



Great care, everywhere, every time



OUR VISION

Great care,
everywhere,
every time

OUR MISSION

Together we care, learn,
discover and innovate

OUR VALUES

- Patients First
- Kindness
- Respect
- Excellence
- Agility
- Humility

Geographically, Eastern Health covers the municipalities of Boroondara, Knox, Manningham, Maroondah, Whitehorse and Yarra Ranges. Since its establishment in July 2000, Eastern Health has played a pivotal role in the provision of public health services to Melbourne's east and partners with community healthcare providers, such as general practitioners, community health services and affiliated healthcare agencies.

EASTERN HEALTH CATCHMENTS



Eastern Health acknowledges Aboriginal and Torres Strait Islander peoples as the Traditional Custodians of the land and acknowledges and pays respect to their Elders, past, present and emerging.

Responsible Bodies Declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the Report of Operations for Eastern Health for the year ending 30 June 2021.



Mr Tass Mousaferiadis
Eastern Health Board Chair
30 September 2021

Manner of Establishment

Eastern Health is a public health service established under section 181 of the *Health Services Act 1988 (Vic)* and in 2020-2021 was responsible to the following Victorian Government Ministers: the Hon Jenny Mikakos MP, Minister for Health and Minister for Ambulance Services (1 July 2020 to 26 September 2020); the Hon Martin Foley MP, Minister for Health, Minister for Ambulance Services and Minister for Equality (26 September 2020 to 30 June 2021); the Hon Martin

Foley MP, Minister for Mental Health and Minister for Equality (1 July 2020 to 29 September 2020); the Hon James Merlino MP, Minister for Mental Health (29 September to 30 June 2021); and the Hon Luke Donnellan, Minister for Disability, Ageing and Carers and Minister for Child Protection (1 July 2020 to 30 June 2021). The functions of a public health service Board are outlined in the Act and include establishing, maintaining and monitoring the performance of systems to ensure the health service meets community needs.



Introduction

The *Annual Report 2020-21* provides information about Eastern Health's services, staff and operational achievements and challenges during the financial year.

Eastern Health publications are available online: www.easternhealth.org.au

The *Annual Report 2020-21* will be presented to the public at Eastern Health's Annual Meeting Live Stream which will be advertised via the Eastern Health website.

CONTENTS

02	Board Chair and Chief Executive	24	OUR PERFORMANCE
06	Finance Committee Chair and Chief Finance Officer	24	Performance Against Strategic Priorities
08	2020-2021 at a glance	29	High-Quality and Safe Care
09	ABOUT US	30	Timely Access to Care
09	Our Strategy	31	Effective Financial Management
10	Our Values	32	Activity
11	Who We Are	33	Environmental Performance
11	Eastern Health Organisational Profile	35	Disclosures Required Under Legislation
12	Clinical Programs and Services	39	Attestations and Declarations
13	OUR GOVERNANCE	40	EASTERN HEALTH FOUNDATION
13	Board of Directors	41	DISCLOSURE INDEX
15	Board Committees	43	FINANCIAL STATEMENTS 2020-2021
17	Our Executive	45	Board Member's, Accountable Officer's and Chief Finance and Accounting Officer's Declaration
19	Organisational Structure	46	VAGO Statement
20	OUR PEOPLE	108	GLOSSARY AND INDEX
20	Working at Eastern Health		
21	Workforce Data		
23	Occupational Health and Safety		





Eastern Health Chief Executive
Adjunct Professor David Plunkett and
Board Chair Tass Mousaferiadis

"The Stroke Team at Box Hill Hospital was awarded the Australian Stroke Coalition Quality Stroke Service Merit Award, an award for achieving a median 'door to needle time' of under 60 minutes."



Our Pathology team
processed over

120,868

COVID-19 tests

Our Board Chair and Chief Executive

Year in Review

Just as 2019-20 was impacted by a number of significant external events, 2020-21 also required Eastern Health to respond to many factors out of our control, ultimately requiring a whole-of-organisation response.

Eastern Health has continued to respond to the COVID-19 pandemic through a range of services including community testing and vaccination. We have worked to ensure we have an available workforce to respond quickly to changing demands.

Throughout this period, our people have continued their commitment to our vision – great care, everywhere, every time – and have achieved some outstanding results.

Many resources were redirected in support of community needs and whilst this has impacted the progression of some key initiatives and improvements to deliver the Eastern Health *Strategic Plan 2017-2022*, there are still many achievements to recognise.

Our ongoing response to COVID-19

Staff, patient and community safety was paramount in our response to the COVID-19 pandemic. Our staff consistently demonstrated agility in this rapidly changing environment, whether providing COVID-19 tests, delivering vaccinations or changing service delivery models to ensure safe, high-quality care.

- Our Pathology team processed over **120,868 COVID-19 tests**;
- The COVID-19 screening clinic was attended by over **86,792 people**;
- Over **30,000 COVID-19 vaccinations** given; and
- More than **4719 staff were Fit Tested** (this is a validated method that determines whether the type of respirator (N95/P2) being used provides an adequate seal on the face, thereby providing the level of protection required against respiratory hazards).

Box Hill Hospital, together with Royal Melbourne Hospital and The Alfred, was named as one of the preferred General High Acuity hospitals for COVID-19 positive adult inpatients.

By streamlining COVID-19 positive patients to a select number of hospitals, disruption to non-COVID-19 care is minimised and the scalable approach to system capacity aims to ensure the best possible outcomes at the most capable sites.

Cyber Attack

Amidst the COVID-19 response, in March 2021 Eastern Health experienced a sophisticated cyber-attack. Early detection and response by the Eastern Health IT team prevented widespread encryption and there was no data lost. Business Continuity Plans were in place during the staged restoration of services over four weeks.

This ensured our high standard of care could still be provided during the digital outage. Care and attention to patient needs remained paramount despite limited access to digital information.

Through support from local and international IT experts, state and federal government resources, and the Eastern Health IT department, a well coordinated response was achieved and recovery roadmap established.



Eastern Health would like to extend its thanks to our partner government agencies, vendors and patients for their assistance and understanding during this particularly difficult time.

Particular thanks is extended to the Eastern Health staff for both their ongoing delivery of patient care during the challenges of the outage, and for their support throughout recovery efforts.

Addicted Australia

Led by Eastern Health's Turning Point and launched on SBS in late 2020, 'Addicted Australia' was a ground-breaking documentary series that sought to change how addiction is framed, understood and treated in Australia.

Featuring 10 brave Australians at various stages of their addiction journey, we saw the possibilities of bespoke care plans and wrap around treatment that enabled better overall outcomes.

The participants and families showed immense trust in telling their stories and allowing the cameras such access to their journey. We acknowledge their willingness to share their stories at what must have been a vulnerable time for each of them. This was the beginning of a much larger conversation and we acknowledge our staff and consumers for undertaking this important work.

Aboriginal Cultural Safety

Eastern Health has developed a Cultural Safety Plan and has initiated some key activities to improve cultural safety for Aboriginal and Torres Strait Islander patients, staff and communities in our region.

To lead improvements in the cultural safety experienced by Aboriginal and Torres Strait Islander patients and to build and strengthen respectful and meaningful relationships with the Aboriginal communities

and organisations in the region, an Aboriginal Cultural Advisor commenced at Eastern Health in January 2021, along with a Clinical Risk Manager for Aboriginal Health who commenced in March 2021.

Together they provide advice, oversight and monitoring of the Aboriginal Cultural Safety Plan, Reconciliation Action Plan, Aboriginal Employment Plan and other key initiatives relating to the health of local Aboriginal communities.

Achievements against these plans include:

- Adopted a cultural safety audit tool to ensure Eastern Health is able to identify opportunities to improve the respectful nature, access to and quality of the care provided to Aboriginal and Torres Strait Islander Communities.
- Provided targeted cultural safety training to key leaders across Eastern Health. This has supported leaders with responsibility for improving Cultural Safety and Aboriginal Health to develop a deeper understanding of cultural safety. A plan to further develop and disseminate this training more broadly across Eastern Health is nearing completion.
- Implemented a new governance structure that provides oversight of clinical Aboriginal Health service delivery, Aboriginal employment and other non-clinical elements such as a culturally welcoming environment.
- Establishment of a performance scorecard to enhance visibility of performance, support benchmarking and drive improvement activity.

Teleprompt partnership with Ambulance Victoria

In line with recommendations from the Royal Commission into Victoria's Mental Health System, the new Teleprompt system allows Eastern Health mental health clinicians to

be embedded in the Ambulance Victoria call centre to provide assessment and advice to paramedics and their patients at the scene.

In its first six months, the Teleprompt trial has seen the rates of mental health hospitalisation reversed, with paramedics now taking just 28% of those patients to hospital, compared to the previous rate of 80%.

With 75,000 calls for mental health assistance made each year, it is hoped the Teleprompt service will make a significant difference to consumers' experience and enhance the use of hospital and ambulance resources.

Mental health clinicians have access to a statewide database of health records, which are used to connect patients with their care plans or services more suited to their immediate crisis.

Stroke services leads the way

The Stroke Team at Box Hill Hospital was awarded the Australian Stroke Coalition Quality Stroke Service Merit Award, an award for achieving a median 'door to needle time' of under 60 minutes. Box Hill Hospital is one of only two hospitals in Australia to receive this award.

This is further recognition of the amazing efforts made by the Stroke service and shows their determination for Eastern Health to be a leader in Stroke care across Australia.

The award recognises the promptness of treatment provided in the Emergency Department, measuring the time from when a patient arrives ('door') to when they receive thrombolytic ('needle') or 'clot busting' treatment.

This care could not have been achieved without the efforts of the Emergency Department team, Medical Imaging team and Acute Stroke Unit staff, all of whom are critical in the care of each stroke patient, demonstrating the collaborative approach of all the clinical staff at Eastern Health.

Expanding Our Facilities

Wantirna redevelopment

Construction is underway for the new Wantirna public sector residential aged care facility. In January, Minister for Disability, Ageing and Carers, Luke Donnellan MP, turned the first sod on the \$81.58 million 120-bed, state-of-the-art facility.

The four-storey aged care home will cater for the more complex needs of its residents and has been designed to be mobility and dementia-friendly.

Residents will enjoy a home-like environment with the dignity and independence of their own private room and ensuite, and the facility will feature other personal touches which are important for residents to feel safe and at home. The facility is scheduled to be completed during 2022.

Acute detoxification inpatient unit

The Turning Point Addiction Medicine Unit (TPAMU) opened a new ward - 1 East at Box Hill Hospital - in January 2021. The unit is the first in Victoria to jointly house people admitted for addiction medicine and mental health issues. The unit itself is a remodelled general ward, now comprising state-of-the-art electronics and safety installations.

The unit currently has eight-beds for patients with an addiction and has been very busy with an occupancy rate of 98%.

New mental health beds

Nine much needed additional mental health beds were opened on the refurbished ward 1 East at Box Hill Hospital in February 2021. The redevelopment provides additional Mental Health inpatient beds which are co-located with the eight AOD (alcohol and other drugs) beds. The additional mental health beds support patient access and management of some of the most vulnerable people in our community. The co-location provides a platform for improved treatment of those with co-occurring mental health and AOD conditions.

Learning and Teaching

Support for our leaders

Eastern Health has established a unique partnership with Deakin University to support our managers to succeed. Eastern Health is delivering an industry-based Clinical Governance unit which is recognised by Deakin as a unit within its Graduate Certificate in Business Administration (which provides a pathway to a Master of Business Administration (MBA)). This unit is provided free to Eastern Health leaders as a number of scholarships have been provided by generous donors. There are 13 managers enrolled in the program currently.

Undergraduate student placements

Despite the challenges due to COVID-19 restrictions, Eastern Health safely provided student placements throughout the past year and delivered over 88,000 placement days for over 6000 students across a number of different professions.

Despite a backlog of student placements across Victoria, Eastern Health has been very active in working with our university partners to address the challenges. Placement numbers increased from last year to support more final year students impacted by the pandemic.



255

additional Transition to Practice learners

(graduates) commenced in 2021 distributed across the following programs:

- Enrolled Nurse graduate program
- Allied Health mental health graduate program
- Mental Health nursing graduate program
- Midwifery graduate program
- Interprofessional graduate program
- Early career nurse program.

Eastern Health increased its graduate intake to support the additional demand on healthcare workforces due to COVID-19.



There are currently

8

beds

for patients with an addiction

"The Turning Point Addiction Medicine Unit (TPAMU) opened a new ward - 1 East at Box Hill Hospital - in January 2021. The unit is the first in Victoria to jointly house people admitted for addiction medicine and mental health issues."



76

Postgraduate nursing and midwifery enrolments within specialty areas such as Intensive Care, Emergency Departments, Cardiology, Oncology, Renal, Paediatrics, Neurology, Peri-operative and Mental Health.

An increase in enrolments compared to previous years which helped to boost workforce shortages in specialty areas.



2

Nurse Practitioner candidates were introduced in the high demand area of mental health.



115

Eastern Health staff are enrolled in Transition to Specialty Practice programs across a number of specialties.

The increase in enrolments from previous years ensures a safe and supportive transition is provided to staff wishing to enter specialty practice.

Outstanding staff response to severe storm damage

The staff at Healesville Hospital and Yarra Valley Health are to be commended for going above and beyond throughout the extreme weather event in June 2021.

The team went to extraordinary lengths to support and check in on elderly and vulnerable people in the Yarra Valley, supporting those without heating, hot water and phone reception, even whilst managing power outages and storm damage themselves.

Expectations for the future

Heading into the final year of our Strategic Plan, Eastern Health will continue to focus on delivering our values-based care and seek out opportunities for innovation.

We thank all Eastern Health staff, volunteers and partners – those who work on the frontline or support our core operations – for the ongoing service and care you provide.

The past 12 months have presented many challenges and we commend the commitment of all of our Eastern Health staff to continue delivering the care and services our community needs.

Mr Tass Mousaferiadis
Eastern Health Board Chair

Adjunct Professor David Plunkett
Eastern Health Chief Executive





Finance Committee Chair and Chief Finance Officer

Financial performance was managed in the context of significant disruption. The COVID-19 pandemic emerging in the final quarter of 2019-20 impacted virtually all facets of the health service operations.

With the pandemic active through 2020-21, we experienced the full financial year effects shown in the year-on-year trends. The Commonwealth and State governments required more time than normal to set budgets and funding for changed economic circumstances, which flowed through to our requirements to adjust our business.

Eastern Health managed a supply chain impacted by global events, and our workforce experienced community lock-downs and worked with a continual regime of heightened infection control practices including physical distancing.

The Net Operating Result equalled target

The Net Operating Result is the key financial measure which Eastern Health is monitored against in its annual Statement of Priorities signed by the Board Chair and the Minister for Health for the financial year.

A break-even result is consistent with the Statement of Priorities target for 2020-21. For total revenue of almost \$1.3 billion, this is an extraordinary result given the exceptional circumstances Eastern Health faced during the year.

The Net Result from Transactions for the year excluding the revaluation surplus and other economic flows shows a loss of \$28.766 million. This loss is due mainly to the depreciation expenses of \$75.494 million exceeding the capital purpose income of \$45.115 million. A reconciliation of the Net Results from Transactions to the Net Operating Result is included on the next page.

Eastern Health's Net Result for 2020-21 is a \$10.464 million deficit, which takes into account other economic flows, capital purpose income and depreciation. There was a managerial revaluation of land in 2020-21 as the Valuer-General's land indices had increased by 12%, resulting in a revaluation of \$26.76 million. This is the key factor for the Comprehensive Result being a surplus of \$10.564 million.

Our cash position at the end of the financial year was \$108 million, which is an improvement on last year by \$18 million through better management of our cash, and enabled us to meet commitments immediately following 30 June 2021. The improved cash position and our overall result provide a sound foundation for Eastern Health to continue delivering positive health experiences for people and communities in our region.

Demand for services

Operating activity revenues excluding capital revenue grew by 6.6% and enabled the continued delivery of much-needed services to our community including responding to the COVID-19 pandemic which severely affected service delivery in 2020-21.

The proportion of the increase in our operating costs due to the COVID-19 pandemic was approximately 4%. The main increase in expenditure was in the full-year cost of staffing to manage the COVID-19 pandemic while maintaining normal business operations, and nursing staff increases arising from changes in the *Safe Patient Care Act 2015* (amended November 2020).

Managing staffing and consumable costs

Eastern Health's management team, as in prior years, prepared a comprehensive operating budget program for revenue and expenditure, accompanied by detailed activity schedules for monitoring patient activity including inpatient and non-inpatient services across all programs.

Employee costs and provisions are closely monitored by all areas, and assistance is provided by the Workforce Sustainability Unit to support leaders across Eastern Health in controlling their expenditure.

The major event that arose since the year-end balance date was the appointment of a new Board Director Ms Penelope Hutchinson. No other events occurred after the Balance Sheet date.

Lance Wallace

Chair
Finance Committee

Geoff Cutter

Chief Finance Officer
Eastern Health

"The improved cash position and our overall result provide a sound foundation for Eastern Health to continue delivering positive health experiences for people and communities in our region."



Summary of financial results

	2021 \$000	2020 \$000	2019 \$000	2018 \$000	2017 \$000
Operating Result*	0	(429)	2,670	2,948	(8,439)
Total revenue	1,288,446	1,179,120	1,100,184	1,070,401	1,008,430
Total expenses	1,317,212	1,230,942	1,144,460	1,080,896	1,038,198
Net result from transactions	(28,766)	(51,822)	(44,276)	(10,495)	(29,768)
Total other economic flows	18,302	(4,125)	(17,156)	(2,706)	(1,246)
Net Result	(10,464)	(55,947)	(61,432)	(13,201)	(28,522)
Total assets	1,502,247	1,479,194	1,435,015	1,033,253	950,222
Total liabilities	478,760	466,271	366,218	308,550	273,542
Net assets	1,023,487	1,012,923	1,068,797	724,703	676,680
Total Equity	1,023,487	1,012,923	1,068,797	724,703	676,680

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

Reconciliation between the Net Result from Transactions reported in the Financial Statements to the Operating Result as agreed in the Statement of Priorities

	2021 \$000	2020 \$000	2019 \$000
Adjusted Net Operating Result	(2,195)	(1,290)	2,670
COVID-19 State Supply Arrangements			
Assets received free of charge or for nil consideration under the State Supply	11,213	1,762	0
State supply items consumed up to 30 June 2021	(9,018)	(901)	0
Net Operating Result	0	(429)	2,670
Capital and Specific Income			
Capital purpose Income	46,728	22,015	20,124
Depreciation and Amortisation	(75,494)	(73,408)	(67,070)
Net Result from Transactions	(28,766)	(51,822)	(44,276)

2020-2021 at a glance

OUR PERFORMANCE



1,366,049

total number of episodes of patient care



35,137

surgeries



153,839

emergency department presentations – approximately one person every three minutes



4816

babies born – one birth every 1.8 hours



51,130

ambulance arrivals to our three emergency departments – down by 1.2% – approximately one ambulance every 10 minutes, 24 hours a day, every day



35,348

ambulance patients transferred within 40 minutes



13,944

patients admitted for elective surgery – 13 % less than last year*



281,797

specialist clinic appointments – 1.5% more than last year



4581

patients admitted to our mental health inpatient units



267,829

occasions of service provided by mental health community services



146,516

patients admitted for acute care (across all ages)



6943

patients admitted for acute care (aged under 18 years)



4719

staff have been fit tested



120,868

COVID-19 tests

*Elective surgery appointments were impacted by COVID-19 restrictions.

OUR PEOPLE



101

number of nationalities that make up the Eastern Health workforce



15

number of staff who identify as Aboriginal and Torres Strait Islander

ABOUT US

Our Strategy

Eastern Health's *Strategic Plan 2017-2022* provides direction and ensures we continue to meet the current and future challenges and healthcare needs of our communities, whether it is the growing and ageing population, advances in healthcare delivery, the rapidly changing digital environment or the importance of being financially responsible to ensure we live within our means.



At Eastern Health, the term “great” symbolises the experience and outcome of care we aim to achieve with every single patient, but also the systems of health care that support our staff and our patients to experience **great care, everywhere, every time**.

This vision is embedded in our everyday language to guide the work

of our teams and represents the aspirations of our organisation.

Our mission encompasses the three key areas in which we operate every day. These are the delivery of healthcare services; education to those in or aspiring to join the healthcare workforce; and research into health care and its delivery.

To achieve our vision, Eastern Health focuses its efforts around five strategic initiatives and associated priority goals.

These strategic initiatives have been determined after careful consideration of the communities that we serve, the environment in which we operate, the challenges we expect to face and the capabilities and opportunities we have.



Our values represent Eastern Health's approach to providing excellence in healthcare. By living these values every day, the Eastern Health team will demonstrate **"patients first"**.

STRATEGIC INITIATIVES

Healthcare excellence

- Great patient outcomes
- Great patient experiences
- Harm-free care

Leading in learning

- Great learner outcomes
- Great learning experiences
- A dynamic learning organisation

Leading in research and innovation

- Innovating for performance excellence
- Renowned for research
- Translating research evidence and innovation to enhance care

A values-based, safe workplace

- Safe workplace for all
- High-performing leaders
- Engaged and empowered people and teams

OUR VALUES

- Patients First
- Kindness
- Respect
- Excellence
- Agility
- Humility



Who We Are

Eastern Health is one of Melbourne's largest metropolitan public health services. We provide a range of emergency, surgical, medical and general healthcare services, including maternity, palliative care, mental health, drug and alcohol, residential care, community health and statewide specialist services to people and communities that are diverse in culture, age, socio-economic status and healthcare needs.



Services located across

2816

square kilometres – the largest geographical area of any metropolitan health service in Victoria



Operating revenue of

\$1.29 billion



1478*

beds



10,678

total number of staff
(70% of whom live within the community we serve)



We have

609

dedicated volunteers



* As at 30 June 2021. Bed numbers are subject to change depending on activity and demand.

EASTERN HEALTH ORGANISATIONAL PROFILE

Larger sites

- Angliss Hospital
- Box Hill Hospital
- Healesville Hospital and Yarra Valley Health
- Maroondah Hospital
- Peter James Centre
- Statewide Services Richmond
- Wantirna Health
- Yarra Ranges Health

Corporate functions

- Information, Technology and Capital Projects
- Finance, Procurement and Corporate Services
- Fundraising, Legal Services and Corporate Governance
 - People and Culture
 - Learning and Teaching
- Quality, Planning and Innovation
 - Research

Professional leadership

- Chief Medical Officer
- Chief Nursing and Midwifery Officer
- Chief Allied Health Officer

CLINICAL PROGRAMS AND SERVICES

Eastern Health organises its 46 clinical services into nine programs, as outlined in the table below. These services are delivered from eight geographical precincts and in some instances, directly into people's homes. They are divided into two main areas of clinical operations – one that is largely focused around planned activity, including surgery, maternity and specialist (outpatient) clinics, and the other which is largely focused around unplanned activity, including emergency and acute inpatient care. Each program is led by a Program Director and an Executive Clinical Director to enhance medical leadership. *For more information about how these services are administered, please refer to the organisational structure on page 19.*

Directorate	Clinical program	Clinical service group	Clinical support
Clinical Operations (ASPPPA) Acute and Aged Medicine, Specialty Medicine and Ambulatory Care, Pathology, Pharmacy, Patient Access and Allied Health	Acute and Aged Medicine	1 Emergency 2 General medicine 3 Geriatric medicine 4 Rehabilitation (inpatient) 5 Palliative care 6 Transition care 7 Residential aged care 8 Aged Care Assessment Service 9 Residential in-reach	Patient Access
	Specialty Medicine and Ambulatory Care	10 Allied Health 11 Cancer services 12 Renal 13 Cardiology 14 Endocrinology 15 Gastroenterology 16 Haematology/haemostasis and thrombosis 17 Infectious diseases 18 Neurosciences 19 Respiratory 20 Rheumatology 21 Dermatology 22 Eastern@Home 23 Sub-acute clinics 24 Community health 25 Community rehabilitation 26 Aboriginal health	
	Pathology		
	Pharmacy		
	Surgery	27 Anaesthetics 28 Breast and endocrine 29 Colorectal 30 Ear, nose and throat 31 General/paediatric 32 Orthopaedic 33 Plastic 34 Upper gastrointestinal/bariatric/thoracic 35 Urology 36 Vascular 37 Intensive care services	
	Women and Children and Acute Specialist Clinics	38 Obstetrics 39 Gynaecology 40 Paediatric and neonatology 41 Acute specialist clinics	
Clinical Operations (SWMMS) Surgery, Women and Children and Acute Specialist Clinics, Mental Health, Medical Imaging and Statewide Services	Mental Health	42 Adult (community and rehabilitation) 43 Aged persons (triage and emergency) 44 Child and youth	
	Medical Imaging		
	Statewide Services	45 Spectrum 46 Turning Point	



To find out more about Eastern Health, visit our website at www.easternhealth.org.au

OUR GOVERNANCE



Board of Directors

Eastern Health is a public health service as defined by the *Health Services Act 1988* and is governed by a Board of Directors consisting of up to nine members appointed by the Governor in Council on the recommendation of the Victorian Minister for Health.

The Board must perform its functions and exercise its powers subject to any direction given by the Minister for Health and subject to the principles contained within the *Health Services Act 1988*, and Public Administration Act 2004.

The Board provides governance of Eastern Health and is responsible for its financial performance, strategic direction, quality of healthcare services and for strengthening community involvement through effective partnerships.

