



Annual Report 2019–20

Responding to a global health crisis



DIANE

MINI

Please sanitize your hands

Basic Medical Unit
Respiratory Protection
Infection Control
Occupational Safety & Health



Contents

2	Responding to a global health crisis
6	One of Australia's major health services
8	From the Board Chair and the CEO
10	Equitable access to care
16	Changing the future of health care
20	Celebrating our people
24	An army of generous supporters

28	Governance and Board
30	Corporate information
38	Statement of Priorities
48	Financial summary
49	Disclosure index
50	Financials

About this report

This report outlines the operational and financial performance for the period 1 July 2019 to 30 June 2020.

There were three relevant ministers for the reporting period: The Hon. Martin Foley, Minister for Housing, Disability and Ageing; the Hon. Jenny Mikakos, Minister for Health/Minister for Ambulance Services; and the Hon. Luke Donnellan, Minister for Disability, Ageing and Carers.

Austin Health is a metropolitan health service established under Section 181 of the *Health Services Act 1988* (Vic).

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Responding to a global health crisis

The latter part of the financial year has tested our capacity as a health provider, our ability to flex and adapt at pace, and the resilience and agility of our people.

While we are still managing our way through this crisis, thanks to the flexibility, passion and dedication of our people, we feel confident we will be able to meet the inevitable challenges we face over the next 12 months.

Our Intensive Care Unit was restructured to provide specialist care for

82
patients
(up from 23)



Our community screening clinic had capacity to

test

up to

600

people a day

A scalable pandemic response plan

Learning from the overseas experience, we knew we needed to prepare for a potentially large number of patients requiring emergency, inpatient, intensive and community-based care.

While the government introduced restrictions early to limit the spread of COVID-19, we quickly mobilised to design an agile and responsive clinical plan that would enable us to scale our services to meet community demand. This was done while we continued to provide usual care for the community, ensuring that patients felt safe to come to hospital.

With our Emergency Department (ED) the front door to our hospital, it was vital that we were able to separate patients presenting with COVID-19 risk factors, and those presenting with other issues. We reorganised the department and neighbouring clinical areas to allow space for ED to be split over two levels so we could boost capacity and separate patients.

Two wards were allocated for patients who were known or suspected to have COVID-19 and a further six were earmarked to be on standby if we needed to increase capacity. We also restructured our Intensive Care Unit to provide 82 specialist care beds (up from 23).

Tailored clinical care models were designed to ensure that we were able to provide the very best care while keeping staff and other patients safe.

Community screening and testing

Significant collaboration across clinical and support areas allowed us to quickly mobilise and make changes to clinical services to ensure we could respond with a scalable approach for community screening and testing.

Our community screening clinic was established at Austin Hospital and operated seven days a week. The three-clinic space could quickly be expanded during an outbreak, with capacity to test up to 600 people a day.

With community anxiety high, our online screening tool was key to managing demand and ensuring those who were at risk attended our screening clinic. The tool enabled the community to self-assess their risk of COVID-19 and included a link to the call centre for further advice or booking a test.

Our COVID-19 call centre, which also operated seven days a week, was staffed by doctors, nurses, clerical staff and medical students, who took calls from the community, provided advice and booked a test if required. At our peak period, the call centre was taking up to 700 calls a day.

Processing tests and results

As the provider of pathology services to Austin Health, Mercy Health and a number of other regional health services, our Pathology Department was also put under significant pressure.

To cope with demand in processing COVID-19 tests (which during peak periods was around 1,800 a day) and ensure the community received timely results, we extended our operating hours (including weekends), recruited additional staff and invested in new technology to ensure we could optimise processing turnaround times.

In collaboration with our Infectious Diseases consultants, high priority swabs were rapidly tested to provide same-day results.



Building clinical and workforce capacity

Technology and planning allowed us to rapidly mobilise an effective response. Specialist clinics and other ambulatory services converted their primary model of care to support many patients through the use of Telehealth and phone consultations. The period saw a 1,100 per cent increase in Telehealth consultations and a 65 per cent increase in phone consultations.

The establishment of Telehealth enabled more clinical space for pandemic activities including our COVID-19 screening clinic.

Like all health services, we reduced our elective surgery activity. This freed up clinical space, resources and equipment which were redirected to our pandemic response as required. We are very grateful for our partnership with Warringal Private Hospital who managed a proportion of our elective surgery to ensure priority procedures could go ahead.

Care for COVID-19 patients

Two key areas were identified to help COVID-19 patients: the monitoring of symptoms away from the hospital, and the need to maintain emotional support through connections to loved ones.

We introduced the innovative COVID Care app to help patients self-monitor their symptoms and record their breathing so our Infectious Diseases team could provide advice if symptoms worsened. This gave comfort and certainty to patients during their home quarantine period and ensured we could arrange appropriate medical support if required. The app has been hugely successful and there has been interest in the app from other major health services.

We also rolled out technology to keep COVID-19 inpatients (who weren't allowed visitors) to stay connected with loved ones. Video technology enabled AUSLAN and other interpreter support to be provided for patients who needed it.

Preventing the spread of COVID-19

Key to preventing the spread of COVID-19 and keeping our staff and patients safe was reducing the flow of activity within our hospitals and screening anyone accessing our services – either in the hospital or in the community.

This incorporated a range of activities – from screening patients and visitors, to limiting visitor numbers with exemptions for palliative care patients and those with special needs.

Staff were also self-screening via an online tool which helped them learn about the symptoms and determine if it was safe for them to come to work.

Supporting staff to work from home was also key, and we rolled out new technology to enable this (refer to page 21 for more).

Keeping our staff safe

The safety of our staff was always our highest priority. Robust processes and procedures were developed, guided by infection prevention and control, to ensure our team was protected. This involved constant reviews and updates as the situation evolved.

In January, we began closely monitoring our supplies of personal protective equipment (PPE) to ensure we always had adequate stock and contingency plans in place.

Strict guidelines for the appropriate use of PPE were instituted. Our Clinical Education team rolled out an extensive education program to train clinical staff on how to safely put on and remove PPE.

Guidelines to reduce the risk of exposure in the workplace were also rolled out to ensure managers were completing risk assessments and implementing safe practices at the local level.

Staff wellbeing and support

A key focus has been nurturing the emotional wellbeing of our staff. Through a highly volatile period, our priority was to ensure our people always felt safe, informed and supported.

New technology was used to ensure staff had access to the latest information, policies and procedures. This included wellbeing resources and podcasts, and access to our Employee Assistance Program.

Microsoft Teams was instituted across the organisation and regular webinars and forums were held with the CEO, pandemic response leads, and other specialists so staff could ask questions and provide feedback. These focussed on a range of topics, from general COVID-19 updates through to managing the psychological impact of the pandemic.

Leading the pandemic response for the North Metro Cluster

Austin Health was appointed by the Department of Health and Human Services (DHHS) as the lead health service for the North Metro Cluster (one of nine clusters across Victoria). Our role was to oversee the development and implementation of a pandemic response plan for our region in partnership with other cluster health services, to ensure the community was adequately supported with a system-wide approach to managing outbreaks.

Cluster members include St Vincent's Hospital Melbourne (public and private), Northern Health, Mercy Hospital for Women, Forensicare (Thomas Embling), the Royal Victorian Eye and Ear Hospital, Ramsay Health Care and Healthscope.

Thank you to our amazing team

This has been the most challenging period in our recent history. That we were able to respond as well as we did is testament to the adaptability, flexibility and energy of our amazing staff – those working directly on COVID-19 as well as those continuing to provide our usual high standard of care to the community.

All of us, from the Austin Health Board and Executive through to the community that we serve, owe a debt of gratitude to the passionate and dedicated people who, throughout the crisis, always put the needs of our patients and our community first.

We published
28
COVID-related
research papers
and
approved
32
new studies
(See page 17)

Austin Health is one of Australia's major health services

Based in Melbourne's north-east, our hospitals include Austin Hospital (incorporating the Olivia Newton-John Cancer Wellness & Research Centre), Heidelberg Repatriation Hospital, and Royal Talbot Rehabilitation Centre. We serve one of the fastest growing regions in Melbourne with a combined population of around 350,000 people.

About our health service

Care where it's most needed

Austin Health provides health services in community locations and at home, through our Health and Rehabilitation Centre, Health Independence programs, our strong mental health service and Hospital in the Home service.

Specialist care

We offer specialist care for cancer, infectious diseases, obesity, liver transplant, spinal cord injury, intensive care medicine, neurology, endocrinology, mental health, and rehabilitation.

A leader in clinical teaching and training

We are internationally recognised for our teaching, professional education and training. We have affiliations with 16 universities and four TAFEs and are the largest training provider for specialist physicians and surgeons in Victoria.

Excellence in research

We are a renowned centre of excellence for hospital-based research. Our strong focus on research through Austin LifeSciences brings together more than 800 researchers and leading research institutes including:

- Austin Medical Research Foundation
- Florey Institute of Neurosciences and Mental Health
- Institute for Breathing and Sleep
- Olivia Newton-John Cancer Research Institute
- Parent-Infant Research Institute
- Spinal Research Institute.

Care for all Victorians

We provide state-wide services to residents across Victoria. These include:

- Acquired Brain Injury Unit
- Austin Toxicology Service
- Victorian Liver Transplant Unit
- Victorian Poisons Information Centre
- Victorian Respiratory Support Service
- Victorian Spinal Cord Service.

Austin Hospital

Austin Hospital continues a tradition of care for North East Melbourne and Victoria that stretches back to 1882. Our expansive Emergency Department handles upwards of 7,000 patients each month and incorporates 42 cubicles and a dedicated six-bed children's area. The hospital has 16 wards accommodating medical, surgical and speciality services and over 560 beds including a 23-bed intensive care unit, 20-bed short stay unit, and an 82-bed mental health precinct.

Austin Hospital has 11 operating theatres and performs emergency surgery as well as selected elective surgery and procedures.

The hospital houses many unique teaching, training and research facilities. It is home to several state-wide services including Austin Toxicology Service, Victorian Liver Transplant Unit, Victorian Poisons Information Centre and Victorian Respiratory Support Service.

Olivia Newton-John Cancer Wellness & Research Centre (ONJ Centre)

The ONJ Centre gives cancer patients access to world-leading treatment and care in a calm and tranquil setting that cares for their physical, psychological and emotional wellbeing.

Comprehensive cancer care

The centre is at the frontier of cancer medicine with more than 200 clinical trials undertaken every year. These include new therapies such as immunotherapy, targeted therapy and personalised medicine diagnostics.

The centre is home to the Olivia Newton-John Cancer Research Institute. The institute is set up so researchers and clinicians can work together to discover and develop better therapies to improve health outcomes. Research laboratories are located metres from where patients are cared for and receive treatment. This enables the rapid translation of scientific discovery into clinical trials of new and better cancer treatments.

Care beyond clinical treatment

The challenges of cancer go beyond medical treatment. The care provided by the centre is complemented by a range of innovative wellness and supportive care programs. These specifically designed evidence-based programs focus on supporting patients in body, mind and spirit and have been developed around emotional wellbeing, staying active and eating well.

Heidelberg Repatriation Hospital

Heidelberg Repatriation Hospital has 152 beds and provides a range of services to a growing community. These include surgery, mental health, services for older people, and various outpatient services. The hospital is also home to the Northern Centre Against Sexual Assault.

Specialist support for the community

The hospital has eight operating theatres and performs a large proportion of our elective surgeries.

The mental health precinct houses the state-wide Psychological Trauma Recovery Service, Community Recovery Program and Transition Support Unit. These critical services provide the support needed for people recovering from mental illness to improve their independent living skills.

Our aged care community programs provide assessment and management for older people moving into Residential Aged Care, or support for them to return home after receiving inpatient care.

A dedicated rehabilitation centre

The Health and Rehabilitation Centre has become a welcoming hub for our local community. The centre gives people easy access to a range of rehabilitation services, programs and clinics all at the one place. This state-of-the-art development includes the Kokoda Gym, hydrotherapy pool and consulting rooms.

Royal Talbot Rehabilitation Centre

Royal Talbot Rehabilitation Centre is a 77-bed facility that is renowned for its intensive rehabilitation programs provided to inpatients, and to patients following discharge.

Dedicated to providing the best rehabilitation services in Australia

The centre provides leading multi-disciplinary rehabilitation services for patients following amputation, stroke, spinal injury, surgery and other illnesses and injuries. The centre is home to two crucial state-wide services: the Victorian Spinal Cord Service and the Acquired Brain Injury Unit.

The site also provides a range of mental health services. These incorporate a Brain Disorders Program, including a Community Brain Disorders Assessment and Treatment Service, a 33-bed specialist ward and a behaviour consultancy service for people with acquired brain injuries.

A range of creative therapies including art, music and garden therapy further aid recovery and treatment.

