

# Eastern Health

## Annual Report

### 2021-2022



Great care,  
everywhere,  
every time.

## Our Vision

Great care,  
everywhere,  
every time

## Our Values

Patients First  
Kindness  
Respect  
Excellence  
Agility  
Humility

## Our Mission

Together we care,  
learn, discover and  
innovate

## Eastern Health Catchments



Eastern Health acknowledges the traditional custodians of the land upon which its health service is built, the Wurundjeri people, and pays respects to their elders past and present.

Eastern Health is an inclusive healthcare service.

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 in Melbourne's east as well as a number of statewide specialist services, and partners with primary healthcare providers, such as general practitioners, community health services and affiliated healthcare agencies.

## CHILD SAFETY COMMITMENT STATEMENT

Eastern Health is a child safe organisation, committed to promoting the wellbeing and cultural safety of Aboriginal children, children with disabilities and all children in their diversity.

## MODERN SLAVERY STATEMENT

Eastern Health is committed to safe workplaces, to limiting the risk of modern slavery within its operations and supply chains, and to the eradication of modern slavery.

## INTRODUCTION

The *Annual Report 2021/22* provides information about Eastern Health's campuses, services, staff and operational achievements and challenges during the financial year.

Eastern Health publications are available online: [www.easternhealth.org.au](http://www.easternhealth.org.au)

The *Annual Report 2021/22* will be presented to the public at Eastern Health's annual meeting which will be advertised via the Eastern Health website.

## 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 2022.



**Mr Tass Mousaferiadis**  
Eastern Health Board Chair  
1 September 2022

## MANNER OF ESTABLISHMENT

As a public health service established under section 181 of the *Health Services Act 1988 (Vic)*, Eastern Health reports to the Victorian Minister for Health, Minister for Ambulance Services and Minister for Equality, the Hon Martin Foley MP from 1 July 2021 to 27 June 2022 and the Hon Mary-Anne Thomas MP, Minister for Health and Minister for Ambulance Services from 27 June 2022 to 30 June 2022, through the Department of Health.

Further, Eastern Health also reports to the Victorian Minister for Mental Health, the Hon James Merlino MP from 1 July 2021 to 27 June 2022 and the Hon Gabrielle Williams MP from 27 June 2022 to 30 June 2022.

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.

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# Our Board Chair and Chief Executive

## YEAR IN REVIEW

2021/22 was the 21st year of Eastern Health; a milestone year and one that will be remembered for many reasons including our ongoing role in responding to the COVID-19 pandemic.



Board Chair  
Tass Mousaferiadis

For more than two years, Eastern Health has been responding to the needs of the community throughout the various phases of the pandemic. And while there was initial consideration of 'life after COVID,' the reality is that it continues to be integrated into our everyday operations.

Across our health service we have been facing significant challenges related to the demand for services from critically unwell patients, often impacted by deferred care due to the impact of the COVID-19 pandemic on health service provision.

Despite all of these challenges, our people have continued the focus on our vision – **great care, everywhere, every time** – and we are truly thankful for this commitment.

Eastern Health is pleased to report a range of highlights that have been achieved throughout 2021/22.



# 128,919

vaccination doses  
were administered  
across the year

## COVID-19 RESPONSE

Eastern Health has continued to respond to the changing demands presented by the pandemic, utilising our COVID-19 Pandemic Plan to enable safe, high quality care, staff safety and effective public health measures throughout the year.

The emergence of new variants has presented a range of challenges to which Eastern Health has responded with agility by developing new models of care for both inpatient and community based care.

Rapid changes in demand required scaling up and down of service capacity inclusive of inpatient, community and testing services.

The responsiveness and willingness of our staff has ensured we have successfully responded to these challenges as they arose.

## COVID Program

Eastern Health established a COVID Program which included an Operations Director, Clinical Director and Director Quality Systems to provide coordination of communication and governance to COVID management across Eastern Health.

This commenced in September 2021 and continued for the remainder of the financial year. This program enabled clear direction and coordination of the response to lead the organisation through the pandemic.

## Vaccination Clinics

Eastern Health set up a number of vaccination clinics from August to November 2021 at Box Hill, Maroondah and Angliss. Community clinics were also opened at Box Hill Town Hall and Eastland and were supported by a number of mobile clinics. A total of 128,919 vaccination doses were administered across the year.

## Respiratory Assessment Clinics

Respiratory assessment and testing clinics continued at Box Hill, and Healesville offered respiratory testing to our community along with Eastern Health staff and other healthcare workers. The clinic was operational for the financial year, closing on 30 June. Testing peaked during the Omicron wave, specifically in January 2022.

## Mental Health Statewide Service Model

Eastern Health treated 88 COVID positive patients from across Victoria who were admitted for mental health conditions. Unit and clinical service models were adapted to meet each patient's mental health care needs in a COVIDSafe environment.

## Women and Children's Model

A Women and Children's Hub was established in January 2022 with COVID care provided for all women and children's services and operated until mid-March.





Chief Executive  
Adjunct Professor David Plunkett



Despite all of these challenges, our people have continued the focus on our vision – **great care, everywhere, every time** – and we are truly thankful for this commitment.”

## Eastern Health

### LAUNCHING OUR NEW BRAND

The Eastern Health 21st anniversary activities focused on the contribution our people make to our health service. Alongside these activities, Eastern Health unveiled a new logo.

The contemporary logo includes a focus on ‘the east’ including the rising of the sun and the significance of the rainbow to our diverse communities.

While the previous logo served the organisation for a number of years, this updated logo takes a more modern approach to representing our health service.

### EXPANDING OUR SERVICES

#### Turning Point as Statewide Treatment Provider

The Victorian Government appointed Turning Point to run a new statewide specialist service that will deliver more accessible care for Victorians with co-occurring mental health and substance use or addiction issues.

This is part of the Victorian Government’s response to the historic Royal Commission into Victoria’s Mental Health System recommendations.

As well as improved treatment and care, the new service will coordinate and deliver training to the existing mental health and alcohol and other drug (AOD) workforce – making sure they are better equipped to care for Victorians with a broad range of mental health concerns.

#### A New Home for our Residents

The construction of our new 120-bed, \$84 million residential aged care building is nearing completion.

The purpose-built facility will not only be a state-of-the-art addition to Eastern Health’s Wantirna campus, but will also provide a comfortable home environment for our residents.

The proposed opening date is August 2022.

#### Angliss Development

Planning to deliver stage 2 of the redevelopment of the Angliss campus has progressed. This \$112 million stage of the overall expansion project will deliver a new 32-bed inpatient unit, four operating theatres, a new central sterile supply department and spaces for outpatient services.

With the region served by Eastern Health projected to grow to more than 1.1 million people by 2036, including one in five aged 65 years or older, increased capacity at the Angliss Hospital will ensure that it is able to meet both current and future demand.

### GENDER EQUALITY ACTION PLAN

Eastern Health is an inclusive healthcare service and in March 2022, launched its inaugural Gender Equality Action Plan.

The Plan will support improvements in diversity, equity and inclusion practices across our organisation. It aligns with Eastern Health’s values – in particular the value of respect – and the central tenet will enable an inclusive and equitable employee experience, in turn optimising our patients’ experience.

Gender equality is the equal treatment of all genders allowing everyone to enjoy the same rights, opportunities, responsibilities and protections. Our Gender Equality Action Plan sets Eastern Health on the path to achieving this.

### ABORIGINAL CULTURAL SAFETY

Eastern Health is committed to ensuring we continue to provide culturally safe care in partnership with the Aboriginal and Torres Strait Islander community in our region. In 2021/22, our Aboriginal Health Team provided access to COVID-19 testing at home and additional COVID-19 vaccination clinics in the community.



Our Social and Emotional Wellbeing Team from Mental Health provided primary and secondary consultations and worked in partnership with Aboriginal Community Controlled Organisations and Aboriginal Community Organisations.

The Aboriginal Health Team also provided social support via phone, telehealth consultations and support kits, including activity packs for families.

On our journey as a health service, some highlights from 2021/22 include:

- development of plans to progress self-determination at Eastern Health through a new Aboriginal Health Advisory Group;
- continued work towards our first Innovate Reconciliation Action Plan in partnership with our Reconciliation Action Plan Steering Committee;
- ongoing monitoring and oversight of our safety and quality priorities for Aboriginal Health by the Aboriginal Health Clinical Risk Governance Committee;
- further development of our Aboriginal Health Liaison Officer Program, including additional positions to improve access to the program across our sites; and
- celebrating and acknowledging key events on the Aboriginal and Torres Strait Islander calendar, including National Sorry Day.

## RESEARCH AND CLINICAL TRIALS

In 2021/22, more than 500 publications (502) were created by our dedicated researchers across all areas of Eastern Health. This was a remarkable achievement, particularly during the pandemic, and Eastern Health is proud of the broad range of research activity in clinical areas and health services.

A number of these publications resulted from collaborations with researchers from our partners including other health services, universities and medical research institutes.

Through the Eastern Health Clinical Research Unit, Eastern Health was involved in 252 active clinical trials as at the end of 2021. 57% of these were industry-sponsored, 26% were led by a collaborative clinical trials group, and 17% were investigator-initiated.

Approximately 75% of patients on clinical trials at Eastern Health are enrolled in trials that are not sponsored by industry; a testament to Eastern Health's commitment to supporting academic research.

## EXPECTATIONS OF THE FUTURE

There is an exciting period ahead for Eastern Health.

Throughout 2021/22, Eastern Health's Executive and Board have been listening to our staff, our patients and our community as we develop a new strategic plan for the future.

Considering all we have learnt over the past five years under the current plan, this new plan is expected to lead us through a new and exciting period in the growth of Eastern Health and health care in general, responding to both emerging and existing challenges and making the most of new opportunities.

We look forward to sharing our new strategic plan in the 2022-23 year and continuing to work together to build a healthier future.

In the area of quality and safety, the Australian Commission on Safety and Quality in Health Care will conduct an Accreditation Assessment in October 2022.

Care in the home will remain a focus, to ensure we are able to work with our patients for better health outcomes.



The construction of our new  
**120-bed**  
**\$84 million**  
residential aged care building  
is nearing completion



And Eastern Health will launch our first Reconciliation Action Plan; a commitment to addressing the health gap for the Aboriginal and Torres Strait Islander community.

The 2022-23 year will see considerable advances made in implementing our ICT Roadmap with continued investment in advances in technology reliability, efficiency, digital capability and security for Eastern Health data and systems.

Eastern Health's COVID-19 response will continue, ensuring Eastern Health remains a COVIDSafe health service and provides the best treatment options for our patients.



**Mr Tass Mousaferiadis**  
Board Chair



**Adjunct Professor David Plunkett**  
Chief Executive



“  
Approximately 75%  
of patients on clinical trials  
at Eastern Health are enrolled  
in trials that are not sponsored  
by industry; a testament to  
Eastern Health's commitment  
to supporting academic  
research.”



# Finance Committee Chair and Chief Finance Officer

During the second year of the worldwide COVID-19 pandemic, Eastern Health was not alone in navigating challenges across several elements of financial management.



Finance Committee Chair and Board Director  
Lance Wallace

**Government support continued in relation to the additional costs of treating COVID patients, providing infection control measures, and support for foregone revenue through community public health measures.**

Workforce illness, recruitment shortages and fatigue were combined with continued global supply chain impacts on needed goods and services.

## THE NET OPERATING RESULT EXCEEDED TARGET

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

The small surplus result of \$0.497 million is consistent with the Statement of Priorities target of a break even result. For total revenue of \$1.45 billion, this 0.03% margin 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 surplus of \$12.240 million. The surplus is due to capital purpose income of \$83.478 million exceeding the depreciation expense of \$71.735 million, arising mainly from the Wantirna Residential Aged Care development.

*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 2021/22 is a \$25.255 million surplus, which takes into account other economic flows, capital purpose income, land and building revaluations and depreciation.

There was an independent revaluation of land in 2021/22 given an increase in land values of over 40% (based as the Valuer General's Land Indices) since the last independent revaluation in 2019. The revaluation increase was \$19.360 million.

Our cash position at the end of the financial year was \$196 million or 39 days available, which is an improvement on last year by \$88 million through better management of our cash, and enabled us to meet the commitments immediately following 30 June 2022.

The improved cash position and our overall result provides 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, including COVID funding and excluding capital revenue, grew by 12.4%, and enabled the continued delivery of much-needed services to our community, including managing the COVID-19 pandemic which severely affected service delivery in 2021/22.

It was pleasing to limit the increase in our operating costs to 9.9%, given the significant effect that COVID-19 pandemic had on our operating costs for the year. The main increase in expenditure was in employee costs (7.4%) due to several Enterprise Agreements registered through the year and the cost of staffing to manage the COVID-19 pandemic.

Patient management and overall pandemic management of the Eastern Health business were kept in separate focus to ensure future years do not have all costs embedded.

## 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.

To ensure maximum service availability to the community, workforce attraction and retention received heightened attention. By partnering with other public health services in our region, as well as arranging service contracts with private hospitals, we provided much needed service capacity during periods of COVID outbreak admission peaks.

Earlier proactive ordering of essential equipment and consumables meant that service interruptions were avoided or minimised.

The major event that arose since the year-end balance date was the end of the term of appointment of Board Director Jill Linklater. No other events occurred after the Balance Sheet date.

**Lance Wallace**  
Finance Committee Chair and Board Director

**Geoff Cutter**  
Chief Finance Officer





Chief Finance Officer  
Geoff Cutter

By partnering with other public health services in our region, as well as arranging service contracts with private hospitals, we provided much needed service capacity during periods of COVID outbreak admission peaks."

## SUMMARY OF FINANCIAL RESULTS

|                              | 2022<br>\$000    | 2021<br>\$000    | 2020<br>\$000    | 2019<br>\$000    | 2018<br>\$000         | 2017<br>\$000   |
|------------------------------|------------------|------------------|------------------|------------------|-----------------------|-----------------|
| <b>Operating Result*</b>     | <b>497</b>       | <b>0</b>         | <b>(429)</b>     | <b>2,670</b>     | <b>2,948</b>          | <b>(8,439)</b>  |
| Total revenue                | 1,447,856        | 1,288,446        | 1,179,120        | 1,100,184        | 1,070,401             | 1,008,430       |
| Total expenses               | 1,435,616        | 1,317,212        | 1,230,942        | 1,144,460        | 1,080,896             | 1,038,198       |
| Net result from transactions | 12,240           | (28,766)         | (51,822)         | (44,276)         | (10,4 <sup>95</sup> ) | (29,768)        |
| Total other economic flows   | 13,015           | 18,302           | (4,125)          | (17,156)         | (2,706)               | 1,246           |
| <b>Net Result</b>            | <b>25,255</b>    | <b>(10,464)</b>  | <b>(55,947)</b>  | <b>(61,432)</b>  | <b>(13,201)</b>       | <b>(28,522)</b> |
| Total assets                 | 1,627,650        | 1,502,247        | 1,479,194        | 1,435,015        | 1,033,253             | 950,222         |
| Total liabilities            | 559,548          | 478,760          | 466,271          | 366,218          | 308,550               | 273,542         |
| Net assets                   | 1,068,102        | 1,023,487        | 1,012,923        | 1,068,797        | 724,703               | 676,680         |
| <b>Total Equity</b>          | <b>1,068,102</b> | <b>1,023,487</b> | <b>1,012,923</b> | <b>1,068,797</b> | <b>724,703</b>        | <b>676,680</b>  |

\* 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

|                                     | 2022<br>\$000 | 2021<br>\$000   | 2020<br>\$ 000  |
|-------------------------------------|---------------|-----------------|-----------------|
| <b>Net Operating Result</b>         | <b>497</b>    | <b>0</b>        | <b>(429)</b>    |
| Capital purpose income              | 83,478        | 46,728          | 22,015          |
| Depreciation and amortisation       | (71,735)      | (75,494)        | (73,408)        |
| <b>Net Result from Transactions</b> | <b>12,240</b> | <b>(28,766)</b> | <b>(51,822)</b> |

# 2021/22 at a glance

## Our performance



**1,361,270**

episodes of patient care



**31,819**

surgeries



**148,382**

emergency department presentations

that's approximately one person every 3.5 minutes



**4,521**

babies born

that's one birth every 1.9 hours



**47,110**

ambulance arrivals to our three emergency departments

down by 7.86% – that's approximately one ambulance every 11.1 minutes, 24 hours a day, every day



**23,986**

ambulance patients transferred within 40 minutes



**12,160**

patients admitted for elective surgery

12.78% less than last year



**279,345**

specialist clinic appointments

1.5% more than last year



**4,187**

patients admitted to our mental health inpatient units



**266,233**

occasions of service provided by mental health community services



**135,922**

patients admitted for acute care



**6,644**

patients admitted for acute care aged under 18



**9,363**

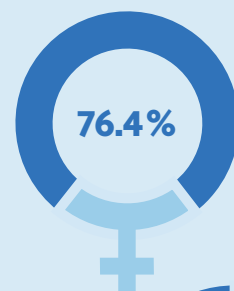
staff have been N95 mask fit tested



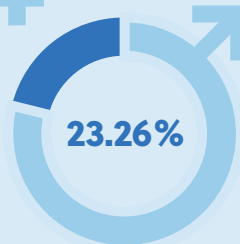
**129,038**

COVID-19 tests

## Our people



76.4%



23.26%

percentage of women and men in the workforce



**103**

nationalities make up the Eastern Health Workforce



**12**

staff who identify as Aboriginal and Torres Strait Islander

# ABOUT US

## Our Strategy

Eastern Health's *Strategic Plan 2017-2022* guides our behaviours, decisions and actions, ensuring we meet the current and future healthcare needs of our communities. Whether it is the challenges of a pandemic, the availability of a skilled workforce, the ageing of our local population, advances in healthcare delivery to care for more patients in their own homes, the rapidly growing capability for digital medicine or the importance of being financially responsible, the *Strategic Plan 2017-2022* provides the direction for our work.

At Eastern Health, the term 'great' symbolises the experience and outcome of care we aim to provide for every patient. Our aim is for all our patients to experience **great care, everywhere, every time**. This vision is embedded in our language to guide the work of our teams and represents the aspirations of our organisation.

Our mission encompasses the three business fields in which we operate every day. These are; the delivery of healthcare services, education for those in, or aspiring to join the healthcare workforce, and research into healthcare 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 environment in which we operate, the challenges we expect to face and the capabilities and opportunities we have.

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



To view Eastern Health's Strategic Plan, visit [www.easternhealth.org.au](http://www.easternhealth.org.au)

## Our Values

Patients First  
Kindness  
Respect  
Excellence  
Agility  
Humility

## 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

### A high-performing organisation

- Operating systems that create value
- Strategic partnerships
- Digital transformation
- A diverse and secure workforce
- Visibility of performance
- Continued development of capital infrastructure and equipment





# Who we are



Services located across

## 2816

square kilometres

the largest geographical area of any metropolitan health service in Victoria



## 1,423\*

total number of beds  
(last year 1,478)



## 11,139

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



We have

## 436

dedicated volunteers



## 155,144

course completions by staff in iLearn



## 29,044

face to face fully attended training sessions by staff

\* As at 30 June 2022. Bed numbers are subject to change depending on activity and demand.

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.

## EASTERN HEALTH ORGANISATIONAL PROFILE

### Larger campuses

- 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

## STUDENT PLACEMENTS

| Discipline              | Number of Students | Number of Placement Days |
|-------------------------|--------------------|--------------------------|
| Allied Health Assistant | 39                 | 533                      |
| Art Therapy             | 4                  | 141                      |
| Dietetics               | 174                | 1721                     |
| Midwifery               | 209                | 2,580                    |
| Nursing                 | 2,044              | 27,101                   |
| Occupational Therapy    | 94                 | 2,449                    |
| Podiatry                | 7                  | 208                      |
| Physiotherapy           | 524                | 6,183                    |
| Psychology              | 7                  | 308                      |
| Social Work             | 19                 | 1,143                    |
| Speech Pathology        | 63                 | 1,167                    |
| Sterilisation           | 2                  | 18                       |
| <b>Total</b>            | <b>3,186</b>       | <b>43,552</b>            |

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

# OUR GOVERNANCE



Eastern Health would like to acknowledge the members of the Board and Executive team whose terms at Eastern Health ended during 2021/22. We thank them for their considerable contribution to the success of Eastern Health during their tenure.

## 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 in the *Health Services Act 1988*, and *Public Administration Act 2004*.

The Board is responsible for the governance of Eastern Health and is responsible for its financial performance, strategic direction and 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 2021/22, Eastern Health's Board Directors were:**

### MR TASS MOUSAFERIADIS – CHAIR

BEd Grad Dip HealthEd Grad Cert BusMgt, GAICD

*Appointed Chair of Eastern Health 1 July 2019*

#### Current professional positions

- Chair, Southeast Mental Health and Wellbeing Interim Regional Body
- Board Chair, Victorian Responsible Gambling Foundation
- Board Director, FoodBank Victoria
- Board Chair, Star Health

### MS ANNA LEE CRIBB

BA MDisRes

*Appointed 1 July 2019*

#### Current professional positions

- Consultant in workplace relations

- Mediation and Conciliation Panel, Commission for Gender Equality in the Public Sector
- Secretary Resolution Institute Mediation PDG

### MS SALLY FREEMAN

FCA-ANZ, GAICD, CISA, BCom, CEW

*Appointed 1 July 2020*

#### Current professional positions

- Board Director, Netwealth
- Board Director, Regis Aged Care
- Board Director, Melbourne Football Club
- Board Director, SRLA
- Board Director, Regional Investment Corporation
- Audit Committee, Independent Member, HealthShare, Caulfield Grammar and Commonwealth Games Australia

### DR BEN GOODFELLOW

MBBS, MPM, CAPC, FRANZCP

*Appointed 1 July 2020;  
Resigned 23 November 2021*

#### Current professional positions

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



**MRS PENNY HUTCHINSON**

BA(Hons) MA AMusA FCA

*Appointed 1 July 2021***Current professional positions**

- Board Member, Victorian Registration and Qualifications Authority
- Chair, Audit and Risk Committee, Department of Planning and Environment (NSW)
- Board Member, Gippsland Water
- Chair, Public Sector Panel, CAANZ (Vic)

**MS JILL LINKLATER**

RN FACN FGIA GAICD BScN MHA Grad Dip Health&amp;Medical Law

*Appointed 1 July 2016***Current professional positions**

- Board Member, Disability Worker Registration Board Victoria
- Board Member, Disability Services Board Victoria
- Consultant, Health Disability & Aged Care Services
- Assessor, NSQHS Standards and Human Services Standards Victoria
- Auditor, NDIS Practice Standards and Quality Management Systems

**DR BOB MITCHELL AM**

LLB MPhil GradDipTax MThSt PhD FAICD

*Appointed 1 July 2019***Current professional positions**

- Board Director, Mission Australia
- University Council, University of Divinity
- Legal Practitioner

**MR ANDREW SAUNDERS**

BSc GradDipEd MBA MAICD

*Appointed 1 July 2018***Current professional positions**

- Board Director, Victorian Legal Aid
- Principal and Director, Red Mosaic Pty Ltd
- Non Exec Director, Care Connect
- Independent Board Committee member, Eastern Melbourne Primary Healthcare Network
- Independent Board Committee member, HealthShare Vic

**MR LANCE WALLACE**

Dip Business CPA PSM

*Appointed 1 July 2020***Current professional positions**

- Chair, HealthShare (Health Purchasing Victoria)

**DR ANGELA WILLIAMS**

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

*Appointed 1 July 2020***Current professional positions**

- Senior 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
- Chair, Faculty of Clinical Forensic Medicine, Royal College of Pathologists Australasia
- Board Member, Royal Australasian College of Medical Administrators

**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<sup>y</sup> 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 ATTENDANCE 2021/22



| Discipline            | First Appointment | Term Number | Expiry of term | Attendance 2021/22 | Meetings by circulation |
|-----------------------|-------------------|-------------|----------------|--------------------|-------------------------|
| Mr Tass Mousaferiadis | 8 Dec 2015        | 3           | 30 June 2022   | 13/13              | 9/9                     |
| Ms Anna Lee Cribb     | 1 July 2019       | 1           | 30 June 2022   | 13/13              | 9/9                     |
| Ms Sally Freeman      | 1 July 2020       | 1           | 30 June 2023   | 13/13              | 9/9                     |
| Dr Ben Goodfellow*    | 21 July 2020      | 1           | 23 Nov 2021    | 3/5                | 1/2                     |
| Ms Penny Hutchinson   | 1 July 2021       | 1           | 30 June 2024   | 13/13              | 9/9                     |
| Ms Jill Linklater     | 1 July 2016       | 2           | 30 June 2022   | 13/13              | 9/9                     |
| Dr Bob Mitchell       | 1 July 2019       | 1           | 30 June 2022   | 13/13              | 9/9                     |
| Mr Andrew Saunders    | 1 July 2018       | 2           | 30 June 2024   | 12/13              | 9/9                     |
| Mr Lance Wallace      | 1 July 2020       | 1           | 30 June 2023   | 13/13              | 9/9                     |
| Dr Angela Williams    | 1 July 2020       | 2           | 30 June 2024   | 13/13              | 9/9                     |

\* Resigned

## 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.

### AUDIT AND RISK COMMITTEE

#### Chair:

- Dr Bob Mitchell AM

#### Members

- Ms Sally Freeman
- Ms Penny Hutchinson
- Ms Jill Linklater
- Mr Andrew Saunders
- 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; the internal auditor's qualifications, performance, independence and fees; and the 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.