The Board is responsible for ensuring Eastern Health performs its functions under Section 65 of the *Health Services Act 1988*, including the requirement to develop statements of priorities and strategic plans, and to monitor compliance with these statements and plans. The Board also has responsibility for the appointment of the Chief Executive.

The Eastern Health by-laws enable the Board to delegate certain authority. The by-laws are supported by the Delegations of Authority, enabling designated executives and staff to perform their duties through exercising specified authority. The Directors contribute to the governance of Eastern Health collectively as a Board. The Board normally meets monthly and 12 meetings are scheduled each financial year.

During 2020-21, Eastern Health's Board Directors were:

Mr Tass Mousaferiadis GAICD

BEd, Grad Dip Health Ed, Grad Cert BusMgt

*Appointed Chair of Eastern Health
1 July 2019*

Professional positions

- Board Chair, Victorian Responsible Gambling Foundation
- Board Chair, Star Health
- Board Director, FoodBank Victoria

Ms Anna Lee Cribb

BA, MDisRes

Appointed 1 July 2019

Professional positions

- Committee Member, Resolution Institute Mediation PDG
- Committee member, Industrial Relations Society of Victoria

Ms Sally Freeman GAICD

BCom, CEW, Chartered Accountant

Appointed 1 July 2020

Professional positions

- Board Director, Netwealth and Netwealth Superannuation Services
- Board Director, Regional Investment Corporation
- Audit Committee Member, Commonwealth Games Australia

- Audit Committee Member, HealthShare Victoria
- Audit Committee Member, Royal Children's Hospital
- Audit Committee Member, Caulfield Grammar

Dr Ben Goodfellow

MBBS, MPM, CAPC, FRANZCP

Appointed 1 July 2020

Professional positions

- Perinatal, Infant and Child Psychiatrist, Barwon Health, Geelong
- Psychiatrist and Psychoanalyst in private practice
- Senior Lecturer, Deakin University

Ms Jill Linklater FACN FGIA GAICD

RN, BScN, MHA, Grad Dip Health and Medical Law

Appointed 1 July 2016

Professional positions

- Consultant, Aged Care Disability and Health Services
- Assessor, NSQHS Standards
- Quality Auditor, NDIS
- Board Member, Disability Worker Registration Board Victoria
- Board Member, Disability Services Board Victoria
- Member, Quality and Safety Committee, Uniting Vic Tas
- Quality Management Systems Auditor



Dr Bob Mitchell AM FAICD

LLB, MPhil, GradDipTax, MThSt, PhD

Appointed 1 July, 2019

Professional positions

- CEO, Anglican Overseas Aid
- Board Director, ACT Alliance
- Board Director, Mission Australia

Mr Andrew Saunders MAICD

BSc, GradDipEd, MBA

Appointed 1 July 2018

Professional positions

- Principal and Director, Red Mosaic
- Board Director, Dental Health Services Victoria
- Board Director, Victoria Legal Aid

Mr Lance Wallace PSM

Dip Business, CPA

Appointed 1 July 2020

Professional positions

- Board Chair, HealthShare Victoria

Dr Angela Williams GAICD

MBBS, MForensMed, GradDipLaw, MBA, MPH/MHM, FFFLM(UK), FFCFM(RCPA), AFRACMA

Appointed 1 July 2020

Professional positions

- Senior Consultant Forensic Physician, Victorian Institute of Forensic Medicine
- Board Director, Emergency Services Telecommunication Authority
- Board Director, Ozchild
- Tribunal Member, VCAT
- Tribunal Member, Football Victoria
- Adjunct Senior Lecturer, Department of Forensic Medicine, Monash University

Purpose, functions, powers and duties

Eastern Health's core objective is to provide public health services in accordance with the principles established as guidelines for the delivery of public hospital services in Victoria under section 17AA of the *Health Services Act 1988*.

The other objectives of Eastern Health, as a public health service, are to:

- Provide high-quality health services to the community which aim to meet community needs effectively and efficiently

- Integrate care as needed across service boundaries, in order to achieve continuity of care and promote the most appropriate level of care to meet the needs of individuals
- Ensure that health services are aimed at improvements in individual health outcomes and population health status by allocating resources according to best-practice healthcare approaches
- Ensure that the health service strives to continuously improve quality and foster innovation
- Support a broad range of high-quality health research to contribute to new knowledge and take advantage of knowledge gained elsewhere
- Operate in a business-like manner which maximises efficiency, effectiveness and cost-effectiveness, and ensures the financial viability of the health service
- Ensure that mechanisms are available to inform consumers and protect their rights, and to facilitate consultation with the community
- Operate a public health service, as authorised by or under the Act
- Carry out any other activities that may be conveniently undertaken in connection with the operation of a public health service or calculated to make more efficient any of the health service's assets or activities.

BOARD DIRECTORS	FIRST APPOINTMENT	TERM NO	EXPIRY OF TERM	ATTENDANCE 2020/21	MEETINGS BY CIRCULATION
Mr Tass Mousaferiadis	8 Dec 2015	3	30 June 2022	11/11	5/5
Ms Anna Lee Cribb	1 July 2019	1	30 June 2022	11/11	5/5
Ms Sally Freeman	1 July 2020	1	20 June 2023	10/11	5/5
Dr Ben Goodfellow	21 July 2020	1	30 June 2023	9/11	4/4*
Ms Jill Linklater	1 July 2016	2	30 June 2022	11/11	5/5
Dr Bob Mitchell	1 July 2019	1	30 June 2022	11/11	5/5
Mr Andrew Saunders	1 July 2018	1	30 June 2021	11/11	4/5
Mr Lance Wallace	1 July 2020	1	30 June 2023	11/11	5/5
Dr Angela Williams	1 July 2020	1	30 June 2021	10/11	5/5

* Date of appointment prevented participation in one meeting

Board Committees

In accordance with the *Health Services Act 1988*, the Board of Directors is supported by several committees and advisory committees. The responsibilities of each committee are set out in its terms of reference.

Each committee is required to report to the Board through its minutes and may make recommendations. At its meetings the Board discusses the minutes of each committee meeting that are introduced by the relevant Committee Chair.

Community Advisory Committee

Chair:

Mr Andrew Saunders

Members:

Ms Anna Lee Cribb

Adj Prof David Plunkett

The role of the Community Advisory Committee is to provide direction and leadership in relation to the integration of consumer, carer and community views at all levels of health service operations, planning and policy development, and to advocate to the Board on behalf of the community, consumers and carers.

Members of the committee representing the community in which Eastern Health operates were Mr Stephen Bendle (from Dec 2020), Ms Dilnaz Billimoria (from Dec 2020), Ms Sue Emery, Ms Angela Fitzpatrick, Mr Thomas Hatvani (until August 2020), Ms Raj Liskaser, Ms Naveena Nekkalapudi, Ms Gloria Sleaby, Mr Shan Thuraiarah (until August 2020), Ms Irene Toh (from Dec 2020), Ms Alison Zhu (until December 2020).

Ms Kathy Collet, a Carer Consultant in the Mental Health Program, was an associate of the committee until December 2020.

In 2020-21, some of the activities that members participated in included ongoing involvement in planning workshops, consumer forums, Clinical Risk Governance Committees, governance committees and quality improvement projects.

For more information about the Community Advisory Committee, visit www.easternhealth.org.au

Finance Committee

Chair:

Mr Lance Wallace

Members:

Ms Sally Freeman

Dr Bob Mitchell

Mr Tass Mousaferiadis

Mr Andrew Saunders

The primary function of the Finance Committee is to assist the Board in fulfilling its responsibilities to oversee Eastern Health's assets and resources. It reviews and monitors the financial performance of Eastern Health in accordance with approved strategies, initiatives and goals.

The committee makes recommendations to the Board regarding Eastern Health's financial performance, financial commitments and financial policy. The committee normally meets monthly and 11 meetings are scheduled each financial year.

The committee has assisted the Board to exercise its financial stewardship responsibility throughout the year.

Quality and Safety Committee

Chair:

Mr Tass Mousaferiadis

Members:

Ms Anna Lee Cribb

Ms Angela Fitzpatrick (consumer)

Dr Ben Goodfellow

Ms Jill Linklater

Ms Raj Liskaser (consumer)

Ms Tarnya McKenzie (consumer)

Mr Andrew Saunders

Dr Angela Williams

The Quality and Safety Committee is responsible to the Board for ensuring that safe, effective and accountable systems are in place to monitor and improve the quality and safety of health services provided by Eastern Health and that any systemic problems identified with the quality and safety of health services are addressed in a timely manner.

It also ensures Eastern Health strives to continuously improve quality and safety and foster innovation; and that clinical risk and patient safety are managed effectively.

The committee has assisted the Board to exercise its clinical governance responsibility throughout the year.



Primary Care and Population Health Advisory Committee

Chair:

Ms Jill Linklater

Members:

Dr Ben Goodfellow

Mr Andrew Saunders

Dr Angela Williams

Ms Ronda Jacobs

Adj Prof David Plunkett

Ms Shannon Wight

The role of the Primary Care and Population Health Advisory Committee is to monitor and report to the Board on the effective implementation of the Primary Care and Population Health Plan and any barriers to its successful implementation.

In accordance with the requirements of section 65ZC of the *Health Service Act 1988*, the committee consists of members who between them have:

- Expertise in or knowledge of the provision of primary health services in the areas served by Eastern Health
- Expertise in identifying health issues affecting the population served by Eastern Health and designing strategies to improve the health of the population
- Knowledge of the health services provided by local government in the areas served by Eastern Health.

Audit and Risk Committee

Chair:

Dr Bob Mitchell AM

Members:

Ms Sally Freeman

Ms Jill Linklater

Mr Lance Wallace

The purpose of the Audit and Risk Committee is to assist the Board to discharge its responsibilities by having oversight of the integrity of the financial statements and financial reporting systems of Eastern Health.

- Liaison with the Victorian Auditor-General or the Auditor-General's nominee, as required
- Internal auditor's qualifications, performance, independence and fees
- Financial reporting and statutory compliance obligations of Eastern Health.

The committee also assists the Board in relation to oversight and review of risk management, occupational health and safety, and legislative compliance. In accordance with the Standing Directions under the *Financial Management Act 1994*, the committee is comprised of three or more Board Directors. All members are independent.

The committee has assisted the Board to exercise its financial and risk management responsibility throughout the year.

Remuneration Committee

Chair:

Mr Tass Mousaferiadis

Members:

Ms Anna Lee Cribb

Mr Andrew Saunders

The primary purpose of the Remuneration Committee is to assist the Board to discharge its responsibilities under government policy in relation to the remuneration of the Chief Executive and members of the Executive.

The committee assisted the Board to fulfil its obligations with respect to executive remuneration.

Our Executive

Adjunct Professor David Plunkett

**Chief Executive
Eastern Health**

David Plunkett has many years of executive and senior management experience in both the public and private health sectors. Adj Prof Plunkett commenced his health career as a Registered Nurse.

He joined Eastern Health in 2002 and held various roles, including Chief Nursing and Midwifery Officer and Executive Director Acute Health, all leading to his current role of Eastern Health Chief Executive, held since September 2016.

Adj Prof Plunkett holds a Master of Business Administration and is a Graduate of the Australian Institute of Company Directors and until recently, was a surveyor with the Australian Council on Healthcare Standards.

Adj Prof Plunkett is a member of the Eastern Metropolitan Partnership, appointed by the Minister for Suburban Development, and is a Fellow and current Board Director of the Australian College of Nursing.

Adjunct Professor Leanne Boyd

**Executive Director
Learning and Teaching (Chief Nursing
and Midwifery Officer)**

Professor Boyd commenced at Eastern Health in November 2019. Her previous role was Group Director of Nursing, Education and Research at Cabrini Health and she has more than 20 years of experience in health professional education. Prof Boyd has a clinical background in critical care.

She holds a Master of Tertiary Education Management from the University of Melbourne, and a Doctor of Philosophy in Health Program Evaluation, Master of Nursing, Graduate Certificate in Critical Care and Bachelor of Nursing from Monash University. She is an Adjunct Professor at Australian Catholic University and Monash University.

Prof Boyd is responsible for professional leadership of the nursing and midwifery workforce and management of learning and teaching services and systems across Eastern Health.

Mr Geoff Cutter

**Executive Director
Finance, Procurement and Corporate
Services (Chief Finance Officer and
Chief Procurement Officer)**

Mr Cutter commenced at Eastern Health in May 2019. He is responsible for financial services, management accountant services, procurement and supply, facilities and infrastructure, support services and security, business services centre, and property and retail.

Previously, Mr Cutter was Chief Financial Officer in the health, emergency services, water, local government and ICT sectors. He is a Fellow of CPA Australia, graduate member of the Australian Institute of Company Directors and has a Bachelor of Economics and Master of Business Administration from Monash University.

Adjunct Clinical Associate Professor Alison Dwyer

**Executive Director
Research (Chief Medical Officer)**

Adj Clin A/Prof Dwyer commenced at Eastern Health in February 2019. Her previous roles have included Chief Medical Officer at Northern Health, Medical Director Quality, Safety and Risk Management at Austin Health and Director Medical Services at Royal Melbourne Hospital. She is a current Board Director of Peninsula Health and a member of its Quality, Safety and Clinical Governance Committee.

Adj Clin A/Prof Dwyer is a Fellow of the Royal Australasian College of Medical Administrators (RACMA) and has a strong involvement in the training of medical administration registrars as a current Supervisor, Preceptor,

Examination Censor and Chair of the Medical Administration Workforce Planning Committee.

She is also a current ACHS Surveyor and has a passion for ensuring the right organisational supports are in place to assist medical staff to provide high-quality care. Her research interests have focused on junior medical staff wellbeing, engaging medical staff in quality and the role of the Medical Administrator in Health Services.

Ms Karen Fox

**Executive Director
Clinical Operations – Surgery,
Women and Children and Acute
Specialist Clinics, Mental Health,
Medical Imaging and Statewide
Services (SWMMS)**

(Vacated June 2021)

Ms Fox commenced at Eastern Health in 2006 and was appointed to her current role in February 2017.

Prior to this, she held the position of Executive Director Access and Patient Support Services from May 2013. Ms Fox is responsible for the management and performance of surgery, intensive care services, women and children services, acute specialist clinics, mental health, medical imaging and statewide services.

She is committed to listening to staff, patients, clients and consumers to ensure Eastern Health is providing reliable, safe, high-quality care and positive experiences. Her previous roles at Eastern Health have included capital project management, corporate governance, strategy, planning and risk management.

She has a Bachelor of Applied Science (Health Information Management), a Master of Public Health and a Diploma of Management.



Mr Zoltan Kokai

Executive Director

Information, Technology and Capital Projects

Mr Kokai commenced at Eastern Health in July 2004. He was appointed to his current role in February 2017 and leads the information, technology and major capital projects functions. These include information and communication technology, health information, information integrity and decision support services, biomedical engineering, the library and the e-health team.

Mr Kokai is currently leading Eastern Health's Wantirna Residential Aged Care (120 bed, \$81.58m) development and capital planning for the Angliss and Maroondah Hospital precincts including the Maroondah Hospital Paediatric Emergency Expansion planning. He previously led the \$447.5 million Box Hill Hospital redevelopment, Maroondah Hospital and Eastern Health's acute and community health services.

Prior to joining Eastern Health, he held several executive and senior roles at a number of major metropolitan health services. He has undergraduate degrees in business and information systems, and a Master of Business Administration.

Ms Gillian Shedden

Executive Director

People and Culture

Ms Shedden commenced at Eastern Health in February 2020. Her role includes responsibility for executive leadership across the People and Culture directorate comprising of specialist teams: Emergency Management, Work Health, Safety and Wellbeing, Workplace Relations, Organisational Development, Workforce Sustainability, Business Partnering and Advice, Talent Acquisition, Remuneration and Benefits and Communications.

She has a strong track record in developing and implementing risk management strategies to support the achievement of business objectives through various business cycles and strategic change programs.

Ms Shedden has more than 20 years of experience as a senior leader in human resources, including various roles at Western Health, Melbourne Health and Box Hill Institute. She holds a Master of Workplace and Employment Law and a Graduate Diploma in Workplace and Industrial Relations.

Ms Gayle Smith

Executive Director

Quality, Planning and Innovation (Chief Allied Health Officer)

Ms Smith commenced at Eastern Health in February 2010. Her role includes responsibility for Eastern Health's performance excellence, strategy, planning, risk management, clinical governance, quality and safety, patient experience, consumer and community participation, and continuous improvement systems.

Ms Smith also has professional responsibility for Allied Health. She is a registered Occupational Therapist, and holds a Bachelor of Applied Science (Occupational Therapy), a Master of Business Administration and a Professional Certificate in Health System Management.

Ms Andrea Wecke

Acting Executive Director (August 2020 – June 2021)

Information Technology and Capital Projects

Ms Wecke commenced at Eastern Health in 2009 holding a number of positions before acting in the Executive Director role from August 2020 to June 2021, after which she returned to her substantive position of Program Director Information Integrity and Analytics, Chief Data and Analytics Officer.

Prior to commencing at Eastern Health Ms Wecke held positions in regional and metropolitan public health services, in private hospitals and at the Department of Health, each position having a strong focus on information management.

Ms Wecke is a registered Health Information Manager and has a Bachelor of Applied Science Health Information Management, a Postgraduate Diploma of Computing and a Master of Health Services Management.

Ms Shannon Wight

Executive Director

Clinical Operations – Acute and Aged Medicine, Specialty Medicine and Ambulatory Care, Pathology, Pharmacy, Patient Access and Allied Health (ASPPPA)

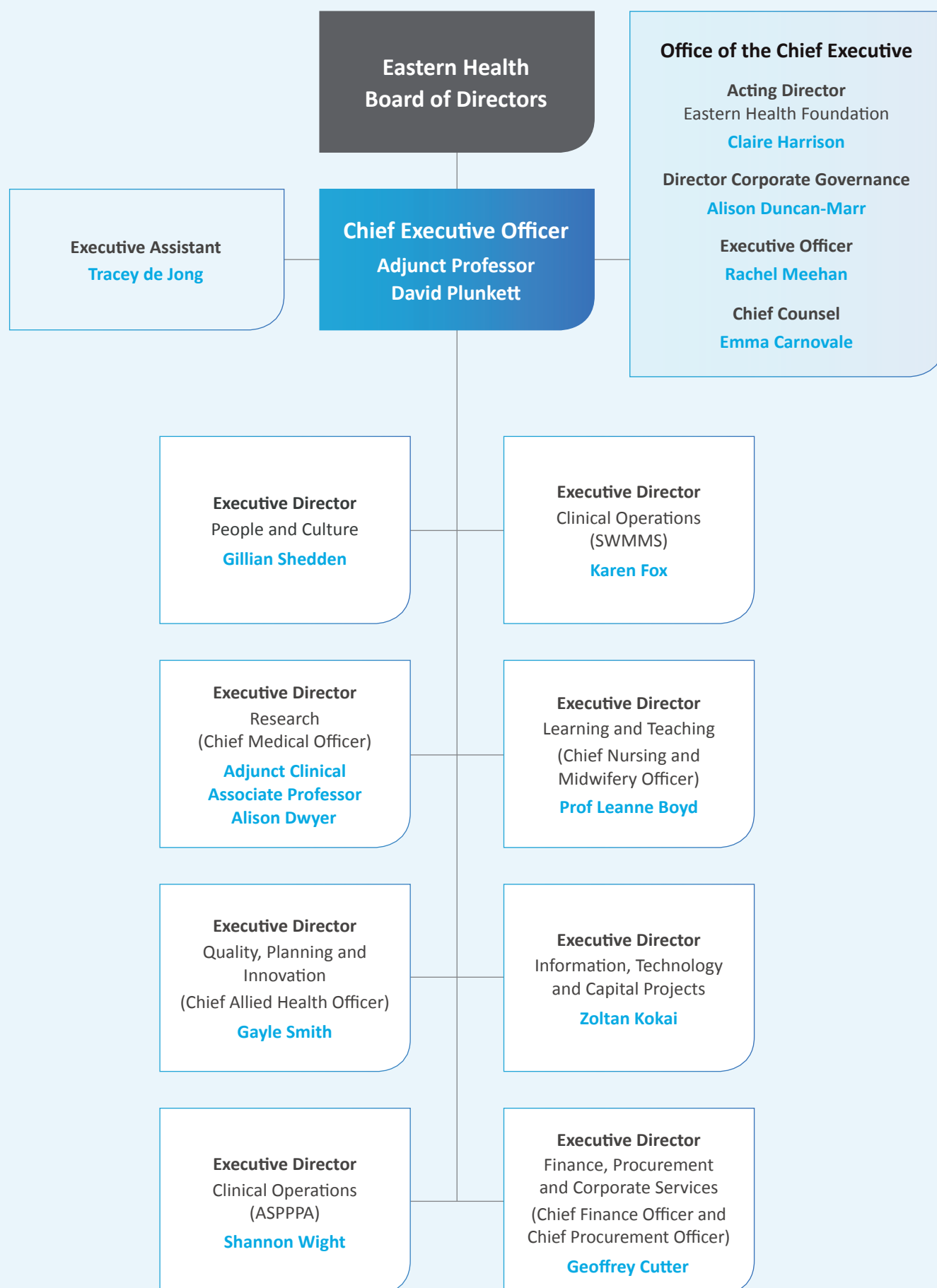
Ms Wight commenced at Eastern Health in February 2019. The focus of her role is to ensure patients move seamlessly between different services across Eastern Health and she has responsibility for acute medicine (emergency and general medicine), aged medicine (subacute, transition care, residential aged care and chronic disease), specialty medicine and ambulatory care, pathology, pharmacy, patient access and allied health.

Previously, Ms Wight was the Clinical Service Director for the Alfred Heart and Lung Program at Alfred Health and had an extensive career with Monash Health, most recently as the Operations Director and Director of Nursing at Monash Medical Centre, Clayton.

She is a Registered Nurse, has a Graduate Diploma in Critical Care (ICU Adult and Paediatric) and has completed a Master of Business Administration from Monash University.

Organisational Structure

At Eastern Health there are eight directorates with responsibility for the management of organisational operating systems and organisational performance.



OUR PEOPLE

Working at Eastern Health

Eastern Health is committed to strengthening our greatest and most important asset: our people. Our focus is to be a high-performing, safe and values-based organisation with a passionate and diverse workforce. Supporting, developing and learning from them is critical to our continued success. We have inspiring leaders who are able to attract and retain the best people in health care. In support of this, Eastern Health has been focused on employee engagement, employee wellbeing, the Eastern Health values and leadership development.

Employment and conduct principles

Eastern Health is an Equal Opportunity Employer and treats all staff and potential employees on their merit and without consideration of race, gender, age, marital status, religion or any other factor that is unlawfully discriminatory.

We are committed to providing a workplace that is free of discrimination and bullying. Any form of unlawful discrimination or bullying is unacceptable and appropriate action will be taken where behaviours do not align with Eastern Health's values.

We are committed to the employment principles outlined in the *Victorian Public Administration Act 2004*, enshrining the core and enduring public sector values of responsiveness, integrity, impartiality, accountability, respect, support for human rights and leadership.

Our people policies and procedures support:

- Employment decisions based on merit
- People being treated fairly and reasonably
- Provision of equal opportunity
- A safe and healthy work environment
- Human rights, as set out in the *Victorian Charter of Human Rights and Responsibilities Act 2006*

- People being provided with reasonable redress against unfair or unreasonable treatment
- Fostering career pathways in the public healthcare sector.

Industrial Relations

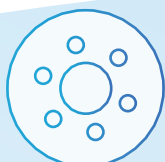
During 2020-21, Eastern Health had a number of enterprise agreements undergoing renegotiation, with the *Allied Health Professionals (Victorian Public Sector) (Single Interest Employers) Enterprise Agreement 2020-2021* approved by the Fair Work Commission, and the *Nurses and Midwives (Victorian Public Health Sector) (Single Interest Employers) Enterprise Agreement 2020 – 2024* agreed in principle.

Highlights



77%

percentage of workforce that is female



15

number of staff who identify as Aboriginal and Torres Strait Islander



101

number of nationalities that make up the Eastern Health workforce



42.08

average age of employees



17

age of youngest employee



86

age of oldest employee

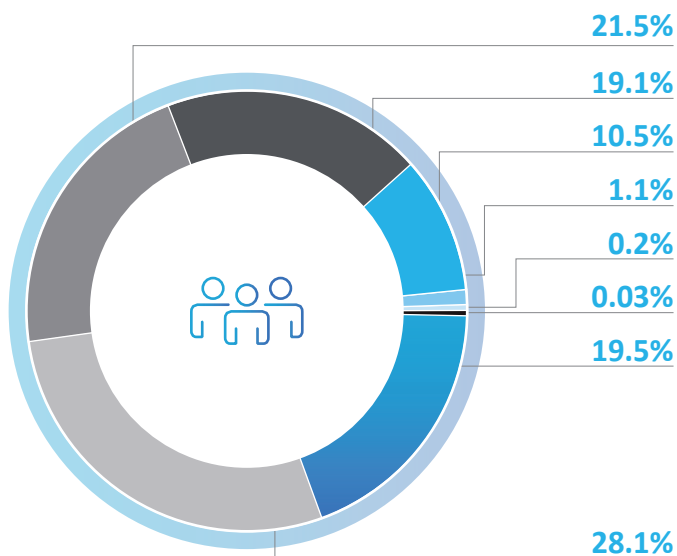


Workforce data

LABOUR CATEGORY	JUNE CURRENT MONTH FTE		JUNE YEAR TO DATE FTE	
	2020	2021	2020	2021
Nursing Services	3,058.10	3,132.74	3,020.86	3,081.90
Administration and Clerical	949.02	992.95	923.53	966.38
Medical Support Services	604.22	625.58	596.06	601.98
Hotel and Allied Services	359.75	375.96	329.43	367.16
Medical Officers	140.6	147.77	133.29	138.3
Hospital Medical Officers	658.95	658.02	656.64	663.44
Sessional Medical Officers	223.08	241.11	214.05	219.26
Ancillary Support Services	666.14	672.9	649.94	683.29

The FTE figures required in the table are those excluding overtime. These do not include contracted staff (e.g. Agency nurses, Fee-for-Service Visiting Medical Officers) who are not regarded as employees for this purpose.