Our purpose

Helping people live healthy, productive and fulfilled lives

Our vision

Shaping the future through exceptional care, discovery and learning

Our strategic priorities

Our *Strategic Plan 2018-22* sets the direction for our health service. The plan ensures we can continue providing safe, progressive, high-quality care that meets the evolving needs and expectations of the communities we serve. It has five pillars:

- Reliable, safe person-centred care: We partner with consumers to create a reliable, safe and distinct approach to care that puts the patient at the centre of what we do
- Community integration and collaboration: We collaborate with local partners to improve the lives of people in our community
- Digital transformation: We continue to transform Austin Health's digital environment
- National leader in research and teaching: We will advance the research and learning precinct in Melbourne's north-east
- Talented, capable and engaged people: We will ensure the right support and culture is in place to take our team to the next level.

Our values



Together we achieve



Our actions show we care



We bring our best



We shape the future

From the Board Chair and the CEO

This year has been a year like no other. While it has tested us on many levels, it has revealed the incredible character and strength of our people. Their achievements, actions and selfless attitude to the wellbeing of our patients must be acknowledged above everything else we accomplished this year.



We are incredibly proud and humbled by the ongoing efforts of our staff and the people who support us: our volunteers, our donors and partners, and the work done by people in the community on our behalf. Without their unwavering commitment to safe, compassionate, high quality care, we could not have achieved all we have.

A year of two halves

The first half of the financial year saw us on track to meeting our strategic priorities. However, while we always strive to ensure the future health of our community, for the latter half our attention and all our efforts have been focussed on the health crisis.

This required a delicate balance between ensuring we were clinically prepared to address the impact of the pandemic and delivering our business-as-usual activities.

Caring for our community

For the first six months of the financial year we continued to see record demand for our services with nearly 250,000 episodes of patient care. Demand for emergency surgery was up 4.3 per cent. Presentations to our Emergency Department also increased by 4.5 per cent and ambulance arrivals was up by 5.5 per cent. Specialist clinics also saw high demand with 3,000 more appointments (up 2.2 per cent).¹

Standing up in a crisis

We have been deeply impressed by the work everyone at Austin Health has done in response to COVID-19 to ensure the safety of our community, our patients and our staff.

Our response team designed a meticulous and agile clinical pandemic plan, supported by robust processes and procedures and patient care models, that could be scaled up or down as the pandemic evolved. This was all successfully implemented while continuing to provide quality and safe care to new and existing patients.

We split our Emergency Department over two levels to ensure separate treatments for COVID-19 and usual presentations. We established a screening clinic, dedicated COVID-19 wards, and boosted our ICU capacity – all capable of expanding and contracting based on demand. We have harnessed technology to keep COVID-19 patients connected with loved ones and developed digital solutions to help our community self-monitor their symptoms.

This has all been made possible by genuine collaboration across the entire organisation.

¹ Figures are compared with the first six months of the 2018-19 financial year.

Medical washer issue

In September last year, we encountered an issue with our medical washers that regrettably forced the postponement of elective surgery.

We continued emergency and essential surgery for people who needed immediate care.

Thanks to our hardworking team the issue was resolved, and elective surgery resumed as soon as it was deemed clinically safe.

The cause of the issue was a disintegrated rubber gasket. Independent analysis of the rubber determined the potential harm to a patient was very unlikely. Around 2,500 patients and their GPs were contacted to reassure them about their health.

Safer Care Victoria reviewed the incident to identify learnings for Austin Health and other health services. The final report was issued in June. We welcomed the findings of the report and most recommendations have been completed or are underway.

We are extremely thankful to our staff who helped us manage the critical incident with a focus on patient safety throughout.

Recognition for clinical excellence

Austin Health was recognised at the 2019 Victorian Public Health Sector Awards. Congratulations go to the team behind MumSpace (a digital hub for expecting and new mums with depression and anxiety), the team behind the study to improve the management of paracetamol overdose, and the research team helping optimise patient outcomes in hypogonadism.

Congratulations for individual recognition also go to Medical Director Medical Services Professor Jeffrey Zajac, now an AO; our Director Intensive Care Research Professor Rinaldo Bellomo AO, for his BioMedVic Clinician Researcher Career Recognition Award; and Jacinta Castello, the 2019 Australian and Victorian Pharmacy Resident of the Year.

Financial performance

Increasing demand for our services and the global health crisis have placed financial pressure on our health service. Through strong fiscal management, we were pleased to close the year with a small surplus.

There were no subsequent events after balance date. It is difficult to estimate the financial impact of the pandemic on the future operations or financial position of Austin Health.

Leadership changes

In December, after a strong three-year contribution, CEO Sue Shilbury departed the organisation to take up a role in the NSW community sector in her home town, Sydney.

Dr Max Alexander stepped in as interim CEO. His extensive experience, collaborative approach and clear direction provided the stability Austin Health needed during this incredibly challenging time. Dr Alexander left the organisation in May to take on a role with DHHS.

The Hon. Judith Troeth retired as Board Chair after eight years in the role. Under her guidance, Austin Health has become one of the leading health services in Victoria.

After three years in their roles, Dr Stanley Chiang and Martin Botros retired from the board on 30 June.

The year ahead

With a vaccine not expected until 2021, at the earliest, we will continue to face the myriad challenges presented by COVID-19.

We will continue to support our community through the current crisis while advancing our strategic priorities: providing timely access to care, committing to ongoing patient safety, ensuring the safety and wellbeing of our people, building on an already strong culture, continuing to develop innovative models of care, and investing in critical research to drive the future of treatment and care.

With the strength of the Austin Health team, we believe we are as prepared as we can be. With the spirit shown this year, we have every right to face the coming year with confidence.

In accordance with the *Financial Management Act 1994* we are pleased to present the following Report of Operations for the year ended 30 June 2020.



Dr Christine Bessell
Interim Board Chair



Adam Horsburgh
Chief Executive Officer

We provide equitable access to safe, reliable and high-quality care



This year has been a genuine test for all health services across Australia. Austin Health has experienced unprecedented demand for our emergency department, emergency and elective surgery, and outpatient services – and has faced its greatest challenge yet responding to the global pandemic.

Austin Health performed

87
liver
transplants
this year

While the latter half of 2019 saw usual activity for our health service, January to June 2020 saw many initiatives put on hold as we grappled with the global health crisis. Our primary focus was to ensure that vital resources and clinical services were ready to support the community through COVID-19.

Our response to COVID-19 can be read in the opening section of this report.

We are incredibly proud of the work done by Austin Health staff prior to the pandemic. Their achievements and initiatives have helped us ensure patients, both in the hospital and in the growing community we serve, have access to quality, timely, reliable and culturally appropriate care.

Better outcomes for liver transplants

Austin Health is the Victorian state-wide liver transplant service and performs up to 100 liver transplants a year.

We conducted 87 liver transplants (72 adult and 15 paediatric). Currently there are over 60 people on the liver transplant waiting list whose life would improve dramatically if they were able to receive a transplant.

This year saw us take a dramatic step towards helping more liver patients. The Organox liver perfusion machine is breakthrough technology which extends our capability to store donated livers, allowing us to assess and improve the function of the liver prior to transplant, extending the pool of potential donors and providing more certainty about the chance of the transplant.

More precise cancer diagnosis and treatment

We celebrated the start of construction works preparing for the installation of a Medical Resonance Imaging-Linear Accelerator (MRI-Linac) at the ONJ Centre. This state-of-the-art radiation therapy machine will be the first of its kind in Victoria and one of only three in Australia.

The MRI-Linac combines both radiation dosing technology and an MRI scanner, which can display real-time images of internal organs and tissues. This lets us monitor the movement of tumour locations caused by normal body movements during treatment. Tumours can be treated with greater precision resulting in minimal damage to surrounding tissue.

The project is possible thanks to \$8 million in funding from the State Government.

The project has been delayed by the COVID-19 pandemic and the service is now expected to launch in 2021 (originally planned for late 2020).

Helping patients cope with chronic pain

The Pain Service, which is part of our Health Independence Program, helps people understand and learn how to cope with chronic pain.

In October 2019, the Pain Service was awarded one of five Better Care Victoria Innovation grants to develop an online education program. The program is expected to launch in 2021 and will enable clients to get instant access to information and resources, with staff providing additional support as required.

Improving health outcomes through penicillin allergy testing

Around two million Australians report a penicillin allergy. Through penicillin allergy testing, the majority can be proven to be false.

The Antibiotic Allergy De-Labeling Program, funded through a Better Care Victoria Innovation Grant and led by Austin Health in partnership with the Peter MacCallum Cancer Centre, identifies and assesses patients reporting a penicillin allergy on admission to hospital. Those with a low risk allergy are offered a single test dose of penicillin to disprove and safely de-label (remove) their allergy.

This has seen improved health outcomes through better antibiotic use, reduced time on intravenous antibiotics, less time in hospital, and lower chances of generating superbugs that are resistant to antibiotics.

This year the program assessed 1,329 patients reporting a penicillin allergy and removed 416 allergies. Over 97 per cent of patients who underwent testing found that they can take penicillin safely.

This has led to:

- a 10-fold increase in the use of narrow-spectrum penicillins
- a 2-fold improvement in appropriate antibiotic prescribing
- a 60 per cent reduction in restricted antibiotic usage
- improved patient safety and more accurate documentation in the medical record.

Preventing delirium in patients to deliver better outcomes

Delirium is distressing and dangerous for patients and can lead to poorer health outcomes.

The Preventing Delirium project was trialled on three acute wards this year and aimed to raise awareness of delirium and improve screening through:

- online education for staff
- information for patients and their families about delirium and what they can do to prevent it.

The trial has achieved positive results with hospital-acquired delirium on the trial wards declining by 18 per cent. It will be rolled out across Austin Health over the next six-12 months.

Improving the patient experience for people with Autism Spectrum Disorder

People with Autism Spectrum Disorder (ASD) face major challenges accessing mainstream health services. Some of the barriers include a lack of understanding and recognition of ASD by health practitioners, poor care co-ordination, and the impact of communication difficulties and sensory sensitivities.

Thanks to a DHHS Advancing Practice in Allied Health grant, Austin Health has developed a project aimed to help improve the hospital experience for people with ASD.

The 18-month project was successfully trialled on four inpatient wards in 2019 and included:

- the introduction of autism care planning, which identifies an individual patient's specific behavioural, communication, and sensory needs so that clinical staff can tailor care accordingly
- an education package designed to build capacity in our workforce.

The initiative has now been rolled out across the hospital.

Better care for people with disabilities

Austin Health strives to help patients with a disability live their best life within their community. In order to leave hospital, many of these patients need access to the National Disability Insurance Scheme (NDIS) as well as an NDIS support plan.

In July 2019, we partnered with the Summer Foundation on a collaborative discharge approach that included the NDIS, housing providers, support coordinators and Austin Health allied health professionals.

This, and several other quality improvement initiatives, has seen the average length of stay in hospital for new NDIS participants reduce from 283 days in 2016 to 101 days in 2019.

The time between patients completing rehabilitation and leaving hospital with the necessary supports in place has reduced by 82 per cent, from an average of 192 days to 35 days.

Royal Commission into Mental Health

As a key provider of mental health services, Austin Health was grateful for the opportunity to make a submission to the Royal Commission into Mental Health. The submission outlined some of the challenges we face due to the exponential increase in demand for mental health services, and the increasingly complex needs of the community.

Austin Health is committed to working collaboratively with the broader mental health sector to implement the recommendations from the final report, now due in February 2021, so that we can support the community with evidence-based practice across our services, early intervention and timely access to care.

\$7.3m

Victorian Government funding for new **Statewide Child and Family Service**

Average time to leave hospital after completing rehabilitation

down
↓ 82%



Statewide support for children who have experienced trauma

Thanks to \$7.3 million funding from the Victorian Government, Austin Health is leading the capital development of a new Statewide Child and Family Service for children aged 0-12 years. This includes the establishment of a new centre helping families stay together while they receive treatment and support.

The centre will incorporate three independent living units which can accommodate up to 12 people (children and their families). It will provide a comprehensive specialised service to children who have experienced significant trauma.

A strong Aboriginal cultural, social and emotional wellbeing component has been factored into the model of care.

Currently in the design phase, the project was due to be submitted to DHHS for approval in July 2020 however is on hold due to the pandemic.

MumSpace receives prestigious Victorian Public Healthcare Award

In 2017, our Parent Infant Research Institute launched MumSpace, a website for pregnant women and new mums who are experiencing depression and anxiety. It gives them access to online tools, resources and treatment programs. The site makes it quick and easy for women to access emotional support to help them manage the challenges of perinatal depression and anxiety, in their own time and their own way.

MumSpace was recognised for its innovative approach to connecting women to treatment and care receiving the Minister for Health's Award for improving maternal, child and family health at the 2019 Victorian Public Healthcare Awards in November.

Better detection of blood-borne viruses

Austin Health opened a new blood-borne virus screening clinic to improve access and health outcomes for some of the most vulnerable members of the community.

The clinic is specifically designed for patients dealing with substance abuse or mental illness who often won't access services for fear of stigma or judgement.

This safe and comfortable environment provides a range of services including comprehensive assessment, blood testing for viruses such as Hepatitis B, Hepatitis C and HIV, and fibroscan screening for liver stiffness, scarring and cirrhosis.



Easier contactless consultation for high-risk patients

In March, 70 Video on Wheels (VOWs) were rolled out to several wards and our Intensive Care Unit. These remote consultation systems are designed to support the delivery of telehealth and allied health services to high-risk patients where contact must be minimised, such as the COVID-19 ward.

