and Estimates	Description
Measuring fair value of property, plant and equipment	Melbourne Health obtains independent valuations for its non-current assets at least once every five years. If an independent valuation has not been undertaken at balance date, the health service estimates possible changes in fair value since the date of the last independent valuation with reference to Valuer-General of Victoria indices. Managerial adjustments are recorded if the assessment concludes a material change in fair value has occurred. Where exceptionally large movements are identified, an interim independent valuation is undertaken.
Estimating useful life and residual value of property, plant and equipment	Melbourne Health assigns an estimated useful life to each item of property, plant and equipment, whilst also estimating the residual value of the asset, if any, at the end of the useful life. This is used to calculate depreciation of the asset. Melbourne Health reviews the useful life, residual value and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.
Estimating useful life of right-of-use assets	The useful life of each right-of-use asset is typically the respective lease term, except where Melbourne Health is reasonably certain to exercise a purchase option contained within the lease (if any), in which case the useful life reverts to the estimated useful life of the underlying asset.
Estimating the useful life of intangible assets	Melbourne Health 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, Melbourne Health assesses impairment by evaluating the conditions and events specific to the health service that may be indicative of impairment triggers. Where an indication exists, Melbourne Health tests the asset for impairment. Melbourne Health 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

Key Judgements and Estimates	Description
	legal environment which adversely impacts the way Melbourne Health 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, Melbourne Health applies judgement and estimate to determine the recoverable amount of the asset.
Classification of land with no lease agreements in place	In the absence of formal lease agreements, Melbourne Health has recognised all Crown Land as Property, Plant and Equipment instead of Right of Use Concessionary Land as: • Melbourne Health is responsible for all maintenance, insurance and other holding costs; • Melbourne Health has the right to use the assets indefinitely, unless a ministerial change occurs; • the assets are held and used as property, plant and equipment in substance.

Note 4.1: Investments and Other Financial Assets

	Specific Purpose Fund		Total	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
NON-CURRENT				
Shares	2	2	2	2
Total Non-Current	2	2	2	2
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	**2**	**2**	**2**	**2**
Represented by:				
Jointly Controlled Operations Investments	2	2	2	2
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	**2**	**2**	**2**	**2**

Investments and Other Financial Assets Recognition

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

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

Investments are recognised when Melbourne Health 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.

Note 4.2: Property, Plant and Equipment

(a) Gross carrying amount and accumulated depreciation

	Total 2021 $'000	Total 2020 $'000
Land		
Crown Land at Fair Value	241,630	221,149
Freehold Land at Fair Value	22,272	18,925
Total Land	**263,902**	**240,074**
Right of Use Concessionary Land		
Right of use Land	9	9
Total Right of Use Concessionary Land	**9**	**9**
Buildings		
Buildings Under Construction at cost	5,875	55,806
Leasehold Improvements Under Construction at cost	252	2,374
Buildings at Fair Value	661,354	607,384
Less Accumulated Depreciation	(105,834)	(51,153)
Leasehold Improvements at cost	13,080	10,592
Less Accumulated Amortisation	(7,018)	(5,697)
Total Buildings	**567,709**	**619,306**
Right of use Buildings		
Right of use Buildings	80,099	79,728
Less Accumulated Depreciation	(7,505)	(3,785)
Total Right of use Buildings	**72,594**	**75,943**
Total Land and Buildings	**904,214**	**935,332**
Plant and Equipment		
Plant and Equipment Work in Progress	4,000	5,698
Plant and Equipment at Fair Value	46,567	42,553
Less Accumulated Depreciation	(27,933)	(24,525)
Total Plant and Equipment	**22,634**	**23,726**
Medical Equipment		
Medical Equipment Work in Progress	365	1,173
Medical Equipment at Fair Value	170,269	152,331
Less Accumulated Depreciation	(103,863)	(93,186)
Total Medical Equipment	**66,771**	**60,318**
Computer Equipment		
Computer Equipment Work in Progress	707	28,493
Computer Equipment at Fair Value	52,147	36,129
Less Accumulated Depreciation	(28,406)	(32,494)
Total Computer Equipment	**24,448**	**32,128**
Furniture and Fittings		
Furniture and Fittings Work in Progress	67	79
Furniture and Fittings at Fair Value	3,636	3,516
Less Accumulated Depreciation	(2,503)	(2,278)
Total Furniture and Fittings	**1,200**	**1,317**
Right of use Plant, Equipment, Furniture, Fittings and Vehicles		
Right of use Plant, Equipment, Furniture, Fittings and Vehicles	10,103	9,285
Less Accumulated Depreciation	(4,955)	(2,580)
Total Right of use Plant, Equipment, Furniture, Fittings and Vehicles	**5,148**	**6,705**
Motor Vehicles		
Motor Vehicle Assets at Fair Value	881	862
Less Accumulated Depreciation	(699)	(501)
VicFleet Leased Motor Vehicles	2,974	2,329
Less Accumulated Depreciation	(814)	(378)
Total Motor Vehicles	**2,342**	**2,312**
Total Plant, Equipment, Furniture, Fittings and Vehicles	**122,543**	**126,506**
TOTAL PROPERTY, PLANT and EQUIPMENT	**1,026,757**	**1,061,838**

Note 4.2: Property, Plant and Equipment (Continued)

(b) Reconciliation of movements in carrying amount of each class of asset

	Note	Land	Right of Use Concessionary Land	Buildings	Buildings WIP	Buildings Imps L/Hold	Right of Use - Buildings	Plant and Equipment	Medical Equipment	Computer Equipment	Furniture and Fittings	Motor Vehicles	Right of Use - PPE, F&F & MV	VicFleet Leased Motor Vehicles	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2019		**240,074**	**9**	**588,733**	**53,892**	**7,435**	**79,583**	**21,572**	**57,553**	**14,141**	**1,399**	**703**	**9,181**	**1,248**	**1,075,523**
Additions		-	-	18,697	1,947	780	145	4,696	13,999	21,456	161	14	104	1,065	63,064
Disposals		-	-	-	-	-	-	(6)	(47)	(10)	-	(150)	-	(19)	(232)
Net Transfers between Classes		-	-	(45)	(33)	28	-	(8)	18	37	7	-	-	-	4
Depreciation and Amortisation	4.4	-	-	(51,154)	-	(974)	(3,785)	(2,528)	(11,205)	(3,496)	(250)	(206)	(2,580)	(343)	(76,521)
Balance at 30 June 2020	4.2 (a)	**240,074**	**9**	**556,231**	**55,806**	**7,269**	**75,943**	**23,726**	**60,318**	**32,128**	**1,317**	**361**	**6,705**	**1,951**	**1,061,838**
Additions		-	-	1,642	3,615	231	371	2,283	15,394	4,901	108	19	818	665	30,047
Disposals		-	-	-	-	-	-	(3)	(124)	(18)	-	-	-	(17)	(162)
Assets Received/(Provided) Free of Charge		(893)	-	(1,026)	-	-	-	70	3,139	-	-	-	-	-	1,290
Revaluation Increments/(Decrements)		24,721	-	-	-	-	-	-	-	-	-	-	-	-	24,721
Net Transfers between Classes		-	-	53,416	(53,546)	131	-	5	3	(9)	-	-	-	-	-
Depreciation and Amortisation	4.4	-	-	(54,743)	-	(1,317)	(3,720)	(3,447)	(11,959)	(12,554)	(225)	(198)	(2,375)	(439)	(90,977)
Balance at 30 June 2021	4.2 (a)	**263,902**	**9**	**555,520**	**5,875**	**6,314**	**72,594**	**22,634**	**66,771**	**24,448**	**1,200**	**182**	**5,148**	**2,160**	**1,026,757**

Property, Plant and Equipment Recognition

Property, plant and equipment are tangible items that are used by Melbourne Health 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 (excluding right-of-use assets) 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.

