Advancing health for everyone, every day

Annual Report

2023–2024

The Royal Melbourne Hospital

About this report

This annual report outlines the operational and financial performance for the Royal Melbourne Hospital (RMH) from 1 July 2023 to 30 June 2024.

The relevant Ministers for the reporting period were:

Minister for Health
The Hon. Mary-Anne Thomas
From 1 July 2023 to 30 June 2024

Minister for Mental Health
The Hon. Gabrielle Williams
From 1 July 2023 to 2 October 2023
The Hon. Ingrid Stitt
From 2 October 2023 to 30 June 2024

Minister for Ambulance Services
The Hon. Gabrielle Williams
From 1 July 2023 to 2 October 2023
The Hon. Mary-Anne Thomas
From 2 October 2023 to 30 June 2024

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

The RMH 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.

About the cover

Our cover features staff in the John Perrett Kidney Centre at the RMH Elizabeth St.

The centre opened in October 2023 and allows the RMH to treat an additional 60 patients to the 580 dialysis patients treated each year.

The John Perrett Centre was funded by a bequest made by John Perrett to the RMH Foundation as thanks for his life-saving kidney transplant at the hospital more than 35 years ago. John's generosity has had an impact beyond his lifetime. It will live on as a lasting legacy of giving and compassion.

To support the RMH with your own donation, visit the RMH Foundation website via thermh.org.au/donate.

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Report from the Chair and Chief Executive

On behalf of the Board of Directors and Executives of the Royal Melbourne Hospital (RMH), we are pleased to present our 2023-2024 Annual Report. This year has been marked by significant progress that underscores our commitment to delivering excellent healthcare for all Victorians.

This has been another exciting and productive year for the RMH with a particular focus on collaboration for patient, population and economic benefit. We have collaborated with our partners across the Biomedical precinct and Victoria to further research, education, and clinical care, and achieve operational efficiencies. The West Metro Health Service Partnership (HSP) of which we're a part, delivered a Population Needs Assessment to determine the clinical priorities for our population in the northwest. The HSP has also taken the lead on ensuring that consumers are more empowered as partners in their care by providing pre-operative educational videos in several languages and using a prehabilitation approach to planned surgery.

In 2023-24 the RMH treated a record number of patients in our inpatient wards, with an 11% increase from last financial year. In addition, the RMH performed 10,576 planned surgeries through the Victorian Government planned surgery recovery and reform program. As a result of this activity, the RMH planned surgery waiting list was reduced by 35% and has now returned to 2019 pre-pandemic levels.

35%

Planned surgery waiting list reduced

Another highlight was the international collaboration to improve the access, care and patient experience of consumers through the Emergency Department (ED). The RMH ED team participated in a quality improvement programme led by the Department of Health and using expertise from the UK's National Health Service (NHS) and International Institute for Health Improvement (IHI), alongside 14 other health services and Ambulance Victoria. We welcomed the opportunity to work together to improve outcomes across Victoria.

The RMH has also begun exploring ways to improve efficiency and reduce costs by consolidating some of our corporate services in partnership with precinct health services in line with current shared services, such as Digital Innovation (information technology), which is a joint service of the RMH and Royal Women's Hospital.

The RMH is committed to building on our strengths in care, research and learning, while also meeting the digital transformation and sustainability demands of the future. Through this period, the RMH has continued to lead in healthcare innovation, patient care and community engagement. Our achievements stand as testament to the dedication and expertise of our staff, the support of our stakeholders and community, and our commitment to delivering exceptional healthcare outcomes for all Victorians.

Meeting the challenges of the future

One of our aims is continuous improvement of our person-centred care for the Victorian community. A key enabler in this care is maturing our digital capacity and capability. In August 2023 we launched our new Digital Coordination Centre (DCC). The DCC brings together the expertise of our operations, clinical and informatics teams to create a new model that manages capacity and improves access to care for patients. It has greatly enhanced our ability to analyse and respond to real-time data, provide more timely care to patients, and give our senior leaders greater visibility of current demand, capacity, and barriers to flow. Even in its first year we have seen improvements in timeliness of care by reducing the time patients spend in ED before transitioning to an inpatient ward bed.

Other improvements realised with the DCC include the number of patients discharged before 10am and a 10% increase in the number of patients being discharged home via the Transit Lounge, an improvement of ward stream National Emergency Access Target (NEAT). The team utilise real time data to better predict the accuracy of our daily capacity, with confirmed daily discharges at 9am improving by 28%. The DCC utilises our Capacity and Patient Flow Escalation Procedure to coordinate periods of peak demand and this has resulted in a significant reduction in red escalation. We have been honoured over this financial year to host several visits to the DCC by our Victorian and interstate colleagues, government health ministers from the ACT, NSW and SA, and the Victorian Minister for Health, Health Infrastructure and Ambulatory Services, the Hon. Mary-Anne Thomas.

RMH redevelopment

During the year a decision was made to deliver stage 1 of the major RMH redevelopment at Parkville instead of Arden. This new build is planned to be a 22-storey tower located on the western side of our site and is forecast to be complete in 2031. This change was welcomed by the RMH community as it ensures our staff remain co-located and improves quality and safety as well as operational efficiency. Redevelopment activities at Parkville are progressing well with the demolition of the Materials Handling Building on track to commence in 2025, to make way for the new tower. The tower will include a range of public services as well as a private hospital.

Translational research to improve care

The RMH continues to lead research, collaborating with precinct partners at the University of Melbourne, the Doherty Institute, the Florey Institute of Neuroscience and Mental Health, and the Walter and Eliza Hall Institute. The RMH hosts over 1,200 active research studies, with 185 projects approved in 2023 – 48 of which were commercially-led. The RMH Clinical Trials Centre saw over 2,500 study participant visits.

In 2023, the RMH assumed the role of lead health service for the Pathology Network West (PNW) Program from our colleagues at Peter MacCallum Cancer Centre. We have made significant progress towards the set-up of the new public pathology service, with the approval of the governance framework, legal and financial due diligence completed, progress towards incorporation, and workforce transition plans underway. The PNW Program is bringing together the pathology expertise of the four Parkville precinct health services into a new, leading public pathology centre of excellence as part of an initiative to future proof and grow public pathology to meet the challenges of the future.

Advancing health for everyone, every day

In November 2023, we opened our new Neuroimmunology Centre, extending the ability to offer specialised healthcare. The Neuroimmunology Centre provides a focus for research, education, and care of neuro-immunological disease, with a particular emphasis on multiple sclerosis. We were honoured to be joined by esteemed international guests for the opening of the Neuroimmunology Centre, including Professor Sandra Vukusic, an academic neurologist from France and Director of the French National MS Registry, who gave a keynote speech on global research into multiple sclerosis.

Our new state-of-the-art John Perrett Kidney Centre opened in 2023, enabling us to offer dialysis treatment for more Victorians. Mr Perrett received a kidney transplant at the RMH over 35 years ago and bequeathed more than $19 million to the RMH. This modern dialysis unit at our Elizabeth Street site honours Mr Perrett's legacy and is a tribute to his vision and generosity. We were honoured to have the Minister for Health, the Hon. Mary-Anne Thomas, officially open the new centre alongside John's friend and executor of his estate, Mr David Whiting.

We were delighted to have achieved full accreditation this year. The RMH met all eight National Safety and Quality Health Service Standards, all 14 Clinical Care Standards that apply to the RMH and the requirements of the National Clinical Trials Governance Framework. This achievement was made possible by the dedicated efforts of our staff and senior leaders. Assessors confirmed that all six recommendations from our 2019 accreditation were met and praised the RMH on the value of our EMR in documenting the patient journey and its role in improving quality and safety for the patient. They also noted the palpable care shown to our patients, the consumer involvement, and the way multidisciplinary teams worked together to achieve the best outcome for our patients and consumers.

Improvements in Emergency Care: Timely Emergency Care Collaborative (TECC)

In 2024, the RMH continued its participation in the Victorian Department of Health and International Institute for Health Improvement's (IHI) Timely Emergency Care Collaborative (TECC). This program involved 14 other metro/regional health services and Ambulance Victoria. It was underpinned by clinician led, continuous improvement methodology to address whole of health service response to timely access to emergency care. The RMH participated in

all three streams of work: the ED stream, inpatient stream and whole of hospital operations. Many projects were completed as part of TECC. Highlights included the new Transit Lounge Model; new Patient Flow Coordinator role implementation; a project to reduce outliers using the clinical governance framework of safe, timely, effective and person-centred care (STEP) called 'STEP – Caring for patients in the right place'; new ED Fast Track and Rapid Stay Model of care; and the 7-day model for General Medicine. We have seen a reduction in the median length of stay for admitted patients in ED and non-admitted patients as well as a reduction in outliers (patients being cared for in a ward outside their speciality area). The RMH was commended for significant and sustained improvement across all metrics, in both inpatient and emergency access. Department and IHI officials particularly noted the rapid implementation of our ED Fast Track project, with our ED workstream achieving the highest possible score of 4.5 against a median of 4.0 for the overall collaborative of 14 health services. The RMH received a further award at the final TECC showcase for Most Collaborative Health Service, in recognition of our willingness to collaborate and share our learnings with other health services in Victoria.

Putting people first

In November 2023, almost 4,000 RMH staff (41%) took the time to speak up and be part of our People Matter Survey. We heard that our staff feel that RMH is a great place to work and receive care. We are building on strong foundations and saw positive improvement on most indicators compared to the previous year. Staff reported improvement in overall happiness and lower stress at work. There are of course areas for improvement, such as inclusion, equity and diversity, occupational violence and aggression and staff safety, and we are working hard to improve in these areas.

"In 2023, Victoria launched the Aboriginal Health and Wellbeing Partnership Agreement Action Plan 2023-2025. The RMH is committed to taking further action to improve partnerships with the Victorian Aboriginal Health Services."

We launched our new Disability Action Plan (2023-26) in celebration of the International Day of People with Disability. The plan has been shaped by the stories and experience of a broad cross-section of our community, in addition to consultations with our staff. It is a promise to create a more accessible, inclusive and equitable future for both our employees and our patients. Importantly, it reinforces our commitment to eliminating discrimination and enhancing access and inclusion for people with disabilities.

First Nations Unit

In 2023, Victoria launched the Aboriginal Health and Wellbeing Partnership Agreement Action Plan 2023-2025. The RMH is committed to taking further action to improve partnerships with the Victorian Aboriginal Health Services. In 2023, we welcomed our new Director of Aboriginal Health, Candice McKenzie, to the RMH. Candice is a Warumungu-Walpiri woman, who has been leading efforts to strengthen our policies, strategies and processes — whether that's a workforce plan to support opportunities for First Nations people, supporting clinical safe governance and education, or creating a culturally safe environment. We are delighted to have the benefit of Candice's experience and leadership as we work together on the next stage of our Reconciliation Action Plan (RAP), our Innovate RAP.

We were also honoured to welcome Professor Marcia Langton to the RMH in 2024. Professor Langton was interviewed by the RMH Elder-in-Residence Aunty Marlene Burchill about the journey to the Uluru Statement of the Heart. Following the Referendum result, we also engaged Duean White, a Biripi woman, to be onsite over the week for staff as additional support. Duean has been working with the RMH this year to identify opportunities to strengthen cultural safety for staff and community.

One great example has been the unveiling of a men's possum skin cloak, developed in collaboration with our colleagues at the Peter MacCallum Cancer Centre, and kindly funded by Victorian Aboriginal Community-controlled Health Organisation (VACCHO). Possum skin cloaks are a sacred tradition in First Nations culture and symbolise connection, healing and strength. The cloak features artwork by male First Nations patients and a painting of Bunjil by facilitator Natashia Ellis-Corrigan and was unveiled at a special ceremony on Wurundjeri Land in May 2024.

We would like to acknowledge the Board and Executive for their leadership throughout the year, and the collaboration and support from the Department of Health.

Most importantly we would like to pass on our thanks to all the staff at the RMH for their extraordinary contribution and commitment this year. Everyone has gone above and beyond to provide great care and embody our values of people first, leading with kindness and excellence together.

Linda Bardo Nicholls AO
Board Chair

Professor Shelley Dolan
Chief Executive

Responsible body's declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the report of operations for Melbourne Health for the year ending 30 June 2024.

Linda Bardo Nicholls AO
Board Chair

Melbourne, 13 September 2024

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 have 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 services.

Our care extends across the whole of Victoria from the Parkville hospital campus through Royal Park and mental health services across the inner north-west suburbs of Melbourne. We are a designated state-wide provider for services including trauma and stroke, and we lead centres of excellence in several key specialties including neurosciences, nephrology, oncology, cardiology, endocrine and virtual health. As a leading teaching hospital, the RMH cultivates the next generation of healthcare professionals from education institutions across Victoria and around the world.

We are constantly striving to improve care and quality of life through research, translating discoveries into real-world health solutions for our patients. We are surrounded by a precinct of brilliant thinkers, and are 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. We also have strong relationships with the Walter and Eliza Hall Institute (WEHI), The Florey and our health service partners across the precinct.

Our more than 11,000 people embody who we are and what we stand for. Our reputation for caring for all Victorians is essential. We are here when it matters most, and we will continue to be the first to speak out for the wellbeing of our diverse community.

Our purpose

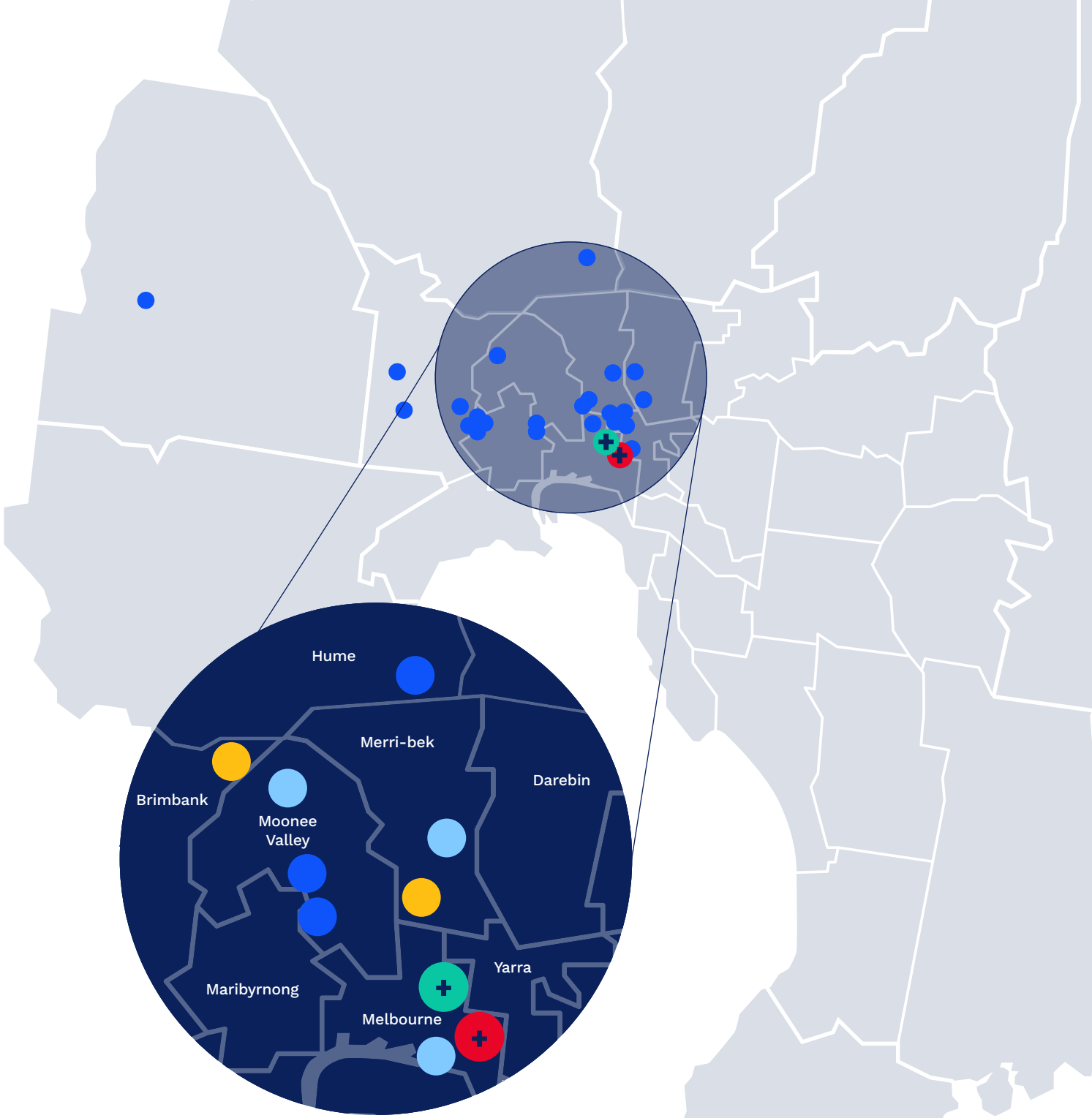
Advancing healthcare for everyone, every day

Our promise

Always there when it matters most

Our values

- **People First**
- **Lead with Kindness**
- **Excellence Together**



- The RMH Parkville
- The RMH Royal Park
- Mental health services
- Residential aged care facilities
- Dialysis centres

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 Board is accountable to the Minister for Health.

The Directors for 2023-24 were:

Mrs Linda Bardo Nicholls AO – Chair
Appointed May 2018

Mr Eugene Arocca
Appointed July 2016

Ms Kylie Bishop
Appointed July 2021

Ms Philippa Connolly
Appointed July 2018

Mr Peter Funder
Appointed July 2019

Professor Jane Gunn AO
Appointed February 2021

Mr Sam Lobley
Appointed July 2021

Professor Mary O'Reilly
Appointed October 2023

Ms Emma Skinner
Appointed July 2021

Mr Gregory Tweedly
Appointed July 2016

Board Committees

The Board has established sub-committees, advisory committees and advocacy committees, which are also attended by members of the RMH Executive.

The Board Chair is an ex-officio of each committee.

Audit Committee
Mr Sam Lobley (Chair)
Mr Peter Funder
Ms Emma Skinner
Frequency of Meetings: Quarterly

Community Advisory Committee
Professor Mary O'Reilly (Chair)
Mr Gregory Tweedly
Frequency of Meetings: Bi-monthly

Finance Committee
Ms Philippa Connolly (Chair)
Ms Kylie Bishop
Mr Peter Funder
Ms Emma Skinner
Mr Gregory Tweedly
Frequency of Meetings: Bi-monthly

People, Culture and Remuneration Committee
Ms Kylie Bishop (Chair)
Mr Eugene Arocca
Ms Philippa Connolly
Frequency of Meetings: Quarterly

Quality and Population Health Committee
Mr Greg Tweedly (Chair)
Mr Eugene Arocca
Mr Sam Lobley
Professor Mary O'Reilly
Frequency of Meetings: Bi-monthly

Redevelopment Committee
Mr Peter Funder (Chair)
Mrs Linda Bardo Nicholls AO
Ms Philippa Connolly
Frequency of Meetings: As and when required

The RMH Foundation Committee
Mr Eugene Arocca (Chair)
Ms Kylie Bishop
Frequency of Meetings: Quarterly

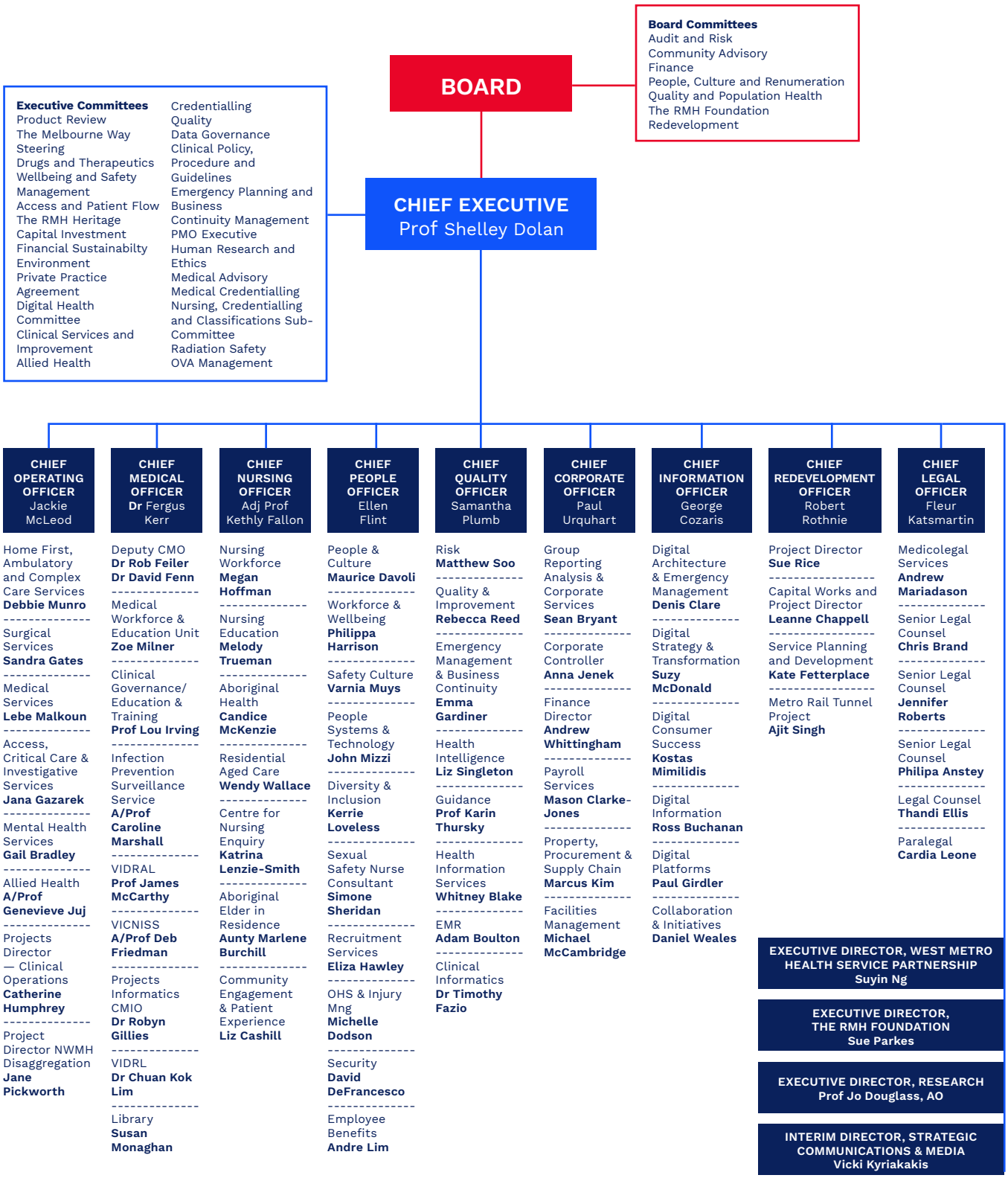
Membership of other committees
The Walter and Eliza Hall Institute for Medical Research Committee is attended by Ms Philippa Connolly.

The Parkville EMR Board Governance Committee is attended by Board Chair Mrs Linda Bardo Nicholls AO and Mr Eugene Arocca.

The West Metro Health Service Partnership Joint Board Chair and CEO Committee is attended by Board Chair Mrs Linda Bardo Nicholls AO (Chair).

The Royal Melbourne Hospital Organisation Structure

As at 30 June 2024



Our care at a glance

123,594
Inpatient admissions (non-mental health)

10,450
Emergency surgeries

236,417
Specialist clinic (outpatient) appointments (inc. telehealth)

1,881
Mental health inpatient admissions

16,255
Planned surgeries performed at the RMH

87,442
Telehealth appointments

88,207
Emergency Department presentations

1,614
Public-in-private planned surgeries

4,284
Hospital-in-the-home care episodes

494
Arrivals by air

143
Kidney transplants

255,955
Mental health service contacts in the community

2,297
Trauma patients treated

Year in review

The RMH is working across six strategic pillars to advance health for everyone, every day. Here are some of the highlights from the past financial year.