Workforce age breakdown



AGE GROUP (YEARS)	NUMBER OF STAFF	PERCENTAGE
< 20	20	0.2
20-29	2081	19.5
30-39	3002	28.1
40-49	2292	21.5
50-59	2041	19.1
60-69	1123	10.5
70-79	116	1.1
80-89	3	0.03
Total	10678	100



A2i 2020 Award Recipients:
The Paediatric Team (pictured left)
and The Infection Prevention and
Control Team (pictured right).



450
nominations

11
award and
achievement
categories

Reward and Recognition

2020 was a milestone year for the Eastern Health Aspire to Inspire (A2i) awards – the 10th anniversary – and it's a year we will remember for a lifetime. Due to the impact of COVID-19, the awards celebration looked rather different in 2020 as we pivoted to ensure staff were celebrated and recognised within a COVID-safe manner.

The A2i Awards recognise our people who go above and beyond through their actions and behaviour, and truly demonstrate Eastern Health's values together with key areas of achievement in workplace safety and wellbeing, sustainability, consumer participation, closing the health gap and volunteer engagement.

We received more than 450 nominations across the 11 award and achievement categories.

All nominations were critically reviewed against the selection criteria, followed by management endorsement and final review by the Eastern Health Executive for shortlisting and ultimately awarding.

Because of the COVID-19 restrictions, all acceptance videos were recorded at the winner's main work site location and this content was part of a LiveStream Celebration event. The outcome was that more staff than ever before were able to view the A2i Ceremony with the LiveStream video being viewed over 2100 times.

Thank you to each and every one of our staff for your ability to adapt, co-operate, and continue to be flexible in response to the ever-changing demands experienced throughout 2020.

A2i Award Recipients – 2020

Patients First Award Winners

Deb Taylor

Counsellor, Turning Point
and

The Paediatric Team

Ward 5.3, Box Hill Hospital

Volunteer Award Winner

Sylvia Stirling

Volunteer team leader –
Falls Prevention and Wellbeing
Volunteer Program,
North Ward, Wantirna Health

Agility Award Winners

Sarah Aranha

Pandemic Planning Manager, QPI
and

The Infection Prevention and Control Team

Closing the Gap Award Winner

The Aboriginal Health Team

Healesville – Yarra Ranges Health

Sustainability Award Winner

Alysha Bassett

Nurse Unit Manager, Ward 3 East
Maroondah Hospital

Workplace Safety and Wellbeing Award Winner

Leanne Stella

Nurse Unit Manager,
Emergency Department,
Maroondah Hospital,
Box Hill Hospital

Respect Award Winner

E.V. Sephora Valerio

Clinical Nurse Educator,
Learning and Teaching –
Practice Capability,
Box Hill Hospital

Consumer Participation Winner

Jess Sudholz

Occupational Therapist,
Mental Health Program,
Maroondah Hospital

Humility Award Winner

Jane Jenkins

Associate Program Director,
Aged Care and Director of Nursing,
Peter James Centre

Excellence Award Winners

Dr Stephen Guy

Clinical Director,
Infectious Diseases and Infection
Prevention and Control
and

Dr Rebecca Fraser

Consultant Psychiatrist,
Mental Health Program

Kindness Award Winner

Mary Healy

Patient Service Assistant,
Intensive Care Unit,
Box Hill Hospital

*"All of us come to work
wanting to live the Eastern
Health values and that's how
we deliver our great care
everywhere, every time."*

Sarah Aranha

Pandemic Planning Manager
A2i Award Winner for Agility

Occupational Health and Safety

Eastern Health acknowledges that our people are central to providing **great care, everywhere, every time**. We continue to focus on ensuring staff are safe, healthy and supported by creating a values-based, safe workplace.

Definitions of Occupational Violence

Occupational violence:

any incident where an employee is abused, threatened or assaulted in circumstances arising out of, or in the course of their employment.

Incident:

an event or circumstance that could have resulted in, or did result in, harm to an employee. Incidents of all severity rating must be included. Code Grey reporting is not included, however, if an incident occurs during the course of a planned or unplanned Code Grey, the incident must be included.

Accepted WorkCover claims:

accepted WorkCover claims that were lodged in 2020-21.

Lost time:

is defined as greater than one day.

Injury, illness or condition:

this includes all reported harm as a result of the incident, regardless of whether the employee required time off work or submitted a claim.

Occupational Health and Safety

OCCUPATIONAL HEALTH AND SAFETY STATISTICS	2020-21	2019-20	2018-19
The number of reported hazards/incidents for the year per 100 FTE	32.3	37.8	32.73
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	1.9	1.2	0.66
The average cost per WorkCover claim for the year ('000)	\$69,309	\$56,248	\$95,012

In the event of a fatality, a discussion of circumstances that led to the fatality and preventative measures that have been taken to prevent recurrence. If the fatality is under investigation or subject to an inquiry, a statement to that effect shall be included.

Occupational Violence Statistics

OCCUPATIONAL VIOLENCE STATISTICS	2020-21
WorkCover accepted claims with an occupational violence cause per 100 FTE	0.23
Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	1.4
Number of occupational violence incidents reported	1123
Number of occupational violence incidents reported per 100 FTE	16.1
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	15%





During the 2020-21 financial year, there was an increase in number and average cost of standard WorkCover claims. The largest increase in standard WorkCover claims related to injuries from manual handling activities; slips, trips and falls; and COVID-19. While there was an increase in the overall number of claims, the number of standard claims in relation to occupational violence decreased.

Eastern Health continues to implement its commitment to a values-based, safe workplace through a range of improvement strategies, including manual handling equipment replacement, reviewing the manual handling training program and reviewing organisational and local practices.

OUR PERFORMANCE

Performance Against Strategic Priorities

Performance against Statement of Priorities: Part A

PRIORITY	OUTCOME
Maintain your robust COVID-19 readiness and response, working with my department to ensure we rapidly respond to outbreaks, if and when they occur, which includes providing testing for your community and staff, where necessary and if required. This includes preparing to participate in and assist with the implementation of our COVID-19 vaccine immunisation program rollout, ensuring your local community's confidence in the program.	 Achieved
Engage with your community to address the needs of patients, especially vulnerable Victorians whose care has been delayed due to the pandemic and provide the necessary "catch-up" care to support them to get back on track.	 Achieved
As providers of care, respond to the recommendations of the Royal Commission into Victoria's Mental Health System and the Royal Commission into Aged Care Quality and Safety. My department will engage further with your service as these reports are delivered.	 Achieved
Develop and foster your local health partner relationships, which have been strengthened during the pandemic response, to continue delivering collaborative approaches to planning, procurement and service delivery at scale. This extends to prioritising innovative ways to deliver health care through shared expertise and workforce models, virtual care, co-commissioning services and surgical outpatient reform to deliver improved patient care through greater integration.	 Achieved

Maintain your robust COVID-19 readiness and response, working with my department to ensure we rapidly respond to outbreaks if and when they occur, which includes providing testing for your community and staff, where necessary and if required. This includes preparing to participate in, and assist with, the implementation of our COVID-19 vaccine immunisation program rollout, ensuring your local community's confidence in the program.

COVID-19 Readiness and Response

Eastern Health has continued to respond to the ongoing COVID-19 pandemic utilising the organisation's COVID-19 Pandemic Plan (Figure 1) to enable the provision of safe, high-quality care and effective public health measures throughout the COVID-19 pandemic. Over the last 12 months, Eastern Health has delivered more than 60 projects to implement the organisation's pandemic plan across six key deliverables.



Eastern Health Pandemic Plan

Eastern Health will provide safe, high-quality care and effective public health measures throughout the COVID-19 Pandemic.

DELIVERABLES	SURGE CAPACITY AND COVID-19 MODEL OF CARE	NON COVID-19 CLINICAL, CLINICAL SUPPORT AND CORPORATE SERVICES	INFRASTRUCTURE AND PROCUREMENT	WORKFORCE	EASTERN HEALTH VALUES AND STAFF WELLBEING	INFECTION PREVENTION AND CONTROL
OBJECTIVE	Ensure Eastern Health is able to provide safe high-quality care for patients with COVID-19	Provide safe, high-quality care for other patients by maintaining critical services for vulnerable population with the community	Ensure appropriate facilities, equipment and consumables are available to meet the requirements of the surge capacity plan	Ensure appropriate and skilled workforce to fulfil the requirements of the capacity plan	Maximise and maintain safety and wellbeing during the COVID-19 pandemic	Reduce the transmission of the coronavirus to staff and the community as a result of healthcare provision across Eastern Health Services
INITIATIVES	<ul style="list-style-type: none"> COVID-19 Service Delivery System and streams of care Model of Care for each clinical stream COVID-19 Commissioning toolkit COVID-19 Demand Management Plan COVID-19 Recovery Plan Enabling Patient Communication COVID-19 RACS Outbreak Management Service 	<ul style="list-style-type: none"> Elective Surgery Non-COVID Clinical Services Demand Management Plan Amended Clinical Governance during COVID-19 Pandemic 	<ul style="list-style-type: none"> Medication Procurement Plan Clinical Equipment Medical Gases COVID-19 related inventory Standard Consumables Security and Access IT: Working from home (webex) IT: Working from home Counter and Workstation Screens Patient Transport Mortuary Capacity Planning 	<ul style="list-style-type: none"> Workforce Availability (version 1) Skilled Workforce Casual Workforce Deployment At Risk Health Workers Workforce Availability (version 2) 	<ul style="list-style-type: none"> Communication Strategy Staff Wellbeing Plan Hotel for Heroes Staff Health Records Equity and inclusion during COVID-19 Promotional Campaign Speak Up and Listen Campaign 	<ul style="list-style-type: none"> Physical Distancing Visitor Restriction PPE Respiratory Assessment Screening Clinic Staff Screening Clinic COVID Entry Screening (temp) Thermographic Temperature Screening Infectious Cleaning Patient and family-centred care Telehealth Pathology Testing (inhouse) COVID Testing Blitz (HCW and Aged Care) Relocation of Box Hill Respiratory Assess Clinic Minimising Staff Movement across sites Entry Screening Observership Program COVID Staff Testing Blitz (COVID areas) Respiratory Protection Program (Fit Testing) COVID Vaccine

Figure 1: Eastern Health's Pandemic Plan

High levels of community and local business support for the health service and our frontline workers have been appreciated as we partnered together throughout the pandemic.

An example of the gratitude for community support that our Eastern Health frontline workers felt was demonstrated through a video created by the staff of the COVID-19 Ward at Box Hill Hospital thanking the community and colleagues for their support. This video was viewed by more than 40,000 people.

Eastern Health's COVID-19 Safe Plan

Eastern Health's COVID Safe Plan sets out the actions taken to:

- Help prevent the introduction of Coronavirus (COVID-19) in our hospitals and sites including through entry screening processes for staff (including students), patients, visitors and contractors
- How we have prepared for, and respond to, a suspected or confirmed case of Coronavirus (COVID-19) in the workplace

- Promote physical distancing requirements through a successful 'Mind the Gap' campaign to engage both staff and visitors, which included posters, floor signage to demonstrate spacing, and T-shirts with the logo worn by staff members.

Each of our sites has an individualised plan that demonstrates how Eastern Health meets the requirements set out by the Victorian Government to provide a COVID-safe place for all who visit.



Workplace safety during the pandemic

Eastern Health is committed to protecting the health, safety and wellbeing of its staff. In September 2020, a Respiratory Protection Program inclusive of mask fit-testing was established to reduce the risk of staff being exposed to airborne contaminants, including Coronavirus.

More than 4600 staff working in areas that may provide care to patients with COVID-19 have completed fit-testing. Eastern Health has ensured that staff have access to personal protective equipment (PPE) including masks, face shields, gowns and gloves.

To support staff working in areas providing care to COVID positive patients, a PPE Observer Program has been established. This program is focused on providing proactive, supportive and corrective feedback on the use of PPE for all staff entering these areas. The overall objective of the role is to minimise opportunities for COVID-19 transmission during the donning and doffing process.

In line with directions from the Chief Health Officer, there has been an increased number of staff working from home. Through the use of technology and agility within the workforce, we have been able to continue to provide services and care to our community.

Eastern Health's COVID-19 Services

Inpatient care

Eastern Health has configured our clinical services to ensure we can manage changing demands for COVID-19 care whilst also providing usual services and care for consumers in our community. Throughout the COVID-19 pandemic, Eastern Health has continued to support the future healthcare workforce through student placements.

Undergraduate students have also been employed to support entry screening processes across the health service.

Ward 9.1 at Box Hill has a state-of-the-art air ventilation system that enables safe care within respiratory isolation for patients with COVID-19. Box Hill Hospital is now a designated COVID-19 service provider as part of the Victorian Department of Health plan to deliver inpatient care for adults with COVID-19 infection who require hospital care.

In July 2020, Eastern Health established a COVID Positive Supportive Care Unit at Wantirna Health in response to the rapidly evolving outbreaks within Aged Care Facilities across metropolitan Melbourne. A 32-bed Geriatric Medicine ward was quickly converted to the COVID Supportive Care unit and over a 14-week period, provided care to 51 residents with active COVID-19 infections.

The work across the medical, nursing, allied health and support teams to provide care to vulnerable people and their families was a display of Eastern Health's values in action – Patients First, Excellence, Respect, Kindness Humility and Agility.

Coronavirus Testing

Since the pandemic began, COVID screening has been provided via a walk-in Respiratory Assessment Service at Box Hill Hospital, East Ringwood Clinic and the Aquanation drive-through Clinic. Additional screening clinics (walk-in and drive-through) have been established throughout the last 12 months in response to community outbreaks and community need for access to COVID testing.

Over the past 12 months, Eastern Health's Pathology Service has processed 120,868 COVID-19 tests and consistently worked to provide consumers with their results within 24 hours.

Vaccination program

Eastern Health's COVID-19 vaccination program commenced in March 2021 and has delivered more than 30,000 vaccinations to Eastern Health staff and the wider community, in line with the Commonwealth Government's Vaccination Program.

Staff are able to access onsite vaccinations across three hospital locations with the Box Hill Clinic also open to community members. Additionally, a Community Vaccine Clinic has been established in Ringwood East to support the provision of vaccinations to community members.

Eastern Health has partnered with local community and disability support services to ensure vulnerable residents across our catchment have access to vaccination at a time and in a way that meets their needs. All residents within Eastern Health's public aged care facilities have been provided access to vaccination through our mobile vaccination service.

Develop and foster your local health partner relationships, which have been strengthened during the pandemic response, to continue delivering collaborative approaches to planning, procurement and service delivery at scale.

This extends to prioritising innovative ways to deliver health care through shared expertise and workforce models, virtual care, co-commissioning services and surgical outpatient reform to deliver improved patient care through greater integration.

Engage with your community to address the needs of patients, especially our vulnerable Victorians whose care has been delayed due to the pandemic and provide the necessary "catch-up" care to support them to get back on track.

Eastern Health has continued to ensure access to health care throughout the pandemic, including to those who are most vulnerable in the community and patients whose treatment has been delayed due to COVID-19.



Examples of how this has been achieved include:

- When clinically appropriate, increased access to Telehealth for consultation in specialist clinics to reduce the requirement for patients to attend hospital sites. Eastern Health has continued to prioritise urgent patients to reduce delays to care
- Implementation of **'COVID Community Pathways'** to enable community members who are COVID positive to receive care and support at home and a pathway for access to 'Hospital in the Home' and direct admission to hospital as needed
- **Residential Care Outbreak Management Support** – via a dedicated team who are available to support residential care facilities within Eastern Health's local catchment in the case of an outbreak of COVID-19
- **Maternity Services** have provided additional post-natal extended care services to support women and newborns who, when possible, have been going home sooner
- In 2021, **Cancer Services** established two new 'Rapid Review Oncology Clinics' to improve access and reduce waiting times for patients who may have delayed care or diagnosis as a result of the COVID-19 pandemic
- The **Mental Health Program** has seen an increase in demand for services throughout the pandemic. To meet the needs of the community over the past 12 months the program has:
 - Implemented Telehealth as an alternative to face-to-face contact where clinically appropriate

- Introduced the 'Remaining Connected Project' to provide clients with access to mobile devices (phones and tablets) on a loan basis. This has supported client access to treatment and support via Telehealth (phone or video) and assisted them to stay connected to friends and family
- Implemented multiple projects as part of Victorian Department of Health 'Stabilising and Reinforcing Mental Health Care Capacity Initiatives'
- Partnered with Healthscope's Clinic to provide access to up to 10 additional inpatient beds to support access to acute inpatient care.

Supporting Aboriginal Communities throughout the pandemic

Throughout the pandemic Eastern Health's Aboriginal Health Team (AHT) has continued to provide practical, social and emotional support to Aboriginal clients and their families. During periods when the community has been directed to 'stay at home,' the AHT provided phone welfare checks and home visits in line with client needs.

The team delivered food parcels provided by local charities, along with care packages containing children's activities, essential toiletries, masks, hand sanitiser and small gifts.

The Eastern Metropolitan Primary Health Network supported the purchase of a tablet to support clients to remain connected to their families and services. COVID testing at home has been made available to Aboriginal clients with test results and advice provided to clients via phone calls.

Mental Health clinicians have provided phone counselling and advocacy along with primary and secondary consultations when clinically indicated.

Developing and fostering local partnerships including with Aboriginal Community Controlled Health Organisations (ACCHOs), Traditional Owners, Registered Aboriginal Parties and local Aboriginal communities more broadly.

Eastern Health has continued to progress the Innovate RAP (Reconciliation Action Plan). The RAP Steering Committee consists of the Chief Executive Officer of Mullum Mullum Indigenous Gathering Place, an Aboriginal RAP consultant and an Aboriginal Elder, as well as Aboriginal staff from Eastern Health. In addition, two members from the Eastern Health Board of Directors contribute to the RAP Steering Committee.

Through these meetings, Eastern Health has been able to hear the priorities of Aboriginal leaders and organisations in the region. Respectful relationships have been developed and maintained between Eastern Health representatives, Board members and the RAP Steering Committee members who represent the Aboriginal community.

More recently, Eastern Health has developed a model for engaging and consulting with Aboriginal and Torres Strait Islander Elders, respected persons, identified members of staff, consumers and the community. This model will be further developed and implemented in the year ahead.

As providers of care, respond to the recommendations of the Royal Commission into Victoria's Mental Health System and the Royal Commission into Aged Care Quality and Safety. My department will engage further with your service as these reports are delivered.

Eastern Health participated in the Royal Commissions into the Mental Health System and Aged Care Quality and Safety.



Extensive engagement and support of Mental Health staff, consumers and the community was undertaken to facilitate the participation process.

Eastern Health welcomes the findings of the Royal Commission into Victoria's Mental Health system. We will work collaboratively to implement the recommendations in line with funding and the expectations of the Victorian Department of Health.

Eastern Health has commenced a planned approach to reviewing and developing models of care to respond to the findings of the Aged Care Royal Commission.

Key stakeholders

Eastern Health has a number of strategic partnerships with key stakeholders to help us achieve our strategic initiatives and priority goals, including:

- Our community, through a register of interested consumers and community representatives on a range of committees, including the Community Advisory Committee
- Victorian Department of Health
- Other government departments and agencies
- The Australian Commission on Safety and Quality in Health Care

- Other Victorian health services (Public and Private)
 - North East Metropolitan Health Service Partnership
 - North Eastern Public Health Unit
 - Regional Hospital Partnerships
- Community health services
- Eastern Melbourne Primary Health Network
- Universities and other training institutions
- Monash Partners and other research organisations, and funding bodies
- Local governments and other government agencies and authorities

Eastern Health is accredited against all mandatory industry standards as well as a range of voluntary standards that apply across a variety of services and sites.

All Eastern Health services are accredited against the National Safety and Quality in Health Service Standards Version 2. A range of services are accredited by the Australian Aged Care Quality Agency, including our four residential aged care facilities and the Transition Care Program.

Our Palliative Care service is accredited under the National Standards Assessment Program. Our pathology laboratories, medical imaging and cardiology services are accredited under their respective industry standards by the National Association of Testing Authorities (NATA).

Compliance with these industry standards provides our patients and the community with confidence in the quality and safety of care, and the systems that deliver it, across the breadth of our organisation.

Maroondah BreastScreen completed the first BreastScreen Australia virtual accreditation survey visit in March 2021. Maroondah BreastScreen's accreditation application was reviewed and endorsed by the Victorian Quality Advisory Committee (VQAC).

Credentialing from a range of medical professional colleges occurs for Registrar training positions on a rotating basis.

Measuring our performance

Eastern Health is committed to monitoring organisational performance to ensure delivery of safe, high-quality services and care. Performance scorecards are in place at all levels of the organisation to ensure clarity of performance priorities and achievement are aligned with the Eastern Health strategy.

Eastern Health's performance against key government service priorities can also be found on the Victorian Agency for Health Information website at vahi.vic.gov.au/reports/victorian-health-services-performance.



MANAGING OUR RISKS

Eastern Health takes a balanced approach to risk management in order to ensure the systematic identification, analysis, recording and reporting of threats and opportunities important to the achievement of our strategic initiatives.

Eastern Health proactively and reactively addresses a broad range of risks that may impact, or are impacting, the organisation.

The Audit and Risk Committee has oversight of the enterprise risk management system, with a focus on the most significant risks facing the organisation. During the 2020-21 year, Eastern Health revised its enterprise-wide risk management system to ensure compliance with the changes to the new Victorian Government Risk Management Framework which apply from 1 July 2021.

Risk management is embedded in day-to-day practice and all managers and staff routinely identify, report and manage risks, including occupational health and safety and quality of care matters that have the potential to impact on the achievement of clinical and corporate priorities.



HIGH-QUALITY AND SAFE CARE

KEY PERFORMANCE INDICATOR	TARGET	2020-21 RESULT
Infection prevention and control		
Compliance with the Hand Hygiene Australia programs	83%	87%
Percentage of healthcare workers immunised for influenza	90%	95%
Patient Experience		
Victorian Healthcare Experience Survey - Overall Patient Experience of Care	95%	88%
Victorian Healthcare Experience Survey Patient reported discharge care	75%	72%
Healthcare associated infections (HAIs)		
Rate of patients with surgical site infection	No outliers	Achieved
Number of patients with ICU central line-associated bloodstream infection (CLABSI)	Nil	Achieved
Rate of patients with SAB per 10,000 occupied bed days (SAB is Staphylococcus Aureus Bacteraemia)	≤ 1	0.77
Adverse events		
Sentinel events – root cause analysis (RCA) reporting	Nil	Not achieved
Unplanned readmission hip replacement	Annual rate ≤ 2.5%	2.5%
Deaths in Low Mortality Diagnosis Related Group (DRG's)	Nil	Not Achieved
Mental Health		
Percentage of adult acute mental health inpatients who are readmitted within 28 days of discharge	14%	15%
Rate of seclusion events relating to a child and adolescent acute mental health admission	≤ 10/1000	16
Rate of seclusion events relating to an adult acute mental health admission	≤ 10/1000	12
Rate of seclusion events relating to an aged acute mental health admission	≤ 5/1000	1
Percentage of child and adolescent acute mental health inpatients who have a post-discharge follow-up within seven days	80%	96%
Percentage of adult acute mental health inpatients who have a post-discharge follow-up within seven days	80%	88%
Percentage of aged acute mental health inpatients who have a post-discharge follow-up within seven days	80%	97%
Maternity and newborn		
Rate of singleton term infants without birth anomalies with APGAR score <7 to 5 minutes	≤ 1.4%	1.5%
Rate of severe foetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	≤ 28.6%	20%
Proportion of urgent maternity patients referred for obstetric care to a level 4, 5 or 6 maternity service who were booked for an appointment within 30 days of accepted referral	100%	72%
Continuing care		
Functional independence gain from an episode of rehabilitation admission to discharge relative to length of stay	≥ 0.645	1.325
FIM Efficiency-Function independence gain from admission to discharge relative to length of stay for GEM	≥ 0.39	0.49

TIMELY ACCESS TO CARE

KEY PERFORMANCE INDICATOR

TARGET

2020-21 RESULT

Emergency Care

Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%	69%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended time	80%	80%
Number of patients with a length of stay in the emergency department greater than 24 hours	0	0
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%	54%

Elective surgery

Percentage of urgency category 1 elective surgery patients admitted within 30 days	100%	100%
Percentage of urgency category 1, 2 and 3 elective surgery patients admitted within clinically recommended time	94%	78%
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	35%
Number of patients on the elective surgery waiting list as at 30 June 2021	5,803	6,393
Number of hospital initiated postponements per 100 scheduled elective surgery admissions	≤ 7/100	9.5
Number of patients admitted from the elective surgery waiting list	13,930	13,944

Specialist clinics

Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	77%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	89%



ACCREDITATION

Eastern Health demonstrates its commitment to excellence through external accreditation against a wide range of industry standards, including the National Safety and Quality Health Service Standards.