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

Subsequent Measurement

Items of property, plant and equipment (excluding right-of-use assets) 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 below in Note 4.2(c).

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, Melbourne Health perform 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%, Melbourne Health would obtain an interim independent valuation prior to the next scheduled independent valuation.

An independent valuation of Melbourne Health's property was performed by the VGV in May 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 the cumulative movement was greater than 10% for land since the last revaluation a managerial revaluation adjustment was required as at 30 June 2021.

The managerial assessment performed at 30 June 2021 indicated an overall increase in fair value of land of 10.37% ($24.7m).

As the cumulative movement was less than 10% for buildings since the last revaluation a managerial revaluation adjustment was not required as at 30 June 2021.

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.

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

Impairment

At the end of each financial year, Melbourne Health assesses if there is any indication that an item of property, plant and equipment may be impaired by considering internal and external sources of information. If an indication exists, Melbourne Health estimates the recoverable amount of the asset. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised. An impairment loss of a revalued asset is treated as a revaluation decrease as noted above.

Melbourne Health has concluded that the recoverable amount of property, plant and equipment is expected to be materially consistent with the current fair value. As such, there were no indications of property, plant and equipment being impaired at balance date.

Recognition of Right-of-use Assets

Where Melbourne Health enters a contract, which provides the health service with the right to control the use of an identified asset for a period of time in exchange for payment, this contract is considered a lease.

Unless the lease is considered a short-term lease or a lease of a low-value asset (refer to Note 6.1 for further information), the contract gives rise to a right-of-use asset and corresponding lease liability. Melbourne Health presents its right-of-use assets as part of property, plant and equipment as if the asset was owned by the health service.

Right-of-use assets and their respective lease terms include:

Class of Right-of-use Asset	Lease Term
Leased land	1 to 99 years
Leased buildings	1 to 40 years
Leased plant, equipment, furniture, fittings and vehicles	1 to 7 years

Presentation of Right-of-use Assets

Melbourne Health presents right-of-use assets as 'property plant equipment' unless they meet the definition of investment property, in which case they are disclosed as 'investment property' in the balance sheet.

Initial Recognition

When a contract is entered into, Melbourne Health assesses if the contract contains or is a lease. If a lease is present, a right-of-use asset and corresponding lease liability is recognised. The definition and recognition criteria of a lease is disclosed at Note 6.1.

The right-of-use asset is initially measured at cost and comprises the initial measurement of the corresponding lease liability, adjusted for:

- any lease payments made at or before the commencement date
- any initial direct costs incurred and

Melbourne Health holds lease agreements which contain significantly below-market terms and conditions, which are principally to enable the health service to further its objectives. Melbourne Health has applied temporary relief and continues to measure those right-of-use asset at cost. Refer to Note 6.1 for further information regarding the nature and terms of the concessional lease, and Melbourne Health's dependency on such lease arrangements.

Subsequent Measurement

Right-of-use assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses where applicable. Right-of-use assets are also adjusted for certain remeasurements of the lease liability (for example, when a variable lease payment based on an index or rate becomes effective).

Impairment

At the end of each financial year, Melbourne Health assesses if there is any indication that a right-of-use asset may be impaired by considering internal and external sources of information. If an indication exists, Melbourne Health estimates the recoverable amount of the asset. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised.

Melbourne Health performed an impairment assessment and noted there were no indications of its right-of-use assets being impaired at balance date.

Note 4.2: Property, Plant and Equipment (Continued)

(c) Fair value measurement hierarchy for assets

	Note	Total Carrying amount as at 30 June 2021 $'000	Fair value measurement at end of reporting period using: Level 1 [i] $'000	Level 2 [i] $'000	Level 3 [i] $'000
Non-Specialised Land		770	-	770	-
Specialised Land		263,132	-	-	263,132
Total Land at Fair Value	4.2 (a)	263,902	-	770	263,132
Non-Specialised Buildings		70	-	70	-
Specialised Buildings		555,450	-	-	555,450
Total Building at Fair Value	4.2 (a)	555,520	-	70	555,450
Plant and Equipment at Fair Value		18,634	-	-	18,634
Total Plant and Equipment at Fair Value	4.2 (a)	18,634	-	-	18,634
Medical Equipment at Fair Value		66,406	-	-	66,406
Total Medical Equipment at Fair Value	4.2 (a)	66,406	-	-	66,406
Computer Equipment at Fair Value		23,741	-	-	23,741
Total Computer Equipment at Fair Value	4.2 (a)	23,741	-	-	23,741
Furniture and Fittings at Fair Value		1,133	-	-	1,133
Total Furniture and Fittings at Fair Value	4.2 (a)	1,133	-	-	1,133
Motor Vehicles at Fair Value		182	-	-	182
Total Motor Vehicles at Fair Value	4.2 (a)	182	-	-	182
Total Propery, Plant and Equipment at Fair Value		**929,518**	**-**	**840**	**928,678**

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

	Note	Total Carrying amount as at 30 June 2020 $'000	Fair value measurement at end of reporting period using: Level 1 [i] $'000	Level 2 [i] $'000	Level 3 [i] $'000
Non-Specialised Land		1,663	-	1,663	-
Specialised Land		238,411	-	-	238,411
Total Land at Fair Value	4.2 (a)	240,074	-	1,663	238,411
Non-Specialised Buildings		1,124	-	1,124	-
Specialised Buildings		555,107	-	-	555,107
Total Building at Fair Value	4.2 (a)	556,231	-	1,124	555,107
Plant and Equipment at Fair Value		18,028	-	-	18,028
Total Plant and Equipment at Fair Value	4.2 (a)	18,028	-	-	18,028
Medical Equipment at Fair Value		59,145	-	-	59,145
Total Medical Equipment at Fair Value	4.2 (a)	59,145	-	-	59,145
Computer Equipment at Fair Value		3,635	-	-	3,635
Total Computer Equipment at Fair Value	4.2 (a)	3,635	-	-	3,635
Furniture and Fittings at Fair Value		1,238	-	-	1,238
Total Furniture and Fittings at Fair Value	4.2 (a)	1,238	-	-	1,238
Motor Vehicles at Fair Value		361	-	-	361
Total Motor Vehicles at Fair Value	4.2 (a)	361	-	-	361
Total Propery, Plant and Equipment at Fair Value		**878,712**	**-**	**2,787**	**875,925**

[i] Classified in accordance with the fair value hierarchy.
There have been no transfers between levels during the period.

Fair Value Measurement

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

For the purpose of fair value disclosures, Melbourne Health has determined classes of assets on the basis of the nature, characteristics and risks of the asset and the level of the fair value hierarchy as explained below.

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

The Valuer-General Victoria (VGV) is Melbourne Health's independent valuation agency.

The estimates and underlying assumptions are reviewed on an ongoing basis.

Valuation Hierarchy

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

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

Note 4.2: Property, Plant and Equipment (Continued)

(d) Reconciliation of Level 3 fair value measurement [(i)]

	Land $'000	Buildings $'000	Plant and Equipment $'000	Medical Equipment $'000	Computer Equipment $'000	Furniture and Fittings $'000	Motor Vehicles $'000
Balance at 1 July 2019	**238,411**	**587,609**	**15,544**	**55,184**	**4,033**	**1,337**	703
Purchases	-	3,706	1,603	12,832	2,693	89	14
Net Transfers between Classes	-	14,946	3,415	2,381	415	62	-
Gains/(Losses) recognised in net result							
- Depreciation	-	(51,154)	(2,528)	(11,205)	(3,496)	(250)	(206)
- Disposals	-	-	(6)	(47)	(10)	-	(150)
Balance at 1 July 2020 [(ii)]	**238,411**	**555,107**	**18,028**	**59,145**	**3,635**	**1,238**	**361**
Purchases	-	1,641	1,620	14,295	4,102	107	19
Net Transfers between Classes	-	53,415	2,436	1,910	28,575	13	-
Assets Received/(Provided) Free of Charge	-	-	-	3,139	-	-	-
Gains/(Losses) recognised in net result							
- Depreciation	-	(54,713)	(3,447)	(11,959)	(12,553)	(225)	(198)
- Disposals	-	-	(3)	(124)	(18)	-	-
Items recognised in other comprehensive income							
- Revaluation	24,721	-	-	-	-	-	-
Balance at 30 June 2021 [(ii)]	**263,132**	**555,450**	**18,634**	**66,406**	**23,741**	**1,133**	**182**

(i) Classified in accordance with the fair value hierarchy, refer note 4.2(c).