A great place to work and a great place to receive care

- In 2023 the RMH celebrated its 175th anniversary as the oldest public health service in Victoria. During the year, these celebrations included a site display of key service areas, the individuals and research that have improved care across our history, and those continuing to drive innovation today. Staff gathered at the Melbourne Convention and Exhibition Centre in October for a ball that reflected a celebration of our people and thanks for their hard work over so many years.
- Clinician-researchers continued to meet our purpose of advancing health for everyone, every day with several landmark studies and trials. Some examples include:
  - the PROSPECT study, led by Professor Bruce Mann and funded by Breast Cancer Trials supporters and donors to the RMH Foundation found that a preoperative MRI could identify women with early-stage breast cancer who had a significantly low risk of recurrence without needing to undergo radiation therapy;
  - the BANDIT trial, led by St Vincent's Institute of Medical Research and conducted by researchers and clinicians, including endocrinologist Associate Professor John Wentworth, found immunotherapy tablet baricitnib could help preserve insulin function and suppress the progression of Type 1 diabetes in newly diagnosed patients aged between 10 and 30 years;
  - the STOIC-D study, a randomised controlled trial led by endocrinologist Dr Rahul Barmanray that showed the effectiveness of using electronic tools to manage glucose early in the course of hospital admission for people with diabetes, including a reduced risk of infection, acute kidney injury and stroke;
  - two studies led by neuropsychiatrists Dr Dhamidu Eratne, Professor Dennis Velakoulis and the RMH Neuropsychiatry Centre in collaboration with University of Melbourne, added important evidence on the potential of the use of plasma neurofilament light (NfL) chains, a biomarker in the blood, as a diagnostic tool to differentiate neurodegenerative from primary psychiatric disorders, and a further study that found NfL and Alzheimer's disease biomarkers are useful at first referral to support improved diagnostic testing for Creutzfeldt-Jakob disease;
  - SELECT2, a phase 3, international trial that found patients with ischaemic stroke had significant benefits when combining medical care with thrombectomy, a form of clot removal, and was co-authored by Head of Neurology and Stroke Professor Bruce Campbell and neurologist Professor Bernard Yan;
  - the development and world-first implementation of a stimulator device by urological surgeon Phil Dundee in partnership with the Australian Prostate Centre to preserve sexual function in patients with prostate cancer; and

- the SEISMIC study led by respiratory physician Professor Daniel Steinfort in collaboration with Peter MacCallum Cancer Centre and the University of Melbourne, found a way to improve pre-treatment testing of lung cancer patients to better detect cancers that may have spread, highlighting the benefits of endoscopic staging instead of a PET scan alone.

- Several RMH researchers also achieved success in obtaining competitive grant funding, including the National Health and Medical Research Council Investigator Grant recipients Professor Bruce Campbell, Professor Jonathan Kalman, Professor Andrew Roberts, Dr Jessica Day, Dr Anoop Koshy, Dr Izanne Roos and Dr Emily See.
- Two new models of care were introduced in the Emergency Department (ED) for short-stay or non-complex treatments. Known as 'fast track' and 'rapid stay' the models are supported in a space redesigned with input from staff. The areas streamline low-acuity care so that patients can be quickly moved through ED to receive the right care at the right time with a 24% reduction in length of stay, increase in staff satisfaction and positive feedback from patients.
- The RMH Disability Action Plan launched in November and was the result of consultation with more than 70 consumers and staff. The plan sets out 21 key actions across five priority areas aimed at creating a great place to work and a great place to receive care for people with disability. Available on the RMH website, the plan is also available in an easy-read format and AUSLAN.
- The RMH continued our reconciliation journey, as Warumungu-Walpiri woman Candice McKenzie was appointed as the first RMH Director of Aboriginal Health. The role drives actions to create a culturally safe space for patients and staff, including the development of the next Reconciliation Action Plan (an Innovate RAP), and supports initiatives for culturally-safe care. This included a men's possum skin cloak, which was created in partnership with Peter MacCallum Cancer Centre and First Nations men undergoing cancer treatment. Funded by the Victorian Aboriginal Community-controlled Health Organisation (VACCHO), the cloak is used as part of cultural care for patients who are vulnerable or undergoing treatment at either health service. The team also worked closely with Food Services and Monash Health to develop a Mob Meal Plan. The Victorian-first initiative has been specially crafted to help patients feel more comfortable away from home and includes familiar comforts from Keen's Curry sausages to lemon myrtle barramundi.
- The RMH continues to invest in leadership programs and training to support a great culture. This has included 68 sessions for current and emerging leaders in addition to 50 staff taking part in the Melbourne Way Leadership program, a supportive and collaborative training program delivered through the Melbourne Business School.

Grow our Home First approach

- The RMH@Home launched a new telehealth service, the City Hub, to support patients in at-home acute and sub-acute services at both the RMH and Peter MacCallum Cancer Centre to escalate care at any time of day. Previously, patients could escalate concerns to an on-call medical officer, but this new service provides telehealth access to a nurse who has specialist skills in acute care and deterioration. The service has become a reliable point of contact for support, reassurance and rapid response to deterioration that supports more patients to stay safely at home.
- The RMH launched a mobile outreach service for people with mental health conditions living on the streets. Known as the 'Wellbeing on Wheels' or WOW van, the mobile team

offers mental health care and general health support to the homeless community in the CBD and inner west of Melbourne. The van was an initiative supported by donors through the RMH Foundation, including Optus Enterprise, Jayco, the Spencer Gibson Foundation, the William Angliss Victoria Charitable Fund and J Hope and Knell Fund.

- Through the West Metro Health Service Partnership (HSP), Ambulance Victoria and the Victorian Virtual Emergency Department, the RMH helped design and implement a pathway to support people living in residential aged care homes to access care and palliation at home. The new pathway has reduced visits to ED and supported residential aged care staff to access virtual care and residential-in-reach programs for a better care experience.
- The West Metro HSP, along with South East Metro and North East Metro HSPs also created a suite of resources to support patients, carers and their families to understand at-home services. Co-designed with consumers and clinicians, the resources include information sheets and videos translated into five languages.

Realise the potential of the Melbourne Biomedical Precinct

- The RMH launched the Advanced Interventions in Mood disorders or AIM Clinic in partnership with University of Melbourne. The clinic is designed for patients with mood disorders who have not experienced relief from previous treatments. The clinic is administering novel evidence-based treatments that can otherwise be difficult to access. “AIM Clinic is offering an evidence-based treatment that is very hard to access and providing it to people with severe depression, who have tried a number of treatments that have not worked previously,” said Clinic Director and Head of the Department of Psychiatry at the

“The RMH launched the Advanced Interventions in Mood disorders or AIM Clinic in partnership with University of Melbourne. The clinic is designed for patients with mood disorders who have not experienced relief from previous treatments.”

University of Melbourne Professor Chris Davey. “In collaboration with the University of Melbourne, we are integrating research with our clinics. This research includes brain imaging studies of patients being treated with ketamine to better understand the antidepressant response.”

- The Victorian Collaborative Centre for Mental Health and Wellbeing is another partnership launched with the University of Melbourne and supported by a network of 18 other mental health and research collaborators. The partnership brings together people with lived experience, researchers, and health professionals to lead research and improvements across the Victorian mental health system.
- In November the RMH also partnered with WEHI to create a world-leading immunology research centre, made possible through a generous $100m investment from the Snow Medical Research Foundation. The Snow Centre for Immune Health will improve care for common immune diseases such as lupus and asthma, by accelerating research from the lab to the bedside.
- The West Metro HSP supported the planned surgery recovery and reform program activity at the RMH so that more patients received care, sooner. This included evidence-based

non-surgical alternatives that avoided unnecessary treatments increasing same day surgery rates, programs to enhance recovery after surgery that reduced readmission rates and allowed patients to get home sooner, saving an equivalent of 362 beds. The Virtual Surgery School initiative provided patients with a suite of 22 general and condition specific pre-operative educational videos to help patients prepare for surgery.

Become a digital health service

- The RMH Digital Coordination Centre (DCC) opened in August, creating a dedicated centre at Parkville focused on organisation-wide operational efficiency and quality improvement. The multi-disciplinary team brings together clinical and operations experts from across the organisation using informatic tools to monitor patient flow. The team is also a central point for staff to escalate issues and get support for an improved work experience that supports clinicians' delivery of care to patients.
- The number of RMH patients active on Health Hub, the Parkville precinct-wide patient portal, rose 5% to 57,982 users. Patients can read their notes from their care team, manage appointments, complete surveys and key education tasks to support their care. During the financial year, more than 7,300 patients and/or carers have also used Health Hub to identify whether they have a disability and their specific care needs, while 7,514 have recorded gender identity, sexuality, sex at birth, pronouns and/or chosen name on their medical record, all initiatives to support a more person-centred care experience.
- The RMH's computer-aided facilities management tool or CAFM was integrated into the EMR so that requests such as patient transfers are now built into clinical workflows. The initiative saves time for both clinicians and patients, reducing admin and ensuring any delays in facilities requests are visible to the DCC for escalation and support. More than 427,000 CAFM requests were completed across the financial year, including 201,164 patient transport requests.
- After identifying that 27% of patients are without internet and 46% are without a computer or tablet, the RMH Cardiology team created a program for heart failure patients to borrow an iPad, blood pressure device and saturation monitor. The lending program includes support in multiple languages, ensuring as many patients as possible can access high quality care through the convenience of telehealth.
- The RMH partnered with YouTube Australia to develop a series of videos providing accurate and accessible health information about common chronic conditions and injuries, such as asthma, falls, anxiety and stroke. The series included one-minute explainers and longer videos with comprehensive information about symptoms, diagnosis, treatment, recovery and prevention that can provide insights to anyone seeking information and support for these conditions. The series has a total watch time of 219 hours.

Strive for sustainability

- 561 solar panels were installed across the RMH Royal Park and the organisation's two residential aged care facilities, Boyne Russell House in Brunswick and Cyril Jewell House in East Keilor. The panels provide between 14-18% of each site's electricity needs, saving more than $66,000 in energy costs and reducing carbon emissions by 400 tonnes each year. The panels were funded by the Victorian Health Building Authority through the Victorian Government's Energy Efficiency and Solar Program.

- Pathology nurse-unit-manager Justin Santos led a pilot of reusable tourniquets, a device used daily in pathology to temporarily restrict blood flow to a limb to make veins more visible or accessible during a procedure. Previously the team used 90,000 single-use tourniquets annually. After trialling four types, the team found an easy-to-clean silicone product, which is recyclable and comfortable for patients.
- A sustainability competition developed by and for RMH staff expanded to include Peter MacCallum Cancer Centre and the Royal Women's Hospital, with support from the University of Melbourne for project quality improvement measures. The competition encourages green-thinking in healthcare and provides an experience to share best-practice and ways of working to champion sustainability on a larger scale.

Build for the future

- Following an announcement from the Victorian Government in May, the RMH has been working closely with the Department of Health and the Victorian Infrastructure Delivery Authority to design a new 22-storey building at the RMH Parkville.
- The RMH Elizabeth St opened in August 2023, featuring new specialist clinic spaces and the John Perrett Kidney Centre, generously funded through a bequest by nephrology patient John Perrett in 2020. The site also hosts several support services, freeing up areas at Parkville for future redevelopment.
- New mental health beds have been made available at the RMH Parkville through the Victorian Health Building Authority's P144 project. Modern amenities, sensory rooms, an intensive care area and an outdoor courtyard are all part of the new unit, which has been co-designed with consumers, carers and staff.
- A new 12-bed crisis hub opened in the Emergency Department (ED) to provide safe and timely care for people seeking urgent mental health care or alcohol and other drug services. These patients may not need admission and the hub allows them to access care and referrals to community support in an area tailored for their needs. Staff are also supported by a mental health and alcohol and other drugs nurse educators to continue to drive best practice and improvements, ensuring mental health care is embedded in ED practice.
- Two aged care wards were able to be re-opened at the RMH Royal Park having been closed in 2020 due to poor building ventilation at the historic site. AC1 and AC2 have both been renovated with an update for modern ventilation, sunlit spaces and pharmacy rooms for a better care experience for patients and staff. Agema units have also been installed in single rooms across wards at the RMH Parkville, supporting infection prevention and control practices. The units help provide negative pressure with filtered air to support patients with transmissible respiratory viruses (such as flu and COVID-19) to safely remain on their primary care ward.

Modern amenities, sensory rooms, an intensive care area and an outdoor courtyard are all part of the new unit, which has been co-designed with consumers, carers and staff."

50 years of care: Anna's story

Anna Camaratto first walked through the doors of the RMH in February 1974. A wide-eyed and eager 25-year-old, Anna took on an important role as one of the hospital's cleaners.

And five decades later, she is still here — making sure the RMH is clean and tidy and patients' rooms are well presented.

Anna said the building and hospital practices had changed a lot in her time. But it's the people, patients and staff alike, that keep her coming back.

"To be with people, to have a chat - it's like a second home [here]," Anna said.

"I make [patients] laugh, I have a chat with them. Anybody could end up in that bed and I respect them very much. You have to."

The RMH congratulates Anna and all 1,100 staff who celebrated between 10-50 years of service this past year for their commitment and dedication to deliver and support great care.

A record year for kidney chain of life

Traditionally, kidney donations have been conducted directly between a recipient and a donor who is often a family member or friend. However, donors are not always a match for their desired recipient.

The RMH-based Australian and New Zealand Paired Kidney Exchange (ANZKX) Program addresses this issue by matching donors and people who need a life-saving transplant with others also in need, giving recipients a higher likelihood of finding a match.

The program enables a chain of donations and transplants through a coordinated system where altruistic donors contribute kidneys, allowing their loved ones to receive compatible organs from other participants. This chain continues as more donors and recipients join the exchange, optimising transplant matches.

Husband and wife Nico and Belinda last year became part of one such chain.

Due to a genetic condition, Belinda had long anticipated the need for a kidney transplant. Unfortunately, compatibility testing among her partner, family, and friends did not yield a match. As Belinda's condition worsened, she began the approval process for a kidney donation.

Through the ANZKX Program the couple found a match and Nico donated his kidney, enabling Belinda to receive a compatible organ from another donor within the chain.

"I had read about a paired exchange and thought it was such a fantastic concept that so many people had a chance at renewed health all at once," Belinda said.

"When we found out, I was really excited to be part of a chain of people."

Belinda was touched by the generosity of ANZKX participants.

"It's been an amazing process, particularly the process once we came in as patients," she said.

"The post care has been amazing – all the staff have been so attentive and I can't thank my surgeon enough."

The ANZKX celebrated a record year in 2023, achieving the highest number of transplants to date, including a milestone 18-person chain.

Australia has had a nation-wide paired kidney exchange since 2010. The program has been run out of the RMH since 2017 with a number of partner sites across Australia and New Zealand.

Awards, recognition and accolades

Staff and services that received recognition across the financial year:

- **The Central Sterile Supply Department (CSSD)** received a RoboHero award from Aethon robotics for the most hospital deliveries made in a year for a single robot worldwide, at 48,938. This award recognised the automated TUG program, which 'tugs' surgical tools between the RMH and Peter MacCallum Cancer Centre theatres to CSSD for cleaning.
- The RMH and Peter MacCallum Cancer Centre palliative care clinical trials lead **Dr Aaron Wong** received a Picchi Award for Excellence in Cancer Research for his PhD thesis *Accelerating Pharmacogenomic Guided Opioid Prescribing into Clinical Practice in Cancer Patients*.
- Consultant radiologist **Professor Robert Gibson** was made a Life Member of the Australasian Society for Ultrasound in Medicine (ASUM).
- The 2023 Healthcare Financial Management Association Health Finance Awards recognised two Finance staff. Senior business manager **Matt Prowse** was the winner of the Innovation award for Revolutionising Health Finance with Innovative Data Analysis and senior business manager **Kelvin Lay** was the runner-up for the Innovation award for Pioneering Innovation in Health Finance Reporting.
- Haematologist **Professor Andrew Roberts AM** was awarded the Carl De Gruchy medal and oration by the Haematology Society of Australia and New Zealand.
- The RMH received seven nominations in the 2023 Victorian Public Healthcare Awards and won the Safer Care Victoria Award for Safety Improvement for the introduction of an **Outpatient Liaison Nurse in Colorectal Surgery**.
- Head of Addiction Medicine **Associate Professor Nico Clark** received the 2023 Clinician Award at the Australasian Professional Society on Alcohol and other Drugs (APSAD) annual conference.
- Facilities Management Director **Michael McCambridge** was awarded the RMH's highest individual honour, the Melbourne Award and the inaugural Next Generation Award was presented to physiotherapist **Sarah Large** at the 2023 RMH Celebrating Excellence Awards.
- Emeritus **Professor John Wark** was made a Member of the Order of Australia (AM) in the 26 January Honours. This list also recognised former Chief Executive Linda Sorrell AM and executive directors Sharon McGowan AM and Christine Fitzherbert OAM, along with former board member Gregory Johnson AM.

- In the King's Birthday Honours list, Executive Director of Research **Professor Jo Douglass** was made an Officer of the Order of Australia (AO), and AM honours were bestowed on **Professor David Russell** and **Professor Daryl Willliams**. Former staff also honoured on the list included former Chief Nursing Officer Associate Professor Denise Heinjus OAM and former emergency physician Dr Richard Harrod OAM.
- Chief Executive **Professor Shelley Dolan** was recognised among the IPAA Victoria's Top 50 Public Sector Women in April in the Established Leader category.
- **Lisa Russ** was named Nurse of the Year (Clinical), Nurse-Unit-Manager **Craig Price** was named Nurse of the Year (Leadership) and **Ward 2 West** was Nurse of the Year (Team) in the 2024 RMH Excellence in Nursing Awards.
- Pharmacists **Travis Phelan** and **Joanne Wickens** received the William Mercer Young Achiever Award and 2023 Intern Award respectively at the Society of Hospital Pharmacists of Australia Vic Branch 2023 awards.
- Hepatitis B System Navigator at the Victorian Infectious Diseases Service (VIDS), based at the RMH and the Peter Doherty Institute for Infection and Immunity **Meantepy Hoeung** was awarded International Student of the Year (Higher Education) at the Victorian International Education Awards.
- 384 staff and teams were nominated for You Made a Difference Awards across the year. Submitted by colleagues, patients, carers and families, these awards recognise our people for their commitment to care and the RMH values. Find out more at **thermh.org.au/YMAD**

Significant supporters

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

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Occupational health, safety and wellbeing

The RMH is committed to a 'safety first' approach to promote and maintain a safe and healthy workplace.

In 2023-24, the Occupational Health and Safety (OHS) team focused on consultation and stakeholder engagement to support safety culture and facilitate meaningful change. This included new staff training programs, targeted train-the-trainer programs and tailored task-specific support for ongoing and continuous improvement of hazardous manual handling processes. Additionally, the RMH continued to improve availability and access to suitable manual handling equipment to meet the diverse needs of patients, while increasing capabilities across the health service. OHS committees are active and well-attended by members, who proactively manage OHS hazards and incidents with support from the OHS team.

Significant efforts have been made to ensure compliance with Dangerous Goods legislation and address safety risks in the RMH Parkville area through the development of the Parkville Precinct Traffic Management Plan. Support has also been provided to the Metro Tunnel Project and subsequent Grattan Street road closure to facilitate change and support risk prevention.

This year has demonstrated an elevated level of familiarity and engagement across the organisation with the OHS service and preventative actions from incident and hazard investigations and workplace redevelopment and design. This effectively creates a safer workplace with fewer incidents and an improved reporting culture.

Although claims have increased when compared to the previous financial year, and despite an increase in remuneration, the relative claims experience and overall claims cost has reduced significantly by $3.3 million. This is attributed to an emphasis on recovery-at-work, which ultimately reduces wage reimbursements (the largest driver of cost-on-claim). Therefore, the focus has been on early intervention for injured employees. The Injury Management Team triages incident reports daily to ensure Injury Assist can be provided to injured employees as soon as possible, including manager education to plan for an early recovery-at-work. Effective use of the Injury Assist early intervention program aims to improve recovery-at-work rates, reducing reliance on WorkCover claims.

Injury Assist for injuries related to occupational violence and aggression (OVA) also increased, however OVA-related WorkCover claims reduced by half. This further reinforces the importance of early intervention, planning for recovery-at-work, education of managers and collaboration with treating teams. Despite the trend of increased OVA reporting, the number of incidents has slightly reduced. Some of this may be attributed to the disaggregation of mental health services.

In December 2023, the RMH also launched a campaign to address OVA, which was developed in consultation with staff and consumers. The 'Safe. Secure. Supported.'

campaign included encouragement to staff to speak up and not place themselves at the risk of injury or harm when providing care. Messaging against violence, aggression and discrimination was also reinforced to patients and visitors through visual displays across the health services.

Sexual safety continues to be a focus for prevention and response, with the Sexual Safety Nurse Consultant working closely with OHS teams to ensure incidents are responded to appropriately, and staff are supported. The RMH established a Prevention and Management of Sexual Assault and Sexual Harassment committee to provide governance and oversight of sexual safety for staff, patients and visitors. In partnership with the Australian Human Rights Commission, an in-person consultation was also held with staff with lived experience of sexual harassment and facilitated by Sex Discrimination Commissioner Dr Anna Cody. A new sexual safety guideline is under development to support staff who experience sexual behaviours from patients and training sessions have been piloted to support leaders to respond to staff disclosures of sexual harassment.

The RMH Workforce Wellbeing Team also continued to build capacity for staff support following a critical incident. This included an updated procedure, development of advanced skills training for leaders and service-specific processes to ensure the correct supports are in place. Proactive wellbeing initiatives included a pilot group reflective practice and development of an online booking system to increase accessibility to individual wellbeing support.

Occupational health and safety statistics	2023-24	2022-23	2021-22
The number of reported hazards / incidents for the year per 100 FTE	**47.23**	49.42	58.59
The number of “lost time” standard WorkCover claims for the year per 100 FTE	**0.82**	0.97	0.69
The average cost per WorkCover claim for the year	**$127,277**	$97,864	$163,064

Occupational violence statistics	2023–24
WorkCover accepted claims with an occupational violence cause per 100 FTE	**0.11**
Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	**0.66**
Number of occupational violence incidents reported in Riskman	**2197**
Number of occupational violence incidents reported in Riskman per 100 FTE	**28.28**
Percentage of occupational violence incidents reported in Riskman resulting in a staff injury, illness or condition	**2.38%**

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 2023–24.

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 2024 and year to date (YTD), with 2023 data shown for comparative purposes.

Labour category	June current month FTE		Average monthly FTE	
	2023	2024	2023	2024
Nursing	3,215	3,051	3,077	2,950
Administration and clerical	1,114	1,124	1,127	1,106
Medical support	928	1,003	926	977
Hotel and allied services	536	582	554	566
Medical officers	146	136	142	134
Hospital medical officers	799	770	757	790
Sessional clinicians	282	280	265	269
Ancillary staff (allied health)	800	822	761	764
Total FTE	**7,820**	**7,768**	**7,609**	**7,556**

General information

Carers Recognition Act 2012

The RMH recognises the importance of partnering with patients, consumers, carers and families for the best care experience and has taken all practical measures to comply with its obligations under the Act. These include:

- Promoting the principles of the Act for people in care relationships who receive our services and to the wider community, for example through posters, fact sheets and videos.
- Ongoing staff education sessions to reinforce the important role carers and families play in supporting patient recovery, and their own care needs.
- Providing input into the implementation and promotion of the *Mental Health and Wellbeing Act 2022*, which also recognises the vital role of carers. Consumer and carer lived experience staff and clinical leads have worked together to provide education, training and support for staff around the new Act. In addition, carer lived experience staff are providing education sessions for carers and families.
- Carers form a core part of the lived experience workforce, and this financial year the RMH appointed a Director and Deputy Director of Carer and Consumer Lived Experience to ensure the carer voice is engaged in all levels at the RMH.
- New spaces, such as the refurbished John Cade Unit at Parkville, have been co-designed with carers and include spaces for carer peer support workers to meet with carers and families to enhance onsite support.
- Carers and families are also supported through tailored resources and information and orientation evenings, with a Carer Advisory Group meeting monthly to provide feedback and drive improvement.
- The 2024 Carer Experience Survey, part of the Victorian Healthcare Experience Survey rated overall carer experience at 52.2% for RMH mental health services, compared with an overall Victorian score of 45.1%. Eleven (of 41) indicators were significantly above the state average, with none significantly below the state average.
- The RMH has committed to developing a formal consumer, carer and community engagement strategy and in June held focus groups and surveys with our diverse carer communities about how we should best engage with them. This work will continue into the 2024-25 financial year.

