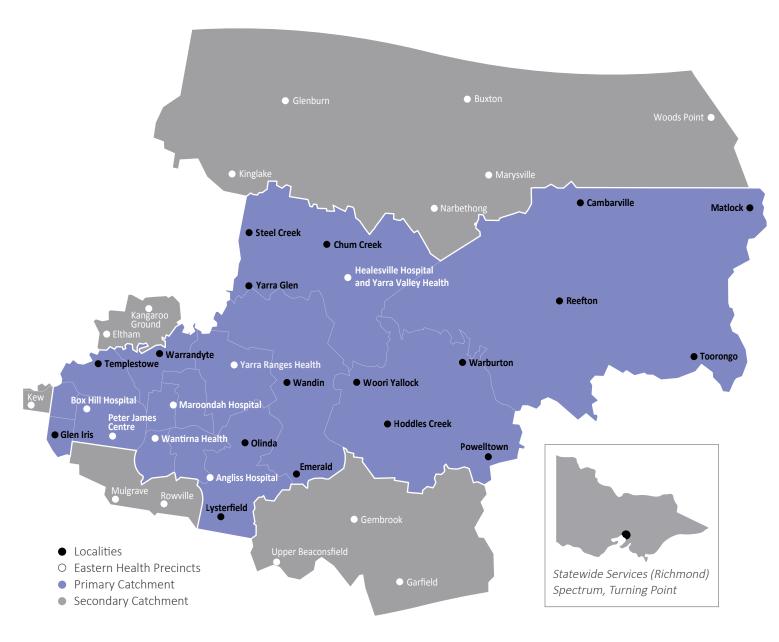




Eastern Health Catchments



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

SINCE IT WAS ESTABLISHED IN 2000, EASTERN HEALTH HAS PLAYED A KEY ROLE IN THE PROVISION OF PUBLIC HEALTH SERVICES IN MELBOURNE'S EASTERN AND OUTER EASTERN SUBURBS. IT WORKS WITH COMMUNITY HEALTHCARE PROVIDERS, SUCH AS GENERAL PRACTITIONERS, COMMUNITY HEALTH SERVICES AND AFFILIATED HEALTHCARE AGENCIES. GEOGRAPHICALLY, EASTERN HEALTH COVERS THE MUNICIPALITIES OF BOROONDARA, KNOX, MANNINGHAM, MAROONDAH, WHITEHORSE AND YARRA RANGES.







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 2020.

707-7

Mr Tass Mousaferiadis Eastern Health Board Chair 2 October 2020

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 and Minister for Ambulance Services, the Hon Jenny Mikakos MP, and the Victorian Minister for Mental Health, the Hon Martin Foley, through the Department of Health and Human Services. 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.

The Annual Report 2019-20 provides information about Eastern Health's sites, services, staff and operational achievements and challenges during the financial year.

Eastern Health's publications are available on its website at **www.easternhealth.org.au**

The Annual Report 2019-20 will be presented to the public at Eastern Health's annual meeting which will be advertised via the Eastern Health website.

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OUR BOARD CHAIR AND CHIEF EXECUTIVE



It has been a year like no other, with the COVID-19 pandemic dramatically changing the way we live, work and care for our community.

In 2019-20, Eastern Health was required to respond to the COVID-19 pandemic, and in doing so was unable to achieve some targets as per the Statement of Priorities. Prior to the pandemic, Eastern Health was on track to meet its annual performance targets.

The pandemic required Eastern Health to pivot from normal operations to support the Australian and Victorian responses and lead the local response to COVID-19.

The response to the pandemic slowed the progression of some key initiatives and improvements as outlined in the 2019-20 Statement of Priorities.

A more detailed summary is available on page 24.

Despite these challenges, we have many achievements to recognise.
Our commitment to provide great care for our patients has continued to be at the forefront of everything we do.

The support from our community for Eastern Health has been a vital ingredient in the achievements realised this year. One way this has been demonstrated is the \$4,156,417 donated to the Eastern Health Foundation, all of which has been used to expand equipment, services and research covering many of our services.

OUR FIGHT AGAINST COVID-19

As news of coronavirus emerged and it subsequently landed on Australia's shores in January 2020, Eastern Health activated its pandemic plan (see page 3), inclusive of robust infection prevention and control procedures, surge demand and capacity plans along with strategies to ensure the safety of staff, patients and families, to prepare for what has continued to be one of the most significant challenges ever faced.

Eastern Health is extremely grateful for the financial support of the Victorian Government, which has allowed us to respond to the pandemic and continue to provide excellent care for our community.

An agile response

Physical distancing measures were activated in March 2020, and our staff worked around the clock to ensure we could continue to provide high-quality, safe care.

In a matter of days, Eastern Health implemented screening for anyone entering our sites through reduced entrance points at all sites, rapidly developed guidelines and educational tools for appropriate use of Personal Protective Equipment (PPE), transferred patient care that would normally occur in a clinic or therapy space to be treated from home through telehealth and made the

difficult decision to reduce the number of visitors and the length of time visitors could spend with patients.

A significant proportion of our workforce commenced working from home and utilised technology to connect, meet and learn.

Screening and care

In March 2020, Eastern Health implemented an Infection Prevention and Control hotline for staff and opened screening clinics at Box Hill and Healesville Hospitals for people who suspected they had COVID-19. To 30 June 2020, 14,942 people had attended our two clinics. In addition to this, our emergency department processes changed dramatically and a dedicated COVID-19 Ward was opened at Box Hill Hospital.

Digital transformation

Eastern Health's commitment to enhance our digital capabilities was vital in 2019-20. Our rapid move to telehealth services has been positively received by health professionals and the community. By offering services via telehealth, we are providing vital healthcare to our community without compromising the safety of our staff and patients.

This change has meant more patients are attending their scheduled appointments as they find the convenience of telehealth removes many barriers to care.













There have also been significant benefits for CALD clients who require the support of an interpreter, as these services can now be provided virtually streamlining the process and increasing the number of languages available. Telehealth is one of the many ways Eastern Health is using technology to improve healthcare, a key part of the Eastern Health Strategic Plan.

• Enabling Patient

Communication

Eastern Health Pathology

Our pathology team has significantly expanded its services in response to COVID-19. The introduction of in-house testing has transformed the care of suspected COVID-19 patients, largely due to the rapid turnaround.

Enhancements in pathology have assisted with reducing the time patients spend in hospital, therefore improving access to care for other patients. These improvements are expected to have benefits for patients and families beyond the pandemic, as the technology can be used to test for other conditions.

 Relocation BBHH **Respiratory Clinic** • Minimising Staff Movement across Sites • Entry Screening

COVID Testing Blitz (HCW)

Eastern Health Pandemic Plan Eastern Health will provide safe, high quality care and effective public health measures throughout the COVID-19 Pandemic.								
DELIVERABLES	\rightarrow	SURGE CAPACITY & COVID-19 MODEL OF CARE	NON COVID-19 CLINICAL, CLINICAL SUPPORT AND CORPORATE SERVICES	INFRASTRUCTURE AND PROCUREMENT	WORKFORCE	EASTERN HEALTH VALUES AND STAFF WELLBEING	INFECTION PREVENTION & CONTROL	
OBJECTIVE	\rightarrow	Ensure Eastern Health is able to provide safe high quality care for patients with COVID-19	Provide safe high quality care for other patients by maintaining critical services for vulnerable population with the community	Ensure appropriate facilities, equipment and consumables are available to meet the requirements of the surge capacity plan	Ensure appropriate and skilled workforce to fulfil the requirements of the capacity plan	Maximise and maintain safety and wellbeing during the COVID-19 pandemic	Reduce the transmission of the coronavirus to staff and the community as a result of healthcare provision across Eastern Health Services	
PROJECTS TO DELIVER OBJECTIVE ② Completed ③ In progress ○ Yet to be commenced	→	COVID-19 Service Delivery System and streams of care Model of Care for each clinical stream COVID-19 Commissioning toolkit COVID-19 Demand Management Plan COVID-19 Recovery Plan	Elective Surgery Non-COVID Clinical Services Demand Management Plan Amended Clinical Governance during COVID-19 Pandemic	Medication Procurement Plan Clinical Equipment Medical Gases COVID related inventory Standard Consumables Security and Access IT: Working from home Infrastructure/Facilities Patient Transport Staff Linen Supplies Mortuary Capacity	Workforce availability Skilled Workforce Casual Workforce Deployment At Risk Health Workers Workforce availability (version 2)	Communication Strategy - Staff Hub Wellbeing Plan Hotel for Heroes Staff Health Records Workplace Equity and inclusion during COVID-19 Promotional Campaign	 Physical Distancing Visitor Restriction PPE Case Definition Criteria Respiratory Assessment Screening Clinic COVID-19 Staff Screening Hospital Screening (temp) Hand Hygiene Infectious Cleaning Patient & Family Centred Care Telehealth Pathology Testing 	

Planning



OUR BOARD CHAIR AND CHIEF EXECUTIVE (continued)



Hospital in the Home



Eastern Health has increased the capacity of Hospital in the Home (HITH) services and enhanced the services to provide care for more complex conditions. This has reduced the number of patients requiring hospital admission and significantly decreased the length of stay when admission is required.

In 2019-20, HITH developed a COVID-19 Model of Care for remote patient monitoring of patients with COVID-19. The HITH team cared for 33 COVID-19 patients using this model to August 2020.

The preliminary work in 2019-20 allowed HITH to provide an Outbreak Response Team for a COVID-19 outbreak in a community residential facility later in 2020, providing care for the duration of illness for patients who preferred to be managed in the community.

Eastern Health Foundation's Agility Fund significantly contributed to this work, enabling Eastern Health to rapidly respond to the pandemic thanks to the support of donors.

Healthcare heroes

Public support for our staff has been overwhelming. From deliveries of food and care packages from businesses, to letters of thanks from primary school students – the gratitude shown from our community has been very much appreciated.

Eastern Health Foundation's Agility Response Fund was established in March 2020 to purchase lifesaving equipment and other vital resources. To 30 June 2020, \$686,472 was donated, allowing us to respond quickly to the rapidly evolving situation. We are extremely grateful to our donors for this valuable support (read more on page 42 – EHF feature).

LEADING IN RESEARCH AND INNOVATION

The COVID-19 pandemic has brought the need for research and innovation in healthcare into sharp focus. Eastern Health continues to prioritise research, with improved patient care and outcomes at the core of what we do.

In 2019-20, Turning Point continued to lead in addiction treatment, research and education. A key highlight was the commencement of work to develop a world-first suicide monitoring system, as part of the Google AI Impact Challenge.

Turning Point, with its partners Monash University and the Eastern Health Foundation, was one of 20 organisations worldwide to receive a \$A1.2 million grant from Google.org in May 2019. Turning Point will use this grant to develop a national suicide monitoring system which has the potential to set international standards for informing suicide prevention efforts.

Prof Dan Lubman, Dr Debbie Scott and Mr Sam Campbell presented their project at Google's Al Impact Challenge Summit in San Francisco in February 2020 alongside other grantees, including Doctors Without Borders, The Trevor Project, Gringgo Indonesia Foundation, Crisis Text Line and Rainforest Connection.

They had the opportunity to share their work — and Turning Point's work more broadly — with representatives from DeepMind, UNICEF, Stanford, The Gates Foundation and the Tides Foundation, as well as press and Google executives, including Sundar Pichai, the CEO of Alphabet Inc., the parent company of Google.

EXPANDING OUR FACILITIES

On 11 November 2019, Eastern Health opened an MRI service at Box Hill Hospital. The \$6.5 million state government-funded project will provide significant benefits for cancer, orthopaedic and neurology patients by providing access to non-invasive investigation of disease without the need to be transferred to other health services, something that will be increasingly vital as the demand for these services increases in the future.

Maroondah Hospital's new 542 space multi-deck staff car park opened on 28 October 2019, significantly improving access to the site for patients, staff, volunteers and visitors.

The new car park is for staff, freeing up 100 per cent of spaces in the existing multi-deck Davey Drive car park for patients and visitors. The opening of the new multi-deck car park has increased capacity across the hospital precinct to just over 1100 spaces.



PUBLIC SUPPORT FOR OUR STAFF HAS BEEN OVERWHELMING. FROM DELIVERIES OF FOOD AND CARE PACKAGES FROM BUSINESSES, TO LETTERS OF THANKS FROM PRIMARY SCHOOL STUDENTS – THE GRATITUDE SHOWN FROM OUR COMMUNITY HAS BEEN VERY MUCH APPRECIATED.

OUR BOARD CHAIR AND CHIEF EXECUTIVE (continued)









IN 2019-20, TURNING POINT CONTINUED TO LEAD IN ADDICTION TREATMENT, RESEARCH AND EDUCATION. A KEY HIGHLIGHT WAS THE COMMENCEMENT OF WORK TO DEVELOP A WORLD-FIRST SUICIDE MONITORING SYSTEM, AS PART OF THE GOOGLE AI IMPACT CHALLENGE.

The increase in parking capacity has allowed us to provide patients and visitors with ample parking close to the hospital, immediately opposite the main entrance. This is particularly beneficial for our patients, who often have mobility limitations or health conditions and require their car to be in close proximity to the hospital.

This project was jointly funded by the Federal and State governments, and we thank them for their support.

BOARD DEPARTURES

Eastern Health would like to sincerely thank and recognise the contribution of Hon Fran Bailey, Dr Peter Dohrmann, Prof Andrew Conway and Ms Joanna Walker, whose terms as Board Directors expired on 30 June 2020. We are grateful for their time and commitment to Eastern Health.

LOOKING FORWARD

What our staff have achieved during these unprecedented times is a testament to their commitment to great care, everywhere, every time. We would like to take this opportunity to thank each and every one of them for the vital role they are continuing to play during this challenging time.

As we continue to manage the impact of COVID-19, we are proud of the preparedness of our health service and the ongoing commitment of our staff to protecting and caring for our community.

Next year we will celebrate our 21st year in operation as Eastern Health. We look forward to recognising this significant milestone which will no doubt provide an opportunity for us to reflect on 2020 as a year of agility, resilience and great care, everywhere, every time.

Mr Tass Mousaferiadis
Eastern Health Board Chair

Adjunct Professor David Plunkett
Eastern Health Chief Executive



FINANCE COMMITTEE CHAIR AND CHIEF FINANCE OFFICER



THE NET OPERATING RESULT EXCEEDED TARGET

The Net Operating Result is the result which Eastern Health is monitored against in its Statement of Priorities agreed with the Minister for Health for the 2019-20 financial year.

This Result is a deficit of \$430,000 which is slightly below the breakeven Statement of Priorities target. This is an extraordinary result given the exceptional circumstance the health service had to face in the final four months of the year with the COVID-19 pandemic.

The main difference between the Net Result from Transactions and the Net Operating Result is the exclusion of depreciation and capital purpose income from Net Operating performance.

A reconciliation of the Net Results from Transactions to the Net Operating Result is included on the next page.

Eastern Health's total comprehensive result for 2019-20 is a \$55.947 million deficit, which takes into account other economic flows, capital purpose income, land and building revaluations and depreciation.

There was a managerial revaluation of land in 2019-20 as the Valuer-General's Land indices had increase by 12.4% resulting in a revaluation of \$23.993 million.

The Net Result from transactions for the year excluding revaluation surplus and other economic flows shows a loss of \$51.822 million. This loss is due mainly to the depreciation expenses of \$73.408 million not being offset by the capital purpose income of \$22.63 million.

DEMAND FOR SERVICES

Operating activity revenues excluding capital revenue grew by 7.2 per cent, and enabled the continued delivery of much-needed services to our community, including managing the COVID-19 pandemic which severely affected service delivery in the last quarter of 2019-20.

It was pleasing to have limited the increase in our operating costs to 7.4 per cent given the significant effect that the COVID-19 pandemic had on our operating costs for the last quarter of the year.

The main increase in expenditure was in employee costs (8 per cent) due to growth in acute inpatient activity and higher wage rates arising from Enterprise Agreements before the COVID-19 pandemic, and the cost of staffing to manage the COVID-19 pandemic both from a patient management perspective and from overall infection control of Eastern Health facilities.

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 bed management, specialist clinics and elective surgery. The budget included substantial productivity and cost containment initiatives.

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

Our cash position at the end of the financial year was \$89 million, which is an improvement on last year by \$23 million. The improved cash position and our overall result provide a sound foundation for Eastern Health to continue delivering positive health experiences for people and communities in our region.

A major event that arose since the year-end balance date was the appointment of four new Board Directors, Ms Sally Freeman, Dr Ben Goodfellow, Mr Lance Wallace and Dr Angela Williams, with Mr Lance Wallace appointed Chair of the Finance Committee. Four Board Directors' appointments expired on 30 June 2020: the Hon Fran Bailey, Prof Andrew Conway, Dr Peter Dorhmann and Ms Joanna Walker. No other events occurred after the Balance Sheet date.

Lance Wallace

Chair Finance Committee

Geoff CutterChief Finance Officer
Eastern Health

"Eastern Health's total comprehensive result for 2019-20 is a \$ 55.947 million deficit, which takes into account other economic flows, capital purpose income, land and building revaluations and depreciation."



Eastern Health Board Director and Finance Committee Chair, Lance Wallace and Chief Finance Officer, Mr Geoff Cutter.

SUMMARY OF FINANCIAL RESULTS

	2020 \$000	2019 \$000	2018** \$000	2017 \$000	2016 \$000
Operating result*	429	2,670	2,948	(8,439)	299
Total revenue	1,179,120	1,100,184	1,070,401	1,008,430	933,199
Total expenses	1,230,942	1,144,460	1,080,896	1,038,198	955,856
Net result from transactions	51,822	(44,276)	(10,495)	(29,768)	(22,657)
Total other economic flows	(4,125)	(17,156)	(2,706)	(1,246)	(727)
Net Result	(55,947)	(61,432)	(13,201)	(28,522)	(23,384)
Total assets	1,479,194	1,435,015	1,033,253	950,222	945,025
Total liabilities	466,271	366,218	308,550	273,542	251,834
Net assets	1,012,923	1,068,797	724,703	676,680	693,191
Total Equity	1,012,923	1,068,797	724,703	676,680	693,191

^{*} 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

	2020 \$000	2019 \$000	2018 \$000
Adjusted Net operating result*	(1,290)	2,670	2,948
COVID 19 State Supply Arrangements			
Assets received free of charge or for nil consideration under the State Supply	1,762	0	0
State supply items consumed up to 30 June 2020	(901)	0	0
Net Operating Result	(429)	2,670	2,948
Capital and Specific Income			
Capital purpose Income	22,015	20,124	55,599
Depreciation and Amortisation	(73,408)	(67,070)	(69,042)
Net Result from Transactions	(51,822)	(44,276)	(10,495)

^{*} The Net operating result is the result which the health service is monitored against in its Statement of Priorities

^{**} Figures have been updated due to changes in accounting reporting



2019-20 AT A GLANCE





Our performance



1,375,037

episodes of patient care – up 2.1% or 25,666 more episodes



4790

babies born



Average

76%

of ambulance patients transferred within 40 minutes



16,038

patients admitted for elective surgery – 11.5% less than the previous year*



4702

people admitted to our mental health inpatient units



167,034

emergency department presentations – that's approximately one person every three minutes



51,749

ambulance arrivals to our three emergency departments – up by 3.4% – that's approximately one ambulance every 10 minutes



37,921

operations – 5.1% less than the previous year*



277,766

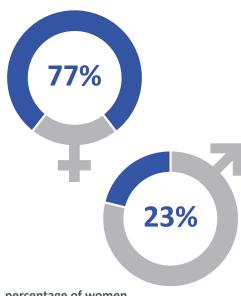
specialist clinic appointments – 1.7% less than last year*



288,956

occasions of service provided by mental health community services

Our people



percentage of women and men in the workforce



97

number of nationalities that make up the Eastern Health workforce



24

number of staff who identify as Aboriginal and Torres Strait Islander

Our volunteers





volunteers contributed



118,080

hours of service up until March 2020 when the Volunteer Program was suspended due to COVID-19 restrictions.

Our patients, visitors and staff greatly miss the valuable contribution of our volunteers and look forward to their return when restrictions are eased.

ABOUT US





OUR STRATEGY

GREAT CARE, EVERYWHERE, EVERY TIME

KINDNESS



RESPECT

EXCELLENCE

PATIENTS FIRST



Leading in learning



Leading in research and innovation

To view Eastern Health's Strategic Plan 2017-22, visit www.easternhealth.org.au

AGILITY

HUMILITY



A values-based, safe workplace



A HIGH-PERFORMING ORGANISATION

Together we care, learn, discover and innovate

Eastern Health's Strategic Plan 2017-2022 provides guidance for the current and future challenges of a growing and ageing population, a rapidly-changing digital environment and financial responsibility to live within our means.

At Eastern Health, the term "great" symbolises not just the experience and outcome of care but also the systems of healthcare that support our staff and our patients to experience great care, everywhere, every time. This vision statement is embedded in our daily language to guide the work of our teams and represent the aspiration of our organisation.

Our mission encompasses the three business fields in which we operate every day. These are the delivery of healthcare services, education to those in, or aspiring to join, the healthcare workforce and research into healthcare and its delivery.

To deliver on our vision, Eastern Health focuses its efforts around four 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 driving healthcare excellence. By living these values every day the Eastern Health team will demonstrate "patients first".

STRATEGIC INITIATIVES

Healthcare excellence

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

Leading in learning

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

Leading in research and innovation

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

A values-based, safe workplace

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



OUR VALUES





Our values reflect our understanding that healthcare is about people caring for people. The way we work together in healthcare teams and with patients, their families and carers, and our communities, requires us to be kind, respectful, agile and humble, and to strive for excellence in all that we do.

> As we live these values each day, our work environments are characterised by respectful and supportive relationships between staff and with our patients and their families.

These values represent and describe the very heart of our organisation and what we stand for.

PATIENTS FIRST KINDNESS RESPECT **EXCELLENCE AGILITY HUMILITY**



WHO WE ARE









Services located across

2816

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



Operating revenue of

\$1.18 billion

this equates to \$1931 per minute



1456^{*}

beds

hospitals

emergency departments



We have

10,306

employees, 70% of whom live within the community we serve



We have

652

dedicated volunteers

* As at 30 June 2020. 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, population and healthcare needs.