### COMMUNITY ADVISORY COMMITTEE

#### Chair:

- Mr Andrew Saunders

#### Community Co-Chair:

- Ms Gloria Sleaby

#### 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, Mr Bill Bennett, Ms Dilnaz Billimoria, Ms Jean de Waard, Ms Sue Emery, Ms Raj Liskaser, Ms Joanne Marchione, Ms Naveena Nekkallapudi, Ms Irene Toh and Mr Dan Wong.

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](http://www.easternhealth.org.au)



## FINANCE COMMITTEE

### Chair:

- Mr Lance Wallace

### Members:

- Ms Sally Freeman
- Mrs Penny Hutchinson
- 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.

## PRIMARY CARE AND POPULATION HEALTH ADVISORY COMMITTEE

### Chair:

- Ms Jill Linklater  
Board Director

### Members:

- Ms Anna Lee Cribb  
Board Director
- Ms Judith Drake  
Consumer Nominee, EACH
- Dr Andrew Gosbell  
EACH Deputy Board Chair
- Ms Kim Griffiths  
Inspiro Board Director

- Dr Caroline Johnson  
Eastern Melbourne Primary Health Network Board Member
- Mr Tony McBride  
Eastern Melbourne Primary Health Network Board Member  
(until November 2021)
- Ms Deanna McKenzie  
Consumer Nominee, Inspiro
- Mr Tass Mousaferiadis  
Board Chair
- Adj Prof David Plunkett  
Chief Executive
- A/Prof John Rasa  
healthAbility Board Chair
- Dr Angela Williams  
Board Director
- Ms Janine Wilson  
Eastern Melbourne Primary Health Network Chief Executive
- Ms Shannon Wight  
Executive Director Clinical Operations

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.

## QUALITY AND SAFETY COMMITTEE

### Chair:

- Dr Angela Williams

### Members:

- Ms Anna Lee Cribb
- Ms Angela Fitzpatrick  
Consumer  
(until August 2021)
- Dr Ben Goodfellow  
(until November 2021)
- Ms Jill Linklater
- Ms Raj Liskaser  
Consumer
- Ms Tarnya McKenzie  
Consumer
- Mr Tass Mousaferiadis

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.

## 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.

# Executive

## ADJUNCT PROFESSOR DAVID PLUNKETT

RN GradDipBusMgt MBA GAICD

### Chief Executive

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

Adj Professor Plunkett 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 Professor Plunkett holds a Master of Business Administration and is a Graduate of the Australian Institute of Company Directors.

He 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.

## MR PAUL ADCOCK

DipAppSc BN GradCertCritCare MBA

### Acting Executive Director

Information, Technology  
and Capital Projects  
(from August 2021)

Mr Adcock commenced at Eastern Health in September 2019 in the Program Director eHealth and Chief Clinical Information Officer role. Since commencing at Eastern Health, he has also been seconded to the Victorian Aged Care Response Centre as the Workforce Team Lead during the acute phase of the Emergency Management Australia lead response to the COVID-19 epidemic in Residential Aged Care Facilities.

Previously, Mr Adcock was the Director of Technology and Transformation at Alfred Health and has held senior roles in acute health, including clinical, operations and Information Technology.

## ADJUNCT PROFESSOR LEANNE BOYD

DipAppSc BN GradCertCritCare MN  
GradCertHigherEd PhD MTerEdMgt  
GAICD FACN

### 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 Deakin University, 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

BEC MBA FCPA GAICD

### 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 accounting services, procurement and supply, facilities and infrastructure, support services and security, the 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

MBBS MBA MHSM FRACMA FCHSM  
GAICD

### 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 Chair of its Quality, Safety & 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 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.



## MR ZOLTAN KOKAI

### Executive Director

Information, Technology and  
Capital Projects  
(until August 2021)

Mr Kokai commenced at Eastern Health in July 2004. He was appointed to the position in February 2017 and led 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.

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.



## MR PAUL LEYDEN

BN GCert(MHlth Nurs) MAppSc(MHlth)  
MBA



### Acting Executive Director



Clinical Operations:  
Surgery, Women and Children and  
Acute Specialist Clinics, Mental  
Health, Medical Imaging and  
Statewide Services (SWMMS)

Mr Leyden commenced at Eastern Health in January 2007 within the Child and Adolescent Mental Health Program.

He is a registered nurse and over the last 16 years he has held various senior operational and professional roles within mental health, women and children and surgical programs, while also providing leadership to various sites including Angliss Hospital, Healesville and Yarra Valley Health and Yarra Ranges Health.

Prior to commencing at Eastern Health Mr Leyden worked at the Royal Children's Hospital Mental Health Services, within inpatient and community services areas.

## MS GILLIAN SHEDDEN

BA GradDipIndRel MWkplEmpLaw

### 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 & Wellbeing, Workplace Relations, Organisational Development, Workforce Sustainability, Business Partnering and Advice, Talent Acquisition, Remuneration & Benefits and Communications.

With 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

BAppSc(OT) GradDipBus MBus AFCHSM

### 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, holds a Bachelor of Applied Science (Occupational Therapy), a Master of Business Administration and a Professional Certificate in Health System Management.

## MS SHANNON WIGHT

RN GradDipCritCare(ICU) MBA, MAICD

### 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 an MBA 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 invest in developing our leaders so they can attract, develop and retain the best people in health care. In support of this, Eastern Health has been focused on strategic workforce planning, leadership development, diversity, equity and inclusion, employee experiences, and employee wellbeing.



### 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 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 2021/22, Eastern Health had a number of enterprise agreements undergoing renegotiation, with Health and Allied Services, Managers and Administrative Workers (Victorian Public Sector) (Single Interest Employers) Enterprise Agreement 2021- 2025 approved and Certified by the Fair Work Commission, the Victorian Public Mental Health Services Enterprise Agreement 2020-2024 approved and Certified by the Fair Work Commission, the Nurses and Midwives (Victorian Public Sector) (Single Interest Employers) Enterprise Agreement 2020-2024 approved by the Fair Work Commission and the Health and Allied Services, Managers and Administrative Workers (Victorian Public Sector) (Single Interest Employers) Enterprise Agreement 2021-2025 approved and certified by the Fair Work commission.

## Highlights



**76.74%**

percentage of workforce that is female



**12**

number of staff who identify as **Aboriginal and Torres Strait Islander**



**103**

number of **nationalities** that make up the **Eastern Health workforce**



**41.49**

average age of employees



**18**

age of **youngest employee**



**83**

age of **oldest employee**

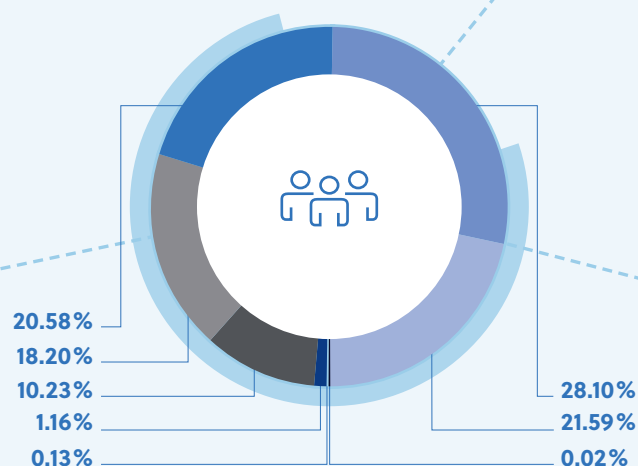
## WORKFORCE DATA

| Labour category              | JUNE CURRENT MONTH FTE |                 | JUNE YEAR TO DATE FTE |                 |
|------------------------------|------------------------|-----------------|-----------------------|-----------------|
|                              | 2021                   | 2022            | 2021                  | 2022            |
| 1 Nursing Services           | 3,132.74               | 3,032.62        | 3,081.90              | 3,075.82        |
| 2 Administration & Clerical  | 992.95                 | 1,033.06        | 966.38                | 1,002.94        |
| 3 Medical Support Services   | 625.58                 | 661.37          | 601.98                | 629.72          |
| 4 Hotel & Allied Services    | 375.96                 | 368.95          | 367.16                | 372.72          |
| 5 Medical Officers           | 147.77                 | 137.45          | 138.30                | 138.42          |
| 6 Hospital Medical Officers  | 658.02                 | 721.06          | 663.44                | 692.04          |
| 7 Sessional Medical Officers | 241.11                 | 254.55          | 219.26                | 249.93          |
| 8 Ancillary Support Services | 672.90                 | 664.28          | 683.29                | 671.12          |
| <b>Total</b>                 | <b>6,847.03</b>        | <b>6,873.34</b> | <b>6,721.71</b>       | <b>6,832.71</b> |

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. Employees have been correctly classified in workforce data collection.

## WORKFORCE AGE BREAKDOWN

| Age group    | Number of staff | Percentage |
|--------------|-----------------|------------|
| < 20         | 14              | 0.13       |
| 20-29        | 2,405           | 21.59      |
| 30-39        | 3,130           | 28.10      |
| 40-49        | 2,292           | 20.58      |
| 50-59        | 2,027           | 18.20      |
| 60-69        | 1,140           | 10.23      |
| 70-79        | 129             | 1.16       |
| 80-89        | 2               | 0.02       |
| <b>Total</b> | <b>11,139</b>   | <b>100</b> |



Employees have been correctly classified in workforce data collection.

## REWARD AND RECOGNITION



### A2i Awards

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.

In 2021, we received more than 400 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.

Due to COVID-19 restrictions, the A2i Awards Ceremony was held via live stream, with all pre-recorded acceptance videos of the winners shown during the event. The recording of the live stream has been viewed over 1,780 times.

We are grateful to all of our staff for their ability to adapt and navigate uncharted territory in response to the ever changing demands experienced throughout 2021.

### A2i Award recipients 2021



#### Agility Award Winner

**Lauren Lynch**

Manager Community Health and District Nursing  
Healesville Hospital and Yarra Valley Health



#### Kindness Award Winner

**Jenny Morris**

Medical Scientist  
Maroondah Hospital



#### Sustainability Award Winners

**Rachel Cox and Hayley Tomkins**

Pharmacy Inventory Managers  
Box Hill



#### Closing the Health Gap Award Winner

**Mena Love**

Aboriginal MH SEWB Trainee  
Mental Health Services



#### Kindness Award Winner

**Amy Wynne**

Organisational Development Administrator  
Box Hill



#### Consumer Participation Award Winner

**Vicky Gibbs**

Health Assistant in Nursing  
Angliss Hospital



#### Excellence Award Winner

**ECMO Specialist Nurse Team**

Surgery Program  
Box Hill



#### Respect Award Winner

**Keria Camana**

Cleaner  
Maroondah Hospital



#### Workplace Safety and Wellbeing Award Winner

**Helen Laurence**

Emergency Department Physician  
Maroondah Hospital



#### Humility Award Winner

**Laura Choi**

Specialist Clinics Project Officer  
Box Hill



#### Patients First Award Winner

**Dr Philippe Le Fevre**

ICU Consultant  
Box Hill



#### Volunteer Award Winner

**Peter Michell**

Consumer Representative

## HONORARY LIFE GOVERNOR

Eastern Health would like to acknowledge **Mr Brett Coopersmith**, Eastern Health Honorary Life Governor and former Chair of the Eastern Health Foundation Advisory Board.



# 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.

## OCCUPATIONAL HEALTH AND SAFETY (DATA)

| Occupational Health and Safety Statistics                                    | 2021/22   | 2020/21  | 2019/20  |
|--|-----------|----------|----------|
| The number of reported hazards/incidents for the year per 100 FTE            | 27.8      | 32.3     | 37.8     |
| The number of 'lost time' standard WorkCover claims for the year per 100 FTE | 1.75      | 1.9      | 1.2      |
| The average cost per WorkCover claim for the year                            | \$113,964 | \$69,309 | \$56,248 |

This increase from the previous years is due to a significant increase in case estimates by approximately \$4 million compared to 2020/21, and \$10 million compared to 2019/20. The costs in 2020/21 were offset by a higher number of standard claims, thereby reducing the impact of the claims costs against the average. A lower number of standard claims in 2021/22 compared to 2020/21 plus higher claims cost has led to this increase.

There were two fatalities at Eastern Health sites in 2021/22. The impact of the tragic fatalities on the families, friends and colleagues of those who died is immeasurable, and we extend our deepest sympathies to those affected.

Eastern Health's reviews of these tragedies have been completed. WorkSafe and Coronial enquiries are yet to be finalised in relation to one of the fatalities. The provision of a safe and healthy workplace for our people remains our priority, and if there are any findings or recommendations from these entities, we will carefully consider them.

## OCCUPATIONAL VIOLENCE STATISTICS

| Occupational violence statistics   | 2021/22 |
|--|---------|
| WorkCover accepted claims with an occupational violence cause per 100 FTE  | 0.43    |
| Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked | 2.3     |
| Number of occupational violence incidents reported   | 758     |
| Number of occupational violence incidents reported per 100 FTE   | 10.8    |
| Percentage of occupational violence incidents resulting in a staff injury, illness or condition                          | 46%     |

### 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 2021/22.

#### 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.

# OUR PERFORMANCE



## Performance Against Statement of Priorities: Part A



Achieved



Partially achieved

### 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.



Eastern Health's preparations for and response to the ongoing and changing needs of the community from the COVID-19 Pandemic have continued to protect the local population. This included services such as COVID testing, vaccination services, dedicated COVID inpatient services and community pathways, not to mention a wide range of safety measures to keep our staff, patients and visitors safe.

Please read more about Eastern Health's response to the pandemic and our COVIDSafe plan elsewhere in this year's annual report.

We expect that the challenges presented by COVID-19 and its many variants will continue throughout 2022-23 and Eastern Health will play a significant role in keeping the community safe during this time.

Drive improvements in access to emergency services by reducing emergency department four-hour wait times, improving ambulance to health service handover times, and implementing strategies to reduce bed-blockage to enable improved whole of hospital system flow.



Access to emergency services has remained a challenge through much of 2021/22 due to ongoing impacts of the COVID-19 pandemic. High levels of demand, coupled with workforce challenges and requirements regarding COVIDSafe practices have resulted in Eastern Health not meeting all of its access targets.

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This was despite significant work focusing on a broad range of initiatives targeting:

- Flow of patients receiving care within the emergency department, including to improve throughput and moderate demand;
- Reducing prolonged hospitalisations and unnecessary bed days for patients admitted to hospital and have completed their care or now require a different level of care;
- Offer a wide range of alternative and substitute healthcare options for those who present to the emergency department but do not need to be admitted to receive their care.

Actively collaborate on the development and delivery of priorities within your Health Service Partnership, contribute to inclusive and consensus-based decision-making, support optimum utilisation of services, facilities and resources within the Partnership, and be collectively accountable for delivering against Partnership accountabilities as set out in the *Health Service Partnership Policy and Guidelines*.



The ongoing pandemic has been a strong driver for Eastern Health to enhance its efforts to work more collaboratively with a range of partners across the health system to deliver better care.

Eastern Health has collaborated with partners within the North Eastern Public Health Unit, partner health services through the Northeast Metropolitan Health Service Partnership, the Eastern Metropolitan Public Health Network and other providers across our community to develop and implement enhanced and integrated models of care, systems and processes to deliver better health care services. Examples include enhancing the provision of tele-medicine, as well as the establishment of new services (both COVID and non-COVID based) being provided to the community. These partnerships have also been effective in supporting enhanced staff recruitment, as well as collaborating on the management of facilities and equipment including our fleet of vehicles.



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.



Work collaboratively with your Health Service Partnership to:

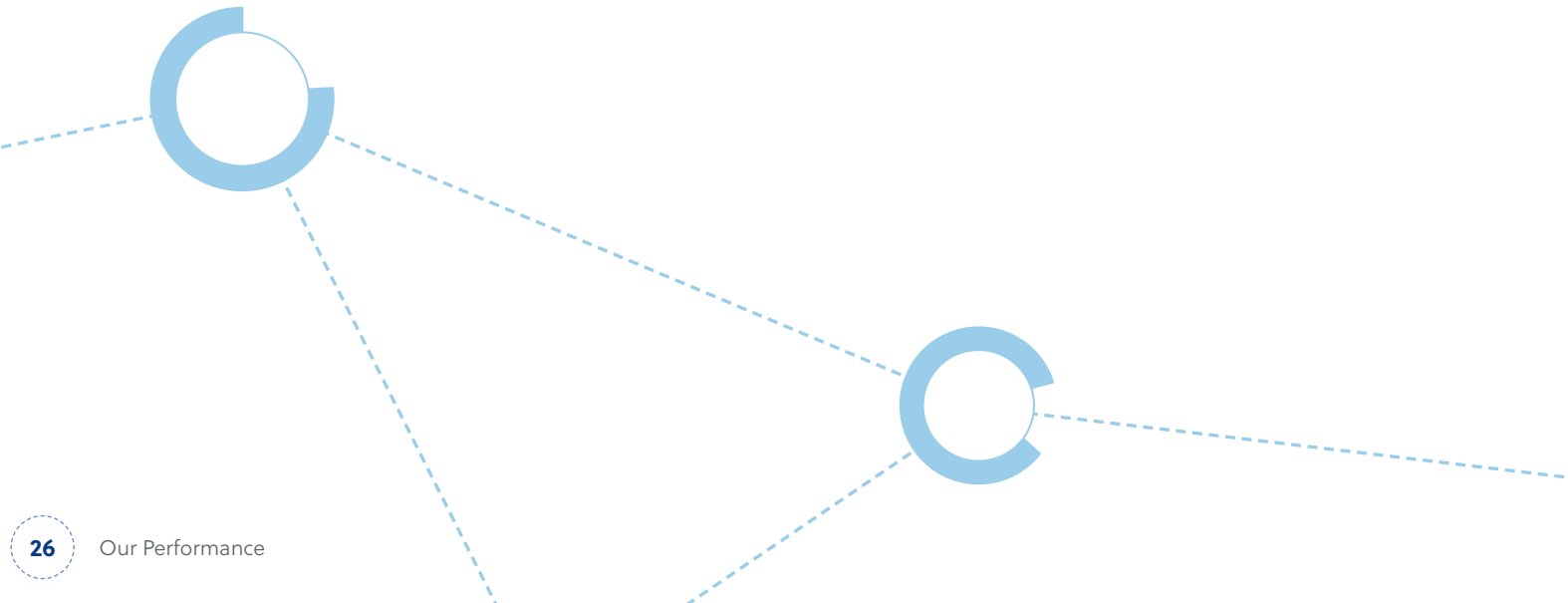
- implement the *Better at Home* initiative to enhance in-home and virtual models of patient care when it is safe, appropriate and consistent with patient preference.
- improve elective surgery performance and ensure that patients who have waited longer than clinically recommended for treatment have their needs addressed as a priority.



Eastern Health has collaborated effectively with Health Service Partners to deliver and enhance a range of *Better at Home* initiatives including cancer services, rehabilitation, stroke services to support more patient being discharged home earlier and neonatal care in the home. These enhancements have resulted in more patients getting faster access to the care they need.

Despite ongoing challenges associated with COVID-19, those patients with the highest priority for surgery have continued to have their healthcare needs met. This was achieved in collaboration with a range of both public and private health partners to ensure this high priority care was delivered, as much as possible, within clinically recommended times.

| Priority  | Outcome  |
|---|--|
| <p>Address critical mental health demand pressures and support the implementation of mental health system reforms to embed integrated mental health and suicide prevention pathways for people with, or at risk of, mental illness or suicide through a whole-of-system approach as an active participate in your Health Service Partnership and through your Partnership’s en-gagement with Regional Mental Health and Wellbeing Boards.</p> | <p></p> <p>Eastern Health has achieved progress against many of the 8 priority areas aligned with transforming mental health services in line with the recommendations of the Royal Commission into Victoria’s Mental Health System. These include embedding a lived experience workforce into the Program, consolidating mental health services into 2 streams and increasing a range of after-hours services. Progress has been made towards expanding Mental Health’s capacity to deliver care, however this has been limited due to challenges in acquiring sufficient additional, clinically appropriate space and recruitment of a skilled workforce to deliver this care.</p> <p>The majority of this has been delivered in accordance with, or ahead of, Department of Health timeframes for this work.</p>       |
| <p>Embed the Aboriginal and Torres Strait Islander Cultural Safety Framework into your organisation and build a continuous quality improvement approach to improving cultural safety, underpinned by Aboriginal self-determination, to ensure delivery of culturally safe care to Aboriginal patients and families, and to provide culturally safe workplaces for Aboriginal employees.</p>   | <p></p> <p>Eastern Health has continued to strengthen its efforts towards improving cultural safety and closing the health gap for Aboriginal and Torres Strait Islander peoples and communities. Guided by a Cultural Safety Plan, Eastern Health has introduced a two-way learning model, revised and more strongly embedded our Acknowledgement of Country and recruited a dedicated Aboriginal Employment Coordinator. This role is working with both internal and external partners to develop a new Aboriginal Employment Plan for Eastern Health.</p> <p>Eastern Health held a range of events throughout the year including recognising both National Reconciliation Week and NAIDOC week.</p> <p>In addition, Eastern Health has recently commenced recruitment for an Aboriginal Health Advisory Committee.</p> |



## COVID-19 READINESS AND RESPONSE

Eastern Health has continued to respond to the changing demands presented by the pandemic, utilising the COVID-19 Pandemic Plan to enable safe, high-quality care, staff safety and effective public health measures throughout the year.