Safe Patient Care Act 2015

The Royal Melbourne Hospital 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 *Victorian Freedom of Information Act 1982* provides a legally enforceable right of public access to information held by government agencies. During the 2023-24 year, all applications made to the RMH were processed in accordance with the Act. The RMH provides a report on these requests to the Office of the Victorian Information Commissioner (OVIC).

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

Email FOIrequest@mh.org.au

Postal application
Freedom of Information Officer
Health Information Services
PO Box 2155, The Royal Melbourne Hospital
Victoria 3050

Telephone (03) 9342 7224

Facsimile (03) 9139 3000

The cost of making a freedom of information (FOI) application is $32.70.

The total production costs, also referred to as access fees, vary according to the number and types of documents required. Application forms are available for download from the website at **thermh.org.au**. More detailed information can be found on the website, including how the RMH processes FOI requests, publications and other material that can be inspected by the public.

The majority of FOI requests received are from solicitors on behalf of patients, Transport Accident Commission (TAC), insurance companies and patients themselves. A small number are also received from media and government organisations.

Freedom of Information applications	2023-24
Valid applications received	**3142**
From Members of Parliament	0
From media	0
FOI outcomes	3221
FOI access decisions	**2864**
- Granted in full	1303
- Granted in part	1561
- Denied in full	0
Withdrawn/not proceeded with	322
No record *	35
In progress at the end of the year	**230**

* No record refers to situations where a search identified no documents that fell within the scope of the FOI request.

Of the 2864 FOI access decisions, 2,828 decisions were made within the statutory time periods. Of the decisions made outside the statutory time periods, 17 were made within a further 45 days and 19 decisions were made greater than 45 days. Of requests finalised, the average number of days over and under the statutory time (including extended timeframes) to decide the request was 24 days. 44 decisions were made after mandatory extensions had been applied or extensions were agreed upon by the applicant.

During the year, six requests were subject to a complaint or internal review by the Office of the Victorian Information Commissioner. One request during the year progressed to the Victorian Civil and Administrative Tribunal.

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 promoting inclusion and equality for all our communities. This is fundamental to achieving our vision of advancing health for everyone every day.

The second RMH Workforce Equity Audit has been completed to help identify strengths and areas for improvement in the experience of diversity, equity, and inclusion (DEI) for those who work at RMH. The audit measures our progress against the gender equality indicators set out in the Gender Equality Act. It also quantifies the impact of our DEI efforts through our strategic action plans, including our DEI Action Plan 2021-26.

The progress report outlines that of the 27 actions in our four-year Action Plan only three are not yet started and should be actioned in 2024. Three are complete, while all the others are in progress or ongoing. This action plan is regularly monitored and reported on each quarter to executive via the Melbourne Way Steering Committee. We have developed and piloted a tool to support Equitable Impact Assessments of our policies, programs and services and are working to embed these principles into our practice.

Pleasingly the audit found improvements in both pay equity and employee experience, showing that our efforts had real impact for our healthcare workforce. Some highlights include greater satisfaction with our handling of sexual harassment complaints, increased perceptions of cultural safety and inclusion, and increased take up of Family Violence Leave.

This work is ongoing and is well supported by senior leaders and staff from across our organisation. Importantly, the voices of lived experience continue to shape our efforts.

Building Act 1993

As required under the *Building Act 1993*, the RMH has obtained building permits for new capital works projects and Certificates of Occupancy or Certificates of Final Inspection, where applicable, 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 Design Guidelines, the Victorian Department of Health Fire Risk Management Guidelines, *Disability Discrimination Act* regulations, Cladding Safety Victoria and Victorian Health 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:

- PlanGroup
- MAW Building and Maintenance
- Lendlease
- Icon Construction
- Built
- JThree Construction
- Alchemy Construct

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 First Act 2003

The RMH complies with the *Local Jobs First Act 2003*, which aims to provide opportunities to local business and therefore promote employment and business growth within Victoria.

All contracts that commenced during the reporting period were completed by end of the financial year.

- The Major Projects Skills Guarantee was applied to two projects, resulting in 20 opportunities completed by apprentices, trainees or cadets on these projects, equivalent to 10,296 hours.

- A Local Industry Development Plan (LIDP) was required for seven projects, all of which were in the metropolitan region and had a local content commitment plan. These projects delivered a combined 9,849 hours for apprenticeships, 1,200 hours for traineeships and 200 hours for cadetships and included:

Project	Local content achieved (%)
Theatre refurbishment works	86
Anatomical pathology refurbishment works	93
Cardiac catheter lab works	88
Transit lounge works	0
The RMH Foundation Home Lottery management services	100
MRI relocation works	93
The RMH Elizabeth St works	92

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 are available at **thermh.org.au/parking**

Information and communication technology (ICT) expenditure

The total ICT expenditure incurred during 2023-24 is $59.3m (excluding GST).

Business as usual (BAU) ICT expenditure	Non-BAU ICT expenditure		
Total (excluding GST) $'000	Total = Operational and Capital Expenditure (excluding GST) $'000	Operational Expenditure (excluding GST) $'000	Capital Expenditure (excluding GST) $'000
$52,100	$7,227	—	$7,227

Additional information available on request

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

- statement that declarations of pecuniary interests have been duly completed by all relevant officers;
- details of shares held by senior officers as nominee or held beneficially in a statutory authority or subsidiary;
- details of publications produced by the entity about itself, and how these can be obtained;
- details of changes in prices, fees, charges, rates and levies charged by the RMH;
- details of major external reviews carried out on the RMH;
- details of major research and development activities undertaken by the RMH;
- details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- details of major promotional, public relations and marketing activities undertaken by the RMH to develop community awareness of the RMH and its services;
- details of assessments and measures undertaken to improve the occupational health and safety of employees;
- a general statement on industrial relations within the RMH and details of time lost through industrial accidents and disputes;
- a list of major committees sponsored by the RMH, the purposes of each committee and the extent to which those purposes have been achieved; and
- details of all consultancies and contractors including:
  - consultants/contractors engaged;
  - services provided; and
  - expenditure committed to for each engagement.

Details of consultancies (under $10,000)

In 2023-24, there was one consultancy where the total fees payable to the consultant was less than $10,000. The total expenditure incurred during 2023-24 in relation to this consultancy is $2,000 (excl. GST).

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee $'000 (excluding GST)	Expenditure 2023-24 $'000 (excluding GST)	Future expenditure $'000 (excluding GST)
RESONATE CONSULTANTS PTY LTD	Metro Tunnel Project noise and vibration support	30/09/2023	30/09/2023	2	2	—

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

In 2023-24, there were 13 consultancies where the total fees payable to the consultants were $10,000 or greater. The total expenditure incurred during 2023-24 in relation to these consultancies is $757,000 (excl. GST). Included in the total is $585,000 consultancy costs incurred by the RMH on behalf of partners of West Metro Health Service Partnership (HSP)*.

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee $'000 (excluding GST)	Expenditure 2023-24 $'000 (excluding GST)	Future expenditure $'000 (excluding GST)
NORTH PROJECTS PTY LTD	Facilitate high quality communications and stakeholder engagement activities and assist to manage construction impacts in partnership with the developer and Rail Projects Victoria	15/08/2023	30/06/2024	50	19	31
NOUS GROUP	Evaluation of Enhanced Recovery After Surgery Program for the West Metro HSP	30/01/2023	31/07/2024	200	165	—
NOUS GROUP	Development of the Better@Home outcomes framework and evaluation for the West Metro HSP	25/03/2022	30/06/2023	168	58	—
NOUS GROUP	Strategic support for implementation and management of West Metro HSP projects	20/03/2023	23/06/2023	162	66	—

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee $'000 (excluding GST)	Expenditure 2023-24 $'000 (excluding GST)	Future expenditure $'000 (excluding GST)
NOUS GROUP	Patient Reported Measures pilot at West Metro HSP	01/05/2023	30/09/2023	147	103	—
PWC	Review of policy and best practice implementation across the West Metro HSP	17/03/2023	23/06/2023	150	75	—
THE TRUSTEE FOR KARABENA CONSULTING TRUST	Improving cultural safety in emergency departments and reducing variation in care for First Nations peoples	21/03/2024	30/06/2024	120	36	84
FEEKERY COLIN JOHN	Review of surgical on-call and recall arrangements to ensure consistency across the engagement and payment to surgeons	27/07/2023	18/12/2023	20	20	—
LINDA BETTS & ASSOCIATES	Royal Melbourne health workforce codesign project	01/11/2023	29/11/2023	25	25	—
THE UNIVERSITY OF MELBOURNE	Emergency department improvement project using machine learning models to predict length of stay and disposition	01/03/2022	01/03/2024	27	27	—
IMPACT COLLABORATIVE	Delivery of a design for an after-hours model-of-care for same-day surgery patients for the West Metro HSP	16/10/2023	02/02/2024	118	118	—
LIFECYCLE MEDICAL	Review of Guidance Product Registration Activities	01/02/2023	30/06/2023	103	43	—
OPEN ADVISORY	Review of demand for surgery across the Health Service Partnership	21/12/2022	30/06/2023	40	2	—

* The West Metro HSP includes the RMH, Western Health, Peter MacCallum Cancer Centre, the Royal Women's Hospital, the Royal Children's Hospital, Mercy Hospital and the North Western Melbourne Primary Health Network.

Asset management accountability framework (AMAF)

The following section summarises the RMH's assessment of maturity against the requirements of the 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 (DTF) website **dtf.vic.gov.au**.

The overall RMH target maturity rating is 'competence' and the RMH has met its target maturity level against the majority of requirements, with no material compliance deficiencies noted. Compliance deficiencies have been identified in respect of two requirements, and an action plan has been put into effect with resolution expected in the 2024-25 financial year. Asset management systems and associated business processes are fully in place in most areas, aligned with an updated risk-based asset management strategy. Work is ongoing to ensure completeness and currency of asset information in the central asset register and to uplift the asset management maturity of the RMH, with the goal of achieving a target maturity level of 'optimising'.

Leadership and Accountability (requirements 1-19)

The RMH has met or exceeded its target maturity level against all requirements in this category.

Asset Planning (requirements 20-23)

The RMH has met or exceeded its target maturity level against all requirements in this category.

Asset Acquisition (requirements 24-25)

The RMH has met or exceeded its target maturity level against all requirements in this category.

Asset Operation (requirements 26-40)

The RMH has met or exceeded its target maturity level against some of the requirements in this category. While not classified as material, compliance deficiencies have been identified against two requirements in the areas of asset information management, and condition assessment. Action is underway to address these deficiencies with resolution expected in the 2024-25 financial year.

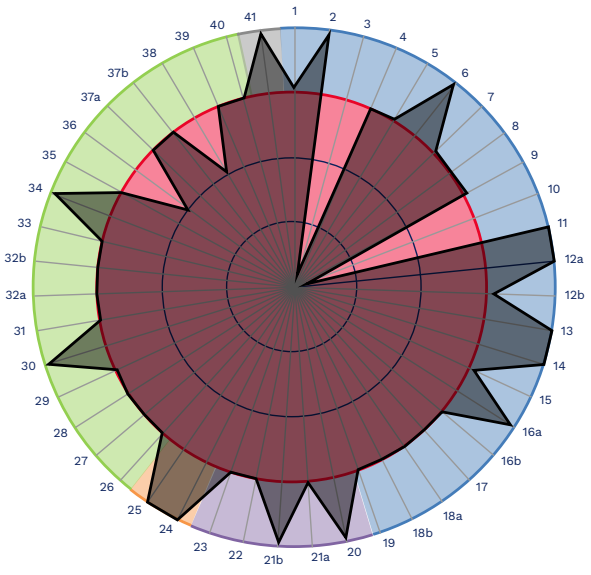
Asset Disposal (requirement 41)

The RMH has exceeded its target maturity level against the requirement in this category.

Compliance and maturing rating tool
Asset management maturity

LEGEND

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



Disclosure of government advertising expenditure

The RMH did not undertake any government advertising campaigns with total media expenditure of $100,000 or greater in 2023-24.

Reviews and studies expenditure

The RMH has no review and/or study expenditures to disclose.

Social procurement framework

The RMH's social procurement framework (SPF) aims to ensure value-for-money considerations are not solely focused on price but encompass opportunities to deliver social and sustainable outcomes that benefit the Victorian community. The RMH engaged 17 social benefit suppliers during the reporting period, and 14 mainstream suppliers with social procurement commitments.

SPF objective	Outcome	Metric	Unit of measure	2023-24 (actual)
Opportunities for Victorian Aboriginal people	Employment of Victorian Aboriginal people by suppliers	Total number of Victorian Aboriginal people employed by suppliers on RMH contracts	Number	1
	Purchasing from Victorian Aboriginal businesses	Total spend with Victorian Aboriginal businesses [1]	$ (GST exclusive)	$145,648
		Number of Victorian Aboriginal businesses engaged	Number	8
Opportunities for Victorians with disability	Purchasing from Victorian social enterprises and Australian Disability Enterprises	Total spend with Victorian social enterprises led by a mission for people with disability and BuyAbility Social Enterprises [2]	$ (GST exclusive)	$9,909
		Number of Victorian social enterprises2 led by a mission for people with disability and Australian Disability Enterprises (ADEs) engaged	Number	1
Women's equality and safety	Adoption of family violence leave by suppliers	Number of suppliers that have implemented a family violence leave policy	Number	14
	Gender equality within suppliers	Number of suppliers that have a gender equality policy	Number	14
Opportunities for Victorian priority jobseekers	Purchasing from Victorian social enterprises	Total spend with Victorian social enterprises (led by a mission for job readiness and employment of Victorian priority jobseekers)	$ (GST exclusive)	$8,445
		Percentage of spend with Victorian social enterprises (led by a mission for job readiness and employment of Victorian priority jobseekers) (out of total contract value for all RMH contracts)	Percentage	<1%
Supporting safe and fair workplaces	Purchasing from suppliers that comply with industrial relations laws and promote secure employment	Number of suppliers that attest to compliance with the supplier code of conduct	Number	3,155
		Proportion of suppliers who attest to comply with the Supplier Code of Conduct	Percentage	100%
Environmentally sustainable business practices	Adoption of sustainable business practices by suppliers	Suppliers that have clauses for environmentally sustainable business practices, such as application and achievement ISO standards and/or industry recognised standards	Percentage	100%
Implementation of the Climate Change Policy Objectives	Project-specific requirements to minimise greenhouse gas emissions	Suppliers with application of an Environmental Management Plan to identify and manage risks to achieving and maintaining required rating levels through the design, delivery and operational phases of a project	Percentage	100%

[1] Some data was estimated for June 2024 due to a lack of data availability. Some data in the 2022-23 Annual Report for June 2023 were estimated, the actual totals are represented in this report.

[2] The locations covered in this report vary year-on-year due to machinery of government changes and aggregation between health authorities.

Environmental performance

Strive for sustainability is one of the five strategic goals for the RMH, evidencing the level of commitment to sustainability held by the organisation. Providing excellent healthcare that is evidence-based, well-resourced, continually pushing the boundaries of medical science, all while reducing the significant impact of the healthcare industry on the environment is a core goal of the RMH.

The strategic goal is supported in detail by the RMH's Environmental Sustainability Strategy 2024-25. The strategy focuses on reducing greenhouse gas (GHG) emissions and waste generation, all while increasing the level and quality of our healthcare services. The environmental performance report justifies how we are making improvements towards these goals.

The report also meets our requirements to report on GHG emissions and other environmental impacts in accordance with Financial Reporting Direction 24: Reporting of environmental data by government entities (FRD 24), as dictated by the Department of Treasury and Finance Victoria. This report details the RMH's performance as a tier 2 entity under FRD 24. Public health services have been collecting environmental data via the Department of Health managed, Environmental Data Management System (EDMS) since 2015. This report was prepared using EDMS data and calculation methods, and as a result is dependent on the information in this EDMS.

Reporting boundary for environmental data

Where practicable to obtain, all operations and activities of the RMH are included within the organisational boundary for the 2021-22, 2022-23 and 2023-24[1] reporting periods. Data is included for the four areas represented in the RMH's financial statements. The following areas account for more than 13 locations[2] throughout Victoria.

The RMH's reporting boundary includes data for the following facilities:

- The RMH Parkville
- The RMH Royal Park
- Aggregate non-residential facilities (Jane Bell House, Orygen, the RMH Elizabeth St, Chelsea House, Waratah Clinics, Essendon Fields Dialysis, 362 Bell Street)
- Aggregate residential facilities (Orygen, Norfolk Terrace CCU, Cyril Jewell House, Boyne Russell House)

Changes to the reporting boundary between 2022-23 and 2023-24 reports:

- Utility consumption for Zouki catering services and private consulting suites at the RMH Parkville were excluded from the 2022-23 report. The boundary has been amended to include these services in the 2023-24 report to align with National Australian Built Environment Rating System (NABERS) boundary setting methodology.
- Operations removed from the RMH control as of 1 July 2023: Burnside Prevention & Recovery Care Service, Capel Street, St Albans CCU, Harvester Clinic, 126-130 Bell St, 362 Bell Street (as of 14 November 2024).

[1] Some data was estimated for June 2024 due to a lack of data availability. Some data in the 2022-23 Annual Report for June 2023 were estimated, the actual totals are represented in this report.

[2] The locations covered in this report vary year-on-year due to machinery of government changes and aggregation between health authorities.

Normalisation factors

Normalising factors refer to indicators used to compare environmental performance over time, this allows for evaluation with changes in service delivery.

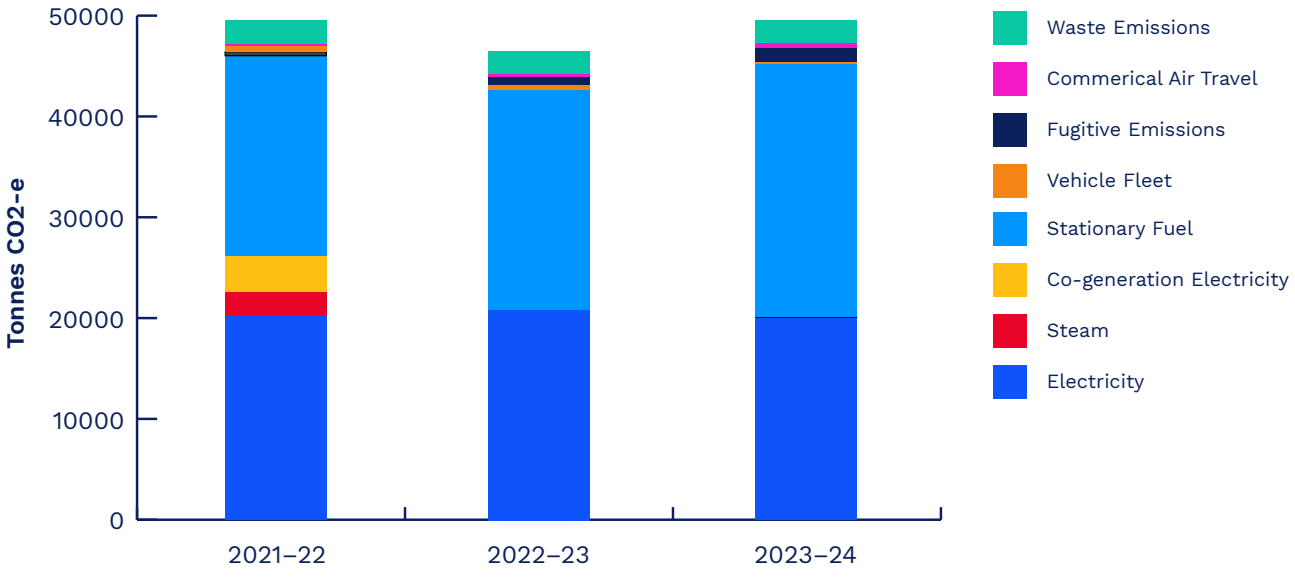
As a health service, the appropriate normalisation factors for the RMH include floor area and patients treated. For this report normalisation data was obtained via:

- Floor area: provided to the RMH by the Department of Health's EDMS. Floor area is calculated using a gross floor area calculation approach and reported in metres squared.
- Patients treated: provided by to the RMH by the Department of Health's EDMS and calculated by the sum of inpatient bed days, the number of emergency presentations and the number of separations for the reporting period.

Greenhouse gas emissions

Graph 1 showcases the RMH's total greenhouse gas (GHG) emissions from 1 July 2021 to 30 June 2024. In October 2021 a revised co-generation contract resulted in the RMH assuming the role of electricity generator. This resulted in the RMH switching from a purchaser of co-generation energy to a generator, distributer, and consumer of self-generated cogeneration energy. In practice, this has resulted in a large increase of stationary fuel emissions (Scope 13) and a removal of purchased steam emissions (Scope 2).

Greenhouse gas emissions decreased by 6% between 2021-22 to 2022-23 and increased by 6% between 2022-23 to 2023-24. Per patient treated emissions, decreased 10 % between 2021-22 to 2022-23, and increased 2% between 2022-23 to 2023-24. Per metres squared of floor area, emissions decreased by 7% between 2021-22 to 2022-23 and increased by 6% between 2022-23 to 2023-24.



[3] The RMH reports greenhouse gas emissions via 'scopes' consistent with national and international reporting standards. Scope 1 emissions are from sources that the RMH owns or controls, such as burning fossil fuels in vehicles or machinery. Scope 2 emissions are indirect emissions from the RMH's use of purchased electricity. Scope 3 emissions are indirect emissions from sources the RMH does not control but does influence.

Scope 1

The RMH's scope 1 greenhouse gas emissions increased by 11% from 2021-22 to 2022-23 due to increased diesel usage for generators and increased medical gas usage with the resumption of pre-pandemic level surgery. Between 2022-23 to 2023-24 scope 1 emissions increased 16%. This increase is likely attributable to increasing stationary fuel emissions (81% increased diesel use to power RMH Royal Park during upgrades of switchboards in multiple buildings) and the reporting for the first time of fugitive emissions from air conditioning and electrical equipment

Scope 2

The RMH's scope 2 greenhouse gas emissions have decreased between the three years represented in this report. This is due to the revised co-generation contract where the RMH now reports most electricity emissions under scope 1. Emissions decreased 20 % between 2021–22 to 2022–23, and 4% between 2022–23 to 2023-24.

Scope 3

The RMH currently reports scope 3 emissions from corporate air travel and waste disposal only. Total scope 3 emissions have increased by 3% between 2021-22 to 2022-23, and 6% between 2022-23 to 2023-24. In the past three Financial Years corporate air travel has increased by 94% and 66%respectively, due to the lifting of pandemic related travel bans. Waste emissions have decreased by 3 percent and 2 percent due to a slight increase in recycling rates and a reduction in clinical waste generation post pandemic.