Eastern Health is committed to developing and delivering services that meet the needs and expectations of our diverse and growing community. We invest a lot of time and effort to understand our community and how it changes over time.

There are over 810,000 people who live within our primary catchment area (see map on inside cover).

In comparison to the rest of Victoria, the eastern metropolitan region has a lower proportion of people born in Australia, with at least 23 per cent of the population born in a non-English speaking country. The largest proportions of these people were born in China, India, Malaysia and Italy.

Compared with Victorian rates, a larger percentage of people (25 per cent) speak a language other than English at home, including Mandarin, Cantonese, Greek, Italian and Vietnamese.

Yarra Ranges has a higher than Victorian average number of people who identify as Aboriginal or Torres Strait Islander while overall, the eastern metropolitan region has a proportion below the Victorian average (0.4 per cent locally compared with 0.8 per cent in Victoria).

It is estimated that 11 per cent of people in the area are of diverse sexual orientation, sex or gender identity and identify as lesbian, gay, bisexual, transgender and/or intersex.

Patients who come to Eastern Health seek care for a range of health conditions. Eighty-one per cent of admissions to our hospitals are people who live within our primary catchment area. The largest volume of admitted activity is for haemodialysis, which

collectively accounts for one quarter of all patient admissions to Eastern Health.

Eastern Health experiences greater demand for its emergency, inpatient and ambulatory care services per 100,000 head of population than most other health services in Victoria.

We are focused on delivering performance excellence in everything we do, across all aspects of care. We have an active education and research program, and strong affiliations with some of Australia's top universities and educational institutions.

EASTERN HEALTH ORGANISATIONAL PROFILE

Larger sites

- Angliss Hospital
- Box Hill Hospital
- Healesville Hospital and Yarra Valley Health
- Maroondah Hospital
- Peter James Centre
- Statewide Services, Richmond (Turning Point and Spectrum)
- 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



WHO WE ARE (continued)



Clinical programs and services



Eastern Health organises its 43 clinical services into nine programs, as outlined in the table below. These services are delivered from eight 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 13.

DIRECTORATE	CLINICAL PROGRAM	CLINICAL SERVICE GROUP	CLINICAL SUPPORT
Clinical Operations (ASPPPA) Acute and Aged Medicine, Specialty Medicine and Ambulatory Care, Pathology, Pharmacy,	Acute and Aged Medicine	 Emergency General medicine Geriatric medicine Rehabilitation (inpatient) Palliative care Transition care Residential aged care Aged Care Assessment Service Residential in-reach 	
Patient Access and Allied Health	Specialty Medicine and Ambulatory Care	10 Cancer services 11 Renal 12 Cardiology 13 Endocrinology 14 Gastroenterology 15 Haematology/haemostasis and thrombosis 16 Infectious diseases 17 Neurosciences 18 Respiratory 19 Rheumatology 20 Dermatology 21 Eastern@Home 22 Sub-acute clinics 23 Community health 24 Community rehabilitation 25 Aboriginal health	• Allied Health
	Pathology		Patient Access
	Pharmacy		
Clinical Operations SWMMS) Surgery, Nomen and Children and Acute Specialist Clinics, Mental Health, Medical Imaging	Surgery	 26 Anaesthetics 27 Breast and endocrine 28 Colorectal 29 Ear, nose and throat 30 General/paediatric 31 Orthopaedic 32 Plastic 33 Upper gastrointestinal/bariatric/thoracic 34 Urplant 	
and Statewide		34 Urology 35 Vascular	
Services		36 Intensive care services	
	Women and Children and Acute Specialist Clinics	37 Obstetrics38 Gynaecology39 Paediatric and neonatology40 Acute specialist clinics	To find out more about Eastern Health, visit our website at www.easternhealth.org.a
	Mental Health	41 Adult (community and rehabilitation)42 Aged persons (triage and emergency)43 Child and youth	
	Medical Imaging		
	Statewide Services	44 Spectrum45 Turning Point	

OUR GOVERNANCE





ORGANISATIONAL STRUCTURE

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

EASTERN HEALTH BOARD

Executive Assistant

Tracey de Jong

CHIEF EXECUTIVE

Adjunct Professor David Plunkett

OFFICE OF THE CHIEF EXECUTIVE

Director

Eastern Health Foundation

Jason Smith

Chief Counsel

Emma Carnovale

Director

Corporate Governance
Alison Duncan-Marr

Executive Officer

Rachel Meehan

Executive Director People and Culture Gillian Shedden

Executive Director

Research (Chief Medical Officer) Adjunct Clinical Associate Professor Alison Dwyer

Executive Director

Learning and Teaching (Chief Nursing and Midwifery Officer) Adjunct Professor

Leanne Boyd

Executive Director

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

Executive Director

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

Karen Fox

Executive Director

Quality, Planning and Innovation (Chief Allied Health Officer)

Gayle Smith

Executive Director

Information, Technology and Capital Projects

Zoltan Kokai

Executive Director

Finance, Procurement and Corporate Services (Chief Finance Officer and Chief Procurement Officer)

Geoffrey Cutter

Maroondah Hospital
Peter James Centre
Wantirna Health

Angliss Hospital
Box Hill Hospital
Yarra Ranges Health
Healesville Hospital and
Yarra Valley Health



BOARD OF DIRECTORS





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

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

The Board provides governance of Eastern Health and is responsible for its financial performance, strategic directions, quality of healthcare services and 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.

Mr Tass Mousaferiadis was appointed as Board Chair from 1 July 2019.

During 2019-20, 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

Professional positions

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

The Hon Fran Bailey

BAEd DipT (secondary) GAICD

Appointed 1 July 2014

Professional positions

- · Chair, Animal Aid
- Chair, National Emergency Honours
- Director, National Board, Restaurant and Catering
- Ambassador, Cascades National Heritage Project, Second Bite and the Gertrude Opera

Professor Andrew Conway

FIPA FFA FCMA FCPA (UK) MAICD FAIM BCom BTeach(Sec)

Appointed 1 July 2011

Professional positions

- Chief Executive Officer, Institute of Public Accountants
- Professor of Accounting (honoris causa), Shanghai University of Finance and Economics
- Vice-Chancellor's Distinguished Fellow, Deakin University
- Adjunct Professor, Deakin University
- Adjunct Professor, Langzhou University of Technology

Ms Anna Lee Cribb

BA MDisRes

Appointed 1 July 2019

Professional positions

- Immediate Past President, Industrial Relations Society of Victoria
- Committee Member, Resolution Institute Mediation PDG

Dr Peter Dohrmann

MBBS FRACS GradDipOccEnvH FRACMA

Appointed 1 July 2017

Professional positions

- Director of Neurosciences, Epworth HealthCare
- Senior Clinical Advisor, Australian Health Practitioner Regulation Agency

Ms Jill Linklater

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

Appointed 1 July 2016

Professional positions

- Member, Disability Services Board Victoria
- Member, Disability Worker Registration Board
- Director, Uniting Agewell Board (to Nov 2019)
- Member, Quality and Clinical Governance Committee Uniting (Vic Tas)
- Consultant, Health Disability Aged Care Services
- Quality Management Systems
 Auditor and Standards Accreditation
 Assessor







Dr Bob Mitchell AM

LLB MPhil GradDipTax MThSt PhD FAICD

Appointed 1 July 2019

Professional positions

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

Mr Andrew Saunders

BSc GradDipEd MBA MAICD

Appointed 1 July 2018

Professional positions

- Board Director, Dental Health Services Victoria and Chair Audit & Risk Committee
- Board Director, Health Information & Management Systems Society (HiMSS) Asia Pacific
- Board Member, Victoria Legal Aid
- Principal and Director Red Mosaic
 Pty Ltd

Ms Joanna Walker

BBus(Acc) MBA GAICD

Appointed 1 July 2017

Professional positions

- Board of Southern Alpine Resort Management
- Audit & Risk Committee, Southern Alpine Resort Management Board
- Director, Kapstone Pty Ltd

BOARD DIRECTORS	MEETINGS ELIGIBLE TO ATTEND	MEETINGS ATTENDED
Mr Tass Mousaferiadis	15	14
Hon Fran Bailey	15	13
Prof Andrew Conway	15	13
Ms Anna Lee Cribb	15	12
Dr Peter Dohrmann	15	15
Ms Jill Linklater	14*	13
Dr Bob Mitchell AM	15	13
Mr Andrew Saunders	15	15
Ms Joanna Walker	15	14

^{*} Conflict of interest prevented participation in one meeting

PURPOSE, FUNCTIONS, POWERS AND DUTIES

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

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

- Provide high-quality health services to the community which aim to meet community needs effectively and efficiently
- Integrate care as needed across service boundaries, in order to achieve continuity of care and promote the most appropriate level of care to meet the needs of individuals
- Ensure that health services are aimed at improvements in individual health outcomes and population health status by allocating resources according to best-practice healthcare approaches

- Ensure that the health service strives to continuously improve quality and foster innovation
- Support a broad range of high-quality health research to contribute to new knowledge and take advantage of knowledge gained elsewhere
- Operate in a business-like manner which maximises efficiency, effectiveness and cost-effectiveness, and ensures the financial viability of the health service
- Ensure that mechanisms are available to inform consumers and protect their rights, and to facilitate consultation with the community
- Operate a public health service, as authorised by or under the Act
- Carry out any other activities that may be conveniently undertaken in connection with the operation of a public health service or calculated to make more efficient any of the health service's assets or activities.



BOARD 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 committee minutes that are introduced by the relevant Committee Chair.

COMMUNITY ADVISORY COMMITTEE

Chair:

Mr Tass Mousaferiadis (to August 2019)

Mr Andrew Saunders (from August 2019)

Members:

Dr Peter Dohrmann (to August 2019)

Ms Anna Lee Cribb (from August 2019)

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 Ms Sue Emery, Ms Diane Fisher (until August 2019), Ms Angela Fitzpatrick, Ms Liz Flemming-Judge (until August 2019), Mr Thomas Hatvani (from October 2019) Ms Raj Liskaser, Ms Tarnya McKenzie (until August 2019), Ms Naveena Nekkalapudi (from October 2019), Ms Gloria Sleaby, Mr Shan Thurairajah and Ms Alison Zhu (from October 2019).

Ms Kathy Collet, a Carer Consultant in the Mental Health Program, is an associate of the committee.

In 2019-20, some of the activities that members participated in included ongoing involvement in planning workshops, consumer forums, Clinical Risk Governance Committees (formerly Expert Advisory Committees), governance committees and quality improvement projects.

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

FINANCE COMMITTEE

Chair:

Ms Joanna Walker

Members:

Hon Fran Bailey

Prof Andrew Conway

Mr Tass Mousaferiadis

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

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

QUALITY AND SAFETY COMMITTEE

Chair:

Dr Peter Dohrmann

Members:

Mr Tass Mousaferiadis

Ms Jill Linklater

Ms Angela Fitzpatrick (community representative)

Ms Liz Flemming-Judge (community representative – until August 2019)

Mr Andrew Saunders

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

It also ensures Eastern Health strives to continuously improve quality and safety and foster innovation; and that clinical risk and patient safety are managed effectively. The committee has assisted the Board to exercise its clinical governance responsibility throughout the year.







PRIMARY CARE AND POPULATION HEALTH ADVISORY COMMITTEE

Chair:

Ms Jill Linklater

Members:

Mr Andrew Saunders

Adj Prof David Plunkett

Ms Shannon Wight Executive Director Clinical Operations (ASPPPA)

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.

The terms of reference and role of this committee are under review.

RISK AND AUDIT COMMITTEE

Chair:

Prof Andrew Conway

Members:

Hon Fran Bailey

Mr Tass Mousaferiadis

Dr Bob Mitchell AM

Ms Joanna Walker

- The purpose of the Risk and Audit Committee is to assist the Board to discharge its responsibilities by having oversight of the integrity of the financial statements and financial reporting systems of Eastern Health
- Liaison with the Victorian Auditor-General or the Auditor-General's nominee, as required
- Internal auditor's qualifications, performance, independence and fees
- Financial reporting and statutory compliance obligations of Eastern Health.

The committee also assists the Board in relation to oversight and review of risk management, occupational health and safety, and legislative compliance.

In accordance with the Standing Directions under the *Financial Management Act 1994*, the committee is comprised of three or more Board Directors. All members are independent. The committee has assisted the Board to exercise its financial and risk management responsibility throughout the year.

STRATEGY, PEOPLE AND IT ADVISORY COMMITTEE

(This committee was discontinued during 2019-20)

Chair:

Hon Fran Bailey

Members:

Ms Anna Lee Cribb

Dr Peter Dohrmann

Ms Jill Linklater

Adj Prof David Plunkett

Mr Andrew Saunders

The Strategy, People and IT Advisory Committee is responsible to the Board for monitoring the performance of Eastern Health with regard to:

- Development, implementation and monitoring of progress on Eastern Health's Strategic Clinical Service Plan and Strategic Plan
- Development, implementation and monitoring of progress on designated Corporate Plans in accordance with Eastern Health's integrated planning framework
- Development and implementation of Eastern Health's annual Statement of Priorities, agreed with the Victorian Minister for Health
- Monitoring implementation of the People Strategy, Research Plan, Learning and Teaching Plan and Great Digital Information Strategy refresh
- Planning and monitoring of major capital works and projects.

REMUNERATION COMMITTEE

Chair:

Mr Tass Mousaferiadis

Members:

Hon Fran Bailey

Prof Andrew Conway

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

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



OUR EXECUTIVE





ADJUNCT PROFESSOR DAVID PLUNKETT

Chief Executive

Eastern Health

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

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

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

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

ADJUNCT PROFESSOR LEANNE BOYD

Executive Director

Learning and Teaching (Chief Nursing and Midwifery Officer)

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

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

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

MR GEOFF CUTTER

Executive Director

Finance, Procurement and Corporate Services (Chief Finance Officer and Chief Procurement Officer)

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

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

ADJUNCT CLINICAL ASSOCIATE PROFESSOR ALISON DWYER

Executive Director

Research (Chief Medical Officer)

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

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

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

MS KAREN FOX

Executive Director

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

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

OUR EXECUTIVE (continued)







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

She is passionate about listening to staff, patients, clients and consumers to ensure Eastern Health is providing reliable, safe, high quality care and positive experiences. Her previous roles at Eastern Health have included capital project management, corporate governance, strategy, planning and risk management. She has a Bachelor of Applied Science (Health Information Management), a Master of Public Health and a Diploma of Management.

MR ZOLTAN KOKAI

Executive Director

Information, Technology and Capital Projects

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

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

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

MS GILLIAN SHEDDEN

Executive Director

People and Culture

Ms Shedden commenced at
Eastern Health in February 2020.
Her previous role was Director of
People, Culture and Safety at Western
Health. Ms Shedden has more than
20 years of experience as a senior
leader in human resources, including
various roles at Melbourne Health and
Box Hill Institute. She holds a Master
of Workplace and Employment Law
and a Graduate Diploma in Workplace
and Industrial Relations.

MS GAYLE SMITH

Executive Director

Quality, Planning and Innovation (Chief Allied Health Officer)

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

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

MS SHANNON WIGHT

Executive Director

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

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

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

She is a Registered Nurse, has a Graduate Diploma in Critical Care (ICU Adult and Paediatric) and has recently completed an MBA from Monash University.



OUR PEOPLE





WORKING AT EASTERN HEALTH

Eastern Health is committed to strengthening our greatest asset: our people. Supporting and developing them is critical to our continued success. Our goal is to be a high-performing, safe and values-based organisation with a passionate and diverse workforce. We will have inspiring leaders who are able to attract and retain the best people in health care. To deliver this, Eastern Health has been focused on attraction and recruitment, employee engagement, the Eastern Health values, leadership development and technology.

Focusing on these areas has been a vital part of delivering on Eastern Health's bold vision: great care, everywhere, every time.

EMPLOYMENT AND CONDUCT PRINCIPLES

Eastern Health is an equal opportunity employer and treats all staff and potential employees on their merits 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 which do not align with Eastern Health's values occur.

We are committed to the employment principles outlined in the *Victorian Government's 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 2019-20, Eastern Health had a number of enterprise agreements in the process of renegotiation.

There has not been any industrial action taken by employees during these negotiations and therefore there has been no lost time due to industrial action.

Highlights



77%

percentage of workforce that is female

24

number of staff who identify as Aboriginal and Torres Strait Islander

92

number of nationalities that make up the Eastern Health workforce

42.72

average age of employees

18.55

age of youngest employee (Health Care Worker Grade 1)

85.23

age of oldest employee (Visiting Medical Officer)

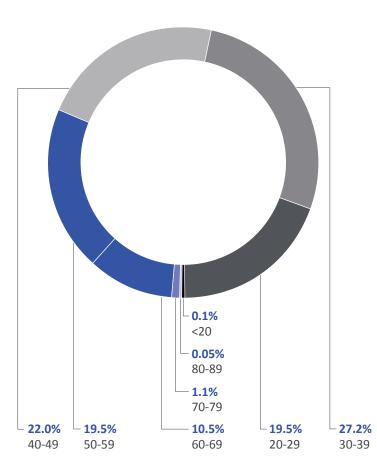
There were no staff who identified as other than male or female.

WORKING AT EASTERN HEALTH (continued)









AGE GROUP (YEARS)	NUMBER OF STAFF	PERCENTAGE
< 20	11	0.1
20-29	2012	19.5
30-39	2808	27.2
40-49	2272	22.0
50-59	2011	19.5
60-69	1078	10.5
70-79	109	1.1
80-89	5	0.05
Total	10306	100

WORKFORCE DATA

		JUNE CURRENT MONTH FTE		JUNE YEAR TO DATE FTE	
LABOUR CATEGORY	2020	2019	2020	2019	
Nursing	3,058.10	2965.67	3,020.86	2914.85	
Administrative and clerical	949.02	904.01	923.53	889.71	
Medical support*	604.22	592.53	596.06	580.77	
Hotel and allied services	359.75	316.26	329.43	313.40	
Medical officers	140.60	123.25	133.29	120.13	
Hospital medical officers	658.95	659.87	656.64	624.68	
Sessional clinicians	223.08	222.00	214.05	208.48	
Ancillary staff (allied health)	666.14	644.80	649.94	608.87	

These figures exclude overtime. They do not include contracted staff i.e. agency nurses or fee for service visiting medical officers who are not regarded as employees for this purpose.



WORKING AT EASTERN HEALTH (continued)





REWARD AND RECOGNITION

Eastern Health's reward and recognition framework provides a range of ways to celebrate our dedicated staff.

Guidelines include ways for staff at all levels to provide local recognition every day, as well as Values in Action Appreciation Cards, our annual Aspire to Inspire (A2i) Awards, Nursing and Midwifery Awards, and site/program employee awards.

COVID-19 presented a range of challenges with hosting formal events on site from March 2020, however the focus on providing reward and recognition through virtual channels remained a priority.

Eastern Health launched a new internal communication channel, Workplace, in May which has provided the organisation with a virtual platform to connect staff across the organisation. This platform is used for important organisation-wide updates and has proved to be an excellent space for reward and recognition content.

2019 A2i Award Recipients.

Left to Right: Adele O'Brien, Karen Bakker, Dr Patrick Carney, Suzanne Watters, Ian Bristow, Lucy Psarogiannis, Katie Laird, Julie Stevens, representative from the Reaching Out Team Brendan King and A/Prof Paul Katz.

A2i AWARDS

Eastern Health's Annual A2i (Aspire to Inspire) Awards were held on Thursday 5 September 2019 to celebrate the contributions of staff and volunteers across the organisation.

Recipients of the Eastern Health Values and Achievement Awards were announced, as well as acknowledgment of long-serving employees who have dedicated 25, 30, 35, 40 and 45 years of service.

Eastern Health would like to thank major sponsor Smartleasing, program sponsor HESTA and Achievement Award sponsors Bank Vic, CFS Australasia and the LSJ Collection for their support of this event.

A2i Award Recipients - 2019

Patients First

Karen Bakker

Health Assistant in Nursing Ward 2 North Maroondah Hospital

Kindness

Suzanne Watters

Clinical Support Technician Pharmacy, Box Hill Hospital

Respect

Brendan King

Grade 2 Occupational Therapist Community Rehabilitation Program/ Early Supported Discharge Team Peter James Centre & Wantirna Health

Excellence

Katie Laird

Advisor Organisational Development Box Hill Hospital

Agility

Lucy Psarogiannis

Service Desk Lead Information Technology Box Hill Hospital

Humility

Dr Patrick Carney

Neurologist Specialty Medicine Box Hill Hospital

Workplace Safety & Wellbeing

(Sponsored by BankVic)

Julie Stevens

Physiotherapy Assistant Allied Health Angliss Hospital Yarra Ranges

Sustainability

(Sponsored by LSJ Collection)

Adele O'Brien

Registered Nurse Ward 2 South – Day Procedure Unit Maroondah Hospital

Volunteer

(Sponsored by the Eastern Health Board)

Ian Bristow

Aged Persons Mental Health South Ward Mental Health Program

Closing the Health Gap (Sponsored by BankVic)

Reaching Out Team

Turning Point Statewide Services

Consumer Participation

(Sponsored by CFS Australasia)

A/Prof Paul Katz

Executive Clinical Director Mental Health Program





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.

Over the past 12 months, we have focused on building the capability of our leaders and frontline managers and developing improvement projects to address our key OHS risks; occupational violence and aggression, manual handling and staff wellbeing.

We recognise that our leaders have the responsibility to prioritise and take action to ensure our people are healthy, safe and supported at work. A key part of our Leadership Programs (Inspire, Empower and Lead) is to provide our leaders and frontline managers with the skills and knowledge to be able to fulfil this responsibility.

As part of the leadership program, each participant must complete a project focused on engaging with and improving the health, safety or wellbeing of our people.

The projects completed over the past 12 months include:

- Code Wellbeing: a program designed to provide a rapid psychological first aid response after an incident of violence or aggression
- Team Thermometer: designing a way to measure, in real time, the wellbeing of a team and make the employee experience actionable
- Workload Review: to further understand the feedback on workload provided by Senior Staff in the 2019 People Matter Survey
- Safety Cultural Assessment:
 managers create and implement
 local health, safety and wellbeing
 improvement projects based on
 an assessment of their local safety
 culture. The manager completes this
 assessment in consultation with their
 local health and safety representative
- Team Leaders engaging the hearts of their teams by implementing two local health, safety or wellbeing initiatives.