They have helped the flow of care in the hospital and, with the help of AUSLAN interpreters, have been particularly valuable for patients who are deaf or hearing impaired.

Partnering with consumers

We actively encourage the community to participate in our health service by becoming a consumer partner.

Consumer partners provide valuable input into the way we deliver care by:

- participating in committees
- working on projects
- providing feedback on patient information
- collecting feedback from consumers.

More information is available in our *2020 Quality Account*.

A united approach to preventing family violence

Austin Health is committed to providing leadership in preventing family violence and supporting the safety of children. We provide care and support services to people who have experienced or are experiencing family violence, including patients, staff and volunteers.

The Strengthening Hospital Responses to Family Violence (SHRFV) is a state-wide initiative helping improve practice responses across Victoria. This includes instituting the Multi-Agency Risk Assessment and Management (MARAM) Framework and Family Violence and Child Information Sharing schemes.

To strengthen our approach to preventing family violence, and ensure a consistent approach across the organisation, we have:

- established an Executive-led Family Violence and Child Safe Steering Committee to direct and drive relevant initiatives
- implemented a Family Violence and Child Information Sharing Policy
- appointed a Specialist Family Violence Advisor in our Mental Health Division
- worked with our Emergency and Paediatrics departments to address how clinicians better recognise, respond to and refer patients who are impacted by family violence
- developed family violence and workplace support online training modules for all staff and managers
- facilitated face-to-face training for specialist workforces that have high exposure to family violence.

Providing culturally safe care to Aboriginal patients

Austin Health is committed to providing a culturally safe and welcoming environment for Aboriginal and Torres Strait Islander patients and their families. As part of this commitment we have instituted a Reflect Reconciliation Action Plan. This year our main focus has been to:

- provide a welcoming environment for Aboriginal and Torres Strait Islander Peoples
- develop an online Aboriginal cultural awareness training module for all staff.

To ensure we can continue to improve our services, we are:

- developing an online survey to measure the experience and quality of care for Aboriginal patients
- using data to strengthen how we monitor and report on quality and safety and patient experience targets for Aboriginal patients.

Austin Health also implemented a telephone and social media campaign to promote COVID-19 testing to the Aboriginal community. The week following the campaign saw a 428 per cent increase in screening and testing of Aboriginal patients (based on the prior weekly average).

Our strategies have had an incredibly positive impact, with a 16 per cent increase in Aboriginal inpatient episodes and a 3 per cent increase in Aboriginal outpatient episodes.

Read the people section on page 22 to find out about initiatives to support Aboriginal employees.

Improving the patient experience

Meeting patient needs and expectations

In order to ensure we can continuously improve the quality of care we provide, we regularly review and measure our performance based on how people rate our care.

We do this via independent feedback through the Victorian Health Experience Survey (VHES) and our own patient surveys.

Victorian Healthcare Experience Survey

Independent feedback is received through the VHES conducted on behalf of DHHS.

We again rated highly across the key metrics for patient experience, and our overall patient experience score was on par with last year at 94 per cent (against a target of 95 per cent).

Real-time patient feedback

Our own surveys enable us to collect real-time actionable data and help us measure the quality of care we provide.

This year we conducted 840 patient experience surveys. This is significantly lower than last year (1,479 surveys) due to COVID-19.

94%
of respondents
rated Austin
Health care as
**good or
very good**

They told us:

- 99 per cent of respondents have confidence in our clinical staff
- 97 per cent of respondents believe staff do what they say they are going to do
- 93 per cent of respondents feel they're involved in decisions about their care.

As we changed the questions on the survey this year we can't compare results with previous surveys.

Excellence in care

The Net Promoter Score (NPS) is a measure of overall patient experience. NPS measures a consumer's willingness to use a service again and whether they would promote the service to others.

The NPS calculation is the difference between people who would promote our service (promoters), and those who would promote not using our services (detractors). Our NPS for overall patient experience was 64. This compares well against global measures which regards a score of 50 and above 'excellent', and 70 and above 'world class'.

Individual patient experience questions	18/19	19/20
Rate their experience as 'good' or 'very good'	96%	94%
Rate their care/treatment as 'good' or 'very good'	98%	94%
Believe their care/treatment is 'always' explained clearly	96%	94%
Overall patient experience	96%	94%

We're changing the future of health care



This year has revealed further proof of Austin Health's commitment to the future of health care. Our research and education functions increased their output and creativity – despite the impact of the global pandemic.

Researchers at the Austin LifeSciences precinct continue to push the boundaries of medical knowledge, creating new perspectives and treatments. Over 2,000 papers were published this last year, including 28 on COVID-19.

Our clinical educators continue to lead the way with training and development. This includes the introduction of new contactless ways to share critical information with staff, including online training sessions on how to use PPE safely.

Contributing new evidence on COVID-19

Austin Health is proud to be part of global understanding of COVID-19. Our research papers on the virus have contributed to the development of new knowledge of the disease. These range from preventing organ failure and improving survival in intensive care units to investigating changes to smell or taste - which are symptoms of COVID-19. Our research has also helped understand public attitudes and behaviours in response to stay-at-home orders during the pandemic, which is further informing our response to the virus.

Over
2,000
papers
published
including
28 on COVID-19

Improving care outcomes

Through research we are improving intensive care treatments. Glenn Eastwood and Professor Rinaldo Bellomo have led a study, published in the prestigious *New England Journal of Medicine*, which compared a conservative use of oxygen to usual oxygen therapy for patients on mechanical ventilation. The study found this had no impact on a person's number of ventilator-free days (days alive and free from mechanical ventilation).

A gender diverse approach is improving how we care for a more diverse community. A team led by Austin Health endocrinologist Dr Ada Cheung has produced the first ever set of guidelines to guide doctors in the care of transgender and gender diverse Australians.

Connecting clinicians with evidence-based research

The Austin Health Sciences Library maintains a complete database of our published research. This amounts to nearly 10,000 publications. These have now been tracked through our online repository, making it easier for clinicians to access specific works, or search by theme.

They also filtered and curated global COVID-19 research onto a webpage as the pandemic unfolded. This created a single point where clinicians could consult evidence to guide their treatments. The site was accessed more than 3,000 times within days of going live.

14 awards and travel grants totalling

\$14,000

presented to researchers at ResearchFest

Celebrating success in research innovation and excellence

ResearchFest is an annual celebration of research and the specific advances made throughout the year. In October 2019, ResearchFest brought together around 400 researchers to share 290 research papers, participate in a range of lectures and network through several other events. Some 14 awards and travel grants totaling \$14,000 in value were presented to emerging and established researchers.

The Austin Medical Research Foundation (AMRF) Distinguished Scientist Award was presented to Professor Jeffrey Zajac, for his significant contribution to health research, his international reputation as a researcher, and mentorship of the next generation of researchers.

The AMRF Young Investigator Award went to Teresa MacDonald for her research 'Increasing foetal growth velocity increases the risk of shoulder dystocia among non-macrosomic fetuses'.

The two CEO's prizes were awarded to Laura Bird for her clinical research into the neuro-protective value of music training, and to Lakmie Gunarathne for her research into the potential of targeting the renin-angiotensin system in portal hypertension.

Funding new research

Enabling a clinical trial for MND

In June, Professor David Berlowitz received nearly \$3.5 million in funding from the Medical Research Future Fund (MRFF) to lead a ground-breaking Motor Neurone Disease (MND) clinical trial at Austin Health. This is the biggest grant the fund awarded this year for rare diseases and cancers. The multi-centre trial will expand on earlier research conducted at Austin Health that showed how ventilator use can extend the lives of people with MND. The study will build on more than 20 years of work in our state-wide Victorian Respiratory Support Service. It will draw on research undertaken over the past 10 years as part of a collaboration that now sits within our Centre of Excellence in Respiratory and Sleep Medicine.

Over \$500,000 to develop new ideas

Research is as much a search for new perspectives as it is for solutions. Each year, the AMRF provides a growing number of seeding grants to develop new ideas that may become the foundational work for major research. This year, 33 research projects received more than \$500,000 in funding. Dr John Whitlam received the largest grant, the Bernie Sweet Research Fellowship, for a project looking at the development of a new test to detect and treat rejection in kidney transplant patients.

Cultivating future innovation

The new Health Innovation and Technology Space (HITS) opened within the Austin Health Library in late 2019.

This Australian-first space is equipped with a range of computing and collaboration technologies designed to encourage communities of practice and allow people from different areas of interest to collaborate on different challenges. The technology allows our clinicians, data scientists, researchers and other interested staff to interact on innovative ideas to improve the way we care for our patients. Numerous communities of practices have been established, including in data science, consumer co-design and augmented reality.

Both the Office for Research and Clinical Education Unit (CEU) published new strategies during the year.

The Office of Research published their Research Plan for 2019-22. This plan continues their work to grow Austin Health's position as a leader in research. Its aim is to celebrate and promote Austin Health's research successes, strengthen our research foundations and partnerships, create new research communities, and translate our research into practice.

The CEU's 2019-22 Strategic Plan strengthens its inter-professional approach to allied health, medicine and nursing education. The plan places a strong focus on supporting lifelong learning across Austin Health from entry to practice programs for students, to graduate programs for new staff, postgraduate programs, and continuing professional development.

Leaders in medical training

In 2019, our medical trainees again exceeded state and national benchmarks. The Austin and Northern Consortium is one of the largest health care consortiums in Victoria, and our 42 trainees achieved a pass rate of 88 per cent, surpassing the state pass rate of 76 per cent and national pass rate of 69 per cent.

Our surgical trainees achieved a first attempt pass rate of 75 per cent (compared to a national average of 58 per cent). Our emergency trainees achieved a 100 per cent pass rate for their primary exam (compared to a national average of 71 per cent) and an 86 per cent pass rate for their secondary exam (against a national average of 62 per cent).

\$3.5m
in funding

from Medical Research
Future Fund for

**Motor Neurone
Disease
clinical trial**

Growing our own nurses in ICU

In 2020, our clinical nursing education team partnered with ICU to develop nursing pathways into the ICU environment through a 'growing our own' philosophy. The range of programs and pathways for ICU nurses now includes foundation transitional programs, refresher programs for nurses who wish to return to ICU, and additional clinical support for learners. These initiatives benefitted our ICU, and helped improve our response to the COVID-19 pandemic.

Supporting allied health graduates

Evidence shows how providing allied health professionals with a transition-to-practice program early in their careers can nurture and retain quality staff. Based on this evidence, Austin Health launched its inaugural allied health interprofessional graduate transition-to-professional program this year.

Graduate staff across 11 allied health professions participated in the first six-month program, which emphasised the importance of collaborative practice while enhancing graduate clinicians' skills and confidence as they transition to practitioners. The program involved several innovative teaching approaches, such as flipped classroom, simulation sessions, and case discussions.

Our
emergency
trainees
achieved
a pass rate of
100%



Our care is only as good as the people who provide it



Our five-year people strategy has been created to support, encourage and enable our workforce to be their best. We want our people to feel engaged and connected to our organisation, to feel safe and included, and to thrive in their roles. A key focus this year has been on supporting our people through the global pandemic, ensuring they felt safe, informed and supported.

9,500
licenses
for MS Office 365
deployed to
all staff
in two weeks

Strengthening communication and collaboration

We have a 9,500 strong workforce. To help them communicate and collaborate, we rolled out Microsoft Office 365, with full features and new devices, across the organisation.

We had prepared for a six-month phased approach just as the global pandemic hit. Given this readiness, our Information Technology team was able to bring the launch forward, deploying all 9,500 licenses over a two-week period and establishing systems for back office staff to ensure they were able to work from home. This also meant face-to-face meetings could be replaced with Teams meetings.

Office 365 also provided Teams Live, a webinar platform that could host up to 10,000 people from a desktop or smart device. This has become a key communication and engagement tool, with weekly webinars keeping staff informed and allowing them to ask questions of senior leaders and infectious diseases experts. The webinars had excellent attendance reaching around 800 people per session during the peak of the pandemic. Recordings were also made available for people who were unable to attend the live event.

Office 365 also enabled us to build a site purely for COVID-19 related information and resources which could be accessed outside of the network. More than 5,800 people (60 per cent of the workforce) have accessed the site, with an average of 20,000 visits a week.

Our Office 365 corporate intranet and policies and procedures library is expected to launch later in the year, giving staff unlimited access to all corporate information including clinical policies and procedures.

Our vital signs are good

To determine how we were managing our response and supporting staff during the pandemic, we conducted our first 'pulse check' in May. This simple research tool gave us fast, real-time and actionable feedback from 1,150 staff.

The results were overwhelmingly positive. Staff told us they were proud to work for the organisation, and our response to the pandemic was strong, with good collaboration across all levels, and a strong focus on staff safety, leadership and communication.

People matter

Every year, Austin Health participates in the Victorian Government's People Matter survey. This measures staff engagement and helps us understand what we are doing well and what we can improve.

In 2019, our overall engagement score was 72 per cent. While this is down 2 per cent it is still higher than the comparative average which is 69.