Indicator — GHG emissions	2021-22	2022-23	2023-24
Total Scope 1 GHG emissions (Tonnes CO_2-e) [4]	**20,815.39**	**23,059.78**	**26,674.59**
Type of gas			
Carbon Dioxide	20,159.37	22,167.09	25,275.09
Methane	38.53	42.46	48.67
Nitrous Oxide	13.29	14.17	15.70
Fugitive emissions [5]	604.201	836.069	1335.13
Activity source			
Stationary fuel	19,806.40	21,825.96	25,043.93
Vehicle fleet	404.78	397.75	295.53
Fugitive emissions [5]	604.201	836.069	1335.13
Total Scope 2 GHG emissions (Tonnes CO_2-e)	**26,217.52**	**21,016.58**	**20,086.55**
Co-generation electricity [4]	3,666.40	—	
Electricity	20,178.47	21,016.58	20,086.55
Steam [4]	2,372.65	—	
Total Scope 3 GHG emissions from commercial air travel and waste disposal (Tonnes CO_2-e)	**2,507.75**	**2,593.45**	**2,749.55**
Commercial air travel	162.97	316.66	525.19
Waste emissions	2,344.78	2,276.79	2,224.36
Total GHG emissions (Tonnes CO_2-e)	**49,540.66**	**46,669.81**	**49,510.69**

[4] Variation in emission sources occurred due to a revised co-generation contract in October 2021. Steam and electricity are considered end-products of co-generation. To avoid double counting emissions from steam and co-generation electricity are not reported as scope 2 emissions in 2022-23 and 2023-24, and instead captured as scope 1 stationary fuel emissions.

[5] Fugitive emissions include medical gases and for the first time the RMH is reporting on emissions from air conditioning and electrical equipment.

Fugitive emissions

Medical gas

Greenhouse gas emissions from medical gasses increased by 38% between 2021-22 to 2022-23 and decreased 44% between 2022-23 to 2023-24. This fluctuation occurred due to the increase of nitrous oxide in 2022-23. The RMH has rectified several leaks in the nitrous oxide pipeline at the RMH Parkville and this has decreased the consumption of this medical gas.

Refrigerants, air-conditioning, fire suppressants and other purchased gases

Data was not readily available to estimate the greenhouse gas emissions associated with refrigerants, air-conditioning, fire suppressants and other purchased gases in previous years.

The RMH is in the process of developing an inventory of refrigerant, air-conditioning and fire suppressant equipment and working with suppliers to obtain the necessary data. Partial data was available to report emissions from refrigerants and electrical equipment for this financial year, which has increased our total fugitive emissions reported by 60% over the previous year.

Indicator — Fugitive emissions	2021-22	t CO_2-e	2022-23	t CO_2-e	2023-24	t CO_2-e
Desflurane	9	8.037	4	3.572	0	0
Sevoflurane	1006	49.294	1213	59.437	1257	61.59
Nitrous oxide (volume m^3)	1106	546.87	1563	773.06	830	410.34
Medical Gas (Scope 1 emission) (Tonnes CO_2-e)		**604.201**		**836.069**		**471.93**
Refrigerant R134A (kg)					156	203
Refrigerant R404A (kg)					4.5	18
Electrical equipment SF6 (kg)					27.4	642.2
Refrigerants and electrical equipment (Scope 1 emission) (Tonnes CO_2-e) [6]		**0**		**0**		**863.2**
Total Fugitive emissions (Scope 1 emission) (Tonnes CO_2-e)		**604.201**		**836.069**		**1335.13**

[6] GWPs used to calculate tonnes of CO2-e emissions: desflurane (893); sevoflurane (49); nitrous oxide (265). The RMH is reporting on fugitive emissions from refrigerants, air-conditioning and electrical equipment for the first time this FY. Data is currently only partially available from our suppliers. GWPs used to calculate tonnes of CO2-e emissions: R134A (1,300); R404A (3,943); SF6 (23,500). Method 2 was used to calculate refrigerant emissions.

Energy use

Energy use at the RMH comprises electricity production and consumption, stationary fuel use and transportation. Total energy use has increased by 7% between 2021-22 to 2022-23, and 13% between 2022-23 to 2023-24. This increase is primarily attributable to the significant increase of diesel fuel for generators.

Indicator — Energy use	2021-22	2022-23	2023-24
Total energy use (MJ)	**530,064,251**	**564,557,189**	**637,405,851**
Renewable [7]	18,472,718	20,657,013	20,939,063
Non-renewable	511,591,533	543,900,176	616,466,788
Total units of energy used normalised by patient treated	965	979	1,065
Total units of energy used normalised by floor area	3,324	3,508	3,958
Total energy usage from fuels (MJ)	390,237,668	429,328,021	490,269,071
Total energy used from electricity (MJ)	139,846,544	135,294,180	146,954,316

[7] This includes electricity consumption attributable to the LRET, as reflected by the Renewable Power Percentage (RPP) and E10 Fuels.

Electricity production and consumption

Electricity production from co-generation has decreased by 4% in 2022-23 and increased by 47% in 2023-24. The co-generation facility was closed for major maintenance for over a month in 2022-23 resulting in a production decrease.

Electricity consumption decreased by 4% in 2022-23 and increased by 9% in 2023-24. Several major construction projects were completed in 2023-24 at the RMH Parkville, including moving, installing and commissioning new MRIs, which consumed additional electricity.

Indicator — Electricity production and consumption	2021-22	2022-23	2023-24
Total electricity consumption (MWh)	**38,714.48**	**37,581.72**	**40,820.64**
Purchased [8]	31,534.58	30,593.96	30,539.66
Self-generated	7,311.68	6,987.75	10,280.98
On-site electricity generated (MWh)			
Other non-renewable			
Co-generation facility			
- Consumption behind-the-meter	7,317.23	6,987.75	10,280.98
- Exports	1,401.33	1,341.31	1,835.70
On-site installed generation capacity (MW)			
Co-generation [9]	12	12	12
Solar PV [10]	—	—	0.31
Diesel backup generators	8.84	8.84	8.84
Total electricity offsets (MWh) [11]	—	—	
Renewable Power Percentage (MWh)	5,136.86	5,751.67	5,741.46

[8] Purchased electricity includes a small percentage of electricity not directly purchased but from outside the organisation. This energy is primarily from buildings which the RMH is the lessor or lessee but for which sub-metering devices are not installed. This amount is deemed to be immaterial, and therefore has not been separately reported. The RMH owns part of the transmission and distribution (T&D) networked used to distribute electricity throughout the RMH Parkville campus. Energy losses occur as electricity is distributed along the network. A proportion of this electricity comes from the RMH owned cogeneration plant. The T&D losses from cogeneration electricity are not counted as total emissions from this are accounted under scope 1 stationary energy. However, T&D losses from purchased electricity are included.

[9] The RMH took over co-generation energy production from an external contractor in October 2021. At this time the number of backup generators were also increased. Co-generation energy is consumed by other entities at 300 Grattan St, Parkville. The electricity and steam end-product used by the Royal Women's Hospital and WEHI are not reported here.

[10] The RMH has installed three solar systems through a grant funded by the Department of Health. The systems were installed at Boyne Russel House, Cyril Jewel House and the RMH Royal Park. All three systems are operational.

[11] Climate Active Market Based methodology dictates that the percentage of electricity consumption attributable to the LRET, as reflected by the Renewable Power Percentage (RPP), for a given reporting year, is assigned an emission factor of zero in the carbon account.

Stationary fuel

Diesel generator fuel use increased 145% from 2021-22 to 2022-23. This increase in fuel use occurred because a spend base estimate is being used, therefore variation occurs across the financial years. The 81% increase in diesel fuel use during 2023-24 can be attributed to the switchboard upgrade project at the RMH Royal Park, which required emergency generators to provide power to several buildings during the works.

Natural gas use also increased 10% from 2021-22 to 2022-23 and 15% in 2023-24. This can be attributed to a greater production of co-generated energy.

Indicator — Stationary fuel	2021-22	2022-23	2023-24
Total fuels used in buildings and machinery (MJ) [12]	**384,327,965.40**	**423,463,870.40**	**485,835,449.10**
Buildings	384,327,965.40	423,463,870.40	485,835,449.10
Natural gas	384,221,808.20	423,203,312.50	485,362,591.70
Diesel (generator) [13]	106,157.20	260,557.90	472,857.40
Machinery	—	—	
Greenhouse gas emissions from stationary fuel consumption (Tonnes CO_2-e)	19,806.40	21,825.96	25,043.93
Natural gas	19,798.95	21,807.67	25,010.73
Diesel (generator)	7.45	18.29	33.1941

[12] Building energy consumption includes fuel used in heating, cooling, cooking, and cogeneration. Machinery energy consumption is any item of plant or equipment that uses fuel for a defined process that is not already counted in buildings or vehicles.

[13] A spend base estimate is being used for diesel generator fuel use.

Transportation

In early 2023, the RMH installed 32 electric vehicle chargers with the help of a DTF grant and leased 19 electric vehicles through Vic Fleet. By the end of 2023-24 the RMH electric fleet comprised 29 vehicles, and 2 hybrid vehicles. The total number of vehicles owned has decreased during the reporting period, due to the on-going disaggregation of mental health sites.

Indicator — Vehicles	2021-22	%	2022-23	%	2023-24	%
Number and proportion of vehicles	**254**	**100%**	**202**	**100%**	**194**	**100%**
Road Vehicles	252	99.2%	199	98.5%	193	99.48%
Passenger vehicles (other than omnibuses)	**250**	**98.4%**	**198**	**98%**	**192**	**98.97%**
Internal Combustion Engine	245	96.5%	175	86.6%	128	65.98%
– Petrol	221	87%	155	76.7%	105	54.12%
– Diesel	24	9.4%	20	9.9%	23	11.86%
Electric Vehicle	2	0.8%	23	11.4%	2	1.03%
Hybrid	2	0.8%	4	2%	35	18.04%
Range Extended Electric	—	—	19	9.4%	27	13.92%
Buses (Omnibuses) (petrol internal combustion engine)	**1**	**0.4%**	**—**	**—**	**—**	**—**
Goods vehicles (internal combustion engine)	**1**	**0.4%**	**1**	**0.5%**	**1**	**0.52%**
Petrol	—	—	—	—	—	—
Diesel	1	0.4%	1	0.5%	1	0.52%
Non-Road Vehicles	**2**	**0.8%**	**3**	**1.5%**	**1**	**0.52%**
Electric forklift	1	0.4%	2	1%	—	—
Cart (no fuel)	1	0.4%	1	0.5%	1	0.52%

Total transport energy used has decreased by 1% in 2022-23 and by 24% in 2023-24. Energy from all fuel types has dropped as more electric vehicles have joined the fleet. Electricity consumption for charging EVs has increased by 664%.

Total emissions from the vehicle fleet decreased by 1% in 2022-23 and by 29% in 2023-24.

Corporate air travel has increased by 94% in 2022-23 and by 66% in 2023-24, due to the lifting of pandemic related travel bans.

Indicator — Transport energy	2021-22	2022-23	2023-24
Total energy used in transportation (MJ)	**5,909,703**	**5,853,171**	**4,433,622**
Road vehicles (MJ)	5,909,703	5,853,171	4,433,622
Petrol	4,057,180	4,977,365	3,729,158
Petrol E10 [14]	—	50,511	34,783
Diesel	1,852,523	825,295	585,805
Electricity (MWh) [15]	—	10,980	83,877
Charged at Victorian Government Facilities	—	10,980	83,877
Not charged at Victorian Government Facilities3	—	—	—
Non-road vehicles	—	—	
Electricity (MWh)	—	—	
Greenhouse gas emissions from vehicle fleet (Tonnes CO_2-e)	**404.78**	**399.85**	**310.85**
Road vehicles	404.78	399.85	310.85
Petrol	274.35	336.57	252.17
Petrol E101	0	3.08	2.12
Diesel	130.44	58.11	41.25
Electricity	—	2.10	15.32
Total distance travelled by commercial air travel (Passenger km) [16]	**545,595**	**1,167,925**	**2,095,760**

[14] E10 usage was not measured in 2021-22

[15] Usage and associated electricity emissions from Electric Vehicle (EV) charging at the RMH sites are not added to Transport or Transport GHG emission totals, as accounted under indicator Electricity Consumption. EV charging began in May 2023. No vehicles were charged at external facilities.

[16] The travel provider amended the format and breakdown of the reports provided to the RMH from July 2022 onward. As such, it should be noted that methodology for calculating kilometres travelled varies slightly between the two years. Consequently, flights travelled close to the end and start of the financial years during the change may be double counted.

Sustainable buildings and infrastructure

Australia's harsh climate and scarce water resources mean the development of sustainable buildings is an economic and environmental necessity. Recent extreme weather events demonstrate the importance of addressing climate change risk across the RMH's operations, including when it comes to the design and management of buildings and infrastructure assets.

Where possible, the RMH aligns to the Victorian Health Building Authority's *Guidelines for sustainability in capital works*.

The two major facilities of the RMH have received NABERS environmental performance ratings:

Name of building	Building type	Rating Scheme	Rating
The RMH Parkville	Acute Hospital	NABERS – Energy	4
The RMH Parkville	Acute Hospital	NABERS – Water	3.5
The RMH Royal Park	Sub-Acute Hospital	NABERS – Energy	3
The RMH Royal Park	Sub-Acute Hospital	NABERS – Water	4.5

Water consumption

Water consumption increased by 34% in 2022-23 over 2021-22 and decreased by 9% in 2023–24 over 2022–23. A water leak at the RMH Royal Park caused by tree roots contributed to the increase in 2022–23.

Indicator — Water consumption	2021-22	2022-23	2023-24
Total water consumption (potable water) (kilolitres)	**189,140.88**	**253,545.84**	**229,640.52**
Kilolitres of metered water consumed normalised by per patient treated	0.34	0.44	0.38
Kilolitres of metered water consumed normalised by floor area	1.19	1.58	1.43

Waste and recycling

Total waste disposed has decreased by 3% in 2022-23 over 2021-22 and by 2% in the following reporting period.

General waste increased slightly, while recycling remained steady. The reduction in clinical waste of 28% in 2022-23 over 2021-22 and of an additional 17% in 2023-24 can partially be attributed to the end of the pandemic. Staff education and awareness also contributed to the reduction of this most unsustainable and costly waste stream.

Indicator — Waste weights	2021-22	% of total	2022-23	% of total	2023-24	% of total
Total units of waste disposed (kg and %) [17]	**2,746,728**		**2,672,663**		**2,626,771**	
Landfill						
General waste [18]	1,238,446	45.09	1,320,051	49.39	1,350,557	51.42
Offsite treatment	**569,737**	**20.74**	**440,051**	**16.46**	**369,157**	**14.05**
Clinical waste - incinerated	13,935	0.51	26,978	1.01	26,783	1.02
Clinical waste - sharps	26,945	0.98	30,613	1.15	26,803	1.02
Clinical waste - treated	528,857	19.25	382,460	14.31	315,571	12.01
Recycling/recovery (disposal)	**938,545**	**34.17**	**912,561**	**34.14**	**907,057**	**34.53**
Batteries	1,714	0.06	5,155	0.19	2,012	0.08
Cardboard	401,445	14.62	477,710	17.87	474,653	18.07
Commingled	202,678	7.38	153,876	5.76	147,983	5.63
E-waste	2,345	0.09	2,550	0.10	745	0.03
Fluorescent tubes	1,330	0.05	1,161	0.04	966	0.04
Grease traps	145,700	5.3	76,400	2.86	109,980	4.19
Mattresses	2,525	0.09	1,025	0.04	3,050	0.12
Metals	28,140	1.02	28,800	1.08	29,195	1.11
Organics (food)	76,000	2.77	56,278	2.11	34,442	1.31
Other recycling	6,950	0.25				
Packaging plastics/films	280	0.01				
Paper (confidential)	66,485	2.42	106,281	3.98	100,231	3.82
PVC	2,854	0.1	2,446	0.09	3,400	0.13
Sterilization wraps [19]	99	0.004	879	0.03	390	0.01
Toner & print cartridges					11	0.00
Percentage of sites which are covered by dedicated collection services for: [20]						
Printer cartridges	12	57%	12	75%	13	100%
Batteries	2	9%	2	12%	2	15%
E-waste	21	100%	16	100%	13	100%

[17] The RMH facilities include a mixture of office and non-office-based activity. As such, it is not practicable to separate waste usage into office and non-office-based activity.
[18] This does not include municipal waste collected in council collections from some of our smaller sites.
[19] Sterilization wraps were still recycled in 2022-23; however, data was not captured by the waste supplier. As such, this activity has been estimated for 2022-23.
[20] The number of sites reduced from 21 to 16 in 2022-23, and 16 to 13 in 2023-24.

The RMH has maintained a recycling rate of above 34% during the reporting period and greenhouse gas emissions from waste continue to decrease. The reduction in clinical waste generation continues post pandemic.

Indicator — Waste trends	2021-22	2022-23	2023-24
Total units of waste disposed normalised by patient treated (kg/PT)	**5.00**	**4.64**	**4.39**
Total waste to landfill per patient treated	2.25	2.29	2.26
Total waste to offsite treatment per patient treated	1.04	0.76	0.62
Total waste recycled per patient treated	1.71	1.58	1.52
Total units of waste disposed normalised by floor area (kg/M2)	**17.23**	**16.61**	**16.31**
Total waste to landfill per M2	7.77	8.20	8.39
Total waste to offsite treatment per M2	3.57	2.73	2.29
Total waste recycled and reused per M2	5.89	5.67	5.63
Recycling Rate (%)	**34.17%**	**34.14%**	**34.53%**
Greenhouse gas emissions associated with waste disposal (Tonnes CO_2-e)	**2,344.78**	**2,276.79**	**2,224.36**

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.

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Financial summary

The key financial performance measure monitored by the Department of Health and the RMH management is the Operating result.

The RMH recorded an operating deficit of $27.5m in 2023–24, which was $59m favourable to the Statement of Priorities (SoP) operating deficit target of $86.5m. This favourable outcome to the SoP target was due largely to additional Department of Health funding of $48m provided in June.

The RMH achieved 97.5% of its SoP activity target, which corresponded to a 10% increase in activity compared to the prior year, with a higher proportion of that activity growth coming in the second half. This coincided with an improving Average Length of Stay outcome, reopening of aged care wards at the RMH Royal Park, new mental health inpatient beds and opening of a third cardiac catheter laboratory.

Overall, revenue increased by $101m (6.7%) although this was offset by cost growth of (7.5%) resulting in an operating deficit of $27.5m.

	2024 $m	2023 $m	2022 $m	2021 $m	2020 $m
Operating Result*	**(27.5)**	**0.4**	**0.4**	**0.02**	**0.08**
Total Revenue	1,723.6	1,757.0	1,652.1	1,560.2	1,445.5
Total Expenses	1,747.1	1,706.7	1,681.9	1,576.0	1,452.4
Net Result from Transactions	**(23.5)**	**50.3**	**(29.8)**	**(15.8)**	**(6.8)**
Other Economic Flows	(3.5)	(13.4)	2.3	23.5	(16.2)
Net Result	**(27.0)**	**37.0**	**(27.5)**	**7.7**	**(23.0)**
Total Assets	1,651.4	1,514.7	1,490.8	1,409.5	1,321.8
Total Liabilities	605.6	644.0	686.0	577.2	521.9
Net Assets/Total Equity	**1,045.8**	**870.6**	**804.8**	**832.3**	**799.9**

* 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	2023–24 $m
Operating Result	**(27.5)**
Capital purpose income	107.3
COVID-19 State Supply Arrangements • Assets received free of charge or for nil consideration under the State Supply Arrangements • State supply items consumed up to 30 June 2023	 2.5 (2.6)
Assets provided free of charge or for nil consideration	
Expenditure for capital purposes	(16.6)
Investment income	0.5
Depreciation and amortisation	(103.3)
Finance costs	(1.9)
Liabilities transferred for nil consideration	18.3
Net Gain/(Loss) on Non-Financial Assets	(0.4)
Net Gain/(Loss) on Financial Instruments	(5.4)
Other Gains/(Losses) from Other Economic Flows	3.0
Revenue/(expenses) from jointly controlled operations	(0.8)
Net Result	**(27.0)**

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, 13 Sep 2024

Data integrity declaration

I, Shelley Dolan, 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 Shelley Dolan
Chief Executive

Melbourne, 13 Sep 2024

Conflict of interest declaration

I, Shelley Dolan, certify that Melbourne Health has put in place appropriate internal controls and processes to ensure that it 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 Shelley Dolan
Chief Executive

Melbourne, 13 Sep 2024

Integrity, fraud and corruption declaration

I, Shelley Dolan, 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 Shelley Dolan
Chief Executive

Melbourne, 13 Sep 2024

Compliance with Health Share Victoria (HSV) purchasing policies

I, Shelley Dolan, certify that the Melbourne Health has put in place appropriate internal controls and processes to ensure that it has materially complied with all requirements set out in the HSV Purchasing Policies including mandatory HSV collective agreements as required by the Health Services Act 1988 (Vic) and has critically reviewed these controls and processes during the year.

Professor Shelley Dolan
Chief Executive

Melbourne, 13 Sep 2024

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.

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 2023-2024 the Minister requested the RMH focus on 17 immediate and ongoing priorities:

Goal	Health service deliverable	The RMH response
Excellence in clinical governance		
Improve access to timely emergency care by implementing strategies that improve whole of system patient flow to reduce emergency department wait times and improve ambulance to health service handover times.	Implement initiatives that support early discharge of patients to appropriate settings to improve timely patient access to care.	• The RMH participation in the Victorian Health Department Timely Emergency Care Collaborative over the past 18 months has positively influenced a whole of system improvement in patient flow. Successful projects that have improved timely access to care include the new Transit Lounge, new Patient Flow Coordinator roles, STEP: Caring for Patients in the Right Place project and the introduction of a new model of care in ED called Fast Track and Rapid Stay. • Key metrics that have improved this FY due to these initiatives include: increase from 16% to 25% of patients being discharged via the Transit Lounge, reduction in the median length of stay in ED for patients who admitted by 13% and 9.3% for those who go home and a reduction in “outliers’ (patients being cared for on a ward outside the usual specialty) from a median of 20.1% to 14.1%. Patients being cared for in the right place improves the quality-of-care, patient experience and reduces length of stay. • The RMH has received two awards from the Timely Emergency Collaborative for Most Collaborative Health Service and for Significant and Sustained Improvement for the ED stream.
	Implement and evaluate the RMH Digital Coordination centre to better coordinate flow within RMH and improve timely patient access to care.	• The RMH launched the Digital Coordination Centre (DCC) in August 2023. The DCC operates 24/7 and provides real time information to assist a multi-disciplinary team coordinate the daily operations of the hospital. The specifically designed area and informatics tools enable situational awareness and support more timely decisions, better coordination of services for patients and overall improved timeliness of care. • The implementation of the DCC along with other improvement initiatives to support early discharge have improved timeliness of care by reducing the median time spent in ED before transitioning to an inpatient ward bed by 56 minutes. Other metrics that have improved include patients discharged before 10am increased to 15.6% of all discharges from 14.1% last FY.