The emergence of new variants has presented a range of challenges to which Eastern Health has responded with agility by developing new models of care for both inpatient and community-based care. Rapid changes in demand required scaling up and down of service capacity inclusive of inpatient, community and testing services.

The responsiveness and willingness of our staff ensured we successfully responded to these challenges as they arose.

## EASTERN HEALTH'S COVIDSAFE PLAN

The Pandemic Specific Framework introduced in December 2021 replaced the State of Emergency framework for managing COVID-19. This was supported by a series of Pandemic Orders guiding restrictions and mandates issued by the Minister for Health for the State of Victoria with some of these specific to health services.

The Eastern Health COVIDSafe Plan outlines many of the processes supporting our adherence to the Orders. Ongoing review and updating of the public health management strategies are reflected in the Eastern Health COVIDSafe Plan guiding our actions to minimise transmission of COVID-19 into and within our campuses. It includes:

- Screening and check-in requirements at entry to our facilities
- Management of visitors and permissions for visiting
- Vaccination requirements for staff
- Expectations for wearing masks and physical distancing

- Environmental assessments and optimisation to ensure areas are safe for COVID care provision
- PPE requirements
- Actions to take when a patient or staff member is identified as having COVID within our campuses

Our COVIDSafe Plan has been continually updated to ensure alignment with Pandemic Orders and emerging evidence in order to keep our community safe.

## WORKPLACE SAFETY DURING THE PANDEMIC

### Staff Safety in COVID Care Provision

Staff safety has remained paramount through 2021/22. The program of mask fit testing has continued to minimise the risk of staff being exposed to airborne contaminants, including Coronavirus. 9,363 fit testing assessments were completed across the year including 2,706 annual re-fit checks.

The PPE Observer Program has continued in COVID-19 care areas focused on providing proactive, supportive and corrective feedback on the use of PPE for all staff entering these areas.

### Workforce Models

Workforce models were developed and adapted in response to the challenges in demand for COVID-19 screening and care. Nursing, allied health and medical teams all implemented team designs inclusive of students in order to support care provision.

In particular, in response to the Code Brown called by the State Government in February, these changes enabled teams to meet the high demand for COVID-19 and non-COVID care. They ensured Eastern Health was able to meet the workforce challenges presented by high service demand and high rates of furlough among staff as they were exposed to COVID-19 and required to isolate.

## Returning to Site

As community restrictions continue to decrease, plans are being developed and implemented to return staff who have been working from home, back to site. Consulting with staff to find the best balance in transitioning back to working on site is key to this planning.

## EASTERN HEALTH'S COVID-19 SERVICES

### Inpatient Care

We have 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.

Inpatient Care for COVID-19 has been centralised at Box Hill Hospital in acknowledgement of the advanced air ventilation systems there, enabling safe care for patients with minimised risk of transmission to patients, staff and visitors.

A dedicated ward was established for ongoing COVID care into 2022-23 with commissioning of further wards for inpatient care in response to demand. At its peak in January, four general wards provided acute COVID inpatient care with additional care being provided in ICU, a dedicated Women's and Children's COVID ward and a statewide Mental Health COVID care ward, all at Box Hill Hospital.

Care was provided for 3,420 inpatients and 209 patients requiring ICU care across the year.

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.





## COVID Community Services

The COVID Pathways team has personified agility in their continual adaptation of the service provided in both creation and refinement of models of care and in scaling services to meet community demand.

Key partnerships with Community Services, GPs and the North East Metro Health Service Partnership, of which Eastern Health is a member, have enabled care provision to patients across our catchment, particularly providing COVID care at home.

At its peak the Pathways team was managing care for 375 patients in the community per day, providing advice and monitoring symptoms to ensure care needs were escalated if patients became more seriously unwell. Care has been provided for over 115,000 individuals across the year.

*Early Treatment Clinics* were designed and implemented for provision of early treatment to our most at risk patients. As treatments evolved the care provision has adapted to best support our most vulnerable community members.

Treatment has been provided for 964 patients to prevent severe disease from COVID-19.

The range of treatments and number of patients eligible continues to evolve and the team continues to adapt service to provide the best care possible.

## COVID-19 Testing

COVID screening was provided across the year via a walk-in Respiratory Assessment Service at Box Hill and Healesville Hospitals.

192,913

tests

were processed by the Eastern Health's Pathology Service

Open to Eastern Health staff, all healthcare workers, Eastern Health patients and the community, demand has been variable across the year.

Peak demand was seen in January with the emergence of the Omicron variant, with up to 533 tests performed by the service each day. Overall the service completed 87,695 tests across the year.

Over the past 12 months, Eastern Health's Pathology Service has processed 192,913 COVID-19 tests and consistently worked to provide consumers with their results within 24 hours.

## Vaccination Services

Vaccination services continued for the community until September 2021, with 128,919 vaccinations provided for the community. Vaccination for staff continues.

## Pandemic Program

In response to the ongoing and ever changing demand of COVID-19 the Pandemic Program was established in September 2021 to improve coordination, governance and communication of the required responses.

- **Demand Management Plans** were developed for acute inpatient COVID-19 care, COVID-19 Pathways care for community based support and Respiratory Assessment services. These plans outlined actions for responding to increasing and decreasing demand, enabling planning and organisation-wide communication of agreed care settings, staffing alignments and resource requirements. The plans were continuously updated to reflect variations to models of care, COVID-19 transmission risk and availability of COVIDSafe care environments.

- Responding to ever changing demands, **Models of Care** across a number of programs were developed, refined and updated to meet emerging needs in the best way possible.

– **The Women and Children Program** developed a family model of care providing direct care in a co-located area for family members who were COVID positive. In a further development of this model a COVID hub was established with a specific precinct defined for provision of this care with expertise from the Program's various clinical teams. Reduced demand for COVID care at Box Hill saw this model stepped down with COVIDSafe care established within each service.

– **The Mental Health Program** operated a statewide unit for COVID positive consumers with mental health conditions requiring acute inpatient care from October 2021-March 2022. During this time 88 consumers from across the State received care, with a range of initiatives implemented to meet the mental health needs of consumers within the restrictions of isolation and transmission – minimising environments for COVIDSafe care.

– **A family model of care** was developed in acknowledgement of these critical partnerships in the planning and delivery of care for Eastern Health patients. Implemented in January across acute and subacute services, the model supports the family as a member of the treating team to maximise the quality of care provided to patients.



115,000

individuals received care from the COVID Pathways team across the year

## 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. COVID-19 testing at home has been made available to Aboriginal clients with test results and advice provided to clients via phone calls.

The Aboriginal Health Team also 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 clients to maintain connection with the service through the provision of tablet devices.

Over the last year, Eastern Health has continued to develop and foster local partnerships including with Aboriginal Community Controlled Health Organisations (ACCHOs), Traditional Owners, Registered Aboriginal Parties and local Aboriginal communities more broadly, which included providing support for COVID-19 vaccination clinics.

The Social and Wellbeing Team of the Mental Health Program have provided phone counselling and primary and secondary consultations to support organisations that are providing care to Aboriginal and Torres Strait Islander community members in this challenging time.

Progressing cultural safety and embedding self-determination at Eastern Health continues to be a priority.

This has included implementing our Cultural Safety Plan, reviewing the education materials for staff and expanding opportunities for cultural immersion for our leaders.

Our Aboriginal Health Liaison Officer Program has also been reviewed and will be expanded in the coming year. Significant events for the Aboriginal and Torres Strait Islander community are celebrated through the year, as planned by our Celebrations, Events and Communications Sub-committee.

In 2021/22, Eastern Health continued to progress development of the Innovate RAP (Reconciliation Action Plan). The RAP Steering Committee membership includes 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 voices of Aboriginal leaders and organisations in the region. Respectful relationships have been developed and maintained between Eastern Health representatives, Board Directors and the RAP Steering Committee members who represent the Aboriginal community.

Consumer representatives have also been invited to participate in our Aboriginal Health Clinical Risk Governance Committee, which oversees our care and partnership with the diverse Aboriginal and Torres Strait Islander communities in our region.

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.

## 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, Primary Care & Population Health Advisory Committee and Quality & Safety Committee
- Victorian Department of Health and Victorian Department of Families, Fairness and Housing
- Other government departments and agencies
- The Australian Commission on Safety and Quality in Health Care
- The Aged Care Quality and Safety Commission
- Other Victorian health services (public and private)
- North East Metro 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



## MEASURING OUR PERFORMANCE

Eastern Health is committed to delivering healthcare excellence and this commitment is supported by a robust clinical governance framework and an organisation-wide focus on safety culture.

Throughout 2021/22, Eastern Health continued to focus on the provision of safe, high-quality care across its sites and services and remained responsive to the needs and emerging risks of its community, patients, staff and other stakeholders.

The clinical governance systems were adapted to be responsive to the needs of the pandemic response and other incidents and events, whereby a risk-based approach to monitoring and improvement of care and services continued to be the key focus.

Eastern Health has robust systems in place to monitor 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. A range of clinical and performance indicators are benchmarked against peers at a state and national level.

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

Our planning and risk management frameworks enable visibility of performance and targeted improvement of our performance.

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 (NSQHS) and organisation-wide assessment for the NSQHS Standards Edition 2 is scheduled for 17-21 October 2022.

A range of Eastern Health's 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 and pathology laboratories, medical imaging and cardiology services are accredited under their respective industry standards.

Credentialing from a range of medical professional colleges also occurs for trainee positions on a rotating basis. Compliance with these industry standards and credentialing processes 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.

Recommendations and suggestions received through assurance activities such as accreditation, audits and service reviews allow Eastern Health to improve the quality and safety of its services.

## 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, including use of key metrics to monitor the system's performance.

During the 2021/22 year, Eastern Health's risk management system was reviewed by an internal audit, returning 13 recommendations to further mature Eastern Health's risk culture. Actions to address the recommendations have been confirmed and these are in progress, with all expected to be completed in the 2022/23 year.

# High quality and safe care

| Key performance indicator  | Target      | 2021/22 Result |
|--|-------------|----------------|
| <b>Infection prevention and control</b>  |             |                |
| Compliance with the Hand Hygiene Australia programs  | 85%         | 87%            |
| Percentage of healthcare workers immunised for influenza   | 92%         | 92%            |
| <b>Patient Experience</b>  |             |                |
| Victorian Healthcare Experience Survey – percentage of positive patient experience responses                                 | 95%         | 95%            |
| Percentage of mental health consumers reporting a 'very good' or 'excellent' experience of care in the last 3 months or less | 80%         | 94%            |
| Percentage of mental health consumers reporting they 'usually' or 'always' felt safe using this service                      | 90%         | 92%            |
| <b>Healthcare associated infections (HAIs)</b>   |             |                |
| Rate of patients with surgical site infection  | No outliers | Achieved       |
| Rate of patients with ICU central-line-associated bloodstream infection (CLABSI)   | Nil         | Achieved       |
| Rate of patients with SAB per 10,000 occupied bed days   | ≤1/1000     | 1              |
| <b>Unplanned readmissions</b>  |             |                |
| Unplanned readmissions to any hospital following a hip replacement   | ≤6%         | 8%             |
| <b>Mental Health</b>   |             |                |
| Percentage of closed community cases re-referred within six months: CAMHS, adults and aged persons                           | < 25%       | 26%            |
| Rate of seclusion events relating to a child and adolescent acute mental health admission per 1,000 occupied bed days        | ≤10         | 2              |
| Rate of seclusion events relating to an adult acute mental health admission per 1,000 occupied bed days                      | ≤10         | 11             |
| Rate of seclusion events relating to an aged acute mental health admission per 1,000 occupied bed days                       | ≤5          | 0.5            |
| Percentage of child and adolescent acute mental health inpatients who have a post-discharge follow-up within seven days      | 88%         | 96%            |
| Percentage of adult acute mental health inpatients who have a post-discharge follow-up within seven days                     | 88%         | 90%            |
| Percentage of aged acute mental health inpatients who have a post-discharge follow-up within seven days                      | 88%         | 96%            |
| Percentage of child and adolescent acute mental health inpatients who are readmitted within 28 days of discharge             | <22%        | 36%            |
| Percentage of adult acute mental health inpatients who are readmitted within 28 days of discharge                            | <14%        | 18%            |

Continued on page 32



| Key performance indicator  | Target | 2021/22 Result |
|--|--------|----------------|
| <b>Maternity and newborn</b>   |        |                |
| Rate of singleton term infants without birth anomalies with APGAR score <7 to 5 minutes  | ≤1.4%  | 1.5%           |
| Rate of severe fetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks   | ≤28.6% | 20.63%         |
| Proportion of urgent maternity patients referred for obstetric care to a level 4, 5 or 6 maternity service who were booked for a specialist clinic appointment within 30 days of accepted referral | 100%   | 94.27%         |
| <b>Continuing care</b>   |        |                |
| Functional independence gain from an episode of rehabilitation admission to discharge relative to length of stay   | ≥0.645 | 0.710          |

## Strong governance, leadership and culture

**The People Matter Survey is Eastern Health's primary measure of employee engagement and is an indicator of the health of our organisation from the perspective of our people.**

The 2021 survey was undertaken in June 2021 with results being received in August 2021. The results were analysed and cascaded across the organisation.

The ability to action plan in response to the 2021 results has been limited. Disruption to normal action planning timeframes due to COVID operations has meant that the timeframe for taking action has been elongated based on capacity constraints.

Eastern Health's results from 2021 (response rate of 29% and employee engagement index of 66) indicate

we require long term strategies to shift long standing challenges at the organisational level.

Organisational action plans have been developed and are being progressively implemented. Eastern Health is invested in improving the experience of our people and has an extensive program of works occurring in support of this aim.

| Key performance indicator  | Target | 2021/22 Result |
|--|--------|----------------|
| People Matter Survey – percentage of staff with an overall positive response to safety and culture questions | 62%    | 53%            |

## 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, Aged Care Standards, Diagnostic Imaging Standards and Pathology Standards.**

Eastern Health is fully accredited by the Australian Council on Healthcare Standards (ACHS) against the National Safety and Quality Health Service Standards and will undergo organisation-wide assessment in mid-October 2022.

Eastern Health is fully accredited by the Aged Care Quality and Safety Commission against the Aged Care Quality Standards.





# Timely access to care

| Key performance indicator   | Target   | 2021/22 Result |
|---|--|----------------|
| <b>Emergency care</b>   |  |                |
| Percentage of patients transferred from ambulance to emergency department within 40 minutes   | 90%  | 52%            |
| 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%            |
| Percentage of emergency patients with a length of stay in the emergency department of less than four hours                              | 81%  | 48%            |
| Number of patients with a length of stay in the emergency department greater than 24 hours  | 0  | 661            |
| <b>Mental Health</b>  |  |                |
| Percentage of 'crisis' (category 'C') mental health triage episodes with a face-to-face contact received within 8 hours                 | 80%  | 78%            |
| Percentage of mental health-related emergency department presentations with a length of stay of less than 4 hours                       | 81%  | 29%            |
| <b>Elective surgery</b>   |  |                |
| Number of patients on the elective surgery waiting list as at 30 June 2022  | 9,015  | 8,898          |
| Number of patients admitted from the elective surgery waiting list  | 12,015   | 12,112         |
| 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%  | 74%            |
| 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 | 41%            |
| Number of hospital-initiated postponements per 100 scheduled elective surgery admissions  | ≤7/100   | 11             |
| <b>Specialist clinics</b>   |  |                |
| Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days                   | 100%   | 79%            |
| Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days                   | 90%  | 98%            |



# 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                 | 2021/22 Result         |
|---|------------------------|------------------------|
| Operating result (\$m)  | \$0.00                 | \$0.50m                |
| Average number of days to paying trade creditors  | 60                     | 59                     |
| Average number of days to receiving patient fee debtor payments   | 60                     | 58                     |
| Adjusted current ratio  | 0.70 or 3% improvement | 0.49 or 3% improvement |
| Public and private WIES activity performance to target*   | 100%                   | 77%                    |
| Forecast number of days of available cash   | 14                     | 14                     |
| Actual number of days of available cash   | 14                     | 40                     |
| Accuracy of forecasting the Net Result from Transactions (NRFT) for the current financial year ending 30 June | Variance < \$250,000   | Not achieved           |

• Impacted by COVID-19

## Healthcare in any language

**Eastern Health employs an in-house team of NAATI-certified interpreters. A total of 29,808 interpreter services were provided in 2021/22.**

With the ongoing challenges of COVID-19 and 29% of Eastern Health's patient population born in a non-English speaking country, the demand for language services has remained consistently high.

Eastern Health continued the use of the Health Direct platform to provide interpreters, including Auslan interpreters, via telehealth and it also continued to provide services via telephone interpreting.

In 2021/22 a total of 18,242 occasions of service were delivered via telehealth and telephone calls, representing an increase of 11% on the previous year. This outcome also represented 61% of the total occasions of interpreter service, an increase of 8% on the previous year.

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

The initiative provides 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 13 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 top 3 languages of demand continue to be Mandarin, Cantonese and Greek, followed by Italian, Arabic, Haka, Persian, Vietnamese, Hindi and Khmer completing the top 10. In 2021/22, Eastern Health provided language services in 77 languages, supported by its external agency provider.



**29%**

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



**33,134**

patients with a primary language other than English



**77**

languages in which services were provided

# Activity and funding

| Funding type   | Activity |
|--|----------|
| <b>Consolidated Activity Funding</b>                                     |          |
| Acute admitted, subacute admitted, emergency services, non-admitted NWAU | 118,107  |
| <b>Acute Admitted</b>  |          |
| National Bowel Cancer Screening Program NWAU                             | 131      |
| Acute admitted DVA   | 496      |
| Acute admitted TAC   | 164      |
| <b>Acute Non-Admitted</b>  |          |
| Home Enteral Nutrition NWAU  | 39       |
| Home Renal Dialysis NWAU   | 702      |
| Specialist Clinics   | 78,678   |
| <b>Subacute/Non-Acute, Admitted and Non-admitted</b>                     |          |
| Subacute WIES - DVA  | 163      |
| Transition Care - Bed days   | 19,566   |
| Transition Care - Home days  | 7,635    |
| <b>Aged Care</b>   |          |
| Residential Aged Care  | 24,369   |
| HACC   | 3,676    |
| <b>Mental Health and Drug Services</b>                                   |          |
| Mental Health Ambulatory   | 161,317  |
| Mental Health Inpatient - Available bed days                             | 43,472   |
| Mental Health Residential  | 14,600   |
| Mental Health Service System Capacity                                    | 2        |
| Mental Health Subacute   | 21,700   |



# Environmental performance

Despite ongoing COVID-19 pandemic priorities, the following initiatives occurred during 2021/22:

- A government interest-free loan provided installation of 297kW solar panels at Maroondah, Angliss and Peter James Centre. These will assist Eastern Health in reducing CO<sup>2</sup> emissions by 500 tonnes per year. After the pay-back period, these will also contribute to reductions in operating expenditure. Due to a tri-generation plant and other unique electricity supply features at the Box Hill campus, installation of solar panels was not viable.
- Replacement of motor vehicle fleet with hybrid as they became available.
- Progressed installation of organic kitchen waste treatment equipment at Box Hill.

|   | 2017/18        | 2018/19        | 2019/20        | 2020/21        | 2021/22        |
|---|----------------|----------------|----------------|----------------|----------------|
| <b>Greenhouse gas emissions</b>   |                |                |                |                |                |
| <b>Total greenhouse gas emissions (tonnes CO<sub>2</sub>e)</b>              |                |                |                |                |                |
| Scope 1   | 8,236          | 7,681          | 8,508          | 8,444          | 6,474          |
| Scope 2   | 39,268         | 39,163         | 36,149         | 34,727         | 34,194         |
| <b>Total</b>  | <b>47,504</b>  | <b>46,845</b>  | <b>44,657</b>  | <b>43,172</b>  | <b>40,668</b>  |
| <b>Normalised greenhouse gas emissions</b>                                  |                |                |                |                |                |
| Emissions per unit of floor space (kgCO <sub>2</sub> e/m <sup>2</sup> )     | 220.10         | 217.05         | 206.91         | 200.35         | 237.34         |
| Emissions per unit of separations (kgCO <sub>2</sub> e/separations)         | 281.27         | 271.9          | 271.00         | 272.66         | 87.88          |
| Emissions per unit of bed-day (LOS+Aged Care OBD) (kgCO <sub>2</sub> e/OBD) | 97.59          | 92.18          | 90.12          | 89.72          | 87.88          |
| <b>Stationary energy</b>  |                |                |                |                |                |
| <b>Total stationary energy purchased by energy type (GJ)</b>                |                |                |                |                |                |
| Diesel oil in buildings   | 417            | 4,121          | 4,194          | 2,124          | 160            |
| Electricity   | 130,895        | 131,764        | 127,586        | 127,570        | 135,274        |
| Natural gas   | 159,254        | 133,338        | 149,043        | 146,117        | 118,239        |
| <b>Total</b>  | <b>290,566</b> | <b>269,224</b> | <b>280,822</b> | <b>275,812</b> | <b>253,674</b> |
| <b>Normalised stationary energy consumption</b>                             |                |                |                |                |                |
| Energy per unit of floor space (GJ/m <sup>2</sup> )                         | 1.35           | 1.25           | 1.30           | 1.28           | 1.48           |
| Energy per unit of separations (GJ/separations)                             | 1.72           | 1.56           | 1.70           | 1.74           | 1.74           |
| Energy per unit of bed-day (LOS+Aged Care OBD) (GJ/OBD)                     | 0.60           | 0.53           | 0.57           | 0.57           | 0.55           |
| <b>Embedded generation</b>  |                |                |                |                |                |
| <b>Total embedded stationary energy generated by energy type (GJ)</b>       |                |                |                |                |                |
| Solar power   | 29             | 40             | 35             | 31             | 510            |
| <b>Total</b>  | <b>29</b>      | <b>40</b>      | <b>35</b>      | <b>31</b>      | <b>510</b>     |

Continued on page 37

|  | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
|--|---------|---------|---------|---------|---------|
|--|---------|---------|---------|---------|---------|

## Water

| Total water consumption by type (kL)  |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|
| Potable water   | 213,659        | 217,531        | 281,616        | 224,653        | 161,745        |
| Reclaimed water   | 39,517         | 70,603         | 63,322         | 79,257         | 47,460         |
| <b>Total</b>  | <b>253,176</b> | <b>288,134</b> | <b>344,938</b> | <b>303,910</b> | <b>209,415</b> |
| Normalised water consumption (Potable + Class A)                                |                |                |                |                |                |
| Water per unit of floor space (kL/m <sup>2</sup> )                              | 0.99           | 1.01           | 1.30           | 1.04           | 0.94           |
| Water per unit of separations (kL/separations)                                  | 1.27           | 1.26           | 1.71           | 1.42           | 1.11           |
| Water per unit of bed-day (LOS+Aged Care OBD) (kL/OBD)                          | 0.44           | 0.43           | 0.57           | 0.47           | 0.35           |
| Water re-use and recycling  |                |                |                |                |                |
| Re-use or recycling rate % (Class A + Reclaimed/ Potable + Class A + Reclaimed) | 16             | 25             | 18             | 18             | 22.76          |

## Waste and recycling

| Waste  |           |           |           |           |           |
|--|-----------|-----------|-----------|-----------|-----------|
| Total waste generated (kg clinical waste+kg general waste+kg recycling waste)          | 2,532,104 | 2,632,385 | 2,640,019 | 3,148,898 | 2,335,226 |
| Total waste to land-fill generated (kg clinical waste+kg general waste)                | 1,879,506 | 1,940,590 | 1,958,950 | 2,042,487 | 1,822,877 |
| Total waste-to-landfill per patient treated ((kg clinical waste+kg general waste)/PPT) | 2.24      | 2.28      | 2.34      | 2.46      | 2.38      |
| Recycling rate % (kg recycling/ (kg general waste+kg recycling))                       | 30.13     | 30.83     | 30.75     | 42.31     | 28.77     |

## Paper

| Paper                              |        |        |        |        |        |
|------------------------------------|--------|--------|--------|--------|--------|
| Total reams of paper               | 52,042 | 32,990 | 42,343 | 39,917 | 41,299 |
| Reams of paper per FTE             | 8.51   | 5.39   | 6.46   | 5.89   | 6.17   |
| Rate recycled paper % (0% - 49%)   | 92.08  | 83.02  | 100.00 | 100.00 | 92.45  |
| Rate recycled paper % (50% - 74%)  | 5.01   | 9.79   | 0      | 0      | 7.47   |
| Rate recycled paper % (75% - 100%) | 2.91   | 7.19   | 0      | 0      | 0.09   |

## Transport

| Corporate Transport                                     |     |           |           |           |           |
|---|-----|-----------|-----------|-----------|-----------|
| Reported vehicle kilometres                             | N/A | 2,399,109 | 2,361,195 | 1,599,028 | 1,548,944 |
| Tonnes CO <sub>2</sub> -e per 1,000 reported kilometres | N/A | 569.5     | 533.026   | 253.23    | 251.597   |

\* **Please note:** all figures reflect data available up until the time this report was compiled and may change due to validation procedures or billing errors.