(ii) Excludes assets under construction and leasehold assets.

Identifying Unobservable Inputs (level 3) Fair Value Measurements

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 are 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, i.e., 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 4.2: Property, Plant and Equipment (Continued)

(e) Fair value determination

2021

Asset class	Fair value level	Valuation approach	Significant inputs (Level 3 only)
Non-Specialised Land	Level 2	Market approach	Not applicable
Specialised Land	Level 3	Market approach	Community Service Obligation (CSO) adjustment (0% to 50%)
Specialised Buildings	Level 3	Depreciated replacement cost	Direct cost per square metre Useful life of specialised buildings
Plant and Equipment at Fair Value	Level 3	Depreciated replacement cost	Cost per unit Useful life of PPE
Medical Equipment at Fair Value	Level 3	Depreciated replacement cost	Cost per unit Useful life of medical equipment
Computer Equipment at Fair Value	Level 3	Depreciated replacement cost	Cost per unit Useful life of computer equipment
Furnitures and Fittings at Fair Value	Level 3	Depreciated replacement cost	Cost per unit Useful life of furnitures & fittings
Motor Vehicles at Fair Value	Level 3	Depreciated replacement cost	Cost per unit Useful life of motor vehicles

Consideration of Highest and Best Use for Non-financial Physical Assets

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

In accordance with paragraph AASB 13 *Fair Value Measurement* paragraph 29, Melbourne Health 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.

Non-specialised Land and Non-specialised Buildings

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

For non-specialised land and non-specialised buildings, an independent valuation was performed by the Valuer-General Victoria to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. The effective date of the valuation is 30 June 2019. A managerial assessment was performed at 30 June 2021 for non-specialised land.

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

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, Melbourne Health 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 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.

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

An independent valuation of Melbourne Health's specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2019. A managerial assessment was performed at 30 June 2021 for specialised land.

Furniture, Fittings, 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 2021.

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

Note 4.2: Property, Plant and Equipment (Continued)

(f) Property, Plant and Equipment Revaluation Surplus

	Note	Total 2021 $'000	Total 2020 $'000
Property, Plant and Equipment Revaluation Surplus			
Balance at the beginning of the reporting period		606,734	606,734
Revaluation Increments/(Decrements)			
- Land	4.2 (b)	24,721	-
Balance at the End of the Reporting Period*		**631,455**	**606,734**
* Represented by:			
- Land		270,392	245,670
- Buildings		358,839	358,840
- Plant and Equipment/Motor Vehicle		2,224	2,224
		631,455	**606,734**

Note 4.3: Intangible Assets

(a) Gross carrying amount and accumulated amortisation

	Total 2021 $'000	Total 2020 $'000
Capitalised Costs	16,293	16,293
Less Accumulated Amortisation	(16,288)	(15,854)
Total Capitalised Costs	**5**	**439**
Post Office License	70	70
Total Post Office License	**70**	**70**
Software Costs Capitalised	84,388	27,799
Less Accumulated Amortisation	(32,126)	(24,277)
Software Costs Work in Progress	4,319	38,202
Total Software Costs Capitalised	**56,581**	**41,724**
Total Intangible Assets	**56,656**	**42,233**

(b) Reconciliation of the carrying amount by class of asset

	Note	Capitalised Costs $'000	Software Costs Capitalised and Work in Progress $'000	Post Office License $'000	Total $'000
Balance at 1 July 2019		**871**	**26,154**	**70**	**27,095**
Additions		1	18,682	-	18,683
Net Transfers between Classes		-	(4)	-	(4)
Amortisation	4.4	(433)	(3,108)	-	(3,541)
Balance at 1 July 2020	4.3 (a)	**439**	**41,724**	**70**	**42,233**
Additions		-	22,868	-	22,868
Amortisation	4.4	(434)	(8,011)	-	(8,445)
Balance at 30 June 2021	4.3 (a)	**5**	**56,581**	**70**	**56,656**

Intangible Assets

Intangible assets represent identifiable non-monetary assets without physical substance such as patents, trademarks, and computer software and development costs (where applicable).

Initial Recognition

Purchased intangible assets are initially recognised at cost.

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

Subsequent Measurement

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

Impairment

Intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired. Intangible assets with finite useful lives are tested for impairment whenever an indication of impairment is identified.

Note 4.4: Depreciation and Amortisation

	Total 2021 $'000	Total 2020 $'000
Depreciation		
Buildings	54,743	51,154
Plant and Equipment	3,447	2,528
Medical Equipment	11,959	11,205
Computer Equipment	12,554	3,496
Furniture and Fittings	225	250
Motor Vehicles	198	206
Leased Motor Vehicles	439	343
Leasehold Building Improvements	1,317	974
Right of use Buildings	3,720	3,785
Right of use Plant, Equipment, Furniture, Fittings and Vehicles	2,375	2,580
Total Depreciation	**90,977**	**76,521**
Amortisation		
Intangible Assets	8,445	3,541
Total Amortisation	**8,445**	**3,541**
Total Depreciation and Amortisation	**99,422**	**80,062**

Depreciation and Amortisation Recognition

Depreciation

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets (excluding items under assets held for sale, land and investment properties) that have finite useful lives are depreciated.

Depreciation is generally calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the health service anticipates to exercise a purchase option, the specific right-of-use asset is depreciated over the useful life of the underlying asset.

Amortisation

Amortisation is allocated to intangible assets with finite useful lives on a systematic (typically straight-line) basis over the asset's useful life.

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

	2021	2020
Buildings (including leaseholds)		
- Structure Shell Building Fabric	7 to 51 years	7 to 51 years
- Site Engineering Services and Central Plant	7 to 33 years	7 to 33 years
Central Plant		
- Fit Out	4 to 32 years	4 to 32 years
- Trunk Reticulated Building Systems	6 to 21 years	6 to 21 years
Plant and Equipment	10 years	10 years
Computers and Communication	3 years	3 years
Furniture and Fitting	10 years	10 years
Motor Vehicles (including leased vehicles)	3 to 4 years	3 to 4 years
Intangible Assets	3 to 10 years	3 to 4 years

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

Note 4.5: Inventories

	Total 2021 $'000	Total 2020 $'000
Aids and Appliances at Cost	78	80
Medical and Surgical Supplies at Cost	3,156	3,323
Pharmacy Supplies at Cost	2,140	2,405
Pathology Supplies at Cost	5,445	1,500
General Stores at Cost	161	2,791
TOTAL INVENTORIES	**10,980**	**10,099**

Inventories Recognition

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 5: Other Assets and Liabilities

This section sets out those assets and liabilities that arose from Melbourne Health's operations.