Eastern Health is fully accredited by the Australian Council on Healthcare Standards (ACHS) against these standards until June 2022.

Our pathology laboratories, medical imaging and cardiology service are accredited under their respective industry standards by the National Association of Testing Authorities (NATA).

EFFECTIVE FINANCIAL MANAGEMENT

The Minister sets out key targets as part of an annual Statement of Priorities. The key indicators are:

KEY PERFORMANCE INDICATOR	TARGET	2020-21 RESULT
Financial Reporting		
Operating Result (\$m)	\$0	\$0
Average number of days to paying trade creditors	60 days	59.18 days
Average number of days to receiving patient fee debtor payments	60 days	57.61 days
Adjusted Current Ratio	0.70 or 3% improvement	0.36 or >3% improvement
Public and private WIES activity performance to target*	100%	94%
Forecast number of days of available cash	14 days	14
Actual number of days of available Cash	14 days	24.18
Accuracy of forecasting the Net Result from Transactions (NRFT) for the current financial year ending 30 June	Variance ≤ \$250,000	Nil

• Impacted by COVID-19



HEALTH CARE IN ANY LANGUAGE

Eastern Health employs an in-house team of NAATI-certified interpreters. A total of 29,345 interpreter services were provided in 2020-2021.

Due to the COVID-19 pandemic, Eastern Health introduced the use of Health Direct to provide interpreters, including Auslan interpreters, via telehealth and video calls.

In 2020-2021 a total of 15,690 occasions of service were delivered via telehealth and video calls, representing 53% of total occasions of interpreter service.

This meant Eastern Health could still provide this essential service while ensuring our patients were exposed to fewer people, and provided our interpreters the opportunity to work remotely in accordance with physical distancing guidelines.

The initiative has provided opportunities for increasing the number of languages offered and the number of interpreters to which the service has access.

Eastern Health routinely provides interpreting in 16 languages with its in-house team of interpreters, but with this advance in technology now has further opportunities to connect with NAATI certified interpreters, including those in other states and potentially overseas, as these remote connections are not limited to providers who live and work in Melbourne.

The initiative will also help reduce length of stay by avoiding delays in waiting for an interpreter to be available to attend the hospital site.

In 2020-2021:



29%

of Eastern Health patients born in a non-English speaking country



35,027

patients with a primary language other than English



85

languages in which services were provided

ACTIVITY

KEY PERFORMANCE INDICATOR	2020-21 ACTIVITY
Acute Admitted	
WIES Public	82,230.11
WIES Private	15,143.81
WIES (Public and Private)	97,373.92
WIES DVA	594.10
WIES TAC	295.59
WIES Total	98,263.60
Acute Non-Admitted	
Home Enteral Nutrition	647.00
Home Renal Dialysis	65.00
Specialist Clinics	90,190.91
Specialist Clinics – Private	87,069.22
Sub-Acute and Non-Acute Admitted	
Sub-Acute WIES – Rehabilitation – Public	1,141.25
Sub-Acute WIES – Rehabilitation – Private	395.30
Sub-Acute WIES – GEM – Public	1,706.00
Sub-Acute WIES – GEM – Private	524.21
Sub-Acute WIES – Palliative Care – Public	410.92
Sub-Acute WIES – Palliative Care – Private	209.47
Sub-Acute WIES – DVA	53.22
Transition Care – Bed days	20,649.00
Transition Care – Home days	8,369.00
Subacute Non-Admitted	
Health Independence Program	114,243.00
Aged Care	
Residential Aged Care – High Care Supplement	9,449.90
Residential Aged Care – Low Care Supplement	6,601.18
Residential Aged Care	16,051.07
HACC	4,258.15
Mental Health and Drug Services	
Mental Health Ambulatory	153,455.12
Mental Health Inpatient – Available bed days	38,242.64
Mental Health Residential	20,326.61
Mental Health Sub Acute	16,040.00
Mental Health Service System Capacity Acute	2.00
Drug Services	9,491.00
Primary Health	
PCCP – Allied Health	19,264
PCCP – Nursing	6,324
PCCP – Healthy Mothers Healthy Babies – Nursing	1,470
PCCP – Integrated Chronic Disease	1,226
PCCP – ISHY – Counselling Casework	474
Community Health/Primary Care Programs	28,759
Community Health Other	3,625.00
710,562.51	



ENVIRONMENTAL PERFORMANCE

Throughout the 2020-21 financial year, Eastern Health continued to use resources responsibly and further environmental goals within the challenging COVID-19 environment.

This included:

- Centralisation of plant and equipment at Box Hill Hospital and the installation of an interconnector for chilled water to consolidate the air conditioning equipment and improved efficiency loading of the absorption chiller.
- Optimisation of control systems to run plant and equipment at the minimum energy levels for the given building loads. This was done at all major sites and had to integrate with changes to ventilation routines that were put in place due to COVID-19 requirements.
- Equipment replacement for end of life equipment programs continued, including the installation of a more efficient chiller at Chandler House.
- Development of a transport planning framework along with Peninsula Health and the Department of Health that was used to develop draft transport plans to assist in the efficient use of facilities to aid community and staff access.
- Initiation of procurement process for equipment to process organic kitchen waste on site at Box Hill Hospital.
- Procurement of 300kW of Solar Cells for Eastern Health spread between Angliss Hospital, Maroondah Hospital and Peter James Centre.

Monitoring and Tuning remain ongoing through building automation and measurement.

	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Greenhouse gas emissions					
Total greenhouse gas emissions (tonnes CO₂e)					
Scope 1	8,380	8,236	7,681	7,681	8,444
Scope 2	42,027	39,268	39,163	39,163	34,727
Total	50,407	47,504	46,845	46,845	43,172
Normalised greenhouse gas emissions					
Emissions per unit of floor space (kgCO ₂ e/m ²)	233.55	220.10	217.05	206.91	200.35
Emissions per unit of separations (kgCO ₂ e/separations)	308.54	281.27	271.9	271.00	272.66
Emissions per unit of bed-day (LOS+Aged Care OBD) (kgCO ₂ e/OBD)	100.74	97.59	92.18	90.12	89.72
Stationary energy					
Total stationary energy purchased by energy type (GJ)					
Diesel oil in buildings	968	417	4,121	4,194	2,124
Electricity	138,804	130,895	131,764	127,586	127,570
Natural gas	161,314	159,254	133,338	149,043	146,117
Total	301,086	290,566	269,224	280,822	275,812
Normalised stationary energy consumption					
Energy per unit of floor space (GJ/m ²)	1.40	1.35	1.25	1.30	1.28
Energy per unit of separations (GJ/separations)	1.84	1.72	1.56	1.70	1.74
Energy per unit of bed-day (LOS+Aged Care OBD) (GJ/OBD)	0.60	0.60	0.53	0.57	0.57
Embedded generation					
Total embedded stationary energy generated by energy type (GJ)					
Solar power	N/A	29	40	35	31
Total	N/A	29	40	35	31

Continued on page 34



	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Water					
Total water consumption by type (kL)					
Potable water	227,628	213,659	217,531	281,616	224,653
Reclaimed water	34,074	39,517	70,603	63,322	79,257
Total	261,702	253,176	288,134	344,938	303,910
Normalised water consumption (Potable + Class A)					
Water per unit of floor space (kL/m ²)	1.05	0.99	1.01	1.30	1.04
Water per unit of separations (kL/separations)	1.39	1.27	1.26	1.71	1.42
Water per unit of bed-day (LOS+Aged Care OBD) (kL/OBD)	0.45	0.44	0.43	0.57	0.47
Water re-use and recycling					
Re-use or recycling rate % (Class A + Reclaimed / Potable + Class A + Reclaimed)	13	16	25	18	18
Waste and recycling					
Waste					
Total waste generated (kg clinical waste+kg general waste+kg recycling waste)	2,443,882	2,532,104	2,632,385	2,640,019	3,148,898
Total waste to landfill generated (kg clinical waste+kg general waste)	1,900,905	1,879,506	1,940,590	1,958,950	2,042,487
Total waste to landfill per patient treated ((kg clinical waste+kg general waste)/PPT)	2.30	2.24	2.28	2.34	2.46
Recycling rate % (kg recycling / (kg general waste+kg recycling))	26.25	30.13	30.83	30.75	42.31
Paper					
Total reams of paper	N/A	52,042	32,990	42,343	39,917
Reams of paper per FTE	N/A	8.51	5.39	6.46	5.89
Rate recycled paper (0%-49%)	N/A	92.08	83.02	100.00	100.00
Rate recycled paper (50%-74%)	N/A	5.01	9.79	0	0
Rate recycled paper (75%-100%)	N/A	2.91	7.19	0	0
Transport					
Corporate transport					
Reported vehicle kilometres	N/A	N/A	2,399,109	1,828	1,939
Tonnes CO ₂ e per 1,000 reported kilometres	N/A	N/A	569.5	533.026	731.213

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

In 2020-21 there were eight consultancies where the total fees payable to the consultant were greater than \$10,000 with the total expenditure of \$378,117.30 (excluding GST).

Details of the individual consultancies have been published on the Eastern Health website.

Information and Communication Technology (ICT) expenditure

Total Information and Communication Technology (ICT) expenditure incurred during 2020-21 is \$41.80 million (excluding GST), as per below:

BAU	NON-BAU		
EXPENDITURE	TOTAL EXPENDITURE	OPERATIONAL EXPENDITURE	CAPITAL EXPENDITURE
\$31.3M	\$10.5M	\$0.9M	\$9.6M

BAU – Business as usual

Disclosures required under Legislation

Freedom of Information Act 1982

Eastern Health complies with the *Victorian Freedom of Information Act 1982* which allows individuals to apply for access to government documents that are not available for public inspection.

In 2020-21, Eastern Health received 1504 requests under the *Freedom of Information Act 1982*. This total comprised of 1129 personal requests, mostly from patients or their representatives seeking access to their medical records, and 375 non-personal requests, which included requests for patient medical records

from insurance companies, WorkCover and TAC. Of the non-personal requests, 1 was received from media.

Full access to documents was provided for 628 requests. Partial access was granted for 654 requests, while 10 requests were denied in full. The most common reason for Eastern Health seeking to fully or partially exempt requested documents was the protection of personal privacy in relation to requests for information about persons other than the applicant.

There were 77 requests withdrawn by the applicant, processed outside the Act, for which no documents could be

located or there were no documents in existence. Most applications were received from patients, their legal or other representative or surviving next of kin, and most were for access to medical records.

Eastern Health collected \$33,418.40 in application fees and waived \$11,070.40 in fees. Eastern Health collected \$32,469.40 in charges to access documents and waived \$24,031.60.

For information about how to make an FOI request and any costs associated with the request, visit www.easternhealth.org.au

FREEDOM OF INFORMATION REQUESTS	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Number of requests	1173	1243	1262	1378	1359	1385	1504
Access provided in full	747	759	708	820	756	621	628
Access provided in part	307	376	410	420	448	590	654
No documents	36	44	38	40	55	67	53
Access denied	4	10	8	7	6	12	10
Request withdrawn by applicant	17	25	7	9	11	9	16
Transferred to another agency	0	0	1	0	0	1	1
Requests not completed	62	29	89	80	71	79	135
Requests processed outside the Act	-	-	2	2	12	7	8
Complaints lodged with OVIC	7	6	6	4	2	1	Nil
Referred to OVIC for review	6	6	6	9	10	12	5
Decisions referred to VCAT	0	1	1	1	0	0	2

OVIC – Office of the Victorian Information Commissioner



Building Act 1993

Eastern Health complies with the building and maintenance provisions of the *Building Act 1993* and Department of Health Fire Risk Management Guidelines, with all works completed in 2020-21 in accordance with the relevant provisions of the National Construction Code.

Eastern Health ensures works are inspected by independent registered building surveyors. All building practitioners are required to show evidence of current registration and must maintain their registration status throughout the course of their work with us.

Public Interest Disclosures Act 2012

Eastern Health complies with the *Public Interest Disclosures Act 2012* (Vic), which forms part of Victoria's anti-corruption laws. Neither "improper conduct" nor "reprisal against a person for a public interest disclosure" is acceptable to us.

Eastern Health supports the making of disclosures about such conduct to the Independent Broad-based Anti-corruption Commission (IBAC).

Any requests for information about our procedures for the protection of persons from unlawful reprisal for public interest disclosures should be directed to the Executive Director People and Culture at Eastern Health.

Public interest disclosures are distinguished from complaints or grievances that would be dealt with under Eastern Health's usual complaint or grievance processes, such as a patient's healthcare complaint or an employee's industrial grievance.

There were no public interest disclosures related to Eastern Health made to the IBAC in 2020-21. For more information, visit www.ibac.vic.gov.au

Statement on National Competition Policy

Eastern Health is committed to ensuring that services demonstrate both quality and efficiency. Competitive neutrality, which

supports the Commonwealth Government's National Competition Policy, helps to ensure net competitive advantages that accrue to a government business are offset.

Eastern Health understands the requirements of competitive neutrality and acts accordingly. It complies with the Competitive Neutrality Policy Victoria and any subsequent reforms that relate to responsible expenditure and infrastructure projects, and the creation of effective partnerships between private enterprise and the public sector.

Carers Recognition Act 2012

The *Carers Recognition Act 2012* (Vic) promotes and values the role of people in carer relationships and recognises the contribution that carers and people in carer relationships make to the social and economic fabric of the Victorian community.

Eastern Health has taken measures to strengthen compliance with obligations under the Act through:

- Articulating how the role of carers is recognised, promoted and valued in the Eastern Health Partnering with our Patients, Families and Carers Standard.
- Ensuring the Victorian charter supporting people in care relationships (Carers Charter) and the Statement for Australia's Carers are available to Eastern Health staff via the Standard, and to the community via the Eastern Health website.
- Employing two Disability Liaison Officers and establishing a Disability Working Group with staff with lived experience as a carer.

Local Jobs First Act 2003

Eastern Health complies with the *Local Jobs Act 2003*. Administered by the Victorian Industry Participation Policy (VIPP), this supports Victorian businesses and workers by ensuring

that small and medium size enterprises (SMEs) are given a full and fair opportunity to compete for both large and small government contracts, helping to create job opportunities, including for apprentices, trainees and cadets.

1 The number and total value of contracts commenced and/or completed in the financial year to which the VIPP Plan was required:

Eastern Health completed a Local Jobs First (LJF) Industry Capability Network (ICN) Contestability Assessment for one standard project in FY 2020-21 and one Contract has commenced with a total value of \$6.5M.

2 The number and percentage of 'local content' committed under contracts that commenced in the reporting period where a VIPP Plan was not required (due to nil or limited contestability):

Nil to report

3 The number of small and medium sized businesses engaged as either the principal contractor or as part of the supply chain:

The total Number of small and medium sized businesses engaged: 65

4 The percentage of 'local content' committed under contracts that commenced and/or completed in the reporting period to which a VIPP Plan was required split by projects:

Metropolitan based: 68.5%

5 For contracts commenced, a statement of total VIPP Plan commitments (local content, employment, engagement of apprentices/trainees and skills/technology transfer outcomes) achieved as a result of these contracts:



Total Employment Commitment for project: 17 Annualised Employee Equivalent (AEE), consisting of 15 Retained AEE and two Created.

6 For contracts completed, a statement of total VIPP Plan outcomes (local content, employment, engagement of apprentices/trainees and skills/technology transfer outcomes) achieved as a result of these contracts.

Nil Contracts completed for final plan outcome to be reported.

Details of Projects:

EH20-1115T **Preferred Compounder of Chemotherapy and Biological Services**

Approx Value: \$6.5M

ICN identified contestable items were:

- Logistics – packaging
- Pharmaceutical – biological therapy
- Pharmaceutical – chemotherapy drugs
- Reporting services

Actions:

Registered with ICN 30/10/2020:
Contract commenced on 28/04/2021

Local Industry Development Plans were required to be submitted by all Tenderers.

Awarded to: Slade Health

Local Content Commitment: 68.5%

Number of small and medium sized businesses engaged: 65

Employment Commitment: 17 Annualised Employee Equivalent (AEE)

ICN Risk Rating: Medium

Statement of total LIDP commitments achieved as a result of this contract.

Confirmation received from Slade Health, their Local Industry Development Plan (LIDP) is up to date.

The Local Content Commitment (LCC) of 68.5% and the Annualised Employee Equivalent (AEE) of 15 employees is based on commitments already in place.

EH21-0201T **Transition Care Program – Residential Services**

Approx Value: \$18.7M

ICN identified contestable items were:

- Administration services
- Catering services
- First aid kits
- Reporting services
- Toiletries

Actions:

Registered with ICN 5/2/21:
Contract not yet commenced

ICN identified this Tender to be local by nature and nil/limited contestability.

Short Form Local Industry Development Plans were required to be submitted by all Tenderers.

Awarded to: TBC

Local Content Commitment: set by ICN at 97% to be met by all suppliers

Number of small and medium sized businesses engaged: N/A

Employment Commitment: total of 43 (38 retained, 5 created)

ICN Risk Rating: ICN did not provide a risk rating report for this Tender.

Gender Equality Act 2020

The Gender Equality Act 2020 (Vic) objective is to improve workplace gender equality in the Victorian public sector, universities and local councils. The Act commenced on 31 March 2021.

This legislation requires Eastern Health to measure, report on, plan for and progress gender equality over a four-year period (and potentially beyond) based on criteria and processes articulated by the Commission.

This inaugural year's Action Plan must be submitted to the Commission for Gender Equality in the Public Sector by 1 December 2021.

The People and Culture Directorate is coordinating the response to the *Gender Equality Act 2020 (Vic)* to ensure compliance and organisational obligations are met within the set timeframes.

This entails:

- Undertaking an Audit that involves the extraction of workforce data and the integration of and analysis of data against the Gender Equality indicators set out by the Commission
- Partnering with the Quality, Planning and Innovation Directorate to develop an impact assessment methodology which entails assessing the effect of public-impacting policy and services on people of different genders
- Utilising the data collected through the People Matter Survey, the Audit and the impact assessment to develop a draft Action Plan
- Consulting with appropriate stakeholders including employees, unions, interested groups and peak bodies
- Communicating and promoting to staff and the public Eastern Health's commitment to progress gender equality.

Progress statement:

The Gender Equality Audit was carried out to provide insight into the performance of Eastern Health systems, structures, policies and practices in promoting workplace gender equality.

The results will provide a baseline for Eastern Health to identify improvement opportunities and challenges to address and embed changes across the organisation.

Significant progress has been made on the action plan to ensure Eastern Health continues to build and deliver a workplace that fosters gender diversity and inclusion practices.



Safe Patient Care Act 2015

Workforce management systems and processes ensure Eastern Health complies with the *Safe Patient Care (Nurse to Patient and Midwife to Patient Ratios) Act 2015*, which requires that minimum nurse-to-patient ratios are met when determining nurse and midwife staffing levels across those services and wards covered by this legislation.

Eastern Health has no matters to report in relation to its obligation under section 40 of the Safe Patient Care Act.

Asset Management Accountability Framework

Eastern Health manages a variety of assets ranging from land and buildings, plant and utility infrastructure, medical and patient treatment equipment, kitchens and pathology laboratories, through to IT and motor vehicles.

In support of the Financial Management Act, the Assistant Treasurer releases Standing Directions. The purpose of the Directions is to ensure achievement of high standards of public financial management. An Asset Management Accountability Framework (AMAF) forms part of the Directions.

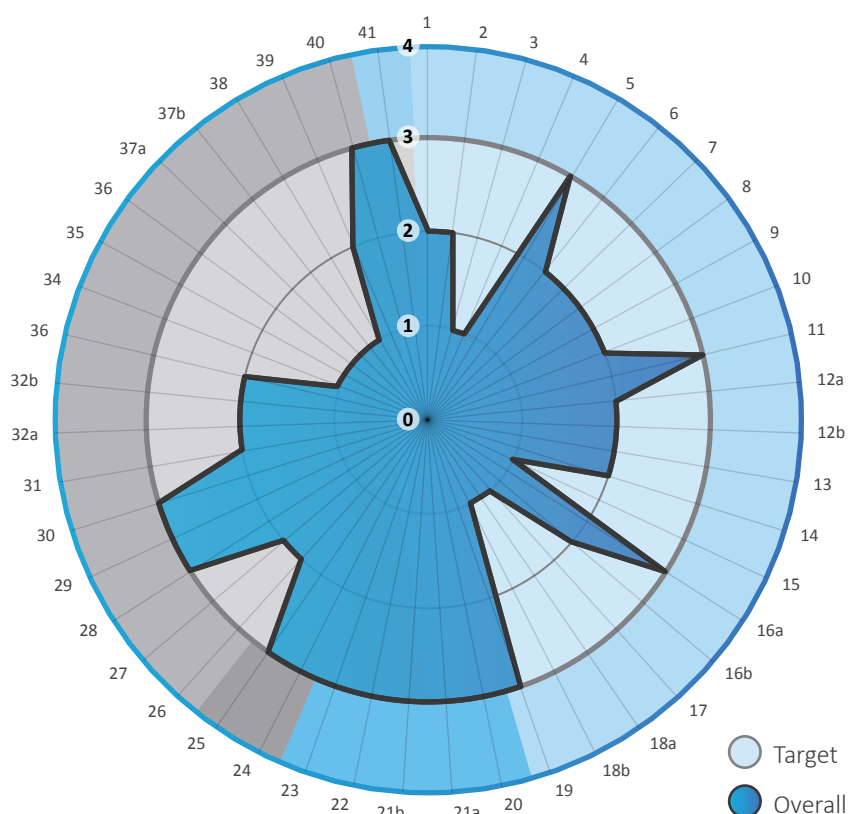
The AMAF is based on the ISO 55000 international standard. Eastern Health has been compliant with the AMAF prior to the financial year 2020-21, however 2020-21 is the first year that reporting on the extent of maturity against the Asset Management Accountability Framework is required. This is from a context in which asset management has generally been in a developmental stage across government.

The AMAF comprises several key elements of asset management, and there are key measures against which an attestation of maturity is made.

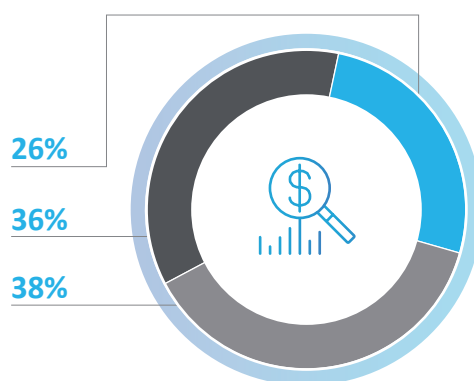
The following table summarises Eastern Health's assessment of its degree of development against the AMAF measures. 'Awareness' means systems and processes are being developed; 'Developing' means systems and process are being embedded with links to AMAF; 'Competence' means systems and processes are fully in place and consistently applied.

In attesting the degree of maturity of development, the Board has been provided with details of each element.

Compliance and Maturity rating (AMAF assessment tool)



STATUS	SCALE	ASSESSMENT	PERCENTAGE
● Not Applicable	N/A	0	0
● Innocence	0	0	0
● Awareness	1	13	26
● Developing	2	18	36
● Competence	3	19	38
● Optimising	4	0	0
● Unassessed	U/A	0	0



Maturity assessment reporting is undertaken in addition to the attestations, including the disclosure of material compliance deficiencies. The maturity assessment does not replace other requirements as part of the Standing Directions 2018 under the *Financial Management Act 1994*.

Attestations and Declarations



Car parking fees

Eastern Health complies with the Department of Health and Human Services hospital circular on car parking fees and details of car parking fees and concession benefits can be viewed at www.easternhealth.org.au

Financial Management Compliance attestation

I, Tass Mousaferiadis, on behalf of the Responsible Body, certify that Eastern Health has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.

Mr Tass Mousaferiadis
Chair
Eastern Health Board Chair
23 August 2021

Data Integrity Declaration

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

Adjunct Professor David Plunkett
Eastern Health Chief Executive
23 August 2021

Conflict of Interest Declaration

I, David Plunkett, certify that Eastern Health has put in place appropriate internal controls and processes to

ensure that it has complied with the requirements of hospital circular 07/2017 Compliance reporting in health portfolio entities (Revised) and has implemented a 'Conflict of Interest' policy consistent with the minimum accountabilities required by the VPSC.

Declaration of private interest forms have been completed by all Executive staff within Eastern 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 committee and board meeting.

Adjunct Professor David Plunkett
Eastern Health Chief Executive
23 August 2021

Integrity, Fraud and Corruption Declaration

I, David Plunkett, certify that Eastern Health has put in place appropriate internal controls and processes to ensure that integrity, fraud and corruption risks have been reviewed and addressed at Eastern Health during the year.