## DETAILS OF CONSULTANCIES (valued at \$10,000 or greater)

In 2021/22 there were 11 consultancies where the total fees payable to the consultant were greater than \$10,000 with the total expenditure of \$782,815.88.

Details of the individual consultancies are published on the Eastern Health website.

## DETAILS OF CONSULTANCIES (valued at \$10,000 or less)

In 2021/22, there were two consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2021/22 in relation to these consultancies was \$2,440 (excl. GST).

## INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

Total Information and Communication Technology (ICT) expenditure incurred during 2021/22 is \$41.80 million (excluding GST), as per below:

| BAU         | NON-BAU           |                         |                     |
|-------------|-------------------|-------------------------|---------------------|
| Expenditure | Total expenditure | Operational expenditure | Capital expenditure |
| \$30.9m     | \$5.3m            | \$0.5m                  | \$4.8m              |

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.

Applications must be in writing to the Eastern Health FOI Service. The application form (available on the Eastern Health website or from Health Information Services at each site) may be used, or applications may be made by letter or email.

The request may be for a copy of the record, or to view the record. The request must clearly identify which documents the applicant wants to access.

Applications must be sent with the current application fee (see link to website for current charges) and proof of identity (e.g. copy of driver's licence).

### Applications can be forwarded to:

Eastern Health Freedom of Information Service  
Health Information Services

Maroondah Hospital  
PO Box 135  
Ringwood East VIC 3135

P: (03) 9871 3170  
F: (03) 9871 1653  
E: [foi@easternhealth.org.au](mailto:foi@easternhealth.org.au)

Eastern Health must give access to the records requested, unless they fall within one of the "exemption" categories in the FOI Act. If Eastern Health denies access to any documents, it will explain its reasons, and provide advice on how to request a review of that decision.

In 2021/22, Eastern Health received 1,551 requests under the *Freedom of Information Act 1982*. This total comprised of 1173 personal requests, mostly from patients or their representatives seeking access to their medical records and 378 non-personal requests which included requests for patient medical records from insurance companies, WorkCover and TAC.

Of the non-personal requests, two were received from media.

Full access to documents was provided in 584 requests. Partial access was granted for 747 requests, while nine 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 74 requests either withdrawn by the applicant, processed outside the Act or for which no documents could be located or were in existence and 137 requests were not yet finalised. Most applications were received from patients, their legal or other representative, or surviving next of kin and most were for access to medical records.

For information about how to make an FOI request and any costs associated with the request, visit [www.easternhealth.org.au](http://www.easternhealth.org.au)

| Freedom of information requests    | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
|------------------------------------|---------|---------|---------|---------|---------|---------|---------|
| Number of requests                 | 1,243   | 1,262   | 1,378   | 1,359   | 1,385   | 1,504   | 1,551   |
| Access provided in full            | 759     | 708     | 820     | 756     | 621     | 628     | 584     |
| Access provided in part            | 376     | 410     | 420     | 448     | 590     | 654     | 747     |
| No documents                       | 44      | 38      | 40      | 55      | 67      | 53      | 57      |
| Access denied                      | 10      | 8       | 7       | 6       | 12      | 10      | 9       |
| Request withdrawn by applicant     | 25      | 7       | 9       | 11      | 9       | 16      | 15      |
| Transferred to another agency      | 0       | 1       | 0       | 0       | 1       | 1       | 0       |
| Requests not completed             | 29      | 89      | 80      | 71      | 79      | 135     | 137     |
| Requests processed outside the Act | -       | 2       | 2       | 12      | 7       | 8       | 2       |
| Complaints lodged with OVIC        | 6       | 6       | 4       | 2       | 1       | Nil     | 3       |
| Referred to OVIC for review        | 6       | 6       | 9       | 10      | 12      | 5       | 4       |
| Decisions referred to VCAT         | 1       | 1       | 1       | 0       | 0       | 2       | 0       |

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 2021/22 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 2021/22.

For more information, visit [www.ibac.vic.gov.au](http://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.

*Continued on page 40*



- 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 in the membership.

## LOCAL JOBS ACT 2003

Eastern Health complies with the Local Jobs Act 2003. Administered by the Victorian Industry Participation Policy (VIPPP), 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.

The following information for contracts commenced and/or completed in the financial year must be disclosed under the *Local Jobs First Act 2003* (Refer to FRD 25 5.3 *Local Jobs First-Disclosures in the Report of Operations* (April 2019)), which now includes all disclosures under the Victorian Industry Participation Policy (VIPPP):

**The number of projects that the Major Projects Skills Guarantee has been applied on (from 16 August 2018), the total number of hours completed or to be completed by apprentices, trainees or cadets on these projects, and the total number of opportunities created for apprentices, trainees and cadets on these projects.**

Nil to report.

**The number of projects and percentage of 'local content' committed under projects that commenced and/or completed in the reporting period to which LIDP was required;**

### (i) metropolitan;

- 1x project commenced in 2021/22 for Metropolitan.
- Transition Care Program – Residential Services EH21-0201T.

**For projects commenced, a statement of total LIDP commitments (local content, employment and engagement of apprentices, trainees and cadets) committed as a result of these projects;**

- 1 x project commenced in 2021/22 with a local content of 97% committed.
- Total Employment Commitment for project: 38 Annualised Employee Equivalent (AEE).
- Consisting of 27 Retained AEE and 11 Created, including 1 newly created Trainee.

**For projects completed, a statement of total VIPPP Plan or LIDP outcomes (local content, employment and engagement of apprentices/trainees) achieved as a result of these contracts; and**

Nil completed for this financial year.

**The total number, across all projects commenced or completed by the department, of small and medium sized businesses engaged as either the principal contractor or as part of the supply chain.**

Nil to report.

## GENDER EQUALITY ACT 2020

The objective of the *Gender Equality Act (Vic) 2020* (the Act) 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 4-year period (and potentially beyond) based on criteria and processes articulated by the Commission for Gender Equality in the Public Sector.

The People and Culture Directorate coordinated the response to the Act to ensure organisational obligations were met, whilst enabling the organisation to commence its journey to evolve Gender Equality at Eastern Health.

In 2021, the Gender Equality Audit and Action Plan were completed and approved by the Eastern Health Executive Committee and Board.

The Commission has subsequently completed reviews of the Audit and Action Plan for compliance with the *Gender Equality Act (2020)* (the Act) and has advised that both the Audit and Action Plan meet the requirements for compliance under the Act.

The Gender Equality Action Plan was released to the Eastern Health organisation and community and implementation of the plan has commenced to build and deliver a workplace that fosters gender diversity and inclusion practices.

Progress is already being made against year one actions within the Gender Equality Action Plan. The areas of focus include:

- Establishing and executing against communications plan, events to raise awareness and stakeholder engagement
- Data and reporting: system reconfiguration and workflow development (intersectionality data capture, storage and reporting) for new and existing team members
- Establishing employee network groups
- Establishment of an integrated governance approach across Diversity Equity and Inclusion practices for both workforce and consumers
- Implementation of 40:40:20 gender ratios in committees
- Policy guideline development and identification of priority policies for review
- Development of an inclusive leadership toolkit

## 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 seen workforce challenges related to the COVID-19 pandemic in 2021-2022 and has followed legislative requirements and met its obligations under the *Safe Patient Care Act 2015* section 40.

# Attestations and declarations

## 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**  
Eastern Health Board Chair  
1 September 2022

## 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  
1 September 2022

## 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, Board and Board Committee meeting.



**Adjunct Professor David Plunkett**  
Eastern Health Chief Executive  
1 September 2022

## 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  
1 September 2022

## CAR PARKING FEES

Eastern Health complies with the Department of Health hospital circular on car parking fees and details of car parking fees and concession benefits can be viewed at [www.easternhealth.org.au](http://www.easternhealth.org.au)

## 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):

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



# EASTERN HEALTH FOUNDATION



With the support of our local community, philanthropy is transforming and enhancing the way we care for patients.

Eastern Health Foundation provides opportunities for our community to say thank you for the care they received, and enhance public health care in Melbourne's east.



In 2021/22, Eastern Health Foundation donors generously contributed **\$3.949 million**, plus much more in gifts in kind, to provide research and innovation grants, purchase state-of-the-art equipment, award staff development scholarships and provide services and resources to enhance patient care.



## HEALTH CARE EXCELLENCE

The new positron emission tomography (PET) scanner will help people with cancer, heart disease, dementia and other life threatening medical conditions to receive faster diagnosis and treatment.

To be located at Box Hill Hospital, the scanner is the only missing piece of technology in the hospital's comprehensive suite of imaging services.

Thanks to many generous donors, the PET scanner is expected to benefit 1,000+ patients in its first year alone.



## \$2.5 million

raised for the first  
PET scanner at  
Eastern Health



Margie went through 12 weeks of agony before a PET scan at another health service was used to diagnose vasculitis, which saved her life.





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Eastern Health  
Foundation Research and  
Innovation Grants

## LEADING IN RESEARCH AND INNOVATION

Community generosity means researchers are better able to understand diseases, discover treatments and explore medical practices that can have immediate benefits to patients today.

BankVic are one of the donors who have supported research in the Emergency Department. Associate Professor Judy Hope and her team received the 2022 BankVic Research and Innovation Grant, focussing on the care of people with Borderline Personality Disorder.

The project aims to support and measure a training package for emergency, mental health and Spectrum clinicians.

It is hoped this research will eventually benefit mental health and emergency clinicians right across Victoria.

## LEADING IN LEARNING

Scholarships support staff who wish to continue their learning throughout their career.

Thanks to the support of individuals, businesses and community groups, scholarships are offered to support further study that will enhance staff capability to perform their role effectively, safely and efficiently.



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Eastern Health  
staff development  
scholarships



Anthony De Fazio, CEO of BankVic, with Associate Professor Judy Hope, who received the 2022 BankVic Research and Innovation Grant.



Danielle Rickard, Registered Nurse, received the inaugural *Jill Dempsey Staff Development Scholarship* in memory of her colleague, Jill. This scholarship was proudly supported by the Coopersmith Family Foundation.





**Kip visits the cancer ward at Box Hill Hospital each fortnight thanks to Philip, a grateful patient who made a donation to say thank you.**

**Kip, a Staghound cross Kelpie, and her handler, Danielle, are brightening the day for staff and patients receiving treatment for cancer.**

This is only possible thanks to the amazing generosity of Philip, a patient who made a wonderful donation to the cancer ward to say thank you for the two years of life-saving treatment he received after he was diagnosed with melanoma in 2019.

It may seem a simple thing to have a dog visit, but it is evident that pet therapy can significantly reduce people's stress and improve their wellbeing.

**We are most grateful for the care and compassion from individuals, community groups, clubs, corporate sponsors, charitable trusts and for bequests by those who generously give to advance patient care and life saving research.**

**We'd especially like to thank:**

### Individual Donors and Corporate Supporters

- BankVic
- Mr and Mrs John and Margaret Bland
- The Sammons Family
- RMW Cho Group
- Mr Philip Crohn
- Mr Ron Lim
- Mrs Rosemary Varty OAM
- Mr and Mrs Bill and Leonie West
- Mr John, Chris and Peter Williams
- Ms Lynnette and Deirdre Woolley
- Mr James Zhang and Ms Weina Huangfu

### Community Groups and Clubs

- Shades of Pink
- Rotary Club of Box Hill Burwood

### Trusts and Foundations

- Amber Elizabeth Gooding Research Fund
- The Angior Family Foundation
- Australian Horizons Foundation
- Coopersmith Family Foundation
- Humpty Dumpty Foundation
- Portland House Foundation
- Robert C Bulley OAM Charitable Fund
- William Angliss (Victoria) Charitable Fund
- Tides Foundation

### Gifts in Wills and Estates

- Adriana Boin
- Arthur Barnes
- State Trustees Australia Foundation
- The Iris Allingham Trust
- The Erica Wareham Cromwell Trust
- The Allan Elkington Memorial Trust Fund
- The Grant Bequest
- The Pam and Alfred Lavey Trust

# 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's compliance with statutory disclosure requirements.

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# FINANCIAL STATEMENTS 2021/22





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# 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 2022 and financial position of Eastern Health as at 30 June 2022.

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.

## Board Member



**Mr Tass Mousaferiadis**  
Chair (On behalf of the Board)  
1 September 2022

## Accountable Officer



**Adjunct Professor David Plunkett**  
Chief Executive  
Box Hill  
1 September 2022

## Chief Finance and Accounting Officer



**Mr Geoff Cutter**  
Chief Finance Officer  
Box Hill  
1 September 2022



## Independent Auditor's Report

### To the Board of Eastern Health

**Opinion** I have audited the financial report of Eastern Health (the health service) which comprises the:

- Balance Sheet as at 30 June 2022
- Comprehensive Operating Statement for the year then ended
- Statement of Changes in Equity for the year then ended
- Cash Flow Statement for the year then ended
- Notes to the Financial Statements, including significant accounting policies
- Board Member's, Accountable Officer's and Chief Finance & Accounting Officer's Declaration.

In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2022 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

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

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

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

**The 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  
6 September 2022

Dominika Ryan  
*as delegate for the Auditor-General of Victoria*

# Eastern Health

## Comprehensive Operating Statement

For the Year Ended 30 June 2022

|  | Note | 2022<br>\$'000     | 2021<br>\$'000     |
|--|------|--------------------|--------------------|
| <b>Income from Transactions</b>                              |      |                    |                    |
| Operating Activities   | 2.1  | 1,447,250          | 1,287,849          |
| Non-Operating Activities                                     | 2.1  | 606                | 597                |
| <b>Total Income from Transactions</b>                        |      | <b>1,447,856</b>   | <b>1,288,446</b>   |
| <b>Expenses from Transactions</b>                            |      |                    |                    |
| Employee Expenses  | 3.1  | (1,013,230)        | (941,380)          |
| Supplies and Consumables                                     | 3.1  | (192,189)          | (168,787)          |
| Finance Costs  | 3.1  | (475)              | (1,402)            |
| Other Administrative Expenses                                | 3.1  | (68,743)           | (47,768)           |
| Depreciation and Amortisation                                | 4.5  | (71,375)           | (75,494)           |
| Other Operating Expenses                                     | 3.1  | (89,604)           | (82,381)           |
| <b>Total Expenses from Transactions</b>                      |      | <b>(1,435,616)</b> | <b>(1,317,212)</b> |
| <b>NET RESULT FROM TRANSACTIONS - NET OPERATING BALANCE</b>  |      | <b>12,240</b>      | <b>(28,766)</b>    |
| <b>Other Economic Flows included in Net Result</b>           |      |                    |                    |
| Net Gain/(Loss) on Sale of Non-Financial Assets              | 3.2  | (55)               | (12)               |
| Net Gain/(Loss) on Financial Instruments at Fair Value       | 3.2  | (119)              | (985)              |
| Other Gain/(Loss) from Other Economic Flows                  | 3.2  | 13,189             | 19,299             |
| <b>Total Other Economic Flows included in Net Result</b>     |      | <b>13,015</b>      | <b>18,302</b>      |
| <b>NET RESULT FOR THE YEAR</b>                               |      | <b>25,255</b>      | <b>(10,464)</b>    |
| <b>Other Comprehensive Income</b>                            |      |                    |                    |
| <b>Other Economic Flows - Other Comprehensive Income</b>     |      |                    |                    |
| <b>Items That Will Not Be Reclassified To Net Result</b>     |      |                    |                    |
| Changes in Property, Plant and Equipment Revaluation Surplus | 4.3  | 19,360             | 21,028             |
| <b>Total Other Comprehensive Income</b>                      |      | <b>19,360</b>      | <b>21,028</b>      |
| <b>COMPREHENSIVE RESULT FOR THE YEAR</b>                     |      | <b>44,615</b>      | <b>10,564</b>      |

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



# Eastern Health Balance Sheet

as at 30 June 2022

|                                      | Note   | 2022<br>\$'000   | 2021<br>\$'000   |
|--------------------------------------|--------|------------------|------------------|
| <b>Assets</b>                        |        |                  |                  |
| <b>Current Assets</b>                |        |                  |                  |
| Cash and Cash Equivalents            | 6.2    | 196,431          | 108,104          |
| Receivables and Contract Assets      | 5.1    | 27,075           | 25,776           |
| Inventories                          | 4.6    | 10,269           | 9,922            |
| Prepaid Expenses                     |        | 2,120            | 2,610            |
| <b>Total Current Assets</b>          |        | <b>235,895</b>   | <b>146,412</b>   |
| <b>Non-Current Assets</b>            |        |                  |                  |
| Receivables and Contract Assets      | 5.1    | 83,754           | 69,856           |
| Property, Plant and Equipment        | 4.1(a) | 1,218,294        | 1,194,505        |
| Right of Use Assets                  | 4.2(a) | 42,078           | 45,882           |
| Intangible Assets                    | 4.4(a) | 47,629           | 45,592           |
| <b>Total Non-Current Assets</b>      |        | <b>1,391,755</b> | <b>1,355,835</b> |
| <b>TOTAL ASSETS</b>                  |        | <b>1,627,650</b> | <b>1,502,247</b> |
| <b>Liabilities</b>                   |        |                  |                  |
| <b>Current Liabilities</b>           |        |                  |                  |
| Payables and Contract Liabilities    | 5.2    | 225,294          | 160,820          |
| Borrowings                           | 6.1    | 9,357            | 8,376            |
| Employee Benefits                    | 3.3    | 236,503          | 217,222          |
| Other Liabilities                    | 5.3    | 21,954           | 17,619           |
| <b>Total Current Liabilities</b>     |        | <b>493,108</b>   | <b>404,037</b>   |
| <b>Non-Current Liabilities</b>       |        |                  |                  |
| Borrowings                           | 6.1    | 32,622           | 38,259           |
| Employee Benefits                    | 3.3    | 33,818           | 36,464           |
| <b>Total Non-Current Liabilities</b> |        | <b>66,440</b>    | <b>74,723</b>    |
| <b>TOTAL LIABILITIES</b>             |        | <b>559,548</b>   | <b>478,760</b>   |
| <b>NET ASSETS</b>                    |        | <b>1,068,102</b> | <b>1,023,487</b> |
| <b>Equity</b>                        |        |                  |                  |
| Revaluation Surplus                  | 4.3    | 746,476          | 727,116          |
| Restricted Specific Purpose Reserve  |        | 35,625           | 36,613           |
| Contributed Capital                  |        | 249,890          | 249,890          |
| Accumulated Surplus/(Deficit)        |        | 36,111           | 9,868            |
| <b>TOTAL EQUITY</b>                  |        | <b>1,068,102</b> | <b>1,023,487</b> |

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

# Eastern Health

## Statement of Changes in Equity

For the Year Ended 30 June 2022

|  | Property,<br>Plant and<br>Equipment<br>Revaluation<br>Surplus<br>\$'000 | Financial<br>Assets<br>through other<br>Comprehensive<br>Income<br>Revaluation<br>Surplus<br>\$'000 | Restricted<br>Specific<br>Purpose<br>Reserve<br>\$'000 | Contributed<br>Capital<br>\$'000 | Accumulated<br>Surplus/<br>(Deficit)<br>\$'000 | Total<br>\$'000  |
|--|---|---|--|----------------------------------|--|------------------|
| <b>Balance at 1 July 2020</b>            | <b>706,088</b>  | <b>-</b>  | <b>35,571</b>  | <b>249,890</b>                   | <b>21,374</b>                                  | <b>1,012,923</b> |
| 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)  | -                |
| Transfer (to)/from Capital Contribution  | -   | -   | -  | -                                | -  | -                |
| <b>Balance at 30 June 2021</b>           | <b>727,116</b>  | <b>-</b>  | <b>36,613</b>  | <b>249,890</b>                   | <b>9,868</b>                                   | <b>1,023,487</b> |
| Net Result for the Year                  | -   | -   | -  | -                                | 25,255   | 25,255           |
| Other Comprehensive Income for the Year  | 19,360  | -   | -  | -                                | -  | 19,360           |
| Transfer from/(to) Accumulated Surpluses | -   | -   | (988)  | -                                | 988  | -                |
| Transfer (to)/from Capital Contribution  | -   | -   | -  | -                                | -  | -                |
| <b>Balance at 30 June 2022</b>           | <b>746,476</b>  | <b>-</b>  | <b>35,625</b>  | <b>249,890</b>                   | <b>36,111</b>                                  | <b>1,068,102</b> |