Goal	Health service deliverable	The RMH response
Improve mental health and wellbeing outcomes by implementing Victoria's new and expanded Mental Health and Wellbeing system architecture and services.	Commission and operationalise 20 new inpatient mental health beds and the Mental Health and AOD hub in the RMH Emergency Department to improve timely access to care for consumers	• Through the delivery of the Victorian Government Mental Health Beds Expansion Program, the RMH opened the first 6 new inpatient beds in April this year. This purpose-built inpatient facility increases capacity and provides a therapeutic and healing environment for consumers experiencing mental illness. Further beds will be opened in August 2024. • The ED Hub was opened in February 2024, with 12 new purpose-built (6 additional) short stay spaces for consumers presenting with mental health, alcohol, and other drug disorders. Since opening an average of 14 consumers per day have had their care provided through the Hub. Since opening this additional capacity, we have seen improved access for our mental health consumers and a reduction of 24-hour ED stays from an average of 25 per month to 4 per month.
Maintain commitment to driving planned surgery reform in alignment with the Surgery Recovery and Reform Program, as well as identify and implement local reform priorities.	Implement and scale same day surgery models of care in line with Safer Care Victoria's Expanding Day Surgery recommendations.	• Through the Victorian Department Planned Surgery Reform improvement initiative, the RMH has expanded our same day surgery models to five new procedures: laparoscopic cholecystectomies, hernia repairs, laminectomies/discectomies, haemorrhoidectomies, and ACL reconstructions. The total bed day savings from converting these procedures from overnight to same day was 223 days.
	Implement and expand surgical partnership with private providers and West Metro HSP health services to reduce RMH planned surgery and endoscopy waiting lists.	• The RMH expanded the planned surgery performed with private hospital partners (St Vincent's Private Hospital, Melbourne Private Hospital, Victoria Parade Surgical Centre and Epworth) so that more than 1,500 additional patients received their surgery at these facilities during the 2023-24 financial year. • The RMH worked with other public health services in Victoria to complete over 850 endoscopy procedures at the new Werribee Mercy Hospital Rapid Access Hub and commenced urology and colorectal surgery at the St Vincent's Public Hospital Elective Surgery Hub.
	Implement reform initiatives that support improved surgery throughput and optimisation of theatre resources at RMH.	• Through the Victorian Department Planned Surgery Recovery and Reform funding RMH implemented the following improvements: › Enhanced Recovery After Surgery plus Prehabilitation (ERAS+), a new specialist person-centred, evidence-based multidisciplinary team pathway implemented for head and neck surgical patients focused on better preparing patients for surgery and recovery. This program resulted in a saving of 139 bed days. › The RMH introduced weekend planned surgery during the financial year. These additional lists allowed an additional 169 surgical procedures and 287 endoscopies to be completed. › The RMH further expanded non-surgical pathways. These programs provide evidence-based alternatives to surgery, supporting patients to receive earlier access to treatment and avoid unnecessary procedures. 548 patients have been removed from the outpatient waiting list and 52 patients from the surgical preparation list.

Goal	Health service deliverable	The RMH response
Develop strong and effective systems to support early and accurate recognition and management of deterioration of paediatric patients.	Partner with Safer Care Victoria and relevant multidisciplinary groups to establish protocols and auditing processes to manage effective monitoring and escalation of deterioration in paediatric patients via ViCTOR charts.	• The Royal Melbourne Hospital is an adult-based health service. However, when paediatric patients present to the RMH, age-based observation (ViCTOR) charts are used. The RMH works closely with the Royal Children's Hospital and services such as Ambulance Victoria to support paediatric patients with appropriate care and referrals, as needed.
	Improve paediatric patient outcomes through implementation of the "ViCTOR track and trigger" observation chart and escalation system, whenever children have observations taken.	
	Implement staff training on the "ViCTOR track and trigger" tool to enhance identification and prompt response to deteriorating paediatric patient conditions.	
Working to achieve long term financial sustainability		
Co-operate with and support Department-led reforms that look towards reducing waste and improving efficiency to address financial sustainability, operational and safety performance, and system management.	Implementation of cost-saving initiatives: Identify and implement cost-saving measures such as reducing unnecessary procedures, optimising supply chain management, and streamlining administrative processes.	• The significant growth in patient activity levels experienced in the 2023-24 year has been made possible by the focus on improving access and flow, along with reductions in length of stay. The improvement in productivity driven by these initiatives is evidenced by the RMH's patient growth being well in excess of employee growth during the 2023-24 year. • The ongoing focus on the RMH "Choosing Wisely" projects has continued to provide financial and environmental benefits. These projects have focused on reducing unnecessary or low-value care which in turn reduces emissions, waste and has now produced over $600,000 recurring financial benefit.
	Deliver $20m of sustainability initiatives and continue to identify further cost saving and efficiency measures	• The RMH has successfully delivered in excess of $20m of financial benefits through a combination of its annual efficiency program along with additional benefits driven by the Financial Management Improvement Plan introduced in 2023-24. The internal RMH Financial Sustainability Committee oversees all initiatives in this area. • The benefits have arisen from a combination of more productive processes, and a focus on procurement and sourcing opportunities to enable improvements in both financial and patient outcomes. The reduction in length-of-stay measures for the RMH during the year illustrate the benefits these initiatives have contributed. • Revenue generation has been important in 2023-24 and ongoing attention has been applied to clinical coding to ensure all activity is recovered. Where possible, commercial revenue is also being grown, in particular the RMH Foundation which remains an important source of funding for capital programs.

Goal	Health service deliverable	The RMH response
Improving equitable access to healthcare and wellbeing		
Enhance the provision of appropriate and culturally safe services, programs and clinical trials for and as determined by Aboriginal people, embedding the principles of self-determination.	Partner with Aboriginal community-controlled health organisations, respected Aboriginal leaders and Elders, and Aboriginal communities to deliver healthcare improvements.	• The RMH established engagement with the Victorian Aboriginal Health Service (VAHS) to develop services and relationships. • The RMH engaged in key celebrations, including representation at the Victorian NAIDOC Week Ball. • A community consultation project was developed to seek further understanding of why care has not been completed in the ED. This project is in partnership with an Aboriginal-owned consultation agency. • Executive have been involved in Victorian Aboriginal Health and Wellbeing Partnership forums.
	Promote a culturally safe welcoming environment with Aboriginal cultural symbols and spaces demonstrating, recognising, celebrating and respecting Aboriginal communities and culture.	• The RMH RAP has been revised and an Innovate RAP has been developed. • A new senior leadership position, the Director of Aboriginal Health, was implemented and successfully recruited to. • Artwork was purchased for key locations, including the First Nations Health Unit and an infrastructure feasibility project has begun for common spaces.
	Identify and prioritise the health, wellbeing and service needs of the Aboriginal catchment population and service users – including improved patient identification, emergency care, discharge planning and outpatient service models to provide culturally safe care.	• A health needs report is currently under review. • An Aboriginal KPI dashboard is also under development to bring together staff and patient KPIs relevant to First Nations health, outcomes and activities. • An outpatient referral project has been completed to improve referral rates to the First Nations Health Unit when Aboriginal and Torres Strait Islander patients are scheduled to attend outpatients. • A Mob Meal Plan was introduced for and in consultation with patients to improve their cultural care experience through food services.

Goal	Health service deliverable	The RMH response
A strong workforce		
Improve employee experience across four initial focus areas to assure safe, high-quality care: leadership, health and safety, flexibility, and career development and agility.	Deliver programs to improve employee experience across four initial focus areas: leadership, safety and wellbeing, flexibility, and career development and agility.	**Leadership:** • The RMH delivered the Melbourne Way leadership program in partnership with Melbourne Business School, 6-week virtual masterclasses available to all leaders across the organisation with specialist speakers. • Targeted team and alignment initiatives were held for various leadership teams, and open classes in regard to popular topics, such as giving and receiving feedback and performance management. **Safety and wellbeing:** • There was ongoing implementation of manual handling strategy and equipment library. A focus on improving return-to-work supports resulted in improved workers compensation outcomes. • The sexual safety plan was implemented (particularly in regard to patient-initiated sexual harassment to staff) and the sexual safety positive duty plan was launched in accordance with legislation. • There was a greater shift to proactive capability-building from employee wellbeing team i.e. increased critical incident check-in training and reflective practices such as 'how to have a wellbeing conversation'. • New employee benefits were introduced to support staff feeling valued and connected to the RMH (includes Fitness Passport, health insurance partnership for discounts and enhanced Maxxia salary packaging benefits). **Flexibility, career development and agility:** • Improvements were made to work-at-home policy and procedures and flexible work arrangements • A refreshed Orientation and Induction project resulted in a return to a face-to-face format, and processes were improved for new employee onboarding and guiding principles for local leader induction. The RMH Exit Survey was also refreshed for greater commentary feedback and analysis. • The mandatory training schedule was reviewed, and a Precinct Working Group will focus on recognised prior learning between hospital's mandatory training. • The RMH partnered with a registered training organisation to provide Certificate and Diploma courses in support service roles (Diploma in Leadership) and first-ever clinical cohort. Additional courses were offered in interview skills, customer service and resume writing. • To increase leader capability in recruitment and equity for candidates, the RMH introduced a workplace train-the-trainers model for diversity, equity and inclusion recruitment training. • Family Violence Training for leaders was also held, with a new eLearn launched.
	Develop future workforce capability to provide a supported, growing and fit for purpose health workforce through the development of targeted workforce plans for nursing, medicine, allied health and support services.	• Key professional groups, (medical, nursing and allied health) worked with a health workforce consultant to develop their own workforce plan priorities. This was done in consultation with staff in a co-design approach and resulted in a number of key priorities for each professional group to focus on.
	Implement and expand RMH leadership development plan.	• As described in action above

Goal	Health service deliverable	The RMH response
Moving from competition to collaboration		
Engage in integrated planning and service design approaches, whilst assuring consistent and strong clinical governance, with partners to join up the system to deliver seamless and sustainable care pathways and build sector collaboration.	Work with our Parkville Health Service partners to establish Pathology Network West (PNW).	• Incorporation of the entity is in the final approval stage (submitted to Department of Health). Financial, corporate and clinical service planning continues to prepare for Day 1 of service operations. • Union consultation for the transfer of business is in progress. • Employee transfer preparation is in progress. • Laboratory information system (LIS) tender was completed, and LIS vendor contracts were signed. Recruitment of the project team is in progress for implementation to commence in September 2024.
	Provide leadership of and active collaboration within the West Metro HSP to deliver agreed HSP priorities	• The RMH continued to act as the lead agency for the West Metro HSP (WMHSP) and Chair of the WMHSP. The RMH provided substantial in-kind corporate support of the HSP (legal, financial, HR and ICT) and supported the renewal of the WMHSP Memorandum of Understanding and development of several regional legal frameworks that will make data, intellectual property (IP) and risk-sharing more efficient and transparent (WMHSP Data Sharing Agreement, WMHSP IP and Risk Sharing Agreement). • The RMH actively collaborated with the WMHSP to deliver local and government priorities (Better@Home and Planned Surgery): › A regional Health Needs Assessment for our region – informing clinical service and strategic planning and supporting more targeted, improved HSP prioritisation. › An Enhanced Recovery after Surgery and Prehabilitation (ERAS+) Project and independent evaluation. The RMH implemented an ERAS model of care for head and neck patients. › A Virtual Surgery School (VSS) with 22 videos in 6 languages that support prehabilitation for surgical patients. The VSS – a scalable, low-cost solution to reduce modifiable risk – has now been licensed to all Victorian HSPs. › The City Hub – a telehealth service providing RMH and Peter Mac at-home patients with support 24/7, reducing avoidable ED admissions and unplanned presentations › Several new telehealth rapid access clinics (at RMH, a diabetes ‘remission’ clinic)

Goal	Health service deliverable	The RMH response
	Provide leadership of and active collaboration within the West Metro HSP to deliver agreed HSP priorities *(cont.)*	› A suite of hospital-at-home consumer education resources (video and digital resources) in 6 languages. These have been licensed to all metropolitan health services and improve patients, carers and staff understanding of hospital-at-home care. › A patient reported (outcomes and experience) measures pilot (RMH, Western Health, Peter Mac) showing how PRMs can be collected efficiently and used to improve patient experience and outcomes for at home care patients. › Further work in increasing Residential-in-Reach activity (including an evaluation of the afterhours service developed with the Victorian Virtual Emergency Department in 2022-23) › A review of regional operating theatre utilisation – identifying vacant operating theatres and opportunities to improve theatre efficiency across our region. This work initiated RMH's theatre template review. › The endoscopy Rapid Access Hub, which had 2453 patients treated between January 2023 and March 2024. • The RMH also collaborated with WMHSP to establish several new projects in Aboriginal health (cultural safety in ED project with the Royal Children's Hospital), mandatory training and with Parkville precinct health services to establish some shared services.
Care close to home		
Improve pathways through the health system and implement models of care to enable more people to access care closer to, or in their homes.	Implement an extended 24x7 support hub for patients receiving @home care at the RMH and Peter MacCallum Cancer Centre.	• The RMH Implemented the "City Hub" in November 2023. The City Hub is a collaboration between the RMH and Peter MacCallum Cancer Centre (PMCC) to enable 24 hour per day, person-centred, integrated care and support for patients receiving care at home. Staffed by experienced nurses with access to medical staff to support escalation of any clinical concerns, the City Hub provides after hours support to patients to complement existing services and reduce avoidable ED presentations. The service averages over 100 calls per month with over two thirds of callers remaining at home receiving support and advice from RMH nurses and/or doctors remotely.
	Develop and implement a new model of @home care to better support patients in their home post discharge or emergency attendance to enable earlier supported discharge from hospital.	• The RMH General Medicine and Hospital Admission Risk Program (HARP) teams developed and implemented a new model for post discharge care for General Medicine patients. The fast follow-up service aims for all patients returning home after discharge from the General Medicine unit to receive a follow-up phone call from a HARP Nurse Care Coordinator and where required a General Medicine doctor. In June 2024, 133 patients were contacted by a Nurse Care Coordinator and 59 patients by a General Medicine doctor. The main supports and interventions provided to patients were referrals for additional care and services, clarification of medications, changes to medications, ordering of investigations and coordination of care with the patients General Practitioner. There are plans to further scale this model in 2024-25.

Goal	Health service deliverable	The RMH response
A health system that takes effective climate action		
Reduce clinical and operational practices that are wasteful and environmentally harmful to effectively contribute towards achieving net zero emissions across the health, wellbeing, and care system, including by delivering more energy efficient health services.	Implement and deliver the RMH Environmental Sustainability plan	• Solar panels at Royal Park, Boyne Russell House and Cyril Jewel House, funded by a VBHA grant, are operational. • One third of pool and departmental fleet vehicles are now electric or hybrid vehicles, reducing RMH fleet emissions by 22% in 2023-24. • The RMH sustainability initiative tracker, a live dashboard of 420 potential initiatives, is accessible to all RMH staff. The dashboard, developed by Dr Ben Dunne, aims to provide oversight on progress against KPIs, identify gaps and weaknesses, recognise staff achievements, provide insights for strategic and operational planning. • Clinical waste generation has decreased by an additional 17% this year, in line with pre-pandemic levels. A clinical waste review conducted in December 2023 identified opportunities in this area, resulting in a reduction project to further reduce this environmentally and financially unsustainable waste stream is now underway. • The third annual Sustainability Competition was launched in June 2024 in collaboration with the University of Melbourne. The competition was expanded to include Parkville Precinct partners in 2023 and will be open to other Victorian health services in 2024. • Recycling of deep vein thrombosis (DVT) sleeves, hover mats and single use blood pressure cuffs has been implemented across the RMH Parkville with supplier Arjo at no cost to the RMH. These items will be remanufactured and be reusable up to 10 times, reducing waste generation. • Pathology NUM Justin Santos worked with RMH Procurement and external organisation Haines to develop a reusable silicone tourniquet, which can be cleaned and sterilised. As Pathology consumed 90,000 single use tourniquets per annum, the reusable item presents a significant reduction in waste.

Part B

Key performance measure	Target	Result
High quality and safe care		
Infection prevention and control		
Compliance with the Hand Hygiene Australia program[1]	85%	86.5% Achieved
Percentage of healthcare workers immunised for influenza	94%	90.2% Not achieved
Continuing care		
Average change in the functional independence measure (FIM) score per day of care for rehabilitation separations	≥ 0.645	0.75 Achieved
Healthcare associated infections (HAI's)		
Rate of central-line-associated blood stream infections (CLABSI) in intensive care units per 1,000 central-line days	0	0.68 Not achieved
Rate of healthcare-associated *S. aureus* bloodstream infections per 10,000 bed days	**≤ 0.7**	0.9 Not achieved
Patient experience		
Percentage of patients who reported positive experiences of their hospital stay	95%	Q1 94% Q2 93% Q3 96% Q4 91%
Unplanned readmissions		
Rate of unplanned readmissions to any hospital following a hip replacement procedure	≤ 6%	16.3% Not achieved
Aboriginal health		
Percentage of Aboriginal admitted patients who left against medical advice	25% reduction in gap based on prior year's annual rate	16.6% reduction Not achieved
Percentage of Aboriginal emergency department presentations who did not wait to be seen	25% reduction in gap based on prior year's annual rate	0.5% reduction Not achieved
Mental health		
Mental health patient experience		
Percentage of consumers who rated their overall experience of care with a service in the last 3 months as positive	80%	88.4% Achieved
Percentage of mental health consumers reporting they 'usually' or 'always' felt safe using this service	90%	84.9% Not achieved
Percentage of families/carers reporting a 'very good' or 'excellent' overall experience of the service	80%	52.2% Not achieved
Percentage of families/carers who report they 'always' or 'usually' felt their opinions as a carer were respected	90%	73.7% Not achieved

Key performance measure	Target	Result
Mental health post-discharge follow-up		
Percentage of consumers followed up within 7 days of separation – Inpatient (adult)	88%	94% Achieved
Mental health readmission		
Percentage of consumers re-admitted within 28 days of separation - inpatient (adult)	<14%	6% Achieved
Mental health seclusion		
Rate of seclusion episodes per 1,000 occupied bed days – inpatient (adult)	≤ 8	6 Achieved
Strong governance, leadership and culture		
Organisational culture		
People matter survey – Percentage of staff with an overall positive response to safety culture survey questions	62%	78% Achieved
Timely access to care		
Planned surgery		
Percentage of urgency category 1 planned surgery patients admitted within 30 days	100%	99.95% Not achieved
Percentage of all planned surgery patients admitted within the clinically recommended time	94%	73.92% Not achieved
Number of patients on the planned surgery waiting list	3,475	3,153 Achieved
Number of patients admitted from the planned surgery waiting list	9,282	9,282 Achieved
Number of patients (in addition to base) admitted from the planned surgery waiting list	3,010	1,294 Not achieved
Percentage of patients on the waiting list who have waited longer than clinically recommended time for their respective triage category	5% or 15% proportional improvement from prior year	39.36% Achieved
Number of hospital-initiated postponements per 100 scheduled planned surgery admissions	≤ 7	6.99% Achieved
Emergency care		
Percentage of patients transferred from ambulance to ED within 40 minutes	90%	59.5% Not achieved
Percentage of Triage Category 1 emergency patients seen immediately	100%	99.8% Not achieved
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended time	80%	73.8% Not achieved
Percentage of emergency patients with a length of stay in the ED of less than four hours	81%	55.2% Not achieved
Number of emergency patients with a length of stay in the ED greater than 24 hours	0	204 Not achieved

Key performance measure	Target	Result
Mental health		
Percentage of mental health-related emergency department presentations with a length of stay of less than 4 hours	81%	47% Not achieved
Percentage of 'urgent' (category 'C') mental health triage episodes with a face-to-face contact received within 8 hours	80%	22% Not achieved
Specialist clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	92.32% Not achieved
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	90.89% Achieved
Home-based care		
Percentage of admitted bed days delivered at home	Equal to or better than prior year result 2023 value 11.3%	10.59% Not achieved
Percentage of admitted episodes delivered at least partly at home	Equal to or better than prior year result 2023 value 3.5%	3.23% Not achieved
Effective financial management		
Operating result ($M)	(86.48)	(27.53) Achieved
Average number of days to pay trade creditors	60 days	18 days Achieved
Average number of days to receive patient fee debtors	60 days	42 days Achieved
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	0.71 Achieved
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June.	Variance ≤ $250,000	Not achieved
Actual number of days of available cash, measured on the last day of each month	14 days	5 days Not achieved

Part C

Funding type	2023-24 activity achievement
Consolidated activity funding	
Acute admitted, subacute admitted, emergency services, non-admitted NWAU	147,824
Acute admitted	
National Bowel Cancer Screening Program NWAU	86
Acute admitted DVA	253
Acute admitted TAC	6,260
Other admitted	17
Acute non-admitted	
Home enteral nutrition NWAU	104
Home renal dialysis NWAU	930
Total parenteral nutrition NWAU	201
Subacute/non-acute, admitted and non-admitted	
Subacute - DVA	13
Transition care - Bed days	8,036
Transition care - Home days	14,176
Aged care	
Residential aged care	22,632
HACC	2,158
Mental health and drug services	
Mental health ambulatory	143,988
Mental health inpatient - available bed days	21,462
Mental health subacute	9,220

Financial statements

How this report is structured

Melbourne Health presents its audited general purpose financial statements for the financial year ended 30 June 2024 in the following structure to provide uses with the information about Melbourne Health's stewardship of the resources entrusted to it.

Declarations/attestations

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

Victorian Auditor-General's report

Financial statements

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Cash flow statement

Statement of changes in equity

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1.2 Abbreviations and terminology used in the financial statements
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1.4 Material accounting estimates and judgements
1.5 Accounting standards issued but not yet effective
1.6 Goods and Services Tax (GST)
1.7 Reporting entity
1.8 Comparatives
1.9 Administrative restructure

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3 The cost of delivering our services

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3.2 Other economic flows included in net result
3.3 Employee benefits
3.4 Superannuation

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4.4 Revaluation surplus
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5.2 Contract assets
5.3 Payables
5.4 Contract liabilities
5.5 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
7.3 Contingent assets and contingent liabilities
7.4 Fair value determination

8 Other disclosures

8.1 Reconciliation of net result for the year to net cash flows from operating activities
8.2 Responsible persons disclosures
8.3 Remuneration of executives
8.4 Related parties
8.5 Remuneration of auditors
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8.7 Events occurring after the balance sheet date
8.8 Jointly arrangements
8.9 Equity
8.10 Economic dependency

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

Melbourne Health Board Member's, Accountable Officer's and Chief Finance & Accounting Officer's 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.

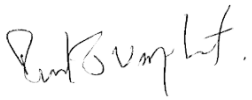
We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2024 and the financial position of Melbourne Health at 30 June 2024.

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, 13 Sep 2024

Professor Shelley Dolan
Chief Executive
Melbourne, 13 Sep 2024



Paul Urquhart
Chief Corporate Officer
Melbourne, 13 Sep 2024

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 2024 • 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 2024 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.
Other information	The Board of the health service are responsible for the Other Information, which comprises the information in the health service's annual report for the year ended 30 June 2024, but does not include the financial report and my auditor's report thereon. My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.
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.