Structure

5.1 Receivables

5.2 Payables and Contract Liabilities

5.3 Other Liabilities

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	Melbourne Health 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.
Classifying a sub-lease arrangement as either an operating lease or finance lease	Melbourne Health applies judgement to determine if a sub-lease arrangement, where the health service is a lessor, meets the definition of an operating lease or finance lease. Melbourne Health considers a range of scenarios when classifying a sub-lease. A sub-lease typically meets the definition of a finance lease if: • The lease transfers ownership of the asset to the lessee at the end of the term • The lessee has an option to purchase the asset for a price that is significantly below fair value at the end of the lease term • The lease term is for the majority of the asset's useful life • The present value of lease payments amount to the approximate fair value of the leased asset and • The leased asset is of a specialised nature that only the lessee can use without significant modification. All other sub-lease arrangements are classified as an operating lease.
Measuring deferred capital grant income	Where Melbourne Health has received funding to construct an identifiable non-financial asset, such funding is recognised as deferred capital grant income until the underlying asset is constructed. Melbourne Health applies 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	Melbourne Health applies judgement to measure its progress towards satisfying a performance obligation as detailed in Note 2.1. Where a performance obligation is yet to be satisfied, the health service 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	Total 2021 $'000	Total 2020 $'000
CURRENT			
Contractual			
Inter Hospital Debtors		26,207	19,109
Trade Debtors		7,739	7,417
Patient Fees		7,511	9,982
Accrued Revenue - Other		15,997	11,465
Amounts Receivable from Government and Agencies		115	2,163
***Less* Allowance for Impairment Losses of Contractual Receivables**			
Trade Debtors	7.2 (a)	(374)	(289)
Patient Fees	7.2 (a)	(1,014)	(1,999)
Total Contractual Receivables		**56,181**	**47,848**
Statutory			
Net GST Receivable		5,634	4,130
Total Statutory Receivables		**5,634**	**4,130**
TOTAL CURRENT RECEIVABLES		**61,815**	**51,978**
NON-CURRENT			
Statutory			
Long Service Leave - Department of Health		49,318	44,434
TOTAL NON-CURRENT RECEIVABLES		**49,318**	**44,434**
TOTAL RECEIVABLES		**111,133**	**96,412**

(i) Financial assets classified as receivables (Note 7.1(a))

		Total 2021 $'000	Total 2020 $'000
Total Receivables		111,133	96,412
Provision for impairment		1,388	2,288
Net GST Receivable		(5,634)	(4,130)
Long Service Leave - Department of Health		(49,318)	(44,434)
Total Financial Assets	7.1(a)	**57,569**	**50,136**

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

	Total 2021 $'000	Total 2020 $'000
Balance at beginning of year	**2,288**	**3,066**
Amounts written off during the year	(5,090)	(8,509)
Increase/(decrease) in allowance recognised in net result	4,190	7,731
Balance at end of year	**1,388**	**2,288**

Receivables Recognition

Receivables consist of:

- contractual receivables, which includes mainly debtors in relation to goods and services. These receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. Melbourne Health holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.
- statutory receivables, which includes mainly amounts owing from the Victorian Government and GST input tax credits 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. Melbourne Health applies AASB 9 *Financial Instruments* 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*.

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

Impairment Losses of Contractual Receivables

Refer to Note 7.2 (a) Credit Risk for Melbourne Health's contractual impairment losses.

Note 5.2: Payables and Contract Liabilities

	Note	Total 2021 $'000	Total 2020 $'000
CURRENT			
Contractual			
Trade Creditors		27,199	15,366
Accrued Salaries and Wages		57,294	38,552
Accrued Expenses		50,840	35,518
Deferred Grant Revenue	5.2 (a), 5.2 (b)	70,612	34,065
Contract Liabilities - Income Received in Advance	5.2 (c)	11,754	9,989
Inter - hospital Creditors		4,933	5,078
Total Contractual Payables		**222,632**	**138,568**
Statutory			
PAYG Withholding		4,386	10
Total Statutory Payables		**4,386**	**10**
TOTAL CURRENT PAYABLES		**227,018**	**138,578**
NON-CURRENT			
Contract Liabilities - Income received in advance	5.2 (c)	3,000	-
TOTAL NON-CURRENT PAYABLES		**3,000**	**-**
TOTAL PAYABLES		**230,018**	**138,578**

(i) Financial liabilities classified as payables and contract liabilities (Note 7.1(a))

		Total 2021 $'000	Total 2020 $'000
Total Payables and Contract Liabilities		230,018	138,578
Deferred Grant Income		(70,612)	(34,065)
Contract Liabilities		(14,754)	(9,989)
PAYG Withholding		(4,386)	(10)
Total Financial Liabilities	7.1(a)	**140,266**	**94,514**

Payables and Contract Liabilities Recognition

Payables consist of:

- Contractual payables, which 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 Melbourne Health prior to the end of the financial year that are unpaid.
- statutory payables, such as PAYG. 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.

Maturity Analysis of Payables

Please refer to Note 7.2(b) for the ageing analysis of payables.

Note 5.2 (a) Deferred Capital Grant Revenue

	Total 2021 $'000	Total 2020 $'000
Opening Balance of Deferred Capital Grant Revenue	**20,419**	-
Grant consideration for capital projects recognised that was included in the deferred grant liability balance (adjusted for AASB 1058) at the beginning of the year	-	166
Grant consideration for capital projects received during the year	46,359	64,674
Deferred grant revenue recognised as revenue due to completion of capital projects	(46,060)	(44,421)
Closing Balance of Deferred Grant Revenue	**20,718**	**20,419**

Grant consideration was received from the Department of Health for various capital projects including Electronic Medical Records (received on behalf of Parkville precinct partners), Pathology Laboratory Capital Works and Equipment, Medical Equipment replacement and Clinical Technology refresh.

Capital grant revenue is recognised over-time as the asset for which the grant has been provided is constructed. Revenue is recognised with reference to the percentage of completion, measured by determining the percentage of costs incurred as compared to the total project cost (see note 2.1).

Melbourne Health has recognised a liability to defer a portion of capital grant revenue reflective of the percentage of completion remaining in relation to projects under construction.

Note 5.2 (b) Operating Grant Consideration

	Total 2021 $'000	Total 2020 $'000
Transaction price allocated to the remaining performance obligations from contracts with customers to be recognised in:		
Not longer than one year	49,070	13,411
Longer than one year but not longer than five years	824	235
Total Operating Grant Consideration	**49,894**	**13,646**

Grant consideration was received from the State Government in support of hospital activity and operations. Grant income is recognised as service obligations are met. Differences in the number of some services provided may be adjusted in the funding provided annually. The remaining grant revenue is recognised when the service obligations are delivered in the following year.

Note 5.2 (c) Contract Liabilities

	Total 2021 $'000	Total 2020 $'000
Opening Balance of Contract Liabilities	**9,989**	**11,215**
Payments received for performance obligations not yet fulfilled	20,170	17,059
Revenue recognised for the completion of a performance obligation	(15,405)	(18,285)
Total Contract Liabilities	**14,754**	**9,989**
Represented by:		
Current contract liabilities	11,754	9,989
Non-current contract liabilities	3,000	-

Contract liabilities include consideration received in advance from customers for various services or projects before a related performance obligation is satisfied. The balance of contract liabilities was higher than the previous reporting period due to rental income received in advance.

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

Note 5.3: Other Liabilities

	Note	Total 2021 $'000	Total 2020 $'000
CURRENT			
Monies Held in Trust*			
- Patient Monies Held in Trust		193	190
- Refundable Accommodation Deposits		8,457	6,138
TOTAL CURRENT		**8,650**	**6,328**
TOTAL OTHER LIABILITIES		**8,650**	**6,328**
***Represented by:**			
Cash Assets	6.2	8,650	6,328
TOTAL		**8,650**	**6,328**

Refundable Accommodation Deposit (RAD)/Accommodation Bond Liabilities

RADs/accommodation bonds are non-interest-bearing deposits made by some aged care residents to Melbourne Health upon admission. These deposits are liabilities which fall due and payable when the resident leaves the home. As there is no unconditional right to defer payment for 12 months, these liabilities are recorded as current liabilities.

RAD/accommodation bond liabilities are recorded at an amount equal to the proceeds received, net of retention and any other amounts deducted from the RAD/accommodation bond in accordance with the *Aged Care Act 1997*.

Note 6: How We Finance Our Operations

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

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

Impact of COVID-19 Pandemic

Our finance and borrowing arrangements were not materially impacted by the COVID-19 coronavirus pandemic because the health service's response was funded by the Government.