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

# Eastern Health

## Cash Flow Statement

For the Year Ended 30 June 2022

|  | Note | 2022<br>\$'000     | 2021<br>\$'000     |
|--|------|--------------------|--------------------|
| <b>Cash Flows from Operating Activities</b>                      |      |                    |                    |
| Operating Grants from Government                                 |      | 1,198,595          | 1,057,956          |
| Operating Grants From Commonwealth Government                    |      | 60,021             | 57,332             |
| Capital Grants From State Government                             |      | 25,388             | 26,283             |
| Capital Grants From Commonwealth Government                      |      | -                  | -                  |
| Patient and Resident Fees Received                               |      | 46,597             | 34,140             |
| Private Practice Fees Received                                   |      | 35,384             | 33,062             |
| Donations and Bequests Received                                  |      | 1,364              | 2,784              |
| GST Received From ATO  |      | 27,692             | 27,604             |
| Interest Received  |      | 605                | 597                |
| Car Park Income Received   |      | 6,169              | 6,318              |
| Other Receipts   |      | 32,099             | 59,523             |
| <b>Total Receipts</b>  |      | <b>1,433,914</b>   | <b>1,305,600</b>   |
| Employee Benefits Paid   |      | (973,763)          | (910,942)          |
| Non-salary Labour Costs  |      | (6,395)            | (5,459)            |
| Payments For Supplies and Consumables                            |      | (177,625)          | (180,828)          |
| Finance Costs  |      | (1,316)            | (1,402)            |
| Payments for Insurance   |      | (19,785)           | (18,317)           |
| Payments for Repairs and Maintenance                             |      | (34,852)           | (30,111)           |
| Payments for Fuel, Light and Power                               |      | (8,432)            | (8,498)            |
| Other Payments   |      | (93,094)           | (72,979)           |
| <b>Total Payments</b>  |      | <b>(1,315,463)</b> | <b>(1,228,536)</b> |
| <b>NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>        | 8.1  | <b>118,451</b>     | <b>77,064</b>      |
| <b>Cash Flows from Investing Activities</b>                      |      |                    |                    |
| Purchase of Non-Financial Assets                                 |      | (19,655)           | (17,125)           |
| Purchase of Intangible Assets                                    |      | (4,869)            | (11,661)           |
| Proceeds from Sale of Non-Financial Assets                       |      | 1                  | 43                 |
| Capital Donations and Bequests Received                          |      | 2,601              | 2,215              |
| <b>NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>        |      | <b>(21,922)</b>    | <b>(26,529)</b>    |
| <b>Cash Flows from Financing Activities</b>                      |      |                    |                    |
| (Repayments) of Borrowings from Treasury Corporation of Victoria |      | (1,143)            | (915)              |
| (Repayments) of Borrowings from Department of Health             |      | (1,500)            | (26,687)           |
| Receipt of Borrowings from Department of Health                  |      | 287                | -                  |
| Repayment of Aged Care Accommodation Deposits                    |      | (2,991)            | (2,970)            |
| Receipt of Aged Care Accommodation Deposits                      |      | 2,195              | 2,928              |
| Repayment of principal portion of lease liabilities              |      | (5,050)            | (4,751)            |
| <b>NET CASH FLOWS/(USED IN) FINANCING ACTIVITIES</b>             |      | <b>(8,202)</b>     | <b>(32,396)</b>    |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD</b> |      | <b>88,327</b>      | <b>18,140</b>      |
| Cash and Cash Equivalents at Beginning of Year                   |      | 108,104            | 89,964             |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>                  | 6.2  | <b>196,431</b>     | <b>108,104</b>     |
| <b>Represented by:</b>   |      |                    |                    |
| Monies for Health Service Operations                             |      | 187,709            | 98,586             |
| Monies held in trust – accommodation deposits                    |      | 8,722              | 9,518              |
|  |      | <b>196,431</b>     | <b>108,104</b>     |

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 2022. 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.

### 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.

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 1 September 2022.

### NOTE 1.2: IMPACT OF COVID-19 PANDEMIC

In March 2020 a state of emergency was declared in Victoria due to the global Coronavirus pandemic, known as COVID-19. On 2 August 2020 a state of disaster was added with both operating concurrently. The state of disaster in Victoria concluded on 28 October 2020 and the state of emergency concluded on 15 December 2021.

The COVID-19 pandemic has created economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by the health service at the reporting date.

Management recognises that it is difficult to reliably estimate with certainty, the potential impact of the pandemic after the reporting date on the health service, its operations, its future results and financial position.

In response to the ongoing COVID-19 pandemic, Eastern Health has introduced a range of measures including:

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

Where the financial impacts of the pandemic are material to Eastern Health, they are disclosed in the explanatory notes.

For Eastern Health, this includes:

- **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:

| Freedom of information requests | 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                                  |
| NWAU                            | National Weighted Activity Unit                                |
| SD                              | Standing Direction   |
| VAGO                            | Victorian Auditor-General's Office                             |
| WIES                            | Weighted Inlier Equivalent Separation                          |

## NOTE 1.4: KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

Management makes estimates and judgements when preparing the financial statements.

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

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

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





## NOTE 1.5: ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Eastern Health has assessed the potential impacts of the accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to Eastern Health as having no material impact on the financial statements of the health service.

## 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.

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.

Eastern Health's principal address is:

5 Arnold Street  
Box Hill  
Victoria 3128

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.

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

### COVID-19

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

Additional revenue of \$126.7m was received from the Department of Health to fund certain direct and indirect COVID-19 related costs, including:

- increased staffing costs to:
  - service the vaccination hubs
  - cover for staff who were in isolation
  - maintain an effective COVID workforce
- increased costs of cleaning and security
- pathology testing costs due to COVID-19 tests
- increased personal protective equipment costs
- costs related to the expansion of emergency services

Funding provided included:

- COVID-19 and state repurposing grants
- additional elective surgery funding
- local public health unit funding
- sustainability funding

For the year ended 30 June 2022, the COVID-19 pandemic has impacted Eastern Health's ability to satisfy its performance obligations contained within its contracts with customers.

Eastern Health received indication there would be no obligation to return funds to the Department of Health where performance obligations had not been met.

This resulted in approximately \$132.6m being recognised as income for the year ended 30 June 2022 (2021: \$21.4m) which would have otherwise been

recognised as a contract liability in the Balance Sheet until subsequent years when underlying performance obligations were fulfilled.

The impact of contract modifications obtained for Eastern Health's most material revenue streams, where applicable, are disclosed within this note.

### KEY JUDGEMENTS AND ESTIMATES

This section contains the following key judgements and estimates:

| Key judgements and estimates                         | Description  |
|--|--|
| Identifying performance obligations                  | <p>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.</p> <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 the beneficiaries.</p> <p>If this criterion is not met, funding is recognised immediately in the net result from operations.</p> |
| Determining timing of revenue recognition            | <p>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.</p>  |
| Determining time of capital grant income recognition | <p>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.</p>  |



**NOTE 2.1: REVENUE AND INCOME FROM TRANSACTIONS**

|   | Note | 2022<br>\$'000   | 2021<br>\$'000   |
|---|------|------------------|------------------|
| <b>Operating activities</b>                                 |      |                  |                  |
| <b>Revenue from contracts with customers</b>                |      |                  |                  |
| Government Grants (State) – Operating                       |      | 846,399          | 719,042          |
| Government Grants (Commonwealth) – Operating                |      | 5,677            | 6,056            |
| Patient and Resident Fees                                   |      | 40,427           | 41,710           |
| Private Practice Fees                                       |      | 31,201           | 33,206           |
| Commercial Activities <sup>(i)</sup>                        |      | 23,494           | 24,102           |
| <b>Total revenue from contracts with customers</b>          |      | <b>947,198</b>   | <b>824,116</b>   |
| <b>Other sources of income</b>                              |      |                  |                  |
| Government Grants (State) - Operating                       |      | 333,534          | 334,525          |
| Government Grants (Commonwealth) - Operating                |      | 52,792           | 53,384           |
| Government Grants (State) - Capital                         |      | 78,463           | 42,900           |
| Capital Donations   |      | 2,600            | 2,215            |
| Assets Received Free of Charge or for Nominal Consideration | 2.2  | 17,564           | 12,901           |
| Salary and Other Recoveries                                 |      | 8,433            | 4,630            |
| Research and Sundry Income                                  |      | 2,550            | 2,058            |
| Other Revenue from Operating Activities                     |      | 4,116            | 11,118           |
| <b>Total other sources of income</b>                        |      | <b>500,052</b>   | <b>463,732</b>   |
| <b>TOTAL REVENUE AND INCOME FROM OPERATING ACTIVITIES</b>   |      | <b>1,447,250</b> | <b>1,287,849</b> |
| <b>Non-operating activities</b>                             |      |                  |                  |
| <b>Income from other sources</b>                            |      |                  |                  |
| Other Interest  |      | 606              | 597              |
| <b>Total other sources of income</b>                        |      | <b>606</b>       | <b>597</b>       |
| <b>TOTAL INCOME FROM NON-OPERATING ACTIVITIES</b>           |      | <b>606</b>       | <b>597</b>       |
| <b>TOTAL REVENUE AND INCOME FROM TRANSACTIONS</b>           |      | <b>1,447,856</b> | <b>1,288,446</b> |

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

## NOTE 2.1 (A): TIMING OF REVENUE FROM CONTRACTS WITH CUSTOMERS

|   | 2022<br>\$'000 | 2021<br>\$'000 |
|---|----------------|----------------|
| Eastern Health disaggregates revenue by the timing of revenue recognition |                |                |
| Goods and Services Transferred to Customers                               |                |                |
| At a Point in Time  | 853,978        | 756,657        |
| Over Time   | 94,759         | 67,458         |
| <b>TOTAL REVENUE FROM CONTRACTS WITH CUSTOMERS</b>                        | <b>948,737</b> | <b>824,115</b> |

### 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 in accordance with AASB 1058.

In contracts with customers, the 'customer' is typically a funding body, who is the party that promises funding in exchange for Eastern Health's goods or services.

Eastern Health's funding bodies often direct that goods or services are to be provided to third party beneficiaries, including individuals or the community at large.

In such instances, the customer remains the funding body that has funded the program or activity, however the delivery of goods or services to third party beneficiaries is a characteristic of the promised good or service being transferred to the funding body.



## NOTE 2.1 (A): TIMING OF REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

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

| 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 DH in the annual Statement of Priorities.</p> <p>Revenue is recognised at a point in time, which is when a patient is discharged.</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 (DRG).</p> <p>WIES was superseded by NWAU from 1 July 2021, for acute, subacute and statewide (which includes specified grants, statewide services and teaching and training). Services not transitioning at this time include mental health and small rural services.</p> |
| Activity Based Funding (ABF) paid as National Weighted Activity Unit (NWAU)               | <p>NWAU funding commenced 1 July 2021 and supersedes WIES for acute, subacute and statewide services (which includes specified grants, statewide services and teaching and training). Services not transitioning at this time include mental health and small rural services.</p> <p>NWAU is a measure of health service activity expressed as a common unit against which the national efficient price (NEP) is paid.</p> <p>The performance obligations for NWAU are the number and mix of admissions, emergency department presentations and outpatient episodes, and is weighted for clinical complexity.</p> <p>Revenue is recognised at point in time, which is when a patient is discharged.</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.

How we recognise revenue and income from non-operating activities.

### 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 2.2: FAIR VALUE OF ASSETS AND SERVICES RECEIVED FREE OF CHARGE OR FOR NOMINAL CONSIDERATION

|   | 2022<br>\$'000 | 2021<br>\$'000 |
|---|----------------|----------------|
| Cash donations and gifts  | -              | 20             |
| Plant and equipment   | 1,831          | 1,668          |
| Personal protective equipment and other consumables   | 15,733         | 11,213         |
| <b>TOTAL FAIR VALUE OF ASSETS AND SERVICES RECEIVED FREE OF CHARGE OR FOR NOMINAL CONSIDERATION</b> | <b>17,564</b>  | <b>12,901</b>  |

### 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

Due to the pandemic, Eastern Health did not use volunteer services in 2021/22.

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 with the Department of Health.  |

## 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: Other economic flows included in the net result
- 3.3: Employee benefits and related on-costs
- 3.4: Superannuation

## 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.

Additional costs were incurred to deliver the following additional services:

- establish facilities within Eastern Health for the treatment of suspected and admitted COVID-19 patients resulting in an increase in employee costs and additional equipment purchases;
- implement COVID safe practices throughout Eastern Health including increased cleaning, increased security and consumption of personal protective equipment provided as resources free of charge;
- assist with COVID-19 case management, contact tracing and outbreak management contributing to an increase in employee costs;
- establish vaccination clinics to administer vaccines to staff and the community resulting in an increase in employee costs and consumables;
- establish COVID-19 testing facilities for staff and the community, resulting in an increase in employee costs and consumables; and
- implement work from home arrangements resulting in increased ICT infrastructure costs and additional equipment purchases.

## KEY JUDGEMENTS AND ESTIMATES

This section contains the following key judgements and estimates:

| Key judgements and estimates             | Description   |
|--|---|
| Classifying employee benefit liabilities | Eastern Health applies significant judgement when classifying its employ-ee 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 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 applies significant judgement when measuring its employee benefit liabilities.   |
|  | The health service applies judgement to determine when it expects its employee entitlements to be paid.   |
|  | With reference to historical data, if the health service does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value, being the expected future payments to employees.   |
|  | Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields on government bonds at the end of the reporting period.  |
|  | All other entitlements are measured at their nominal value.   |

## NOTE 3.1: EXPENSES FROM TRANSACTIONS

|  | Note | 2022<br>\$'000   | 2021<br>\$'000   |
|--|------|------------------|------------------|
| Salaries and Wages                                   |      | 881,925          | 821,359          |
| On-costs   |      | 114,161          | 102,988          |
| Agency Expenses                                      |      | 2,575            | 2,146            |
| Fee for Service Medical Officer Expenses             |      | 7,110            | 6,615            |
| Workcover Premium                                    |      | 7,459            | 8,272            |
| <b>Total Employee Expenses</b>                       |      | <b>1,013,230</b> | <b>941,380</b>   |
| Drug Supplies  |      | 58,112           | 54,689           |
| Medical and Surgical Supplies (including Prostheses) |      | 77,667           | 60,936           |
| Diagnostic and Radiology                             |      | 33,157           | 30,239           |
| Other Supplies and Consumables                       |      | 23,253           | 22,923           |
| <b>Total Supplies and Consumables</b>                |      | <b>192,189</b>   | <b>168,787</b>   |
| Finance Costs  |      | 475              | 1,402            |
| <b>Total Finance Costs</b>                           |      | <b>475</b>       | <b>1,402</b>     |
| Other Administrative Expenses                        |      | 68,743           | 47,768           |
| <b>Total Other Administrative Expenses</b>           |      | <b>68,743</b>    | <b>47,768</b>    |
| Domestic Expenses                                    |      | 26,535           | 25,652           |
| Fuel, Light and Power                                |      | 8,432            | 8,498            |
| Insurance (incl. Medical Indemnity)                  |      | 19,785           | 18,121           |
| Repairs and Maintenance                              |      | 17,558           | 13,611           |
| Maintenance Contracts                                |      | 17,294           | 16,499           |
| <b>Total Other Operating Expenses</b>                |      | <b>89,604</b>    | <b>82,381</b>    |
| <b>TOTAL OPERATING EXPENSES</b>                      |      | <b>1,364,241</b> | <b>1,241,718</b> |
| Depreciation and Amortisation                        | 4.5  | 71,375           | 75,494           |
| <b>TOTAL DEPRECIATION AND AMORTISATION</b>           |      | <b>71,375</b>    | <b>75,494</b>    |
| <b>TOTAL NON-OPERATING EXPENSES</b>                  |      | <b>71,375</b>    | <b>75,494</b>    |
| <b>TOTAL EXPENSES FROM TRANSACTIONS</b>              |      | <b>1,435,616</b> | <b>1,317,212</b> |

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

## NOTE 3.1: EXPENSES FROM TRANSACTIONS (CONTINUED)

### 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 (represents expenditure related to the purchase of assets that are below the capitalisation threshold of \$1,000).

The Department of Health also makes certain payments on behalf of 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: OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

|   | 2022<br>\$'000 | 2021<br>\$'000 |
|---|----------------|----------------|
| <b>Net Gain/(Loss) on No-Financial Assets</b>                       |                |                |
| Net Gain/(Loss) on Disposal of Property, Plant and Equipment        | (55)           | (12)           |
| <b>Net Gain/(Loss) on Non-Financial Assets</b>                      | <b>(55)</b>    | <b>(12)</b>    |
| <b>Net Gain/(Loss) on Financial Instruments at Fair Value</b>       |                |                |
| Net Gain/(Loss) on Disposal of Financial Instruments                | (731)          | (1,411)        |
| Allowance for Impairment Losses of Contractual Receivables          | 612            | 426            |
| <b>Total Net Gain/(Loss) on Financial Instruments at Fair Value</b> | <b>(119)</b>   | <b>(985)</b>   |
| <b>Other Gain/(Loss) from Other Economic Flows</b>                  |                |                |
| Net Gain/(Loss) arising from the Revaluation of Long Service Leave  | 13,189         | 19,299         |
| <b>Total Other Gain/(Losses) From Other Economic Flows</b>          | <b>13,189</b>  | <b>19,299</b>  |
| <b>TOTAL GAINS/(LOSSES) FROM OTHER ECONOMIC FLOWS</b>               | <b>13,015</b>  | <b>18,302</b>  |

## NOTE 3.2: OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT (CONTINUED)

### 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 on disposal of non-financial assets.

#### b. Net gain/(loss) on financial instruments

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

- 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 3.3: EMPLOYEE BENEFITS AND RELATED ON-COSTS

|  | 2022<br>\$'000 | 2021<br>\$'000 |
|--|----------------|----------------|
| <b>Current Employee Benefits and Related On-Costs</b>                  |                |                |
| <b>Accrued Days Off</b>  |                |                |
| Unconditional and Expected to be settled within 12 months <sup>i</sup> | 1,831          | 1,449          |
|  | <b>1,831</b>   | <b>1,449</b>   |
| <b>Annual Leave</b>  |                |                |
| Unconditional and Expected to be settled within 12 months <sup>i</sup> | 65,187         | 58,167         |
| Unconditional and Expected to be settled after 12 months <sup>ii</sup> | 10,483         | 9,784          |
|  | <b>75,670</b>  | <b>67,951</b>  |
| <b>Long Service Leave</b>  |                |                |
| Unconditional and Expected to be settled within 12 months <sup>i</sup> | 15,255         | 14,664         |
| Unconditional and Expected to be settled after 12 months <sup>ii</sup> | 118,130        | 111,661        |
|  | <b>133,385</b> | <b>126,325</b> |
| <b>Provisions Related to Employee Benefit On-Costs</b>                 |                |                |
| Unconditional and Expected to be settled within 12 months <sup>i</sup> | 9,252          | 8,026          |
| Unconditional and Expected to be settled after 12 months <sup>ii</sup> | 16,365         | 13,471         |
|  | <b>25,617</b>  | <b>21,497</b>  |
| <b>Total Current Employee Benefits and Related On-Costs</b>            | <b>236,503</b> | <b>217,222</b> |
| <b>Non-Current Employee Benefits and Related On-Costs</b>              |                |                |
| Conditional Long Service Leave   | 29,939         | 32,821         |
| Provisions related to employee benefit on-costs                        | 3,879          | 3,643          |
| <b>Total Non-Current Employee Benefits and Related On-Costs</b>        | <b>33,818</b>  | <b>36,464</b>  |
| <b>TOTAL EMPLOYEE BENEFITS AND RELATED ON-COSTS</b>                    | <b>270,321</b> | <b>253,686</b> |

(i) The amounts disclosed are nominal amounts.

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



### NOTE 3.3 (A): EMPLOYEE BENEFITS AND RELATED ON-COSTS

|   | 2022<br>\$'000 | 2021<br>\$'000 |
|---|----------------|----------------|
| <b>Current Employee Benefits and Related On-Costs</b>           |                |                |
| Unconditional Long Service Leave Entitlements                   | 150,300        | 140,347        |
| Unconditional Annual Leave Entitlements                         | 84,372         | 75,426         |
| Unconditional Accrued Days Off                                  | 1,831          | 1,449          |
| <b>Total Current Employee Benefits and Related On-Costs</b>     | <b>236,503</b> | <b>217,222</b> |
| <b>Non-Current Employee Benefits and Related On-Costs</b>       |                |                |
| Conditional Long Service Leave Entitlements                     | 33,818         | 36,464         |
| <b>Total Non-Current Employee Benefits and Related On-Costs</b> | <b>33,818</b>  | <b>36,464</b>  |
| <b>TOTAL EMPLOYEE BENEFITS AND RELATED ON-COSTS</b>             | <b>270,321</b> | <b>253,686</b> |
| <b>Attributable to:</b>   |                |                |
| Employee Benefits   | 240,825        | 228,546        |
| Provision for Related On-Costs                                  | 29,496         | 25,140         |
| <b>CARRYING AMOUNT AT THE END OF THE YEAR</b>                   | <b>270,321</b> | <b>253,686</b> |

### NOTE 3.3 (B): PROVISION FOR RELATED ON-COSTS MOVEMENT SCHEDULE

|  | 2022<br>\$'000 | 2021<br>\$'000 |
|--|----------------|----------------|
| <b>Carrying Amount at Start of Year</b>                            | <b>25,140</b>  | <b>22,918</b>  |
| Additional Provisions Recognised                                   | 8,668          | 9,374          |
| Net Gain/(Loss) Arising from Revaluation of Long Service Liability | (1,492)        | 339            |
| Amounts Incurred During the Year                                   | (2,820)        | (7,491)        |
| <b>CARRYING AMOUNT AT END OF YEAR</b>                              | <b>29,496</b>  | <b>25,140</b>  |

## NOTE 3.3 (B): PROVISION FOR RELATED ON-COSTS MOVEMENT SCHEDULE (CONTINUED)

### HOW WE RECOGNISE EMPLOYEE BENEFITS

#### Employee benefit recognition

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

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future.

As sick leave is non-vesting, an expense is recognised in the Statement of Comprehensive Income as it is taken.



#### Annual leave and accrued days off



Liabilities for annual leave and accrued days off are 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 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 of the entitlement should an employee take leave within 12 months.

An unconditional right arises after a qualifying period.

The components of this current LSL liability are measured at:

- **nominal value:**  
if 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 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.

#### Provision for 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 3.4: SUPERANNUATION

|  | PAID CONTRIBUTION<br>FOR THE YEAR |                | CONTRIBUTION<br>OUTSTANDING AT<br>YEAR END |                |
|--|-----------------------------------|----------------|--|----------------|
|  | 2022<br>\$'000                    | 2021<br>\$'000 | 2022<br>\$'000                             | 2021<br>\$'000 |
| <b>Defined Benefit Plans<sup>(i)</sup></b> |                                   |                |  |                |
| First State Superannuation Fund            | 426                               | 474            | 42   | 52             |
| State Superannuation Fund                  | 217                               | 220            | 24   | 26             |
| <b>Defined Contribution Plans</b>          |                                   |                |  |                |
| First State Superannuation Fund            | 36,412                            | 34,764         | 3,829                                      | 3,745          |
| HESTA Superannuation Fund                  | 28,148                            | 24,679         | 3,330                                      | 2,881          |
| Other                                      | 13,316                            | 10,220         | 1,591                                      | 1,268          |
| <b>Total</b>                               | <b>78,519</b>                     | <b>70,357</b>  | <b>8,816</b>                               | <b>7,972</b>   |

(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 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 & 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.