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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
23 September 2024

Dominika Ryan
as delegate for the Auditor-General of Victoria

Comprehensive operating statement
For the financial year ended 30 June 2024

	Note	Total 2024 $'000	Total 2023 $'000
Revenue and income from transactions			
Operating activities	2.1	1,703,312	1,737,610
Non-operating activities	2.1	20,274	19,422
Total revenue and income from transactions		**1,723,586**	**1,757,032**
Expenses from transactions			
Employee expenses	3.1	(1,220,625)	(1,184,524)
Supplies and consumables	3.1	(251,383)	(242,926)
Finance costs	3.1	(1,898)	(2,125)
Other administrative expenses	3.1	(63,511)	(66,272)
Other operating expenses	3.1	(124,629)	(129,062)
Depreciation and amortisation	3.1, 4.5	(103,268)	(100,535)
Other non-operating expenses	3.1	18,260	18,735
Total expenses from transactions		**(1,747,054)**	**(1,706,709)**
Net result from transactions - net operating balance		**(23,468)**	**50,323**
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	3.2	(422)	(45)
Net gain/(loss) on financial instruments	3.2	(5,374)	(5,694)
Net gain/(loss) on disposal of share in joint arrangements	3.2	(733)	-
Other gains/(losses) from other economic flows	3.2	2,999	(7,615)
Total other economic flows included in net result		**(3,530)**	**(13,354)**
Net result for the year		**(26,998)**	**36,969**
Other economic flows - other comprehensive income			
Items that will not be reclassified to net result			
Changes in property, plant and equipment revaluation surplus	4.2 (b), 4.3 (b)	207,765	65,102
Total other economic flows - other comprehensive income		**207,765**	**65,102**
Comprehensive result for the year		**180,767**	**102,071**

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

Balance sheet
As at 30 June 2024

	Note	Total 2024 $'000	Total 2023 $'000
Current assets			
Cash and cash equivalents	6.2	162,738	216,035
Receivables	5.1	40,676	44,585
Contract assets	5.2	12,443	14,261
Investments and other financial assets	4.1	-	500
Inventories	4.6	22,934	13,653
Prepayments		24,436	23,733
Total current assets		**263,227**	**312,767**
Non-current assets			
Receivables	5.1	41,635	43,007
Investments and other financial assets	4.1	19,293	17,623
Property, plant and equipment	4.2 (a)	1,202,222	1,003,408
Right-of-use assets	4.3 (a)	91,184	98,356
Intangible assets	4.4 (a)	33,801	39,495
Total non-current assets		**1,388,135**	**1,201,889**
Total assets		**1,651,362**	**1,514,656**
Current liabilities			
Payables	5.3	190,927	229,380
Contract liabilities	5.4	18,175	16,124
Borrowings	6.1	8,353	8,530
Employee benefits	3.3	306,597	287,349
Other liabilities	5.5	5,856	3,510
Total current liabilities		**529,908**	**544,893**
Non-current liabilities			
Contract liabilities	5.4	-	1,000
Borrowings	6.1	51,790	62,031
Employee benefits	3.3	23,909	36,100
Total non-current liabilities		**75,699**	**99,131**
Total liabilities		**605,607**	**644,024**
Net assets		**1,045,755**	**870,632**
Equity			
Property, plant and equipment revaluation surplus	SCE	904,322	696,557
Restricted specific purpose surplus	SCE	157	1,023
Contributed capital	SCE	332,260	337,904
Accumulated surplus/(deficit)	SCE	(190,984)	(164,852)
Total equity		**1,045,755**	**870,632**

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

Cash flow statement

For the financial year ended 30 June 2024

	Note	Total 2024 $'000	Total 2023 $'000
Cash flows from operating activities			
Operating grants from State Government		1,234,117	1,241,004
Operating grants from Commonwealth Government		62,394	61,214
Capital grants from State Government		48,595	102,261
Capital grants from Commonwealth Government		400	300
Patient and resident fees received		29,283	24,671
Private practice fees received		40,213	41,188
Donations and bequests received		6,561	5,220
GST received from/(paid to) ATO[(i)]		55,823	48,802
Receipts from pharmaceutical sales		1,008	1,287
Interest and investment income received		12,245	11,075
Other capital receipts		-	269
External recoveries		54,688	49,488
Car park income received		9,340	8,439
Other receipts		133,704	145,373
Total receipts		***1,688,371***	***1,740,591***
Payments to employees		(1,148,763)	(1,141,893)
Non salary labour costs		(29,973)	(25,315)
Payments for supplies and consumables		(258,279)	(245,669)
Payments for medical indemnity insurance		(14,267)	(12,542)
Payments for repairs and maintenance		(42,941)	(42,692)
Finance costs		(1,898)	(2,125)
Other payments		(172,960)	(189,864)
Total payments		***(1,669,081)***	***(1,660,100)***
Net cash flows from/(used in) operating activities	8.1	**19,290**	**80,491**
Cash flows from investing activities			
Purchase of non-financial assets		(67,440)	(105,015)
Purchase of financial assets		(504)	(997)
Proceeds from sale of non-financial assets		918	183
Net cash flows from/(used in) investing activities		**(67,026)**	**(105,829)**
Cash flows from financing activities			
Repayment of principal portion of lease liabilities		(7,924)	(5,378)
Receipt of accommodation deposits/accommodation bonds		2,857	478
Repayment of accommodation deposits/accommodation bonds		(494)	(5,441)
Net cash flows from/(used in) financing activities		**(5,561)**	**(10,341)**
Net increase/(decrease) in cash and cash equivalents held		**(53,297)**	**(35,679)**
Cash and cash equivalents at beginning of financial year		**216,035**	**251,714**
Cash and cash equivalents at end of financial year	6.2	**162,738**	**216,035**

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

(i) GST received from/paid to the Australian Taxation Office is presented on a net basis.

Statement of changes in equity
For the financial year ended 30 June 2024

	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 2022	**631,455**	**1,050**	**374,204**	**(201,859)**	**804,850**
Net result for the year	-	-	-	36,969	36,969
Other comprehensive income for the year	65,102	-	-	-	65,102
Capital contribution transfer to another health service[(i)]	-	-	(36,300)	-	(36,300)
Transfer from/(to) accumulated surplus/(deficit)	-	(27)	-	27	-
Other - VCCC[(ii)]	-	-	-	11	11
Balance at 30 June 2023	**696,557**	**1,023**	**337,904**	**(164,852)**	**870,632**
Net result for the year	-	-	-	(26,998)	(26,998)
Other comprehensive income for the year	207,765	-	-	-	207,765
Capital contribution transfer to another health service[(i)]	-	-	(5,644)	-	(5,644)
Transfer from/(to) accumulated surplus/(deficit) [(iii)]	-	(866)	-	866	-
Balance at 30 June 2024	**904,322**	**157**	**332,260**	**(190,984)**	**1,045,755**

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

(i) Transfer of property, plant and equipment resulting from mental health disaggregation to Western Health in 2024 and Northern Health in 2023 via Contributed Capital.

(ii) Represents adjustment related to the finalisation of the prior year results of the jointly controlled operation, Victorian Comprehensive Cancer Centre (VCCC).

(iii) Includes $818,600 for derecognition of share in VCCC joint arrangement (refer to Note 8.8 Joint arrangements).

Note 1: Basis of preparation

These financial statements represent the audited general purpose financial statements for Melbourne Health for the year ended 30 June 2024. 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.

Structure

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. Apart from the changes in accounting policies, standards and interpretations as noted below, 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. The financial statements are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

These financial statements are presented in Australian dollars, the functional and presentation currency of Melbourne Health.

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 12 September 2024.

Note 1.2: Abbreviations and terminology used in the financial statements

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

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

Note 1.3: Joint arrangements

Interests in joint arrangements are accounted for by recognising in Melbourne Health's financial statements, its share of assets and liabilities and any revenue and expenses of such joint arrangements.

Details of Melbourne Health's joint arrangements are outlined in Note 8.8 Joint arrangements.

Note 1.4: Material accounting judgements and estimates

Management makes judgements and estimates when preparing the financial statements.

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

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

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

- Note 2.1: Revenue and income from transactions
- Note 3.3: Employee benefits
- Note 4.2: Property, plant and equipment
- Note 4.3: Right-of-use assets
- Note 4.4: Intangible assets
- Note 4.5: Depreciation and amortisation
- Note 4.7: Impairment of assets
- Note 5.1: Receivables
- Note 5.3: Payables
- Note 5.4: Contract liabilities
- Note 6.1(a): Lease liabilities
- Note 7.4: Fair value determination
- Note 8.10: Economic dependency

Note 1.5: Accounting standards issued but not yet effective

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

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning	Impact
AASB 2022-10 *Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*	AASB 2022-10 amends AASB 13 *Fair Value Measurement* by adding authoritative implementation guidance and illustrative examples for fair value measurements of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows. The Standard: • specifies when entities need to consider if an asset's highest and best use differs from its current use. It also clarifies when an asset's use is considered financially feasible; • specifies when an entity shall use its own assumptions and data to develop unobservable inputs. It also clarifies when these assumptions and judgements shall be adjusted; • provides guidance on the application of the cost approach to fair value, including the nature of costs to be included in the reference asset and identification of economic obsolescence.	1 January 2024	Adoption of this standard is not expected to have a material impact.
AASB 17 *Insurance Contracts* AASB 2022-8 *Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments* AASB 2022-9 *Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector*	AASB 17 replaces AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts* for not-for-profit public sector entities for annual reporting periods beginning on or after 1 July 2026. AASB 2022-9 amends AASB 17 to make public sector-related modifications (for example, it specifies the pre-requisites, indicators and other considerations in identifying arrangements that fall within the scope of AASB 17 in a public sector context). This Standard applies for annual reporting periods beginning on or after 1 July 2026. AASB 2022-8 makes consequential amendments to other Australian Accounting Standards so that public sector entities are permitted to continue to apply AASB 4 and AASB 1023 to annual periods before 1 July 2026.	1 July 2026	Adoption of this standard is not expected to have a material impact.

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

Note 1.6: Goods and Services Tax (GST)

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

Receivables and payables in the balance sheet are stated inclusive of the amount of GST. The amount of GST recoverable from, or payable to, the ATO is included with other receivables and 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 and/or financing activities which are recoverable from, or payable to the ATO. These GST components are disclosed as operating cash flows.

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

Note 1.7: Reporting entity

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

Its principal address is:

c/o The Royal Melbourne Hospital
300 Grattan St
Parkville 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 1.8: Comparatives

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

Note 1.9: Administrative restructure

Mental health disaggregation

On 1 July 2023, pursuant to a Victorian Government Gazette, Melbourne Health effected the transfer of certain properties associated with mental health services and their attaching rights and liabilities to Western Health.

The transfer of these properties was effected as a restructuring of administrative arrangements per FRD 119 *Transfers through contributed capital* and was accounted for as a capital transfer.

The net assets transferred was accounted for as a reduction of contributed capital as per below:

	$'000
Plant and equipment	819
Land and buildings	4,824
Total	5,643

In addition to the above transfer, employee leave liability ($16.2m) and the related LSL receivable balance ($6.7m) of the staff whose employment was transferred to Western Health was accounted for via the comprehensive operating statement as they were not covered by the Victorian Government Gazette.

A similar transfer took place in 2022-23 for mental health services transferred to Northern Health on 1 July 2022.

The net assets transferred was accounted for as a reduction of contributed capital as per below:

	$'000
Plant and equipment	1,325
Land and buildings	34,975
Total	36,300

Employee leave liability ($22.3m) and the related LSL receivable balance ($10.3m) of the staff whose employment was transferred to Northern Health was accounted for via the comprehensive operating statement as they were not covered by the Victorian Government Gazette.

The remaining transfer of staff for Northern Health took place during 2023-24, resulting in transfer of employee leave liability ($2.1m) and the related LSL receivable balance ($0.9m).

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 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

Material judgements and estimates

This section contains the following material judgements and estimates:

Material 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 the beneficiaries. 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 obligation is either satisfied at a point in time or over time.
Determining timing 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.
Assets and services received free of charge or for nominal consideration	Melbourne Health applies judgement to determine the fair value of assets and services received free of charge or for nominal value.

Note 2.1: Revenue and income from transactions

	Note	Total 2024 $'000	Total 2023 $'000
Operating activities			
Revenue from contracts with customers			
Government grants (State) - Operating		728,704	740,708
Government grants (Commonwealth) - Operating		65,779	60,426
Patient and resident fees		36,745	33,544
Private practice fees		41,337	42,328
Commercial activities[(i)]		20,050	19,313
Research income		17,760	14,956
Total revenue from contracts with customers	2.1 (a)	**910,375**	**911,275**
Other sources of income			
Government grants (State) - Operating		551,360	551,122
Government grants (State) - Capital		91,909	128,225
Government grants (Commonwealth) - Capital		400	300
Other capital purpose income		16,017	17,169
Salaries and wages recoveries from external organisations		43,157	39,582
Assets and services received free of charge or for nominal consideration	2.1 (b)	9,032	6,758
Other income from operating activities		81,062	83,179
Total other sources of income		**792,937**	**826,335**
Total revenue and income from operating activities		**1,703,312**	**1,737,610**
Non-operating activities			
Income from other sources			
Interest		11,791	10,100
Dividends		454	975
Rental income		8,029	8,347
Total other sources of income		**20,274**	**19,422**
Total income from non-operating activities		**20,274**	**19,422**
Total revenue and income from transactions		**1,723,586**	**1,757,032**

[(i)] Commercial activities represent business activities which Melbourne Health enters into to support its operations.

Note 2.1 (a): Timing of revenue from contracts with customers

	Total 2024 $'000	Total 2023 $'000
Melbourne Health disaggregates revenue by the timing of revenue recognition.		
Goods and services transferred to customers:		
At a point in time	807,261	800,231
Over time	103,114	111,044
Total revenue from contracts with customers	**910,375**	**911,275**

Revenue and income from operating activities

Government operating grants

To recognise revenue, Melbourne Health assesses each grant to determine 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 a point in time or over time as and when services are rendered.

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

Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, Melbourne Health:

- recognises the asset received in accordance with the recognition requirements of other applicable Accounting Standards (for example, AASB 9, AASB 16 and AASB 116)
- 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 in accordance with AASB 1058: *Income for not-for-profit entities*.

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

This policy applies to each of Melbourne Health’s revenue streams, with information detailed below relating to Melbourne Health’s significant revenue streams:

Government grant	Performance obligation
Activity Based Funding (ABF) paid as National Weighted Activity Unit (NWAU)	NWAU is a measure of health service activity expressed as a common unit against which the national efficient price (NEP) is paid. The performance obligations for NWAU are the number and mix of admissions, emergency department presentations and outpatient episodes, and is weighted for clinical complexity. Revenue is recognised at a point in time, which is when a patient is discharged. Any NWAU funding not utilised and waived as per direction from Department of Health is recognised as income.
Other Victorian and Commonwealth funding	Melbourne Health receives various funding streams from both the Victorian and Commonwealth government departments. The performance obligations are defined in accordance with the levels of activity agreed to within each funding agreement. Revenue is recognised at a point in time, which is when the service is provided.

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.

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 and includes 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 considers 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.

Rental income

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

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

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

	Total 2024 $'000	Total 2023 $'000
Undiscounted future lease payments receivable		
Within one year	4,595	4,972
Within one to two years	517	4,551
Within two to three years	451	484
Within three to four years	291	418
Within four to five years	27	257
After five years	10	11
Total undiscounted future lease payments receivable	**5,891**	**10,693**

Note 2.1 (b): Fair value of assets and services received free of charge or for nominal consideration

	Total 2024 $'000	Total 2023 $'000
Cash donations and gifts	6,561	5,220
Personal protective equipment and other consumables	2,471	1,538
Total fair value of assets and services received free of charge or for nominal consideration	**9,032**	**6,758**

Donations and bequests

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

Personal protective equipment

Under the State Supply Arrangement, HealthShare Victoria supplies certain personal protective equipment to Melbourne Health for nil consideration.

Contributions of resources

Melbourne Health may receive resources for nil or nominal consideration to further its objectives. The resources are recognised at their fair value when Melbourne Health obtains control over the resources, irrespective of whether restrictions or conditions are imposed over the use of the contributions.

The exception to this policy is when an asset is received from another government agency or department as a consequence of a restructuring of administrative arrangements, in which case the asset will be recognised at its carrying value in the financial statements of Melbourne Health as a capital contribution transfer.

Voluntary services

Melbourne Health receives volunteer services from members of the community mainly for guiding patients to appointments and providing hospitality 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.

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.
Victorian Health Building Authority	The Department of Health made payments to the Victorian Health Building Authority to fund capital works projects during the year ended 30 June 2024, on behalf of Melbourne Health.

Supplier	Description
Department of Health	Long Service Leave (LSL) funding is recognised upon finalisation of movements in LSL liability in line with the long service leave funding arrangements with the Department of Health.

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 costs associated with the provision of services are disclosed.

Structure

3.1 Expenses from transactions

3.2 Other economic flows included in net result

3.3 Employee benefits

3.4 Superannuation

Material judgements and estimates

This section contains the following material judgements and estimates:

Material judgements and estimates	Description
Classifying employee benefit liabilities	Melbourne Health applies judgment when 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.
Measuring employee benefit liabilities	Melbourne Health applies material judgment when measuring its employee benefit liabilities. Melbourne Health applies judgement to determine when it 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 present value, being the expected future payments to employees. Expected future payments incorporate: • an inflation rate of 4.450% (as issued by DTF), reflecting the future wage and salary levels. • durations of service and employee departures, which are used to determine the estimated value of long service leave that will be taken in the future, for employees who have not yet reached the vesting period. The estimated rates are between 12.47% (representing employees with less than 1 year of service) and 81.2% (representing employees becoming entitled to long service leave within a year). • discounting at the rate of 4.348%, as determined with reference to market yields on government bonds at the end of the reporting period. All other entitlements are measured at their nominal value.

Note 3.1: Expenses from transactions

	Note	Total 2024 $'000	Total 2023 $'000
Salaries and wages		917,130	904,179
On-costs		257,681	244,655
Agency and external contract staff expenses		26,541	21,939
Fee for service medical officer expenses		3,484	3,311
WorkCover premium [(i)]		15,789	10,440
Total employee expenses		**1,220,625**	**1,184,524**
Pharmaceutical supplies		64,281	62,131
Medical and surgical supplies (including prostheses)		93,371	84,411
Diagnostic and radiology supplies		39,001	39,002
Other supplies and consumables		54,730	57,382
Total supplies and consumables		**251,383**	**242,926**
Finance costs		1,898	2,125
Total finance costs		**1,898**	**2,125**
Other administrative expenses		63,511	66,272
Total other administrative expenses		**63,511**	**66,272**
Fuel, light, power and water		10,518	10,307
Repairs and maintenance		7,802	6,486
Maintenance contracts		35,037	35,722
Medical indemnity insurance		14,267	12,542
Expenditure for capital purposes		17,678	13,165
Other operating expenses		39,327	50,840
Total other operating expenses		**124,629**	**129,062**
Depreciation and amortisation	4.5	103,268	100,535
Total depreciation and amortisation		**103,268**	**100,535**
Assets transferred for nil consideration [(ii)]		-	3,516
Liabilities transferred for nil consideration [(ii)]	1.9	(18,260)	(22,251)
Total other non-operating expenses		**(18,260)**	**(18,735)**
Total expenses from transactions		**1,747,054**	**1,706,709**

(i) Increase in 2024 is in line with statewide WorkCover rate increases.

(ii) Building and leave entitlements transferred to Western Health in 2024 and Northern Health in 2023 resulting from mental health disaggregation.

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
- Agency expenses
- Fee for service medical officer expenses
- WorkCover premium.

Supplies and consumables

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

Finance costs

Finance costs include 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 $5,000).

The Department of Health also makes certain payments on behalf of Melbourne Health. These amounts have been brought to account in determining the operating result for the year by recording them as revenue and also recording a corresponding expense (refer to Note 2.1).

Depreciation and amortisation

Represents expenses in relation to depreciation and amortisation of non-financial assets.

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 2024 $'000	Total 2023 $'000
Net gain/(loss) on disposal of property, plant and equipment	(422)	(45)
Total net gain/(loss) on non-financial assets	**(422)**	**(45)**
Allowance for impairment losses of contractual receivables	(6,582)	(6,325)
Net foreign exchange gain/(loss) arising from financial instruments	(8)	(26)
Net gain/(loss) arising from revaluation of financial assets at fair value through net result	1,216	657
Total net gain/(loss) on financial instruments	**(5,374)**	**(5,694)**
Net gain/(loss) on disposal of share in joint arrangements	(733)	-
Net gain/(loss) on disposal of share in joint arrangements	**(733)**	**-**
Net gain/(loss) arising from revaluation of long service liability	2,999	(7,615)
Total other gains/(losses) from other economic flows	**2,999**	**(7,615)**
Total gains/(losses) from other economic flows	**(3,530)**	**(13,354)**

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 includes realised gains and losses on the disposal of non-financial assets.

Net gain/(loss) on financial instruments

Net gain/(loss) on financial instruments includes realised and unrealised gains and losses from revaluations of financial instruments.

Net gain/(loss) on disposal of share in joint arrangements

Net gain/(loss) on disposal of share in joint arrangements relates to derecognition of Melbourne Health's share of assets and liabilities in Victorian Comprehensive Cancer Centre as joint control ceased effective from 31 October 2023 (refer to Note 8.8 Joint arrangements).

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 2024 $'000	Total 2023 $'000
Current employee benefits and related on-costs		
Employee benefits [(i)]		
Accrued days off		
- Unconditional and expected to be settled wholly within 12 months [(ii)]	3,075	3,102
	3,075	**3,102**
Annual leave		
- Unconditional and expected to be settled wholly within 12 months [(ii)]	72,609	68,047
- Unconditional and expected to be settled wholly after 12 months [(iii)]	29,428	28,312
	102,037	**96,359**
Long service leave		
- Unconditional and expected to be settled wholly within 12 months [(ii)]	18,746	16,961
- Unconditional and expected to be settled wholly after 12 months [(iii)]	145,510	136,416
	164,256	**153,377**
Other employee benefits		
- Unconditional and expected to be settled wholly within 12 months [(ii)]	977	876
	977	**876**
Provisions related to employee benefit on-costs		
- Unconditional and expected to be settled within 12 months [(ii)]	12,463	11,274
- Unconditional and expected to be settled after 12 months [(iii)]	23,789	22,361
	36,252	**33,635**
Total current employee benefits and related on-costs	**306,597**	**287,349**
Non-current employee benefits and related on-costs		
Conditional long service leave	21,026	31,722
Provisions related to employee benefit on-costs	2,883	4,378
Total non-current employee benefits and related on-costs	**23,909**	**36,100**
Total employee benefits and related on-costs	**330,506**	**323,449**

(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 2024 $'000	Total 2023 $'000
Current employee benefits and related on-costs		
Unconditional accrued days off	3,476	3,493
Unconditional annual leave entitlements	115,331	108,532
Unconditional long service leave entitlements	186,686	174,335
Unconditional other employee entitlements	1,104	989
Total current employee benefits and related on-costs	**306,597**	**287,349**
Non-current employee benefits and related on costs		
Conditional long service leave entitlements	23,909	36,100
Total non-current employee benefits and related on costs	**23,909**	**36,100**
Total employee benefits and related on-costs	**330,506**	**323,449**
Attributable to:		
Employee benefits	291,371	285,436
Provision for related on-costs	39,135	38,013
Total employee benefits and related on-costs	**330,506**	**323,449**

(b) Provision for related on-costs movement schedule

	Total 2024 $'000	Total 2023 $'000
Carrying amount at start of year	**38,013**	**34,606**
Additional provisions recognised	17,911	17,618
Amounts incurred during the year	(16,428)	(15,128)
Net gain/(loss) arising from revaluation of long service liability	(361)	917
Carrying amount at end of year	**39,135**	**38,013**

Employee benefit recognition

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

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

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 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 is measured at present value and is disclosed as a non-current liability. There is a conditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. 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 in the net result.

Termination benefits

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

Provision for on-costs related to employee benefits

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

Note 3.4: Superannuation

	Paid contribution for the year		Contribution outstanding at year end		Total contribution for the year	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Defined benefit plans[(i)]:						
Emergency Services and State Super (ESSSuper)	125	269	3	4	128	273
Aware Super defined benefit	197	252	34	38	231	290
Defined contribution plans:						
HESTA	29,087	28,931	3,533	3,084	32,620	32,015
Aware Super	44,585	44,862	5,146	4,635	49,731	49,497
Other	18,867	16,737	2,473	1,884	21,340	18,621
Total	**92,861**	**91,051**	**11,189**	**9,645**	**104,050**	**100,696**

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

Superannuation recognition

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

Defined benefit superannuation plans

A 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.