Adjunct Professor David Plunkett
Eastern Health Chief Executive
23 August 2021

Additional information available on request

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

- Declarations of pecuniary interests have been duly completed by all relevant officers;
- Details of shares held by senior officers as nominee or held beneficially;
- Details of publications produced by the entity about itself, and how these can be obtained;
- Details of changes in prices, fees, charges, rates and levies charged by the Health Service;
- Details of any major external reviews carried out on the Health Service;
- Details of major research and development activities undertaken by the Health Service that are not otherwise covered either in the report of operations or in a document that contains the financial statements and report of operations;
- Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- Details of major promotional, public relations and marketing activities undertaken by the Health Service to develop community awareness of the Health Service 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 Health Service and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the report of operations;
- A list of major committees sponsored by the Health Service, the purposes of each committee and the extent to which those purposes have been achieved;
- Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

EASTERN HEALTH FOUNDATION

Eastern Health Foundation is grateful for the extraordinary generosity and foresight of individuals, community groups, clubs, corporate sponsors, philanthropic donors and charitable trusts and for bequests by those who care deeply about public healthcare in our region.



In 2020-21, Eastern Health Foundation raised

\$4.9 million

helping the organisation to provide 'great care, everywhere, every time'.

Philanthropic support has helped to:



provide Research and Innovation Grants to build our research expertise



purchase state-of-the-art equipment that would not otherwise be available for our medical teams



award Staff Development Scholarships to enhance professional development opportunities



provide services and resources that make a significant difference to our patient care and ongoing health in the Eastern Health community



Eastern Health Foundation promotes philanthropy and partnership with the local community, transforming and enhancing the way we care for patients.

2021 Eastern Health Foundation Research and Innovation Grant recipients (pictured left).

Interventional Cardiologists Dr Melanie Freeman and A/Prof Kean Soon now have access to a state-of-the-art echocardiogram thanks to philanthropic support (pictured right).



Disclosure Index

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

LEGISLATION	REQUIREMENT	PAGE REFERENCE
Ministerial Directions		
Report of Operations		
Charter and purpose		
FRD 22I	Manner of establishment and the relevant Ministers	01
FRD 22I	Purpose, functions, powers and duties	14
FRD 22I	Nature and range of services provided	12
FRD 22I	Activities, programs and achievements for the reporting period	24
FRD 22I	Significant changes in key initiatives and expectations for the future	05
Management and structure		
FRD 22I	Organisational structure	19
FRD 22I	Workforce data/employment and conduct principles	21
FRD 22I	Occupational Health and Safety	22
Financial and other information		
FRD 22I	Summary of the financial results for the year	07
FRD 22I	Significant changes in financial position during the year	07
FRD 22I	Operational and budgetary objectives and performance against objectives	29
FRD 22I	Subsequent events	06, 107
FRD 22I	Details of consultancies over \$10,000	34
FRD 22I	Disclosure of ICT expenditure	34
Legislation		
FRD 22I	Application and operation of <i>Freedom of Information Act 1982</i>	35
FRD 22I	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	36
FRD 22I	Application and operation of <i>Public Interest Disclosure Act 2012</i>	36
FRD 22I	Statement on National Competition Policy	36
FRD 22I	Application and operation of <i>Carers Recognition Act 2012</i>	36
FRD 22I	Summary of the entity's environmental performance	33
FRD 22I	Additional information available on request	39



LEGISLATION	REQUIREMENT	PAGE REFERENCE
Other relevant reporting directives		
FRD 25D	Local Jobs First Act disclosures	36
SD 5.1.4	Financial Management Compliance attestation	39
SD 5.2.3	Declaration in report of operations	39
Attestations		
	Attestation on Data Integrity	39
	Attestation on Managing Conflicts of Interest	39
	Attestation on Integrity, Fraud and Corruption	39
Other reporting requirements		
	Reporting of outcomes from Statement of Priorities 2020-21	31
	Occupational Violence reporting	22
	<i>Gender Equality Act 2020</i>	37
	Asset Management Accountability Framework	38
	Reporting obligations under the <i>Safe Patient Care Act 2015</i>	28
	Reporting of compliance regarding Car Parking Fees (if applicable)	41

FINANCIAL STATEMENTS

2020-2021



Contents

Board Member's, Accountable Officer's and Chief Finance and Accounting Officer's Declaration	45
Auditor-General's Report for the Year ended 30 June 2021	46
Comprehensive Operating Statement for the Year ended 30 June 2021	50
Balance Sheet as at 30 June 2021	51
Statement of Changes in Equity for the Year ended 30 June 2021	52
Cash Flow Statement for the Year ended 30 June 2021	53
Notes to the Financial Statements	54
Note 1: Basis of preparation	54
NOTE 1.1: Basis of preparation of the financial statements	54
NOTE 1.2: Impact of COVID-19 pandemic	54
NOTE 1.3: Abbreviations and terminology used in the financial statements	55
NOTE 1.4: Key accounting estimates and judgements	55
NOTE 1.5: Accounting standards issued but not yet effective	55
NOTE 1.6: Goods and Services Tax (GST)	55
NOTE 1.7: Reporting entity	55
Note 2: Funding delivery of our services	56
NOTE 2.1: Revenue and income from transactions	57
NOTE 2.2: Fair value of assets and services received free of charge or for nominal consideration	59
NOTE 2.3: Other income	60
Note 3: The cost of delivering our services	61
NOTE 3.1: Expenses from transactions	62
NOTE 3.2: Employee benefits in the balance sheet	63
NOTE 3.3: Superannuation	65
NOTE 3.4: Other economic flows included in net result	66
Note 4: Key assets to support service delivery	68
NOTE 4.1: Property, plant and equipment	70
NOTE 4.2: Intangible assets	79
NOTE 4.3: Depreciation and amortisation	81
NOTE 4.4: Inventories	82
Note 5: Other assets and liabilities	83
NOTE 5.1: Receivables and contract assets	84
NOTE 5.2: Payables and contract liabilities	86
NOTE 5.3: Other liabilities	88
Note 6: How we finance our operations	89
NOTE 6.1: Borrowings	90
NOTE 6.2: Cash and cash equivalents	93
NOTE 6.3: Commitments for expenditure	94
NOTE 6.4: Non-cash financing and investing activities	94
Note 7: Risks, contingencies and valuation uncertainties	95
NOTE 7.1: Financial instruments	95
NOTE 7.2: Financial risk management objectives and policies	97
NOTE 7.3: Contingent assets and contingent liabilities	100
Note 8: Other disclosures	101
NOTE 8.1: Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities	101
NOTE 8.2: Responsible persons' disclosures	103
NOTE 8.3: Remuneration of executives	103
NOTE 8.4: Related parties	104
NOTE 8.5: Remuneration of auditors	107
NOTE 8.6: Events occurring after the balance sheet date	107
NOTE 8.7: Equity	107
NOTE 8.8: Economic dependency	107

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

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

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2021 and financial position of Eastern Health as at 30 June 2021.

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

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



Mr Tass Mousaferiadis
Chair (on behalf of the Board)



Adjunct Professor David Plunkett
Chief Executive
Eastern Health



Mr Geoff Cutter
Chief Finance Officer
Eastern Health

23 August 2021
(Box Hill – Melbourne)

Independent Auditor's Report

To the Board of Eastern Health

Opinion	<p>I have audited the financial report of Eastern Health (the health service) which comprises the:</p> <ul style="list-style-type: none"> • Balance Sheet as at 30 June 2021 • Comprehensive Operating Statement for the year then ended • Statement of Changes in Equity for the year then ended • Cash Flow Statement for the year then ended • Notes to the Financial Statements, including significant accounting policies • Board Member's, Accountable Officer's and Chief Finance & Accounting Officer's Declaration. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2021 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. 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 <i>Code of Ethics for Professional Accountants</i> (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.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Key audit matters	<p>Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. These matters were addressed in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.</p>



Key audit matters (continued)

Key audit matter

How the engagement team addressed the matter

Cyber Security Incident

On 16 March 2021, Eastern Health was subject to a ransomware cyber-attack. In response, Eastern Health disconnected their:

- network from the internet and all external service provider or partner systems
- general ledger, patient billings, receivables and collection systems which are crucial to the maintenance of financial data and preparation of the financial report.

The internet connection and all applications were restored by the end of April 2021. During this period, non-essential software was removed from the system and delays were experienced with processing financial transactions.

I considered this to be a key audit matter because:

- our planned audit approach was based on the IT control environment operating effectively throughout the year. However, due to the attack, the IT control environment over the period was fragmented—pre-attack; disruption and recovery; and post business as usual.
- the cyber-attack resulted in significant disruption to the financial operations of Eastern Health, including general ledger entries, revenue recognition, payroll, and expense payments
- the attack increased the risk that system data could be compromised, leading to incomplete or inaccurate transactions and balances reported in the financial report
- effective IT general controls and application controls prevent and detect errors in the financial report.

In responding to the key audit matter, my audit procedures included:

- engaging cyber security experts to assess the impact of the attack, including whether data was lost. Our experts made enquiries of management, reviewed the post incident report, and liaised with the Department of Health personnel involved with the corrective action and response
- assessing the effectiveness of data recovery procedures and controls
- analysing the value, number and nature of manual journals to determine whether the risk of misstatement had increased
- assessing and concluding on the effectiveness of general IT controls operating across the three control environments, including controls over security, change management, business continuity and disaster recovery
- adjusting our audit approach where weaknesses in general IT controls meant we could not rely on them as planned. This included increasing our substantive testing of transactions for the impacted systems: patient billing, payroll and expenses.

Board's responsibilities for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the health service's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the health service's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the health service to cease to continue as a going concern.



**Auditor's
responsibilities
for the audit
of the financial
report
(continued)**

- 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
13 September 2021

Dominika Ryan
as delegate for the Auditor-General of Victoria

Comprehensive Operating Statement

For the Year Ended 30 June 2021

	NOTE	2021 \$'000	2020 \$'000
Income from Transactions			
Operating Activities	2.1	1,287,849	1,177,949
Non-Operating Activities	2.1	597	1,171
Total Income from Transactions		1,288,446	1,179,120
Expenses from Transactions			
Employee Expenses	3.1	(941,380)	(873,777)
Supplies and Consumables	3.1	(168,787)	(161,543)
Finance Costs	3.1	(1,402)	(1,818)
Depreciation and Amortisation	4.3	(75,494)	(73,408)
Other Operating Expenses	3.1	(130,149)	(120,396)
Total Expenses from Transactions		(1,317,212)	(1,230,942)
NET RESULT FROM TRANSACTIONS - NET OPERATING BALANCE		(28,766)	(51,822)
Other Economic Flows included in Net Result			
Net Gain/(Loss) on Sale of Non-Financial Assets	3.4	(12)	449
Net Gain/(Loss) on Financial Instruments at Fair Value	3.4	(985)	(1,039)
Other Gain/(Loss) from Other Economic Flows	3.4	19,299	(3,535)
Total Other Economic Flows included in Net Result		18,302	(4,125)
NET RESULT FOR THE YEAR		(10,464)	(55,947)
Other Comprehensive Income			
Items That Will Not Be Reclassified To Net Result			
Changes in Property, Plant and Equipment Revaluation Surplus	4.1(f)	21,028	23,992
Total Other Comprehensive Income		21,028	23,992
COMPREHENSIVE RESULT FOR THE YEAR		10,564	(31,955)

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

Eastern Health
Balance Sheet
 As at 30 June 2021

	NOTE	2021 \$'000	2020 \$'000
Assets			
Current Assets			
Cash and Cash Equivalents	6.2	108,104	89,964
Receivables	5.1	25,776	28,772
Inventories	4.4	9,922	7,392
Prepaid Expenses		2,610	2,115
Total Current Assets		146,412	128,243
Non-Current Assets			
Receivables and Contract Assets	5.1	69,856	57,523
Property, Plant and Equipment	4.1(a)	1,240,387	1,254,430
Intangible Assets	4.2(a)	45,592	38,998
Total Non-Current Assets		1,355,835	1,350,951
TOTAL ASSETS		1,502,247	1,479,194
Liabilities			
Current Liabilities			
Payables and Contract Liabilities	5.2	154,394	131,072
Borrowings	6.1	8,376	32,247
Employee Benefits	3.2	217,222	204,818
Other Liabilities	5.3	24,045	14,957
Total Current Liabilities		404,037	383,094
Non-Current Liabilities			
Borrowings	6.1	38,259	46,704
Employee Benefits	3.2	36,464	36,473
Total Non-Current Liabilities		74,723	83,177
TOTAL LIABILITIES		478,760	466,271
NET ASSETS		1,023,487	1,012,923
Equity			
Property, Plant and Equipment Revaluation Surplus	4.1(f)	727,116	706,088
Restricted Specific Purpose Reserve		36,613	35,571
Contributed Capital		249,890	249,890
Accumulated Surpluses/(Deficit)		9,868	21,374
TOTAL EQUITY		1,023,487	1,012,923

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

Eastern Health

Statement of Changes in Equity

For the Year Ended 30 June 2021

	PROPERTY, PLANT AND EQUIPMENT REVALUATION SURPLUS \$'000	RESTRICTED SPECIFIC PURPOSE SURPLUS \$'000	CONTRIBUTED CAPITAL \$'000	ACCUMULATED SURPLUSES \$'000	TOTAL \$'000
Balance at 30 June 2019	682,096	34,321	247,762	104,618	1,068,797
Effect of Adoption of AASB 15 and 1058	-	-	-	(26,047)	(26,047)
Balance at 1 July 2019	682,096	34,321	247,762	78,571	1,042,750
Net Result for the Year	-	-	-	(55,947)	(55,947)
Transfer to Accumulated Surpluses – Asset Reclassification	-	-	-	-	-
Other Comprehensive Income for the Year	23,992	-	-	-	23,992
Transfer from/(to) Accumulated Surpluses	-	1,250	-	(1,250)	-
Receipt/(Return) of Contributed Capital	-	-	2,128	-	2,128
Balance at 30 June 2020	706,088	35,571	249,890	21,374	1,012,923
Transfer to Accumulated Surpluses – Asset Reclassification	-	-	-	-	-
Net Result for the Year	-	-	-	(10,464)	(10,464)
Other Comprehensive Income for the Year	21,028	-	-	-	21,028
Transfer from/(to) Accumulated Surpluses	-	1,042	-	(1,042)	-
Balance at 30 June 2021	727,116	36,613	249,890	9,868	1,023,487

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

Cash Flow Statement

For the Year Ended 30 June 2021

	NOTE	2021 \$'000	2020 \$'000
Cash Flows from Operating Activities			
Operating Grants from Government		1,115,289	1,033,538
Capital Grants from Government – State		26,283	12,353
Capital Grants from Government – Commonwealth		-	1,000
Patient and Resident Fees Received		34,140	44,339
Recoupment from Private Practice for use of Hospital Facilities		33,062	30,989
Donations and Bequests Received		4,999	4,151
GST Received from ATO		27,604	26,360
Interest Received		597	1,177
Car Park Income Received		6,318	6,661
Other Receipts		59,523	40,014
Total Receipts		1,307,815	1,200,582
Employee Benefits Paid		(916,401)	(847,065)
Payments for Supplies and Consumables		(180,828)	(197,967)
Finance Costs		(1,402)	(1,818)
Payments for Insurance		(18,317)	(17,060)
Payments for Repairs and Maintenance		(30,111)	(24,635)
Payments for Fuel, Light and Power		(8,498)	(9,124)
Other Payments		(72,979)	(70,992)
Total Payments		(1,228,536)	(1,168,661)
NET CASH INFLOW FROM/(USED IN) OPERATING ACTIVITIES	8.1	79,279	31,921
Cash Flows from Investing Activities			
Purchase of Property, Plant and Equipment		(17,125)	(21,241)
Purchase of Intangible Assets		(11,661)	(11,289)
Proceeds from Disposal of Non-Financial Assets		43	660
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		(28,743)	(31,870)
Cash Flows from Financing Activities			
Contributed Capital from Government		-	2,128
Receipt/(Repayment) of Borrowings from Treasury Corporation of Victoria		(915)	3,452
Receipt/(Repayment) of Borrowings from Department of Health and Human Services		(26,687)	24,354
Receipt of Aged Care Accommodation Deposits		(43)	(1,638)
Lease Repayments		(4,751)	(4,414)
NET CASH FLOWS/(USED IN) FINANCING ACTIVITIES		(32,396)	23,882
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD		18,140	23,933
Cash and Cash Equivalents at Beginning of Year		89,964	66,031
CASH AND CASH EQUIVALENTS AT END OF YEAR	6.2	108,104	89,964
Represented by:			
Monies for Health Service Operations		98,586	80,403
Monies held in trust – accommodation deposits		9,518	9,561
		108,104	89,964

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

Note 1: Basis of preparation

Structure

- 1.1: Basis of preparation of the financial statements
- 1.2: Impact of COVID-19 pandemic
- 1.3: Abbreviations and terminology used in the financial statements
- 1.4: Key accounting estimates and judgements
- 1.5: Accounting standards issued but not yet effective
- 1.6: Goods and Services Tax (GST)
- 1.7: Reporting entity

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

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

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.

Eastern Health is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to a "not-for-profit" health service under the Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial

statements containing relevant and reliable information about transactions, events and conditions. 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.

Eastern Health operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds. Eastern Health's Capital and Specific Purpose Funds include DH capital, information technology projects plus unspent donations and receipts from fund-raising activities conducted solely in respect of these funds.

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

The financial statements have been prepared on a going concern basis (*refer to Note 8.8 Economic Dependency*).

The financial statements are in Australian dollars.

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

The annual financial statements were authorised for issue by the Board of Eastern Health on 23 August 2021.

Note 1.2: Impact of COVID-19 pandemic

In the previous financial year, a global pandemic caused by the COVID-19 Coronavirus (COVID-19) was declared. To contain the spread of COVID-19 and prioritise the health and safety of our community, Eastern Health was required to comply with various restrictions announced by the Commonwealth and State Governments, which in turn, has continued to impact the way in which Eastern Health operates.

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

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

The financial impacts of the pandemic are disclosed at:

- Note 2: Funding delivery of our services and
- Note 3: The cost of delivering services.



Note 1.3: Abbreviations and terminology used in the financial statements

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

REFERENCE	TITLE
AASB	Australian Accounting Standards Board
AASs	Australian Accounting Standards, which include Interpretations
DH	Department of Health
DTF	Department of Treasury and Finance
FMA	<i>Financial Management Act 1994</i>
FRD	Financial Reporting Direction
SD	Standing Direction
VAGO	Victorian Auditor-General's Office
WIES	Weighted Inlier Equivalent Separation

Note 1.4: Key accounting estimates and judgements

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

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

The accounting policies and significant management judgements and estimates used, and any changes thereto, are identified at the beginning of each section where applicable and are disclosed in further detail throughout the accounting policies.

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 Eastern Health and their potential impact when adopted in future periods is outlined below:

STANDARD	ADOPTION DATE	IMPACT
AASB 17: <i>Insurance Contracts</i>	Reporting periods on or after 1 January 2023	Adoption of this standard is not expected to have a material impact.
AASB 2020-1: <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i>	Reporting periods on or after 1 January 2022.	Adoption of this standard is not expected to have a material impact.
AASB 2020-3: <i>Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments</i>	Reporting periods on or after 1 January 2022.	Adoption of this standard is not expected to have a material impact.
AASB 2020-8: <i>Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2</i>	Reporting periods on or after 1 January 2021.	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 Eastern Health in future periods.

Note 1.6: Goods and Services Tax (GST)

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

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

Cash flows are included in the Cash Flow Statement on a gross basis,

except for the GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, which are disclosed as operating cash flows.

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

Note 1.7: Reporting entity

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

The principal address is:

5 Arnold Street
Box Hill
Victoria 3128

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

Note 2: Funding delivery of our services

Eastern Health's overall objective is to provide quality health services that support and enhance the wellbeing of all Victorians. Eastern Health is predominantly funded by grant funding for the provision of outputs. Eastern Health also receives income from the supply of services.

Structure

2.1: Revenue and income from transactions

2.2: Fair value of assets and services received free of charge or for nominal consideration

2.3: Other income

COVID-19

Revenue recognised to fund the delivery of our services increased during the financial year which was partially attributable to the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

Additional revenue of \$60.7M was received from the Department of Health to fund:

- Patient care for patients with COVID-19 including emergency presentations, ward admissions and ICU admissions
- Various screening clinics in our catchment to test the community for COVID-19
- Costs to avoid transmission of COVID-19 including Personal Protective Equipment (PPE), cleaning, social distancing protocols; and
- Vaccination clinics for both staff and the community.

Eastern Health's response to the pandemic included the deferral of elective surgeries and reduced activity. This resulted in Eastern Health incurring lost revenue as well as direct and indirect COVID-19 costs.

The Department of Health provided funding to compensate for the financial effects of COVID-19 as identified above. Eastern Health also received essential personal protective equipment free of charge under the state supply arrangement with a fair value of \$11.2M.

Key judgements and estimates

This section contains the following key judgements and estimates:

KEY JUDGEMENTS AND ESTIMATES	DESCRIPTION
	Eastern Health applies significant judgment when reviewing the terms and conditions of funding agreements and contracts to determine whether they contain sufficiently specific and enforceable performance obligations.
Identifying performance obligations	<p>If this criterion is met, the contract/funding agreement is treated as a contract with a customer, requiring Eastern Health to recognise revenue as or when the health service transfers promised goods or services to customers.</p> <p>If this criterion is not met, funding is recognised immediately in the net result from operations.</p>
Determining timing of revenue recognition	Eastern Health applies significant judgement to determine when a performance obligation has been satisfied and the transaction price that is to be allocated to each performance obligation. A performance obligation is either satisfied at a point in time or over time.
Determining time of capital grant income recognition	Eastern Health applies significant judgement to determine when its obligation to construct an asset is satisfied. Costs incurred is used to measure the health service's progress as this is deemed to be the most accurate reflection of the stage of completion.



Note 2.1: Revenue and income from transactions

	NOTE	2021 \$'000	2020 \$'000
Operating activities			
Revenue from contracts with customers			
Government Grants (State) – Operating		719,042	588,823
Government Grants (Commonwealth) – Operating		59,441	55,167
Patient and Resident Fees		41,710	47,321
Private Practice Fees		33,206	30,828
Commercial Activities ⁱ		26,160	29,870
Total revenue from contracts with customers		879,559	752,009
Other sources of income			
Government Grants (State) – Operating		334,525	387,492
Government Grants (State) – Capital		42,900	21,630
Government Grants (Commonwealth) – Capital		-	1,000
Capital Donations		2,215	-
Assets Received Free of Charge or for Nominal Consideration	2.2	12,901	2,101
Other Revenue from Operating Activities		15,749	13,717
Total other sources of income		408,290	425,940
TOTAL REVENUE AND INCOME FROM OPERATING ACTIVITIES		1,287,849	1,177,949
Non-operating activities			
Income from other sources			
Other Interest	2.3	597	1,171
Total other sources of income		597	1,171
TOTAL INCOME FROM NON-OPERATING ACTIVITIES		597	1,171
TOTAL REVENUE AND INCOME FROM TRANSACTIONS		1,288,446	1,179,120

(i) Commercial activities represent business activities which Eastern Health enters into to support their operations.



How we recognise revenue and income from transactions



Government operating grants

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

When both these conditions are satisfied, the health service:

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

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

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

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

GOVERNMENT GRANT	PERFORMANCE OBLIGATION
Activity Based Funding (ABF) paid as Weighted Inlier Equivalent Separation (WIES) casemix	<p>The performance obligations for ABF are the number and mix of patients admitted to hospital (defined as 'casemix') in accordance with the levels of activity agreed to with the Department of Health in the annual Statement of Priorities.</p> <p>Revenue is recognised at a point in time, which is when a patient is discharged, in accordance with the WIES activity when an episode of care for an admitted patient is completed.</p> <p>WIES activity is a cost weight that is adjusted for time spent in hospital, and represents a relative measure of resource use for each episode of care in a diagnosis related group.</p>
Activity Based Funding (ABF) paid as Weighted Acute Service Episode (WASE) casemix	<p>The performance obligations for ABF are the number and mix of patients seen in a specialist outpatient clinic setting (defined as 'casemix') in accordance with the levels of activity agreed to with the Department of Health in the annual Statement of Priorities.</p> <p>Revenue is recognised at the point of time, which is after the patient has completed their outpatient consultation.</p> <p>WASE activity is a cost weight that represents a relative measure of resource use for each type of acute outpatient seen.</p>

Capital grants

Where Eastern 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 Eastern 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

The performance obligations related to private practice fees are the provision of specified medical and clinical services by senior medical staff who have signed a Right to Private Practice Agreement with the health service.

These performance obligations have been selected as they align with the

terms and conditions of providing the services. Revenue is recognised, in accordance with the Right to Private Practice Agreement, when the medical and clinical services have been provided, the patient discharged and an invoice raised. Private practice fees include recoupments from the private practice for the use of hospital facilities.

Commercial activities

Revenue from commercial activities includes items such as car park income, clinical trial income, ethics review fees, training and seminar fees and property rental income. Commercial activity revenue is recognised at a point in time, upon provision of the goods or service to the customer.

Note 2.2: Fair value of assets and services received free of charge or for nominal consideration

	2021 \$'000	2020 \$'000
Capital donations and gifts	20	339
Plant and equipment	1,668	-
Personal protective equipment	11,213	1,762
Total fair value of assets and services received free of charge or for nominal consideration	12,901	2,101

How we recognise the fair value of assets and services received free of charge or for nominal consideration

Donations and bequests

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

Personal protective equipment

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

The general principles of the State Supply Arrangement were that HealthShare Victoria sourced, secured

and agreed terms for the purchase of the PPE products, funded by the Department of Health, while Monash Health took delivery, and distributed an allocation of the products to Eastern Health as resources provided free of charge. HealthShare Victoria and Monash Health were acting as an agent of the Department of Health under this arrangement.