#### 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.



## 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: Right-of-use assets
- 4.3: Revaluation surplus
- 4.4: Intangible assets
- 4.5: Depreciation and amortisation
- 4.6: Inventories
- 4.7: Impairment of assets

### COVID-19

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



## KEY JUDGEMENTS AND ESTIMATES

This section contains the following key judgements and estimates:

| Key judgements and estimates                            | Description   |
|---|---|
| Estimating useful life of property, plant and equipment | <p>Eastern Health assigns an estimated useful life to each item of property, plant and equipment. This is used to calculate depreciation of the asset.</p> <p>Eastern Health reviews the useful life and depreciation rates of all assets at the end of each financial year and, where necessary, records a change in accounting estimate.</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 the useful life of intangible assets         | <p>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.</p>  |
| 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"> <li>• If an asset's value has declined more than expected based on normal use</li> <li>• If a significant change in technological, market, economic or legal environment which adversely impacts the way the health service uses an asset</li> <li>• If an asset is obsolete or damaged</li> <li>• 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</li> <li>• If the performance of the asset is or will be worse than initially expected.</li> </ul> <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): GROSS CARRYING AMOUNT AND ACCUMULATED DEPRECIATION**

|   | 2022<br>\$'000   | 2021<br>\$'000   |
|---|------------------|------------------|
| <b>Land</b>   |                  |                  |
| Land at Fair Value - Crown  | 115,750          | 122,138          |
| Land at Fair Value - Freehold   | 116,017          | 90,269           |
| <b>Total Land at Fair Value</b>   | <b>231,767</b>   | <b>212,407</b>   |
| <b>Buildings</b>  |                  |                  |
| Buildings at Cost   | 28,892           | 27,189           |
| Less Accumulated Depreciation   | (1,896)          | (1,111)          |
| <b>Total Buildings at Cost</b>  | <b>26,996</b>    | <b>26,078</b>    |
| Buildings at Fair Value   | 988,488          | 988,488          |
| Less Accumulated Depreciation   | (144,337)        | (96,085)         |
| <b>Total Buildings at Fair Value</b>  | <b>844,151</b>   | <b>892,403</b>   |
| <b>Leasehold Improvements</b>   |                  |                  |
| Leasehold Improvements at Fair Value  | 7,795            | 7,795            |
| Less Accumulated Depreciation   | (7,516)          | (7,017)          |
| <b>Total Leasehold Improvements at Fair Value</b>                             | <b>279</b>       | <b>778</b>       |
| <b>Buildings Under Construction at Cost</b>                                   | <b>77,496</b>    | <b>23,530</b>    |
| <b>TOTAL LAND AND BUILDINGS</b>   | <b>1,180,689</b> | <b>1,155,196</b> |
| <b>Plant and Equipment</b>  |                  |                  |
| Medical Equipment Fair Value  | 110,601          | 103,768          |
| Less Accumulated Depreciation   | (82,986)         | (75,370)         |
| <b>Total Medical Equipment at Fair Value</b>                                  | <b>27,615</b>    | <b>28,398</b>    |
| Computers and Communication Equipment at Fair Value                           | 57,217           | 55,241           |
| Less Accumulated Depreciation   | (53,330)         | (51,432)         |
| <b>Total Computers and Communications Equipment at Fair Value</b>             | <b>3,887</b>     | <b>3,809</b>     |
| <b>Motor Vehicles</b>   |                  |                  |
| Motor Vehicles at Fair Value  | 2,176            | 2,177            |
| Less Accumulated Depreciation   | (2,176)          | (2,147)          |
| <b>Total Motor Vehicles at Fair Value</b>                                     | <b>-</b>         | <b>30</b>        |
| <b>Furniture and Fittings</b>   |                  |                  |
| Furniture and Fittings at Fair Value  | 17,484           | 16,656           |
| Less Accumulated Depreciation   | (12,454)         | (11,413)         |
| <b>Total Furniture and Fittings at Fair Value</b>                             | <b>5,030</b>     | <b>5,243</b>     |
| <b>Assets Under Construction at Cost</b>                                      | <b>1,073</b>     | <b>1,829</b>     |
| <b>TOTAL PLANT, EQUIPMENT, FURNITURE, FITTINGS AND VEHICLES AT FAIR VALUE</b> | <b>37,605</b>    | <b>39,309</b>    |
| <b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>                                    | <b>1,218,294</b> | <b>1,194,505</b> |



## NOTE 4.1: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### NOTE 4.1 (B): RECONCILIATION OF THE CARRYING AMOUNT BY CLASS OF ASSET

|  | Land<br>\$'000 | Buildings and<br>Leasehold<br>Improvements<br>\$'000 | Building<br>Capital Work<br>in Progress<br>\$'000 | Medical<br>Equipment<br>\$'000 | Computer<br>Equipment<br>\$'000 | Motor<br>Vehicles<br>\$'000" | Furniture<br>and Fittings<br>\$'000" | Equipment<br>Work in<br>Progress<br>\$'000" | Total<br>\$'000  |
|--|----------------|--|---|--------------------------------|---------------------------------|------------------------------|--------------------------------------|---|------------------|
| <b>Balance as at<br/>1 July 2020</b>       | <b>185,650</b> | <b>966,225</b>                                       | <b>7,366</b>                                      | <b>26,868</b>                  | <b>2,600</b>                    | <b>130</b>                   | <b>5,054</b>                         | <b>3,503</b>                                | <b>1,197,396</b> |
| Additions                                  | -              | 277  | 31,964  | 2,212                          | -                               | -                            | 1,089                                | -   | 35,542           |
| Net Transfers<br>Between Classes           | -              | 4,756  | (15,800)  | 8,323                          | 3,683                           | -                            | 123                                  | (1,674)                                     | (589)            |
| Disposals                                  | -              | (9)  | -   | (41)                           | -                               | -                            | (4)                                  | -   | (54)             |
| Depreciation<br>(Note 4.5)                 | -              | (49,465)   | -   | (8,964)                        | (2,474)                         | (100)                        | (1,019)                              | -   | (62,022)         |
| Revaluation<br>Increments/<br>(Decrements) | 26,757         | (2,525)  | -   | -                              | -                               | -                            | -                                    | -   | 24,232           |
| <b>Balance as at<br/>30 June 2021</b>      | <b>212,407</b> | <b>919,259</b>                                       | <b>23,530</b>                                     | <b>28,398</b>                  | <b>3,809</b>                    | <b>30</b>                    | <b>5,243</b>                         | <b>1,829</b>                                | <b>1,194,505</b> |
| Additions                                  | -              | 315  | 62,877  | 2,567                          | 722                             | -                            | 847                                  | -   | 67,328           |
| Net Transfers<br>Between Classes           | -              | 1,387  | (8,911)   | 5,160                          | 2,077                           | -                            | 47                                   | (756)                                       | (996)            |
| Disposals                                  | -              | -  | -   | (43)                           | (3)                             | -                            | (10)                                 | -   | (56)             |
| Depreciation<br>(Note 4.5)                 | -              | (49,535)   | -   | (8,467)                        | (2,718)                         | (30)                         | (1,097)                              | -   | (61,847)         |
| Revaluation<br>Increments/<br>(Decrements) | 19,360         | -  | -   | -                              | -                               | -                            | -                                    | -   | 19,360           |
| <b>Balance as at<br/>30 June 2022</b>      | <b>231,767</b> | <b>871,426</b>                                       | <b>77,496</b>                                     | <b>27,615</b>                  | <b>3,887</b>                    | <b>-</b>                     | <b>5,030</b>                         | <b>1,073</b>                                | <b>1,218,294</b> |

#### Land and Buildings Measured at Fair Value

The Valuer-General Victoria undertook to revalue Eastern Health's land to determine its fair value.

The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation was 30 June 2022.

## NOTE 4.1: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### 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 are initially measured at cost. Where an asset is acquired for no or nominal cost, being far below the fair value of the asset, the deemed cost is its fair value at the date of acquisition.

Assets transferred as part of an amalgamation/machinery of government change are transferred at their carrying amounts.

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

#### Subsequent measurement

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

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

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

#### Revaluation

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

Where an independent valuation has not been undertaken at balance date, 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 obtains an interim independent valuation prior to the next scheduled independent valuation.

An independent valuation of Eastern Health's land was performed by the VGV on 30 June 2022. 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 2022 indicated a cumulative movement of less than 10% for buildings since the last revaluation (6.7%). As such, a managerial revaluation adjustment was not required for buildings as at 30 June 2022.

The managerial assessment performed at 30 June 2022 indicated a cumulative movement greater than 40% for land since the last independent revaluation at 30 June 2019 (57%). As such, an interim independent revaluation was required as at 30 June 2022 and an adjustment was recorded (\$82.74m).

Revaluation increases (increments) arise when an asset's fair value exceeds its carrying amount. In comparison, revaluation decreases (decrements) arise when an asset's fair value is less than its carrying amount. Revaluation increments and revaluation decrements relating to individual assets within an asset class are offset against one another within that class but are not offset in respect of assets in different classes.

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

Revaluation decrements are recognised in 'Other Comprehensive Income' to the extent that a credit balance exists in the property, plant and equipment revaluation surplus 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 surplus included in equity in respect of an item of property, plant and equipment may be transferred directly to retained earnings when the asset is derecognised.

## NOTE 4.2: RIGHT-OF-USE ASSETS

### NOTE 4.2 (A): GROSS CARRYING AMOUNT AND ACCUMULATED DEPRECIATION

|   | 2022<br>\$'000 | 2021<br>\$'000 |
|---|----------------|----------------|
| <b>Right-of-Use Land</b>  |                |                |
| Right-of-Use Land at Fair Value                                       | 29,293         | 29,293         |
| Less Accumulated Depreciation   | (4,137)        | (2,720)        |
| <b>Total Right-of-Use land at fair value</b>                          | <b>25,156</b>  | <b>26,573</b>  |
| <b>Right-of-Use Buildings</b>   |                |                |
| Right-of-Use Buildings at Fair Value                                  | 16,805         | 16,421         |
| Less Accumulated Depreciation   | (6,603)        | (5,085)        |
| <b>Total Right-of-Use Buildings at Fair Value</b>                     | <b>10,202</b>  | <b>11,336</b>  |
| <b>TOTAL RIGHT-OF-USE LAND AND BUILDINGS</b>                          | <b>35,358</b>  | <b>37,909</b>  |
| <b>Right-of-Use Plant, Equipment and Vehicles</b>                     |                |                |
| Right-of-Use Plant, Equipment and Vehicles at Fair Value              | 14,447         | 13,320         |
| Less Accumulated Depreciation   | (7,727)        | (5,347)        |
| <b>TOTAL RIGHT-OF-USE PLANT, EQUIPMENT AND VEHICLES AT FAIR VALUE</b> | <b>6,720</b>   | <b>7,973</b>   |
| <b>TOTAL RIGHT-OF-USE ASSETS</b>                                      | <b>42,078</b>  | <b>45,882</b>  |

### NOTE 4.2 (B): RECONCILIATION OF THE CARRYING AMOUNT BY CLASS OF ASSET

|                                     | Right of Use<br>- Land | Right of Use<br>- Buildings<br>\$'000 | Right of Use<br>- Plant and<br>Equipment<br>\$'000 | Total<br>\$'000 |
|-------------------------------------|------------------------|---------------------------------------|--|-----------------|
| <b>Balance as at 30 June 2020</b>   | <b>32,497</b>          | <b>13,806</b>                         | <b>10,731</b>                                      | <b>57,034</b>   |
| Additions                           | -                      | -                                     | -  | -               |
| Net Transfers Between Classes       | -                      | (1)                                   | -  | (1)             |
| Disposals                           | -                      | -                                     | -  | -               |
| Depreciation (Note 4.5)             | (2,720)                | (2,469)                               | (2,758)  | (7,947)         |
| Revaluation Increments/(Decrements) | (3,204)                | -                                     | -  | (3,204)         |
| <b>Balance as at 30 June 2021</b>   | <b>26,573</b>          | <b>11,336</b>                         | <b>7,973</b>                                       | <b>45,882</b>   |
| Additions                           | -                      | 1,421                                 | 1,567  | 2,988           |
| Net Transfers Between Classes       | 1                      | -                                     | -  | 1               |
| Disposals                           | -                      | -                                     | -  | -               |
| Depreciation (Note 4.5)             | (1,418)                | (2,555)                               | (2,820)  | (6,793)         |
| Revaluation Increments/(Decrements) | -                      | -                                     | -  | -               |
| <b>Balance as at 30 June 2022</b>   | <b>25,156</b>          | <b>10,202</b>                         | <b>6,720</b>                                       | <b>42,078</b>   |

## NOTE 4.2: RIGHT-OF-USE ASSETS (CONTINUED)

## 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  |

## 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 fair value, with the exception of right-of-use assets arising from leases with significantly below-market terms and conditions, which are subsequently measured at cost, less accumulated depreciation and accumulated impairment losses where applicable.

Right-of-use assets are also adjusted for certain remeasurements of the lease liability (for example, when a variable lease payment based on an index or rate becomes effective).

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

## NOTE 4.3: REVALUATION SURPLUS

|  | 2022<br>\$'000 | 2021<br>\$'000 |
|--|----------------|----------------|
| Balance at the beginning of the reporting period | 727,116        | 706,088        |
| <b>Revaluation Increment</b>                     |                |                |
| • Land (refer Note 4.1(b))                       | 19,360         | 26,757         |
| • Right of Use Land (refer Note 4.2(b))          | -              | (3,204)        |
| • Buildings (refer Note 4.1(b))                  | -              | (2,525)        |
| <b>Closing Balance</b>                           | <b>746,476</b> | <b>727,116</b> |
| <b>Represented by:</b>                           |                |                |
| • Land   | 224,861        | 205,501        |
| • Right-of-Use Land                              | (3,204)        | (3,204)        |
| • Buildings                                      | 524,819        | 524,819        |
| <b>Total</b>                                     | <b>746,476</b> | <b>727,116</b> |

## NOTE 4.4: INTANGIBLE ASSETS

### NOTE 4.4 (A): GROSS CARRYING AMOUNT AND ACCUMULATED AMORTISATION

|                                      | 2022<br>\$'000 | 2021<br>\$'000 |
|--------------------------------------|----------------|----------------|
| Software                             | 73,492         | 75,440         |
| Less Accumulated Amortisation        | (62,576)       | (62,195)       |
|                                      | <b>10,916</b>  | <b>13,245</b>  |
| Intangible Assets - Work in Progress | 36,713         | 32,347         |
| <b>TOTAL INTANGIBLE ASSETS</b>       | <b>47,629</b>  | <b>45,592</b>  |

## NOTE 4.4: INTANGIBLE ASSETS (CONTINUED)

### NOTE 4.4 (B): RECONCILIATION OF THE CARRYING AMOUNT BY CLASS OF ASSET

|                                   | Software<br>\$'000 | Total<br>\$'000 |
|-----------------------------------|--------------------|-----------------|
| <b>Balance as at 01 July 2020</b> | <b>38,998</b>      | <b>38,998</b>   |
| Additions                         | 11,661             | 11,661          |
| Net Transfers Between Classes     | 458                | 458             |
| Disposals                         | -                  | -               |
| Amortisation (Note 4.5)           | (5,525)            | (5,525)         |
| <b>Balance as at 01 July 2021</b> | <b>45,592</b>      | <b>45,592</b>   |
| Additions                         | 4,869              | 4,869           |
| Net Transfers Between Classes     | (97)               | (97)            |
| Disposals                         | -                  | -               |
| Amortisation (Note 4.5)           | (2,735)            | (2,735)         |
| <b>Balance as at 30 June 2022</b> | <b>47,629</b>      | <b>47,629</b>   |



## HOW WE RECOGNISE PROPERTY, PLANT AND EQUIPMENT



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

### Initial recognition

Purchased intangible assets are initially recognised at cost.

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

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- an intention to complete the intangible asset and use or sell it;

- the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

### Subsequent measurement

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



## NOTE 4.5: DEPRECIATION AND AMORTISATION

|   | 2022<br>\$'000 | 2021<br>\$'000 |
|---|----------------|----------------|
| <b>Depreciation</b>                                       |                |                |
| <b>Property, Plant and Equipment</b>                      |                |                |
| Buildings   | 49,036         | 48,954         |
| Leasehold Improvements                                    | 499            | 511            |
| Medical Equipment   | 8,467          | 9,006          |
| Computers and Communications                              | 2,718          | 2,432          |
| Furniture and Fittings                                    | 1,097          | 1,019          |
| Motor Vehicles  | 30             | 100            |
| <b>Total Depreciation - Property, Plant and Equipment</b> | <b>61,847</b>  | <b>62,022</b>  |
| <b>Right-of-Use Assets</b>                                |                |                |
| Right-of-Use Assets - Land                                | 1,418          | 2,720          |
| Right-of-Use Buildings                                    | 2,555          | 2,469          |
| Right-of-Use Plant and Equipment                          | 2,820          | 2,758          |
| <b>Total Depreciation - Property, Plant and Equipment</b> | <b>6,793</b>   | <b>7,947</b>   |
| <b>TOTAL DEPRECIATION</b>                                 | <b>68,640</b>  | <b>69,969</b>  |
| <b>Amortisation</b>                                       |                |                |
| Software  | 2,735          | 5,525          |
| <b>Total Amortisation</b>                                 | <b>2,735</b>   | <b>5,525</b>   |
| <b>TOTAL DEPRECIATION AND AMORTISATION</b>                | <b>71,375</b>  | <b>75,494</b>  |

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

## NOTE 4.5: DEPRECIATION AND AMORTISATION (CONTINUED)

### 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:

|   | 2022          | 2021          |
|---|---------------|---------------|
| <b>Buildings</b>                            |               |               |
| Structure Shell Building Fabric             | 11 - 50 years | 11 - 50 years |
| Site Engineering Services and Central Plant | 11 - 46 years | 11 - 46 years |
| <b>Central Plant</b>                        |               |               |
| 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 4.6: INVENTORIES

|   | 2022<br>\$'000 | 2021<br>\$'000 |
|---|----------------|----------------|
| Pharmaceuticals - At Cost               | 2,356          | 2,356          |
| Medical and Surgical Lines - At Cost    | 6,807          | 6,460          |
| Allied Health and Diagnostics - At Cost | 1,106          | 1,106          |
| <b>TOTAL INVENTORIES</b>                | <b>10,269</b>  | <b>9,922</b>   |

## NOTE 4.7: IMPAIRMENT OF ASSETS

### HOW WE RECOGNISE IMPAIRMENT

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

#### Initial recognition

Purchased intangible assets are initially recognised at cost.

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

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- an intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;

- the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

#### Subsequent measurement

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



## Note 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 pandemic.

## 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 | 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.   |
|  | Measuring deferred capital grant income             | 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.<br><br>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. |
|   | Measuring contract liabilities                      | 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 rec-ords this as a contract liability until the promised good or service is transferred to the customer.                                 |
|   | Recognition of other provisions                     | 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.  |

## NOTE 5.1: RECEIVABLES AND CONTRACT ASSETS

|  | Note   | 2022<br>\$'000 | 2021<br>\$'000 |
|--|--------|----------------|----------------|
| <b>Current Receivables and Contract Assets</b>               |        |                |                |
| <b>Contractual</b>   |        |                |                |
| Inter-Hospital Debtors                                       |        | 856            | 350            |
| Trade Debtors  |        | 9,922          | 9,069          |
| Patient Fees   |        | 8,857          | 8,538          |
| Contract Assets - Other                                      | 5.1(b) | 6,044          | 7,370          |
| Amounts Receivable from Governments and Agencies             |        | 86             | 203            |
| Allowance for Impairment Losses                              |        | (2,007)        | (2,620)        |
| <b>Total Contractual Receivables</b>                         |        | <b>23,758</b>  | <b>22,910</b>  |
| <b>Statutory</b>   |        |                |                |
| GST Receivable   |        | 3,317          | 2,866          |
| <b>Total Statutory Receivables</b>                           |        | <b>3,317</b>   | <b>2,866</b>   |
| <b>TOTAL CURRENT RECEIVABLES AND CONTRACT ASSETS</b>         |        | <b>27,075</b>  | <b>25,776</b>  |
| <b>Non-Current Receivables and Contract Assets</b>           |        |                |                |
| <b>Contractual</b>   |        |                |                |
| Long Service Leave – Department of Health and Human Services |        | 83,754         | 69,856         |
| <b>Total Contractual Receivables</b>                         |        | <b>83,754</b>  | <b>69,856</b>  |
| <b>TOTAL NON-CURRENT RECEIVABLES</b>                         |        | <b>83,754</b>  | <b>69,856</b>  |
| <b>TOTAL RECEIVABLES AND CONTRACT ASSETS</b>                 |        | <b>110,829</b> | <b>95,632</b>  |

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

|                                       | Note | 2022<br>\$'000 | 2021<br>\$'000 |
|---------------------------------------|------|----------------|----------------|
| Total Receivables and Contract Assets |      | 110,829        | 95,632         |
| GST Receivable                        |      | (3,317)        | (2,866)        |
| <b>TOTAL FINANCIAL ASSETS</b>         |      | <b>107,512</b> | <b>92,766</b>  |

As at 30 June 2022, Eastern Health has contract assets of \$23.76m which is net of an allowance for expected credit losses of \$2.01m. This is included in the contractual receivable balances presented above.