Eastern Health also continued its commitment to supporting staff to return to work after injury.

In 2019-20, there was a significant focus on updating our pandemic response to manage the impact of COVID-19.

This process has included:

- Protecting healthcare workers by ensuring we have an adequate and appropriate supply of Personal Protective Equipment (PPE)
- Providing our staff with the knowledge and skills to work safely

- Implementing measures to meet physical distancing requirements by assessing the environment and providing additional signage
- Focusing on the wellbeing of our workforce in preparation for a potential surge in demand and dealing with the sense of uncertainty caused by the pandemic
- Ensuring that our staff have timely access to support, including our Employee Assistance Program
- Updating our emergency response procedures.

OCCUPATIONAL HEALTH AND SAFETY DATA

OCCUPATIONAL HEALTH AND SAFETY STATISTICS	2019-20	2018-19	2017-18
The number of reported hazards/incidents for the year per 100 FTE	36.89	29.96	32.73
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	1.2	0.54	0.66
The average cost per WorkCover claim for the year ('000)	\$56,248	\$51,218	\$95,012

OCCUPATIONAL VIOLENCE STATISTICS

OCCUPATIONAL VIOLENCE STATISTICS	2019-20
WorkCover accepted claims with an occupational violence cause per 100 FTE	0.28
Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	1.78
Number of occupational violence incidents reported	1049
Number of occupational violence incidents reported per 100 FTE	15.57
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	3.8%



OUR PERFORMANCE





ACHIEVING OUR STRATEGIC PRIORITIES

Information on the following pages outlines key organisational improvement activities that are agreed between Eastern Health and the Victorian Minister for Health and Minister for Ambulance Services as a component of the Statement of Priorities each year.

They are consistent with Eastern Health's priorities, as identified in the Strategic Plan, and align with the government's priorities and policy directions.

The Statement of Priorities is an annual accountability agreement that sets out key performance expectations, targets and funding for the year, as well as government service priorities. These include the shared objectives of safe, high-quality service provision, ease of access and financial sustainability.

KEY STAKEHOLDERS

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

- Our community, through a register of interested consumers and community representatives on a range of committees, including the Community Advisory Committee
- Victorian Department of Health and Human Services

- Other Victorian health services
- Community health services
- Eastern Melbourne Primary Health Network
- Universities and other training institutions
- · Research organisations and funding bodies
- Local governments and other government agencies and authorities.
- Implementing measures to meet physical distancing requirements by assessing the environment and providing additional signage
- Focusing on the wellbeing of our workforce in preparation for a potential surge in demand and dealing with the sense of uncertainty caused by the pandemic
- Ensuring that our staff have timely access to support, including our Employee Assistance Program
- Updating our emergency response procedures.



Measuring our performance

One of the ways Eastern Health monitors its performance is through a scorecard.

This tracks the achievement of

key performance indicators, of which

are reported to the Eastern **Health Board**

These indicators are aligned with the strategic initiatives. Results against a number of these indicators are available at the frontline, where the data can be broken down into individual wards and departments. It is also aggregated to single scores for each strategic initiative and an overall composite score, which is reported to the Board and the Executive Committee.

These measures are reviewed each year to ensure they continue to align with and drive continuous improvement.



Eastern Health's performance against key government service priorities can also be found on the Department of Health and Human Services website at www.dhhs.vic.gov.au

PERFORMANCE AGAINST STRATEGIC PRIORITIES







Eastern Health's Statement of Priorities is an annual accountability agreement between the health service and the Minister for Health and Ambulance Services. It outlines key performance expectations, targets and funding for the year as well as government service priorities. In 2019-20, Eastern Health's progress towards some of these priorities has been impacted by the COVID-19 pandemic. Commentary explaining this impact is included in the table below.

GOALS	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
 A system geared to prevention as much as treatment Everyone understands their own health and risks Illness is detected and managed early Health neighbourhoods and communities encourage healthy lifestyles 	 Reduce State-wide Risks Build Healthy Neighbourhoods Help people to stay healthy Target health gaps 	Continue the implementation of priority areas in the Eastern Melbourne Primary Health Care Collaborative Primary Health Strategic Plan in partnership with community partners, with a particular focus on chronic disease management and care for older persons, in accordance with the agreed schedule.	The following priority areas in the Eastern Melbourne Primary Health Care Collaborative Primary Health Strategic Plan have been implemented: • A chronic disease approach was commissioned for the region in May 2020. The overall approach for chronic disease has been defined and individual initiatives have commenced with the first initiative in the solution design phase. • The integrated Regional Mental Health Plan is being implemented by multiple agencies. • The priority work identified for the HealthLinks initiative for 2019/2020 has been successfully completed, including the implementation of screening of all Box Hill Hospital-admitted Health links enrolees. An evaluation has been completed and demonstrates a reduction in Length of Stay (LOS).
		Complete the capital works, staff recruitment and training and operational commissioning requirements for the Magnetic Resonance Imaging (MRI) service at Box Hill Hospital.	The project to commission an Eastern Health-owned and operated Magnetic Resonance Imaging Service at Box Hill Hospital was successfully completed on time and on budget. This service was commissioned in November 2019 and is now contributing to the provision of safe, high-quality care for Eastern Health patients who require an MRI.













GOALS	STRATEGIES	HEALTH SERVICE DELIVERABLES	ОUTCOME
 Care is always being there when people need it Better access to care in the home and community People are connected to the full range of care and support they need Equal access to care 	 Plan and invest Unlock innovation Provide easier access Ensure fair access 	Progress the implementation of projects associated with the SAFER (Safe patient Access and Flow is Everyone's Responsibility) program of work to address Eastern Health's emergency access performance.	 While the continued roll-out of the SAFER program of work has been impacted by the COVID-19 Pandemic, progress has been made in a range of areas and initiatives. These include: An ambulance off-stretcher continuous improvement project at Box Hill Hospital, Maroondah Hospital and Angliss Hospital which has demonstrated improvement over time. Participation in the Timely Care Partnership which is currently on hold due to COVID-19. Review of patient flow at Maroondah Hospital during the COVID-19 pandemic to ensure patient safety. Commencement of Patient Flow Manager (software system) upgrade to enhance patient flow data management. Completion of an annual bed audit to identify further areas for improvement.
		Progress the delivery of the Wantirna Health Residential Aged Care (RAC) capital development on time and on budget.	Eastern Health has progressed the delivery of the Wantirna Residential Aged Care capital development project, which is currently at the point of tender evaluation. Capital works are expected to commence onsite by the end of August 2020 with the project scheduled for completion at the end of January 2022 in



Accreditation

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

line with projected timelines and budget parameters.

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

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

Our four residential aged care facilities – Edward Street Nursing Home in Upper Ferntree Gully, Monda Lodge in Healesville, Mooroolbark and Northside in Burwood East are accredited by the Australian Aged Care Quality Agency and our palliative care service is accredited under the National Standards Assessment Program.

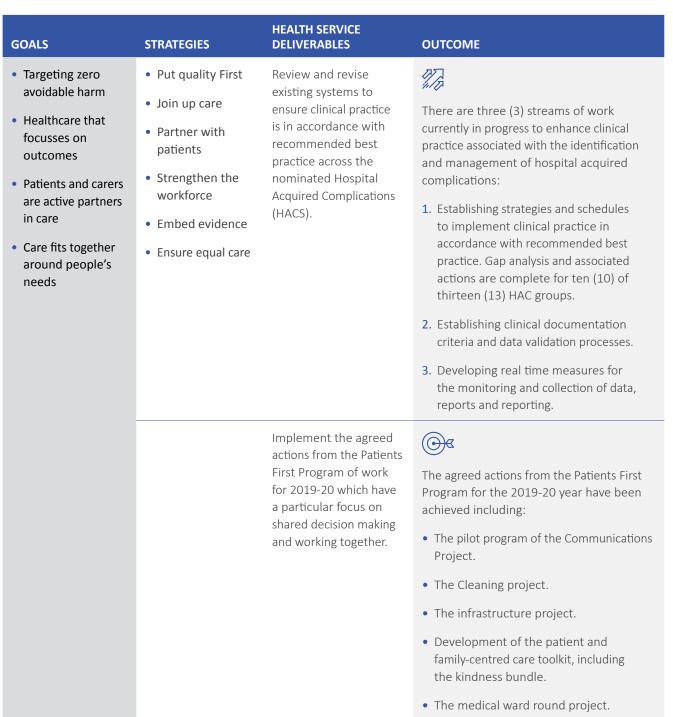
Eastern Health is accredited against all mandatory industry standards as well as a range of voluntary standards that apply across a variety of services and sites.

Taken together these projects have progressed Eastern Health's commitment to shared decision making and working

together.

PERFORMANCE AGAINST STRATEGIC PRIORITIES (continued)















GOALS	STRATEGIES	HEALTH SERVICE DELIVERABLES	ОUTCOME
Supporting the Mental Health System	Improve service access to mental health treatment to address the physical and mental health needs of consumers.	Complete the capital works, staff recruitment and training and operational commissioning requirements for the adult mental health beds in 1 East at Box Hill Hospital.	There has been significant progress on the capital redevelopment of Ward 1 East at Box Hill Hospital to establish nine (9) additional acute adult mental health inpatient beds however this project has experienced unavoidable delays as a result of the COVID-19 pandemic. Compliance with Victoria's physical distancing requirements associated with the Stage 3 and 4 pandemic restrictions have significantly impacted the supply of building materials and the program of work for the building contractor. The opening has been rescheduled to occur in 2020-21 and is on track to meet this revised timeline.
		Complete the development of the Mental Health Services Service Plan, ensuring it is aligned with the intent and outcomes of the Royal Commission into Victoria's Mental Health System.	The Mental Health Service Plan was placed on hold in late 2019 as a result of multiple factors including: Operational priorities within the Mental Health Program. Prioritisation of the Maroondah Hospital Paediatric Emergency Zone Service planning work. The impact of the COVID-19 pandemic. Draft recommendations for the Mental Health Service Plan are now being reconciled against the Mental Health Royal Commission's interim report recommendations. Available data sources are being reviewed and data analysis is underway. A revised completion date has been agreed.



Health care in any language

Eastern Health employs an in-house team of NAATI-certified interpreters. There were 10,076 patients who required an interpreter in 2019-20.

Due to the COVID-19 pandemic, Eastern Health introduced the use of Health Direct to provide interpreters, including Auslan interpreters, via telehealth and video calls. Since April 2020, 4946 occasions of service have been delivered via telehealth and video calls, representing 56% of total occasions of interpreter service.

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

The initiative has opened up opportunities for broadening

the number of languages offered and the number of interpreters to which the service has access.

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

The initiative will also help reduce length of stay by avoiding delays in waiting for an interpreter to be available to attend the hospital site. In 2019-20:

5.98%

(or 10,076)

patients requiring an interpreter

8.74%

(or 14,719)

patients with a primary language other than English

72

languages in which services were provided

STRATEGIES







HEALTH SERVICE

Addressing Occupational Violence

GOALS

- Foster an organisational wide occupational health and safety risk management approach, including identifying security risks and implementing controls, with a focus on prevention and improved reporting and consultation.
- Implement the department's security training principles to address identified security risks.

DELIVERABLES

Implement identified actions for the 2019-20 year to achieve a reduction in avoidable harm to staff which is related to violence and aggression including:

- Progress the implementation of the behaviour support planning system for known or anticipated behaviours of concern; and
- Finalise the work required to ensure Eastern Health fully complies with the Department's Code Grey Standard.

OUTCOME

The Behaviours of Concern Clinical Risk Governance Committee has overseen a program of work to ensure a comprehensive system for managing behaviours of concern is progressively embedded into practice across the health service. This includes the revision of a policy to guide clinical practice, development of a learning and development module for all staff, provision of prompt sheets to support staff and a range of tools to deal with unacceptable behaviours from patients and/or family members.

The Code Grey Standard has been comprehensively reviewed in consultation with a broad range of stakeholders to ensure it complies with the requirements of the Department of Health and Human Services' Code Grey Standard. It is now being updated.

Addressing **Bullying and** Harassment

- Actively promote positive workplace behaviours, encourage reporting and action on all reports.
- Implement the department's Framework for promoting a positive workplace culture: preventing bullying, harassment and discrimination and
- Workplace culture and bullying, harassment and discrimination training: guiding principles for Victorian health services.

Progress the program of work to ensure implementation of the DHHS Strategy: Eliminating bullying and harassment in healthcare inclusive of the major elements of:

- Prevention: enhance reporting mechanisms to allow for the proactive identification and management of trends and hotspots;
- Early intervention: targeted training regarding early intervention and dispute resolution methods, including tools and templates; and
- Management: review the investigation framework to ensure it is aligned with best practice principles.



Eastern Health continues to progress the implementation of the program of work to eliminate bullying and harassment in healthcare. This includes:

- The development of feedback mechanisms that support staff to identify and respond to early behavioural signs of bullying and harassment. Work is underway to enhance reporting mechanisms to the Executive and Board including minimising manual data entry to ensure visibility of performance towards the elimination of bullying and harassment across Eastern Health.
- Development of targeted training programs has been delayed.
- A standardised investigation framework has been implemented to ensure that all reports of bullying and harassment are thoroughly investigated.



that intersect with

family violence.





)	GOALS	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
	Supporting Vulnerable Patients	Partner with patients to develop strategies that build capability within the organisation to address the health needs of communities and consumers at risk of poor access to healthcare.	Implement agreed actions for 2019-20 from the eQuality Action Plan to support the achievement of the plan's goals including: • Eastern Health to participate in seven key events celebrating Lesbian Gay Bisexual Transgender Intersex and Queer (LGTBIQ) people to improve inclusive practice and develop staff awareness. • Develop and pilot staff training for implementation of the LGBTIQ Guideline.	Implementation of agreed actions from the eQuality Action Plan is on track. These include: • The key events calendar was amended to six key events. Eastern Health participated in or acknowledged all six of these events. • Staff training and development for LGDTIQ awareness is now incorporated into the Eastern Health orientation program and is available on Eastern Health's online learning platform.
	Supporting Aboriginal Cultural Safety	Improve the health outcomes of Aboriginal and Torres Strait Islander people by establishing culturally safe practices across all parts of the organisation to recognise and respect Aboriginal culture and deliver services that meet the needs, expectations and rights of Aboriginal patients, their families, and Aboriginal staff.	Complete the development and commence implementation of an Eastern Health Reconciliation Action Plan aligned with the intent of the Improving Care for Aboriginal Patients (ICAP) program.	A Reconciliation Action Plan Steering Committee has been established and has progressed the development of the Reconciliation Action Plan. A first draft will be provided to Reconciliation Australia for feedback in August 2020.
	Addressing Family Violence	Strengthen responses to family violence in line with the Multiagency Risk Assessment and Risk Management Framework (MARAM) and assist the government in understanding workforce capabilities by championing participation in the census of workforces	Implement the planned actions for the Strengthening Hospital Responses to Family Violence (SHRFV) initiative.	Progress continues to be made in implementing the planned actions for the Strengthening Hospital Responses to Family Violence (SHRFV) initiative. The project is strengthened through the implementation of the Health Justice partnership with the Eastern Community Legal Centre in antenatal care and elder abuse. The Workplace Support Plan is being implemented consistent with policy and in

partnership with the Eastern Domestic

Violence Out-reach Service (EDVOS).

STRATEGIES







HEALTH SERVICE DELIVERABLES

Implementing
Disability Action
Plans

GOALS

Continue to build upon last year's action by ensuring implementation and embedding of a disability action plan which seeks to reduce barriers, promote inclusion and change attitudes and practices to improve the quality of care and employment opportunities for people with disability.

Implement agreed actions for 2019-20 from the Eastern Health DisAbility Action Plan to:

- Develop a pilot to identify elective surgery patients with a disability to identify and address any barriers they may experience during admission for surgery.
- Identify opportunities to improve the environment for people with a disability and action where possible e.g. hearing loops and signage.
- Review and provide
 where necessary
 relevant support services
 for all employees
 and volunteers with
 a disability such as
 adaptation of the
 physical environment,
 provision of specialist
 equipment or resources,
 job redesign.

(<u>(</u>)

OUTCOME

A pilot project was conducted with the Surgery Program to trial a 'case management model' for patients with a disability undergoing elective surgery. The results of this are currently being evaluated.

Changes to the environment have been delayed.

Individual support continues to be provided to staff and volunteers with a disability to ensure they can fully participate in the workplace.

The implementation plan and schedule have been impacted by the COVID-19 pandemic.

Supporting Environmental Sustainability

Contribute to improving the environmental sustainability of the health system by identifying and implementing projects and/or processes to reduce carbon emissions.

Complete a review of Eastern Health's Environmental Management Plan 2016-2020 and develop a new multi-year plan that is aligned with the objectives and strategic directions of the Department of Health and Human Services' Environmental Sustainability Strategy 2018–19 to 2022–23.



Eastern Health has undertaken a comprehensive review of the Environmental Management Plan 2016-2020 and the subsequent development of a new Environmental Management Plan for 2021-2025. The new plan is in the final drafting stages and is aligned with the objectives of the DHHS Environmental Sustainability Strategy to ensure that Eastern Health manages and minimises its environmental impact now and into the future.



High-quality and safe care





KEY PERFORMANCE INDICATOR	TARGET	2019-20 RESULT
Accreditation		
Compliance with the Commonwealth's Aged Care Accreditation Standards	Accredited	Full compliance
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	83%	86%
Percentage of healthcare workers immunised for influenza (April 2019 to August 2019)	84%	84%
Patient experience		
Victorian Healthcare Experience Survey – data submission	Full compliance	Full compliance
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 1	95% positive experience	92.2%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 2	95% positive experience	90.7%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 3	95% positive experience	87.1%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 1	75% very positive experience	73.2%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 2	75% very positive experience	72.8%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 3	75% very positive experience	75.8%
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 1	70%	72.8%
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 2	70%	72.5%
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 3	70%	72.5%
Healthcare associated infections (HAIs)		
Number of patients with surgical site infection	No outliers	Achieved
Number of patients with ICU central line-associated bloodstream infection (CLABSI)	Nil	Achieved
Rate of patients with SAB¹ per occupied bed day	≤ 1/10,000	0.93
Adverse events		
Sentinel events – root cause analysis (RCA) reporting	Nil	Not achieved
Unplanned readmission hip replacement	Annual rate ≤ 2.5%	4%
Mental health		
Percentage of adult acute mental health inpatients who are readmitted within 28 days of discharge	14%	16%
Rate of seclusion events relating to a child and adolescent acute mental health admission	≤ 15/1,000	18
Rate of seclusion events relating to an adult acute mental health admission	≤ 15/1,000	13
Rate of seclusion events relating to an aged acute mental health admission	≤ 15/1,000	1
Percentage of child and adolescent acute mental health inpatients who have a post-discharge follow-up within seven days	80%	93%
Percentage of adult acute mental health inpatients who have a post-discharge follow-up within seven days	80%	87%
Percentage of aged acute mental health inpatients who have a post-discharge follow-up within seven days	80%	97%
Maternity and newborn		
Rate of singleton term infants without birth anomalies with APGAR score <7 to 5 minutes	≤ 1.4%	1.5%
Rate of severe foetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	≤ 28.6%	21%
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%	100%
Continuing care		
Functional independence gain from an episode of rehabilitation admission to discharge relative to length of stay	≥ 0.645	1.23
· · · · · · · · · · · · · · · · · · ·		

Strong governance, leadership and culture (People Matter Survey)

RESULT	
90%	
97%	
97%	

KEY PERFORMANCE INDICATOR	TARGET	2019-20 RESULT
Organisational culture		
People Matter Survey – percentage of staff with an overall positive response to safety and culture questions	80%	90%
People Matter Survey – percentage of staff with a positive response to the question, "I am encouraged by my colleagues to report any patient safety concerns I may have"	80%	97%
People Matter Survey – percentage of staff with a positive response to the question, "Patient care errors are handled appropriately in my work area"	80%	97%
People Matter Survey – percentage of staff with a positive response to the question, "My suggestions about patient safety would be acted upon if I expressed them to my manager"	80%	93%
People Matter Survey – percentage of staff with a positive response to the question, "The culture in my work area makes it easy to learn from the errors of others"	80%	92%
People Matter Survey – percentage of staff with a positive response to the question, "Management is driving us to be a safety-centred organisation"	80%	92%
People Matter Survey – percentage of staff with a positive response to the question, "This health service does a good job of training new and existing staff"	80%	83%
People Matter Survey – percentage of staff with a positive response to the question, "Trainees in my discipline are adequately supervised"	80%	86%
People Matter Survey – percentage of staff with a positive response to the question, "I would recommend a friend or relative to be treated as a patient here"	80%	92%

Results are from the People Matter Survey conducted in May 2018.



Managing our risks

Eastern Health takes a balanced approach to risk management in order to ensure systematic identification, analysis, recording and reporting of risks 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 Risk and Audit Committee has oversight of the enterprise risk management system, with a focus on the most significant risks facing the organisation, including strategic, operational, financial, reporting, compliance, statewide, inter-agency and project-based risks.