Contributions

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

On initial recognition of the asset, Eastern Health recognises related amounts being contributions by owners, lease liabilities, financial instruments, provisions and revenue or contract liabilities arising from a contract with a customer.

Eastern Health recognises income immediately in the profit or loss as the difference between the initial fair value of the asset and the related amounts.

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 Eastern Health as a capital contribution transfer.

Voluntary Services

Contributions by volunteers, in the form of services, are only recognised when fair value can be reliably measured, and the services would have been purchased if they had not been donated. Eastern Health greatly values the services provided by volunteers but does not depend on volunteers to deliver its services.



Non-cash contributions from the Department of Health

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



SUPPLIER	DESCRIPTION
Victorian Managed Insurance Authority	The Department of Health purchases non-medical indemnity insurance for Eastern Health which is paid directly to the Victorian Managed Insurance Authority. To record this contribution, such payments are recognised as income with a matching expense in the net result from transactions.
Department of Health	Long Service Leave (LSL) revenue is recognised upon finalisation of movements in LSL liability in line with the long service leave funding arrangements set out in the relevant Department of Health Hospital Circular.

Note 2.3: Other income

	2021 \$'000	2020 \$'000
Interest income	597	1,171
Total other income	597	1,171

How we recognise other income

Interest Income

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



Note 3: The cost of delivering our services

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

Structure

- 3.1: Expenses from transactions
- 3.2: Employee benefits in the balance sheet
- 3.3: Superannuation
- 3.4: Other economic flows

COVID-19

Expenses incurred to fund the delivery of our services increased during the financial year which was partially attributable to the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

Additional costs of \$54.2M were incurred to deliver the following additional services:

- Patient care for patients with COVID-19 including emergency presentations, ward admissions and ICU admissions
- Various screening clinics in our catchment to test the community for COVID-19
- Costs to avoid transmission of COVID-19 including Personal Protective Equipment (PPE), cleaning, social distancing protocols; and
- Vaccination clinics for both staff and the community

Eastern Health's response to the pandemic included the deferral of elective surgeries and reduced activity. The response to the pandemic resulted in Eastern Health incurring direct and indirect COVID-19 costs.

As part of the response, Eastern Health received essential personal protective equipment free of charge under the state supply arrangement.

Key judgements and estimates

This section contains the following key judgements and estimates:

KEY JUDGEMENTS AND ESTIMATES	DESCRIPTION
	Eastern Health applies significant judgement when measuring and classifying its employee benefit liabilities.
	Employee benefit liabilities are classified as a current liability if Eastern 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.
Measuring and classifying employee benefit liabilities	Employee benefit liabilities are classified as a non-current liability if Eastern 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.
	Eastern Health also 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. All other entitlements are measured at their nominal value.

Note 3.1: Expenses from transactions

	NOTE	2021 \$'000	2020 \$'000
Salaries and Wages		821,359	771,975
On-costs		102,988	91,192
Agency Expenses		2,146	1,972
Fee for Service Medical Officer Expenses		6,615	2,238
Workcover Premium		8,272	6,400
Total Employee Expenses		941,380	873,777
Drug Supplies		54,689	53,781
Medical and Surgical Supplies (including Prostheses)		60,936	57,849
Food		22,923	22,309
Diagnostic and Radiology		30,239	27,604
Total Supplies and Consumables		168,787	161,543
Domestic Expenses		25,652	22,629
Fuel, Light and Power		8,498	9,124
Insurance (incl. Medical Indemnity)		18,121	16,861
Repairs and Maintenance		13,611	11,892
Maintenance Contracts		16,499	13,886
Other Administrative Expenses		47,768	46,004
Total Other Operating Expenses		130,149	120,396
TOTAL FINANCE COSTS		1,402	1,818
TOTAL OPERATING EXPENSES		1,241,718	1,157,534
Depreciation and Amortisation	4.3	75,494	73,408
TOTAL NON-OPERATING EXPENSES		75,494	73,408
TOTAL EXPENSES FROM TRANSACTIONS		1,317,212	1,230,942

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

How we recognise expenses from transactions

Expense recognition

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

Employee expenses

Employee expenses include:

- salaries and wages (including fringe benefits tax, leave entitlements, termination payments);
- on-costs;
- agency expenses;
- fee for service medical officer expenses; and
- 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:

- interest on bank overdrafts and short-term and long-term borrowings (interest expense is recognised in the period in which it is incurred);
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
- finance charges in respect of leases which are recognised in accordance with AASB 16 Leases.

Other operating expenses

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

- fuel, light and power;
- repairs and maintenance;
- other administrative expenses; and
- expenditure for capital purposes (capital expenditure below the capitalisation threshold of \$1,000).

The Department of Health also makes certain payments on behalf of Eastern Health.

These amounts have been brought to account as grants in determining the operating result for the year by recording them as revenue and also recording the related expense.

Non-operating expenses

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

Note 3.2: Employee benefits in the balance sheet

	2021 \$'000	2020 \$'000
Current Provisions		
Accrued Days Off		
Unconditional and Expected to be settled within 12 months ⁱ	1,449	1,544
	1,449	1,544
Annual Leave		
Unconditional and Expected to be settled within 12 months ⁱ	58,167	50,215
Unconditional and Expected to be settled after 12 months ⁱⁱ	9,784	8,545
	67,951	58,760
Long Service Leave		
Unconditional and Expected to be settled within 12 months ⁱ	14,664	14,099
Unconditional and Expected to be settled after 12 months ⁱⁱ	111,661	110,991
	126,325	125,090
Provisions Related to Employee Benefit on-costs		
Unconditional and Expected to be settled within 12 months ⁱ	8,026	6,767
Unconditional and Expected to be settled after 12 months ⁱⁱ	13,471	12,657
	21,497	19,424
Total Current Employee Benefits	217,222	204,818
Non-Current Provisions		
Conditional Long Service Leave	32,821	32,979
Provisions related to employee benefit on-costs	3,643	3,494
Total Non-Current Employee Benefits	36,464	36,473
TOTAL EMPLOYEE BENEFITS	253,686	241,291

(i) The amounts disclosed are nominal amounts

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



How we recognise expenses from transactions

Employee benefit recognition

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

Provisions

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

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

Annual leave and accrued days off

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

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

- **nominal value:**
if Eastern Health expects to wholly settle within 12 months; or
- **present value:**
if Eastern Health does not expect to wholly settle within 12 months.

Long service leave

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

Unconditional LSL (representing 10 or more years of continuous service) is disclosed in notes to the financial statements as a current liability even where Eastern Health does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement 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 Eastern Health expects to wholly settle within 12 months; or
- **present value:**
if Eastern Health does not expect to wholly settle within 12 months.

Conditional LSL (representing less than 10 years of continuous service) is measured at present value and disclosed as a non-current liability.

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

Termination benefits

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

On-Costs related to employee expense

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

**Note 3.2(a): Employee benefits and related on-costs**

	2021 \$'000	2020 \$'000
Unconditional Long Service Leave Entitlements	140,347	138,344
Unconditional Annual Leave Entitlements	75,426	64,930
Unconditional Accrued Days Off	1,449	1,544
Total Current Employee Benefits and Related On-Costs	217,222	204,818
Non-Current		
Conditional Long Service Leave Entitlements	36,464	36,473
Total Non-Current Employee Benefits and Related On-Costs	36,464	36,473
TOTAL EMPLOYEE BENEFITS AND RELATED ON-COSTS	253,686	241,291

(b) Movement in Provisions

Carrying amount at Start of the Year	241,291	219,157
Additional Provisions Recognised	115,536	109,029
Amounts incurred during the Year	(103,141)	(86,895)
CARRYING AMOUNT AT THE END OF THE YEAR	253,686	241,291

Note 3.3: Superannuation

	PAID CONTRIBUTION FOR THE YEAR		CONTRIBUTION OUTSTANDING AT YEAR END	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Defined Benefit Plans⁽ⁱ⁾				
First State Superannuation Fund	474	504	52	38
State Superannuation Fund	220	249	26	18
Defined Contribution Plans				
First State Superannuation Fund	34,764	34,724	3,745	2,549
HESTA Superannuation Fund	24,679	22,881	2,881	1,846
Other	10,220	8,123	1,268	667
Total	70,357	66,481	7,972	5,118

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



How we recognise superannuation

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

Defined contribution superannuation plans

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

Contributions to defined contribution superannuation plans are expensed when incurred.

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

Defined benefit superannuation plans

The defined benefit plan provides benefits based on years of service and final average salary. The amount charged to the comprehensive operating statement in respect of defined benefit superannuation plans represents the contributions made by Eastern Health to the superannuation plans in respect of the services of current Eastern 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.

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

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

The name, details and amounts of the expense in relation to the major employee superannuation funds and contributions made by Eastern Health are disclosed above.

Note 3.4: Other economic flows included in net result

	2021 \$'000	2020 \$'000
Net Gain/(Loss) on No-Financial Assets		
Net Gain/(Loss) on Disposal of Non-Financial Assets	(12)	449
Net Gain/(Loss) on Non-Financial Assets	(12)	449
Net Gain/(Loss) on Financial Instruments at Fair Value		
Bad Debts Written Off	(1,411)	(2,019)
Allowance for Impairment Losses of Contractual Receivables	426	980
Total Net Gain/(Loss) on Financial Instruments at Fair Value	(985)	(1,039)
Other Gain/(Loss) from Other Economic Flows		
Net Gain/(Loss) arising from the Revaluation of Long Service Leave	19,299	(3,535)
Total Other Gain/(Loss) From Other Economic Flows	19,299	(3,535)
TOTAL OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT	18,302	(4,125)



How we recognise other economic flows

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

Other gains/(losses) from other economic flows include the gains or losses from:

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates; and
- reclassified amounts relating to available-for-sale financial instruments from the reserves to net result due to a disposal or derecognition of the financial instrument. This does not include reclassification between equity accounts due to machinery of government changes or 'other transfers' of assets.

a: Net gain/(loss) on non-financial assets

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

- revaluation gains/(losses) of non-financial physical assets (*Refer to Note 4.1 Property plant and equipment*); and
- net gain/(loss) on disposal of non-financial assets.

Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.

b: Net gain/(loss) on financial instruments

Net gain/(loss) on financial instruments at fair value includes:

- realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- impairment and reversal of impairment for financial instruments at amortised cost (*Refer to Note 7.1 Financial instruments*); and
- disposals of financial assets and de-recognition of financial liabilities.

Amortisation of non-produced intangible assets

Intangible non-produced assets with finite lives are amortised as an 'other economic flow' on a systematic basis over the asset's useful life.

Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Impairment of non-financial assets

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

Note 4: Key assets to support service delivery

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

Structure

4.1: Property, plant and equipment

4.2: Intangible assets

4.3: Depreciation and amortisation

4.4: Inventories

COVID-19

Assets used to support the delivery of our services during the financial year were not materially impacted by the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

Key judgements and estimates

This section contains the following key judgements and estimates:

KEY JUDGEMENTS AND ESTIMATES	DESCRIPTION
	Eastern Health obtains independent valuations for its non-current assets at least once every five years.
Measuring fair value of property, plant and equipment and investment properties	<p>If an independent valuation has not been undertaken at balance date, Eastern Health estimates possible changes in fair value since the date of the last independent valuation with reference to Valuer-General of Victoria indices.</p> <p>Managerial adjustments are recorded if the assessment concludes a material change in fair value has occurred. Where exceptionally large movements are identified, an interim independent valuation is undertaken.</p>
Estimating useful life and residual value of property, plant and equipment	<p>Eastern Health assigns an estimated useful life to each item of property, plant and equipment, whilst also estimating the residual value of the asset, if any, at the end of the useful life. This is used to calculate depreciation of the asset.</p> <p>Eastern Health reviews the useful life, residual value and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.</p>
Estimating useful life of right-of-use assets	<p>The useful life of each right-of-use asset is typically the respective lease term, except where the health service 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.</p> <p>Eastern Health applies significant judgement to determine whether or not it is reasonably certain to exercise such purchase options.</p>
Estimating restoration costs at the end of a lease	Where a lease agreement requires Eastern Health to restore a right-of-use asset to its original condition at the end of a lease, the health service estimates the present value of such restoration costs. This cost is included in the measurement of the right-of-use asset, which is depreciated over the relevant lease term.
Estimating the useful life of intangible assets	Eastern Health assigns an estimated useful life to each intangible asset with a finite useful life, which is used to calculate amortisation of the asset.



KEY JUDGEMENTS AND ESTIMATES	DESCRIPTION
Identifying indicators of impairment	<p>At the end of each year, Eastern 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, the health service tests the asset for impairment.</p>
	<p>Eastern Health considers a range of information when performing its assessment, including considering:</p>
	<ul style="list-style-type: none"> • If an asset's value has declined more than expected based on normal use
	<ul style="list-style-type: none"> • If a significant change in technological, market, economic or legal environment which adversely impacts the way the health service uses an asset
	<ul style="list-style-type: none"> • If an asset is obsolete or damaged
	<ul style="list-style-type: none"> • 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
	<ul style="list-style-type: none"> • If the performance of the asset is or will be worse than initially expected.
	<p>Where an impairment trigger exists, the health service applies significant judgement and estimate to determine the recoverable amount of the asset.</p>



Note 4.1: Property, plant and equipment



Note 4.1(a): Property, plant and equipment – gross carrying amount and accumulated depreciation



	2021 \$'000	2020 \$'000
Land		
Land at Fair Value – Crown	122,138	108,809
Land at Fair Value – Freehold	90,269	76,841
Land at Fair Value – Right of Use	29,293	32,497
Less Accumulated Depreciation	(2,720)	-
Total Land at Fair Value	238,980	218,147
Buildings		
Buildings at Cost	27,189	22,171
Less Accumulated Depreciation	(1,111)	(434)
Total Buildings at Cost	26,078	21,737
Buildings Under Construction at Cost	23,530	7,366
Buildings at Fair Value	988,488	991,471
Less Accumulated Depreciation	(96,085)	(48,271)
Total Buildings at Fair Value	892,403	943,200
Buildings at Fair Value – Right of Use	16,421	16,421
Less Accumulated Depreciation	(5,085)	(2,615)
Total Buildings at Fair Value – Right of Use	11,336	13,806
TOTAL BUILDINGS	953,347	986,109
Leasehold Improvements		
Leasehold Improvements at Fair Value	7,795	7,795
Less Accumulated Depreciation	(7,017)	(6,507)
Total Leasehold Improvements at Fair Value	778	1,288
Plant and Equipment		
Medical Equipment Fair Value	103,768	94,747
Less Accumulated Depreciation	(75,370)	(67,879)
Total Medical Equipment at Fair Value	28,398	26,868
Computers and Communication Equipment at Fair Value	55,241	51,986
Less Accumulated Depreciation	(51,432)	(49,386)
Total Computers and Communications Equipment at Fair Value	3,809	2,600
Plant, Equipment and Vehicles at Fair Value – Right of Use	13,320	13,320
Less Accumulated Depreciation	(5,347)	(2,589)
Total Plant, Equipment and Vehicles at Fair Value – Right of Use	7,973	10,731
Assets Under Construction	1,829	3,503
Motor Vehicles		
Motor Vehicles at Fair Value	2,177	2,281
Less Accumulated Depreciation	(2,147)	(2,151)
Total Motor Vehicles at Fair Value	30	130
TOTAL PLANT, EQUIPMENT AND MOTOR VEHICLES AT FAIR VALUE	42,039	43,832
Furniture and Fittings		
Furniture and Fittings at Fair Value	16,656	15,508
Less Accumulated Depreciation	(11,413)	(10,454)
TOTAL FURNITURE AND FITTINGS AT FAIR VALUE	5,243	5,054
TOTAL PROPERTY, PLANT AND EQUIPMENT	1,240,387	1,254,430

**Note 4.1: Property, plant and equipment (continued)****Note 4.1(b): Reconciliation of the carrying amount of each class of asset**

	LAND \$'000	RIGHT OF USE – LAND \$'000	BUILDINGS AND LEASEHOLD IMPROVEMENTS \$'000	RIGHT OF USE – BUILDINGS \$'000	BUILDING CAPITAL WORK IN PROGRESS \$'000	PLANT AND EQUIPMENT \$'000	FURNITURE AND FITTINGS \$'000	MOTOR VEHICLES \$'000	RIGHT OF USE – PLANT AND EQUIPMENT \$'000	TOTAL \$'000
Balance at 1 July 2019	164,862	29,293	993,259	16,421	13,230	38,409	5,415	2,287	4,096	1,267,272
Additions	-	-	605	-	3,904	18,192	576	-	7,140	30,417
Net Transfers Between Classes	-	-	21,586	-	(9,768)	(11,977)	48	(1,853)	1,853	(111)
Disposals	-	-	-	-	-	(80)	(11)	(120)	-	(211)
Depreciation (Note 4.2)	-	-	(49,225)	(2,615)	-	(11,573)	(974)	(184)	(2,358)	(66,929)
Revaluation Increments/ (Decrements)	20,788	3,204	-	-	-	-	-	-	-	23,992
Balance at 30 June 2020	185,650	32,497	966,225	13,806	7,366	32,971	5,054	130	10,731	1,254,430
Additions	-	-	277	-	31,694	2,212	1,089	-	-	35,542
Net Transfers Between Classes	-	-	4,756	(1)	(15,800)	10,332	123	-	-	(590)
Disposals	-	-	(9)	-	-	(41)	(4)	-	-	(54)
Depreciation (Note 4.2)	-	(2,720)	(49,465)	(2,469)	-	(11,438)	(1,019)	(100)	(2,758)	(69,969)
Revaluation Increments/ (Decrements)	26,757	(3,204)	(2,525)	-	-	-	-	-	-	21,028
Balance at 30 June 2021	212,407	26,573	919,259	11,336	23,530	34,036	5,243	30	7,973	1,240,387

Land and Buildings and Leased Assets Carried at Valuation

In compliance with FRD 103I, in the year ended 30 June 2021, Eastern Health's management conducted an annual assessment of the fair value of land and buildings and leased buildings.

To facilitate this, management obtained from the Department of Treasury and Finance, the Valuer-General Victoria indices for the financial year ended 30 June 2021.

These indices indicated that land held by Eastern Health had increased during the financial year by an average of 11% and buildings by 4%. These indices triggered a managerial revaluation of land. Consequently, the DH approved a managerial revaluation of \$23.992 million.

Similarly, in May 2021, the Valuer-General Victoria indices indicated the value of land held by Eastern Health had increased during the financial year by an average of 12% and buildings by 4%.

These indices triggered a further managerial revaluation of land. The indexed value was compared to individual asset's written down book value as at 30 June 2020 to determine the change in their fair values.

The Department of Health approved a managerial revaluation of the land asset class of \$26.76 million. As land and building balances are considered to be sensitive to market conditions, a managerial revaluation would be triggered by a significant increase or decrease in the land indices or the building indices.



How we recognise property, plant and equipment

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

Initial recognition

Items of property, plant and equipment (excluding right-of-use assets) are measured initially at cost. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of an amalgamation/machinery of government change are transferred at their carrying amounts.

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

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

Subsequent measurement

Items of property, plant and equipment (excluding right-of-use assets) are subsequently measured at fair value less accumulated depreciation and impairment losses where applicable.

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

Further information regarding fair value measurement is disclosed below.

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

An independent valuation of Eastern Health's property, plant and equipment was performed by the VGV on 30 June 2019. The valuation, which complies with Australian Valuation Standards, was determined by reference to the amount for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction.

The managerial assessment performed at 30 June 2021 indicated an overall:

- increase/decrease in fair value of land of 12% (\$26.76m) and an
- increase/decrease in fair value of buildings of 4% (\$40.2m).

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

As the cumulative movement was greater than 10% for land since the last revaluation a managerial revaluation adjustment was required as at 30 June 2021.

Revaluation increases (increments) arise when an asset's fair value exceeds its carrying amount. In comparison, revaluation decreases (decrements) arise when an asset's fair value is less than its carrying amount.

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

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

Revaluation decrements are recognised in 'Other Comprehensive Income' to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of property, plant and equipment. Otherwise, the decrement is recognised as an expense in the net result.

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



Impairment

At the end of each financial year, Eastern Health assesses if there is any indication that an item of property, plant and equipment may be impaired by considering internal and external sources of information. If an indication exists, Eastern Health estimates the recoverable amount of the asset.

Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised. An impairment loss of a revalued asset is treated as a revaluation decrease as noted above.

Eastern Health has concluded that the recoverable amount of property, plant and equipment which are regularly revalued is expected to be materially consistent with the current fair value except for the Edward Street Nursing Home Building. This building is to be vacated after the Wantirna Residential Aged Care facility is opened in June 2022.

This building will then be demolished once funding for the Angliss Hospital redevelopment is received. As such, the building's current fair value has been impaired at balance date.

How we recognise right-of-use assets

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

Unless the lease is considered a short-term lease or a lease of a low-value asset (*refer to Note 6.1 for further information*), the contract gives rise to a right-of-use asset and corresponding lease liability.

Eastern Health presents its right-of-use assets as part of property, plant and equipment as if the asset was owned by the health service.

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

CLASS OF RIGHT-OF-USE ASSET	LEASE TERM
Leased land	3 to 39 years
Leased buildings	2 to 8 years
Leased plant, equipment, furniture, fittings and vehicles	3 to 7 years

Presentation of right-of-use assets

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

Initial recognition

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

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

- any lease payments made at or before the commencement date;
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

Some of Eastern Health's medical equipment lease agreements contain purchase options which the health service is not reasonably certain to exercise at the completion of the lease.

Subsequent measurement

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

Impairment

At the end of each financial year, Eastern Health assesses if there is any indication that a right-of-use asset may be impaired by considering internal and external sources of information.

If an indication exists, Eastern Health estimates the recoverable amount of the asset. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised.

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



Note 4.1: Property, plant and equipment (continued)



Note 4.1(c): Fair value measurement hierarchy for assets



		CARRYING AMOUNT AS AT 30 JUNE 2021 \$'000	FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING:		
	NOTE		LEVEL 1 ⁽¹⁾ \$'000	LEVEL 2 ⁽¹⁾ \$'000	LEVEL 3 ⁽¹⁾ \$'000
Land at Fair Value					
Non-Specialised Land		3,628	-	3,628	-
Specialised Land		208,779	-	-	208,779
Total of Land at Fair Value	4.1(a)	212,407	-	3,628	208,779
Right-of-Use Land					
Non-Specialised Land		719	-	719	-
Specialised Land		25,854	-	-	25,854
Total Right-of-Use Land at Fair Value	4.1(a)	26,573	-	719	25,854
Buildings at Fair Value					
Non-Specialised Buildings		19,597	-	19,597	-
Specialised Buildings		872,806	-	-	872,806
Total of Buildings at Fair Value	4.1(a)	892,403	-	19,597	872,806
Plant and Equipment at Fair Value					
Vehicles	4.1(a)	30	-	-	30
Plant and Equipment	4.1(a)	32,207	-	-	32,207
Right of Use Plant and Equipment	4.1(a)	7,973	-	-	7,973
Total of Plant, Equipment and Vehicles at Fair Value		40,210	-	-	40,210
Furniture and Fittings at Fair Value					
Furniture and Fittings	4.1(a)	5,243	-	-	5,243
Total of Furniture and Fittings at Fair Value		5,243	-	-	5,243
TOTAL		1,176,836	-	23,944	1,152,892

¹ Classified in accordance with the fair value hierarchy.

There have been no transfers between levels during the current period nor the prior period.

**Note 4.1: Property, plant and equipment (continued)****Note 4.1(c): Fair value measurement hierarchy for assets**

		CARRYING AMOUNT AS AT 30 JUNE 2020 \$'000	FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING:		
	NOTE		LEVEL 1 ⁽¹⁾ \$'000	LEVEL 2 ⁽¹⁾ \$'000	LEVEL 3 ⁽¹⁾ \$'000
Land at Fair Value					
Non-Specialised Land		3,182	-	3,182	-
Specialised Land		182,468	-	-	182,468
Total of Land at Fair Value	4.1(a)	185,650	-	3,182	182,468
Right-of-Use Land					
Non-Specialised Land		795	-	795	-
Specialised Land		31,702	-	-	31,702
Total Right-of-Use Land at Fair Value	4.1(a)	32,497	-	795	31,702
Buildings at Fair Value					
Non-Specialised Buildings		20,373	-	20,373	-
Specialised Buildings		922,827	-	-	922,827
Total of Buildings at Fair Value	4.1(a)	943,200	-	20,373	922,827
Plant and Equipment at Fair Value					
Vehicles	4.1(a)	130	-	-	130
Plant and Equipment	4.1(a)	29,468	-	-	29,468
Right of Use Plant and Equipment	4.1(a)	10,731	-	-	10,731
Total of Plant, Equipment and Vehicles at Fair Value		40,329	-	-	40,329
Furniture and Fittings at Fair Value					
Furniture and Fittings	4.1(a)	5,054	-	-	5,054
Total of Furniture and Fittings at Fair Value		5,054	-	-	5,054
TOTAL		1,206,730	-	24,350	1,182,380

¹ Classified in accordance with the fair value hierarchy.