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	Melbourne Health applies judgement to determine if a contract is or contains a lease by considering if the health service: • has the right-to-use an identified asset • has the right to obtain substantially all economic benefits from the use of the leased asset and • 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	Melbourne Health applies judgement when determining if a lease meets the short-term or low value lease exemption criteria. Melbourne Health estimates the fair value of leased assets when new. Where the estimated fair value is less than $10,000, the health service applies the low-value lease exemption. Melbourne Health 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, Melbourne Health applies the short-term lease exemption.
Discount rate applied to future lease payments	Melbourne Health discounts its lease payments using the interest rate implicit in the lease. If this rate cannot be readily determined, which is generally the case for the health service's lease arrangements, Melbourne Health uses its incremental borrowing rate, which is the amount the health service would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.
Assessing the lease term	The lease term represents the non-cancellable period of a lease, combined with periods covered by an option to extend or terminate the lease if Melbourne Health is reasonably certain to exercise such options. Melbourne Health determines the likelihood of exercising such options

Key Judgements and Estimates	Description
	on a lease-by-lease basis through consideration of various factors including: • If there are significant penalties to terminate (or not extend), Melbourne Health is typically reasonably certain to extend (or not terminate) the lease. • If any leasehold improvements are expected to have a significant remaining value, Melbourne Health is typically reasonably certain to extend (or not terminate) the lease. • Melbourne Health considers historical lease durations and the costs and business disruption to replace such leased assets.

Note 6.1: Borrowings

	Total 2021 $'000	Total 2020 $'000
CURRENT		
Lease Liability [(i)]		
Motor Vehicles Leased from VicFleet	1,084	401
Other Leases	3,954	3,907
Loans and Advances from Department of Health [(ii)]	1,594	41,765
TOTAL CURRENT BORROWINGS	**6,632**	**46,073**
NON CURRENT		
Lease Liability [(i)]		
Motor Vehicles Leased from VicFleet	1,089	1,562
Other Leases	29,684	32,886
Loans and Advances from Department of Health [(ii)]	-	1,586
TOTAL NON CURRENT BORROWINGS	**30,773**	**36,034**
TOTAL BORROWINGS	**37,405**	**82,107**

(i) Secured by the assets leased. Leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

(ii) The Department of Health has provided Melbourne Health with the following two loans and a cash advance:

a) A loan of $1.9m in June 2014 to implement a laboratory information system for its Pathology Department. The loan is repayable over five years commencing from June 2018, paid annually, with the final loan repayment due on 30 June 2022.

The loan is an interest free loan and was discounted to present value for payments due in future financial years using a weighted average interest rate of 0.240% in 2020. For 2021 the amount outstanding has been recorded at nominal value as the final repayment is due in June 2022 and the loan is now classified as current borrowings.

b) A loan of $4.9m in October 2016 for an enterprise billing system. The loan is repayable over five years commencing from July 2018, paid monthly (over 9 months each financial year), with the final loan repayment due on 31 March 2022.

The loan is an interest free loan and was discounted to present value for payments due in future financial years using a weighted average interest rate of 0.240% in 2020. For 2021 the amount outstanding has been recorded at nominal value as the final repayments are due during 2021-22 and the loan is now classified as current borrowings.

c) A non-interest bearing cash advance of $40.2m in 2019-20 which was repaid during 2020-21.

Borrowings Recognition

Borrowings refer to interesting bearing liabilities mainly raised through lease liabilities and non interest bearing loans and advances from Department of Health.

Initial Recognition

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

Subsequent Measurement

Subsequent to initial recognition, interest bearing borrowings are measured at amortised cost with any difference between the initially recognised amount and the redemption value being recognised in the net result over the period of the borrowing using the effective interest method.

Maturity Analysis of Borrowings

Please refer to Note 7.2 (b) for the maturity analysis of borrowings.

Defaults and Breaches

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

Note 6.1 (a) Lease Liabilities

Melbourne Health's lease liabilities are summarised below:

	Total 2021 $'000	Total 2020 $'000
Total undiscounted lease liabilities	43,291	47,172
Less unexpired finance expenses	(7,480)	(8,416)
Net Lease Liabilities	**35,811**	**38,756**

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

	Total 2021 $'000	Total 2020 $'000
Less than one year	5,942	5,575
Longer than one year but not longer than five years	13,615	15,674
Five years or more	23,734	25,923
Minimum future lease liability	**43,291**	**47,172**
Less unexpired finance expenses	(7,480)	(8,416)
Present value of lease liability	**35,811**	**38,756**
Represented by:		
Current Liabilities	5,038	4,308
Non-current Liabilities	30,773	34,448
TOTAL LIABILITIES	**35,811**	**38,756**

The weighted average interest rate implicit in the lease for Motor Vehicles from VicFleet is 3.03% (2020:3.24%).

The weighted average interest rate implicit in other leases is 2.14% (2020:2.16%).

Lease Liabilities Recognition

A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

To apply this definition Melbourne Health ensures the contract meets the following criteria:

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

Melbourne Health's lease arrangements consist of the following:

Type of Asset Leased	Lease Term
Leased land	1 to 99 years*
Leased buildings	1 to 40 years*
Leased plant, equipment, furniture, fittings and vehicles	1 to 7 years

* Refer to Leases with Significantly Below Market Terms and Conditions section below for details.

Melbourne Health holds motor vehicle leases with Vic Fleet in line with the requirements of Standard Motor Vehicle Policy that is mandated for all general government Departments and Agencies.

Melbourne Health has entered into commercial leases on certain medical equipment, non-medical equipment and property where it is not in the interest of Melbourne Health to purchase these assets.

All leases are recognised on the balance sheet, with the exception of low value leases (less than $10,000 AUD) and short term leases of less than 12 months. Low value and short term lease payments recognised in profit or loss relate to lease of property and IT equipment.

Separation of Lease and Non-lease Components

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

Initial Measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or Melbourne Health incremental borrowing rate. Our lease liability has been discounted by rates of between 0% to 3.5%.

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

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

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination

options) are only included in the lease term and lease liability if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Subsequent Measurement

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

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

Leases with Significantly Below Market Terms and Conditions

Melbourne Health holds lease arrangements which contain significantly below-market terms and conditions, which are principally to enable the health service to further its objectives. These are commonly referred to as a peppercorn or concessionary lease arrangement.

The nature and terms of such lease arrangements, including Melbourne Health's dependency on such lease arrangements is described below:

Description of leased asset	Our dependence on lease	Nature and terms of lease
Leasing Parkville campus site from The Minister for Environment and Climate Change on behalf of the Crown in right of the State of Victoria	Melbourne Health's dependence on this lease is considered low.	The lease duration is 99 years starting from 23/11/2011 with an annual peppercorn rental of $104.00 payable at the request of the landlord.
Leasing part of Level 10 of the Peter McCallum Cancer Centre Building	The leased property is used for a scientific laboratory. Melbourne Health's dependence on this lease is considered low.	The lease duration is 25 years starting from 14/06/2016 with an annual peppercorn rental of $1.00 payable at the request of the landlord.

Note 6.2: Cash and Cash Equivalents

	Total 2021 $'000	Total 2020 $'000
Cash on Hand (excluding Monies Held in Trust)	35	30
Cash at Bank (excluding Monies Held in Trust)	10,286	14,071
Cash at Bank - Central Banking System (excluding Monies Held in Trust)	163,202	76,227
Total Cash Held for Operations	**173,523**	**90,328**
Cash at Bank (Monies Held in Trust)	193	190
Cash at Bank - Central Banking System (Monies Held in Trust)	8,457	6,138
Total Cash Held as Monies Held in Trust	**8,650**	**6,328**
TOTAL CASH AND CASH EQUIVALENTS	**182,173**	**96,656**

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.

The Cash Flow Statement includes monies held in trust.

In accordance with the Standing Directions 2018 under *the Financial Management Act 1994*, Melbourne Health hold's cash with the State's centralised banking arrangements.