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



For more information about how Eastern Health manages key risks, including case studies, please visit www.easternhealth.org.au



Timely access to care





		2019-20 RESULT		
KEY PERFORMANCE INDICATOR	TARGET	ANGLISS HOSPITAL	BOX HILL HOSPITAL	MAROONDAH HOSPITAL
Emergency care				
Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%	88%	70%	79%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%	100%	100%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended time	80%	90%	85%	83%
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%	75%	55%	59%*
Number of patients with a length of stay in the emergency department greater than 24 hours	0	0	0	0

. 3		
KEY PERFORMANCE INDICATOR	TARGET	2019-20 RESULT
Elective surgery		
Percentage of urgency category 1 elective surgery patients admitted within 30 days	100%	100%
Percentage of urgency category 1,2 and 3 elective surgery patients admitted within clinically recommended time	94%	86%
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	30.5%
Number of patients on the elective surgery waiting list ²	4000	4748*
Number of hospital initiated postponements per 100 scheduled elective surgery admissions	≤ 7/100	5.6
Number of patients admitted from the elective surgery waiting list	17,100	15,955
Specialist clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	82%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	93%

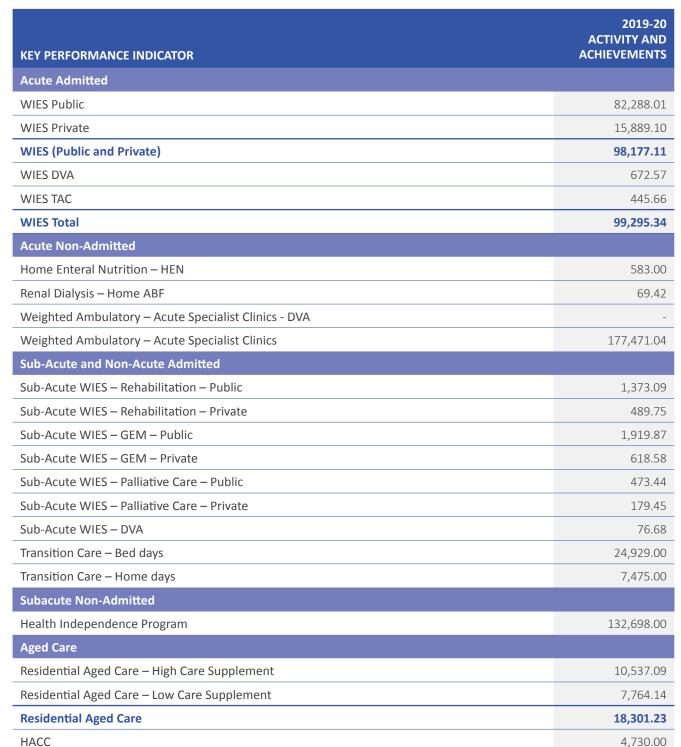
^{2:} The target shown is the number of patients on the elective surgery waiting list as at 30 June 2019.

Effective financial management

KEY PERFORMANCE INDICATOR	TARGET	2019-20 RESULT
Financial Reporting		
Operating surplus (\$m)	0.00	-\$0.429m
Average number of days to paying trade creditors	60 days	56.46 days
Average number of days to receiving patient fee debtors	60 days	56.46 days
Public and Private WIES ³ activity performance to target	100%	96.67%
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	0.34
Forecast number of days a health service can maintain its operations with unrestricted available cash (based on end of year forecast)	14 days	16.8
Actual number of days a health service can maintain its operations with unrestricted available cash, measured on the last day of each month	14 days	Met
Measures the accuracy of forecasting the Net result from transactions (NRFT) for the current financial year ending 30 June	Variance ≤ \$250,000	-\$0.429m

^{*} Eastern Health's results in these areas have been directly impacted by the COVID-19 pandemic, including the suspension of elective surgery following the Federal Government directives.

Activity and funding



Continued on page 36









Activity and funding (continued)





KEY PERFORMANCE INDICATOR	2019-20 ACTIVITY AND ACHIEVEMENTS
Mental Health and Drug Services	
Mental Health Ambulatory	166,315.00
Mental Health — Psychogeriatric Nursing Home Supplement — 1 — 60 Beds	19,914.60
Mental Health Residential	19,914.60
Mental Health Sub Acute	17,509.00
Mental Health Carer Consultant	2.00
Mental Health Service System Capacity Acute	2.00
Drug Services	9,490.65
Primary Health	
PCCP – Allied Health	18,900.93
PCCP – Nursing	4,652.75
PCCP – Healthy Mothers Healthy Babies – Nursing	1,428.12
PCCP – Integrated Chronic Disease	1,307.92
PCCP – ISHY – Counselling Casework	457.58
Community Health/Primary Care Programs	26,747.30
	748,787.77



Environmental performance

Eastern Health reinforced its commitment to environmental sustainability by continuing to develop initiatives that improve efficiencies and reduce our environmental footprint.



This has included a continued focus on water, waste management, providing further education to staff about sustainability initiatives, transferring from paper to electronic medical records and choosing more environmentally-friendly products.

Below is a summary of our performance during 2019-20:

	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Greenhouse gas emissions					
Total greenhouse gas emissions (tonnes CO ² e)					
Scope 1	7,152	8,380	8,236	7,681	8,508
Scope 2	44,016	42,027	39,268	39,163	36,149
Total	51,168	50,407	47,504	46,845	44,657
Normalised greenhouse gas emissions					
Emissions per unit of floor space (kgCO ² e/m ²)	236.94	233.55	220.10	217.05	206.91
Emissions per unit of separations (kgCO ² e/separations)	343.00	308.54	281.27	271.9	271.00
Emissions per unit of bed-day (LOS+Aged Care OBD) (kgCO2e/OBD)	108.03	100.74	97.59	92.18	90.12
Stationary energy					
Total stationary energy purchased by energy type (GJ)					
Diesel oil in buildings	1,118	968	417	4,121	4,194
Electricity	139,900	138,804	130,895	131,764	127,586
Natural gas	137,279	161,314	159,254	133,338	149,043
Total	278,297	301,086	290,566	269,224	280,822
Normalised stationary energy consumption					
Energy per unit of floor space (GJ/m²)	1.29	1.40	1.35	1.25	1.30
Energy per unit of separations (GJ/separations)	1.87	1.84	1.72	1.56	1.70
Energy per unit of bed-day (LOS+Aged Care OBD) (GJ/OBD)	0.59	0.60	0.60	0.53	0.57
Embedded generation					
Total embedded stationary energy generated by energy	type (GJ)				
Solar power	N/A	N/A	29	40	No longer measured
Total	N/A	N/A	29	40	No Longer Measured

Continued on page 38



Environmental performance (continued)





Water					
Total water consumption by type (kL)					
Potable water	209,422	227,628	213,659	217,531	281,616
Reclaimed water	24,008	34,074	39,517	70,603	63,322
Total	233,430	261,702	253,176	288,134	344,938
Normalised water consumption (Potable + Class A)					
Water per unit of floor space (kL/m²)	0.97	1.05	0.99	1.01	1.30
Water per unit of separations (kL/separations)	1.40	1.39	1.27	1.26	1.71
Water per unit of bed-day (LOS+Aged Care OBD) (kL/OBD)	0.44	0.45	0.44	0.43	0.57
Water re-use and recycling					
Re-use or recycling rate % (Class A + Reclaimed / Potable + Class A + Reclaimed)	10	13	16	25	18
Waste and recycling					
Waste (kg)					
Total waste generated (kg clinical waste+kg general waste+kg recycling waste)	1,302,000	2,443,882	2,532,104	2,632,385	2,640,019
Total waste to landfill generated (kg clinical waste+kg general waste)	1,816,000	1,900,905	1,879,506	1,940,590	1,958,950
Total waste to landfill per patient treated ((kg clinical waste+kg general waste)/PPT)	1.61	2.30	2.24	2.28	2.34
Recycling rate % (kg recycling / (kg general waste+kg recycling))	22.1	26.25	30.13	30.83	30.75
Paper					
Total reams of paper	51,786	52,903	52,042	32,990	42,288
Reams of paper per FTE	N/A	N/A	8.51	5.39	N/A

2015-2016 2016-2017

2017-2018

2018-2019

2019-2020

90.96

2,361,195

524.7

0

0

Corporate transport figures reflect the FBT year (1 April - 31 March). CO2e figure has decreased as a result of Hybrid vehicles now being leased through VIC Fleet.

DETAILS OF CONSULTANCIES (VALUED AT \$10,000 OR GREATER)

Rate recycled paper (0%-49%)

Rate recycled paper (50%-74%)

Rate recycled paper (75%-100%)

Reported vehicle kilometres

Tonnes CO²e per 1,000 reported kilometres

Transport

Corporate transport

In 2019-20, Eastern Health engaged in one consultancy where the total fees payable to the consultants were greater than \$10,000, with a total expenditure of \$29,402.69 (excluding GST).

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

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

N/A

N/A

N/A

561

2,399,201

92.08

5.01

2.91

551

2,336,479

83.02

9.79

7.19

2,399,109

569.5

N/A

N/A

N/A

576

2,495,381

Total Information and Communication Technology (ICT) expenditure incurred during 2019-20 is \$38.89 million (excluding GST), as per below:

BAU	NON-BAU				
EXPENDITURE	TOTAL EXPENDITURE	OPERATIONAL EXPENDITURE	CAPITAL EXPENDITURE		
\$29.7M	\$9.1M	\$0.3M	\$8.8M		

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.

In 2019-20, Eastern Health received 1385 requests under the Freedom of Information Act 1982. This total was comprised of 1045 personal requests, mostly from patients or their representatives seeking access to their medical records and 340 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 the media and one from a Member of Parliament.

Full access to documents was provided in 621 requests. Partial access was granted for 590 requests, while 12 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 83 requests that were either withdrawn by the applicant,

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

Eastern Health collected \$30,695.20 in application fees and waived \$10,182.40. Eastern Health collected \$31,111.40 in charges to access documents and waived \$25,344.50.

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

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

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.

We support 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 2019-20. For more information, visit

www.ibac.vic.gov.au



DISCLOSURES REQUIRED UNDER LEGISLATION (continued)



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.

SOCIAL PROCUREMENT STRATEGY

Eastern Health submitted its Social Procurement Strategy to the Department of Treasury and Finance (DTF) for review in 2019 and had not received feedback from DTF at the time of printing. The Social Procurement Strategy is therefore yet to be finalised for approval by the Eastern Health Board.

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. We are taking measures to finalise compliance with our obligations under the Act, as outlined in our Patient and Family-Centred Care Standard that guides our practice and in our Partners in Care booklet that is provided to every patient on admission.

This will ensure that the needs of carers are recognised and responded to when the person for whom they care is admitted to Eastern Health or when the carer is admitted to Eastern Health.

LOCAL JOBS ACT 2003

Eastern Health complies with the *Local Jobs Act 2003.*

\$3 million for metropolitan and statewide projects (Refer to FRD 25D Local Jobs First - Disclosures in the Report of Operations, which now includes all disclosures under the Victorian Industry Participation Policy (VIPP)) which 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.

Eastern Health completed an LJF ICN Contestability Assessment for three projects that commenced in 2019-20:

EH19-0817E:

Delivery of Prevention and Recovery Care (PARC) Services

Contestable Items:

Auditing Services, operational customer/client support service, stakeholder management, budget management medical services — mental health, catering services, reporting services.

Actions:

LIDP to be submitted. Note — the value of this Tender was underestimated and therefore not initially registered. The ICN was contacted for advice on 20 March 2020, and on 20 March 2020 this project was registered for assessment. A Local Industry Development Plan (LIDP) was submitted by shortlisted suppliers and assessed by ICN.

Awarded to:

Wellways Australia

Local Content Commitment:

100%

Employment Commitment:

11.65

EH20-0105T:

Supply of Endoscopic Surgical Video System across Eastern Health sites

Contestable Items:

Cable – fibre optic armoured LT and unarmoured, medical equipment trolley, system/solution – integration, ICT hardware – printers/multifunction devices, training delivery – printed manual.

Actions:

LIDPs submitted by all tenderers for assessment.

Shortlisted Tenderers resubmitted LIDPs for reassessment. The tender is still in evaluation and the contract has not been awarded. The project is not expected to commence before September/October 2020.

EH19-0102T:

Box Hill Hospital MRI Project

Contestable Items:

Multiple building-related items

Actions:

LIDPs submitted by all Tenderers.

Awarded to:

Building Engineering

Local Content Commitment:

71%

Employment commitment:

15

SAFE PATIENT CARE ACT 2015

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

Eastern Health has no matters to report in relation to its obligation under section 40 of the *Safe Patient Care Act 2015*.

ATTESTATIONS AND DECLARATIONS







CAR PARKING FEES

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

FINANCIAL MANAGEMENT COMPLIANCE ATTESTATION

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

Mr Tass Mousaferiadis Chair Eastern Health Board

3 September 2020

DATA INTEGRITY

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.

Remus

Adjunct Professor David Plunkett

Chief Executive Eastern Health

3 September 2020

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 board meeting.



Adjunct Professor David Plunkett

Chief Executive Eastern Health

3 September 2020

INTEGRITY, FRAUD AND CORRUPTION

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

Chief Executive Eastern Health

3 September 2020

ADDITIONAL INFORMATION AVAILABLE ON REQUEST

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

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



EASTERN HEALTH FOUNDATION



Eastern Health Foundation promotes philanthropy and partnership with our local community.

The kindness and generosity of donors transforms and enhances the way we care for our patients.



In 2019-20 Eastern Health Foundation raised

\$4,156,418

through philanthropic support from thousands of individuals, gifts in wills, charitable trusts, businesses, clubs and community groups.



With thanks to our local community, essential lifesaving equipment, resources and services have been funded this year, including:

- Automatic CPR chest compression devices for our Intensive Care Units
- Vital signs monitors, trauma trolleys and defibrillators for our emergency departments
- Visual Field Test and other cataract equipment for Yarra Ranges Health
- 3D Breast Biopsy table for the Eastern Health Breast and Cancer Centre at Maroondah Hospital
- Wellness Garden at Healesville Hospital and Yarra Valley Health
- Bilimeters for the young babies at Angliss Hospital
- Pet therapy at Peter James Centre.



EASTERN HEALTH AGILITY RESPONSE FUND

Support from our community during the COVID-19 pandemic meant the world to our frontline doctors, nurses and allied health staff.

Launched in March 2020, the Agility Response Fund was established to purchase lifesaving equipment and other vital resources. \$686,472 was donated to 30 June 2020, which allowed Eastern Health to respond quickly to the evolving health emergency.

Our COVID wards, emergency departments, intensive care and other units at Angliss, Box Hill and Maroondah hospitals are immensely grateful for the following provided by donors:

heart lung bypass machines

to take over the work of the lungs or heart when they are too ill to absorb oxygen

vital signs monitors

to provide 24/7 monitoring of heart rate and breathing function

video laryngoscopes

to help doctors insert breathing tubes for patients who require ventilation

respiratory testing machine

to quickly test people for flu and COVID-19

iPads

to keep patients in touch with their families during visitor restrictions

Enhancement of a 'virtual hospital ward'

to provide healthcare services in the home

ICT equipment

in specialist clinics to support telehealth services.

EASTERN HEALTH FOUNDATION (continued)



RESEARCH

In 2020, Eastern Health Foundation, together with the Office of Research and Ethics, funded

25

Research and Innovation Grants totalling \$519,915 thanks to the generosity and foresight of our donors

Philanthropic individuals, businesses and community groups provided seed funding, ongoing financial support and significant donations so our researchers could focus on enhancing patient care.

Their generosity means our researchers are better able to understand diseases, discover treatments and explore medical practices that can provide immediate benefits to patients.



STAFF DEVELOPMENT SCHOLARSHIPS

With donor investment, Eastern Health Staff Development Scholarships help our dedicated staff to complete further education and advance their skills.

Thanks to donors, a total of

39

scholarships

totalling \$92,290 were awarded in 2019-20 to help advance the careers of our clinical and non-clinical staff

Qualifications included Masters degrees, Graduate Certificates and Honours degrees.







Eastern Health Foundation 2020 Research and Innovation Grant Recipients.

Bottom:

Dr John Dyett with new equipment purchased by the Eastern Health Foundation Agility Response Appeal.







G 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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FRD 22H	Purpose, functions, powers and duties	15
FRD 22H	Nature and range of services provided	12
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Management	and structure	
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FINANCIAL TATEMEN **STATEMENTS**

2019-2020

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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 2020 and financial position of Eastern Health as at 30 June 2020.

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

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

Mr Tass Mousaferiadis

Chair (on behalf of the Board)

Adjunct Professor David Plunkett

Chief Executive Eastern Health **Mr Geoff Cutter**

Chief Finance Officer Eastern Health

3 September 2020 (Box Hill – Melbourne)

Victorian Auditor-General's Office







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 2020
- 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 2020 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

Basis for Opinion

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

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

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

Key audit matters

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

Board's responsibilities for the financial report

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

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







Other Information

The Board of the health service is responsible for the Other Information, which comprises the information in the health service's annual report for the year ended 30 June 2020, but does not include the financial report and my auditor's report thereon.

My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.

Auditor's responsibilities for the audit of the financial report

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

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

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



Auditor's responsibilities for the audit of the financial report

(continued)

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 11 September 2020

Travis Derricott as delegate for the Auditor-General of Victoria



Eastern Health

Comprehensive Operating Statement







	NOTE	2020 \$'000	2019 \$'000
Income from Transactions			
Operating Activities	2.1	1,177,949	1,098,337
Non-Operating Activities	2.1	1,171	1,847
Total Income from Transactions		1,179,120	1,100,184
Expenses from Transactions			
Employee Expenses	3.1	(873,777)	(804,241)
Supplies and Consumables	3.1	(161,543)	(163,420)
Finance Costs	3.1	(1,818)	(783)
Depreciation and Amortisation	4.2	(73,408)	(67,070)
Other Operating Expenses	3.1	(120,396)	(108,946)
Total Expenses from Transactions		(1,230,942)	(1,144,460)
NET RESULT FROM TRANSACTIONS - NET OPERATING BALANCE		(51,822)	(44,276)
Other Economic Flows included in Net Result			
Net Gain/(Loss) on Sale of Non-Financial Assets	3.2	449	(1,773)
Net Gain/(Loss) on Financial Instruments at Fair Value	3.2	(1,039)	(1,698)
Other Gain/(Loss) from Other Economic Flows	3.2	(3,535)	(13,685)
Total Other Economic Flows included in Net Result		(4,125)	(17,156)
NET RESULT FOR THE YEAR		(55,947)	(61,432)
Other Comprehensive Income			
Items That Will Not Be Reclassified To Net Result			
Changes in Property, Plant and Equipment Revaluation Surplus	4.1(f)	23,992	404,019
Total Other Comprehensive Income		23,992	404,019
COMPREHENSIVE RESULT FOR THE YEAR		(31,955)	342,587

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

Eastern Health Balance Sheet

As at 30 June 2020







		2020	2019
	NOTE	\$'000	\$'000
Assets			
Current Assets			
Cash and Cash Equivalents	6.2	89.964	66,031
Receivables	5.1	28,772	28,043
Inventories	4.4	7,392	5,096
Prepayments		2,115	2,817
Total Current Assets		128,243	101,987
Non-Current Assets			
Receivables	5.1	57,523	52,196
Property, Plant and Equipment	4.1(a)	1,254,430	1,246,755
Intangible Assets	4.3	38,998	34,077
Total Non-Current Assets		1,350,951	1,333,028
TOTAL ASSETS		1,479,194	1,435,015
Liabilities			
Current Liabilities			
Payables	5.3	131,072	104,084
Borrowings	6.1	32,247	2,229
Provisions	3.4	204,818	183,089
Other Liabilities	5.3	14,957	15,271
Total Current Liabilities		383,094	304,673
Non-Current Liabilities			
Borrowings	6.1	46,704	25,477
Provisions	3.4	36,473	36,068
Total Non-Current Liabilities		83,177	61,545
TOTAL LIABILITIES		466,271	366,218
NET ASSETS		1,012,923	1,068,797
Equity			
Property, Plant and Equipment Revaluation Surplus	4.1(f)	706,088	682,096
Restricted Specific Purpose Surplus		35,571	34,321
Contributed Capital		249,890	247,762
Accumulated Surpluses/(Deficits)		21,374	104,618
TOTAL EQUITY		1,012,923	1,068,797

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



Eastern Health

Statement of Changes in Equity For the Year Ended 30 June 2020







2019	PROPERTY, PLANT AND EQUIPMENT REVALUATION SURPLUS \$'000	RESTRICTED SPECIFIC PURPOSE SURPLUS \$'000	CONTRIBUTED CAPITAL \$'000	ACCUMULATED SURPLUSES \$'000	TOTAL \$'000
Balance at 1 July 2018	278,077	31,623	247,762	167,241	724,703
Net Result for the Year	-	-	-	(61,432)	(61,432)
Transfer to Accumulated Surpluses – Asset Reclassification	-	-	-	1,507	1,507
Other Comprehensive Income for the Year	404,019	-	-	-	404,019
Transfer from/(to) Accumulated Surpluses	-	2,698	-	(2,698)	-
Balance at 30 June 2019	682,096	34,321	247,762	104,618	1,068,797
Effect of Adoption of AASB 15 and 1058	Н	-	-	(26,047)	(26,047)
Restated Balance at 1 July 2019	682,096	34,321	247,762	78,571	1,042,750

2020	PROPERTY, PLANT AND EQUIPMENT REVALUATION SURPLUS \$'000	RESTRICTED SPECIFIC PURPOSE SURPLUS \$'000	CONTRIBUTED CAPITAL \$'000	ACCUMULATED SURPLUSES \$'000	TOTAL \$'000
Net Result for the Year	-	-	-	(55,947)	(55,947)
Other Comprehensive Income for the Year	23,992	-	-	-	23,992
Transfer from/(to) Accumulated Surpluses	-	1,250	-	(1,250)	-
Receipt/(Return) of Contributed Capital	-	-	2,128	-	2,128
Balance at 30 June 2020	706,088	35,571	249,890	21,374	1,012,923