## NOTE 5.1 (A): MOVEMENT IN THE ALLOWANCE FOR IMPAIRMENT LOSSES OF CONTRACTUAL RECEIVABLES

|                                       | 2022<br>\$'000 | 2021<br>\$'000 |
|---------------------------------------|----------------|----------------|
| Balance at the beginning of the year  | 2,620          | 3,046          |
| Amounts written off during the year   | (732)          | (1,411)        |
| Amounts recovered during the year     | -              | -              |
| Increase/(Decrease) in allowance      | 119            | 985            |
| <b>BALANCE AT THE END OF THE YEAR</b> | <b>2,007</b>   | <b>2,620</b>   |

### 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**, includes Goods and Services Tax (GST) input tax credits that are recoverable. Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. The health service 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

|   | 2022<br>\$'000 | 2021<br>\$'000 |
|---|----------------|----------------|
| <b>Balance at the beginning of the year</b>                           | 7,370          | 4,085          |
| Add: Additional costs incurred that are recoverable from the customer | 40,427         | 41,710         |
| Less: Transfer to trade receivable or cash at bank                    | (41,753)       | (38,425)       |
| Less: impairment allowance  | -              | -              |
| <b>TOTAL CONTRACT ASSETS</b>  | <b>6,044</b>   | <b>7,370</b>   |
| <b>Represented by:</b>  |                |                |
| Current contract assets   | 6,044          | 7,370          |
| Non-current contract assets   | -              | -              |
|   | <b>6,044</b>   | <b>7,370</b>   |

### 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 in the 2022-23 financial year.



**NOTE 5.2: PAYABLES AND CONTRACT LIABILITIES**

|  | Note   | 2022<br>\$'000 | 2021<br>\$'000 |
|--|--------|----------------|----------------|
| <b>Current</b>   |        |                |                |
| <b>Contractual</b>                                     |        |                |                |
| Trade Creditors  |        | 41,955         | 33,738         |
| Accrued Salaries and Wages                             |        | 35,528         | 24,948         |
| Contract Liabilities                                   | 5.2(b) | 44,609         | 20,017         |
| Deferred Capital Grant Income                          | 5.2(a) | 21,325         | 17,585         |
| Accrued Expenses                                       |        | 63,328         | 35,690         |
| Inter-Hospital Creditors                               |        | 488            | 352            |
| Salary Packaging                                       |        | 2,079          | 6,426          |
| Superannuation   |        | 10,405         | 9,190          |
| Department of Health                                   |        | 5,318          | 3,976          |
| Amounts Payable to Governments & Agencies              |        | 258            | 350            |
| <b>Total Contractual Receivables</b>                   |        | <b>225,294</b> | <b>152,272</b> |
| <b>Statutory</b>                                       |        |                |                |
| PAYG Payable   |        | -              | 8,548          |
| <b>Total Statutory Receivables</b>                     |        | <b>-</b>       | <b>8,548</b>   |
| <b>TOTAL CURRENT PAYABLES AND CONTRACT LIABILITIES</b> |        | <b>225,294</b> | <b>160,820</b> |

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

|   | Note   | 2022<br>\$'000 | 2021<br>\$'000 |
|---|--------|----------------|----------------|
| Total Payables and Contract Liabilities |        | 225,294        | 160,820        |
| Deferred Capital Grant Income           |        | (21,325)       | (17,585)       |
| PAYG Payable                            |        | -              | (8,548)        |
| Contract Liabilities                    |        | (44,609)       | (20,017)       |
| <b>TOTAL FINANCIAL LIABILITIES</b>      | 7.1(a) | <b>159,360</b> | <b>114,670</b> |

**HOW WE RECOGNISE PAYABLES AND CONTRACT LIABILITIES**

Receivables consist of:

- **Contractual receivables**, 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 receivables**, which includes Goods and Services Tax (GST) and PAYG tax 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

|   | 2022<br>\$'000 | 2021<br>\$'000 |
|---|----------------|----------------|
| <b>Opening Balance of Deferred Capital Grant Income</b>                               | <b>17,858</b>  | <b>18,844</b>  |
| Grant Consideration for Capital Works received during the Year                        | 23,762         | 22,414         |
| Deferred Capital Grant income recognised as income due to completion of Capital Works | (20,022)       | (23,673)       |
| <b>CLOSING BALANCE OF DEFERRED CAPITAL GRANT INCOME</b>                               | <b>21,325</b>  | <b>17,858</b>  |

### 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 as 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 2023.

## NOTE 5.2 (B): CONTRACT LIABILITIES

|  | 2022<br>\$'000 | 2021<br>\$'000 |
|--|----------------|----------------|
| <b>Opening Balance of Contract Liabilities</b>   | <b>20,017</b>  | <b>8,744</b>   |
| Grant Consideration for Sufficiently Specific Performance Obligations Received during the Year | 871,206        | 730,315        |
| Revenue Recognised for the Completion of a Performance Obligation                              | (846,614)      | (719,042)      |
| <b>TOTAL CONTRACT LIABILITIES</b>  | <b>22,584</b>  | <b>20,017</b>  |

Represented by:

|                                     |               |               |
|-------------------------------------|---------------|---------------|
| <b>CURRENT CONTRACT LIABILITIES</b> | <b>44,609</b> | <b>20,017</b> |
|-------------------------------------|---------------|---------------|

### HOW WE RECOGNISE CONTRACT LIABILITIES

Contract liabilities include consideration received in advance from customers in respect of the provision of acute and subacute health services. The balance of contract liabilities was significantly

higher than the previous reporting period due to Department of Health requiring more unutilised grants to be used in 2022/23.

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 | 2022<br>\$'000 | 2021<br>\$'000 |
|---|------|----------------|----------------|
| <b>Current</b>                              |      |                |                |
| <b>Other</b>                                |      |                |                |
| Other Liabilities                           |      | 13,232         | 8,101          |
| <b>Total Current Other Liabilities</b>      |      | <b>13,232</b>  | <b>8,101</b>   |
| <b>Current Monies Held in Trust</b>         |      |                |                |
| Refundable Accommodation Deposits           |      | 8,722          | 9,518          |
| <b>Total Current Monies Held in Trust</b>   |      | <b>8,722</b>   | <b>9,518</b>   |
| <b>Total Other Liabilities</b>              |      | <b>21,954</b>  | <b>17,619</b>  |
| <b>Monies held in Trust represented by:</b> |      |                |                |
| Cash and Cash Equivalents                   | 6.2  | 8,722          | 9,518          |
| <b>Total Monies Held in Trust</b>           |      | <b>8,722</b>   | <b>9,518</b>   |

**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 pandemic.

## 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"><li>• has the right-to-use an identified asset</li><li>• has the right to obtain substantially all economic benefits from the use of the leased asset and</li><li>• can decide how and for what purpose the asset is used throughout the lease.</li></ul>  |
| 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 general-ly 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>   |

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| Key judgements and estimates | Description   |
|------------------------------|---|
|                              | <p>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.</p> <p>Eastern Health determines the likelihood of exercising such options on a lease-by-lease basis through consideration of various factors including:</p>  |
| Assessing the lease term     | <ul style="list-style-type: none"> <li>• If there are significant penalties to terminate (or not extend), the health service is typically reasonably certain to extend (or not terminate) the lease.</li> <li>• 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.</li> <li>• The health service considers historical lease durations and the costs and business disruption to replace such leased assets.</li> </ul> |

## NOTE 6.1: BORROWINGS

|                                     | 2022<br>\$'000 | 2021<br>\$'000 |
|-------------------------------------|----------------|----------------|
| <b>Current Borrowings</b>           |                |                |
| TCV Loans <sup>i</sup>              | 1,193          | 1,143          |
| DH Loans <sup>ii</sup>              | 1,557          | 1,500          |
| Lease Liability <sup>iii</sup>      | 6,607          | 5,733          |
| <b>Total Current Borrowings</b>     | <b>9,357</b>   | <b>8,376</b>   |
| <b>Non-Current Borrowings</b>       |                |                |
| TCV Loans <sup>i</sup>              | 17,966         | 19,158         |
| DH Loans <sup>ii</sup>              | 2,971          | 4,470          |
| Lease Liability <sup>iii</sup>      | 11,685         | 14,631         |
| <b>Total Non-Current Borrowings</b> | <b>32,622</b>  | <b>38,259</b>  |
| <b>TOTAL BORROWINGS</b>             | <b>41,979</b>  | <b>46,635</b>  |

(i) These loans are unsecured with a weighted average interest rate of 3.89% (2021: 3.91%).

(ii) These loans are interest free.

(iii) Secured by the assets leased.



## NOTE 6.1: BORROWINGS (CONTINUED)

### 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 maturity analysis of borrowings.

### DEFAULTS AND BREACHES

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

## NOTE 6.1 (A): LEASE LIABILITIES

Eastern Health's lease liabilities are summarised below:

|                                      | 2022<br>\$'000 | 2021<br>\$'000 |
|--------------------------------------|----------------|----------------|
| Total Undiscounted Lease Liabilities | 19,225         | 21,620         |
| Less Unexpired Finance Expenses      | (933)          | (1,256)        |
| <b>Net Lease Liabilities</b>         | <b>18,292</b>  | <b>20,364</b>  |

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

|   | MINIMUM FUTURE<br>LEASE PAYMENTS |                |
|---|----------------------------------|----------------|
|   | 2022<br>\$'000                   | 2021<br>\$'000 |
| Not longer than one year                            | 6,532                            | 6,113          |
| Longer than one year but not longer than five years | 12,301                           | 13,467         |
| Longer than five years                              | 392                              | 2,040          |
| <b>Minimum Future Lease Liability</b>               | <b>19,225</b>                    | <b>21,620</b>  |
| Less unexpired finance expenses                     | (933)                            | (1,256)        |
| <b>PRESENT VALUE OF LEASE LIABILITY</b>             | <b>18,292</b>                    | <b>20,364</b>  |
| <b>Represented by:</b>                              |                                  |                |
| Current liability                                   | 6,607                            | 5,733          |
| Non-current liability                               | 11,685                           | 14,631         |
| <b>TOTAL LEASE LIABILITY</b>                        | <b>18,292</b>                    | <b>20,364</b>  |

## NOTE 6.1 (A): LEASE LIABILITIES (CONTINUED)

### 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:

#### Initial recognition

- 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   |

### HOW WE RECOGNISE LEASE LIABILITIES

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 1.21% 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. The majority of extension and termination options held are exercisable only by the health service and not by the respective lessor.

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, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of \$0.72M.

#### 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.

## NOTE 6.1 (A): LEASE LIABILITIES (CONTINUED)

### 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 concessionary lease arrangements.

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 the lease  | Nature and terms of the 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> <p>The assets can only be used to meet Eastern Health's business needs.</p> |

## NOTE 6.2: CASH AND CASH EQUIVALENTS

|   | 2022<br>\$'000 | 2021<br>\$'000 |
|---|----------------|----------------|
| Cash on Hand (excluding monies held in trust)       | 30             | 30             |
| Cash at Bank (excluding monies held in trust)       | -              | 15,178         |
| Cash at Bank - CBS (excluding monies held in trust) | 187,679        | 83,378         |
| <b>Total Cash Held for Operations</b>               | <b>187,709</b> | <b>98,586</b>  |
| Cash on Hand (monies held in trust)                 | -              | -              |
| Cash at Bank - CBS (monies held in trust)           | 8,722          | 9,518          |
| <b>Total Cash Held as Monies in Trust</b>           | <b>8,722</b>   | <b>9,518</b>   |
| <b>TOTAL CASH AND CASH EQUIVALENTS</b>              | <b>196,431</b> | <b>108,104</b> |

### 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.

## NOTE 6.3: COMMITMENTS FOR EXPENDITURE

|   | 2022<br>\$'000 | 2021<br>\$'000 |
|---|----------------|----------------|
| <b>Capital Expenditure Commitments</b>                      |                |                |
| Less than 1 year  | 18,309         | 7,552          |
| Longer than 1 year but not longer than 5 years              | -              | -              |
| 5 years or more   | -              | -              |
| <b>Total Capital Expenditure Commitments</b>                | <b>18,309</b>  | <b>7,552</b>   |
| <b>Operating Expenditure Commitments</b>                    |                |                |
| Less than 1 year  | 140,464        | 151,150        |
| Longer than 1 year but not longer than 5 years              | 55,174         | 89,686         |
| 5 years or more   | 414            | 265            |
| <b>Total Operating Expenditure Commitments</b>              | <b>196,052</b> | <b>241,101</b> |
| <b>TOTAL COMMITMENTS FOR EXPENDITURE (inclusive of GST)</b> | <b>214,361</b> | <b>248,653</b> |
| Less GST recoverable from the Australian Tax Office         | (19,487)       | (22,605)       |
| <b>TOTAL COMMITMENTS FOR EXPENDITURE (inclusive of GST)</b> | <b>194,874</b> | <b>226,048</b> |



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



### HOW WE RECOGNISE LEASE LIABILITIES

Our commitments relate to capital and operating expenditure.

#### Expenditure commitments

Commitments for future expenditure include operating and capital commitments arising from contracts.

These commitments are disclosed at their nominal value and are inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated.

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

|  | 2022<br>\$'000 | 2021<br>\$'000 |
|--|----------------|----------------|
| Acquisition of Plant and Equipment by means of Leases                        | -              | -              |
| Acquisition of Assets by means of Indirect Contribution by DH                | 44,742         | 16,617         |
| Plant and Equipment Received Free of Charge via the State Supply Arrangement | 1,839          | 1,668          |
| <b>TOTAL NON-CASH FINANCING AND INVESTING ACTIVITIES</b>                     | <b>46,581</b>  | <b>18,285</b>  |

## Note 7: Risks, contingencies and valuation uncertainties

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
- 7.4: Fair value determination

## KEY JUDGEMENTS AND ESTIMATES

This section contains the following key judgements and estimates:

| Key judgements and estimates                 | Description   |
|--|---|
| Measuring fair value of non-financial assets | Fair value is measured with reference to highest and best use, that is, the use of the asset by a market participant that is physically possible, legally permissible, financially feasible, and which results in the highest value, or to sell it to another market participant that would use the same asset in its highest and best use.   |
|  | In determining the highest and best use, Eastern Health has assumed the current use is its highest and best use. Accordingly, characteristics of the health service's assets are considered, including condition, location and any restrictions on the use and disposal of such assets.   |
|  | Eastern Health uses a range of valuation techniques to estimate fair value, which include the following:  |
|  | <ul style="list-style-type: none"><li>• Market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The fair value of Eastern Health's specialised land is measured using this approach.</li><li>• Cost approach, which reflects the amount that would be required to replace the service capacity of the asset (referred to as current replacement cost). The fair value of Eastern Health's specialised buildings, furniture, fittings, plant, equipment and vehicles are measured using this approach.</li><li>• Income approach, which converts future cash flows or income and expenses to a single undiscounted amount. Eastern Health does not this use approach to measure fair value.</li></ul> |
|  | Eastern Health selects a valuation technique which is considered most appropriate, and for which there is sufficient data available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.  |
|  | Subsequently, Eastern Health applies significant judgement to categorise and disclose such assets within a fair value hierarchy, which includes:  |
|  | <ul style="list-style-type: none"><li>• Level 1, using quoted prices (unadjusted) in active markets for identical assets that the health service can access at measurement date. Eastern Health does not categorise any fair values within this level.</li><li>• Level 2, inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. Eastern Health categorises non-specialised land and non-specialised buildings in this level.</li><li>• Level 3, where inputs are unobservable. Eastern Health categorises specialised land, specialised buildings, plant, equipment, furniture, fittings and vehicles in this level.</li></ul>  |

## 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 (for example, taxes, fines and penalties). Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

### NOTE 7.1 (A): CATEGORISATION OF FINANCIAL INSTRUMENTS

| 2022                                | Note | Financial Assets at Amortised Cost \$'000 | Financial Liabilities at Amortised Cost \$'000 | Total \$'000   |
|-------------------------------------|------|---|--|----------------|
| <b>Contractual Financial Assets</b> |      |   |  |                |
| Cash and Cash Equivalents           | 6.2  | 196,431                                   | -  | 196,431        |
| Receivables and Contract Assets     | 5.1  | 107,512                                   | -  | 107,512        |
| Other Financial Assets              |      | -   | -  | -              |
| <b>Total Financial Assets</b>       |      | <b>303,943</b>                            | <b>-</b>                                       | <b>303,943</b> |

#### Financial Liabilities

|   |     |          |                |                |
|---|-----|----------|----------------|----------------|
| Payables  | 5.2 | -        | 159,360        | 159,360        |
| Borrowings  | 6.1 | -        | 41,979         | 41,979         |
| Other Financial Liabilities – Refundable Accommodation Deposits | 5.3 | -        | 8,722          | 8,722          |
| Other Financial Liabilities – Other                             | 5.3 | -        | 13,232         | 13,232         |
| <b>Total Financial Liabilities</b>                              |     | <b>-</b> | <b>223,293</b> | <b>223,293</b> |

| 2021                                | Note | Financial Assets at Amortised Cost \$'000 | Financial Liabilities at Amortised Cost \$'000 | Total \$'000   |
|-------------------------------------|------|---|--|----------------|
| <b>Contractual Financial Assets</b> |      |   |  |                |
| Cash and Cash Equivalents           | 6.2  | 108,104                                   | -  | 108,104        |
| Receivables and Contract Assets     | 5.1  | 92,766                                    | -  | 92,766         |
| <b>Total Financial Assets</b>       |      | <b>200,870</b>                            | <b>-</b>                                       | <b>200,870</b> |

#### Financial Liabilities

|   |     |          |                |                |
|---|-----|----------|----------------|----------------|
| Payables  | 5.2 | -        | 114,670        | 114,670        |
| 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 | -        | 8,101          | 8,101          |
| <b>Total Financial Liabilities</b>                              |     | <b>-</b> | <b>178,924</b> | <b>178,924</b> |

The carrying amounts exclude statutory receivables (i.e. GST receivable) and statutory payables (i.e. PAYG).



## 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, included the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial

liability and equity instrument above are disclosed throughout the financial statements.

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 2021/22.

#### 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.



## NOTE 7.2: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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

| 30 June 2022  | Current | Less than 1 month | 1 - 3 months | 3 months - 1 year | 1 - 5 years  | Total        |
|---|---------|-------------------|--------------|-------------------|--------------|--------------|
| <b>Expected loss rate</b>                                 | 0%      | 0%                | 10%          | 25%               | 58%          |              |
| Gross carrying amount of contractual receivables (\$'000) | 15,076  | 5,197             | 2,045        | 578               | 2,869        | 25,765       |
| <b>Loss Allowance</b>                                     | -       | -                 | <b>204</b>   | <b>144</b>        | <b>1,659</b> | <b>2,008</b> |

| 30 June 2021  | Current | Less than 1 month | 1 - 3 months | 3 months - 1 year | 1 - 5 years  | Total        |
|---|---------|-------------------|--------------|-------------------|--------------|--------------|
| <b>Expected loss rate</b>                                 | 0%      | 0%                | 10%          | 49%               | 100%         |              |
| Gross carrying amount of contractual receivables (\$'000) | 16,990  | 3,947             | 1,393        | 1,420             | 1,780        | 25,530       |
| <b>Loss Allowance</b>                                     | -       | -                 | <b>139</b>   | <b>701</b>        | <b>1,780</b> | <b>2,620</b> |

### 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.



## NOTE 7.2(B): LIQUIDITY RISK

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.

**NOTE 7.2: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

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                 |                           |                                |                          |                           |
|------|------|---------------------------|--------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------|---------------------------|
| 2022 | Note | Carrying amount<br>\$'000 | Nominal amount<br>\$'000 | Less than<br>1 month<br>\$'000 | 1 - 3<br>months<br>\$'000 | 3 months<br>- 1 year<br>\$'000 | 1 - 5<br>years<br>\$'000 | Over<br>5 years<br>\$'000 |

**Financial Liabilities****At Amortised Cost**

|            |     |         |         |         |        |        |        |        |
|------------|-----|---------|---------|---------|--------|--------|--------|--------|
| Payables   | 5.2 | 225,294 | 225,294 | 139,809 | 33,144 | 52,341 | -      | -      |
| Borrowings | 6.1 | 41,979  | 48,664  | 1,292   | 1,584  | 7,128  | 21,741 | 16,919 |

**Other Financial Liabilities<sup>(i)</sup>**

|                                |     |        |        |       |        |     |   |   |
|--------------------------------|-----|--------|--------|-------|--------|-----|---|---|
| Refundable Accommodation Bonds | 5.3 | 8,722  | 8,722  | 8,722 | -      | -   | - | - |
| Other Liabilities              | 5.3 | 13,232 | 13,232 | 309   | 12,188 | 735 | - | - |

|                                    |  |                |                |                |               |               |               |               |
|------------------------------------|--|----------------|----------------|----------------|---------------|---------------|---------------|---------------|
| <b>Total Financial Liabilities</b> |  | <b>289,227</b> | <b>295,912</b> | <b>150,132</b> | <b>46,916</b> | <b>60,204</b> | <b>21,741</b> | <b>16,919</b> |
|------------------------------------|--|----------------|----------------|----------------|---------------|---------------|---------------|---------------|

|      |      |                           |                          | MATURITY DATES                 |                           |                                |                          |                           |
|------|------|---------------------------|--------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------|---------------------------|
| 2021 | Note | Carrying amount<br>\$'000 | Nominal amount<br>\$'000 | Less than<br>1 month<br>\$'000 | 1 - 3<br>months<br>\$'000 | 3 months<br>- 1 year<br>\$'000 | 1 - 5<br>years<br>\$'000 | Over<br>5 years<br>\$'000 |

**Financial Liabilities****At Amortised Cost**

|            |     |         |         |        |        |        |        |        |
|------------|-----|---------|---------|--------|--------|--------|--------|--------|
| Payables   | 5.2 | 152,272 | 152,272 | 99,546 | 21,702 | 31,024 | -      | -      |
| Borrowings | 6.1 | 46,635  | 54,187  | 1,254  | 1,508  | 6,766  | 25,429 | 19,230 |

**Other Financial Liabilities<sup>(i)</sup>**

|                                |     |       |       |       |        |     |   |   |
|--------------------------------|-----|-------|-------|-------|--------|-----|---|---|
| Refundable Accommodation Bonds | 5.3 | 9,518 | 9,518 | 9,518 | -      | -   | - | - |
| Other Liabilities              | 5.3 | 8,101 | 8,101 | 2,388 | 12,188 | 735 | - | - |

|                                    |  |                |                |                |               |               |               |               |
|------------------------------------|--|----------------|----------------|----------------|---------------|---------------|---------------|---------------|
| <b>Total Financial Liabilities</b> |  | <b>216,526</b> | <b>224,078</b> | <b>112,706</b> | <b>35,398</b> | <b>38,525</b> | <b>25,429</b> | <b>19,230</b> |
|------------------------------------|--|----------------|----------------|----------------|---------------|---------------|---------------|---------------|

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

## NOTE 7.2 (C): MARKET RISK

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.

The following movements are 'reasonably possible' over the next 12 months:

- a change in interest rates of 1.5% up or down.

### Interest rate risk

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

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 2022 (2020/21: 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 7.4: FAIR VALUE DETERMINATION

### How we measure fair value

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

The following assets and liabilities are carried at fair value:

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

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

### Valuation hierarchy

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

The levels are as follows:

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

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 transfers between levels during the period as outlined in reconciliation of level 3 fair value measurement.

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

### IDENTIFYING UNOBSERVABLE INPUTS (LEVEL 3) FAIR VALUE MEASUREMENTS

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

Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

However, the fair value measurement objective remains the same, i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability.

Therefore, unobservable inputs shall reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.