Note 6.3: Commitments for Expenditure

	Total 2021 $'000	Total 2020 $'000
Capital Expenditure Commitments		
Less than one year	24,558	60,754
Longer than one year but not longer than five years	-	12,399
Five years or more	-	1,790
Total Capital Expenditure Commitments	**24,558**	**74,943**
Operating Expenditure Commitments		
Less than one year	52,303	42,425
Longer than one year but not longer than five years	65,015	58,754
Five years or more	1,065	1,949
Total Operating Expenditure Commitments	**118,383**	**103,128**
Non-cancellable Short Term and Low Value Lease Commitments		
Less than one year	307	550
Longer than one year but not longer than five years	396	673
Total Non-cancellable Short Term and Low Value Lease Commitments	**703**	**1,223**
Total Commitments for Expenditure (inclusive of GST)	**143,644**	**179,294**
Less GST Recoverable from the Australian Tax Office	(13,059)	(16,299)
TOTAL COMMITMENTS FOR EXPENDITURE (exclusive of GST)	**130,585**	**162,995**

All amounts shown in the commitments note are nominal amounts.

Disclosure of Commitments

Expenditure Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note at their nominal value and are inclusive of the GST payable. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the Balance Sheet.

Short Term and Low Value Leases

Melbourne Health discloses short term and low value lease commitments which are excluded from the measurement of right-of-use assets and lease liabilities. Refer to Note 6.1 for further information.

Note 7: Risks, Contingencies and Valuation Uncertainties

Melbourne Health 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 Melbourne Health is related mainly to fair value determination.

Structure

7.1 Financial Instruments

7.2 Financial Risk Management Objectives and Policies

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 Melbourne Health's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example, taxes, fines and penalties). 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

2021	Note	Financial Assets at Amortised Cost $'000	Financial Assets at Fair Value Through Net Result $'000	Financial Liabilities at Amortised Cost $'000	Total $'000
Contractual Financial Assets					
Cash and Cash Equivalents	6.2	182,173	-	-	182,173
Receivables					
- Trade Debtors	5.1	7,739	-	-	7,739
- Other Receivables	5.1	49,830	-	-	49,830
Other Financial Assets					
- Shares in Other Entities	4.1	-	2	-	2
Total Financial Assets [(i)]		**239,742**	**2**	**-**	**239,744**
Financial Liabilities					
Payables	5.2	-	-	140,266	140,266
Borrowings	6.1	-	-	37,405	37,405
Other Financial Liabilities					
- Refundable Accommodation Deposits	5.3	-	-	8,457	8,457
- Patient Monies Held in Trust	5.3	-	-	193	193
Total Financial Liabilities [(ii)]		**-**	**-**	**186,321**	**186,321**

2020	Note	Financial Assets at Amortised Cost $'000	Financial Assets at Fair Value Through Net Result $'000	Financial Liabilities at Amortised Cost $'000	Total $'000
Contractual Financial Assets					
Cash and Cash Equivalents	6.2	96,656	-	-	96,656
Receivables					
- Trade Debtors	5.1	7,417	-	-	7,417
- Other Receivables	5.1	42,719	-	-	42,719
Other Financial Assets					
- Shares in Other Entities	4.1	-	2	-	2
Total Financial Assets [(i)]		**146,792**	**2**	**-**	**146,794**
Financial Liabilities					
Payables	5.2	-	-	94,514	94,514
Borrowings	6.1	-	-	82,107	82,107
Other Financial Liabilities					
- Refundable Accommodation Deposits	5.3	-	-	6,138	6,138
- Patient Monies Held in Trust	5.3	-	-	190	190
Total Financial Liabilities [(ii)]		**-**	**-**	**182,949**	**182,949**

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

(ii) The total amount of financial liabilities disclosed here excludes statutory payables (i.e. PAYG), deferred grant revenue and contract liabilities - income in advance.

Categories of Financial Assets

Financial assets are recognised when Melbourne Health becomes party to the contractual provisions to the instrument. For financial assets, this is at the date Melbourne Health 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 costs if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by Melbourne Health 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 subsequently measured at amortised cost using the effective interest method less any impairment.

Melbourne Health recognises the following assets in this category:

- cash and deposits;
- receivables (excluding statutory receivables).

Financial Assets at Fair Value through Net Result

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

Melbourne Health may, at initial recognition, irrevocably designate financial assets as measured at fair value through net result if doing so eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different basis.

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.

Categories of Financial Liabilities

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

Melbourne Health recognises the following liabilities in this category:

- payables (excluding statutory payables, deferred grant revenue and contract liabilities – income in advance);
- borrowings (including finance lease liabilities); and
- other liabilities (including monies held in trust).

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.

Derecognition of Financial Liabilities

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

Reclassification of Financial Instruments

A financial asset is required to be reclassified between fair value between amortised cost, fair value through net result and fair value through other comprehensive income when, and only when, Melbourne Health'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, Melbourne Health'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, included 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.

Melbourne Health's main financial risks include credit risk, liquidity risk and interest rate risk. Melbourne Health manages these financial risks in accordance with its treasury policy.

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. Melbourne Health's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to Melbourne Health. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with Melbourne Health's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than the Government, the health service is exposed to credit risk associated with patient and other debtors.

In addition, Melbourne Health does not engage in hedging for its contractual financial assets and mainly holds cash and deposits at bank. As with the policy for debtors, Melbourne Health'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 Melbourne Health 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.

Contract 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 Melbourne Health's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There has been no material change to Melbourne Health's credit risk profile in 2020-21.

Impairment of Financial Assets under AASB 9 *Financial Instruments*

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

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

Contractual Receivables at Amortised Cost

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

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.

On this basis, Melbourne Health determines the closing loss allowance at the end of the financial year as follows:

30-Jun-21	Note	Current	Less than 1 month	1–2 months	2 - 3 months	3+ months	Total
		$'000	$'000	$'000	$'000	$'000	$'000
Overseas Patient Fees Receivables							
Expected loss rate		0%	50%	100%	100%	100%	
Gross carrying amount of contractual receivables		610	260	354	66	41	1,331
Loss allowance	5.1	**-**	**130**	**354**	**66**	**41**	**591**
Other Patient Fees Receivables							
Expected loss rate		2%	6%	9%	12%	24%	
Gross carrying amount of contractual receivables		2,855	1,338	762	631	594	6,180
Loss allowance	5.1	**57**	**80**	**69**	**76**	**141**	**423**
Trade Debtors (Sundry Debtors Only)							
Expected loss rate		0%	0%	0%	0%	33%	
Gross carrying amount of contractual receivables		12,317	512	600	333	1,122	14,884
Loss allowance	5.1	**-**	**-**	**-**	**-**	**374**	**374**
Total loss allowance		**57**	**210**	**423**	**142**	**556**	**1,388**

30-Jun-20	Note	Current	Less than 1 month	1–2 months	2 - 3 months	3+ months	Total
		$'000	$'000	$'000	$'000	$'000	$'000
Overseas Patient Fees Receivables							
Expected loss rate		0%	50%	100%	100%	100%	
Gross carrying amount of contractual receivables		537	275	491	397	298	1,998
Loss allowance	5.1	**-**	**137**	**491**	**397**	**298**	**1,323**
Other Patient Fees Receivables							
Expected loss rate		2%	6%	9%	12%	24%	
Gross carrying amount of contractual receivables		3,496	1,317	786	956	1,430	7,985
Loss allowance	5.1	**69**	**79**	**71**	**114**	**343**	**676**
Trade Debtors (Sundry Debtors Only)							
Expected loss rate		0%	0%	0%	0%	16%	
Gross carrying amount of contractual receivables		13,932	878	954	451	1,814	18,029
Loss allowance	5.1	**-**	**-**	**-**	**-**	**289**	**289**
Total loss allowance		**69**	**216**	**562**	**511**	**930**	**2,288**

Statutory Receivables at Amortised Cost

Melbourne Health's non-contractual receivables arising from statutory requirements are not financial instruments. However, they are nevertheless recognised and measured in accordance with AASB 9 *Financial Instruments* 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.