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

Eastern Health Cash Flow Statement

For the Year Ended 30 June 2020







	NOTE	2020 \$'000	2019 \$'000
Cash Flows from Operating Activities			
Operating Grants from Government		1,033,382	945,668
Capital Grants from Government – State		12,353	19,070
Capital Grants from Government – Commonwealth		1,000	1,000
Patient and Resident Fees Received		45,179	48,582
Recoupment from Private Practice for use of Hospital Facilities		30,989	30,284
Donations and Bequests Received		4,151	2,108
GST Received from ATO		26,360	25,393
Interest Received		1,177	1,653
Car Park Income Received		6,661	7,145
Other Receipts		39,174	39,115
Total Receipts		1,200,426	1,120,018
Employee Benefits Paid		(847,065)	(779,954)
Payments for Supplies and Consumables		(197,967)	(186,830)
Finance Costs		(1,818)	(783)
Payments for Insurance		(17,060)	(15,761)
Payments for Repairs and Maintenance		(24,635)	(23,902)
Payments for Fuel, Light and Power		(9,124)	(9,925)
Other Payments		(70,836)	(58,872)
Total Payments		(1,168,505)	(1,076,027)
NET CASH INFLOW FROM/(USED IN) OPERATING ACTIVITIES	8.1	31,921	43,991
Cash Flows from Investing Activities			
Purchase of Non-Financial Assets		(32,530)	(35,557)
Proceeds from Disposal of Non-Financial Assets		660	822
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		(31,870)	(34,735)
Cash Flows from Financing Activities			
Cash Flows from Financing Activities Contributed Capital from Government		2,128	_
		2,128 3,452	5,899
Contributed Capital from Government Receipt/(Repayment) of Borrowings from Treasury Corporation		,	•
Contributed Capital from Government Receipt/(Repayment) of Borrowings from Treasury Corporation of Victoria Receipt/(Repayment) of Borrowings from Department of		3,452	5,899 (1,167) 11,199
Contributed Capital from Government Receipt/(Repayment) of Borrowings from Treasury Corporation of Victoria Receipt/(Repayment) of Borrowings from Department of Health and Human Services		3,452	(1,167) 11,199
Contributed Capital from Government Receipt/(Repayment) of Borrowings from Treasury Corporation of Victoria Receipt/(Repayment) of Borrowings from Department of Health and Human Services Receipt of Aged Care Accommodation Deposits		3,452 24,354 (1,638)	(1,167) 11,199 (173)
Contributed Capital from Government Receipt/(Repayment) of Borrowings from Treasury Corporation of Victoria Receipt/(Repayment) of Borrowings from Department of Health and Human Services Receipt of Aged Care Accommodation Deposits Lease Repayments		3,452 24,354 (1,638) (4,414)	(1,167) 11,199 (173) 15,758
Contributed Capital from Government Receipt/(Repayment) of Borrowings from Treasury Corporation of Victoria Receipt/(Repayment) of Borrowings from Department of Health and Human Services Receipt of Aged Care Accommodation Deposits Lease Repayments NET CASH FLOWS/(USED IN) FINANCING ACTIVITIES		3,452 24,354 (1,638) (4,414) 23,882	(1,167) 11,199 (173) 15,758 25,013
Contributed Capital from Government Receipt/(Repayment) of Borrowings from Treasury Corporation of Victoria Receipt/(Repayment) of Borrowings from Department of Health and Human Services Receipt of Aged Care Accommodation Deposits Lease Repayments NET CASH FLOWS/(USED IN) FINANCING ACTIVITIES NET INCREASE/(DECREASE) IN CASH HELD	6.2	3,452 24,354 (1,638) (4,414) 23,882 23,933	(1,167) 11,199 (173) 15,758 25,013 41,017
Contributed Capital from Government Receipt/(Repayment) of Borrowings from Treasury Corporation of Victoria Receipt/(Repayment) of Borrowings from Department of Health and Human Services Receipt of Aged Care Accommodation Deposits Lease Repayments NET CASH FLOWS/(USED IN) FINANCING ACTIVITIES NET INCREASE/(DECREASE) IN CASH HELD Cash and Cash Equivalents at Beginning of Year	6.2	3,452 24,354 (1,638) (4,414) 23,882 23,933 66,031	(1,167) 11,199 (173) 15,758 25,013 41,017
Contributed Capital from Government Receipt/(Repayment) of Borrowings from Treasury Corporation of Victoria Receipt/(Repayment) of Borrowings from Department of Health and Human Services Receipt of Aged Care Accommodation Deposits Lease Repayments NET CASH FLOWS/(USED IN) FINANCING ACTIVITIES NET INCREASE/(DECREASE) IN CASH HELD Cash and Cash Equivalents at Beginning of Year CASH AND CASH EQUIVALENTS AT END OF YEAR	6.2	3,452 24,354 (1,638) (4,414) 23,882 23,933 66,031	(1,167) 11,199 (173) 15,758 25,013 41,017 66,031
Contributed Capital from Government Receipt/(Repayment) of Borrowings from Treasury Corporation of Victoria Receipt/(Repayment) of Borrowings from Department of Health and Human Services Receipt of Aged Care Accommodation Deposits Lease Repayments NET CASH FLOWS/(USED IN) FINANCING ACTIVITIES NET INCREASE/(DECREASE) IN CASH HELD Cash and Cash Equivalents at Beginning of Year CASH AND CASH EQUIVALENTS AT END OF YEAR Represented by:	6.2	3,452 24,354 (1,638) (4,414) 23,882 23,933 66,031 89,964	



Basis of presentation



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

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Note 1: Summary of significant accounting policies

These annual financial statements represent the audited general purpose financial statements for Eastern Health for the period ending 30 June 2020. The report provides users with information about Eastern Health's stewardship of resources entrusted to it.

(A) STATEMENT OF COMPLIANCE

These financial statements are general purpose financial reports which have been prepared in accordance with the *Financial Management Act 1994* and applicable AASBs, which include interpretations issued by the Australian Accounting Standards Board (AASB).

They are presented in a manner consistent with the requirements of AASB 101 *Presentation of Financial Statements*.

The financial statements also comply with relevant Financial Reporting Directions (FRDs) issued by the Department of Treasury and Finance, and relevant Standing Directions authorised by the Assistant Treasurer.

Eastern Health is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to "not-for-profit" Health Services under the AASBs.

(B) REPORTING ENTITY

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

The principal address is:

5 Arnold Street Box Hill Victoria 3128

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

(C) BASIS OF ACCOUNTING PREPARATION AND MEASUREMENT

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2020, and the comparative information presented in these financial statements for the year ended 30 June 2019.

The going concern basis was used to prepare the financial statements (refer Note 8.7 Economic dependency).

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

All amounts shown in the financial statements have been rounded to the nearest thousand dollars, unless otherwise stated. Minor discrepancies in tables between totals and sum of components are due to rounding.

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

The financial statements, except for cash flow information, have been prepared using the accrual basis of accounting.

Under the accrual basis, items are recognised as assets, liabilities, equity, income or expenses when they satisfy the definitions and recognition criteria for those items, that is they are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)



Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

Actual results may differ from these

estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AASBs that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings and plant and equipment (refer to Note 4.1 Property, plant and equipment); and
- employee benefit provisions which are based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.4 Employee benefits in the balance sheet).

A State of Emergency was declared in Victoria on 16 March 2020 due to the global coronavirus pandemic, known as COVID-19. A State of Disaster was subsequently declared on 2 August 2020.

To contain the spread of the virus and to prioritise the health and safety of our communities various restrictions have been announced and implemented by the State Government, which in turn has impacted the manner in which businesses operate, including Eastern Health.

In response, Eastern Health placed restrictions on non-essential visitors, implemented reduced visitor hours, deferred elective surgery and reduced activity, performed COVID-19 testing and implemented work from home arrangements where appropriate.

For further details refer to Note 2.1(a) Income from transactions, Note 3.1 Expenses from transactions and Note 8.6 Events occurring after the balance sheet date.

Goods and Services Tax (GST)

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

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are presented as operating cash flow.

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

Intersegment Transactions

Transactions between segments within Eastern Health have been eliminated to reflect the extent of Eastern Health's operations as a group.

(D) EQUITY

Contributed Capital



Consistent with the requirements of AASB 1004 *Contributions*, 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 Eastern Health.

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

Specific Restricted Purpose Surplus

The Specific Restricted Purpose Surplus 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.

(E) COMPARATIVES

Where applicable, the comparative figures have been restated to align with the presentation in the current year. Figures have been restated at the following notes:

- 2.1: Income from Transactions;
- 3.5: Superannuation;
- 4.1: Property, Plant & Equipment;
- 4.3: Intangible Assets; and
- 7.1: Financial Instruments.



Note 2: Funding delivery of our services



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



To enable Eastern Health to fulfil its objective it receives income based on parliamentary appropriations. It also receives income from the provision of services.

Structure

2.1: Income from transactions

Note 2.1(a): Income from transactions

N	NOTE	2020 \$'000	2019 \$'000
Government Grants (State) – Operating		976,315	897,641
Government Grants (Commonwealth) – Operating		55,167	54,146
Government Grants (State) – Capital		21,630	19,713
Government Grants (Commonwealth) – Capital		1,000	1,000
Patient and Resident Fees		47,321	50,815
Private Practice Fees		30,828	30,214
Commercial Activities ⁱⁱ	3.3	29,870	29,877
Assets Received free of Charge or for Nominal Consideration	2.1b	2,101	-
Other Revenue from Operating Activities		13,717	14,931
Total Income From Operating Activities		1,177,949	1,098,337
Other Interest		1,171	1,847
TOTAL INCOME FROM TRANSACTIONS		1,179,120	1,100,184

⁽i) The Department of Health and Human Services has advised Eastern Health that Government Grant (State) – Operating includes funding of \$50.9m which was spent due to the impacts of COVID-19.

Impact of COVID-19 on revenue and income

As indicated at Note 1, Eastern Health's response to the pandemic included the deferral of elective surgeries and reduced activity. This resulted in Eastern Health incurring lost revenue as well as direct and indirect COVID-19 costs.

The Department of Health and Human Services provided advice on funding which was spent due to COVID-19 impacts. Eastern Health also received essential personal protective equipment free of charge under the state supply arrangement.

Government grants

Income from grants to construct substantial capital assets is recognised when (or as) Eastern Health satisfies its obligations under the transfer. This aligns with Eastern Health's obligation to construct the respective asset.

The progressive percentage costs incurred is used to recognise income because this most closely reflects the progress to completion as costs are incurred as the works are done.

Income from grants that are enforceable and with sufficiently specific performance obligations are accounted for under AASB 15 as revenue from contracts with customers. Revenue from such contracts is recognised as the performance obligations are met.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when Eastern Health has an unconditional right to receive the cash which usually coincides with the receipt of cash.

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

NOTE 2: FUNDING DELIVERY OF OUR SERVICES (continued)



On initial recognition of the asset, Eastern Health recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue ('related amounts') in accordance with other Australian Accounting Standards. Related amounts may take the form of:

- **a)** contributions by owners, in accordance with AASB 1004;
- **b)** revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15:
- c) a lease liability, in accordance with AASB 16;
- **d)** a financial instrument, in accordance with AASB 9; or
- **e)** a provision, in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets.*

As a result of the transitional impacts of adopting AASB 15 and AASB 1058, a portion of the grant revenue has been deferred. If the grant income is accounted for in accordance with AASB 15, the deferred grant revenue has been recognised in contract liabilities whereas grant revenue in relation to the construction of capital assets which the health service controls has been recognised in accordance with AASB 1058 and recognised as deferred grant revenue (refer note 5.2).

Performance obligations

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

- Activity Based Funding (ABF) paid as WIES casemix;
- ABF paid as Subacute WIES casemix; and
- other grants if funding conditions contain enforceable and sufficiently specific performance obligations.

The performance obligations for ABF are the number and mix of patients admitted to hospital (casemix) in accordance with levels of activity agreed to with the Department of

Health and Human Services (DHHS) in the annual Statement of Priorities (SoP). Revenue is recognised when a patient is discharged and in accordance with the WIES activity for each separation. The performance obligations have been selected as they align with funding conditions set out in the Policy and Funding Guidelines issued by the DHHS.

For other grants with performance obligations, Eastern Health exercises judgement over whether the performance obligations have been met, on a grant by grant basis.

Donations provided for specific purposes are also recognised under AASB 15. Revenue is recognised when the specific performance obligations are met.

Previous accounting policy for 30 June 2019

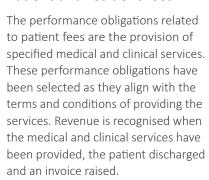
Grant income arises from transactions in which a party provides goods or assets (or extinguishes a liability) to Eastern Health without receiving approximately equal value in return. While grants may result in the provision of some goods or services to the transferring party, they do not provide a claim to receive benefits directly of approximately equal value (and are termed 'non-reciprocal' transfers). Receipt and sacrifice of approximately equal value may occur, but only by coincidence.

Some grants are reciprocal in nature (i.e. equal value is given back by the recipient of the grant to the provider). Eastern Health recognises income when it has satisfied its performance obligations under the terms of the grant.

For non-reciprocal grants, Eastern Health recognises revenue when the grant is received.

Grants can be received as general purpose grants, which refers to grants which are not subject to conditions regarding their use. Alternatively, they may be received as specific purpose grants, which are paid for a particular purpose and/or have conditions attached regarding their use.

Patient and resident fees



Resident fees are recognised as revenue over time as Eastern Health provides accommodation. This is calculated on a daily basis and invoiced monthly.

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 hospital.

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.

Revenue from commercial activities

Performance obligations related to commercial activities are the provision of various goods and services. These performance obligations have been selected as they align with the terms and conditions of the contract with the provider of the commercial activities. Revenue is recognised when the goods and/or services have been provided to the customer and an invoice raised.

Revenue from commercial activities includes items such as car park income and property rentals.







NOTE 2: FUNDING DELIVERY OF OUR SERVICES (continued)



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



	2020 \$'000	2019 \$'000
Capital Donations and Gifts	339	-
Other Services	1,762	-
Total Fair Value of Assets and Services Received Free of Charge or For Nominal Consideration	2,101	-

Resources received free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another Health Service or agency as a consequence of a restructuring of administrative arrangements. In the latter case, such transfer will be recognised at carrying amount.

Contributions in the form of services are only recognised when a fair value can be reliably determined and the service would have been purchased if not received as a donation.

Voluntary Services:

Contributions in the form of services are only recognised when a fair value can be reliably determined, and the services would have been purchased if not donated. While Eastern Health does use volunteers, and is very grateful for the services provided by its volunteers, it does not depend on volunteers to deliver its services.

Non-cash contributions from the Department of Health and Human Services

The Department of Health and Human Services makes some payments on behalf of health services as follows:

- The Victorian Managed Insurance Authority non-medical indemnity insurance payments are recognised as revenue following advice from the Department of Health and Human Services; and
- Long Service Leave (LSL) revenue is recognised upon finalisation of movements in LSL liability in line with the long service leave funding arrangements set out in the relevant Department of Health and Human Services Hospital Circular.

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in the contract with the customer. Eastern Health recognises revenue when it transfers control of a good or service to the customer i.e. revenue is recognised when, or as, the performance obligations for the sale of goods and services to the customer are satisfied.

- Customers obtain control of the supplies and consumables at a point in time when the goods are delivered to and have been accepted at their premises.
- Income from the sale of goods is recognised when the goods are delivered and have been accepted by the customer at their premises.
- Revenue from the rendering of services is recognised at a point in time when the performance obligation is satisfied when the service is completed; and over time when the customer simultaneously receives and consumes the services as it is provided.

As the sales are made with a short credit term, there is no financing element present. There has been no change in the recognition of revenue from the sale of goods as a result of the adoption of AASB 15.

Consideration received in advance of recognising the associated revenue from the customer is recorded as a contract liability (Note 5.2). Where the performance obligations are satisfied but not yet billed, a contract asset is recorded (Note 5.1).

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 in net result
- 3.3: Analysis of expense and revenue by internally managed and restricted specific purpose funds
- 3.4: Employee benefits in the Balance Sheet
- 3.5: Superannuation

Note 3.1: Expenses from transactions

NOTE	2020 \$'000	2019 \$'000
Salaries and Wages	771,975	703,491
On-costs	91,192	88,750
Agency Expenses	1,972	2,459
Fee for Service Medical Officer Expenses	2,238	2,453
Workcover Premium	6,400	7,088
Total Employee Expenses	873,777	804,241
Drug Supplies	53,781	54,717
Medical and Surgical Supplies (including Prostheses)	57,849	56,028
Food	22,309	22,243
Diagnostic and Radiology	27,604	30,432
Total Supplies and Consumables	16,543	163,420
Domestic Expenses	22,629	19,230
Fuel, Light and Power	9,124	9,925
Insurance (incl. Medical Indemnity)	16,861	15,761
Repairs and Maintenance	11,892	11,159
Maintenance Contracts	13,886	12,742
Other Administrative Expenses	46,004	40,129
Total Other Operating Expenses	120,396	108,946
TOTAL FINANCE COSTS	1,818	783
TOTAL OPERATING EXPENSES	1,157,534	1,077,390
Depreciation and Amortisation 4.2	73,408	67,070
Total Non-Operating Expenses	73,408	67,070
TOTAL EXPENSES FROM TRANSACTIONS	1,230,942	1,144,460

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





Impact of COVID-19 on expenses



As indicated at Note 1, Eastern Health's daily activities were impacted by the pandemic. This resulted in direct and indirect costs being incurred, such as additional employee costs to staff Covid-19 testing clinics, additional personal protective equipment (PPE) for front-line staff, additional cleaning costs and additional security costs.

Employee expenses

Employee expenses include:

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

Supplies and consumables

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

Finance costs

Finance costs include:

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

Other operating expenses

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

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

The Department of Health and Human Services 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.

Operating lease payments

Up until 30 June 2019, operating lease payments (including contingent rentals) were recognised on a straight-line basis over the lease term, except where another systematic basis was more representative of the time pattern of the benefits derived from the use of the leased asset.

From 1 July 2019, the following lease payments are recognised on a straight-line basis:

- Short-term leases: leases with a term less than 12 months; and
- Low value leases: leases with the underlying asset's fair value (when new, regardless of the age of the asset being leased) being no more than \$10,000.







	2020 \$'000	2019 \$'000	
Net Gain/(Loss) on No-Financial Assets			
Net Gain/(Loss) on Disposal of Non-Financial Assets	449	(1,773)	
Net Gain/(Loss) on Non-Financial Assets	449	(1,773)	
Net Gain/(Loss) on Financial Instruments at Fair Value	Net Gain/(Loss) on Financial Instruments at Fair Value		
Bad Debts Written Off	(2,019)	(669)	
Allowance for Impairment Losses of Contractual Receivables	980	(1,029)	
Total Net Gain/(Loss) on Financial Instruments at Fair Value	(1,039)	(1,698)	
Other Gain/(Loss) from Other Economic Flows			
Net Gain/(Loss) arising from the Revaluation of Long Service Leave	(3,535)	(13,685)	
Total Other Gain/(Loss) From Other Economic Flows	(3,535)	(13,685)	
TOTAL OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT	(4,125)	(17,156)	

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from:

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates; and
- reclassified amounts relating to available-for-sale financial instruments from the reserves to net

result due to a disposal or derecognition of the financial instrument. This does not include reclassification between equity accounts due to machinery of government changes or 'other transfers' of assets.

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

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

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

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

b. Net gain/(loss) on financial instruments

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

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

c. Other gains/losses) from other economic flows

Other gains/(losses) include:

 the revaluation of the present value of the long service leave liability due to changes in the bond rate movements, inflation rate movements and the impact of changes in probability factors; and transfer of amounts from the reserves to accumulated surplus or net result due to disposal, derecognition or reclassification.

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: Analysis of expense and revenue by internally managed and restricted specific purpose funds



	EXPENSES		REVENUE	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Commercial Activities				
Private Practice and Other Patient Activities	2,331	3,045	4,187	3,831
Car Park	2,000	1,990	6,661	7,145
Property Income	169	609	1,327	1,858
Total Commercial Activities	4,500	5,644	12,175	12,834
Other Activities				
Education and Training	2,720	2,201	2,141	1,763
Catering	235	343	324	434
Other	7.300	5,976	3,013	3,073
Equipment Funds Transfer	-	-	1,757	2,809
Commissions	647	728	4,212	3,802
Fundraising and Community Support	1,196	1,178	3,812	2,525
Research and Scholarship	891	805	2,436	2,637
Total Other Activities	12,989	11,231	17,695	17,043
TOTAL	17,489	16,875	29,870	29,877







	2020 \$'000	2019 \$'000
Current Provisions		
Employee Benefits ⁱ		
Accrued Days Off		
Unconditional and Expected to be settled within 12 months ⁱⁱ	1,544	1,221
Annual Leave		
Unconditional and Expected to be settled within 12 months ⁱⁱ	50,215	45,133
Unconditional and Expected to be settled after 12 months ⁱⁱⁱ	8,545	7,547
Long Service Leave		
Unconditional and Expected to be settled within 12 months ⁱⁱ	14,099	13,047
Unconditional and Expected to be settled after 12 months ⁱⁱⁱ	110,991	98,763
Total	185,394	165,711
Provisions Related to Employee Benefit on-costs		
Unconditional and Expected to be settled within 12 months ⁱⁱ	6,767	6,121
Unconditional and Expected to be settled after 12 months ⁱⁱⁱ	12,657	11,257
Total	19,424	17,378
TOTAL CURRENT PROVISIONS	204,818	183,089
Non-Current Provisions		
Employee Benefits ⁱ	32,979	32,613
Provisions related to employee benefit on-costs	3,494	3,455
Total Non-Current Provisions	36,473	36,068
TOTAL PROVISIONS	241,291	219,157
(a) Eployee Benefits and Related On-Costs		
Current		
Unconditional Long Service Leave Entitlements	125,090	111,810
Annual Leave Entitlements	58,760	52,680
Accrued Day Off	1,544	1,221
Current On-Costs	19,424	17,378
Total Current Employee Benefits and Related On-Costs	204,818	183,089
Non-Current		
Conditional Long Service Leave Entitlements	32,979	32,613
Non-Current On-Costs	3,494	3,455
Total Non-Current Employee Benefits and Related On-Costs	36,473	36,068
TOTAL EMPLOYEE BENEFITS AND RELATED ON-COSTS	241,291	219,157
(b) Movement in On-Costs Provisions		
Balance at Start of Year	20,833	17,305
Provision Recognising Employee Service During the Year	10,320	11,571
Effect of Changes in the Discount Rate	(1,071)	(1,355)
Settlement Made During the Year	(7,164)	(6,688)
BALANCE AT THE END OF THE YEAR	22,918	20,833

⁽i) Employee benefits consist of amounts for accrued days off, annual leave and long service leave accrued by employees, not including on-costs.

⁽ii) The amounts disclosed are nominal amounts.

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





Employee benefit recognition



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

Provisions

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

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

Annual leave and accrued days off

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

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

- nominal value:
 if Eastern Health expects to wholly
 settle within12 months; or
- present value:
 if Eastern Health does not expect to
 wholly settle within 12 months.

Long service leave (LSL)

The liability for LSL is recognised in the provision for employee benefits.

Unconditional LSL (representing 10 or more years of continuous service) is disclosed in notes to the financial statements as a current liability even where Eastern Health does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement should an employee take leave within 12 months. An unconditional right arises after a qualifying period.