Through the survey staff told us that they:

- are proud to work for Austin Health due largely to our patient-centred approach
- are inspired by their peers
- identify strongly with their team and feel supported by their peers and managers.

They also told us there are areas we need to focus on including:

- workload
- diversity and inclusion
- safety, particularly occupational violence
- fostering an environment where staff can feel safe and supported to speak up.

There are already several initiatives underway, using this feedback, to continue building a positive workplace culture.

Overall staff engagement score of

72%

as measured by Victorian Government's

People Matter survey

Investing in our leaders

In early 2019, we launched our leadership program. The program aims to support and equip leaders to meet our current and future challenges, and to build capability and excellence across senior, mid-level and frontline leaders.

During the year we expanded the program to include a series of masterclasses focusing on the core skills required of leaders. The program has had strong uptake with:

- 61 participants completing the Frontline Leader program
- 149 participants completing the Mid-level Leader program
- 74 participants attending the Director program
- 53 participants completing the masterclass series.

Delivery of the program was interrupted by the pandemic and we are investigating an online alternative.

Recruiting the right people

To assist managers recruit the right people, we developed a suite of resources including:

- an automated interview builder to help draw out the right capabilities in candidates
- a library containing sample position descriptions
- phone screening and reference checking guidelines.

A new recruitment training program has also been created to further support our managers recruit talented and capable staff.

Psychological safety

The psychological safety of our staff is a priority, especially given the unprecedented impact of the pandemic. Our new staff wellness response plan supports staff with wellbeing resources, forums, psychological first aid, team wellness checks, individual COVID-19 peer support and access to our Employee Assistance Program.

We have also developed and piloted a comprehensive Psychological Safety Program. The program provides managers with skills and strategies to identify and address psychological risk factors to enable them to support their teams and colleagues and help build a thriving workplace environment. The program is expected to launch next financial year.

We appointed our first Aboriginal Employment Officer

Investing in the safety of our staff

Occupational violence and aggression is our predominant health, safety and wellbeing risk.

Over the past 12 months staff reported 1,262 incidents of physical aggression and verbal abuse. More than 70 per cent of staff reported they had experienced some form of aggressive or violent behaviour. In many cases, this was from patients.

To address this concern, we commenced an internal review against DHHS's Framework for Preventing and Managing Occupational Violence and Aggression (OVA). The review is expected to be completed early next financial year with recommendations implemented over the remainder of 2020.

A new Employee Assistance Program partnership

Following an extensive tender process, we commenced a new Employee Assistance Program (EAP) partnership with Converge International in January.

With a breadth of experience and an existing Victorian tertiary health care portfolio, Converge provides a range of flexible support programs tailored to the needs of our complex organisation.

Programs can be accessed by staff and their families and include:

- support and counselling for a broad range of personal and work-related issues
- coaching and advice for managers to assist with people management and develop leadership competencies
- counselling for family members needing support with personal or lifestyle concerns
- expert legal support and advice across a range of relevant areas
- career development and planning
- strategies, tools and coaching to deal with difficult situations
- specialist health and wellness advice
- financial counselling.

Reconciliation Action Plan

Our Reconciliation Action Plan was launched last year. The plan saw the implementation of several people-related initiatives, including the appointment of our first Aboriginal Employment Officer. The role will:

- focus on attracting, retaining and developing our Aboriginal and Torres Strait Islander workforce
- help position Austin Health as an organisation of choice for Aboriginal and Torres Strait Islander Peoples
- develop appropriate cultural safety and competency programs
- build strong networks internally and externally to identify opportunities to increase Aboriginal employment and support career development.

To ensure a safe and welcoming place of care for Aboriginal patients, families and staff, we have introduced a cultural awareness training program. The program was piloted with 44 senior leaders and has helped raise awareness of Aboriginal and Torres Strait Islander culture among non-indigenous staff and covered traditional Aboriginal culture and cultural protocols.

We participated in the Barring Djinang intern program run by the Victorian Public Sector Commission in partnership with Career Trackers. Through the program we hosted an Aboriginal intern in our People and Culture team.

We continued to support NAIDOC Week, raising awareness and encouraging staff to get involved in events such as the NAIDOC March, with Aboriginal staff granted special leave. National Reconciliation Week is a key feature on our calendar. While the celebration was impacted by the pandemic, staff were encouraged to show their support by participating in the virtual activities on offer.

Supporting diversity and inclusion

A key focus this year has been to develop our first Workforce Diversity and Inclusion Plan.

The plan has been designed in consultation with our workforce and with the support and direction of a diverse reference group. The plan focuses on a range of actions and initiatives that will help shape and strengthen our culture and positively impact the way in which we will deliver safe, quality and accessible care. The plan was endorsed by the Executive and will be launched next financial year.

Our International Women's Day event involved keynote speaker Tope Adeyoyibi, who spent much of her career responding to infectious disease outbreaks across the developing world and last year became the first African Australian AFL Women's umpire.

As part of the event, five women from Austin Health received the 'Celebrating Remarkable Women' award. They were endocrinologist Dr Ada Cheung, Physiotherapy Innovation Lead Mel Gregory, Print Room Manager Norma Ward, Acquired Brain Injury Unit Associate Nurse Unit Manager Daryl Kho, and Radiation Oncology Chief Medical Physicist Dr Kym Rykers.

We were pleased that we could again march in support of the LGBTIQ+ community in the PRIDE March and this year saw an increase in staff participation.

We produced our first cultural calendar 'Our People, their Stories'. The calendar celebrated the diversity of our workforce and aimed to build awareness and understanding of the rich and diverse cultural backgrounds of our staff.

We continued to recognise and celebrate various multicultural events with staff and the broader community such as Chinese New Year, Ramadan, and International Day Against Homophobia, Biphobia, Interphobia and Transphobia.



Boosted by an army of generous supporters



Our community makes us better. The support and input of caring volunteers and benefactors helps us provide better quality care for the wider community. And, while we are justifiably proud of our clinical expertise, health care skills and technological advances, we are forever grateful for the actions of our generous community of supporters. Their generosity of spirit, time and money have helped us deliver exceptional care and support to our patients and their families.

Our army of generous supporters show their generosity through volunteering. Through fundraising appeals and events. Through our gift and opportunity shops. Through grants from trusts and foundations. Through gifts and bequests from major donors and corporates.

We are grateful for this support, especially at a time when people are being impacted in so many different ways.

Overwhelming generosity during the global pandemic

As the COVID-19 pandemic became a reality in Victoria, health services needed to rapidly adapt clinical operations so we were ready to support patients with COVID-19. The community support for our health care workers during this time was overwhelming.

Businesses large and small showed their support for our frontline teams by donating pre-cooked meals, drinks, snacks, chocolate, beauty products, slippers, and Mother's Day packs. We received messages of support from childcare centres and primary schools.

We are extremely grateful for this kindness and generosity which helped boost morale among many of our staff during the health crisis.

More than
\$7.05m
contributed
by our
generous
supporters

We're Here for You – COVID-19 Appeal

In March we launched our COVID-19 Appeal. More than 3,500 people supported the campaign, raising more than \$350,000 for equipment and other activities specifically related to the pandemic. These included:

- **iPads** to help patients stay socially connected to their family and friends while visitor restrictions were in place
- **Simulation equipment** to teach staff about monitoring and treatment techniques, particularly for patients with respiratory issues caused by COVID-19
- **COVID-19 immune testing kits** to enable immediate analysis of immune markers of a COVID-19 patient to predict in real-time which treatment offers the best chance of recovery
- **Funding for world first research and clinical trials** undertaken by our Infectious Diseases and Intensive Care Unit teams
- **Oxygen saturation monitors** which provide remote monitoring for respiratory patients, allowing them to stay in the comfort of their own home
- **Point-of-care mobile ultrasound equipment** which can be transported between wards and are easier to clean to maintain infection control
- **Increased support for Aboriginal patients and families** through our Ngarra Jarra Aboriginal Health team
- **Funding for trauma sensitive online yoga sessions** which allowed survivors of sexual assault who were unable to participate in onsite group sessions due to COVID-19 to stay connected with appropriate support.

COVID-19 Appeal raised over \$350,000 for equipment and other pandemic-related activities

Honouring 27 years of giving

Loyal donor the late Robert C Bulley (13 October 1924–29 September 2019) was recognised at the 2020 Australia Day Honours, receiving a Medal of the Order of Australia for his service to the community through charitable organisations.

Robert was a long-time supporter of Austin Health, making his first donation back in 1993.

Over the past 27 years, through his personal giving as well as grants awarded through his charitable fund, he has generously contributed to research, equipment, patient care and capital projects which have improved the quality of clinical care.

Robert's legacy continues through the support of the Robert C Bulley Charitable Fund.

A lifetime of medical care and research

Thanks to the remarkable generosity of Melbourne-based bookmaker, the late Henry Thomas Pamphilon, the HT Pamphilon Fund was established to support medical research and treatment at Austin Health.

Through the support of the fund, this year we purchased ultra-wide-field imaging technology, improving quality of care for chronic and degenerative eye conditions.

The new camera provides high resolution imaging across the entire retina and will benefit over 500 patients each year. The camera helps prevent vision loss and supports the early diagnosis and management of conditions such as diabetic eye disease, macular degeneration and glaucoma.

This year marks 10 years of support from the fund which has contributed more than \$925,000 to support patient care. Other equipment purchased through the fund includes a state-of-the-art HemoSphere Clinical Platform, Cardiac Pacing Boxes, Nerve Monitoring System, physiotherapy plinths and a Fibroscan machine.

Over
500
patients
each year

to benefit from new
imaging technology
purchased through
support of
HT Pamphilon Fund

Olivia Newton-John receives damehood

ONJ Centre founding champion, Olivia Newton-John, has received a damehood in the United Kingdom's New Year Honours for services to charity, cancer research and entertainment.

Olivia has made an incredible contribution to people living with cancer through the ONJ Centre. The centre was the first in Australia to integrate cancer treatment, research and wellness programs in the one location. Olivia was instrumental in lobbying for wellness to be part of the centre.

The centre gives people hope and positivity, helping them thrive during their cancer journeys through holistic programs that focus on mind, body and soul.

Annual Wellness Walk and Research Run

In October, the annual Wellness Walk and Research Run was held at Alexandra Gardens in Melbourne. The event sees people walk and run with Olivia Newton-John, her family and friends to raise money to support research and wellness programs at the ONJ Centre. This year we attracted over 5,000 people and raised over \$1.1 million, making it our biggest event ever.

We are grateful to the generous support of our volunteers, staff, participants and sponsors who helped us achieve this outstanding result.

Over
5,000
people
participated in
**Wellness Walk
and Research Run**
raising over
\$1.1m

Run Melbourne

A record 200 staff, patients and families participated in this year's Run Melbourne event, raising more than \$60,000 for our health service.

Many runners raised funds for their own ward or department, such as former spinal patient Georgina Fiorentino who raised funds for the creative therapy program at our Royal Talbot Rehabilitation Centre (which includes art, music and horticulture).

We're extremely grateful to all the participants who raised money to help enhance or expand services offered by Austin Health.

New gift shop – Friends of Austin Health

In July, our beautiful new gift shop opened at Austin Hospital. This was, in part, made possible thanks to a generous donation from one of our long-time supporters.

The gift shop is run by volunteers and staff, patients and visitors can access an extensive range of products including homewares, jewellery, clothing and gifts.

Proceeds from every sale are donated to Austin Health to support patient care.

During the COVID-19 pandemic, the gift shop was temporarily closed as visitor restrictions were in place. Our volunteer program was also put on hold as many volunteers are in a high-risk category.

Recognising our major donors and supporters

We are grateful to our community of generous supporters who have enabled us to provide exceptional care to our patients and improve our health service through investment in new equipment, programs and services.

We would also like to thank the following estates, trusts, foundations, corporates, community supporters and major donors who have each made significant contributions this year.

Major donors

- Mrs Beverley Briese OAM
- Mr Blair Sanderson
- Mr Gary and Mrs Diane Heavin
- Mr Peter Little

Bequests

- Estate of Ashley Johnson
- Estate of Betty Florence Jenkins
- Estate of Ethel Grace Rentsch
- Estate of George Findon Miller
- Estate of Henry Herbert Yoffa
- Estate of Joan Marie Hunt
- Estate of Michael James McLean
- Estate of Patricia June Ryan
- Estate of Paul Benedict Edwards
- Estate of Stella Copland Dalla-Via
- Estate of Warren Lister
- Estate of William Andrew Bon
- Estate of William John Lierse
- Estate of William Macrow
- Isabella Agnes Pritchard Fund
- The Tivey Memorial Fund

Trusts and foundations

- Australian Communities Foundation
- Collier Charitable Fund
- Danks Trust
- Davies Family Foundation
- Harold & Cora Brennen Benevolent Trust
- HT Pamphilon Fund
- Percy Baxter Charitable Trust
- Robert C Bulley Charitable Fund
- The Isabel & John Gilbertson Charitable Trust

Community and corporate supporters

- Blue Illusion
- Broadspectrum Limited
- Cook Medical Australia
- Dry July Foundation
- Friends of Austin Health
- Gold 104.3FM
- Johnson & Johnson Medical
- Medtronic Australasia Pty Ltd
- Metcash (IGA)
- Nine Network Australia
- Penny Appeal Australia
- PetStock Pty Ltd



Governance and Board

Austin Health Board

Austin Health's Board comprises directors who are appointed by the Victorian Government. The Board leads the strategic direction for the management, administration and control of Austin Health, its funds and facilities. Directors are appointed for a term of up to three years, and may be re-appointed to serve for up to nine years.