Melbourne Health is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet. The health service manages its liquidity risk by:

- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations
- careful maturity planning of its financial obligations based on forecasts of future cash flows.
- providing ongoing cash forecasts to the Department of Health to ensure additional funding cash flows are available if required.

Melbourne Health's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Refer to Note 8.10 Economic Dependency.

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

				Maturity Dates				
	Note	Carrying Amount	Nominal Amount	Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years	Over 5 Years
2021		**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial Liabilities at amortised cost								
Payables	5.2	140,266	140,266	138,680	1,097	489	-	-
Borrowings	6.1	37,405	37,405	442	1,159	5,031	10,890	19,883
Other Financial Liabilities								
- Refundable Accommodation Deposits	5.3	8,457	8,457	714	432	2,921	4,390	-
- Patient Monies Held in Trust	5.3	193	193	193	-	-	-	-
Total Financial Liabilities [(i)]		**186,321**	**186,321**	**140,029**	**2,688**	**8,441**	**15,280**	**19,883**
2020								
Financial Liabilities at amortised cost								
Payables	5.2	94,514	94,514	90,374	3,347	793	-	-
Borrowings	6.1	82,107	82,107	-	405	45,668	14,574	21,460
Other Financial Liabilities								
- Refundable Accommodation Deposits	5.3	6,138	6,138	627	1,439	2,021	2,051	-
- Patient Monies Held in Trust	5.3	190	190	190	-	-	-	-
Total Financial Liabilities [(i)]		**182,949**	**182,949**	**91,191**	**5,191**	**48,482**	**16,625**	**21,460**

(i) Ageing analysis of financial liabilities excludes statutory financial liabilities (i.e PAYG), deferred grant revenue and contract liabilities - income in advance.

Note 7.2 (c): Market Risk

Melbourne Health's exposures to market risk are primarily through interest rate risk and foreign currency risk.

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. Melbourne Health 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. Melbourne Health 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.

Melbourne Health has minimal exposure to foreign currency risk.

Note 8: Other Disclosures

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

Structure

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

	Note	Total 2021 $'000	Total 2020 $'000
Net Result for the Year	OS	7,737	(23,041)
Non-cash Movements:			
Depreciation and Amortisation	4.4	99,422	80,062
Allowance for Impairment Losses of Contractual Receivables	5.1 (a)	(900)	(778)
Discounting of DH Loan		8	71
DH Non Cash Grants		(1,062)	(3,849)
Opening Balance Adjustment on Adoption of AASB 1058		-	(23,268)
Assets Provided Free of Charge		2,759	-
Assets Received Free of Charge		(13,575)	-
Movements Included in Investing and Financing Activities			
Net (Gain)/Loss from Disposal of Non-Financial Assets		118	(36)
Net (Gain)/Loss from Disposal of Financial Assets		(1,170)	-
Movements in Assets and Liabilities:			
Change in Operating Assets and Liabilities			
(Increase)/Decrease in Receivables	5.1	(13,821)	31,224
(Increase)/Decrease in Prepayments		(5,236)	(9,109)
Increase/(Decrease) in Payables and Contract Liabilities	5.2	91,440	(20,001)
Increase/(Decrease) in Employee Benefits	3.3	4,178	33,704
Increase/(Decrease) in Other Liabilities	5.3	3	6
(Increase)/Decrease in Inventories	4.5	(881)	(1,153)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		**169,020**	**63,832**

Note 8.2: Responsible Persons Disclosures

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

	Period
Responsible Ministers:	
The Honourable Martin Foley:	
Minister for Mental Health	1 Jul 2020 - 29 Sep 2020
Minister for Health	26 Sep 2020 - 30 Jun 2021
Minister for Ambulance Services	26 Sep 2020 - 30 Jun 2021
Minister for the Coordination of Health and Human Services: COVID-19	26 Sep 2020 - 9 Nov 2020
The Honourable Jenny Mikakos:	
Minister for Health	1 Jul 2020 - 26 Sep 2020
Minister for Ambulance Services	1 Jul 2020 - 26 Sep 2020
Minister for the Coordination of Health and Human Services: COVID-19	1 Jul 2020 - 26 Sep 2020
The Honourable Luke Donnellan:	
Minister for Child Protection	1 Jul 2020 - 30 Jun 2021
Minister for Disability, Ageing and Carers	1 Jul 2020 - 30 Jun 2021
The Honourable James Merlino:	
Minister for Mental Health	29 Sep 2020 - 30 Jun 2021
The Honourable Gabrielle Williams:	
Minister for the Prevention of Family Violence	1 Jul 2020 - 30 Jun 2021
Minister for Women	1 Jul 2020 - 30 Jun 2021
Minister for Aboriginal Affairs	1 Jul 2020 - 30 Jun 2021
Governing Board	
Ms Linda Bardo Nicholls AO (Chair of the Board)	1 Jul 2020 - 30 Jun 2021
Ms Angela Jackson	1 Jul 2020 - 30 Jun 2021
Mr Eugene Arocca	1 Jul 2020 - 30 Jun 2021
Mr Gregory Tweedly	1 Jul 2020 - 30 Jun 2021
Professor Harvey Newnham*	1 Jul 2020 - 30 Jun 2021
Professor Jane Gunn*	1 Feb 2020 - 30 Jun 2021
Mr Leigh Hocking	1 Jul 2020 - 30 Jun 2021
Ms Penelope Hutchinson	1 Jul 2020 - 30 Jun 2021
Mr Peter Funder	1 Jul 2020 - 30 Jun 2021
Ms Philippa Connolly	1 Jul 2020 - 30 Jun 2021
Professor Shitij Kapur*	1 Jul 2020 - 31 Dec 2020
Accountable Officers	
Professor Christine Kilpatrick AO (Chief Executive Officer)	1 Jul 2020 - 30 Jun 2021

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

Income Band	**Total 2021 No.**	**Total 2020 No.**
$0 - $9,999*	3	2
$50,000 - $59,999	7	7
$100,000 - $109,999	1	1
$520,000 - $529,999	1	-
$550,000 - $559,999	-	1
Total Numbers	**12**	**11**

* Not paid Board Members.

Amounts relating to Responsible Ministers are reported within the Department of Parliamentary Services' Financial Report as disclosed in Note 8.4 Related Parties.

Note 8.3: Remuneration of Executives

The number of executive officers, other than Ministers and 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 Executive Officers (including Key Management Personnel disclosed in Note 8.4)	**Total Remuneration**	
	Total 2021 $'000	**Total 2020 $'000**
Short-term Employee Benefits	2,350	2,160
Post-employment Benefits	148	127
Other Long-term Benefits	62	56
Total Remuneration [(i)]	**2,560**	**2,343**
Total Number of Executives	**7**	**8**
Total Annualised Employee Equivalent (AEE) [(ii)]	**5.8**	**5.8**

(i) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of Melbourne Health under AASB 124 *Related Party Disclosures* and are also reported within Note 8.4 Related Parties.

(ii) Annualised employee equivalent is based on the time fraction worked 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.

Termination Benefits

Termination of employment payments, such as severance packages.

Other Factors

Several factors affected total remuneration payable to executives over the year. A number of employment contracts were completed during the year and negotiated. A number of executives received bonus payments during the year. These bonus payments depend on the terms of individual employment contracts.

Note 8.4: Related Parties

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

- All key management personnel (KMP) and their close family members and personal business interests;
- Cabinet ministers (where applicable) and their close family members;
- Jointly Controlled Operation - A member of the Victorian Comprehensive Cancer Centre Joint Venture; and
- All health services and public sector entities that are controlled and consolidated into the State of Victoria's financial statements.