The components of this current LSL liability are measured at:

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

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

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

Termination benefits

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

On-Costs related to employee expense

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







	PAID CONTRIBUTION FOR THE YEAR		CONTRIBUTION OUTSTANDING AT YEAR END	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Defined Benefit Plans ⁽ⁱ⁾				
First State Superannuation Fund	504	522	38	41
State Superannuation Fund	249	256	18	19
Defined Contribution Plans				
First State Superannuation Fund	34,724	32,225	2,549	2,582
HESTA Superannuation Fund	22,881	19,456	1,846	1,706
Other	8,123	5,761	667	523
Total	66,481	58,220	5,118	4,871

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

Employees of Eastern Health are entitled to receive superannuation benefits and Eastern Health contributes to both the defined benefit and defined contribution plans. The defined benefit plan provides benefits based on years of service and final average salary.

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.

Defined benefit superannuation plans

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.





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: Depreciation and amortisation

4.3: Intangible assets

4.4: Inventories

Note 4.1: Property, plant and equipment

Initial recognition

Items of property, plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment loss. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a merger/machinery of government change are transferred at their carrying amounts.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads. The cost of a leasehold improvement is capitalised as an asset and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the improvements.

The initial cost for non-financial physical assets under a lease (refer to Note 6.1) is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

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 use.

Land and buildings are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and accumulated impairment loss.

Right-of-use asset acquired by lessees (Under AASB 16 – Leases from 1 July 2019) – Initial measurement

Eastern Health recognises a right-of-use asset and a lease liability at the lease commencement date.

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

- any lease payments made at or before the commencement date; plus
- 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.

Subsequent measurement

Property, plant and equipment as well as right-of-use assets under leases and service concession assets are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard 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) and is summarised on the following pages by asset category.

Right-of-use asset – Subsequent measurement

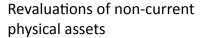
Eastern Health depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The estimated useful life of the right-of-use assets is determined on the same basis as property, plant and equipment, other than where the lease term is lower than the otherwise assigned useful life. The right-of-use assets are also subject to revaluation as required by FRD 103H. However, as at 30 June 2020 right-of-use assets have not been revalued.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

NOTE 4: KEY ASSETS TO SUPPORT SERVICE DELIVERY (continued)





Non-current physical assets are measured at fair value and are revalued in accordance with FRD 103H *Non-Financial Physical Assets*.

This revaluation process normally occurs every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate material changes in values.

Independent valuers are used to conduct these scheduled revaluations and any interim revaluations are determined in accordance with the requirements of the FRDs. Revaluation increments or decrements arise from differences between an asset's carrying value and fair value.

Revaluation increments are recognised in 'Other Comprehensive Income' and are credited directly to the asset 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, the increment is recognised as income in the net result.

Revaluation decrements are recognised in 'Other Comprehensive Income' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment.

Revaluation increases and revaluation decreases 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 surplus is not transferred to accumulated funds on de-recognition of the relevant asset, except where an asset is transferred via contributed capital.

In accordance with FRD 103H

Non-Financial Physical Assets, Eastern

Health's non-current physical assets were assessed to determine whether revaluation of the non-current physical assets was required.

The Valuer-General Victoria provided indices in May 2020 (as at the end of March 2020) that indicated the value of land held by Eastern Health had increased during the financial year by an average of 12%. As the increase in value was greater than 10%, management was required to revalue its land values.

Fair value measurement

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

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

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

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

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

Valuation hierarchy

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

The levels are as follows:

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

Identifying unobservable inputs (level 3) fair value measurements

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

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

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

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







NOTE 4: KEY ASSETS TO SUPPORT SERVICE DELIVERY (continued)



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

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

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

Non-specialised land, non-specialised buildings

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

For non-specialised land and non-specialised buildings, an independent valuation was performed by the Valuer-General Victoria to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation was 30 June 2019.

Specialised land and specialised buildings

Specialised land includes Crown Land which is measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the assets are not taken into account until it is virtually certain that any restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best use.

During the reporting period, Eastern Health held Crown Land. The nature of this asset means that there are certain limitations and restrictions imposed on its use and/or disposal that may impact the fair value.

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

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets.

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

An independent valuation of Eastern Health's specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO (mainly 20%). The effective date of the valuation was 30 June 2019.

Vehicles

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

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

Plant and equipment

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

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

There were no changes in valuation techniques throughout the period to 30 June 2020.

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



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



	2020 \$'000	2019 \$'000
Land	\$ 000	\$ 000
Land	185,650	194,155
Land – Right of Use		134,133
Total Land	32,497 218,147	194,155
Buildings	210,147	194,133
Buildings at Cost	22,171	_
Less Accumulated Depreciation	(434)	
Total Buildings at Cost	21,737	
Buildings Under Construction at Cost	7,366	13,231
Buildings at Fair Value	991,471	991,471
Less Accumulated Depreciation	(48,271)	-
Total Buildings at Fair Value	943,200	991,471
Right of use – Buildings	16,421	331,471
Less Accumulated Depreciation	(2,615)	<u>_</u>
Total Buildings Right of Use	13,806	
TOTAL BUILDINGS	986,109	1,004,701
Leasehold Improvements	380,103	1,004,701
Leasehold Improvements	7,795	7,775
Less Accumulated Depreciation	(6,507)	(5,987)
Total Leasehold Improvements	1,288	1,788
Plant and Equipment	1,200	1,700
Medical Equipment Fair Value	94,747	90,701
Less Accumulated Depreciation	(67,879)	(60,201)
Total Medical Equipment	26,868	30,500
Computers and Communication at Fair Value	51,986	50,386
Less Accumulated Depreciation	(49,386)	(46,995)
Total Computers and Communications Equipment	2,600	3,391
Right of Use – Plant, Equipment and Vehicles	13,320	-
Less Accumulated Depreciation	(2,589)	
Total Plant and Equipment Right of Use	10,731	
Assets Under Construction	3,503	4,518
TOTAL PLANT AND EQUIPMENT	43,702	38,409
Motor Vehicles	.0,7.62	33,103
Motor Vehicles at Fair Value	2,281	6,197
Less Accumulated Depreciation	(2,151)	(3,910)
Total Motor Vehicles	130	2,287
TOTAL PLANT, EQUIPMENT AND MOTOR VEHICLES	43,832	40,696
Furniture and Fittings		
Furniture and Fittings	15,508	14,959
Less Accumulated Depreciation	(10,454)	(9,544)
Total Furniture and Fittings	5,054	5,415
TOTAL	1,254,430	1,246,755





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

	LAND \$'000	RIGHT OF USE – LAND \$'000	BUILDINGS AND LEASEHOLD IMPROVEMENTS \$'000	RIGHT OF USE – BUILDINGS \$'000	BUILDING CAPITAL WORK IN PROGRESS \$'000	PLANT AND EQUIPMENT \$'000	FURNITURE AND FITTINGS \$'000	MOTOR VEHICLES \$'000	RIGHT OF USE – PLANT AND EQUIPMENT \$'000	TOTAL \$'000
Balance at 1 July 2018	108,989		690,034		30,466	46,073	8,392	1,116		885,070
Asset Reclassification via Equity	-	-	(753)	-	-	-	2,260	-	-	1,507
Additions	-	-	2,197	-	25,802	3,912	642	2,085	-	34,638
Net Transfers Between Classes	-	-	24,008	-	(43,038)	5,312	(4,459)	-	-	(18,177)
Disposals	-	-	-	-	-	(2,134)	(186)	(274)	-	(2,594)
Depreciation (Note 4.2)	-	-	(41,080)	-	-	(14,754)	(1,234)	(640)	-	(57,708)
Revaluation Increments/ (Decrements)	85,166	-	318,853	-	-	-	-	-	-	404,019
Balance at 1 July 2019	194,155	-	993,259	-	13,230	38,409	5,415	2,287	-	1,246,755
Recognition of right-of-use assets on initial application of AASB 16	(29,293)	29,293	-	16,421	-	-	-	-	4,096	20,517
Adjusted Balance as at 1 July 2019	164,862	29,293	993,259	16,421	13,230	38,409	5,415	2,287	4,096	1,267,272
Additions	-	-	605	-	3,904	18,192	576	-	7,140	30,417
Net Transfer Between classes	-	-	21,586	-	(9,768)	(11,977)	48	(1,853)	1,853	(111)
Disposals	-	-	-	-	-	(80)	(11)	(120)	-	(211)
Depreciation (Note 4.2)	-	-	(49,225)	(2,615)	-	(11,573)	(974)	(184)	(2,358)	(66,929)
Revaluation Increments/ (Decrements)	20,788	3,204	-	-	-	-	-	-	-	23,992
Balance at 30 June 2020	185,650	32,497	966,225	13,806	7,366	32,971	5,054	130	10,731	1,254,430







Land and Buildings and Leased Assets Carried at Valuation

The Valuer-General Victoria undertook to re-value all of Eastern Health's owned and leased land and buildings to determine their fair value.

The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation was 30 June 2019.

In compliance with FRD 103H, in the year ended 30 June 2020, Eastern Health's management conducted an annual assessment of the fair value of land and buildings and leased buildings. To facilitate this, management obtained from the Department of Treasury and Finance the Valuer-General Victoria indices for the financial year ended 30 June 2020.

The Valuer-General Victoria provided indices in May 2020 (as at the end of March 2020) that indicated the value of land held by Eastern Health had increased during the financial year by an average of 12% and buildings by 4%.

These indices triggered a further managerial revaluation of land in 2020. The indexed value was compared to individual asset's written down book value as at 30 June 2019 to determine the change in their fair values.

The Department of Health and Human Services approved a managerial revaluation of the land asset class of \$24m. As land and building balances are considered to be sensitive to market conditions, a managerial revaluation would be triggered by a significant increase or decrease in the land indices or the building indices.

Right of Use Land

The carrying amount of land subject to a peppercorn lease arrangement (i.e. concessionary finance lease) immediately before the date of initial application of AASB 16 shall be the deemed cost of the Right-of-Use asset (\$29,293,000) and Lease Liability (\$nil) for the purposes of transition.





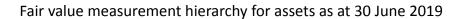
(c) Fair value measurement hierarchy for assets as at 30 June 2020



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

¹ Classified in accordance with the fair value hierarchy.

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





		CARRYING AMOUNT		MEASUREMENT A	
	NOTE	AS AT 30 JUNE 2019 \$'000	LEVEL 1 (1) \$'000	LEVEL 2 ⁽¹⁾ \$'000	LEVEL 3 (1) \$'000
Land at Fair Value					
Non-Specialised Land		3,788	-	3,788	-
Specialised Land		190,367	-	-	190,367
Total of Land at Fair Value	4.1(a)	194,155	-	3,788	190,367
Right-of-Use Land					
Non-Specialised Land		-	-	-	-
Specialised Land		-	-	-	-
Total Right-of-Use Land at Fair Value	4.1(a)	-	-	-	-
Buildings at Fair Value					
Non-Specialised Buildings		20,890	-	20,890	-
Specialised Buildings		970,581	-	-	970,581
Total of Buildings at Fair Value	4.1(a)	991,471	-	20,890	970,581
Plant and Equipment at Fair Value					
Vehicles	4.1(a)	434	-	-	434
Plant and Equipment	4.1(a)	33,891	-	-	33,891
Vehicles under Finance Lease	4.1(a)	1,853	-	-	1,853
Total of Plant, Equipment and Vehicles at Fair Value		36,178	-	-	36,178
Furniture and Fittings at Fair Value					
Furniture and Fittings	4.1(a)	5,415	-	-	5,415
Total of Furniture and Fittings at Fair Value		5,415	-	-	5,415
TOTAL		1,227,219	-	24,678	1,202,541

 $^{^{1}}$ Classified in accordance with the fair value hierarchy.



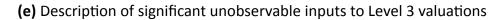


(d) Reconciliation of Level 3 fair value as at 30 June 2020



	LAND \$'000	RIGHT-OF-USE LAND \$'000	BUILDINGS \$'000	PLANT AND EQUIPMENT \$'000	FURNITURE AND FITTINGS \$'000
Balance at 1 July 2018	108,303		649,396	44,530	8,392
Asset Reclassification via Equity	-	-	(753)	-	2,260
Additions/(Disposals)	-	-	26,205	1,730	456
Transfers In/(Out) of Level 3	-	-	14,176	5,312	(4,459)
Gains/(Losses) Recognised in Net Result					
Depreciation	-	-	(37,296)	(15,394)	(1,234)
Items Recognised in Other Comprehensive Income					
Revaluation	82,064	-	318,853	-	-
Balance at 30 June 2019	190,367	-	970,581	36,178	5,415
Adjustment on initial application of AASB 16	(28,536)	28,536	-	-	-
Adjusted Balance as at July 2019	161,831	28,536	970,581	36,178	5,415
Additions/(Disposals)	-	-	-	30,243	565
Transfers In/(Out) of Level 3	-	-	-	(11,977)	48
Gains/(Losses) Recognised in Net Result					
Depreciation	-	-	(47,754)	(14,115)	(974)
Items Recognised in Other Comprehensive Income					
Revaluation	20,637	3,166	-	-	-
Balance at 30 June 2020	182,468	31,702	922,827	40,329	5,054







ASSET CLASS	LIKELY VALUATION APPROACH	SIGNIFICANT INPUTS (LEVEL 3 ONLY)
Specialised Land (Crown/Freehold)	Market approach	Community Service Obligations Adjustments ^(a)
Specialised buildings	Depreciated replacement cost approach	Cost per square metreUseful life
	Market approach	n.a.
Dwellings	Depreciated replacement cost approach	Cost per square metreUseful life
	Market approach	n.a.
Vehicles	Depreciated replacement cost approach	Cost per unitUseful life
Plant and equipment	Depreciated replacement cost approach	Cost per unitUseful life
Infrastructure	Depreciated replacement cost approach	Cost per unitUseful life
Road, infrastructure and earthworks	Depreciated replacement cost approach	Cost per square metreUseful life

⁽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.

(f) Property, plant and equipment revaluation surplus

	2020 \$'000	2019 \$'000
Property, Plant and Equipment Revaluation Surplus		
Balance at the beginning of the reporting period	682,096	278,077
Revaluation Increment		
Land (refer Note 4.2(b))	20,788	85,166
Right of Use Land (refer Note 4.2(b))	3,204	-
Buildings (refer Note 4.2(b))	-	318,853
Closing Balance	706,088	682,096
Represented by:		
Land	178,744	154,752
Buildings	527,344	527,344
Total	706,088	682,096





Note 4.2: Depreciation and amortisation



	2020 \$'000	2019 \$'000
Depreciation		
Buildings	48,705	40,548
Plant and Equipment		
Major Medical	8,718	9,132
Computers and Communications	2,855	5,622
Furniture and Fittings	974	1,234
Motor Vehicles	184	640
Leasehold Improvements	520	532
Right to Use Assets		
Right of Use Buildings	2,615	-
Right of Use Plant and Equipment	2,358	-
Total Depreciation	66,929	57,708
Amortisation		
Software	6,479	9,362
Total Amortisation	6,479	9,362
TOTAL DEPRECIATION AND AMORTISATION	73,408	67,070

Depreciation

All buildings, plant and equipment and other non-financial physical assets that have finite useful lives are depreciated. Depreciation begins when the asset is available for use and is generally calculated on a straight-line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life.

Right-of use assets are depreciated over the shorter of the asset's useful life and the lease term. Where Eastern Health obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that the entity will exercise a purchase option, the entity depreciates the right-of-use asset overs its useful life.

Amortisation

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

Amortisation is allocated on a straight-line basis over the asset's 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:







	2020	2019
Buildings		
Structure Shell Building Fabric	11 - 50 years	11 - 46 years
Site Engineering Services and Central Plant	11 - 46 years	11 - 46 years
Central Plant		
Fit Out	3 - 21 years	3 - 21 years
Trunk Reticulated Building Systems	3 - 21 years	3 - 21 years
Plant and Equipment	10 - 20 years	10 - 20 years
Medical Equipment	8 - 15 years	8 - 15 years
Computers and Communications	3 - 10 years	3 - 10 years
Furniture and Fittings	10 years	10 years
Motor Vehicles	5 years	5 years
Intangible Assets	3 years	3 years
Leasehold Improvements	5 years	5 years

As part of the "buildings' valuation/buildings' values" were separated into components, each component was assessed for its useful life which is represented above.

Note 4.3: Intangible assets

	2020 \$'000	2019 \$'000
Intangibles		
Software	74,238	72,785
Less Accumulated Amortisation	(58,924)	(54,395)
	15,314	18,390
Intangible Work in Progress	23,684	15,687
TOTAL WRITTEN DOWN VALUE	38,998	34,077

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the previous and current financial year.







	SOFTWARE \$'000	TOTAL \$'000
Balance as at 01 July 2018	22,205	22,205
Additions	18,744	18,744
Net Transfers Between Classes	2,490	2,490
Disposals	-	-
Amortisation (Note 4.3)	(9,362)	(9,362)
Balance as at 01 July 2019	34,077	34,077
Additions	11,289	11,289
Net Transfers Between Classes	111	111
Disposals	-	-
Amortisation (Note 4.3)	(6,479)	(6,479)
Balance as at 30 June 2020	38,998	38,998

Intangible assets represent identifiable computer software.

Purchased intangible assets are initially recognised at cost. When the recognition criteria in AASB 138 *Intangible Assets* is met, internally generated intangible assets are recognised at cost.

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

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

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

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

 a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;

- **b)** an intention to complete the intangible asset and use or sell it;
- c) the ability to use or sell the intangible asset;
- **d)** the intangible asset will generate probable future economic benefits;
- e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- f) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Note 4.4: Inventories

	2020 \$'000	2019 \$'000
Current		
Pharmaceuticals – At Cost	2,356	2,607
Medical and Surgical Lines – At Cost	3,930	1,383
Allied Health and Diagnostics – At Cost	1,106	1,106
Total Inventories	7,392	5,096

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

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

Note 5.1(a): Receivables and contract assets

NOTE	2020 \$'000	2019 \$'000
Current		
Contractual		
Inter-Hospital Debtors	216	238
Trade Debtors	8,307	11,926
Patient Fees	16,576	14,233
Contract Assets 5.1(c)	4,085	-
Accrued Revenue	-	656
Less Allowance for Impairment Losses of Contractual Receivables		
Trade Debtors	(1,336)	(1,190)
Patient Fees	(1,710)	(2,891)
Total Contractual	26,138	22,972
Statutory		
GST Receivable	2,634	2,545
Accrued Revenue – Department of Health and Human Services	-	2,526
Total Statutory	2,634	5,071
TOTAL CURRENT RECEIVABLES	28,772	28,043
Non-Current		
Statutory		
Long Service Leave – Department of Health and Human Services	57,523	52,196
Total	57,523	52,196
TOTAL NON-CURRENT RECEIVABLES	57,523	52,196
TOTAL RECEIVABLES	86,295	80,239



NOTE 5: OTHER ASSETS AND LIABILITIES (continued)



Note 5.1(b): Movement in the Allowance for impairment losses of contractual receivables



	2020 \$'000	2019 \$'000
Balance at the beginning of the year	4,081	3,052
Amounts written off during the year	(2,019)	-
Amounts recovered during the year	4	-
Increase/(Decrease) in allowance recognised in net result	980	1,029
Balance at the End of The Year	3,046	4,081

Receivables recognition

Receivables consist of:

Contractual 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 do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes.

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

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

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

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

Note 5.1(c): Contract assets

	2020 \$'000
Contract assets	
Opening balance brought forward from 30 June 2019 adjusted for AASB 15	-
Add: Additional costs incurred that are recoverable from the customer	47,321
Less: Transfer to trade receivable or cash at bank	(43,236)
Total Contract Assets	4,085
Represented by:	
Current Contract Assets	4,085

(a) As AASB 15 was first applied from 1 July 2019, there is no comparative information to display.

Contract assets mainly relate to Eastern Health's right to consideration in exchange for clinical work completed, but not yet billed at the reporting date due to the implementation of a new billing system.

Impairment losses of contractual receivables

Refer to Note 7.1(c) Contractual receivables at amortised cost for Eastern Health's contractual impairment losses.

NOTE 5: OTHER ASSETS AND LIABILITIES (continued)







	NOTE	2020 \$'000	2019 \$'000
Current			
Contractual			
Trade Creditors		23,202	29,957
Accrued Salaries and Wages		40,818	33,404
Contract Liabilities	5.2(b)	8,744	-
Deferred Grant Revenue	5.2(a)	18,844	-
Accrued Expenses		30,599	29,285
Inter-Hospital Creditors		26	-
Superannuation		8,584	7,885
Total Contractual		130,817	100,530
Statutory			
Department of Health and Human Services		255	3,554
Total Statutory		255	3,554
TOTAL CURRENT PAYABLES		131,072	104,084

Payables consist of:

• contractual payables that are classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to Eastern Health prior to the end of the financial year that are unpaid; and

• statutory payables that 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 60 days.

Note 5.2(a): Deferred capital grant revenue

	2020 \$'000
Grant consideration for capital works recognised that was included in the deferred grant liability balance (adjusted for AASB 1058) at the beginning of the year	26,047
Grant consideration for capital works received during the year	12,353
Grant revenue for capital works recognised consistent with the capital works undertaken during the year	(19,556)
Closing Balance of Deferred Grant Consideration Received For Capital Works	18,844

Grant consideration was received from the Department of Health and Human Services and the Commonwealth. Grant revenue is recognised progressively as the asset is constructed, since this is the time when Eastern Health satisfies its obligations under the transfer by controlling the asset as and when it is constructed. Income for each project is recognised as expenditure on the project is incurred because this most closely reflects the progress to completion (see note 2.1). As a result, Eastern Health has deferred recognition of a portion of the grant consideration received and shown this as a liability for the outstanding obligations.



NOTE 5: OTHER ASSETS AND LIABILITIES (continued)



Note 5.2(b): Contract liabilities



	2020 \$'000
Opening balance brought forward from 30 June 2019 adjusted for AASB 15	-
Add: Payments received for performance obligations yet to be completed during the period	-
Add: Grant consideration for sufficiently specific performance obligations received during the year	597,567
Less: Grant revenue for sufficiently specific performance obligations works recognised consistent with the performance obligations met during the year	(588,823)
Total Contract Liabilities	8,744
Represented by:	
Current Contract Liabilities	8,744

Contract liabilities include consideration received in advance from customers. Income is earned once the goods and services are delivered/provided.