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

Defined contribution superannuation plans

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

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

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 Right-of-use assets

4.4 Intangible assets

4.5 Depreciation and amortisation

4.6 Inventories

4.7 Impairment of assets

Material judgements and estimates

This section contains the following material judgements and estimates:

Material judgements and estimates	Description
Estimating useful life of property, plant and equipment	Melbourne Health assigns an estimated useful life to each item of property, plant and equipment. This is used to calculate depreciation of the asset. Melbourne Health reviews the useful life and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.
Estimating 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. Melbourne Health applies judgement to determine whether or not it is reasonably certain to exercise such purchase options.
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: • If an asset's value has declined more than expected based on normal use • If a significant change in technological, market, economic or legal environment which adversely impacts the way 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

Material judgements and estimates	Description
	• 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		Capital fund		Total	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Current						
Financial assets at amortised cost						
Term deposits > 3 months	-	500	-	-	-	500
Total current financial assets	**-**	**500**	**-**	**-**	**-**	**500**
Non-current						
Financial assets at fair value through net result						
Managed investment schemes (VFMC)	-	-	19,293	17,623	19,293	17,623
Total non-current financial assets	-	-	19,293	17,623	19,293	17,623
Total investments and other financial assets	**-**	**500**	**19,293**	**17,623**	**19,293**	**18,123**
Represented by:						
Jointly controlled operations investments	-	500	-	-	-	500
Foundation investments	-	-	19,293	17,623	19,293	17,623
Total investments and other financial assets	**-**	**500**	**19,293**	**17,623**	**19,293**	**18,123**

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.

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

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 2024 $'000	Total 2023 $'000
Land		
Crown land at fair value	302,035	217,548
Freehold land at fair value	28,830	23,689
Total land	**330,865**	**241,237**
Buildings		
Buildings under construction at cost	4,660	69,078
Buildings at fair value	722,509	767,594
Less accumulated depreciation	-	(208,783)
Leasehold improvements under construction at cost	-	16,130
Leasehold improvements at fair value	30,909	8,020
Less accumulated amortisation	(4,823)	(5,107)
Total buildings	**753,255**	**646,932**
Total land and buildings	**1,084,120**	**888,169**
Plant and equipment		
Plant and equipment at fair value	13,901	54,519
Less accumulated depreciation	(5,363)	(31,626)
Total plant and equipment	**8,538**	**22,893**
Medical equipment		
Medical equipment at fair value	206,608	192,314
Less accumulated depreciation	(126,474)	(114,519)
Total medical equipment	**80,134**	**77,795**
Computer equipment		
Computer equipment at fair value	33,866	48,750
Less accumulated depreciation	(29,411)	(42,810)
Total computer equipment	**4,455**	**5,940**
Furniture and fittings		
Furniture and fittings at fair value	3,089	3,230
Less accumulated depreciation	(2,063)	(2,072)
Total furniture and fittings	**1,026**	**1,158**
Motor vehicles		
Motor vehicle assets at fair value	347	802
Less accumulated depreciation	(295)	(735)
Total motor vehicles	**52**	**67**
Plant, equipment, furniture, fittings and vehicles work in progress	23,897	7,386
Total plant, equipment, furniture, fittings and vehicles	**118,102**	**115,239**
Total property, plant and equipment	**1,202,222**	**1,003,408**

Note 4.2: Property, plant and equipment (continued)

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

	Note	Land $'000	Buildings $'000	Buildings WIP $'000	Leasehold Improvements $'000	Plant and equipment $'000	Medical equipment $'000	Computer equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	PPE, F&F & V WIP* $'000	Total $'000
Balance at 1 July 2022		**263,132**	**506,917**	**33,867**	**7,110**	**20,052**	**64,109**	**13,293**	**1,568**	**9**	**8,205**	**918,262**
Additions		-	3,381	82,451	18,284	5,846	14,017	4,681	187	72	14,142	143,061
Disposals		-	-	-	-	-	(142)	(7)	-	-	-	(149)
Assets received/(provided) free of charge		-	(1,108)	(459)	(1,725)	-	476	-	-	-	(101)	(2,917)
Revaluation increments/(decrements)		-	65,102	-	-	-	-	-	-	-	-	65,102
Net transfers between classes		-	46,222	(46,781)	(40)	2,467	12,527	441	(32)	-	(14,860)	(56)
Asset transfers via contributed capital		(21,895)	(9,026)	-	(4,056)	(566)	(381)	(38)	(312)	-	-	(36,274)
Depreciation	4.5	-	(52,677)	-	(530)	(4,906)	(12,811)	(12,430)	(253)	(14)	-	(83,621)
Balance at 30 June 2023	4.2 (a)	**241,237**	**558,811**	**69,078**	**19,043**	**22,893**	**77,795**	**5,940**	**1,158**	**67**	**7,386**	**1,003,408**
Additions		-	21,932	16,612	10,989	4,651	16,926	1,735	248	11	19,442	92,546
Disposals		-	-	-	-	-	(1,064)	(1)	-	-	-	(1,065)
Assets received/(provided) free of charge		-	-	-	-	5	-	-	-	-	-	5
Revaluation increments/(decrements)		92,437	109,844	-	-	-	-	-	-	-	-	202,281
Net transfers between classes		-	95,452	(80,968)	(35)	(14,435)	997	966	25	-	(2,931)	(929)
Asset transfers via contributed capital		(2,809)	(1,172)	(62)	(842)	(437)	(76)	(46)	(164)	-	-	(5,608)
Depreciation	4.5	-	(62,358)	-	(3,069)	(4,139)	(14,444)	(4,139)	(241)	(26)	-	(88,416)
Balance at 30 June 2024	4.2 (a)	**330,865**	**722,509**	**4,660**	**26,086**	**8,538**	**80,134**	**4,455**	**1,026**	**52**	**23,897**	**1,202,222**

* Property plant and equipment, furniture and fittings and vehicles works in progress

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

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

Subsequent measurement

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

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

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

Revaluation

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

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

An adjustment is recognised if the assessment concludes that the fair value of land and buildings has changed by 10% or more since the last revaluation (whether that be the most recent independent valuation or managerial valuation). Any estimated change in fair value of less than 10% is deemed immaterial to the financial statements and no adjustment is recorded. Where the assessment indicates there has been an exceptionally material movement in the fair value of land and buildings since the last independent valuation, being equal to or in excess of 40%, 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 on 30 June 2024. The valuation, which complies with Australian Valuation Standards, was determined with reference to the amount for which an orderly transaction to sell the asset or transfer the liability would take place between market participants at the measurement date, under current market conditions.

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 property, plant and equipment revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that same class of asset previously recognised as an expense in net result, 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.

Note 4.3: Right-of-use assets

(a) Gross carrying amount and accumulated depreciation

	Total 2024 $'000	Total 2023 $'000
Right-of-use concessionary land		
Right-of-use concessionary land	9	9
Total right-of-use concessionary land	**9**	**9**
Right-of-use concessionary buildings		
Right-of-use concessionary buildings	47,685	47,685
Less accumulated depreciation	(6,882)	(5,505)
Total right-of-use concessionary buildings	**40,803**	**42,180**
Right-of-use buildings at fair value		
Right-of-use buildings at fair value	58,527	62,212
Less accumulated depreciation	(15,278)	(12,335)
Total right-of-use buildings at fair value	**43,249**	**49,877**
Total right-of-use concessionary land and buildings and buildings at fair value	**84,061**	**92,066**
Right-of-use plant, equipment, furniture, fittings and vehicles at fair value		
Right-of-use plant, equipment, furniture, fittings and vehicles at fair value	19,631	16,786
Less accumulated depreciation	(12,508)	(10,496)
Total right-of-use plant, equipment, furniture, fittings and vehicles at fair value	**7,123**	**6,290**
Total right-of-use assets	**91,184**	**98,356**

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

	Note	Right-of-use concessionary land $'000	Right-of-use concessionary buildings $'000	Right-of-use - buildings $'000	Right-of-use - PPE, F&F & V* $'000	Total $'000
Balance at 1 July 2022		**9**	**43,557**	**68,396**	**5,334**	**117,296**
Additions		-	-	1,417	3,939	5,356
Lease incentive		-	-	(5,713)	-	(5,713)
Disposals		-	-	(7,973)	(378)	(8,351)
Depreciation	4.5	-	(1,377)	(6,250)	(2,605)	(10,232)
Balance at 30 June 2023	4.3 (a)	**9**	**42,180**	**49,877**	**6,290**	**98,356**
Additions		-	-	646	3,919	4,565
Lease incentive		-	-	(1,366)	-	(1,366)
Disposals		-	-	(6,405)	(453)	(6,858)
Revaluation increments/(decrements)		-	-	5,484	-	5,484
Depreciation	4.5	-	(1,377)	(4,987)	(2,633)	(8,997)
Balance at 30 June 2024	4.3 (a)	**9**	**40,803**	**43,249**	**7,123**	**91,184**

* Right-of-use property plant and equipment, furniture and fittings and vehicles

Right-of-use assets recognition

Initial recognition

When a contract is entered into, Melbourne Health assesses if the contract contains or is 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.

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
- less any lease incentive received.

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.

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. 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 fair value, with the exception of right-of-use asset arising from leases with significantly below-market terms and conditions, which 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).

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

Note 4.4: Intangible assets

(a) Gross carrying amount and accumulated amortisation

	Total 2024 $'000	Total 2023 $'000
Post office license	70	70
Total post office license	**70**	**70**
Software costs capitalised	100,695	100,741
Less accumulated amortisation	(67,114)	(61,316)
Software costs work in progress	150	-
Total software costs	**33,731**	**39,425**
Total intangible assets	**33,801**	**39,495**

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

	Note	Software Costs Capitalised $'000	Software Costs Work in Progress $'000	Post Office License $'000	Total $'000
Balance at 1 July 2022		**50,120**	**95**	**70**	**50,285**
Additions		437	329	-	766
Reclassified to expenses		(4,074)	-	-	(4,074)
Net transfers between classes		(348)	(424)	-	(772)
Asset transfers via Contributed Capital		(28)	-	-	(28)
Amortisation	4.5	(6,682)	-	-	(6,682)
Balance at 30 June 2023	4.4 (a)	**39,425**	**-**	**70**	**39,495**
Additions		86	150		236
Reclassified to expenses		(40)	-		(40)
Asset transfers via Contributed Capital		(35)	-		(35)
Amortisation	4.5	(5,855)	-		(5,855)
Balance at 30 June 2024	4.4 (a)	**33,581**	**150**	**70**	**33,801**

Intangible assets recognition

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.

Note 4.5: Depreciation and amortisation

	Total 2024 $'000	Total 2023 $'000
Depreciation		
Property, plant and equipment		
Buildings	62,358	52,677
Plant and equipment	4,139	4,906
Medical equipment	14,444	12,811
Computer equipment	4,139	12,430
Furniture and fittings	241	253
Motor vehicles	26	14
Leasehold improvements	3,069	530
Total depreciation - property, plant and equipment	**88,416**	**83,621**
Right-of-use assets		
Right-of-use buildings	6,364	7,627
Right-of-use plant, equipment, furniture, fittings and vehicles	2,633	2,605
Total depreciation - right-of-use assets	**8,997**	**10,232**
Total depreciation	**97,413**	**93,853**
Amortisation		
Software costs capitalised	5,855	6,682
Total amortisation	**5,855**	**6,682**
Total depreciation and amortisation	**103,268**	**100,535**

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 rates that allocate the asset's 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 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.

	2024	2023
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
Medical equipment	5 to 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 10 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.

As a result of the revaluation of buildings undertaken as at 30 June 2024, the useful lives range for buildings is expected to change from 7 - 51 years to 1 - 55 years for future years.

Note 4.6: Inventories

	Total 2024 $'000	Total 2023 $'000
Aids and appliances at cost	109	108
Medical and surgical consumables at cost	4,274	3,530
Pharmacy supplies at cost	3,037	2,745
Pathology supplies at cost	2,139	2,018
Land and building - Home Lottery*	13,375	5,252
Total inventories	**22,934**	**13,653**

* The land and buildings are for four properties in 2024 and two properties in 2023.

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 4.7: Impairment of assets

Impairment recognition

At the end of each reporting period, Melbourne Health reviews the carrying amount of its tangible and intangible assets that have a finite useful life, to determine whether there is any indication that an asset may be impaired. The assessment will include consideration of external sources of information and internal sources of information.

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

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

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

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

Melbourne Health did not record any impairment losses for the year ended 30 June 2024.

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 Contract assets

5.3 Payables

5.4 Contract liabilities

5.5 Other liabilities

Material judgements and estimates

This section contains the following material judgements and estimates:

Material 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 2024 $'000	Total 2023 $'000
Current receivables			
Contractual			
Inter hospital debtors		10,413	5,771
Trade receivables		10,149	7,735
Patient fees		9,288	8,238
Amounts receivable from government and agencies		5,427	15,310
Less allowance for impairment losses of contractual receivables			
Trade receivables	5.1 (a)	(21)	(22)
Patient fees	5.1 (a)	(3,311)	(2,174)
Total contractual receivables		**31,945**	**34,858**
Statutory			
GST receivable		8,731	9,727
Total statutory receivables		**8,731**	**9,727**
Total current receivables		**40,676**	**44,585**
Non-current receivables			
Contractual			
Long service leave - Department of Health		41,635	43,007
Total contractual receivables		**41,635**	**43,007**
Total non-current receivables		**41,635**	**43,007**
Total receivables		**82,311**	**87,592**

Financial assets classified as receivables

		Total 2024 $'000	Total 2023 $'000
Total receivables		82,311	87,592
Provision for impairment		3,332	2,196
GST receivable		(8,731)	(9,727)
Total financial assets classified as receivables	7.1 (a)	**76,912**	**80,061**

(a) Movement in the allowance for impairment losses of contractual receivables

	Total 2024 $'000	Total 2023 $'000
Balance at the beginning of the year	**2,196**	**861**
Amounts written off during the year	(5,446)	(4,990)
Increase/(decrease) in allowance recognised in net result	6,582	6,325
Balance at the end of the year	**3,332**	**2,196**

Receivables recognition

Receivables consist of:

- **Contractual receivables**, including debtors that relate to goods and services. These receivables are classified as financial instruments and are 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 they are subsequently measured at amortised cost using the effective interest method, less any impairment.

- **Statutory receivables**, including GST input tax credits that are recoverable. Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. 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 the nominal amounts due for settlement within 30 days from the date of recognition.

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

Impairment losses of contractual receivables

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

Note 5.2: Contract assets

	Total 2024 $'000	Total 2023 $'000
Current		
Contract assets	12,443	14,261
Total current contract assets	12,443	14,261
Total contract assets	**12,443**	**14,261**

(a) Movements in contract assets

	Total 2024 $'000	Total 2023 $'000
Balance at the beginning of the year	**14,261**	**14,002**
Add additional costs incurred that are recoverable from the customer	12,443	14,261
Less transfer to revenue recognition	(14,261)	(14,002)
Total contract assets	**12,443**	**14,261**

Contract assets recognition

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

Note 5.3: Payables

	Note	Total 2024 $'000	Total 2023 $'000
Current payables			
Contractual			
Trade creditors		14,437	7,202
Accrued salaries and wages		58,996	45,109
Accrued expenses		51,116	61,145
Deferred grant income	5.3 (a), 5.3 (b)	57,176	49,568
Inter - hospital creditors		7,475	8,673
Amounts payable to governments and agencies		328	56,010
Total contractual payables		**189,528**	**227,707**
Statutory			
PAYG withholding		-	9
GST payable		1,399	1,664
Total statutory payables		**1,399**	**1,673**
Total current payables		**190,927**	**229,380**
Total payables		**190,927**	**229,380**

Financial liabilities classified as payables

		Total 2024 $'000	Total 2023 $'000
Total payables		190,927	229,380
Deferred grant income		(57,176)	(49,568)
PAYG withholding		-	(9)
GST payable		(1,399)	(1,664)
Total financial liabilities classified as payables	7.1 (a)	**132,352**	**178,139**

Payables recognition

Payables consist of:

- **Contractual payables**, including payables that relate to the purchase of 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**, including GST payable and 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.

The normal credit terms for accounts payable are usually Net 30 days.

Maturity analysis of payables

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

Note 5.3 (a): Deferred capital grant income

	Total 2024 $'000	Total 2023 $'000
Opening balance of deferred capital grant income	**43,208**	34,386
Grant consideration for capital works received during the year	62,336	91,264
Deferred capital grant income recognised as income due to completion of capital works	(53,590)	(82,442)
Closing balance of deferred grant income	**51,954**	**43,208**

Grant consideration was received from the Department of Health and Rail Projects Victoria for various capital projects. Melbourne Health also received a $19.8m grant from Peter MacCallum Cancer Centre for the transfer of funds held for the Pathology Network West project which moved with the change in stewardship from Peter MacCallum Cancer Centre to Melbourne Health during 2023-24.

Capital grant income is recognised progressively as the asset is constructed or paid for, since this is the time when Melbourne Health satisfies its obligations under the transfer by controlling the asset as and when it is constructed. The progressive percentage costs incurred is used to recognise income because this most closely reflects the progress to completion as costs are incurred as the works are done (see Note 2.1). As a result, Melbourne Health has deferred recognition of a portion of the grant consideration received as a liability for the outstanding obligations.

Melbourne Health expects to recognise all of the remaining deferred capital grant income for capital works in future years.

Note 5.3 (b) Operating grant consideration

	Total 2024 $'000	Total 2023 $'000
Transaction price allocated to the remaining performance obligations from contracts with customers to be recognised in:		
Not longer than one year	5,222	6,360
Total deferred operating grant consideration	**5,222**	**6,360**

Grant consideration was received from the State and Commonwealth 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 5.4: Contract liabilities

	Total 2024 $'000	Total 2023 $'000
Current		
Contract liabilities	18,175	16,124
Total current contract liabilities	18,175	16,124
Non-current		
Contract liabilities	-	1,000
Total non-current contract liabilities	-	1,000
Total contract liabilities	**18,175**	**17,124**

(a) Movements in contract liabilities

	Total 2024 $'000	Total 2023 $'000
Opening balance of contract liabilities	**17,124**	**17,415**
Add payments received for performance obligations yet to be completed during the period	11,256	13,593
Less revenue recognised in the reporting period for the completion of a performance obligation	(10,205)	(13,884)
Total contract liabilities	**18,175**	**17,124**

Contract liabilities recognition

Contract liabilities include consideration received in advance from customers for various services or projects before a related performance obligation is satisfied.

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

Note 5.5: Other liabilities

	Note	Total 2024 $'000	Total 2023 $'000
Current other liabilities			
Monies held in trust*			
- Patient monies held in trust		127	143
- Refundable accommodation deposits/accommodation bonds		5,729	3,367
Total current other liabilities		**5,856**	**3,510**
Total other liabilities	7.1 (a)	**5,856**	**3,510**
***Represented by:**			
Cash assets	6.2	5,856	3,510
Total		**5,856**	**3,510**

Other liabilities recognition

Refundable Accommodation Deposits (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

Material judgements and estimates

This section contains the following material judgements and estimates:

Material 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. For leased land and buildings, Melbourne Health estimates the incremental borrowing rate to be between 0% and 5.72%. For leased plant, equipment, furniture, fittings and vehicles, the implicit interest rate is between 1.03% and 5.66%.
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.

Material judgements and estimates	Description
	Melbourne Health determines the likelihood of exercising such options 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

	Note	Total 2024 $'000	Total 2023 $'000
Current borrowings			
Lease liabilities [(i)]	6.1 (a)		
Motor vehicles leased from VicFleet		1,248	1,252
Other leases		7,105	7,278
Total current borrowings		**8,353**	**8,530**
Non-current borrowings			
Lease liabilities [(i)]	6.1 (a)		
Motor vehicles leased from VicFleet		2,387	1,424
Other leases		49,403	60,607
Total non-current borrowings		**51,790**	**62,031**
Total borrowings	7.1 (a)	**60,143**	**70,561**

(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.

Borrowings recognition

Borrowings refer to interest bearing liabilities mainly raised through lease liabilities.

Initial recognition

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

Subsequent measurement

Subsequent to initial recognition, interest bearing borrowings are measured at amortised cost with any difference between the 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

	Total 2024 $'000	Total 2023 $'000
Total undiscounted lease liabilities	70,535	80,878
Less unexpired finance expenses	(10,392)	(10,317)
Net lease liabilities	**60,143**	**70,561**

Maturity analysis of lease liabilities

	Total 2024 $'000	Total 2023 $'000
Not longer than one year	9,909	10,320
Longer than one year but not longer than five years	33,417	34,179
Longer than five years	27,209	36,379
Minimum future lease liabilities	**70,535**	**80,878**
Less unexpired finance expenses	(10,392)	(10,317)
Present value of lease liabilities	**60,143**	**70,561**
Represented by:		
Current liabilities	8,353	8,530
Non-current liabilities	51,790	62,031
Total liabilities	**60,143**	**70,561**

Lease liabilities recognition

A lease is defined as a contract, or part of a contract, that conveys the right for Melbourne Health 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 VicFleet 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, IT and medical 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 5.72%.

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 the substance of 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 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.
Leasing floors within the Doherty Institute	The leased property is used for teaching, training, research and public health activities in human infectious diseases. Melbourne Health's dependence on this lease is considered medium.	The lease duration is 40 years starting from 17/02/2014 with upfront rental payment in years 1-7 and an annual peppercorn rental of $1.00 thereafter for the remaining term of the lease.

Note 6.2: Cash and cash equivalents

	Note	Total 2024 $'000	Total 2023 $'000
Cash on hand (excluding monies held in trust)		24	31
Cash at bank (excluding monies held in trust)		-	345
Cash at bank - central banking system (excluding monies held in trust)		156,858	212,149
Total cash held for operations		**156,882**	**212,525**
Cash at bank (monies held in trust)		-	18
Cash at bank - central banking system (monies held in trust)		5,856	3,492
Total cash held as monies held in trust		**5,856**	**3,510**
Total cash and cash equivalents	**7.1 (a)**	**162,738**	**216,035**

Cash and cash equivalents recognition

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 and 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 holds cash with the State's centralised banking arrangements.

Note 6.3: Commitments for expenditure

	Total 2024 $'000	Total 2023 $'000
Capital expenditure commitments		
Less than one year	30,290	32,104
Longer than one year but not longer than five years	-	80
Total capital expenditure commitments	**30,290**	**32,184**
Operating expenditure commitments		
Less than one year	55,277	59,484
Longer than one year but not longer than five years	50,252	71,227
Five years or more	4,330	4,606
Total operating expenditure commitments	**109,859**	**135,317**
Non-cancellable short term and low value lease commitments		
Less than one year	694	818
Longer than one year but not longer than five years	1,153	1,777
Five years or more	140	209
Total non-cancellable short term and low value lease commitments	**1,987**	**2,804**
Total commitments for expenditure (inclusive of GST)	**142,136**	**170,305**
Less GST recoverable from the Australian Tax Office	(12,921)	(15,482)
Total commitments for expenditure (exclusive of GST)	**129,215**	**154,823**

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 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

7.3 Contingent assets and contingent liabilities

7.4 Fair value determination

Material judgements and estimates

This section contains the following material judgements and estimates:

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

Material judgements and estimates	Description
	measurement date. Melbourne Health does not categorise any fair values within this level. • Level 2, inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. Melbourne Health categorises some of its non-specialised land and non-specialised buildings in this level. • Level 3, where inputs are unobservable. Melbourne Health categorises some of its specialised land and specialised buildings in this level. Plant, equipment, furniture, fittings, vehicles, right-of-use concessionary land and buildings, right-of-use buildings and right-of-use plant, equipment, furniture and fittings are categorised in this level.