The Hon. Judith Troeth AM

Board Chair
Term: July 2012–March 2020



Dr Christine Bessell

Interim Board Chair (from March 2020)
Term: July 2016–current

- Chair: Primary Care & Population Health Advisory Committee
- Member: Clinical Safety & Quality Committee, Community Advisory Committee
- Dr Christine Bessell became a member of all Board committees when she was appointed Interim Board Chair in March 2020



Chris Altis

Term: July 2015–current

- Chair: Audit & Risk Committee
- Member: Finance & Resources Committee, Governance & Remuneration Committee



Fi Slaven

Term: July 2018–current

- Member: Finance & Resources Committee, Primary Care & Population Health Advisory Committee



Helen Thornton

Term: August 2017–current

- Chair: Finance & Resources Committee
- Member: Audit & Risk Committee, Governance & Remuneration Committee



Julie Bignell

Term: July 2015–current

- Chair: Community Advisory Committee
- Member: Clinical Safety & Quality Committee



Martin Botros

Term: August 2017–June 2020

- Member: Audit & Risk Committee, Clinical Safety & Quality Committee



Mary Draper AM

Term: July 2014–current

- Chair: Clinical Safety & Quality Committee
- Member: Finance & Resources Committee

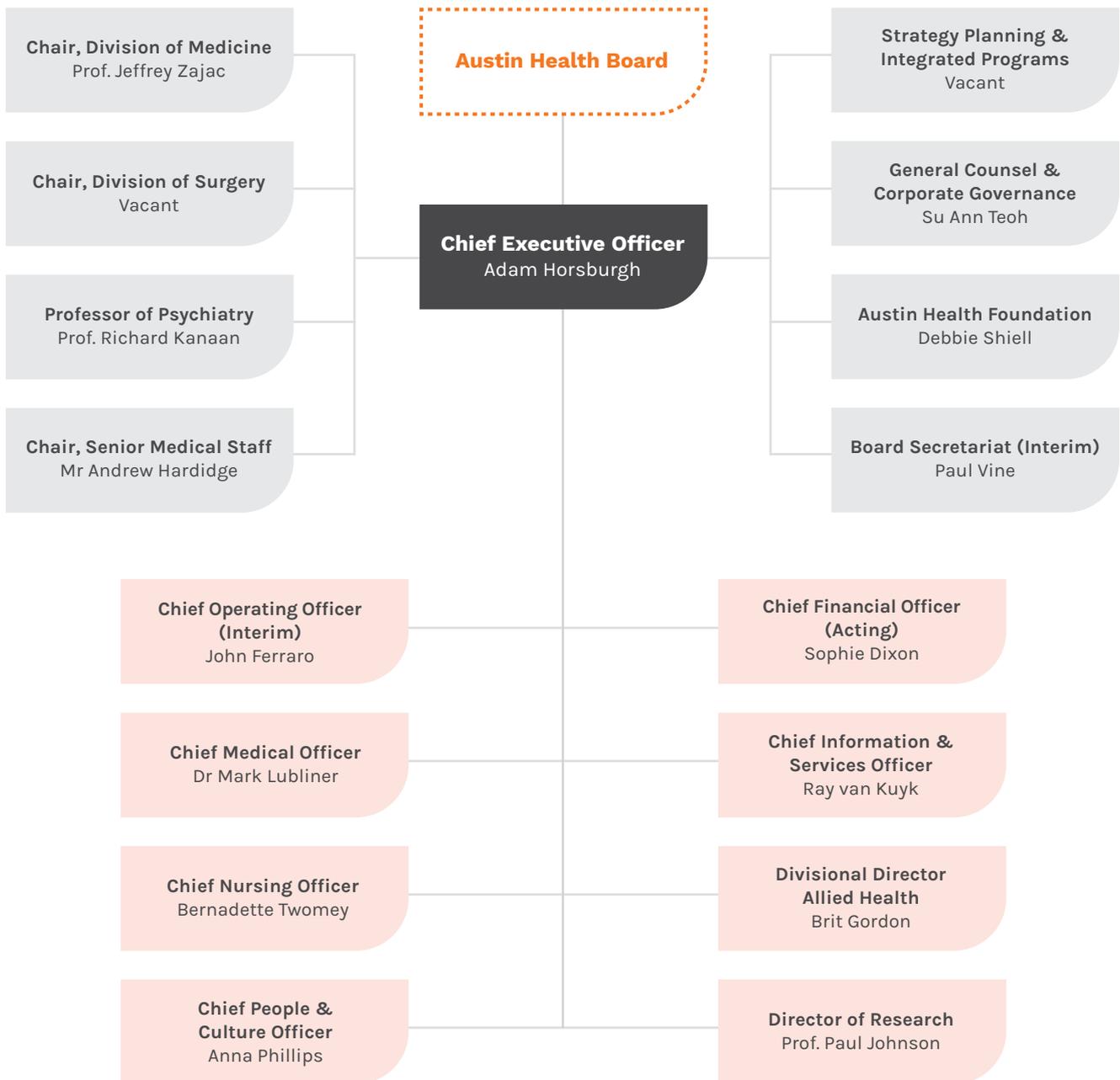


Dr Stanley Chiang

Term: September 2017–June 2020

- Member: Community Advisory Committee, Primary Care & Population Health Advisory Committee

Organisational chart



Corporate information

Attestations

Conflict of Interest Declaration

I, Adam Horsburgh, certify that Austin 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 Austin 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.



Adam Horsburgh
09/10/2020

Data Integrity Declaration

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



Adam Horsburgh
09/10/2020

Integrity, Fraud and Corruption Declaration

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



Adam Horsburgh
09/10/2020

Financial Management Compliance

I, Dr Christine Bessell, on behalf of the Responsible Body, certify that Austin Health has complied with the applicable Standing Directions 2018 under the *Financial Management Act 1994* and Instructions except for the following Material Compliance Deficiencies:

Standing Direction 4.2.3

Asset Information Management System, including asset survey.

Remedial action required is underway to develop a new electronic system, including finalising the detailed asset survey by 31 December 2020.



Dr Christine Bessell
09/10/2020

Complying with legislation

Public Interest Disclosures Act 2012

Austin Health is committed to the aims and objectives of the *Public Interest Disclosures Act 2012* and has procedures in place to facilitate the making of disclosures, to investigate disclosures and to protect persons making disclosures. Procedures can be obtained from the General Counsel, who is the Public Interest Disclosure Coordinator, on 03 9496 5300 or by writing to the General Counsel, Austin Health, PO Box 5555, Heidelberg, Victoria 3084.

National Competition Policy

Austin Health is committed to ensuring that services demonstrate both quality and efficiency.

Competitive neutrality, which supports the National Competition Policy, assists to ensure any net competitive advantages of a government business are offset.

Austin Health understands the requirements of competitive neutrality and acts accordingly, complying with the Competitive Neutrality Policy Victoria and any subsequent reforms that relate to expenditure, infrastructure projects and partnerships between private and public sectors.

Local Jobs First policy

The *Victorian Industry Participation Policy Act 2003* was amended to the *Local Jobs First Act 2003* in August 2018.

Local Jobs First Policy relates to the participation by local industry in projects, developments, procurements and other initiatives.

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

Local Jobs First takes into account and is consistent with the following principles relating to procurement, tendering and the provision of financial assistance by the State:

- the provision of open, clear and accountable tendering mechanisms and processes
- value for money considerations in purchasing and supply decisions over the life of a good, service or construction project.

During 2019–20, Austin Health had two projects commence where LJF applied. The projects were:

Project name	ONJ Center MRI Linac
Value	\$4,851,000
Status	Construction
Local content	89%
Employment	35

Project Name	ONJ Center MRI Simulator
Value	\$3,553,599
Status	Construction
Local content	90%
Employment	11

Complying with legislation (continued)

Patient car parking

Austin Health complies with the DHHS hospital circular on car parking fees and details of car parking fees and concession benefits can be viewed at: www.austin.org.au/patients-and-visitors/transport-and-parking/

Carers Recognition Act 2012

The *Victorian Carers Recognition Act* formally recognises the role of carers in our community and defines the relationships between carers and those being cared for. In meeting its obligations to the *Carers Recognition Act*, Austin Health:

- takes all practicable measures to ensure that its employees and agents have an awareness and understanding of the care relationship principles
- takes all practicable measures to ensure that persons who are in care relationships and who are receiving services in relation to the care relationship from the care support organisation, have an awareness and understanding of the care relationship principles
- takes all practicable measures to ensure that the care support organisation and its employees and agents reflect the care relationship principles in developing, providing or evaluating support and assistance for persons in care relationships.

Safe Patient Care Act 2015

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

Building Act 1993 and building regulations 2006

Austin Health obtains building permits, certificates of occupancy or certificates of final inspection for all completed projects. We engage registered building practitioners for all new or major refurbishment works.

In order to ensure our buildings are maintained in a safe and functional condition, ongoing maintenance programs are in place with routine inspections undertaken throughout the year. From these inspections, we've identified areas that required rectification. In line with the Department of Health and Human Services Fire Risk Management Guidelines, Austin Health is required to complete a comprehensive fire audit every five years. Our last audit was completed in 2016 and recommendations have been actioned. Our next audit will be completed in 2021.

Merit and equity statement

Austin Health incorporates fairness and equality in its recruitment, selection and employment processes. We satisfy equal employment opportunity requirements, legislative and moral obligations and the terms and conditions of the *Fair Work Act* including national employment standards. We comply with all conditions specified by the relevant awards and enterprise bargaining agreements.

Transparent operations

Details of Information Technology and Communications (ICT) expenditure

The total ICT expenditure incurred during 2019–20 is \$42 million (excluding GST).

Business as usual ICT expenditure	Non-business as usual ICT expenditure	Operational expenditure	Capital expenditure
\$22m	\$10m	\$6m	\$4m

All figures are ex GST

Freedom of Information (FOI)

Under the *Freedom of Information (FOI) Act*, you have a right to request information and access to documents about your personal affairs and, in certain cases, our activities. The FOI application fee is \$29.60. A personal request will incur an additional fee of \$27.50. A non-personal request will incur an additional fee of \$49.70. All fees are waived if the applicant has a benefits card (such as a pension or health care card).

For further information about the process for making applications for access to Austin Health documents, visit austin.org.au/foi

You can also contact the FOI Officer directly:

Phone: (03) 9496 3103

Email: foi@austin.org.au

Mail: Freedom of Information Officer, Austin Health, PO Box 5555, Heidelberg Victoria 3084

All applications were processed in accordance with the provisions of the *Freedom of Information Act 1982*, which provides a legally enforceable right of access to information held by government agencies. Austin Health reports on these requests to the Office of the Victorian Information Commissioner annually.

Freedom of Information applications 2019–2020	
Number of requests received	1,395
Granted in Full	1,113
Granted in Part	55
Denied	6
Other	
Withdrawn	31
Not proceeded	0
Not processed	0
No documents	57
In progress	133

Transparent operations (continued)

Additional information available on request

Austin Health confirms that details relating to the items listed below have been retained and are available to the relevant Ministers, Members of Parliament and the public on request (subject to 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.

Consultancies engaged during 2019–2020

Consultancies over \$10,000

In 2019–20, there were 14 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2019–20 in relation to these consultancies is \$595,339 (excl. GST).

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee	Expenditure 2019–20 (ex GST)	Future expenditure (ex GST)
Ernest & Young	State Endoscopy Training Centre (SETC) Review	Jun 19	Oct 19	\$150,825.43	\$150,825.43	
Lehr Consultants International (Australia) Pty Ltd	Feasibility Study: CSSD & Endoscopy	Dec 19	Jun 20	\$68,500.00		
DesignInc Melbourne Pty Ltd	Feasibility Study: CSSD & Endoscopy	Jan 20	Jun 20	\$63,985.00		
a2m Consulting Pty Ltd	Feasibility Study: CSSD & Endoscopy	Jun 20	Jun 20	\$7,500.00		
Hendry Group Pty Ltd	Feasibility Study: CSSD & Endoscopy	Feb 20	Jun 20	\$2,600.00	\$142,585.00	
KPMG Australia	Model of Care Redesign Project	Sep 18	Aug 19	\$108,338.90	\$108,338.90	
Collins Mechanical Pty Ltd	Steam & Condensate Tunnel Pipework Review	Apr 20	Apr 20	\$22,500.00		
Lehr Consultants International (Australia) Pty Ltd	Steam & Condensate Tunnel Pipework Review	Oct 19	Nov 19	\$9,500.00	\$32,000.00	
AP Psychology & Consulting Services Pty Ltd	Development of Psychological Safety Guidelines	Aug 19	Aug 19	\$29,450.00	\$29,450.00	
Rivor Advisory Pty Ltd	Establishment of Austin Research Institute	Jul 19	Jul 19	\$24,300.00	\$24,300.00	
Centre for Health Leadership	Medical Engagement Survey	Jul 19	Jul 19	\$21,000.00	\$21,000.00	
STOPline Pty Ltd	Electronic Discovery/ Computer Forensics	Dec 19	Dec 19	\$18,345.75	\$18,345.75	
Lehr Consultants International (Australia) Pty Ltd	Feasibility Study: HRH Centaur Basement Substation	Sep 19	Dec 19	\$17,200.00	\$17,200.00	
HFRM Pty Ltd	Review of Endoscopy Patient Journey	Apr 20	Apr 20	\$13,794.00	\$13,794.00	
Metis Pathways	Finance Department Health Check	Jul 19	Jul 19	\$13,400.00	\$13,400.00	
Mirriyu Cultural Consulting	Development of Austin Health Reconciliation	Jun 20	Jun 20	\$12,500.00	\$12,500.00	
Lehr Consultants International (Australia) Pty Ltd	Feasibility Study: Austin Pathology Automation	Aug 19	Aug 19	\$11,600.00	\$11,600.00	
Totals					\$595,339.08	\$0

Less than \$10,000 per consultancy

There were 8 consultancies engaged in 2019/20 of less than \$10,000 per consultancy at a total cost of \$33,450.00 and no future costs.