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

Key Management Personnel

Portfolio Ministers, the Governing Board and the Executive Directors of Melbourne Health are deemed to be KMPs.

Ministers

The Honourable Martin Foley, Minister for Health, Minister for Ambulance Services (appointed 26 Sep 2020)
The Honourable Martin Foley, Minister for Mental Health (resigned 29 Sep 2020)
The Honourable Martin Foley, Minister for the Coordination of Health and Human Services: COVID-19 (26 Sep 2020 - 9 Nov 2020)
The Honourable Jenny Mikakos, Minister for Health, Minister for Ambulance Services and Minister for the Coordination of Health and Human Services: COVID-19 (resigned 26 Sep 2020)
The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers
The Honourable James Merlino, Minister for Mental Health (appointed 29 Sep 2020)
The Honourable Gabrielle Williams, Minister for the Prevention of Family Violence, Minister for Women, Minister for Aboriginal Affairs

Melbourne Health Board

Ms Linda Bardo Nicholls AO (Chair)
Ms Angela Jackson
Mr Eugene Arocca
Mr Gregory Tweedly
Professor Harvey Newnham
Professor Jane Gunn (appointed 01 Feb 2021)
Mr Leigh Hocking
Ms Penelope Hutchinson
Mr Peter Funder
Ms Philippa Connolly
Professor Shitij Kapur (resigned 31 Dec 2020)

Executive

Professor Christine Kilpatrick AO - Chief Executive Officer
Dr Cate Kelly - Executive Director, Clinical Governance and Medical Services and Chief Medical Officer
A/Professor Chris MacIsaac - Interim Chief Operating Officer (ceased acting 01 Nov 2020)
A/Professor Denise Heinjus - Executive Director, Nursing Services and Residential Aged Care
Ms Ellen Flint - Executive Director, People and Culture
Professor George Braitberg AM - Executive Director, Strategy, Quality and Improvement

Ms Jackie McLeod - Chief Operating Officer (appointed 04 Nov 2020)
Mr Paul Urquhart - Executive Director, Finance and Logistics

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 Department of Parliamentary Services' Financial Report.

Compensation - KMPs	Total 2021 $'000	Total 2020 $'000
Short-term Employee Benefits	3,308	3,145
Post-employment Benefits	214	193
Other Long-term Benefits	75	70
Total [(i)]	**3,597**	**3,408**

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

Significant Transactions with Government-related Entities

Melbourne Health received funding from the Department of Health of $1,225.3m and indirect contributions of $6.6m. The Department of Health also paid $1.1m of construction costs on behalf of Melbourne Health.

During the financial year, Melbourne Health received $21.7m of capital grants from Department of Health (included in the funding received figure above) for the Parkville Precinct Electronic Medical Record Project on behalf of all hospitals involved in the project.

Expenses incurred by Melbourne Health in delivering services and outputs are in accordance with HealthShare Victoria requirements.

Goods and services are purchased from other Victorian Health Service Providers on commercial terms.

Melbourne Health procured some of its essential personal protective equipment during the COVID-19 pandemic through the State Supply Arrangement at no cost. Refer to Note 2.2 for more details in relation to the State Supply Arrangement.

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

The Standing Directions 2018 under the *Financial Management Act 1994* require Melbourne Health to hold cash (in excess of working capital) in accordance with the State's centralised banking arrangements.

Goods and services including procurement, accounts payable and payroll are provided to other Victorian Health Service Providers on commercial terms.

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 e.g. 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 Melbourne Health, all other related party transactions that involved KMPs, their close family members or their personal business interests have been entered into on an arm's length basis. Transactions are disclosed when they are considered material to the users of the financial report in making and evaluating decisions about the allocation of scarce resources.

There were no related party transactions with Cabinet Ministers required to be disclosed in 2021 (2020: none).

There were no related party transactions required to be disclosed for Melbourne Health Board of Directors, Chief Executive Officer and Executive Directors in 2021 (2020: none).

Note 8.5: Remuneration of Auditors

	Total 2021 $'000	Total 2020 $'000
Victorian Auditor-General's Office		
Audit of the financial statements	226	226
Total Remuneration of Auditors	**226**	**226**

Note 8.6: Ex-gratia Expenses

Melbourne Health has made the following ex gratia expenses:	Total 2021 $'000	Total 2020 $'000
Compassionate payment	-	10
Total ex-gratia expenses	**-**	**10**

Includes ex-gratia for both individual items and in aggregate that are greater than or equal to $5,000.

Note 8.7: Events Occurring after the Balance Sheet Date

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by Melbourne Health at the reporting date. As responses by government continue to evolve, management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on Melbourne Health, its operations, its future results and financial position. The state of emergency in Victoria was extended on 29 July 2021 until 26 August 2021.

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

Note 8.8: Jointly Controlled Operations

Name of Entity	Principal Activity	Ownership Interest 2021 %	Ownership Interest 2020 %
Victorian Comprehensive Cancer Centre Limited	The member entities have committed to the establishment of a world leading comprehensive cancer centre in Parkville, Victoria, through the joint venture, with a view to saving lives through the integration of cancer research, education, training and patient care.	10	10

Melbourne Health's interest in assets and liabilities of the above jointly controlled operations are detailed below.
The amounts are included in Melbourne Health's financial statements under their respective categories:

	2021 $'000*	2020 $'000*
Current Assets		
Cash and Cash Equivalents	559	1,057
Receivables	16	31
Prepayments and Other Assets	8	34
Total Current Assets	**583**	**1,122**
Non Current Assets		
Investments and Other Financial Assets	2	2
Property, Plant and Equipment	17	17
Total Non Current Assets	**19**	**19**
TOTAL ASSETS	**602**	**1,141**
Current Liabilities		
Payables	43	121
Income in Advance	18	21
Provisions	39	41
Total Current Liabilities	**100**	**183**
Non-Current Liabilities		
Provisions	9	10
Total Non-Current Liabilities	**9**	**10**
TOTAL LIABILITIES	**109**	**193**
NET ASSETS	**493**	**948**
EQUITY		
Accumulated Surplus/(Deficit)	493	948
TOTAL EQUITY	**493**	**948**

Melbourne Health's interest in revenues and expenses resulting from jointly controlled operations are detailed below:
The amounts are included in Melbourne Health's financial statements under their respective categories:

	2021 $'000*	2020 $'000*
Revenues		
Grants	769	1,024
Other - Interest	2	14
Other - Revenue	72	93
Total Revenue	**843**	**1,131**
Expenses		
Employee Benefits	(440)	(502)
Depreciation	(6)	(7)
Other expenses	(852)	(1,129)
Total Expenses	**(1,298)**	**(1,638)**
Net Result	**(455)**	**(507)**

Contingent Liabilities and Capital Commitments

There are no known contingent liabilities or capital commitments held by the jointly controlled operations at balance date.

Commitments for Expenditure

The below operating expenditure commitments have been disclosed under Note 6.3 Commitments for Expenditure.

	2021 $'000*	2020 $'000*
Other Expenditure Commitments		
Less than one year	48	316
Longer than one year but not longer than five years	21	189
Total expenditure commitments	**69**	**505**
Total commitments (inclusive of GST)	**69**	**505**
less GST recoverable from the ATO	(6)	(46)
Total commitments (exclusive of GST)	**63**	**459**

* Figures obtained from the unaudited Victorian Comprehensive Cancer Centre Joint Venture annual report.

Note 8.9: 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 Melbourne Health.

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

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

Specific Restricted Purpose Reserves

The specific restricted purpose reserve is established where Melbourne Health 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 8.10: Economic Dependency

Melbourne Health is wholly dependent on the continued financial support of the State Government and in particular, the Department of Health.

The Department of Health has provided confirmation in a letter dated 05 July 2021, that it will continue to provide Melbourne Health adequate cash flow support to meet its current and future obligations as and when they fall due for a period up to 30 September 2022. On that basis, the financial statements have been prepared on a going concern basis.

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