Note 5.3: Other liabilities

NO	2020 TE \$'000	2019 \$'000
Current		
Other		
Other Liabilities	5,396	4,072
Total	5,396	4,072
Monies Held in Trust		
Refundable Accommodation Deposits	9,561	11,199
Total Other Current Liabilities	14,957	15,271
Total Monies Held in Trust Represented by the Following Assets:		
Cash and Cash Equivalents	5.2 9,561	11,199
Total Monies Held in Trust	9,561	11,199

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

Note 6.1: Borrowings

	2020 \$'000	2019 \$'000
Current		
TCV Loans ⁽ⁱ⁾	789	748
DHHS Loans ⁽ⁱ⁾	1,166	1,166
Advance from DHHS ⁽ⁱⁱ⁾	25,520	-
Lease Liability ⁽ⁱⁱⁱ⁾	4,772	315
Total Current	32,247	2,229
Non-Current		
TCV Loans ⁽ⁱ⁾	20,427	17,016
DHHS Loans ⁽ⁱ⁾	5,934	6,865
Lease Liability ⁽ⁱⁱⁱ⁾	20,343	1,596
Total Non-Current	46,704	25,477
TOTAL BORROWINGS	78,951	27,706

- (i) These loans are unsecured.
- (ii) The advance from DHHS is interest free.
- (iii) Leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

Borrowings relate to six loans, a finance lease facility with VicFleet, ten building leases and six equipment leases.





Treasury Corporation Victoria loans



A loan facility of \$4.7 million to finance the construction of the car park facility at Maroondah Hospital. As at year end, \$1.555 million (2018/19 \$1.792 million) was still owed. The loan is repayable over 20 years, with 5½ years remaining. The repayments commenced a month after final draw down being 15 December 2005. The interest rate applicable is fixed at 5.8628% p.a. for the life of the loan.

A loan facility of \$1.5 million to finance the construction of the car park facility at the Angliss Hospital. As at year end, \$60,467 (2018/19 \$233,392) was still owed. The loan is repayable over 13 years, terminating in 2020/21.

The repayments commenced a month after final draw down being 28 June 2008. The interest rate applicable is fixed at 7.23% p.a. for the life of the loan.

A loan facility of \$11.25 million to finance the construction of the car park facility at the Box Hill Hospital. As at year end \$8.800 million (2018/19 \$9.138 million) was still owed. The loan is repayable over 24 years with 15 years remaining.

The repayments commenced in 4 March 2011 after final drawdown. The interest rate applicable is fixed at 6.435% p.a. for the life of the loan.

A loan facility of \$10.8 million, to finance the construction of a car park facility at the Maroondah Hospital, was negotiated in 2018/19. As at 30 June 2020, Eastern Health has utilised \$10.8m of the loan facility (\$6.6m at 30 June 2019).

There is no structured loan in place and interest is payable at the daily rate of 0.415% (2018/19 1.665%). A credit foncier structured loan with the appropriate loan repayment schedule will be put in place in 2020/21.

Department of Health and Human Services' loans

A loan facility of \$2.5 million, for the implementation of a new Payroll rostering system, was received in June 2017. As at year end, a discounted amount of \$1.494 million (2018/19 \$1.957 million) is still owed. The loan, which is interest free, is repayable over six years with three years remaining. Repayments commenced in July 2018.

A loan facility of \$7.0 million (\$2 million for a Single Billing system and \$5 million for working capital) was received in June 2018. As at year end, a discounted amount of \$5.606 million (2018/19 \$6.075 million) is still owed.

The loan, which is interest free, is repayable over eight years with six years remaining. Repayments commenced in July 2018.

On 22 June, 2020, the Department of Health and Human Services provided an advance to Eastern Health of \$25.5 million to meet working capital needs. The advance, which is interest free, is repayable in December 2020.

VicFleet finance lease facility

Eastern Health utilises a finance lease facility with VicFleet (a business unit of the Department of Treasury & Finance) to acquire new motor vehicles.

Under the facility, Eastern Health has acquired 153 motor vehicles costing \$4.269 million. The leases are for three years after which the motor vehicle is handed back or the lease extended. As at year end, \$3.561million (2018/19 \$1.911 million) was owing. The interest rate applicable to the lease facility is currently 3.25%.

Maturity analysis of borrowings

Refer to Note 7.1(b) for the ageing analysis of borrowings.

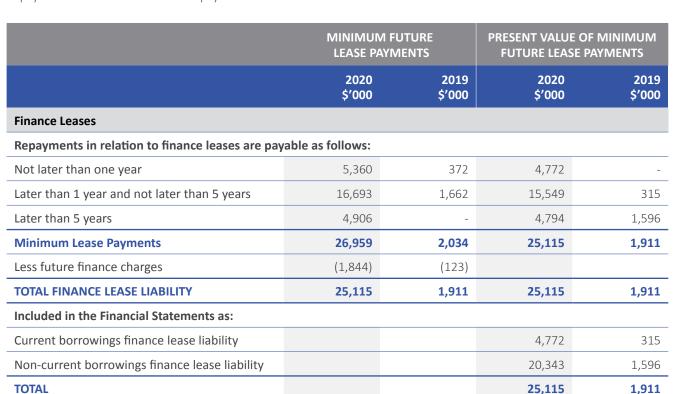
Defaults and breaches

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





Repayments in relation to leases are payable as follows:



The weighted average interest rate implicit in the leases is 2.48% (2019: 3.26%).

Leases

A lease is a right to use an asset for an agreed period of time in exchange for payment. All leases are recognised on the balance sheet, with the exception of low value leases (less than \$10,000 AUD) and short term leases of less than 12 months.

Eastern Health's leasing activities

Eastern Health has entered into leases related to motor vehicles (the arrangement with VicFleet noted above); buildings (Eastern Health leases nine properties) and medical equipment (includes eight ultrasounds, six CT scanners and an MRI).

For any new contracts entered into on or after 1 July 2019, Eastern Health considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition Eastern Health assesses whether the contract meets three key evaluations which are whether:

- 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.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

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.

Recognition and measurement of leases as a lessee (under AASB 16 from 1 July 2019)

Lease Liability – 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.







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.

Lease Liability – 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.

Presentation of right-of-use assets and lease liabilities

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

Lease liabilities are presented as 'borrowings' in the balance sheet.

Recognition and measurement of leases (under AASB 117 until 30 June 2019)

In the comparative period, leases of property, plant and equipment were classified as either finance leases or operating leases. Eastern Health determined whether an arrangement was or contained a lease based on the substance of the arrangement and required an assessment of whether fulfilment of the arrangement is dependent on the use of the specific asset(s); and the arrangement conveyed a right to use the asset(s).

Leases of property, plant and equipment where Eastern Health as a lessee had substantially all of the risks and rewards of ownership were classified as finance leases. Finance leases were initially recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease.

The leased asset is accounted for as a non-financial physical asset and depreciated over the shorter of the estimated useful life of the asset or the term of the lease.

Minimum finance lease payments were apportioned between the reduction of the outstanding lease liability and the periodic finance expense, which is calculated using the interest rate implicit in the lease and charged directly to the consolidated comprehensive operating statement.

Contingent rentals associated with finance leases were recognised as an expense in the period in which they are incurred.

Assets held under other leases were classified as operating leases and were not recognised in Eastern Health's balance sheet. Operating lease payments were recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

The impact of initially applying AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of not-for-profit entities to Eastern Health's grant revenue is described in Note 8.8.

Under application of the modified retrospective transition method chosen in applying AASB 15 and AASB 1058 for the first time, comparative information has not been restated to reflect the new requirements. The adoption of AASB 15 and AASB 1058 did not have an impact on Other Comprehensive Income and the Statement of Cash flows for the financial year.

Operating lease payments up until 30 June 2019 are recognised on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

From 1 July 2019, the following lease payments are recognised on a straight-line basis:

- Short-term leases: leases with a term less than 12 months; and
- Low value leases: leases with the underlying asset's fair value (when new, regardless of the age of the asset being leased) being no more than \$10,000.

Borrowings

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 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'.







	2020 \$'000	2019 \$'000
Cash on Hand (excluding monies held in trust)	31	43
Cash at Bank (excluding monies held in trust)	28,333	53,992
Cash at Bank – CBS	52,039	797
Cash at Bank – CBS (monies held in trust)	9,561	11,199
Total Cash And Cash Equivalents	89,964	66,031

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

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

Note 6.3: Commitments for expenditure

	2020 \$'000	2019 \$'000
Capital Expenditure Commitments		
Less than 1 year	10,225	16,532
Longer than 1 year but not longer than 5 years	-	-
Total Capital Expenditure Commitments	10,225	16,532
Operating Expenditure Commitments		
Less than 1 year	155,370	165,985
Longer than 1 year but not longer than 5 years	152,425	291,774
5 years or more	130	-
Total Operating Expenditure Commitments	307,925	457,759
Non-Cancellable Operating Lease Commitments		
Less than 1 year	-	4,197
Longer than 1 year but not longer than 5 years	-	9,137
5 years or more	-	3,981
Total Non-Cancellable Operating Lease Commitments	-	17,315
TOTAL COMMITMENTS FOR EXPENDITURE (inclusive of GST)	318,150	491,606
Less GST recoverable from the Australian Tax Office	(28,923)	(44,692)
TOTAL COMMITMENTS FOR EXPENDITURE (exclusive of GST)	289,227	446,914

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





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

	2020 \$'000	2019 \$'000
Acquisition of Assets by means of Indirect Contribution by DHHS	2,075	54
Acquisition of Plant and Equipment by means of Finance Leases	2,184	2,085
Adoption of AASB 16 – Right of Use Assets	25,472	-
Total Non-Cash Financing and Investing Activities	29,731	2,139

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: Contingent assets and contingent liabilities

Note 7.1: Financial instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of Eastern Health's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

(a) Financial instruments: categorisation

2020	NOTE	FINANCIAL ASSETS AT AMORTISED COST \$'000	FINANCIAL LIABILITIES AT AMORTISED COST \$'000	TOTAL \$'000
Contractual Financial Assets				
Cash and Cash Equivalents	6.2	89,964	-	89,964
Receivables – Trade Debtors	5.1	6,971	-	6,971
Other Receivables	5.1	15,083	-	15,083
Total Financial Assets		112,018	-	112,018
Financial Liabilities				
Payables	5.2	-	103,229	103,229
Borrowings	6.1	-	78,951	78,951
Other Financial Liabilities – Refundable Accommodation Deposits	5.3	-	9,561	9,561
Other Financial Liabilities – Other	5.3	-	5,396	5,396
Total Financial Liabilities		-	197,137	197,137



NOTE 7: RISKS, CONTINGENCIES AND VALUATION UNCERTAINTIES (continued)



(a) Financial instruments: categorisation



2019	NOTE	FINANCIAL ASSETS AT AMORTISED COST \$'000	FINANCIAL LIABILITIES AT AMORTISED COST \$'000	TOTAL \$'000
Contractual Financial Assets				
Cash and Cash Equivalents	6.2	66,031	-	66,031
Receivables – Trade Debtors	5.1	10,736	-	10,736
Other Receivables	5.1	11,580	-	11,580
Total Financial Assets		88,347	-	88,347
Financial Liabilities				
Payables	5.2	-	100,530	100,530
Borrowings	6.1	-	27,706	27,706
Other Financial Liabilities – Refundable Accommodation Deposits	5.3	-	11,199	11,199
Other Financial Liabilities – Other	5.3	-	4,072	4,072
Total Financial Liabilities		-	143,507	143,507

The above amounts exclude statutory receivables (i.e. GST receivable and DHHS receivable) and statutory payables (i.e. Revenue in Advance and DHHS payable).

Categories of financial assets

(a) 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 to collect the contractual cash flows; and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest.

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).

(b) Financial Liabilities at Amortised Cost

Financial liabilities at amortised cost are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method. Eastern Health recognises the following liabilities in this category:

- payables (excluding statutory payables); and
- borrowings (including lease liabilities).

NOTE 7: RISKS, CONTINGENCIES AND VALUATION UNCERTAINTIES (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					
2020	CARRYING AMOUNT \$'000	NOMINAL AMOUNT \$'000	LESS THAN 1 MONTH \$'000	1 - 3 MONTHS \$'000	3 MONTHS - 1 YEAR \$'000	1 - 5 YEARS \$'000	OVER 5 YEARS \$'000
Financial Liabilities	<u> </u>						
At Amortised Cost							
Payables	130,817	130,817	92,690	22,336	15,791	-	-
Borrowings	78,951	80,862	1,019	1,037	30,075	23,368	23,452
Other Financial Liabilitie	s ⁽ⁱ⁾						
Refundable Accommodation Bonds	9,561	9,561	9,561	-	-	-	-
Other Liabilities	5,396	5,396	-	-	5,396	-	-
Total Financial Liabilities	224,725	226,636	103,270	23,373	51,262	23,368	23,452
				M	ATURITY DAT	ES	
	CARRYING	NOMINAL	LECC THAN	1-3	3 MONTHS	1-5	
2019	AMOUNT \$'000	AMOUNT \$'000	LESS THAN 1 MONTH \$'000	MONTHS \$'000	- 1 YEAR \$'000	YEARS \$'000	OVER 5 YEARS \$'000
2019 Financial Liabilities	AMOUNT	AMOUNT	1 MONTH	MONTHS	- 1 YEAR	YEARS	5 YEARS
	AMOUNT	AMOUNT	1 MONTH	MONTHS	- 1 YEAR	YEARS	5 YEARS
Financial Liabilities	AMOUNT	AMOUNT	1 MONTH	MONTHS	- 1 YEAR	YEARS	5 YEARS
Financial Liabilities At Amortised Cost	AMOUNT \$'000	AMOUNT \$'000	1 MONTH \$'000	MONTHS \$'000	- 1 YEAR \$'000	YEARS	5 YEARS
Financial Liabilities At Amortised Cost Payables	100,530 27,706	AMOUNT \$'000 100,530	1 MONTH \$'000	MONTHS \$'000	- 1 YEAR \$'000	YEARS \$'000	5 YEARS \$'000
Financial Liabilities At Amortised Cost Payables Borrowings	100,530 27,706	AMOUNT \$'000 100,530	1 MONTH \$'000	MONTHS \$'000	- 1 YEAR \$'000	YEARS \$'000	5 YEARS \$'000
Financial Liabilities At Amortised Cost Payables Borrowings Other Financial Liabilities Refundable	100,530 27,706	100,530 28,008	1 MONTH \$'000 88,125 185	MONTHS \$'000	- 1 YEAR \$'000	YEARS \$'000	5 YEARS \$'000

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



NOTE 7: RISKS, CONTINGENCIES AND VALUATION UNCERTAINTIES (continued)



(c) Contractual receivables at amortised cost



30 JUNE 2020	CURRENT	LESS THAN 1 MONTH	1 - 3 MONTHS	3 MONTHS - 1 YEAR	1 - 5 YEARS	TOTAL
Expected loss rate	0%	0%	10%	44%	75%	
Gross carrying amount of contractual receivables (\$'000)	17,836	4,367	1,370	4,251	1,360	29,184
Loss Allowance	-	-	137	1,889	1,020	3,046

30 JUNE 2019	CURRENT	LESS THAN 1 MONTH	1 - 3 MONTHS	3 MONTHS - 1 YEAR	1 - 5 YEARS	TOTAL
Expected loss rate	0%	0%	16%	54%	93%	
Gross carrying amount of contractual receivables (\$'000)	10,862	6,008	4,997	3,923	1,263	27,053
Loss Allowance	-	-	781	2,131	1,169	4,081

Reconciliation of the movement in the loss allowance for contractual receivables:

	2020 \$'000	2019 \$'000
Loss Allowance at Beginning of The Year	4,081	3,052
Reversal of provision for receivables written off during the year as uncollectible	(2,019)	-
Amounts recovered during the year	4	-
Increase in provision recognised in net result	980	1,029
Balance at End of The Year	3,046	4,081

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.

Note 7.2: Contingent assets and contingent liabilities

Eastern Health has no quantifiable or non-quantifiable contingent assets or liabilities to report as at 30 June 2020 (2018-19: Nil).

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed by way of note and, if quantifiable, are measured at nominal value. Contingent assets and contingent liabilities are presented inclusive of GST receivable or payable respectively.

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: Economic dependency
- 8.8: Changes in accounting policy
- 8.9: AASBs issued that are not yet effective
- 8.10: Glossary

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

NO	TE	2020 \$'000	2019 \$'000
Net Result For The Period		(55,947)	(61,432)
Non-Cash Movements			
Depreciation and Amortisation		73,408	67,070
Capital Grant - Indirect Contribution by Department of Health and Human Services	1.2	(2,075)	(54)
Discount Interest Expense/(Revenue) on Financial Instrument		235	531
Movements Included in Investing and Financing Activities			
Net (Gain)/Loss From Disposal of Non-Financial Physical Assets	3.2	(449)	1,773
Movements in Assets and Liabilities			
Change in Operating Assets and Liabilities			
(Increase)/Decrease in Receivables 5.1	(a)	(6,057)	(10,662)
(Increase)/Decrease in Prepayments		702	(510)
(Increase)/Decrease in Inventories	1.4	(2,295)	(226)
Increase/(Decrease) in Other Liabilities	5.3	1,324	(1,003)
Increase/(Decrease) in Payables	5.2	941	12,271
Increase/(Decrease) in Employee Benefits	3.4	22,134	36,233
Net Cash Inflow From Operating Activities		31,921	43,991





Note 8.2: Responsible persons' disclosures



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

	PERIOD
Responsible Ministers	
The Honourable Jenny Mikakos, Minister for Health and Minister for Ambulance Services	1/07/2019 - 30/06/2020
The Honourable Martin Foley, Minister for Mental Health	1/07/2019 - 30/06/2020
The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers	1/07/2019 - 30/06/2020
Governing Board	
Mr Tass Mousaferiadis	1/07/2019 - 30/06/2020
Dr Peter Dohrmann	1/07/2019 - 30/06/2020
Mr Andrew Saunders	1/07/2019 - 30/06/2020
Professor Andrew Conway	1/07/2019 - 30/06/2020
Ms Jill Linklater	1/07/2019 - 30/06/2020
Ms Anna Lee Cribb	1/07/2019 - 30/06/2020
Ms Joanna Walker	1/07/2019 - 30/06/2020
Dr Bob Mitchell AM	1/07/2019 - 30/06/2020
Hon Fran Bailey	1/07/2019 - 30/06/2020
Accountable Officer	
Adjunct Professor David Plunkett	1/07/2019 - 30/06/2020

Remuneration of responsible persons

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

	NO. OF DIRECTORS AND ACCOUNTABLE OFFICE	
	2020	2019
Income Bands		
\$30,001 - \$40,000	2	8
\$40,001 - \$50,000	6	-
\$70,001 - \$80,000	-	1
\$80,001 - \$90,000	1	-
\$450,001 - \$460,000	-	1
\$500,001 - \$510,000	1	-
Total Responsible Persons	10	10
TOTAL REMUNERATION RECEIVED OR DUE AND RECEIVABLE BY RESPONSIBLE PERSONS FROM EASTERN HEALTH:	\$913,320	\$848,970

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





Note 8.3: Remuneration of executives

Executive officers' remuneration

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

	2020	2019
Remuneration		
Short-Term Benefits	\$2,229	\$2,280
Other Long-Term Benefits	\$51	\$50
Post-Employment Benefits	\$211	\$195
Total Remuneration	\$2,491	\$2,525
TOTAL NUMBER OF EXECUTIVES ¹	12	14
TOTAL ANNUALISED EMPLOYEE EQUIVALENT"	8	8

- (i) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of Eastern Health under AASB 124 Related Party Disclosures and are also reported within Note 8.4 Related Parties.
- (ii) Annualised employee equivalent is based on working 38 hours per week over the reporting period.

Remuneration for Executive Officers and the Accountable Officer is determined in accordance with the Victorian Public Health Sector Executive Remuneration Policy.

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 paid or payable on a discrete basis when employment has ceased.

Other long-term benefits

Long service leave, other long-service benefit or deferred compensation.

Note 8.4: Related parties

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;
- cabinet ministers (where applicable) and their close family members; and

 all hospitals and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

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

The Board of Directors, Chief Executive Officer and the Executive Officers of Eastern Health are deemed to be KMPs.





The key management personnel of Eastern Health:



NAME	POSITION	PERIOD
Mr Tass Mousaferiadis	Chair of the Board	Full Year
Dr Peter Dohrmann	Board member	Full Year
Mr Andrew Saunders	Board member	Full Year
Professor Andrew Conway	Board member	Full Year
Ms Jill Linklater	Board member	Full Year
Ms Anna Lee Cribb	Board member	Full Year
Ms Joanna Walker	Board member	Full Year
Hon Fran Bailey	Board member	Full Year
Dr Bob Mitchell AM	Board member	Full Year
Adjunct Professor David Plunkett	Chief Executive	Full Year
Mr Geoff Cutter	Executive Director Finance, Procurement and Corporate Services	Full Year
Mr Zoltan Kokai	Executive Director Information, Technology and Capital Projects	Full Year
Ms Karen Fox	Executive Director Clinical Operations (SWMMS)	Full Year
Ms Katherine MacHutchison	Executive Director People and Culture	Resigned 25/10/2019
Ms Julia Limbrey	Acting Executive Director People and Culture	From 26/10/2019 to 13/01/2020
Ms Niki Howells-Schramm	Acting Executive Director People and Culture	From 14/01/2020 to 5/02/2020
Ms Gillian Shedden	Executive Director People and Culture	From 6/02/2020
Ms Gayle Smith	Executive Director Quality, Planning and Innovation, Chief Allied Health Officer	Full Year
Ms Shannon Wight	Executive Director Clinical Operations (ASPPPA)	Full Year
Associate Professor Alison Dwyer	Executive Director Research and Chief Medical Officer	Full Year
Ms Philippa Blencowe	Executive Director Learning and Teaching, Chief Nursing and Midwifery Officer	From 1/07/2019 to 5/11/2019
Adjunct Professor Leanne Boyd	Executive Director Learning and Teaching, Chief Nursing and Midwifery Officer	From 6/11/2019

All related party transactions have been entered into on an arm's length basis.