Workforce data

As of 30 June we had 6,126 Full Time Employee (FTE), which is up 4.2 per cent compared to last year.

Nurses make up the greatest proportion of our workforce (41.4 per cent) followed by administration/clerical staff (14.5 per cent) and medical support services (12 per cent).

Labour Category	June Current month FTE		Average Monthly FTE	
	2019	2020	2019	2020
Admin and clerical	860	888	833	869
Ancillary support services	495	506	481	489
Hospital medical officers	533	560	500	544
Hotel and allied services	574	589	566	578
Medical officers	169	170	154	172
Medical support services	704	736	693	716
Nursing services	2,391	2,518	2,317	2,416
Sessional clinicians	146	158	135	148
Total	5,872	6,126	5,679	5,931

Occupational Health and Safety – Occupational violence data

Occupational health and safety	2017–18	2018–19	2019–20
Number of reported health and safety incidents per 100 FTE	31.23	33.29	28.60
Number of lost time reported claims per 100 FTE	1.48	0.86	0.76
Average cost per claim	\$46,403	\$22,354	\$42,179

FTE: full-time equivalent employees.

Average claim costs for any given year will increase as the length of time a claim remains active and matures, along with the estimate on a claim. An average claim cost for 2017-18 may grow over the years as claims initiated in that year mature.

Occupational violence statistics	2017–18	2018–19	2019–20
Workcover accepted claims with an occupational violence cause per 100 FTE	0.14	0.22	0.10
Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	0.80	1.45	0.60
Number of occupational violence incidents reported	903	947	1,262
Number of occupational violence incidents reported per 100 FTE	15.75	16.07	21.46
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	61%	66%	60%

Definitions:

- Occupational violence - any incident where an employee is abused, threatened or assaulted in circumstances arising out of, or in the course of their employment.
- Incident - an event or circumstance that could have resulted in, or did result in, harm to an employee. Incidents of all severity rating must be included. Code Grey reporting is not included, however, if an incident occurs during the course of a planned or unplanned Code Grey, the incident must be included. A Code Grey is an incidence of aggression or violence (physical or verbal) by patients or visitors which does not require Police presence or involve the use of a weapon (Respond Black).
- Accepted WorkCover claims - Accepted WorkCover claims that were lodged in period specified.
- Lost time - is defined as greater than one day.
- Injury, illness or condition - This includes all reported harm as a result of the incident, regardless of whether the employee required time off work or submitted a claim.

Our environmental performance

This year our total energy consumption decreased by 6.71 per cent, and our drinking water consumption decreased by 7.78 per cent. These are due to the reduction of elective surgeries and staff on site due to COVID-19.

Our recycling reduced by almost 50 per cent, and our general waste increased by 44.34 per cent (per occupied bed day). This was due to a combination of factors including co-mingled recycling providers placing stricter controls on waste from health services to reduce contamination. Our reliance on single-use items to mitigate the risk of infection also contributed to this increase in waste to landfill. Our clinical waste also increased by 39.46 per cent (per occupied bed day).

	2017–18	2018–19	2019–20	% change
Austin Health general statistics				
Occupied Bed Days (OBD)	372,369.00	369,851.00	283,373.00	-23.38%
Inpatient admissions		114,324.00	110,363.00	-3.46%
Outpatient attendances		279,152.00	286,262.00	2.55%
Emergency attendances		89,675.00	86,498.00	-3.54%
Greenhouse gas emissions				
Scope 1 (tCO2e)	16,280.00	17,028.00	16,066.00	-5.65%
Scope 2 (tCO2e)	47,590.00	52,915.00	48,407.00	-8.52%
Total (tCO2e)	63,870.40	69,942.37	64,473.24	-7.82%
Total tCO2e per building m ²	0.23	0.26	0.24	-7.69%
Energy consumption				
Electricity (GJ)	158,635.00	176,382.00	161,357.00	-8.52%
Natural Gas (GJ)	309,231.00	323,730.00	305,330.00	-5.68%
Diesel (GJ)	767.00	579.00	386.00	-33.38%
Total energy (GJ)	468,633.00	500,691.00	467,073.00	-6.71%
Electricity per m ² (GJ)	0.58	0.65	0.59	-8.85%
Natural Gas per m ² (GJ)	1.14	1.19	1.12	-5.72%
Water consumption				
Drinking water (kL)	254,756.00	249,288.00	229,893.00	-7.78%
Drinking water per m ² (kL)	0.93	0.91	0.84	-8.18%
Recycled water (kL)	2,695.00	–	7,184.00	Not Available
Waste generation and disposal				
General waste (tonnes)	1,632.00	1,601.50	1,771.21	10.60%
General waste per occupied bed day (kg)	4.38	4.33	6.25	44.34%
Clinical waste (tonnes)	335.00	335.00	356.31	6.25%
Clinical waste per occupied bed day (kg)	0.90	0.90	1.26	39.46%
Recycling (tonnes)	362.00	456.01	230.52	-49.45%
Recycling per occupied bed day (kg)	0.97	1.23	0.81	-34.06%
Total waste (tonnes)	2,361.00	2,392.85	2,358.04	-1.45%
Total waste per occupied bed day (kg)	6.44	6.47	8.32	28.61%

Statement of Priorities

Statement of Priorities Part A

Strategic Priorities

Goal: Better Health A system geared to prevention as much as treatment	Strategy: Better Health Help people to stay healthy
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Health service deliverable:

Help people stay healthy by participating in the Better Health North East Melbourne collaboration to improve the care of the frail aged and provide early intervention for children with developmental delay by developing a system geared to prevention as much as treatment.

Outcome: Achieved

Collaboration with our partners to achieve the Better Health North East Melbourne strategic priorities continues.

Goal: Better Health Healthy neighbourhoods and communities encourage healthy lifestyles	Strategy: Better Health Build healthy neighbourhoods
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Health service deliverable:

Build healthy neighbourhoods by working with the Department of Health and Human Services to plan for the establishment of a community hospital in the Eltham area to encourage healthy lifestyles.

Outcome: Achieved

Planning for the Eltham Community Hospital is underway. The Hospital will provide an integrated care precinct for the local community, incorporating both health and social care services in the one location.

Goal: Better Access Care is always there when people need it	Strategy: Better Access Provide easier access
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Health service deliverable:

Plan and invest in the Timely Access to Care program of works so that care is there when people need it.

Outcome: Achieved

The Timely Access to Care Program comprised three key projects. Planning and implementation have been supported by dedicated resources.

Theatre optimisation – The emergency case management stream has been the priority focus. Key achievements include:

- Emergency Theatre Capacity Escalation Policy
- Centralised Emergency Surgery Management System for categorisation, prioritisation and streaming of patients developed
- Diagnostic activity and planning for a new model of service provision for orthopaedic emergency surgery

Patient Journey Management – The Electronic Progression of Care Boards have been introduced in 12 (71%) acute wards and 3 (50%) sub-acute wards. Next steps are to implement a software upgrade, which will provide additional functionality. Implementation of boards in remaining wards will follow.

ED Ready To Go – Phase 2 of the initiative has concluded with four solutions implemented. However, since implementation, COVID surge planning in ED has impacted the model of care.

Goal: Better Access Equal access to care	Strategy: Better Access Provide easier access
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Health service deliverable:

Provide easier access to specialist clinic care by participating in the state-wide referral pathways project with key internal and external partners with an immediate focus on common high volume procedures such as ENT surgery, vascular surgery and urology, with further work planned for neurology and gastroenterology, so care is there when people need it.

Outcome: Achieved

Referral pathways for ENT surgery, vascular surgery, urology, neurology, gastroenterology and gynaecology have been developed and published. Ongoing monitoring of the effect of implementing the guidelines is required.

Goal: Better Access People are connected to the full range of care and support they need	Strategy: Better Access Unlock innovation
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Health service deliverable:

Unlock innovation by continuing to plan for the procurement, installation and operation of a state-wide MRI Linac service so that people are connected to the full range of care and support they need.

Outcome: Achieved

Planning for the operation of the state-wide MRI Linac service is ongoing, however further installation work and commissioning has been delayed due to COVID-19, international entry and quarantine requirements.

Goal: Better Care Target zero avoidable harm	Strategy: Better Care Put quality first
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Health service deliverable:

Put quality first by progressing the implementation of the Delirium Prevention Plan to reduce hospital acquired delirium using a multi-disciplinary team, volunteers and family, thereby targeting zero avoidable harm.

Outcome: Achieved

The Preventing Delirium Project was implemented on 3 acute wards during 2019–2020. As a result of these strategies, the hospital-acquired delirium on the target wards has reduced by 18%. The toolkit developed during the project, teamed with a community of trained staff, will support the rollout to other wards within Austin Health over the next 6–12 months.

Goal: Better Care Care fits together around people's needs	Strategy: Better Care Strengthen the workforce
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Health service deliverable:

Put quality first by embedding the Voluntary Assisted Dying legislation policies and procedures to support the introduction of the legislation and enable Austin Health to support end of life decisions of our patients, so that care fits together around people's needs.

Outcome: Achieved

Organisational policies and procedures to support the introduction of the Voluntary Assisted Dying Legislation and end of life decisions of Austin Health patients have been developed and embedded into routine practice.

Statement of Priorities Part A (continued)

Strategic Priorities (continued)

Goal: Better Care Patients and carers are active partners in care	Strategy: Better Care Partner with patients
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Health service deliverable:

Partner with patients to work towards the implementation of the principles of care in Our Patients' Expectations across Austin Health, focusing on refreshing the Our Patients' Expectations toolkit for organisation wide rollout, so that patients and carers are active partners in care.

Outcome: Achieved

Our Patients' Expectations has been integrated into the Partnering with Consumers staff training package. The Consumer Partnership Plan has been redeveloped with Our Patients' Expectations included as a key concept.

Specific Priorities

Goal: Supporting the Mental Health System	Strategy: Improve service access to mental health treatment to address the physical and mental health needs of consumers.
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Health service deliverable:

Work with local and regional child and youth mental health, Aboriginal and Torres Strait Islander organisations, family service agencies, and the Department of Health and Human Services to provide the new state-wide Child and Family Assessment and Planning Service including the development of a detailed operational model to inform the design and build of the service.

Outcome: In progress

The High-level Model of Care is complete. The draft Detailed Model of Care is near completion, noting the project has been paused due to COVID-19.

Goal: Supporting the Mental Health System	Strategy: Improve service access to mental health treatment to address the physical and mental health needs of consumers.
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Health service deliverable:

In collaboration with community-based partners, including the Eastern Melbourne Primary Health Network, support the development and implementation of the regional Integrated Mental Health and Suicide Prevention Plan including better addressing physical health needs of mental health patients and exploring opportunities to improve information sharing for mental health patients to enhance access.

Outcome: In progress

The project was delayed but has now recommenced with revised timelines agreed.

Goal: Addressing Occupational Violence	Strategy: Foster an organisation-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.
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Health service deliverable:

Continue to implement the Department of Health and Human Service's security training principles to address identified security risks as relevant to Austin Health. Actions will include:

- assessing the structure of the Security Service Department to ensure the associated workforce is well placed to safely protect our patients and staff
- issuing protective vests and cameras to our security staff
- improving staff security by installing safe zones that incorporate duress points, CCTV and signage.

Outcome: Achieved

All actions to address identified security risks have been implemented.

Goal: Addressing Bullying and Harassment	Strategy: Actively promote positive workplace behaviours, encourage report and action on all reports. Implement the Department's <i>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</i> .
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Health service deliverable:

Continue to implement the 'Framework for promoting positive workplace culture: preventing bullying, harassment and discrimination' by working towards:

- Principle 1: Leaders demonstrate commitment to a positive workplace culture – annual themes and recommended actions on strategies to prevent and manage risks across the organisation are identified to the Executive and Board
- Principle 4: The organisation has effective mechanisms for the management of people by developing a robust performance management framework to support managers to communicate about performance and provide constructive feedback to their teams
- Principle 7: The organisation embraces diversity and is committed to inclusion by developing a Diversity and Inclusion plan that acknowledges and values different perspectives and identifies strategies to increase diversity in our workforce.