Note 7.1: Financial instruments

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

30 June 2024	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	162,738	-	-	162,738
Receivables					
- Trade debtors	5.1	10,149	-	-	10,149
- Other receivables	5.1	66,763	-	-	66,763
- Contract assets	5.2	12,443	-	-	12,443
Investments and other financial assets	4.1	-	19,293	-	19,293
Total financial assets [(i)]		**252,093**	**19,293**	**-**	**271,386**
Financial liabilities					
Payables	5.3	-	-	132,352	132,352
Borrowings	6.1	-	-	60,143	60,143
Other financial liabilities					
- Refundable accommodation deposits/accommodation bonds	5.5	-	-	5,729	5,729
- Patient monies held in trust	5.5	-	-	127	127
Total financial liabilities [(i)]		**-**	**-**	**198,351**	**198,351**

30 June 2023	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	216,035	-	-	216,035
Receivables					
- Trade debtors	5.1	7,735	-	-	7,735
- Other receivables	5.1	72,326	-	-	72,326
- Contract assets	5.2	14,261	-	-	14,261
Investments and other financial assets	4.1	500	17,623	-	18,123
Total financial assets [(i)]		**310,857**	**17,623**	**-**	**328,480**
Financial liabilities					
Payables	5.3	-	-	178,139	178,139
Borrowings	6.1	-	-	70,561	70,561
Other financial liabilities					
- Refundable accommodation deposits/accommodation bonds	5.5	-	-	3,367	3,367
- Patient monies held in trust	5.5	-	-	143	143
Total financial liabilities [(i)]		**-**	**-**	**252,210**	**252,210**

(i) The total amount of financial assets disclosed here excludes statutory receivables (i.e. Net GST input tax credit recoverable), statutory payables (i.e. PAYG and GST payable), 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 solely 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);
- contract assets.

Financial assets at fair value through net result

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

Melbourne Health has designated all managed investments as fair value through net result.

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 income 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 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, interest rate risk and equity price risk. Melbourne Health manages these financial risks in accordance with its treasury policy.

Primary responsibility for the identification and management of financial risks rests with the Accountable Officer.

Note 7.2 (a): Credit risk

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. 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 Victorian 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.

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.

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

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents 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 2023-24.

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,* the 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 an impairment assessment under AASB 9 *Financial Instruments*.

Credit loss allowance is classified as other economic flows in the net result.

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.

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

30 June 2024	Note	Current $'000	Less than 1 month $'000	1–2 months $'000	2 - 3 months $'000	3+ months $'000	Total $'000
Overseas patient fees receivables							
Expected loss rate		0%	50%	100%	100%	100%	
Gross carrying amount of contractual receivables		1,210	1,146	1,400	163	687	4,606
Loss allowance	5.1	**-**	**573**	**1,400**	**163**	**687**	**2,823**
Other patient fees receivables							
Expected loss rate		2%	6%	9%	12%	24%	
Gross carrying amount of contractual receivables		1,112	1,048	828	652	1,042	4,682
Loss allowance	5.1	**22**	**63**	**75**	**78**	**250**	**488**
Trade debtors (sundry debtors only)							
Expected loss rate		0%	0%	0%	0%	5%	
Gross carrying amount of contractual receivables		13,388	2,279	684	474	421	17,246
Loss allowance	5.1	**-**	**-**	**-**	**-**	**21**	**21**
Total loss allowance		**22**	**636**	**1,475**	**241**	**958**	**3,332**

30 June 2023	Note	Current $'000	Less than 1 month $'000	1–2 months $'000	2 - 3 months $'000	3+ months $'000	Total $'000
Overseas patient fees receivables							
Expected loss rate		0%	50%	100%	100%	100%	
Gross carrying amount of contractual receivables		1,502	320	456	950	231	3,459
Loss allowance	5.1	**-**	**160**	**456**	**950**	**231**	**1,797**
Other patient fees receivables							
Expected loss rate		2%	6%	9%	12%	24%	
Gross carrying amount of contractual receivables		2,065	927	690	343	734	4,759
Loss allowance	5.1	**41**	**56**	**62**	**41**	**177**	**377**
Trade debtors (sundry debtors only)							
Expected loss rate		0%	0%	0%	0%	4%	
Gross carrying amount of contractual receivables		14,131	2,050	641	279	491	17,592
Loss allowance	5.1	**-**	**-**	**-**	**-**	**22**	**22**
Total loss allowance		**41**	**216**	**518**	**991**	**430**	**2,196**

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, considering 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 balance sheet. The health service manages its liquidity risk by:

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

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
30 June 2024		**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial liabilities at amortised cost								
Payables	5.3	132,352	132,352	130,917	954	481	-	-
Borrowings	6.1	60,143	60,143	745	1,361	6,087	28,838	23,112
Other financial liabilities								
- Refundable accommodation deposits/accommodation bonds	5.5	5,729	5,729	-	350	1,000	4,379	-
- Patient monies held in trust	5.5	127	127	127	-	-	-	-
Total financial liabilities [(i)]		**198,351**	**198,351**	**131,789**	**2,665**	**7,568**	**33,217**	**23,112**
30 June 2023								
Financial liabilities at amortised cost								
Payables	5.3	178,139	178,139	177,210	722	207	-	-
Borrowings	6.1	70,561	70,561	1,291	1,404	5,680	28,508	33,678
Other financial liabilities								
- Refundable accommodation deposits/accommodation bonds	5.5	3,367	3,367	144	350	559	2,314	-
- Patient monies held in trust	5.5	143	143	143	-	-	-	-
Total financial liabilities [(i)]		**252,210**	**252,210**	**178,788**	**2,476**	**6,446**	**30,822**	**33,678**

(i) Ageing analysis of financial liabilities excludes statutory financial liabilities (i.e. PAYG, GST payable), 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 equity price risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

Sensitivity disclosure analysis and assumptions

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

- a change in interest rates of 1.5% up or down and
- a change in the top ASX 200 index of 20% up or down.

Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. 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 exposure to cash flow interest rate risks through cash and deposits that are at floating rate.

Equity risk

Melbourne Health is exposed to equity price risk through its investments in managed investments. Such investments are allocated and traded to match Melbourne Health’s investment objectives.

Melbourne Health’s sensitivity to equity price risk is set out below.

		-20%	+20%
30 June 2024	**Carrying amount $'000**	**Net result $'000**	**Net result $'000**
Contractual financial assets			
Investments and other financial assets	19,293	(3,859)	3,859
Total impact	**19,293**	**(3,859)**	**3,859**

		-20%	+20%
30 June 2023	**Carrying amount $'000**	**Net result $'000**	**Net result $'000**
Contractual financial assets			
Investments and other financial assets	17,623	(3,525)	3,525
Total impact	**17,623**	**(3,525)**	**3,525**

Note 7.3: Contingent assets and contingent liabilities

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

Contingent assets and contingent liabilities measurement and disclosure

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

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

Contingent assets

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

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

Contingent liabilities

Contingent liabilities are:

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

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

Note 7.4: Fair value determination

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.

The following assets and liabilities are carried at fair value:

- Financial assets and liabilities at fair value through net result
- Financial assets and liabilities at fair value through other comprehensive income
- Property, plant and equipment
- Right-of-use assets.

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

Valuation hierarchy

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

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

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.

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

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 7.4 (a): Fair value determination of investments and other financial assets

	Note	Carrying amount 30 June 2024 $'000	Fair value measurement at end of reporting period using: Level 1 [(i)] $'000	Level 2 [(i)] $'000	Level 3 [(i)] $'000
Managed investments	4.1	19,293	-	19,293	-
Total financial assets held at fair value through net result		**19,293**	**-**	**19,293**	**-**
Total investments and other financial assets at fair value		**19,293**	**-**	**19,293**	**-**

	Note	Carrying amount 30 June 2023 $'000	Fair value measurement at end of reporting period using: Level 1 [(i)] $'000	Level 2 [(i)] $'000	Level 3 [(i)] $'000
Managed investments	4.1	17,623	-	17,623	-
Total financial assets held at fair value through net result		**17,623**	**-**	**17,623**	**-**
Total investments and other financial assets at fair value		**17,623**	**-**	**17,623**	**-**

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

Fair value measurement of investments and other financial assets

Managed investments

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

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

Melbourne Health classifies these funds as Level 2.

Note 7.4 (b): Fair value determination of non-financial physical assets

	Note	Carrying amount 30 June 2024 $'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		28,830	-	28,830	-
Specialised land		302,035	-	-	302,035
Total land at fair value	4.2 (a)	**330,865**	**-**	**28,830**	**302,035**
Non-specialised buildings		13,170	-	13,170	-
Specialised buildings		709,339	-	3,900	705,439
Total building at fair value	4.2 (a)	**722,509**	**-**	**17,070**	**705,439**
Plant and equipment	4.2 (a)	8,538	-	-	8,538
Medical equipment	4.2 (a)	80,134	-	-	80,134
Computer equipment	4.2 (a)	4,455	-	-	4,455
Furniture and fittings	4.2 (a)	1,026	-	-	1,026
Motor vehicles	4.2 (a)	52	-	-	52
Total plant, equipment, furniture, fittings and vehicles at fair value		**94,205**	**-**	**-**	**94,205**
Right-of-use buildings	4.3 (a)	43,249	-	-	43,249
Right-of-use plant, equipment, furniture, fittings and vehicles	4.3 (a)	7,123	-	-	7,123
Total right-of-use assets at fair value		**50,372**	**-**	**-**	**50,372**
Total non-financial physical assets at fair value		**1,197,951**	**-**	**45,900**	**1,152,051**

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

	Note	Carrying amount 30 June 2023 $'000	Fair value measurement at end of reporting period using: Level 1 [(i)] $'000	Level 2 [(i)] $'000	Level 3 [(i)] $'000
Non-specialised land		23,690	-	-	23,690
Specialised land		217,547	-	-	217,547
Total land at fair value	4.2 (a)	**241,237**	**-**	**-**	**241,237**
Non-specialised buildings		10,833	-	-	10,833
Specialised buildings		547,978	-	-	547,978
Total building at fair value	4.2 (a)	**558,811**	**-**	**-**	**558,811**
Plant and equipment	4.2 (a)	22,893	-	-	22,893
Medical equipment	4.2 (a)	77,795	-	-	77,795
Computer equipment	4.2 (a)	5,940	-	-	5,940
Furniture and fittings	4.2 (a)	1,158	-	-	1,158
Motor vehicles	4.2 (a)	67	-	-	67
Total plant, equipment, furniture, fittings and vehicles at fair value		**107,853**	**-**	**-**	**107,853**
Right-of-use buildings	4.3 (a)	49,877	-	-	49,877
Right-of-use plant, equipment, furniture, fittings and vehicles	4.3 (a)	6,290	-	-	6,290
Total right-of-use assets at fair value		**56,167**	**-**	**-**	**56,167**
Total non-financial physical assets at fair value		**964,068**	**-**	**-**	**964,068**

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

Fair value measurement of non-financial physical assets

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

Judgements about highest and best use must consider 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.

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.

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

Non-specialised land, non-specialised buildings

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

For non-specialised land and non-specialised buildings, an independent valuation was performed by the Valuer-General Victoria to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2024.

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.

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

An independent valuation of Melbourne Health's specialised land and specialised buildings was performed by the Valuer-General Victoria. The effective date of the valuation is 30 June 2024.

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 current replacement cost will be materially different from the existing carrying amount.

There were no changes in valuation techniques throughout the period to 30 June 2024.

Reconciliation of level 3 fair value measurement [(i)]

	Land	Buildings	Plant and equipment	Medical equipment	Computer equipment	Furniture and fittings	Motor vehicles	Right-of-use buildings	Right-of-use plant, equipment, furniture, fittings and vehicles
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2022	**263,132**	**506,917**	**20,052**	**64,109**	**13,293**	**1,568**	**9**	**68,396**	**5,334**
Additions	-	3,381	5,846	14,017	4,680	187	72	1,417	3,939
Lease incentive	-	-	-	-	-	-	-	(5,713)	-
Net transfers between classes	-	46,222	2,467	12,527	441	(32)	-	-	-
Assets received/(provided) free of charge	-	(1,108)	-	476	-	-	-	-	-
Asset transfers via Contributed Capital	(21,895)	(9,026)	(566)	(381)	(38)	(312)	-	-	-
Gains/(losses) recognised in net result									
- Depreciation	-	(52,677)	(4,906)	(12,811)	(12,429)	(253)	(14)	(6,250)	(2,605)
- Disposals	-	-	-	(142)	(7)	-	-	(7,973)	(378)
Items recognised in other comprehensive income									
- Revaluation	-	65,102	-	-	-	-	-	-	-
Balance at 30 June 2023 [(ii)]	**241,237**	**558,811**	**22,893**	**77,795**	**5,940**	**1,158**	**67**	**49,877**	**6,290**
Additions	-	21,932	4,651	16,926	1,735	248	11	646	3,919
Transfers in (out) of Level 3	(28,830)	(17,070)	-	-	-	-	-	-	-
Lease incentive	-	-	-	-	-	-	-	(1,366)	-
Net transfers between classes	-	95,452	(14,435)	997	966	25	-	-	-
Assets received/(provided) free of charge	-	-	5	-	-	-	-	-	-
Asset transfers via Contributed Capital	(2,809)	(1,172)	(437)	(76)	(46)	(164)	-	-	-
Gains/(losses) recognised in net result									
- Depreciation	-	(62,358)	(4,139)	(14,444)	(4,139)	(241)	(26)	(4,987)	(2,633)
- Disposals	-	-	-	(1,064)	(1)	-	-	(6,405)	(453)
Items recognised in other comprehensive income									
- Revaluation	92,437	109,844	-	-	-	-	-	5,484	-
Balance at 30 June 2024 [(ii)]	**302,035**	**705,439**	**8,538**	**80,134**	**4,455**	**1,026**	**52**	**43,249**	**7,123**

(i) Classified in accordance with the fair value hierarchy, refer note 7.4.

(ii) Excludes assets under construction and leasehold assets.

Fair value determination of level 3 fair value measurement

Asset class	Likely valuation approach	Significant inputs (Level 3 only)
Specialised land	Market/Direct Comparison Approach adjusted for unobservable inputs, CSO allowance	Sales evidence, Unit of value by comparative basis ($ psm), adjusted for Community Service Obligation (CSO) allowance (30% to 35%)
Specialised buildings	Cost Approach/Depreciation Replacement Cost (DRC)	Cost approach using best available evidence from recognised building cost indicators and or Quantity Surveyors and examples of current costs.
Plant and equipment at fair value	Current replacement cost approach	Cost per unit Useful life of PPE
Medical equipment at fair value	Current replacement cost approach	Cost per unit Useful life of medical equipment
Computer equipment at fair value	Current replacement cost approach	Cost per unit Useful life of computer equipment
Furniture and fittings at fair value	Current replacement cost approach	Cost per unit Useful life of furniture & fittings
Motor vehicles at fair value	Current replacement cost approach	Cost per unit Useful life of motor vehicles

Note 8: Other disclosures

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

Structure

8.1 Reconciliation of net result for the year to net cash flows 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 Joint arrangements

8.9 Equity

8.10 Economic dependency

Note 8.1: Reconciliation of net result for the year to net cash flows from operating activities

	Note	Total 2024 $'000	Total 2023 $'000
Net result for the year	OS	(26,998)	36,969
Non-cash movements:			
Net (gain)/loss from disposal of non-financial assets	3.2	422	45
Net (gain)/loss from disposal of share in joint arrangements	3.2	733	-
Revaluation of financial assets at fair value through profit or loss	3.2	(1,216)	(657)
Depreciation and amortisation	4.5	103,268	100,535
Allowance for impairment losses of contractual receivables	5.1 (a)	1,136	1,335
DH non cash grants		(29,944)	(34,991)
Assets provided free of charge		-	3,516
Assets received free of charge		(49)	(514)
Other non cash movements		6,321	6,758
Movements in assets and liabilities:			
Change in operating assets and liabilities			
(Increase)/Decrease in receivables	5.1	5,963	1,580
(Increase)/Decrease in inventories	4.6	(9,281)	(3,840)
(Increase)/Decrease in prepayments		(704)	(1,522)
Increase/(Decrease) in payables and contract liabilities	5.3, 5.4	(37,402)	(38,702)
Increase/(Decrease) in employee benefits	3.3	7,057	10,028
Increase/(Decrease) in other liabilities	5.5	(16)	(49)
Net cash inflow/(outflow) from operating activities		**19,290**	**80,491**

Non-cash financing and investing activities

Assumption of liabilities: During the reporting period Melbourne Health assumed right-of-use liabilities amounting to $2.6m (2023: $4.1m) and transferred out liabilities of $6.6m (2023: $8.5m). The assumption and transfer out of these liabilities are not reflected in the cash flow statement.

Restructuring of administrative arrangements: The transfer of properties resulting from administrative restructure of mental health services to Western Health in 2024 of $5.6m and to Northern Health in 2023 of $36.3m via contributed capital is not reflected in the cash flow statement (refer to Note 1.10).

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 Mary-Anne Thomas MP:	
Minister for Health	01 Jul 2023 - 30 Jun 2024
Minister for Ambulance Services	02 Oct 2023 - 30 Jun 2024
The Honourable Ingrid Stitt MP:	
Minister for Mental Health	02 Oct 2023 - 30 Jun 2024
The Honourable Gabrielle Williams MP:	
Former Minister for Mental Health	01 Jul 2023 - 02 Oct 2023
Former Minister for Ambulance Services	01 Jul 2023 - 02 Oct 2023
Governing Board	
Ms Linda Bardo Nicholls AO (Chair of the Board)	01 Jul 2023 - 30 Jun 2024
Ms Emma Skinner	01 Jul 2023 - 30 Jun 2024
Mr Eugene Arocca	01 Jul 2023 - 30 Jun 2024
Mr Gregory Tweedly	01 Jul 2023 - 30 Jun 2024
Professor Jane Gunn AO*	01 Jul 2023 - 30 Jun 2024
Ms Kylie Bishop	01 Jul 2023 - 30 Jun 2024
Professor Mary O'Reilly	10 Oct 2023 - 30 Jun 2024
Mr Peter Funder	01 Jul 2023 - 30 Jun 2024
Ms Philippa Connolly	01 Jul 2023 - 30 Jun 2024
Mr Sam Lobley*	01 Jul 2023 - 30 Jun 2024
Accountable Officer	
Jackie McLeod (Acting Chief Executive Officer)	01 Jul 2023 - 01 Aug 2023
Shelley Dolan (Chief Executive Officer)	02 Aug 2023 - 30 Jun 2024

* Non paid board members (Sam Lobley effective from 01 Jan 2024)

Remuneration of responsible persons

The number of responsible persons is shown in their relevant income bands:

Income band	Total 2024 No.	Total 2023 No.
$0 - $9,999*	1	1
$30,000 - $39,999	2	-
$50,000 - $59,999	-	7
$60,000 - $69,999	6	-
$70,000 - $79,999	-	1
$110,000 - $119,999	1	1
$500,000 - $509,999	1	-
$550,000 - $559,999	-	1
Total numbers	**11**	**11**

* Non paid board members (Sam Lobley effective from 01 Jan 2024)

	Total 2024 $'000	Total 2023 $'000
Total remuneration received or due and receivable by responsible persons from the reporting entity amounted to:	**1,067**	**1,159**

Amounts relating to Responsible Ministers are reported within the State's Annual 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 2024 $'000	**Total 2023 $'000**
Short-term employee benefits	3,341	2,727
Post-employment benefits	281	233
Other long-term benefits	132	105
Total remuneration [(i)]	**3,754**	**3,065**
Total number of executives	**13**	**12**
Total annualised employee equivalent (AEE) [(ii)]	**10.0**	**8.3**

(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 and renegotiated.

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 operations - 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

The Board of Directors and the Executive Directors of Melbourne Health are deemed to be KMPs. This includes the following:

Melbourne Health Board

Ms Linda Bardo Nicholls AO (Chair)
Ms Emma Skinner
Mr Eugene Arocca
Mr Gregory Tweedly
Professor Jane Gunn*
Ms Kylie Bishop
Professor Mary O'Reilly
Mr Peter Funder
Ms Philippa Connolly
Mr Sam Lobley*

* Non paid board members (Sam Lobley effective from 01 Jan 2024).

Executive

Professor Shelley Dolan - Chief Executive Officer (joined 02 Aug 2023)
Mr Adam Boulton - Acting Chief Quality Officer | Quality, Informatics and Improvement (from 08 Apr 2024 to 31 May 2024)
Ms Ellen Flint - Chief People Officer | People, Culture, Security and Safety
Dr Fergus Kerr - Chief Medical Officer
Ms Fleur Katsmartin - Chief Legal Officer | Corporate Secretary, Legal and Medico-Legal Services
Mr George Cozaris - Chief Information Officer | Executive Director, Digital Innovation
Ms Jackie McLeod - Chief Operating Officer
Adj Prof Kethly Fallon - Chief Nursing Officer
Mr Lebe Malkoun - Acting Chief Quality Officer | Quality, Informatics and Improvement (from 01 Jun 2024 to 30 Jun 2024)
Mr Paul Urquhart - Chief Corporate Officer | Chief Financial and Procurement Officer, Infrastructure and Clinical Support Services
Mr Robert Rothnie - Chief Redevelopment Officer
Ms Samantha Plumb - Chief Quality Officer | Quality, Informatics and Improvement (from 01 Jul 2023 to 07 Apr 2024)
Ms Sue Parkes - Executive Director, The RMH Foundation (joined 02 Jan 2024)
Ms Suyin Ng - Executive Director of West Metro Health Service Partnership

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

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

Compensation - KMPs	Total 2024 $'000	Total 2023 $'000
Short-term employee benefits	4,306	3,785
Post-employment benefits	364	315
Other long-term benefits	150	124
Total [(i)]	**4,820**	**4,224**

[(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 $1,334.3m (2023: $1,309.6m) and funding from Rail Projects Victoria for the MRI relocation project of $8.8m (2023: $56.8m). The Department of Health also paid $29.9m (2023: $35m) of construction costs on behalf of Melbourne Health.

Melbourne Health received $19.8m from Peter MacCallum Cancer Centre for the transfer of funds held for the Pathology Network West project which moved with the change in stewardship from Peter MacCallum Cancer Centre to Melbourne Health during 2023-24.

Expenses incurred by Melbourne Health in delivering services and outputs are in accordance with HealthShare Victoria requirements. Goods and services including meals and multi-site operational support are provided by other Victorian Health Service Providers on commercial terms.

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

The Standing Directions of the Assistant Treasurer require Melbourne Health to hold cash (in excess of working capital) in accordance with the State's centralised banking arrangements.

Goods and services including 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 2024 (2023: none).

There were no related party transactions required to be disclosed for Melbourne Health Board of Directors, Chief Executive Officer and Executive Directors in 2024 (2023: none).

Note 8.5: Remuneration of auditors

	Total 2024 $'000	Total 2023 $'000
Victorian Auditor-General's Office		
Audit of the financial statements	213	205
Total remuneration of auditors	**213**	**205**

Note 8.6: Ex-gratia expenses

Melbourne Health has made the following ex-gratia expenses:	Total 2024 $'000	Total 2023 $'000
Compensation payment	-	38
Total ex-gratia expenses	**-**	**38**

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

There are no events occurring after the Balance Sheet date.

Note 8.8: Joint arrangements

Name of entity	Principal activity	Ownership interest 2024 [(i)] %	Ownership interest 2023 %
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.	0	10

[(i)] Effective 31 October 2023, the Victorian Comprehensive Cancer Centre joint venture enacted changes to its constitution which no longer requires unanimous consent from all members for decisions. In addition, the Board structure changed from having a representation from each member entity to a hybrid Board comprising independent and member nominated directors. Consequently, the joint venture no longer meets the definition of joint control under AASB 11 *Joint Arrangements* and was derecognised by its members.

Proportional consolidation was applied from 1 July 2023 to 31 October 2023, contributing $85,178 to net deficit. The impact of derecognition of net assets of share in VCCC joint arrangement is $733,421.

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.

Property, plant and equipment revaluation surplus

The property, plant and equipment revaluation surplus arises on the revaluation of land, buildings and right-of-use assets. The revaluation surplus is not normally transferred to the accumulated surpluses/(deficits) on derecognition of the relevant asset.

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 a public health service governed and managed in accordance with the *Health Services Act 1988* and its results form part of the Victorian General Government consolidated financial position. Melbourne Health provides essential services and is predominately dependent on the continued financial support of the State Government, particularly the Department of Health, and the Commonwealth funding via the National Health Reform Agreement (NHRA). The State of Victoria plans to continue Melbourne Health operations and on that basis, the financial statements have been prepared on a going concern basis.

The Royal Melbourne Hospital

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