	2020 \$'000	2019 \$'000
Compensation		
Short-Term Employee Benefits	3,070	3,059
Post-Employment Benefits	266	251
Other Long-Term Benefits	68	64
Total Compensation	3,404	3,374

Significant Transactions with Government Related Entities

Eastern Health received funding from the Department of Health and Human Services of \$998 million (2018/19 \$921 million) and indirect contributions of \$0.6 million (2018/19 \$0.5 million).

At year end, the Long Service Leave funding receivable is \$58 million (2018/19 \$52 million). In addition, the Department of Health and Human Services provided a cash advance of \$25.5 million to Eastern Health in June 2020 to meet working capital needs.

Expenses incurred by Eastern Health in delivering services and outputs are in accordance with Health Purchasing Victoria requirements. Goods and services including procurement, diagnostics, patient meals and multi-site operational support are provided by 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'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 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 and 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 2020.

There were no related party transactions required to be disclosed for the Eastern Health Board of Directors, Chief Executive Officer and Executive Directors in 2020.

All other transactions that have occurred with KMP and their related parties have been trivial or domestic in nature. In this context, transactions are only disclosed when they are considered of interest to users of the financial report in making and evaluating decisions about the allocation of scarce resources.





Note 8.5: Remuneration of auditors



	2020 \$'000	2019 \$'000
Audit Fees Paid or Payable to the Victorian Auditor-General's Office for the audit of Eastern Health's Financial Statements	129	126
Total Remuneration of Auditors	129	126

Note 8.6: Events occurring after the balance sheet date

Directors

The appointments of the Hon Fran Bailey, Prof Andrew Conway, Dr Peter Dohrmann and Ms Joanna Walker expired on 30 June 2020.

Ms Sally Freeman, Mr Lance Wallace and Dr Angela Williams were appointed to the Eastern Health Board effective 1 July 2020 and Dr Ben Goodfellow was appointed effective 21 July 2020.

COVID-19

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

As responses by government continue to evolve, management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on Eastern Health, its operations, its future results and financial position.

The state of emergency in Victoria was extended on 16 August 2020 until 13 September 2020 and the State of Disaster is still in place.

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

Note 8.7: Economic dependency

Eastern Health is dependent on the Department of Health and Human Services for the majority of its revenue used to operate the entity.

At the date of this report, the Board of Directors has no reason to believe the Department of Health and Human Services will not continue to support Eastern Health.

Note 8.8: Changes in accounting policy





Changes in accounting policy

Changes in accounting policy

Leases

This note explains the impact of the adoption of AASB 16 *Leases* on Eastern Health's financial statements.

Eastern Health has applied AASB 16 with a date of initial application of 1 July 2019. Eastern Health has elected to apply AASB 16 using the modified retrospective approach, as per the transitional provisions of AASB 16 for all leases for which it is a lessee.

The cumulative effect of initial application is recognised in retained earnings as at 1 July 2019. Accordingly, the comparative information presented is not restated and is reported under AASB 117 and related interpretations.

Previously, Eastern Health determined at contract inception whether an arrangement is or contains a lease under AASB 117 and Interpretation 4 – 'Determining whether an arrangement contains a Lease'. Under AASB 16, Eastern Health assesses whether a contract is or contains a lease based on the definition of a lease as explained in note 6.1.

On transition to AASB 16, Eastern Health has elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied AASB 16 only to contracts that were previously identified as leases.

Contracts that were not identified as leases under AASB 117 and Interpretation 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under AASB 16 was applied to contracts entered into or changed on or after 1 July 2019.

Leases classified as operating leases under AASB 117

As a lessee, Eastern Health previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to Eastern Health. Under AASB 16, Eastern Health recognises right-of-use assets and lease liabilities for all leases except where exemption is availed in respect of short-term and low value leases.

On adoption of AASB 16, Eastern Health recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using Eastern Health's incremental borrowing rate as of 1 July 2019.

On transition, right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019.

Eastern Health has elected to apply the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- Applied a single discount rate to a portfolio of leases with similar characteristics;
- Adjusted the right-of-use assets by the amount of AASB 137 onerous contracts provision immediately before the date of initial application, as an alternative to an impairment review;
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term;
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and lease liability at 1 July 2019 are determined as the carrying amount of the lease asset and lease liability under AASB 117 immediately before that date.

Land associated with "peppercorn" leases had, in prior years, been capitalised and included in Land at Fair Value (\$29,293,000). On adoption of AASB 16, this land was reclassified as Right of Use Land. There is no associated lease liability.





Impacts on financial statements



On transition to AASB 16, Eastern Health recognised \$20,517,301 of right-of-use assets and \$20,517,301 of lease liabilities.

When measuring lease liabilities, Eastern Health discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied was 2.4%.

	\$'000
Total Operating Lease Commitment Disclosed at 30 June 2019	17,315
Discounted Using The Incremental Borrowing Rate at 1 July 2019	15,999
Finance lease liabilities as at 30 June 2019	-
Adjustment as a result of a different treatment of extension options	4,523
Recognition exemption for:	
Short-term leases	(5)
Lease Liabilities Recognised at 1 July 2019	20,517

Revenue from Contracts with Customers

In accordance with FRD 121 requirements, Eastern Health has applied the transitional provision of AASB 15, under modified retrospective method with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019.

Under this transition method, Eastern Health applied this standard retrospectively only to contracts that are not 'completed contracts' at the date of initial application.

Eastern Health has not applied the fair value measurement requirements for right-of-use assets arising from leases with significantly below-market terms and conditions principally to enable the entity to further its objectives as allowed under temporary option under AASB 16 and as mandated by FRD 122.

Comparative information has not been restated.

Note 2.1.1:

Sales of goods and services includes details about the transitional application of AASB 15 and how the standard has been applied to revenue transactions.

Income of Not-for-Profit Entities

In accordance with FRD 122 requirements, Eastern Health has applied the transitional provision of AASB 1058, under modified retrospective method with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019.

Under this transition method, Eastern Health applied this standard retrospectively only to contracts and transactions that are not completed contracts at the date of initial application. Comparative information has not been restated.

Note 2.1(a):

Government Grants includes details about the transitional application of AASB 1058 and how the standard has been applied to revenue transactions.

The adoption of AASB 1058 did not have an impact on Other Comprehensive Income and the Statement of Cash flows for the financial year.

Transition impact on financial statements

This note explains the impact of the adoption of the following new accounting standards for the first time, from 1 July 2019:

- AASB 15
 Revenue from Contracts with Customers;
- AASB 1058
 Income of Not-for-Profit Entities;
 and
- AASB 16 Leases.



Impact on Balance Sheet due to the adoption of AASB 15, AASB 1058 and AASB 16 is illustrated with the following reconciliation between the restated carrying amounts at 30 June 2019 and the balances reported under the new accounting standards (AASB 15 and AASB 16) at 1 July 2019:



BALANCE SHEET	BEFORE NEW ACCOUNTING STANDARDS OPENING 1 JULY 2019	IMPACT OF NEW ACCOUNTING STANDARDS – AASB 16, 15 AND 1058	AFTER NEW ACCOUNTING STANDARDS OPENING 1 JULY 2019
Property, Plant and Equipment	1,246,755	20,517	1,267,272
Total Non-Financial Assets	1,285,928	20,517	1,306,445
Total Assets	1,435,015	20,517	1,455,532
Payables and Contract Liabilities	104,084	26,047	130,131
Borrowings	27,706	20,517	48,223
Total Liabilities	366,218	46,564	412,782
Accumulated Surplus/(Deficit)	104,618	(26,047)	78,571
Physical Revaluation Surplus	682,096	-	682,096
Other Items in Equity	282,083	-	282,083
Total Equity	1,068,797	(26,047)	1,042,750





Statement of changes in equity – changes for AASB 1058 and AASB 15 adoption

For the financial year ended 30 June 2020 (\$ thousand)



2019	PROPERTY, PLANT AND EQUIPMENT REVALUATION SURPLUS \$'000	RESTRICTED SPECIFIC PURPOSE SURPLUS \$'000	CONTRIBUTED CAPITAL \$'000	ACCUMULATED SURPLUSES \$'000	TOTAL \$'000
Balance at 1 July 2018	278,077	31,623	247,762	167,241	724,703
Net Result for The Year	-	-	-	(61,432)	(61,432)
Transfer to Accumulated Surpluses – Asset Reclassification	-	-	-	1,507	1,507
Other Comprehensive Income for The Year	404,019	-	-	-	404,019
Transfer from/(to) Accumulated Surpluses	-	2,698	-	(2,698)	-
Balance at 30 June 2019	682,096	34,321	247,762	104,618	1,068,797
Effect of Adoption of AASB 15 and 1058	-	-	-	(26,047)	(26,047)
Restated Balance at 30 June 2019	682,096	34,321	247,762	78,571	1,042,750

2020	PROPERTY, PLANT AND EQUIPMENT REVALUATION SURPLUS \$'000	RESTRICTED SPECIFIC PURPOSE SURPLUS \$'000	CONTRIBUTED CAPITAL \$'000	ACCUMULATED SURPLUSES \$'000	TOTAL \$'000
Net Result for The Year	-	-	-	(37,694)	(37,694)
Transfer from/(to) Accumulated Surpluses	-	1,250	-	(1,250)	-
Receipt/(Return) of Contributed Capital	-	-	2,128	-	2,128
Balance at 30 June 2020	682,096	35,571	249.890	39,627	1.007.184







Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2020 reporting period. DTF assesses the impact of these new standards and advises Health Services of their applicability and early adoption where applicable.

As at 30 June 2020, the following standards and interpretations had been issued by the AASB but were not yet effective. Eastern Health has not and does not intend to adopt these standards early.

AASB 2018-7

Amendments to Australian Accounting Standards – Definition of Material

This Standard principally amends
AASB 101 Presentation of Financial
Statements and AASB 108 Accounting
Policies, Changes in Accounting
Estimates and Errors. It applies to
reporting periods beginning on or after
1 January 2020 with earlier application
permitted.

The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications.

The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.

This Standard is not anticipated to have a material impact.

AASB 2020-1

Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non Current

This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It initially applied to annual reporting periods beginning on or after 1 January 2022 with earlier application permitted.

However, the AASB has recently issued ED 301 Classification of Liabilities as Current or Non-Current – Deferral of Effective Date with the intention to defer the application by one year to periods beginning on or after 1 January 2023.

This Standard is not anticipated to have a material impact.

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods, but are considered to have limited impact on Eastern Health's reporting.

- AASB 17
 Insurance Contracts.
- AASB 1060
 General Purpose Financial
 Statements Simplified Disclosures
 for For-Profit and Not-for-Profit
 Tier 2 Entities (Appendix C).
- AASB 2018-6
 Amendments to Australian
 Accounting Standards Definition
 of a Business.
- AASB 2019-1
 Amendments to Australian
 Accounting Standards References
 to the Conceptual Framework.
- AASB 2019-3
 Amendments to Australian
 Accounting Standards Interest
 Rate Benchmark Reform.
- AASB 2019-5
 Amendments to Australian
 Accounting Standards Disclosure
 of the Effect of New IFRS Standards
 Not Yet Issued in Australia.
- AASB 2020-2
 Amendments to Australian
 Accounting Standards Removal
 of Special Purpose Financial
 Statements for Certain For-Profit
 Private Sector Entities.







Note 8.10: Glossary of terms and style conventions



Actuarial gains or losses on superannuation defined benefit plans

Actuarial gains or losses are changes in the present value of the superannuation defined benefit liability resulting from:

- experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and
- the effects of changes in actuarial assumptions.

Amortisation

Amortisation is the expense which results from the consumption, extraction or use over time of a non-produced physical or intangible asset.

Associates

Associates are all entities over which an entity has significant influence but not control, generally accompanying a shareholding and voting rights of between 20 per cent and 50 per cent.

Comprehensive result

The net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other comprehensive income.

Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

Current grants

Amounts payable or receivable for current purposes for which no economic benefits of equal value are receivable or payable in return.

Depreciation

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense reduces the 'net result for the year'.

Effective interest method

The effective interest method is used to calculate the amortised cost of a financial asset or liability and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument, or, where appropriate, a shorter period.

Employee benefits expenses

Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments, defined benefits superannuation plans, and defined contribution superannuation plans.

Ex gratia expenses

Ex gratia expenses mean the voluntary payment of money or other non-monetary benefit (e.g. a write off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability, or claim against the entity.

Financial asset

A financial asset is any asset that is:

- cash;
- an equity instrument of another entity;
- a contractual or statutory right:
 - to receive cash or another financial asset from another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity; or
- a contract that will or may be settled in the entity's own equity instruments and is:
 - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.





A financial liability is any liability that is:

- A contractual obligation:
 - to deliver cash or another financial asset to another entity;
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or
- A contract that will or may be settled in the entity's own equity instruments and is:
 - a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial statements

A complete set of financial statements comprises:

- Balance sheet as at the end of the period;
- Comprehensive operating statement for the period;
- A statement of changes in equity for the period;
- Cash flow statement for the period;
- Notes, comprising a summary of significant accounting policies and other explanatory information;

- Comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 Presentation of Financial Statements; and
- A statement of financial position at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 41 of AASB 101 Presentation of Financial Statements.

Grants and other transfers

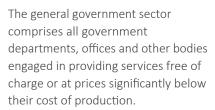
Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature.

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers.

Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes. Grants can be paid as general-purpose grants which refer to grants that are not subject to conditions regarding their use.

Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

General government sector



General government services include those which are mainly non-market in nature, those which are largely for collective consumption by the community and those which involve the transfer or redistribution of income. These services are financed mainly through taxes, or other compulsory levies and user charges.

Intangible produced assets

Refer to produced assets in this glossary.

Intangible non-produced assets

Refer to non-produced asset in this glossary.

Interest expense

Costs incurred in connection with the borrowing of funds includes interest on bank overdrafts and short-term and long-term liabilities, amortisation of discounts or premiums relating to liabilities, interest component of leases repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

Interest income

Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.









Investment properties



Investment properties represent properties held to earn rentals or for capital appreciation or both. Investment properties exclude properties held to meet service delivery objectives of the State of Victoria.

Joint Arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. A joint arrangement has the following characteristics:

- The parties are bound by a contractual arrangement.
- The contractual arrangement gives two or more of those parties joint control of the arrangement

A joint arrangement is either a joint operation or a joint venture.

Liabilities

Liabilities refers to interest-bearing liabilities mainly raised from public liabilities raised through the Treasury Corporation of Victoria, leases and other interest-bearing arrangements. Liabilities also include non-interest-bearing advances from government that are acquired for policy purposes.

Net acquisition of non-financial assets (from transactions)

Purchases (and other acquisitions) of non-financial assets less sales (or disposals) of non-financial assets less depreciation plus changes in inventories and other movements in non-financial assets. It includes only those increases or decreases in non-financial assets resulting from transactions and therefore excludes write-offs, impairment write-downs and revaluations.

Net result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of income, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other comprehensive income'.

Net result from transactions/net operating balance Net result from transactions or net operating balance is a key fiscal aggregate and is income from transactions minus expenses from transactions.

It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets.

Net worth

Assets less liabilities, which is an economic measure of wealth.

Non-financial assets

Non-financial assets are all assets that are not 'financial assets'. It includes inventories, land, buildings, infrastructure, road networks, land under roads, plant and equipment, investment properties, cultural and heritage assets, intangible and biological assets.

Non-produced assets

Non-produced assets are assets needed for production that have not themselves been produced. They include land, subsoil assets, and certain intangible assets. Non-produced intangibles are intangible assets needed for production that have not themselves been produced. They include constructs of society such as patents.

Non-profit institution

A legal or social entity that is created for the purpose of producing or distributing goods and services but is not permitted to be a source of income, profit or other financial gain for the units that establish, control or finance it.

Payables

Includes short-term and long-term trade debt and accounts payable, grants, taxes and interest payable.

Produced assets

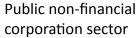
Produced assets include buildings, plant and equipment, inventories, cultivated assets and certain intangible assets. Intangible produced assets may include computer software, motion picture films, and research and development costs (which does not include the startup costs associated with capital projects).

Public financial corporation sector

Public financial corporations (PFCs) are bodies primarily engaged in the provision of financial intermediation services or auxiliary financial services. They can incur financial liabilities on their own account (e.g. taking deposits, issuing securities or providing insurance services).

Estimates are not published for the public financial corporation sector.





The public non-financial corporation (PNFC) sector comprises bodies mainly engaged in the production of goods and services (of a non-financial nature) for sale in the market place at prices that aim to recover most of the costs involved (e.g. water and port authorities). In general, PNFCs are legally distinguishable from the governments which own them.

Receivables

Includes amounts owing from government through appropriation receivable, short-term and long-term trade credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

Sales of goods and services

Refers to income from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services and work done as an agent for private enterprises.

It also includes rental income under operating leases and on produced assets such as buildings and entertainment but excludes rent income from the use of non-produced assets such as land. User charges includes sale of goods and services income.

Supplies and services

Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of Eastern Health.

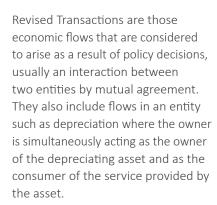
Supplies and services are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when the inventories are distributed.

Taxation income

Taxation income represents income received from the State's taxpayers and includes:

- payroll tax; land tax; duties levied principally on conveyances and land transfers;
- gambling taxes levied mainly on private lotteries, electronic gaming machines, casino operations and racing;
- insurance duty relating to compulsory third party, life and non-life policies;
- insurance company contributions to fire brigades;
- motor vehicle taxes, including registration fees and duty on registrations and transfers;
- levies (including the environmental levy) on statutory corporations in other sectors of government; and
- other taxes, including landfill levies, license and concession fees.

Transactions



Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash.

Style conventions

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts.

The notation used in the tables is as follows:

- zero, or rounded to zero
- (xxx.x) negative numbers
- 201x year period
- 201x-1x year period





GLOSSARY, INDEX AND CONTRACTS



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.
	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:
	Urgent: Admission within 30 days or condition(s) has the potential to deteriorate quickly to the point it may become an emergency.
Elective surgery	Semi-urgent: Admission within 90 days. The person's condition causes some pain, dysfunction or disability. It is unlikely to deteriorate quickly/unlikely to become an emergency.
	Non-urgent: Admission some time 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.
	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:
Emergency triage	Category 1: Resuscitation; seen immediately
-mergency thage	Category 2: Emergency; seen within 10 minutes
	Category 3: Urgent; seen within 30 minutes
	Category 4: Semi-urgent; seen within one hour
	Category 5: Non-urgent; seen within two hours
Emission	Output or discharge, as in the introduction of chemicals or particles into the atmosphere

GLOSSARY (continued)







EMR	Electronic Medical Record
EQuIP National	Four-year accreditation program for health services that ensures a continuing focus on quality
Standards	across the whole organisation
Every Minute Matters	This is the name given to a program of improvement initiatives
FOI	Freedom of information
FTE	Full-time equivalent
Gap analysis	Method of assessing the differences in performance to determine whether requirements are being met and if not, what steps should be taken to ensure they are met
GEM	Geriatric evaluation and management
GJ	Gigajoule
GST	Goods and services tax
ICT	Information and communication technology
ICU	Intensive care unit
Inpatient	A patient whose treatment needs at least one night's admission in an acute or sub-acute hospital setting
KgCO ² e	Equivalent kilograms of carbon dioxide
kL	Kilolitre
LGBTI	Lesbian, gay, bisexual, transgender and intersex
m ²	Square metres
MRI	Magnetic resonance imaging
MWh	Megawatt hour
NDIS	National Disability Insurance Scheme
NAATI	National Accreditation Authority for Translators and Interpreters
NSQHS Standards	National Safety and Quality Health Service Standards
OBD	Occupied bed day
Occasions of service	Hospital contact for an outpatient, either through an on-site clinic or home visit
OHS	Occupational health and safety
Outlier	A hospital that has a statistically significantly higher infection rate for a particular surgical procedure group compared to the VICNISS five-year aggregate for that procedure (includes all contributing hospitals in Victoria). Testing for statistical significance is performed each quarter but is based on data from the most recent two quarters (six months).
Outpatient	A person who is not hospitalised overnight but who may visit a hospital, clinic or associated facility, or may be visited in the home by a clinician for diagnosis, ongoing care or treatment
OVA	Occupational violence and aggression
Residential in-reach	Service that provides an alternative to emergency department presentations for clients in residential aged care facilities. It aims to support clients and staff to manage acute health issues when general practitioners or locums are unavailable.
SAB	Staphylococcus aureus bacteraemia
SAFE	Safe, Aggression Free Environment
Seclusion event	This is the sole confinement of a person to a room or other enclosed space from which it is not within the control of the person confined to leave
Separations	Discharge from an outpatient service
Sub-acute illness	A condition that rates between an acute and chronic illness
Stakeholder	Any person, group or organisation that can lay claim to an organisation's attention, resources or output, or is affected by that output
TAC	Traffic Accident Commission
Terms of reference	Describes the purpose and structure of a committee, or any similar collection of people, who have agreed to work together to accomplish a shared goal
VAGO	Victorian Auditor-General's Office
VICNISS	Victorian Healthcare Associated Infection Surveillance System. The "N" stands for a word derived from Greek "nosocomial" meaning "originating in a hospital".
WIES	Hospitals are paid based on the numbers and types of patients they treat – the Victorian health system defines a hospital's admitted patient workload in terms of WIES (weighted inlier equivalent separations)
YTD	Year to date









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Write to us at: The Centre for Patient Experience Wantirna Health 251 Mountain Highway Wantirna South, Victoria 3152



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Eastern Health received its fifth consecutive GOLD AWARD for its Annual Report at the 2020 Australasian Reporting Awards (ARA). Primarily a benchmarking activity, the awards recognise organisations that are able to satisfy the ARA criteria after a comprehensive review by an expert panel of accounting, legal and communications professionals.

To receive a Gold Award, the report must "demonstrate overall excellence in annual reporting and provide high-quality coverage of most aspects of the ARA criteria; full disclosure of key aspects of the core business and outstanding disclosures in major areas. A report that achieves a Gold Award is a model for other organisations to follow".