Outcome: Achieved

A number of initiatives have been delivered to implement the 'Framework for promoting positive workplace culture'. Many projects are ongoing and will further support implementation of the framework. Initiatives include:

- Launch of a new Code of Conduct and Public Interest Disclosure Policy
- Promotion of a 'speak up' and transparent culture through our mandatory training 'Living the Values – the Austin Way' and our Welcome to Austin new employee handbook
- Development and endorsement of our Diversity and Inclusion Plan 2020–2023
- Introduction of a short survey to quickly assess engagement and whether staff feel safe to speak up
- Cultural audits/health checks for areas where positive workplace behaviours need to be reinforced.

Goal: Supporting Vulnerable Patients	Strategy: 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 health care.
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Health service deliverable:

Using 'Our Patients' Expectations' and 'Partnering in healthcare' as a foundation, redevelop the patient-centred care package. The package will include a focus on effective communication, and will incorporate training for staff on:

- health literacy (e.g. Teach-back)
- customer service
- complaints management.

Outcome: Achieved

The Austin Health patient-centred care package has been redeveloped, incorporating training for staff on effective communication.

Goal: Supporting Vulnerable Patients	Strategy: 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 health care.
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Health service deliverable:

Improve the health outcomes of Trans and Gender Diverse (TGD) people in Victoria, in partnership with a TGD Community Health consortium, by establishing a community-based model of care to provide safe, timely and appropriate specialist endocrinology and psychiatric care to patients identifying as TGD, including working towards outreach services to Ballarat Community Health, and participating in the development and implementation of a TGD education package.

Outcome: Achieved

Endocrinology and Psychiatry clinics commenced at Your Community Health in November 2019. Outreach services are being provided from Ballarat Community Health.

Development and implementation of the education package continues in collaboration with Thorne Harbour, a community-based organisation that delivers wellbeing programs for TGD communities.

Statement of Priorities Part A (continued)

Specific Priorities (continued)

<p>Goal: Supporting Aboriginal Cultural Safety</p>	<p>Strategy: Improve the health outcomes of Aboriginal and Torres Strait islander people by establishing culturally safe practice 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.</p>
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Health service deliverable:

Continue the implementation of Austin Health's Reconciliation Action Plan 2019–20, including developing an online training module to support frontline staff to ask the identification question in a culturally safe and appropriate manner, and refining and reviewing the current online training package and incorporate it into the mandatory induction training packages.

Outcome: Achieved

The training module has been completed and was launched in July 2020.

<p>Goal: Addressing Family Violence</p>	<p>Strategy: Strengthen responses to family violence in line with the <i>Multi-Agency Risk Assessment and Management Framework</i> (MARAM) and assist the Government in understanding workforce capabilities by championing participation in the census of workforces that intersect with family violence.</p>
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Health service deliverable:

Develop an overarching governance structure to support our working towards the implementation of the *Multi-Agency Risk Assessment and Management Framework* (MARAM) and information sharing schemes across Austin Health, all of which contributes to the success of the Strengthening Hospitals' Response to Family Violence Initiative.

Outcome: Achieved

The governance structure to support implementation of MARAM is in place.

Policies and processes to achieve compliance with information sharing schemes have been developed and implemented for areas of the organisation currently prescribed under the scheme. These will be expanded to encompass the whole organisation upon commencement of Phase 2. Please note – this implementation has been delayed by the Victorian Government due to COVID-19.

<p>Goal: Implementing Disability Action Plans</p>	<p>Strategy: 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.</p>
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Health service deliverable:

Continue the implementation of Austin Health's Disability Action Plan by strengthening partnerships with disability representative organisations and responding to barriers to accessing care identified by our disabled consumers and their carers.

Outcome: Achieved

The Disability Action Plan 2015–2020 has been implemented. Planning is underway to commence consultation for the development of a new plan.

<p>Goal: Support Environmental Sustainability</p>	<p>Strategy: Contribute to improving the environmental sustainability of the health system by identifying and implementing projects and/or processes to reduce carbon emissions.</p>
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Health service deliverable:

Continue to progress implementation of the Austin Health Environmental Sustainability Strategy, with a focus on improving effective workforce sustainability education, delivering education on clinical and recycling waste streams, and optimising heating and cooling systems.

Outcome: Achieved

Implementation of the Austin Health Environmental Sustainability Strategy has continued during 2019–20. Key focus areas have included delivering education on sustainability, and the responsible disposal of waste.

Statement of Priorities Part B – Performance priorities

High quality and safe care

Key performance indicator	Target	Result
Accreditation		
Compliance with the Commonwealth's Aged Care Accreditation Standards	Accredited	Achieved
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	83%	87%
Percentage of healthcare workers immunised for influenza ¹	84%	86%
Patient experience		
Victorian Healthcare Experience Survey – data submission	Full compliance	Achieved
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 1	95%	94.7%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 2	95%	92.7%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 3	95%	94.1%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 1	75%	79.6%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 2	75%	78.4%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 3	75%	76.4%
Victorian Healthcare Experience Survey – patient's perception of cleanliness – Quarter 1	70%	77.8%
Victorian Healthcare Experience Survey – patient's perception of cleanliness – Quarter 2	70%	72.4%
Victorian Healthcare Experience Survey – patient's perception of cleanliness – Quarter 3	70%	70%
Healthcare associated infections		
Number of patients with surgical site infection	No outliers	Achieved
Number of patients with ICU central-line-associated bloodstream infection (CLABSI)	0.0	Not met
Rate of patients with Staphylococcus Aureus Bacteraemia (SAB) per occupied bed day	≤ 1/10,000	0. 5/10,000
Adverse events		
Sentinel events – root cause analysis (RCA) reporting	All RCA reports submitted within 30 business days	Not met
Unplanned readmission hip replacement – Austin Hospital	Annual rate ≤ 2.5%	13.1%
Unplanned readmission hip replacement - Heidelberg Repatriation Hospital	Annual rate ≤ 2.5%	1.1%

¹ Reporting period April 2019-August 2019.

Statement of Priorities Part B – Performance priorities (continued)

High quality and safe care (continued)

Key performance indicator	Target	Result
Mental Health		
Percentage of adult acute mental health inpatients who are readmitted within 28 days of discharge	14%	10.8%
Rate of seclusion events relating to a child and adolescent acute mental health admission ²	≤ 15/1,000	20/1,000
Rate of seclusion events relating to an adult acute mental health admission	≤ 15/1,000	9.1/1,000
Percentage of child and adolescent acute mental health inpatients who have a post-discharge follow-up within seven days	80%	91.0%
Percentage of adult acute mental health inpatients who have a post-discharge follow-up within seven days	80%	86.5%
Continuing care		
Functional independence gain from an episode of rehabilitation admission to discharge relative to length of stay	≥ 0.645	0.560

Strong governance, leadership and culture

Key performance indicator	Target	Result
Organisational culture		
People matter survey – percentage of staff with an overall positive response to safety and culture question	80%	92%
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%	96%
People matter survey – percentage of staff with a positive response to the question, “Patient care errors are handled appropriately in my work area”	80%	96%
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%	91%
People matter survey – percentage of staff with a positive response to the question, “Management is driving us to be a safety-centred organisation”	80%	93%
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%	86%
People matter survey – percentage of staff with a positive response to the question, “Trainees in my discipline are adequately supervised”	80%	87%
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%	96%

² This data relates to the Adolescent Inpatient Unit only.

Timely access to care

Key performance indicator	Target	Result
Emergency care		
Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%	66%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended time	80%	79%
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%	60.3%
Number of patients with a length of stay in the emergency department greater than 24 hours	0	0
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%	86.1%
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	30.1% (-104.6% proportional improvement from prior year)
Number of patients on the elective surgery waiting list ³	3,287	4,625
Number of hospital-initiated postponements (HIPs) per 100 scheduled elective surgery admissions	≤ 7/100	12.1%
Number of patients admitted from the elective surgery waiting list ⁴	12,850	10,633
Specialist clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	58.3%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	83.5%

³ Result as at 16 July 2020

⁴ Result as at 16 July 2020

Statement of Priorities Part B – Performance priorities (continued)

Effective financial management

Key performance indicator	Target	Result
Operating result (\$m)	0.0	+\$0.2m
Average number of days to paying trade creditors	60 days	34 days
Average number of days to receiving patient fee debtors	60 days	74 days
Public and Private WIES activity performance to target	100%	95%
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	0.41
Forecast number of days a health service can maintain its operations with unrestricted available cash (based on end-of-year forecast)	14 days	12.9 days
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	Not met
Measures the accuracy of forecasting the Net Result From Transactions (NRFT) for the current financial year ending 30 June.	Variance ≤ \$250,000	-\$1.34m

Statement of Priorities Part C – Activity and funding

Key performance indicator	2019–20 activity achievement
Acute Admitted	
Acute WIES	80,084
WIES DVA	756
WIES TAC	661
Acute Non-Admitted	
Home Enteral Nutrition	1,376
Home Renal Dialysis	59
Radiotherapy WAUs Public	80,558
Radiotherapy WAUs DVA	808
Specialist Clinics	169,938
Total Parenteral Nutrition	124
Subacute and Non-Acute Admitted	
Subacute WIES – Rehabilitation Public	1,717
Subacute WIES – Rehabilitation Private	344
Subacute WIES – GEM Public	1,004
Subacute WIES – GEM Private	295
Subacute WIES – Palliative Care Public	360
Subacute WIES – Palliative Care Private	131
Subacute WIES – DVA	68
Transition Care – Bed days	7,190
Transition Care – Home days	9,888
Subacute Non-Admitted	
Health Independence Program – Public	70,778
Mental Health and Drug Services	
Mental Health Ambulatory	61,517
Mental Health Inpatient – Available bed days	39,066
Mental Health Inpatient – Secure Unit	9,150
Mental Health Service System Capacity	1
Mental Health Subacute	16,470
Drug Services	140
Other	
NFC – Transplants – Paediatric Liver	5.4 ⁵

⁵ Equates to 12 NFC paediatric liver transplants performed.

Financial summary

Austin Health's major financial and strategic objective is to provide the necessary resources to meet anticipated activity levels, address essential capital needs and ensure cash sustainability. The operating result before capital and specific items is monitored by the Department of Health and Human Services in its Statement of Priorities performance review. The net operating surplus for the 2019–20 financial year (before capital and specific) was \$204k.

Significant changes in financial position

There were no subsequent events to balance date. The pandemic has created economic uncertainty. Elective surgery was paused by National Cabinet on 26 March to allow health services to respond to the pandemic. The operating result was achieved with funding support from the department. It is difficult to estimate the financial impact of the pandemic on the future operations or financial position of Austin Health.

	2020 \$'000	2019 \$'000	2018 \$'000	2017 \$'000	2016 \$'000
Operating Result*	204	(5,964)	121	1,076	5,313
Total revenue	1,101,200	1,023,589	985,341	894,047	854,266
Total expenses	(1,171,864)	(1,061,819)	(1,006,778)	(892,971)	(848,953)
Net result from transactions	(70,664)	(38,229)	(21,437)	1,076	5,313
Total other economic flows	(5,064)	331,212	118,157	(42,315)	(48,995)
Net result	(75,728)	292,982	96,719	(41,239)	(43,682)
Total assets	1,645,893	1,648,554	1,341,211	1,235,753	1,266,547
Total liabilities	396,951	310,676	296,314	287,575	277,129
Net assets/Total equity	1,248,942	1,337,879	1,044,897	948,178	989,418

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

	2020 \$'000
Net Operating Result*	204
Capital and specific items:	
Capital and other income	24,630
COVID-19 State Supply Arrangements – Assets received free of charge or for nil consideration under the State Supply	1,466
State supply items consumed up to 30 June 2020	(608)
Asset provided free of charge	87
Expenditure for capital and other purpose	(5,039)
Depreciation and amortisation	(91,405)
Net result from transactions	(70,664)

Disclosure index

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

Legislation	Requirement	Page Ref
Charter and purpose		
FRD 22H	Manner of establishment and the relevant Ministers	1
FRD 22H	Purpose, functions, powers and duties	6–7
FRD 22H	Nature and range of services provided	6–7
FRD 22H	Activities, programs and achievements for the reporting period	2–27
FRD 22H	Significant changes in key initiatives and expectations for the future	8–9
Management and structure		
FRD 22H	Organisational structure	29
FRD 22H	Workforce data/employment and conduct principles	36
FRD 22H	Occupational Health and Safety	36
Financial information		
FRD 22H	Summary of the financial results for the year	48
FRD 22H	Significant changes in financial position during the year	48
FRD 22H	Operational and budgetary objectives and performance against objectives	38–47
FRD 22H	Subsequent events	48
FRD 22H	Details of consultancies under \$10,000	35
FRD 22H	Details of consultancies over \$10,000	35
FRD 22H	Disclosure of ICT expenditure	33
Legislation		
FRD 22H	Application and operation of <i>Freedom of Information Act 1982</i>	33
FRD 22H	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	32
FRD 22H	Application and operation of <i>Protected Disclosure 2012</i>	31
FRD 22H	Statement on National Competition Policy	31
FRD 22H	Application and operation of <i>Carers Recognition Act 2012</i>	32
FRD 22H	Summary of the entity's environmental performance	37
FRD 22H	Additional information available on request	34
Other relevant reporting directives		
FRD 25D	Local Jobs First Act disclosures	31
SD 5.1.4	Financial Management Compliance attestation	30
SD 5.2.3	Declaration in Report of Operations	50
Attestations		
	Attestation on data Integrity	30
	Attestation on managing Conflicts of Interest	30
	Attestation on integrity, fraud and corruption	30
Other reporting requirements		
	Reporting of outcomes from Statement of Priorities 2019–20	38–47
	Occupational Violence reporting	36
	Reporting obligations under the <i>Safe Patient Care Act 2015</i>	32
	Reporting of compliance regarding Car Parking Fees (if applicable)	32

Financials

Board Chair, Chief Executive Officer and Chief Financial Officer declaration

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2020 and the financial position of Austin Health 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.