## NOTE 7.4 (A): FAIR VALUE DETERMINATION OF NON-FINANCIAL PHYSICAL ASSETS

|   |        | FAIR VALUE MEASUREMENT<br>AT END OF REPORTING PERIOD USING: |                                  |                                  |                                  |
|---|--------|---|----------------------------------|----------------------------------|----------------------------------|
|   | Note   | Carrying<br>amount as at<br>30 June 2022<br>\$'000          | Level 1 <sup>(i)</sup><br>\$'000 | Level 2 <sup>(i)</sup><br>\$'000 | Level 3 <sup>(i)</sup><br>\$'000 |
| <b>Land at Fair Value</b>   |        |   |                                  |                                  |                                  |
| Non-Specialised Land  |        | 71,090  | -                                | 71,090                           | -                                |
| Specialised Land  |        | 160,677   | -                                | -                                | 160,677                          |
| <b>Total Land at Fair Value</b>   | 4.1(a) | <b>231,767</b>  | <b>-</b>                         | <b>71,090</b>                    | <b>160,677</b>                   |
| <b>Buildings at Fair Value</b>  |        |   |                                  |                                  |                                  |
| Non-Specialised Buildings   |        | 19,099  | -                                | 19,099                           | -                                |
| Specialised Buildings   |        | 825,052   | -                                | -                                | 825,052                          |
| <b>Total Buildings at Fair Value</b>  | 4.1(a) | <b>844,151</b>  | <b>-</b>                         | <b>19,099</b>                    | <b>825,052</b>                   |
| <b>Plant, Equipment, Furniture, Fittings and Vehicles at Fair Value</b>       |        |   |                                  |                                  |                                  |
| Vehicles  | 4.1(a) | -   | -                                | -                                | -                                |
| Medical Equipment   | 4.1(a) | 27,615  | -                                | -                                | 27,615                           |
| Computers and Communication Equipment   | 4.1(a) | 3,887   | -                                | -                                | 3,887                            |
| Furniture and Fittings  | 4.1(a) | 5,030   | -                                | -                                | 5,030                            |
| <b>Total Plant, Equipment, Furniture, Fittings and Vehicles at Fair Value</b> |        | <b>36,532</b>   | <b>-</b>                         | <b>-</b>                         | <b>36,532</b>                    |
| <b>Right-of-Use Assets</b>  |        |   |                                  |                                  |                                  |
| Right-of-Use Non-Specialised Land   |        | 966   | -                                | 966                              | -                                |
| Right-of-Use Specialised Land   |        | 24,190  | -                                | -                                | 24,190                           |
| Right-of-Use Buildings  |        | 10,202  | -                                | -                                | 10,202                           |
| Right-of-Use Plant, Equipment and Vehicles                                    |        | 6,720   | -                                | -                                | 6,720                            |
| <b>Total Right-of-Use Assets at Fair Value</b>                                | 4.2(a) | <b>42,078</b>   | <b>-</b>                         | <b>966</b>                       | <b>41,112</b>                    |
| <b>TOTAL NON-FINANCIAL PHYSICAL ASSETS AT FAIR VALUE</b>                      |        | <b>1,154,528</b>  | <b>-</b>                         | <b>91,155</b>                    | <b>1,063,373</b>                 |



## NOTE 7.4 (A): FAIR VALUE DETERMINATION OF NON-FINANCIAL PHYSICAL ASSETS (CONTINUED)

|   |        | FAIR VALUE MEASUREMENT<br>AT END OF REPORTING PERIOD USING: |                                  |                                  |                                  |
|---|--------|---|----------------------------------|----------------------------------|----------------------------------|
|   | Note   | Carrying<br>amount as at<br>30 June 2021<br>\$'000          | Level 1 <sup>(i)</sup><br>\$'000 | Level 2 <sup>(i)</sup><br>\$'000 | Level 3 <sup>(i)</sup><br>\$'000 |
| <b>Land at Fair Value</b>   |        |   |                                  |                                  |                                  |
| Non-Specialised Land  |        | 3,628   | -                                | 3,628                            | -                                |
| Specialised Land  |        | 208,779   | -                                | -                                | 208,779                          |
| <b>Total Land at Fair Value</b>   | 4.1(a) | <b>212,407</b>  | <b>-</b>                         | <b>3,628</b>                     | <b>208,779</b>                   |
| <b>Buildings at Fair Value</b>  |        |   |                                  |                                  |                                  |
| Non-Specialised Buildings   |        | 19,597  | -                                | 19,597                           | -                                |
| Specialised Buildings   |        | 872,806   | -                                | -                                | 872,806                          |
| <b>Total Buildings at Fair Value</b>  | 4.1(a) | <b>892,403</b>  | <b>-</b>                         | <b>19,597</b>                    | <b>872,806</b>                   |
| <b>Plant, Equipment, Furniture, Fittings and Vehicles at Fair Value</b>       |        |   |                                  |                                  |                                  |
| Vehicles  | 4.1(a) | 30  | -                                | -                                | 30                               |
| Medical Equipment   | 4.1(a) | 28,398  | -                                | -                                | 28,398                           |
| Computers and Communication Equipment   | 4.1(a) | 3,809   | -                                | -                                | 3,809                            |
| Furniture and Fittings  | 4.1(a) | 5,243   | -                                | -                                | 5,243                            |
| <b>Total Plant, Equipment, Furniture, Fittings and Vehicles at Fair Value</b> |        | <b>37,480</b>   | <b>-</b>                         | <b>-</b>                         | <b>37,480</b>                    |
| <b>Right-of-Use Assets</b>  |        |   |                                  |                                  |                                  |
| Right-of-Use Non-Specialised Land   |        | 719   | -                                | 719                              | -                                |
| Right-of-Use Specialised Land   |        | 25,854  | -                                | -                                | 25,854                           |
| Right-of-Use Buildings  |        | 11,336  | -                                | -                                | 11,336                           |
| Right-of-Use Plant, Equipment and Vehicles                                    |        | 7,973   | -                                | -                                | 7,973                            |
| <b>Total Right-of-Use Assets at Fair Value</b>                                | 4.2(a) | <b>45,882</b>   | <b>-</b>                         | <b>719</b>                       | <b>45,163</b>                    |
| <b>TOTAL NON-FINANCIAL PHYSICAL ASSETS AT FAIR VALUE</b>                      |        | <b>1,188,172</b>  | <b>-</b>                         | <b>23,944</b>                    | <b>1,164,228</b>                 |

## NOTE 7.4 (A): FAIR VALUE DETERMINATION OF NON-FINANCIAL PHYSICAL ASSETS (CONTINUED)

### HOW WE MEASURE FAIR VALUE OF NON-FINANCIAL PHYSICAL ASSETS

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

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

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

Theoretical opportunities that may be available in relation to the 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 and non-specialised buildings

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

For non-specialised land and non-specialised buildings, an independent valuation was performed by the Valuer-General Victoria to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for

share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset.

The effective date of the valuation is 30 June 2022.

#### 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 their fair value.

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

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants.

This approach is in light of the highest and best use consideration required for fair value measurement and takes into account the use of the asset that is physically possible, legally permissible and financially feasible.

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

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

An independent valuation of Eastern Health's specialised land was performed by the Valuer-General Victoria. The effective date of the valuation is 30 June 2022.

#### Vehicles

Eastern Health acquires new vehicles and at times disposes of them before completion of their economic life. The process of acquisition, use and disposal in the market is managed by the health service who set relevant depreciation rates during use to reflect the consumption of the vehicles. As a result, the fair value of vehicles does not differ materially from the carrying amount (depreciated cost).

#### Furniture, fittings, plant and equipment

Furniture, fittings, plant and equipment (including medical equipment, computers and communication equipment) are held at carrying amount (depreciated cost). When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, the depreciated replacement cost is used to estimate the fair value.

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

There were no changes in valuation techniques throughout the period to 30 June 2022.



**NOTE 7.4 (A): FAIR VALUE DETERMINATION OF NON-FINANCIAL PHYSICAL ASSETS (CONTINUED)****RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENT**

|  | Note   | Land<br>\$'000 | Buildings<br>\$'000 | Plant,<br>Equipment,<br>Furniture,<br>Fittings and<br>Vehicles<br>\$'000 | Right-of-use<br>Land<br>\$'000 | Right-of-use<br>Buildings<br>\$'000 | Right-of-use<br>Plant,<br>Equipment<br>and Vehicles<br>\$'000 |
|--|--------|----------------|---------------------|--|--------------------------------|-------------------------------------|---|
| <b>Balance as at<br/>30 June 2020</b>                  |        | <b>182,468</b> | <b>922,827</b>      | <b>34,652</b>  | <b>31,702</b>                  | <b>13,806</b>                       | <b>10,731</b>   |
| Additions/(Disposals)                                  |        | -              | -                   | 3,082  | -                              | -                                   | -   |
| Net Transfers<br>Between Classes                       |        | -              | 3,244               | 12,303   | -                              | -                                   | -   |
| <b>Gains/(Losses) Recognised in Net Result:</b>        |        |                |                     |  |                                |                                     |   |
| • Depreciation   |        | -              | (50,740)            | (12,557)   | (2,682)                        | (2,470)                             | (2,758)   |
| <b>Items Recognised in Other Comprehensive Income:</b> |        |                |                     |  |                                |                                     |   |
| • Revaluation  |        | 26,311         | (2,525)             | -  | (3,166)                        | -                                   | -   |
| <b>Balance as at<br/>30 June 2021</b>                  | 7.4(a) | <b>208,779</b> | <b>872,806</b>      | <b>37,480</b>  | <b>25,854</b>                  | <b>11,336</b>                       | <b>7,973</b>  |
| Additions/(Disposals)                                  |        | -              | 1,184               | 4,080  | -                              | 1,421                               | 1,567   |
| Transfers In/(Out)<br>of Level 3                       |        | (57,191)       | -                   | 7,284  | -                              | -                                   | -   |
| <b>Gains/(Losses) Recognised in Net Result:</b>        |        |                |                     |  |                                |                                     |   |
| • Depreciation   |        | -              | (48,938)            | (12,312)   | (1,401)                        | (2,555)                             | (2,820)   |
| <b>Items Recognised in Other Comprehensive Income:</b> |        |                |                     |  |                                |                                     |   |
| • Revaluation  |        | 9,089          | -                   | -  | (263)                          | -                                   | -   |
| <b>Balance as at<br/>30 June 2022</b>                  | 7.4(a) | <b>160,677</b> | <b>825,052</b>      | <b>36,532</b>  | <b>24,190</b>                  | <b>10,202</b>                       | <b>6,720</b>  |

(Classified in accordance with the fair value hierarchy – refer Note 7.4)

## NOTE 7.4 (A): FAIR VALUE DETERMINATION OF NON-FINANCIAL PHYSICAL ASSETS (CONTINUED)

### FAIR VALUE DETERMINATION OF LEVEL 3 FAIR VALUE MEASUREMENT

| Asset class                         | Likely valuation approach             | Significant inputs (Level 3 only) (a)  |
|-------------------------------------|---------------------------------------|--|
| 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"> <li>• Cost per square metre</li> <li>• Useful life</li> </ul> |
| Dwellings                           | Market approach                       | n.a.   |
|                                     | Depreciated replacement cost approach | <ul style="list-style-type: none"> <li>• Cost per square metre</li> <li>• Useful life</li> </ul> |
| Vehicles                            | Market approach                       | n.a.   |
|                                     | Depreciated replacement cost approach | <ul style="list-style-type: none"> <li>• Cost per unit</li> <li>• Useful life</li> </ul>         |
| Plant and equipment                 | Depreciated replacement cost approach | <ul style="list-style-type: none"> <li>• Cost per unit</li> <li>• Useful life</li> </ul>         |
| Infrastructure                      | Depreciated replacement cost approach | <ul style="list-style-type: none"> <li>• Cost per unit</li> <li>• Useful life</li> </ul>         |

(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.



## 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 pandemic.

### NOTE 8.1: RECONCILIATION OF NET RESULT FOR THE YEAR TO NET CASH FLOWS FROM OPERATING ACTIVITIES

|  | Note   | 2022<br>\$'000 | 2021<br>\$'000  |
|--|--------|----------------|-----------------|
| <b>Net Result For the Period</b>                                 |        | <b>25,255</b>  | <b>(10,464)</b> |
| <b>Non-Cash Movements</b>  |        |                |                 |
| Depreciation of Non-Current Assets                               | 4.5    | 68,641         | 69,969          |
| Amortisation of Non-Current Assets                               | 4.5    | 2,735          | 5,525           |
| Capital Grant - Indirect Contribution by Department of Health    |        | (44,742)       | (16,998)        |
| Services received Free of Charge                                 |        | (207)          | (1,305)         |
| Assets Received FOC  | 2.2    | (1,831)        | (1,287)         |
| Discount Interest Expense / (Revenue) on Financial Instrument    |        | (228)          | 36              |
| (Gain)/Loss on Revaluation of Long Service Leave Liability       | 3.2    | (13,189)       | (19,299)        |
| Bad and Doubtful Debt expense                                    | 3.2    | 731            | 1,411           |
| (Gain)/Loss on Sale or Disposal of Non-Financial Physical Assets | 3.2    | 55             | 12              |
| Capital Donations Received                                       |        | (2,601)        | (2,215)         |
| <b>Movements in Assets and Liabilities</b>                       |        |                |                 |
| (Increase) / Decrease in Receivables and Contract Assets         | 5.1(a) | (15,949)       | (10,747)        |
| (Increase) / Decrease in Prepayments                             |        | 490            | (495)           |
| (Increase) / Decrease in Inventories                             | 4.6    | (139)          | (1,225)         |
| Increase / (Decrease) in Other Liabilities                       | 5.3    | 5,131          | 9,130           |
| Increase / (Decrease) in Payables and Contract Liabilities       | 5.2    | 64,474         | 23,323          |
| Increase / (Decrease) in Employee Benefits                       | 3.3    | 29,825         | 31,693          |
| <b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>                 |        | <b>118,451</b> | <b>77,064</b>   |

## NOTE 8.2: RESPONSIBLE PERSONS' DISCLOSURES

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

| Period   |                         |
|--|-------------------------|
| <b>Responsible Ministers</b>                     |                         |
| <b>The Honourable Mary-Anne Thomas MP:</b>       |                         |
| Minister for Health                              | 27/06/2022 - 30/06/2022 |
| Minister for Ambulance Services                  | 27/06/2022 - 30/06/2022 |
| <b>The Honourable Gabrielle William MP:</b>      |                         |
| Minister for Mental Health                       | 27/06/2022 - 30/06/2022 |
| <b>The Honourable Colin Brooks MP:</b>           |                         |
| Minister for Disability, Ageing and Carers       | 27/06/2022 - 30/06/2022 |
| <b>The Honourable Martin Foley MP:</b>           |                         |
| Minister for Health                              | 1/07/2021 - 27/06/2022  |
| Minister for Ambulance Services                  | 1/07/2021 - 27/06/2022  |
| <b>The Honourable James Merlino MP:</b>          |                         |
| Minister for Mental Health                       | 1/07/2021 - 30/06/2022  |
| <b>The Honourable Luke Donnellan MP:</b>         |                         |
| Minister for Disability, Ageing and Carers       | 1/07/2021 - 11/10/2021  |
| <b>The Honourable James Merlino MP:</b>          |                         |
| Minister for Disability, Ageing and Carers       | 11/10/2021 - 6/12/2021  |
| <b>The Honourable Anthony Carbines MP:</b>       |                         |
| Minister for Disability, Ageing and Carers       | 06/12/2021 - 27/06/2022 |
| <b>Governing Board</b>                           |                         |
| Mr Tass Mousaferiadis (Chair of the Board)       | 1/07/2021 - 30/06/2022  |
| Ms Anna Lee Cribb                                | 1/07/2021 - 30/06/2022  |
| Ms Sally Freeman                                 | 1/07/2021 - 30/06/2022  |
| Mrs Penny Hutchinson                             | 1/07/2021 - 30/06/2022  |
| Ms Jill Linklater                                | 1/07/2021 - 30/06/2022  |
| Dr Bob Mitchell AM                               | 1/07/2021 - 30/06/2022  |
| Dr Ben Goodfellow                                | 1/07/2021 - 23/11/2021  |
| Mr Andrew Saunders                               | 1/07/2021 - 30/06/2022  |
| Mr Lance Wallace                                 | 1/07/2021 - 30/06/2022  |
| Dr Angela Williams                               | 1/07/2021 - 30/06/2022  |
| <b>Accountable Officer</b>                       |                         |
| Adjunct Professor David Plunkett Chief Executive | 1/07/2021 - 30/06/2022  |



## NOTE 8.2: RESPONSIBLE PERSONS' DISCLOSURES (CONTINUED)

## REMUNERATION OF RESPONSIBLE PERSONS

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

|                                  | NO. OF DIRECTORS AND ACCOUNTABLE OFFICER |           |
|----------------------------------|--|-----------|
|                                  | 2022                                     | 2021      |
| <b>Income Bands</b>              |  |           |
| \$10,001 - \$20,000              | 1  | -         |
| \$30,001 - \$40,000              | -  | 1         |
| \$40,001 - \$50,000              | 7  | 7         |
| \$80,001 - \$90,000              | 1  | 1         |
| \$510,000 - \$520,000            | -  | 1         |
| \$540,000 - \$550,000            | 1  | -         |
| <b>Total Responsible Persons</b> | <b>10</b>                                | <b>10</b> |

|  | 2022<br>\$'000 | 2021<br>\$'000 |
|--|----------------|----------------|
| <b>TOTAL REMUNERATION RECEIVED OR DUE AND RECEIVABLE<br/>BY RESPONSIBLE PERSONS FROM EASTERN HEALTH:</b> | <b>936</b>     | <b>936</b>     |

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

## NOTE 8.3: REMUNERATION OF EXECUTIVES

### Executive officers' remuneration

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

|  | 2022<br>\$'000 | 2021<br>\$'000 |
|--|----------------|----------------|
| <b>Remuneration of Executive Officers</b><br><i>(incl. Key Management Personnel disclosed in Note 8.4)</i> |                |                |
| Short-Term Benefits  | \$2,631        | \$2,533        |
| Other Long-Term Benefits   | \$67           | \$60           |
| Post-Employment Benefits   | \$211          | \$226          |
| <b>TOTAL REMUNERATION</b>  | <b>\$2,909</b> | <b>\$2,819</b> |
| <b>TOTAL NUMBER OF EXECUTIVES<sup>(i)</sup>:</b>   | <b>10</b>      | <b>10</b>      |
| <b>TOTAL ANNUALISED EMPLOYEE EQUIVALENT<sup>(ii)</sup>:</b>  | <b>8</b>       | <b>8</b>       |

(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 Enterprise Bargaining Agreement 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 health services 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.

## NOTE 8.4: RELATED PARTIES (CONTINUED)

### 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                                       |
| Mrs Penny Hutchinson             | Board member  | Full Year                                       |
| Ms Jill Linklater                | Board member  | Full Year                                       |
| Dr Bob Mitchell AM               | Board member  | Full Year                                       |
| Dr Ben Goodfellow                | Board member  | 1/7/2021 - 23/11/2021                           |
| 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 Anita Wilton                  | Acting Executive Director Clinical Operations (ASPPPA)                        | 6/9/2021 to 26/4/2022                           |
| Ms Shannon Wight                 | Executive Director Clinical Operations (ASPPPA)                               | 1/7/2021 to 5/9/2021 and 27/4/2022 to 30/6/2022 |
| Mr Paul Leyden                   | Acting Executive Director Clinical Operations (SWMMS)                         | Full Year                                       |
| Ms Gillian Shedden               | Executive Director People and Culture   | Full Year                                       |
| Ms Gayle Smith                   | Executive Director Quality, Planning and Innovation                           | Full Year                                       |
| Mr Paul Adcock                   | Acting Executive Director Information, Technology and Capital Projects        | 14/9/2021 to 30/6/2022                          |
| Mr Zoltan Kokai                  | Executive Director Information, Technology and Capital Projects               | 1/7/2021 to 13/9/2021                           |

## NOTE 8.4: RELATED PARTIES (CONTINUED)

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 State's Annual Financial Report.

|   | 2022<br>\$'000 | 2021<br>\$'000 |
|---|----------------|----------------|
| <b>Compensation - KMPs</b>              |                |                |
| <b>Short-Term Employee</b>              |                |                |
| Benefits                                | 3,487          | 3,395          |
| Post-Employment Benefits                | 274            | 283            |
| Other Long-Term Benefits                | 84             | 77             |
| <b>TOTAL COMPENSATION<sup>(i)</sup></b> | <b>3,845</b>   | <b>3,755</b>   |

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

### Significant transactions with government related entities

Eastern Health received funding from the Department of Health of \$1,233 million (2020/21 \$1,105 million) and indirect contributions of \$1.8 million (2020/21 \$1.6 million).

The net balance owed to Department of Health at 30 June 2022 is \$5.318 million (2021: net balance owed to Department of Health - \$1.032 million).

At year end, the Long Service Leave funding receivable is \$83.754 million (2021: \$69.856 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 2022 (2021: none).

There were no related party transactions required to be disclosed for the Eastern Health Board of Directors, Chief Executive Officer and Executive Directors in 2022 (2021: none).



**NOTE 8.5: REMUNERATION OF AUDITORS**

|  | 2022<br>\$'000 | 2021<br>\$'000 |
|--|----------------|----------------|
| <b>Victorian Auditor-General's Office</b>      |                |                |
| Audit of Eastern Health's Financial Statements | 126            | 140            |
| <b>TOTAL REMUNERATION OF AUDITORS</b>          | <b>126</b>     | <b>140</b>     |

**NOTE 8.6: EVENTS OCCURRING AFTER THE BALANCE SHEET DATE****Directors**

Mr Terry Symonds was appointed to the Eastern Health Board effective 1 July 2022.

Eastern Health with the assistance of the State Government has negotiated the purchase of the Bellbird Private Hospital. The Bellbird Private Hospital, to be known as Eastern Health Blackburn, will be a dedicated public elective surgical centre and will be operational during late 2022.

No other matters have occurred since the end of the financial year which could significantly affect the operations of Eastern Health, the results of the operations or the state of affairs of Eastern Health in 2022/23.

**NOTE 8.7: EQUITY****Contributed capital**

Contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Eastern Health.

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

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

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

The Department of Health has provided confirmation that it will continue to provide Eastern Health adequate cash flow to meet current and future obligations as and when they fall due for a period up to 31 October 2023. On that basis, the financial statements have been prepared on a going concern basis.



# GLOSSARY AND INDEX



## Glossary

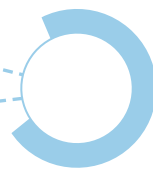
|                   |  |
|-------------------|--|
| ACHS              | Australian Council on Healthcare Standards   |
| Acute episode     | A rapid onset and/or short course of illness   |
| Acute hospital    | Short-term medical and/or surgical treatment and care facility   |
| Agpar score       | 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><b>Urgent:</b><br/>Admission within 30 days or condition(s) has the potential to deteriorate quickly to the point it may become an emergency.</p> <p><b>Semi-urgent:</b><br/>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><b>Non-urgent:</b><br/>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><b>Category 1:</b> Resuscitation; seen immediately<br/> <b>Category 2:</b> Emergency; seen within 10 minutes<br/> <b>Category 3:</b> Urgent; seen within 30 minutes<br/> <b>Category 4:</b> Semi-urgent; seen within one hour<br/> <b>Category 5:</b> 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   |
| EQulP 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 subacute hospital setting   |
| KgCO <sub>2</sub> e      | Equivalent kilograms of carbon dioxide  |
| kL                       | Kilolitre   |
| LGBTI                    | Lesbian, gay, bisexual, transgender and intersex  |
| m <sup>2</sup>           | 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  |
| Subacute 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  |




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## Location

 5 Arnold Street  
Box Hill, VIC 3128

## Postal address

 PO Box 94  
Box Hill, VIC 3128

## General inquiries

 1300 342 255

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 03 9895 4608

 [fundraising@easternhealth.org.au](mailto:fundraising@easternhealth.org.au)

 [www.easternhealth.org.au/foundation](http://www.easternhealth.org.au/foundation)



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The Centre for Patient Experience  
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