Note 4.1: Property, plant and equipment (continued)



Note 4.1(d): Reconciliation of Level 3 fair value measurement



	LAND \$'000	RIGHT-OF-USE LAND \$'000	BUILDINGS \$'000	PLANT AND EQUIPMENT \$'000	FURNITURE AND FITTINGS \$'000
Balance at 1 July 2019	161,831	28,536	970,581	36,178	5,415
Asset Reclassification via Equity	-	-	-	-	-
Additions/(Disposals)	-	-	-	30,243	565
Transfers In/(Out) of Level 3	-	-	-	(11,977)	48
Gains/(Losses) Recognised in Net Result					
Depreciation	-	-	(47,754)	(14,115)	(974)
Items Recognised in Other Comprehensive Income					
Revaluation	20,637	3,166	-	-	-
Balance at 30 June 2020	182,468	31,702	922,827	40,329	5,054
Additions/(Disposals)	-	-	-	2,000	1,082
Transfers In/(Out) of Level 3	-	-	3,244	12,177	126
Gains/(Losses) Recognised in Net Result					
Depreciation	-	(2,682)	(50,740)	(14,296)	(1,019)
Items Recognised in Other Comprehensive Income					
Revaluation	26,311	(3,166)	(2,525)	-	-
Balance at 30 June 2021	208,779	25,854	872,806	40,210	5,243

Classified in accordance with the fair value hierarchy (refer Note 4.1(c)).



Note 4.1: Property, plant and equipment (continued)

Note 4.1(e): Fair value determination

ASSET CLASS	LIKELY VALUATION APPROACH	SIGNIFICANT INPUTS (LEVEL 3 ONLY)
Non-specialised land	Market approach	n.a.
Specialised Land (Crown/Freehold)	Market approach	Community Service Obligations Adjustments ^(a)
Non-specialised buildings	Market approach	n.a.
Specialised buildings	Depreciated replacement cost approach	<ul style="list-style-type: none"> Cost per square metre Useful life
Heritage assets	Depreciated replacement cost approach ^(b)	<ul style="list-style-type: none"> Cost per square metre Useful life
Dwellings	Market approach	n.a.
	Depreciated replacement cost approach	<ul style="list-style-type: none"> Cost per square metre Useful life
Vehicles	Market approach	n.a.
	Depreciated replacement cost approach	<ul style="list-style-type: none"> Cost per unit Useful life
Plant and equipment	Depreciated replacement cost approach	<ul style="list-style-type: none"> Cost per unit Useful life
Infrastructure	Depreciated replacement cost approach	<ul style="list-style-type: none"> Cost per unit Useful life
Road, infrastructure and earthworks	Depreciated replacement cost approach	<ul style="list-style-type: none"> Cost per square metre Useful life
Cultural assets	Market approach	n.a.

(a) A Community Service Obligation (CSO) of 20% was applied to the health service's specialised land classified in accordance with the fair value hierarchy.

How we measure fair value

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

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

In addition, Eastern Health determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a

whole) at the end of each reporting period. There have been no transfers between levels during the year.

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

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

Valuation hierarchy

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

The levels are as follows:

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



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.

Consideration of highest and best use (HBU) for non-financial physical assets

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

In accordance with paragraph 29 of AASB 13 Fair Value Measurement, Eastern Health has assumed the current use of a non-financial physical asset is its HBU unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

Theoretical opportunities that may be available in relation to the asset(s) are not taken into account until it is virtually certain that any restrictions will no longer apply.

Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best uses.

Non-specialised land, non-specialised buildings

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 was 30 June 2020.

Specialised land and specialised buildings

Specialised land includes Crown Land which is measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset.

Theoretical opportunities that may be available in relation to the assets are not taken into account until it is virtually certain that any restrictions will no longer apply.

Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best use.

During the reporting period, Eastern 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 the fair value.

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

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement and takes into account the use of the asset that is physically possible, legally permissible and financially feasible.

As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets.

Eastern Health uses the depreciated replacement cost method for the majority of its 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 Eastern Health's specialised land and specialised buildings was performed by the Valuer-General Victoria. The effective date of the valuation was 30 June 2019.



Vehicles

For owned vehicles, Eastern Health, at times, disposes of them before completion of their economic life. The process of acquisition, use and disposal in the market is managed by Eastern Health which sets relevant depreciation rates during use to reflect the consumption of the vehicles.

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

All new vehicles are now acquired through a finance lease facility with VicFleet.

The intention is to hold these vehicles until the end of their lease and depreciation rates are set accordingly. As a result, the fair value of leased vehicles does not differ materially from the carrying amount (depreciated cost).

Furniture, fittings, plant and equipment

Furniture, fittings, plant and equipment (including medical equipment, computers and communication equipment and furniture and fittings) are held at carrying amount (depreciated cost).

When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, the depreciated replacement cost is used to estimate the fair value.

Unless there is market evidence that current replacement costs are significantly different from the original acquisition cost, it is considered unlikely that depreciated replacement cost will be materially different from the existing carrying amount.

There were no changes in valuation techniques throughout the period to 30 June 2021.

Note 4.1: Property, plant and equipment (continued)

Note 4.1(f): Property, plant and equipment revaluation surplus

	2021 \$'000	2020 \$'000
Balance at the beginning of the reporting period	706,088	682,096
Revaluation Increment		
Land (refer Note 4.1(b))	26,757	20,788
Right of Use Land (refer Note 4.1(b))	(3,204)	3,204
Buildings (refer Note 4.1(b))	(2,525)	-
Closing Balance	727,116	706,088
Represented by:		
Land	202,297	178,744
Buildings	524,819	527,344
Total	727,116	706,088

Note 4.2: Intangible assets

Note 4.2(a): Intangible assets – gross carrying amount and accumulated amortisation

	2021 \$'000	2020 \$'000
Software	75,440	74,238
Less Accumulated Amortisation	(62,195)	(58,924)
	13,245	15,314
Intangible Work in Progress	32,347	23,684
TOTAL INTANGIBLE ASSETS	45,592	38,998



Note 4.2: Intangible assets (continued)



Note 4.2(b): Intangible assets - Reconciliation of the carrying amount by class of asset



	SOFTWARE \$'000	TOTAL \$'000
Balance as at 01 July 2019	34,077	34,077
Additions	11,289	11,289
Net Transfers Between Classes	111	111
Disposals	-	-
Amortisation (Note 4.3)	(6,479)	(6,479)
Balance as at 01 July 2020	38,998	38,998
Additions	11,661	11,661
Net Transfers Between Classes	458	458
Disposals	-	-
Amortisation (Note 4.3)	(5,525)	(5,525)
Balance as at 30 June 2021	45,592	45,592

How we recognise intangible assets

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

Initial recognition

Purchased intangible assets are initially recognised at cost.

Depreciation and amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

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

Subsequent measurement

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

Impairment

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



Note 4.3: Depreciation and amortisation

	2021 \$'000	2020 \$'000
Depreciation		
Buildings	48,954	48,705
Plant and Equipment		
Major Medical	9,006	8,718
Computers and Communications	2,432	2,855
Furniture and Fittings	1,019	974
Motor Vehicles	100	184
Leasehold Improvements	511	520
Right to Use Assets		
Right of Use Buildings	2,469	2,615
Right of Use Plant and Equipment	2,758	2,358
Right of Use Assets – Land	2,720	-
Total Depreciation	69,969	66,929
Amortisation		
Software	5,525	6,479
Total Amortisation	5,525	6,479
TOTAL DEPRECIATION AND AMORTISATION	75,494	73,408

How we recognise 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 shorter of the asset's useful life and the lease term.

Where Eastern Health obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that the entity will exercise a purchase option, Eastern Health depreciates the right-of-use asset over its useful life.



How we recognise amortisation

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

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

	2021	2020
Buildings		
Structure Shell Building Fabric	11 - 50 years	11 - 50 years
Site Engineering Services and Central Plant	11 - 46 years	11 - 46 years
Central Plant		
Fit Out	3 - 21 years	3 - 21 years
Trunk Reticulated Building Systems	3 - 21 years	3 - 21 years
Plant and Equipment	10 - 20 years	10 - 20 years
Medical Equipment	8 - 15 years	8 - 15 years
Computers and Communications	3 - 10 years	3 - 10 years
Furniture and Fittings	10 years	10 years
Motor Vehicles	5 years	5 years
Intangible Assets	1-10 years	1-10 years
Leasehold Improvements	5 years	5 years

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

Note 4.4: Inventories

	2021 \$'000	2020 \$'000
Pharmaceuticals – At Cost	2,356	2,356
Medical and Surgical Lines – At Cost	6,460	3,930
Allied Health and Diagnostics – At Cost	1,106	1,106
Total Inventories	9,922	7,392

How we recognise inventories

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



Note 5: Other assets and liabilities

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

Structure

5.1: Receivables and contract assets

5.2: Payables and contract liabilities

5.3: Other liabilities

COVID-19

The measurement of other assets and liabilities were not materially impacted by the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

Key judgements and estimates

This section contains the following key judgements and estimates:

KEY JUDGEMENTS AND ESTIMATES	DESCRIPTION
Estimating the provision for expected credit losses	<p>Eastern 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.</p>
Classifying a sub-lease arrangement as either an operating lease or finance lease	<p>Eastern Health applies significant 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.</p> <p>The health service considers a range of scenarios when classifying a sub-lease. A sub-lease typically meets the definition of a finance lease if:</p> <ul style="list-style-type: none"> • 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. <p>All other sub-lease arrangements are classified as an operating lease.</p>
Measuring deferred capital grant income	<p>Where Eastern 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.</p> <p>Eastern Health applies significant judgement when measuring the deferred capital grant income balance, which references the estimated the stage of completion at the end of each financial year.</p>
Measuring contract liabilities	<p>Eastern Health applies significant judgement to measure its progress towards satisfying a performance obligation as detailed in Note 2. Where a performance obligation is yet to be satisfied, the 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.</p>
Recognition of other provisions	<p>Other provisions include Eastern Health's obligation to restore leased assets to their original condition at the end of a lease term. The health service applies significant judgement and estimate to determine the present value of such restoration costs.</p>

Note 5.1: Receivables and contract assets

	NOTE	2021 \$'000	2020 \$'000
Current Receivables and Contract Assets			
Contractual			
Inter-Hospital Debtors		350	216
Trade Debtors		9,069	8,307
Patient Fees		8,538	16,576
Contract Assets	5.1(b)	7,370	4,085
Amounts Receivable from Governments and Agencies		203	-
Less Provision for Impairment			
Trade Debtors		(1,211)	(1,336)
Patient Fees		(1,409)	(1,710)
Total Contractual Receivables		22,910	26,138
Statutory			
GST Receivable		2,866	2,634
Total Statutory Receivables		2,866	2,634
TOTAL CURRENT RECEIVABLES AND CONTRACT ASSETS		25,776	28,772
Non-Current Receivables and Contract Assets			
Contractual			
Long Service Leave – Department of Health and Human Services		69,856	57,523
Total Contractual Receivables		69,856	57,523
TOTAL NON-CURRENT RECEIVABLES		69,856	57,523
TOTAL RECEIVABLES AND CONTRACT ASSETS		95,632	86,295

(i) Financial assets classified as receivables and contract assets (Note 7.1(a)).

	2021 \$'000	2020 \$'000
Total Receivables and Contract Assets	95,632	86,295
Provision for Impairment	2,620	3,046
Contract Assets	(7,370)	(4,085)
GST Receivable	(2,866)	(2,634)
TOTAL FINANCIAL ASSETS	88,016	82,622

As at 30 June 2021, Eastern Health has contract assets of \$7,370,000 which is net of an allowance for expected credit losses of \$nil. This is included in the contractual receivable balances presented above.



Note 5.1(a): Movement in the allowance for impairment losses of contractual receivables

	2021 \$'000	2020 \$'000
Balance at the beginning of the year	3,046	4,081
Amounts written off during the year	(1,411)	(2,019)
Amounts recovered during the year	-	4
Increase/(Decrease) in allowance	985	980
BALANCE AT THE END OF THE YEAR	2,620	3,046

How we recognise receivables

Receivables consist of:

Contractual receivables, which mostly includes debtors in relation to goods and services. These receivables are classified as financial instruments and categorised as 'financial assets at amortised cost'. They are initially recognised at fair value plus any directly attributable transaction costs.

The health service holds the contractual receivables with the objective to collect the contractual cash flows and therefore are subsequently measured at amortised cost using the effective interest method, less any impairment.

Statutory receivables, which mostly includes amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits that are recoverable. Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment) but are not classified as financial instruments for disclosure purposes.

Eastern Health applies AASB 9 for initial measurement of the statutory receivables and as a result, statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

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

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

Eastern Health is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various geographical areas.

Based on historical information about customer default rates, management considers the credit quality of trade receivables that are not past due or impaired to be good.

Impairment losses of contractual receivables

Refer to Note 7.2(a) for Eastern Health's contractual impairment losses.



Note 5.1(b): Contract assets

	2021 \$'000	2020 \$'000
Balance at the beginning of the year	4,085	-
Add: Additional costs incurred that are recoverable from the customer	41,710	47,321
Less: Transfer to trade receivable or cash at bank	(38,425)	(43,236)
Less: impairment allowance	-	-
Total Contract Assets	7,370	4,085
Represented by:		
Current contract assets	7,370	4,085
Non-current contract assets	-	-
	7,370	4,085

How we recognise contract assets

Contract assets relate to the Eastern 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, at this time an invoice is issued. Contract assets are expected to be recovered early next year.

Note 5.2: Payables and contract liabilities

	NOTE	2021 \$'000	2020 \$'000
Current			
Contractual			
Trade Creditors		33,738	23,202
Accrued Salaries and Wages		24,948	40,818
Contract Liabilities	5.2(b)	20,017	8,744
Deferred Grant Income	5.2(a)	17,585	18,844
Accrued Expenses		35,690	30,599
Inter-Hospital Creditors		352	26
Superannuation		9,190	8,584
Department of Health		3,976	255
Amounts Payable to Governments and Agencies		350	-
Total Contractual Payables		145,846	131,072
Statutory			
PAYG Payable		8,548	-
Total Statutory Payables		8,548	-
TOTAL CURRENT PAYABLES AND CONTRACT LIABILITIES		154,394	131,072

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



	2021 \$'000	2020 \$'000
Total Payables and Contract Liabilities	154,394	131,072
Deferred Grant Income	(17,585)	(18,844)
PAYG Payable	(8,548)	-
Contract Liabilities	(20,017)	(8,744)
TOTAL FINANCIAL LIABILITIES	108,244	103,484

How we recognise payables and contract liabilities

Payables consist of:

- **contractual payables**, which mostly includes payables in relation to goods and services, 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 Eastern Health prior to the end of the financial year that are unpaid; and
- **statutory payables**, which mostly includes amounts payable to the Victorian Government and Goods and Services Tax (GST) payable, are recognised and measured similarly to contractual payables but are not classified as financial instruments. They are not classified as financial instruments nor 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 45 days.

Note 5.2(a): Deferred capital grant income

	2021 \$'000	2020 \$'000
Opening Balance of Deferred Grant Income	18,844	26,047
Grant Consideration for Capital Works received during the Year	22,414	12,353
Deferred Grant Revenue recognised as Revenue due to completion of Capital Works	(23,673)	(19,556)
CLOSING BALANCE OF DEFERRED GRANT INCOME	17,585	18,844

How we recognise deferred capital grant revenue

Grant consideration was received from the Department of Health and the Commonwealth to support the construction of infrastructure assets.

Capital grant revenue is recognised progressively as the asset is constructed, since this is the time when Eastern Health satisfies its obligations.

Income for each project is recognised as expenditure on the project is incurred because this most closely reflects the progress to completion (*see note 2.1*).

As a result, Eastern Health has deferred recognition of a portion of the grant consideration received as a liability for the outstanding obligations.

Eastern Health expects to recognise all of the remaining deferred capital grant revenue for capital works by 30 June 2022.



Note 5.2(b): Contract liabilities

	2021 \$'000	2020 \$'000
Opening Balance of Contract Liabilities	8,744	-
Payments received for Performance Obligations not yet fulfilled	730,315	597,567
Revenue recognised for the Completion of Performance Obligations	(719,042)	(588,823)
Total Contract Liabilities	20,017	8,744
Represented by:		
CURRENT CONTRACT LIABILITIES	20,017	18,844

How we recognise contract liabilities

Contract liabilities include consideration received in advance from customers in respect of the provision of acute and sub-acute health services.

The balance of contract liabilities was significantly higher than the previous reporting period due to Department of Health (DH) requiring more unutilised grants to be used in 2021/22.

Contract liabilities are derecognised and recorded as revenue when

promised goods and services are transferred to the customer. Refer to Note 2.1.

Maturity analysis of payables

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

Note 5.3: Other liabilities

	NOTE	2021 \$'000	2020 \$'000
Current			
Other Liabilities			
Other Liabilities		14,527	5,396
Total Current Other Liabilities		14,527	5,396
Current Monies Held in Trust			
Refundable Accommodation Deposits		9,518	9,561
Total Current Monies Held in Trust		9,518	9,561
TOTAL OTHER LIABILITIES		24,045	14,957
Monies held in Trust represented by:			
Cash and Cash Equivalents	6.2	9,518	9,561
Total Monies Held in Trust		9,518	9,561

How we recognise other liabilities

Refundable Accommodation Deposits ("RAD")

RADs/accommodation bonds are non-interest-bearing deposits made by some aged care residents to

Eastern 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 the Eastern Health during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of Eastern 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

6.4: Non-cash financing and investing activities

COVID-19

Our finance and borrowing arrangements were not materially impacted by the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

Key judgements and estimates

This section contains the following key judgements and estimates:

KEY JUDGEMENTS AND ESTIMATES	DESCRIPTION
Determining if a contract is or contains a lease	<p>Eastern Health applies significant judgement to determine if a contract is or contains a lease by considering if the health service:</p> <ul style="list-style-type: none"> • 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	<p>Eastern Health applies significant judgement when determining if a lease meets the short-term or low value lease exemption criteria.</p> <p>Eastern 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.</p> <p>Eastern 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 the health service applies the short-term lease exemption.</p>
Discount rate applied to future lease payments	<p>Eastern 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, Eastern Health uses its incremental borrowing rate, which is the amount the Eastern Health 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.</p>

KEY JUDGEMENTS AND ESTIMATES

DESCRIPTION

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 Eastern Health is reasonably certain to exercise such options.

Eastern 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), the health service is typically reasonably certain to extend (or not terminate) the lease.
- If any leasehold improvements are expected to have a significant remaining value, the health service is typically reasonably certain to extend (or not terminate) the lease.
- The health service considers historical lease durations and the costs and business disruption to replace such leased assets.

Note 6.1: Borrowings

	2021 \$'000	2020 \$'000
Current Borrowings		
TCV Loans ⁽ⁱ⁾	1,143	789
DHHS Loans ⁽ⁱ⁾	1,500	1,166
Advance from DHHS ⁽ⁱⁱ⁾	-	25,520
Lease Liability ⁽ⁱⁱⁱ⁾	5,733	4,772
Total Current Borrowings	8,376	32,247
Non-Current Borrowings		
TCV Loans ⁽ⁱ⁾	19,158	20,427
DHHS Loans ⁽ⁱ⁾	4,470	5,934
Lease Liability ⁽ⁱⁱⁱ⁾	14,631	20,343
Total Non-Current Borrowings	38,259	46,704
TOTAL BORROWINGS	46,635	78,951

(i) These loans are unsecured with a weighted average interest rate of 3.91% (2020: 3.33%).

(ii) The loans and advance from DH are interest free.

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



How we recognise borrowings

Borrowings refer to interest bearing liabilities raised from advances from the Treasury Corporation of Victoria (TCV) and the Department of Health (DH) and other funds raised through lease liabilities.

Initial recognition

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

Subsequent measurement

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

Non-interest bearing borrowings are measured at 'fair value through profit or loss'.

Maturity analysis

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

Defaults and breaches

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

VicFleet finance lease facility

Eastern Health utilises a finance lease facility with VicFleet (a business unit of the Department of Treasury and Finance) to acquire new motor vehicles. Under the facility, Eastern Health has acquired 153 motor vehicles costing \$4.269 million.

The leases are for three years after which the motor vehicle is handed back or the lease extended. As at year end, \$2.879million (2020: \$3.561 million) was owing. The interest rate applicable to the lease facility is currently 3.25% (2020: 3.25%).

Note 6.1(a): Lease liabilities

Eastern Health's lease liabilities are summarised below:

	2021 \$'000	2020 \$'000
Total Undiscounted Lease Liabilities	21,620	26,959
Less Unexpired Finance Expenses	(1,256)	(1,844)
Net Lease Liabilities	20,364	25,115

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

	2021 \$'000	2020 \$'000
Not longer than one year	6,113	5,360
Longer than one year but not longer than five years	13,467	16,693
Longer than five years	2,040	4,906
Minimum Future Lease Liability	21,620	26,959
Less unexpired finance expenses	(1,256)	(1,844)
Present Value of Lease Liability	20,364	25,115
Represented by:		
Current liability	5,733	4,772
Non-current liability	14,631	20,343
TOTAL LEASE LIABILITY	20,364	25,115



How we recognise lease liabilities

A lease is defined as a contract, or part of a contract, that conveys the right for Eastern Health to use an asset for a period of time in exchange for payment.

To apply this definition Eastern 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 Eastern Health and for which the supplier does not have substantive substitution rights;
- Eastern 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 Eastern Health has the right to direct the use of the identified asset throughout the period of use; and
- Eastern Health has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

Eastern Health's lease arrangements consist of the following:

TYPE OF ASSET LEASED	LEASE TERM
Leased land	10 to 40 years
Leased buildings	2 to 8 years
Leased plant, equipment, furniture, fittings and vehicles	3 to 7 years

All leases are recognised on the balance sheet, and there are no low value leases (less than \$10,000 AUD) and short term leases of less than 12 months.

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 Eastern Health's incremental borrowing rate. Our lease liability has been discounted by rates of between 2.10% to 3.25%.

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.

The following types of lease arrangements, contain extension and termination options:

- building leases:** options to extend can vary from no extensions, month-to-month extensions and up to two fixed-term extensions.
- equipment leases:** options to extend can vary from no extension, month-to-month extensions. The equipment leases contain termination options, available to the lessor and lessee, for a range of events.

These terms are used to maximise operational flexibility in terms of managing contracts.

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.

During the current financial year, Eastern Health did not exercise any extension or termination options. Consequently, there was no financial effect on recognised lease liabilities and right-of-use assets.

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 to in-substance fixed payments.

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

Leases with significantly below market terms and conditions

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



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

DESCRIPTION OF LEASED ASSET	OUR DEPENDENCE ON LEASE	NATURE AND TERMS OF LEASE
The leased assets relate to various parcels of land.	<p>The various leased parcels of land contains buildings which have the facilities to provide our services to the community.</p> <p>Eastern Health's dependence on these lease are considered high.</p> <p>These assets are of a special nature and there are limited readily available substitutes.</p>	<p>Lease payments on the different parcels of land vary between \$12 and \$104 per annum.</p> <p>The leases have various terms from 10 years to 40 years with only one having an extension option of 10 years.</p>

Note 6.2: Cash and cash equivalents

	2021 \$'000	2020 \$'000
Cash on Hand (excluding monies held in trust)	30	31
Cash at Bank (excluding monies held in trust)	15,178	28,333
Cash at Bank – CBS (excluding monies held in trust)	83,378	52,039
Total Cash Held for Operations	98,586	80,403
Cash on Hand (monies held in trust)		
Cash at Bank – CBS (monies held in trust)	9,518	9,561
Total Cash Held as Monies in Trust	9,518	9,561
TOTAL CASH AND CASH EQUIVALENTS	108,104	89,964

How we recognise cash and cash equivalents

Cash and cash equivalents recognised on the balance sheet comprise cash on hand and in banks and deposits at call, which are held for the purpose of meeting short term cash commitments rather than for investment purposes,

which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

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



Note 6.3: Commitments for expenditure

	2021 \$'000	2020 \$'000
Capital Expenditure Commitments		
Less than 1 year	7,552	10,225
Longer than 1 year but not longer than 5 years	-	-
5 years or more	-	-
Total Capital Expenditure Commitments	7,552	10,225
Operating Expenditure Commitments		
Less than 1 year	151,150	155,370
Longer than 1 year but not longer than 5 years	89,686	152,425
5 years or more	265	130
Total Operating Expenditure Commitments	241,101	307,925
TOTAL COMMITMENTS FOR EXPENDITURE (inclusive of GST)	248,653	318,150
Less GST recoverable from the Australian Tax Office	(22,605)	(28,923)
TOTAL COMMITMENTS FOR EXPENDITURE (exclusive of GST)	226,048	289,227

Future finance lease payments are recognised on the balance sheet, *refer to Note 6.1 Borrowings*.

How we disclose our commitments

Our commitments relate to capital and operating expenditure.

In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated.

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.

Note 6.4: Non-cash financing and investing activities

	2021 \$'000	2020 \$'000
Adoption of AASB 16 - Right of Use Assets	-	25,472
Acquisition of Plant and Equipment by means of Leases	-	2,184
Acquisition of Assets by means of Indirect Contribution by DoH	16,617	2,075
Plant and Equipment Received Free of Charge via the State Supply Arrangement	1,668	-
Total Non-Cash Financing and Investing Activities	18,285	29,731

Note 7: Risks, contingencies and valuation uncertainties

Introduction

Eastern 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 Eastern 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

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 Eastern Health's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

Note 7.1(a): Categorisation of financial instruments

2021	NOTE	FINANCIAL ASSETS AT AMORTISED COST \$'000	FINANCIAL LIABILITIES AT AMORTISED COST \$'000	TOTAL \$'000
Contractual Financial Assets				
Cash and Cash Equivalents	6.2	108,104	-	108,104
Receivables and Contract Assets	5.1	88,016	-	88,016
Total Financial Assets		196,120	-	196,120
Financial Liabilities				
Payables	5.2	-	108,244	108,244
Borrowings	6.1	-	46,635	46,635
Other Financial Liabilities – Refundable Accommodation Deposits	5.3	-	9,518	9,518
Other Financial Liabilities – Other	5.3	-	14,527	14,527
Total Financial Liabilities		-	178,924	178,924

Note 7.1(a): Categorisation of financial instruments (continued)

2020	NOTE	FINANCIAL ASSETS AT AMORTISED COST \$'000	FINANCIAL LIABILITIES AT AMORTISED COST \$'000	TOTAL \$'000
Contractual Financial Assets				
Cash and Cash Equivalents	6.2	89,964	-	89,964
Receivables and Contract Assets	5.1	82,622	-	82,622
Total Financial Assets		172,586	-	172,586
Financial Liabilities				
Payables	5.2	-	103,484	103,484
Borrowings	6.1	-	78,951	78,951
Other Financial Liabilities – Refundable Accommodation Deposits	5.3	-	9,561	9,561
Other Financial Liabilities – Other	5.3	-	5,396	5,396
Total Financial Liabilities		-	197,392	197,392

How we categorise financial instruments**Categories of financial assets**

Financial assets are recognised when Eastern Health becomes party to the contractual provisions to the instrument. For financial assets, this is at the date Eastern 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 Eastern 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.

Eastern Health recognises the following assets in this category:

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

Categories of financial liabilities

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

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in net result over the relevant period. The effective interest is the internal rate of return of the financial asset or liability.

That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

Eastern Health recognises the following liabilities in this category:

- payables (excluding statutory payables);
- borrowings (including lease liabilities); and
- other liabilities (including monies held in trust).

Reclassification of financial instruments

A financial asset is required to be reclassified between fair value between amortised cost, fair value through net result and fair value through other comprehensive income when, and only when, Eastern 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, Eastern 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, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed throughout the financial statements.

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

Eastern Health uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the 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. Eastern Health's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to Eastern Health. Credit risk is measured at fair value and is monitored on a regular basis.

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

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

Provision of impairment for contractual financial assets is recognised when there is objective evidence that Eastern Health will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debtors that are more than 90 days overdue and changes in debtor credit ratings.

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

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

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



Impairment of financial assets under AASB 9

Eastern Health records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss approach.

Subject to AASB 9, impairment assessment includes the health service's contractual receivables and its investment in debt instruments.

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

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

Contractual receivables at amortised cost

Eastern Health applies AASB 9's simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates.

Eastern Health has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on Eastern Health's past history, existing market conditions, as well as forward looking estimates at the end of the financial year.

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

30 JUNE 2021	CURRENT	LESS THAN 1 MONTH	1 - 3 MONTHS	3 MONTHS - 1 YEAR	1 - 5 YEARS	TOTAL
Expected loss rate	0%	0%	10%	49%	100%	
Gross carrying amount of contractual receivables (\$'000)	16,990	3,947	1,393	1,420	1,780	25,530
Loss Allowance	-	-	139	701	1,780	2,620
30 JUNE 2020	CURRENT	LESS THAN 1 MONTH	1 - 3 MONTHS	3 MONTHS - 1 YEAR	1 - 5 YEARS	TOTAL
Expected loss rate	0%	0%	10%	44%	75%	
Gross carrying amount of contractual receivables (\$'000)	17,836	4,367	1,370	4,251	1,360	29,184
Loss Allowance	-	-	137	1,889	1,020	3,046

Note 7.2(b): Liquidity risk

Statutory receivables at amortised cost

Eastern 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 requirements as if those receivables are financial instruments.

The statutory receivables are considered to have low credit risk, taking into account the

counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As a result, no loss allowance has been recognised.

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

Eastern Health is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees.

The health service manages its liquidity risk by:

- close monitoring of its short-term and long-term borrowings by senior management, including monthly reviews on current and future borrowing levels and requirements
- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations



- holding investments and other contractual financial assets that are readily tradeable in the financial markets and
- careful maturity planning of its financial obligations based on forecasts of future cash flows.

Eastern Health's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

Cash for unexpected events is generally sourced from liquidation of investments and other financial assets.

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

For interest rates applicable to each class of liability refer to individual notes to the financial statements.

		MATURITY DATES					
2021	CARRYING AMOUNT \$'000	NOMINAL AMOUNT \$'000	LESS THAN 1 MONTH \$'000	1 - 3 MONTHS \$'000	3 MONTHS - 1 YEAR \$'000	1 - 5 YEARS \$'000	OVER 5 YEARS \$'000
Financial Liabilities							
At Amortised Cost							
Payables	145,846	145,846	93,120	21,702	31,024	-	-
Borrowings	46,635	54,187	1,254	1,508	6,766	25,429	19,230
Other Financial Liabilities⁽ⁱ⁾							
Refundable Accommodation Bonds	9,518	9,518	9,518	-	-	-	-
Other Liabilities	14,527	14,527	6,801	6,934	792	-	-
Total Financial Liabilities	216,526	224,078	110,693	30,144	38,582	25,429	19,230
		MATURITY DATES					
2020	CARRYING AMOUNT \$'000	NOMINAL AMOUNT \$'000	LESS THAN 1 MONTH \$'000	1 - 3 MONTHS \$'000	3 MONTHS - 1 YEAR \$'000	1 - 5 YEARS \$'000	OVER 5 YEARS \$'000
Financial Liabilities							
At Amortised Cost							
Payables	131,072	131,072	92,945	22,336	15,791	-	-
Borrowings	78,951	80,862	1,019	1,037	30,075	23,368	23,453
Other Financial Liabilities⁽ⁱ⁾							
Refundable Accommodation Bonds	9,561	9,561	9,561	-	-	-	-
Other Liabilities	5,396	5,396	-	-	5,396	-	-
Total Financial Liabilities	224,980	226,891	103,525	23,373	51,262	23,368	23,453

(i) Ageing analysis of financial liabilities excludes statutory financial liabilities (i.e. PAYG payable).

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

Sensitivity disclosure analysis and assumptions

Eastern Health's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five-year period.

Eastern 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 0.25% up or down.



Note 7.2(c): Market risk



Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates.

Eastern 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. Eastern Health has minimal exposure to cash flow interest rate risks through cash and deposits, term deposits and bank overdrafts that are at floating rate.

Foreign currency risk

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction.

Foreign monetary items existing at the end of the reporting period are translated at the closing rate at the date of the end of the reporting period.

Eastern Health has minimal exposure to foreign currency risk.

Equity risk

Eastern Health has no exposure to equity price risk as it has no investments in listed and unlisted shares and managed investment schemes.

Note 7.3: Contingent assets and contingent liabilities

Eastern Health has no quantifiable or non-quantifiable contingent assets or liabilities to report as at 30 June 2021 (2019-20: Nil).

How we measure and disclose contingent assets and contingent liabilities

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

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

Contingent assets

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

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

Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the health service 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 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 executive officers
- 8.4:** Related parties
- 8.5:** Remuneration of auditors
- 8.6:** Events occurring after the balance sheet date
- 8.7:** Equity
- 8.8:** Economic dependency

COVID-19

Our other disclosures were not materially impacted by the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

Note 8.1: Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities

	NOTE	2021 \$'000	2020 \$'000
Net Result For the Period		(10,464)	(55,947)
Non-Cash Movements			
Depreciation and Amortisation		75,494	73,408
Capital Grant – Indirect Contribution by Department of Health	4.3	(18,285)	(2,075)
Discount Interest Expense / (Revenue) on Financial Instrument		36	235
(Gain)/Loss on Revaluation of Long Service Leave Liability		(19,299)	3,535
Bad and Doubtful Debt expense		1,411	2,019
Net (Gain)/Loss From Disposal of Non-Financial Physical Assets	3.4	12	(449)
Movements in Assets and Liabilities			
(Increase) / Decrease in Receivables and Contract Assets	5.1(a)	(10,747)	(8,077)
(Increase) / Decrease in Prepayments		(495)	702
(Increase) / Decrease in Inventories	4.4	(2,530)	(2,295)
Increase / (Decrease) in Other Liabilities	5.3	9,130	1,324
Increase / (Decrease) in Payables and Contract Liabilities	5.2	23,323	941
Increase / (Decrease) in Employee Benefits	3.2	31,693	18,600
Net Cash Inflow From Operating Activities		79,279	31,921



Note 8.1: Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities

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

	PERIOD
Responsible Ministers	
The Honourable Martin Foley:	
Minister for Mental Health	1/07/2020 - 29/09/2020
Minister for Health	26/09/2020 - 30/06/2021
Minister for Ambulance Services	26/09/2020 - 30/06/2021
Minister for the Coordination of Health and Human Services: COVID-19	26/09/2020 - 9/11/2020
The Honourable Jenny Mikakos:	
Minister for Health	1/07/2020 - 26/09/2020
Minister for Ambulance Services	1/07/2020 - 26/09/2020
Minister for the Coordination of Health and Human Services: COVID-19	1/07/2020 - 26/09/2020
The Honourable Luke Donnellan:	
Minister for Child Protection	1/07/2020 - 30/06/2021
Minister for Disability, Ageing and Carers	1/07/2020 - 30/06/2021
The Honourable James Merlino:	
Minister for Mental Health	29/09/2020 - 30/06/2021
Governing Board	
Mr Tass Mousaferiadis (Chair of the Board)	1/07/2020 - 30/06/2021
Ms Anna Lee Cribb	1/07/2020 - 30/06/2021
Ms Sally Freeman	1/07/2020 - 30/06/2021
Dr Ben Goodfellow	21/07/2020 - 30/06/2021
Ms Jill Linklater	1/07/2020 - 30/06/2021
Dr Bob Mitchell AM	1/07/2020 - 30/06/2021
Mr Andrew Saunders	1/07/2020 - 30/06/2021
Mr Lance Wallace	1/07/2020 - 30/06/2021
Dr Angela Williams	1/07/2020 - 30/06/2021
Accountable Officer	
Adjunct Professor David Plunkett Chief Executive	1/07/2020 - 30/06/2021



Note 8.2: Responsible person's disclosures

The number of Responsible Persons are shown in their relevant income bands. The total remuneration of Responsible Persons includes superannuation and bonuses.

	NO. OF DIRECTORS AND ACCOUNTABLE OFFICER	
	2021	2020
Income Bands		
\$30,001 - \$40,000	1	2
\$40,001 - \$50,000	7	6
\$80,001 - \$90,000	1	1
\$500,000 - \$510,000	-	1
\$510,000 - \$520,000	1	-
Total Responsible Persons	10	10
	2021 \$'000	2020 \$'000
TOTAL REMUNERATION RECEIVED OR DUE AND RECEIVABLE BY RESPONSIBLE PERSONS FROM EASTERN HEALTH:	\$936	\$913

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

Note 8.3: Remuneration of executives

Executive officers' remuneration

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

	2021 \$'000	2020 \$'000
Remuneration of Executive Officers <i>(incl. Key Management Personnel disclosed in Note 8.4)</i>		
Short-Term Benefits	2,533	2,229
Other Long-Term Benefits	60	51
Post-Employment Benefits	226	211
Total Remuneration	2,819	2,491
TOTAL NUMBER OF EXECUTIVESⁱ	10	12
TOTAL ANNUALISED EMPLOYEE EQUIVALENTⁱⁱ	8	8

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

(ii) Annualised employee equivalent is based on working 38 hours per week over the reporting period.



Total remuneration payable to executives during the year included additional executive officers.



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.

Other factors

The main factors impacting total remuneration included long-term illness requiring a long-term acting arrangement and annual EBA increases.

Note 8.4: Related parties

Eastern Health is a wholly owned and controlled entity of the State of Victoria. Related parties of Eastern 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; and

- all hospitals and public sector entities that are controlled and consolidated into the State of Victoria financial statements.

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



Key management personnel

The Board of Directors, Chief Executive Officer and the Executive Directors of Eastern Health are deemed to be KMPs. This includes the following:

NAME	POSITION	PERIOD
Mr Tass Mousaferiadis	Chair of the Board	Full Year
Ms Anna Lee Cribb	Board member	Full Year
Ms Sally Freeman	Board member	Full Year
Dr Ben Goodfellow	Board member	From 21/07/2020 to 30/06/2021
Ms Jill Linklater	Board member	Full Year
Dr Bob Mitchell AM	Board member	Full Year
Mr Andrew Saunders	Board member	Full Year
Mr Lance Wallace	Board member	Full Year
Dr Angela Williams	Board member	Full Year
Adjunct Professor David Plunkett	Chief Executive	Full Year
Professor Leanne Boyd	Executive Director Learning and Teaching, Chief Nursing and Midwifery Officer	Full Year
Mr Geoff Cutter	Executive Director Finance, Procurement and Corporate Services	Full Year
Associate Professor Alison Dwyer	Executive Director Research, Chief Medical Officer	Full Year
Ms Karen Fox	Executive Director Clinical Operations (SWMMS)	From 30/06/2020 to 11/06/2021
Mr Zoltan Kokai	Executive Director Information, Technology and Capital Projects	Full Year
Mr Paul Leyden	Acting Executive Director Clinical Operations (SWMMS)	From 12/6/2021 To 30/06/2021
Ms Gillian Shedden	Executive Director People and Culture	Full Year
Ms Gayle Smith	Executive Director Quality, Planning and Innovation	Full Year
Ms Andrea Wecke	Acting Executive Director Information, Technology and Capital Projects	From 30/11/2020 To 14/6/2021
Ms Shannon Wight	Executive Director Clinical Operations (ASPPPA)	Full Year



The compensation detailed below excludes the salaries and benefits the Portfolio Ministers receive. The Ministers' remuneration and allowances are set by the *Parliamentary Salaries and Superannuation Act 1968*, and are reported within the Department of Parliamentary Services Financial Report.

	2021 \$'000	2020 \$'000
Compensation – KPMs		
Short-Term Employee Benefits	3,395	3,070
Post-Employment Benefits	283	266
Other Long-Term Benefits	77	68
Total Compensation	3,755	3,404

Significant transactions with government related entities

Eastern Health received funding from the Department of Health of \$1,105 million (2019/20 \$998 million) and indirect contributions of \$1.6 million (2019/20 \$0.6 million). The net balance owed to DH at 30 June 2021 is \$1.032 million (2020: net balance owed by DH - \$0.019 million).

At year end, the Long Service Leave funding receivable is \$69.856 million (2020: \$57.523 million).

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

Goods and services including procurement, diagnostics, patient meals and multi-site operational support are provided by other Victorian health service providers on commercial terms.

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

The Standing Directions of the Assistant Treasurer require Eastern Health to hold cash (in excess of working capital) in accordance with the State of Victoria's centralised banking arrangements. All borrowings are required to be sourced from Treasury Corporation Victoria unless an exemption has been approved by the Minister for Health and the Treasurer.

Transactions with KMPs 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 occurs 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 Eastern Health, there were no related party transactions that involved key management personnel, their close family members or their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties. There were no related party transactions with Cabinet Ministers required to be disclosed in 2021.

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



Note 8.5: Remuneration of auditors

	2021 \$'000	2020 \$'000
Victorian Auditor-General's Office		
Audit of Eastern Health's Financial Statements	140	129
Total Remuneration of Auditors	140	129

Note 8.6: Events occurring after the balance sheet date

Directors

Ms Penelope Hutchinson was appointed to the Eastern Health Board effective 1 July 2021.

There have been no other matters occurring since the end of the financial year which significantly affected or may affect the operations of Eastern Health, the results of the operations or the state of affairs of Eastern Health in the future financial year.

Note 8.7: Equity

Contributed capital

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.

Financial assets at fair value through comprehensive income revaluation reserve

The financial assets at fair value through other comprehensive income revaluation reserve arises on the revaluation of financial assets (such as equity instruments) measured at fair value through other comprehensive income. Where such a financial asset is sold, that portion of the reserve which relates to that financial asset may be transferred to accumulated surplus/deficit.

Specific restricted purpose reserves

The specific restricted purpose reserve is established where Eastern 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 8.8: Economic dependency

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

GLOSSARY AND INDEX

Glossary

ACHS	Australian Council on Healthcare Standards
Acute episode	A rapid onset and/or short course of illness
Acute hospital	Short-term medical and/or surgical treatment and care facility
Agpar score	A measure of the physical condition of a newborn baby
Allied health	Allied health professionals provide clinical healthcare, such as audiology, psychology, nutrition and dietetics, occupational therapy, orthotics and prosthetics, physical therapies including physiotherapy; speech pathology and social work
Ambulatory care	Care given to a person who is not confined to a hospital/requiring hospital admission but rather is ambulatory and literally able to “ambulate” or walk around
BAU	Business as usual
CCTV	Closed circuit television
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DHHS	Department of Health and Human Services
Discharge	Discharge is the point at which a patient leaves the health service and either returns home or is transferred to another facility, such as a nursing home
DRG	Diagnosis Related Group
DVA	Department of Veterans’ Affairs
Chronic condition	An illness of at least six months’ duration that can have a significant impact on a person’s life and requires ongoing supervision by a healthcare professional
Eastern@Home	Service that provides care in the comfort of a patient’s home or other suitable location. Clients are still regarded as hospital inpatients and remain under the care of a hospital clinician. Care may be provided by nurses, doctors or allied health professionals.
Elective surgery	<p>Hospitals use urgency categories to schedule surgery to ensure patients with the greatest clinical need are treated first. Each patient’s clinical urgency is determined by their treating specialist. Three urgency categories are used throughout Australia:</p> <p>Urgent: Admission within 30 days or condition(s) has the potential to deteriorate quickly to the point it may become an emergency.</p> <p>Semi-urgent: Admission within 90 days. The person’s condition causes some pain, dysfunction or disability. It is unlikely to deteriorate quickly/unlikely to become an emergency.</p> <p>Non-urgent: Admission sometime in the future (within 365 days). The person’s condition causes minimal or no pain, dysfunction or disability. It is unlikely to deteriorate quickly/unlikely to become an emergency.</p>
Emergency triage	<p>There are five defined triage categories, determined by the Australasian College of Emergency Medicine, with the desirable time when treatment should commence for patients in each category who present to an emergency department:</p> <p>Category 1: Resuscitation; seen immediately</p> <p>Category 2: Emergency; seen within 10 minutes</p> <p>Category 3: Urgent; seen within 30 minutes</p> <p>Category 4: Semi-urgent; seen within one hour</p> <p>Category 5: Non-urgent; seen within two hours</p>

Emission	Output or discharge, as in the introduction of chemicals or particles into the atmosphere
EMR	Electronic Medical Record
EQiP National Standards	Four-year accreditation program for health services that ensures a continuing focus on quality across the whole organisation
Every Minute Matters	This is the name given to a program of improvement initiatives
FOI	Freedom of information
FTE	Full-time equivalent
Gap analysis	Method of assessing the differences in performance to determine whether requirements are being met and if not, what steps should be taken to ensure they are met
GEM	Geriatric evaluation and management
GJ	Gigajoule
GST	Goods and services tax
ICT	Information and communication technology
ICU	Intensive care unit
Inpatient	A patient whose treatment needs at least one night's admission in an acute or sub-acute hospital setting
KgCO₂e	Equivalent kilograms of carbon dioxide
kL	Kilolitre
LGBTI	Lesbian, gay, bisexual, transgender and intersex
m²	Square metres
MRI	Magnetic resonance imaging
MWh	Megawatt hour
NDIS	National Disability Insurance Scheme
NAATI	National Accreditation Authority for Translators and Interpreters
NSQHS Standards	National Safety and Quality Health Service Standards
OBD	Occupied bed day
Occasions of service	Hospital contact for an outpatient, either through an on-site clinic or home visit
OHS	Occupational health and safety
Outlier	A hospital that has a statistically significantly higher infection rate for a particular surgical procedure group compared to the VICNISS five-year aggregate for that procedure (includes all contributing hospitals in Victoria). Testing for statistical significance is performed each quarter but is based on data from the most recent two quarters (six months).
Outpatient	A person who is not hospitalised overnight but who may visit a hospital, clinic or associated facility, or may be visited in the home by a clinician for diagnosis, ongoing care or treatment
OVA	Occupational violence and aggression
Residential in-reach	Service that provides an alternative to emergency department presentations for clients in residential aged care facilities. It aims to support clients and staff to manage acute health issues when general practitioners or locums are unavailable.
SAB	Staphylococcus aureus bacteraemia
SAFE	Safe, Aggression Free Environment
Seclusion event	This is the sole confinement of a person to a room or other enclosed space from which it is not within the control of the person confined to leave
Separations	Discharge from an outpatient service
Sub-acute illness	A condition that rates between an acute and chronic illness
Stakeholder	Any person, group or organisation that can lay claim to an organisation's attention, resources or output, or is affected by that output
TAC	Traffic Accident Commission
Terms of reference	Describes the purpose and structure of a committee, or any similar collection of people, who have agreed to work together to accomplish a shared goal
VAGO	Victorian Auditor-General's Office
VICNISS	Victorian Healthcare Associated Infection Surveillance System. The "N" stands for a word derived from Greek "nosocomial" meaning "originating in a hospital".
WIES	Hospitals are paid based on the numbers and types of patients they treat – the Victorian health system defines a hospital's admitted patient workload in terms of WIES (weighted inlier equivalent separations)
YTD	Year to date



Index


A	A2i awards	22
	Accreditation	30
	Activity and funding	32
	Additional information	39
	Adverse events	29
	Aggression management	23
	Asset Management Accountability Framework	38
	Attestation on Compliance with Health Purchasing Victoria (HPV) Health Purchasing Policies	39
	Attestation on Financial Management Compliance	39
B	Board committees	15
	Board of Directors	13
C	Carers Recognition Act	36
	Car parking	53
	Catchment map	Inside cover
	Chair and Chief Executive report	02
	Chief Finance Officer report	06
	Clinical Governance Framework	12
	Clinical programs and services	12
	Community Advisory Committee	15
	Competitive neutrality	36
	Conflict of interest	39
	Consultancies	34
	Contact details	Back cover
D	Data integrity	39
	Disclosure index	41
E	Eastern Health Foundation	40
	Elective surgery	30
	Emergency care	30
	Employment and conduct principles	30
	Environmental performance	33
	Equality	37
	Executive	17

F	Finance Committee	15
	Financial management	38
	Financial results summary	07
	Financial statements	43
	Freedom of information	35
	Fundraising	11
G	Glossary	108
	Governance	13
	Governance, leadership and culture	13
H	Hand hygiene	29
	Highlights	06
I	ICT expenditure	34
	Industrial relations	20
	Infections	29
	Interpreter services	31
L	Leadership	17
	Lost-time injuries	23
M	Manner of establishment	01
	Manual handling	23
	Maternity and newborn	29
	Measuring our performance	24
	Mental health	29
	Mission	Inside cover
N	National Competition Policy	36
O	Occupational health and safety	22
	Occupational violence	22
	Operating expenses	50
	Operating result	50
	Organisational profile	19
	Organisational structure	19


P	Patient experience	29
	People Matter Survey	37
	People Strategy	20
	Performance against strategic priorities	24
	Primary Care and Population Health Advisory Committee	16
	Protected disclosures	35
	Purpose, functions, powers and duties	14
Q	Quality and safe care	29
	Quality and Safety Committee	15
R	Remuneration Committee	16
	Responsible bodies declaration	01
	Reward and recognition	22
	Audit and Risk Committee	16
	Risk management	97
S	SAB rate	29
	Serious injuries	29
	Specialist clinics	12
	Staff	21
	Stakeholders	28
	Statutory compliance	38
	Strategic Plan	09
	Strategic priorities	10
V	VAGO statement	46
	Values	Inside cover, 10
	Victorian Healthcare Experience Survey	29
	Victorian Industry Participation Policy	36
	Vision	Inside cover
	Volunteers	59
W	WIES	32
	Who we are	09
	Workforce data	21




Location


 5 Arnold Street
Box Hill, VIC 3128

Postal address

 PO Box 94
Box Hill, VIC 3128

General inquiries

 1300 342 255

 www.easternhealth.org.au

Follow us on




Telephone interpreter service

خدمات الترجمة

傳譯服務


Υπηρεσίες Διερμηνέων


Servizi Interpreti

 131 450

easternhealth
Foundation

Eastern Health Foundation

 03 9895 4608

 fundraising@easternhealth.org.au

 www.easternhealth.org.au/foundation



Publications

All of Eastern Health's publications are available electronically via our website at www.easternhealth.org.au



Feedback

Eastern Health values feedback and uses it to continuously improve the services we provide.

There are a number of ways to provide your feedback:



Fill in our online feedback form at www.easternhealth.org.au



Contact one of our Patient Relations Advisers on 1800 327 837. Patient Relations Advisers are available Monday to Friday from 9am to 3pm



Send an email to feedback@easternhealth.org.au



Write to us at:
The Centre for Patient Experience
PO Box 94
Box Hill Vic 3128



Share your story anonymously via www.careopinion.org.au

© Eastern Health 2021
ABN 68 223 819 017

Design by

dc
DYNAMIC CREATIONS