Dr Christine Bessell
Board Chair (Interim)

Heidelberg, Victoria
09/10/2020



Mr Adam Horsburgh
Chief Executive Officer

Heidelberg, Victoria
09/10/2020



Ms Sophie Dixon
Chief Financial Officer (Acting)

Heidelberg, Victoria
09/10/2020

Independent Auditor's Report

To the Board of Austin Health

Opinion I have audited the financial report of Austin 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 chair, chief executive officer and chief financial officer 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.

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
22 October 2020



Travis Derricott
as delegate for the Auditor-General of Victoria

Financial Statements and Notes

Table of Contents

Note		Page
	Comprehensive operating statement	54
	Balance Sheet	55
	Statement of Changes in Equity	56
	Cash flow statement	57
1	1 Summary of Significant Accounting Policies	58
2	2.1 Income from transactions	60
3	3.1 Expenses from transactions	63
	3.2 Other economic flows included in net result	64
	3.3 Analysis of expense and revenue by internally managed and restricted specific purpose funds	65
	3.4 Employee benefits in the Balance Sheet	66
	3.4 (a) Employee benefits and related on-costs	66
	3.4 (b) Movement in on-costs provision	66
	3.5 Superannuation	68
4	4.1 Property, Plant and Equipment	69
	4.1(a) Gross carrying amount and accumulated depreciation	72
	4.1(b) Reconciliation of carrying amount by class of asset	74
	4.1(c) Fair value measurement hierarchy for assets	76
	4.1(d) Reconciliation of level 3 Fair Value measurement	78
	4.1(e) Fair Value determination	80
	4.1(f) Revaluation Surplus	80
	4.2 Depreciation and amortisation	81
	4.2(a) Useful life of non-current assets	82
5	5.1 Receivables and contract assets	83
	5.2 Payables	85
	5.3 Other Liabilities	86
6	6.1 Borrowings	87
	6.2 Cash and cash equivalents	91
	6.3 Commitments for expenditure	92
	6.4 Non-cash financing and investing activities	92
7	7.1(a) Financial instruments: Categorisation	93
	7.1(b) Maturity analysis of financial liabilities	95
	7.1(c) Contractual receivables at amortised cost	96
8	8.1 Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities	98
	8.2 Responsible persons	99
	8.3 Remuneration of executives	100
	8.4 Related parties	101
	8.5 Remuneration of auditors	102
	8.6 Ex-gratia payments	103
	8.7 Events occurring after the Balance Sheet date	103
	8.8 Jointly controlled operations	103
	8.9 Economic dependency	105
	8.10 Changes in accounting policy, revision of estimates and corrections of prior period errors	105
	8.11 AASBs issued that are not yet effective	108

Comprehensive operating statement

for the Financial Year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Income from Transactions			
Operating Activities	2.1	1,101,186	1,023,547
Non-operating Activities	2.1	14	42
Total Income from Transactions		1,101,200	1,023,589
Expenses from Transactions			
Employee Expenses	3.1	(806,208)	(736,234)
Supplies and consumables	3.1	(153,759)	(147,918)
Finance costs	3.1	(1,979)	(2,172)
Depreciation and Amortisation	4.2	(91,405)	(65,476)
Other Operating expenses	3.1	(116,030)	(109,073)
Other Non-operating expenses		(2,483)	(946)
Total Expenses from Transactions		(1,171,864)	(1,061,819)
Net Result from Transactions – Net Operating Balance		(70,664)	(38,229)
Other Economic Flows included in Net Result			
Net gain/(loss) on non-financial assets	3.2	7	19
Net gain/(loss) on financial instruments	3.2	(2,862)	(2,723)
Other gain/(loss) from other economic flows	3.2	(2,209)	(6,394)
Total Other Economic Flows included in Net Result		(5,064)	(9,098)
Net Result for the year		(75,728)	(47,328)
Other Comprehensive Income			
Items that will not be reclassified to Net Result			
Changes in Property, Plant and Equipment Revaluation Surplus	4.1(f)	–	340,310
Total Other Comprehensive Income		–	340,310
Comprehensive result for the year		(75,728)	292,982

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

Balance Sheet

as at 30 June 2020

	Note	2020 \$'000	2019 \$'000
Current Assets			
Cash and Cash Equivalents	6.2	77,208	36,631
Receivables	5.1	40,100	46,916
Inventories		10,479	8,364
Other Financial Assets		6,614	6,720
Total Current Assets		134,401	98,630
Non-Current Assets			
Receivables	5.1	55,337	51,916
Property, Plant and Equipment	4.1(a)	1,455,421	1,494,882
Intangible Assets	4.2	520	2,997
Prepayments and Other Assets		214	129
Total Non-Current Assets		1,511,492	1,549,924
Total Assets		1,645,893	1,648,554
Current Liabilities			
Payables	5.2	82,749	59,858
Borrowings	6.1	40,973	1,814
Provisions	3.4	205,460	188,622
Other Liabilities	5.3	578	249
Total Current Liabilities		329,760	250,543
Non-Current Liabilities			
Borrowings	6.1	36,854	32,389
Provisions	3.4	30,337	27,743
Total Non-Current Liabilities		67,191	60,132
Total Liabilities		396,951	310,676
Net Assets		1,248,942	1,337,879
Equity			
Property, Plant and Equipment Revaluation Surplus	4.1(f)	1,162,903	1,162,903
Restricted Specific Purpose Surplus	SCE	7,425	7,465
Contributed Capital	SCE	534,384	531,696
Accumulated Deficits	SCE	(455,770)	(364,185)
Total Equity		1,248,942	1,337,879

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

Statement of Changes in Equity

for the Financial Year ended 30 June 2020

	Note	Property, Plant and Equipment Revaluation Surplus \$'000	Restricted Specific Purpose Surplus \$'000	Contributed Capital \$'000	Accumulated Deficits \$'000	Total \$'000
Balance at 1 July 2018		822,593	7,777	531,696	(317,169)	1,044,897
Net result for the year		–	–	–	(47,328)	(47,328)
Other comprehensive income for the year		340,310	–	–	–	340,310
Transfer from/(to) accumulated deficits		–	(312)	–	312	–
Balance at 30 June 2019		1,162,903	7,465	531,696	(364,185)	1,337,879
Effect of adoption of AASB 15, 16, and 1058	8.10	–	–	–	(15,897)	(15,897)
Restated balance at 30 June 2019		1,162,903	7,465	531,696	(380,082)	1,321,982
Net result for the year		–	–	–	(75,728)	(75,728)
Other comprehensive income for the year		–	–	2,688	–	2,688
Transfer from/(to) accumulated deficits		–	(40)	–	40	–
Balance at 30 June 2020		1,162,903	7,425	534,384	(455,770)	1,248,942

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

Cash Flow Statement

for the Financial Year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Cash Flows from Operating Activities			
Operating Grants from Government		893,334	787,831
Capital Grants from Government – State		13,341	27,355
Capital Grants from Government – Commonwealth		738	614
Patient Fees Received		36,213	36,461
Private Practice Fees Received		17,729	17,723
Donations and Bequests Received		12,723	12,047
GST Received from/(paid to) ATO		6	298
Interest and Investment Income Received		667	191
Recoupment from Private Practice for use of Hospital Facilities		44,576	44,986
Other Receipts		74,308	66,795
Total Receipts		1,093,634	994,302
Employee Expenses Paid		(790,551)	(715,252)
Payments for Supplies and Consumables		(153,759)	(147,918)
Payments for Medical Indemnity Insurance		(8,314)	(8,654)
Payments for Repairs and Maintenance		(40,899)	(37,588)
Finance Costs		(1,979)	(2,187)
Other Payments		(57,106)	(74,953)
Total Payments		(1,052,609)	(986,552)
Net Cash Flows from/(used in) Operating Activities	8.1	41,025	7,749
Cash Flows from Investing Activities			
Purchase of Non-Financial Assets		(34,487)	(25,479)
Purchase of Intangible Assets		(236)	(1,559)
Proceeds from Disposal of Non-Financial Assets		16	–
Net Cash Flows from/(used in) Investing Activities		(34,707)	(27,038)
Cash Flows from Financing Activities			
Proceeds from Contributed Capital		2,688	–
Proceeds from Borrowings		36,230	–
Repayment of Borrowings		(1,793)	(1,679)
Repayment of Lease Liabilities		(2,867)	–
Net Cash Flows from/(used in) Financing Activities		(34,258)	(1,679)
Net Increase/(Decrease) in Cash and Cash Equivalents Held		40,577	(20,967)
Cash and Cash Equivalents at Beginning of Year		36,586	57,554
Cash and Cash Equivalents at End of Year	6.2	77,163	36,586

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

Notes to the Financial Statements

for the Financial Year ended 30 June 2020

Note 1: Summary of Significant Accounting Policies

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

Basis of Preparation

These financial statements are 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 preparing 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.

(a) Statement of Compliance

These financial statements are general purpose financial statements 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 (SDs) authorised by the Assistant Treasurer.

Austin Health is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to 'not-for-profit' Health Service under the AASBs.

(b) Reporting Entity

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

Its principal address is:

145 Studley Road
Heidelberg, Victoria 3084

A description of the nature of Austin 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 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 financial statements are prepared on a going concern basis (refer to Note 8.9 Economic Dependency).

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

Austin Health operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds. Austin Health's Capital and Specific Purpose Funds include Research, Private Practice, Fundraising, Commercial Activities, Specific and General Projects and General Department 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.

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 underlying assumptions are reviewed on an ongoing basis. 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 are disclosed in the notes effected by those judgements:

- the fair value of land, buildings and plant and equipment (refer to Note 4.1 Property, Plant and Equipment)
- defined benefit superannuation expense (refer to Note 3.5 Superannuation)
- employee benefit provisions 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 Austin Health.

In response, Austin 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 notes 2.1, 3.1, 4.1 and 8.10.

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.

(d) Jointly Controlled Operation

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

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

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

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

(e) 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 the Austin 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.

Restricted Specific Purpose Surplus

The Restricted Specific Purpose Surplus is established where Austin Health has possession of title to the funds but has no discretion to amend or vary the restriction and/or condition underlying the funds received.

Note 2: Funding delivery of our services

Austin Health's overall objective is to provide a quality health service that delivers programs and services to support and enhance the wellbeing of all Victorians.

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

Austin Health also receives income from the supply of services.

Structure

2.1 Income from Transactions

Note 2.1: Income from Transactions

	2020 \$'000	2019 \$'000
Government Grants (State) – Operating ¹	831,434	734,588
Government Grants (Commonwealth) – Operating	58,448	62,476
Government Grants (State) – Capital	16,281	26,837
Government Grants (Commonwealth) – Capital	738	614
Other capital purpose income	2,532	6,896
Capital donations	87	13
Patient and Resident Fees	37,544	38,512
Private Practice Fees	44,576	44,986
Commercial Activities ²	71,327	78,856
Other Revenue from Operating Activities (including non-capital donations)	36,752	29,770
Assets received free of charge or for nominal consideration	1,466	–
Total Income from Operating Activities	1,101,186	1,023,547
Capital Interest	14	42
Total Income from Non-Operating Activities	14	42
Total Income from Transactions	1,101,200	1,023,589

¹ Government Grant (State) – Operating includes \$46.3m funding for COVID-19 impact on health service operations.

² Commercial activities represent business activities which health services enter into to support their operations.

Assets received free of charge or for nominal consideration

In order to meet the State of Victoria's health network supply needs during the COVID-19 pandemic, arrangements were put in place to centralise the purchasing of essential personal protective equipment.

The general principles of the State Supply Arrangement were that Health Purchasing Victoria sourced, secured and agreed terms for the purchase of the products, funded by the department, while Monash Health and the department took delivery, and distributed the products to health services as resources provided free of charge.

Impact of COVID-19 on revenue and income

As indicated at Note 1, Austin Health's response to the pandemic included the deferral of elective surgeries and reduced activity. The Department of Health and Human Services provided funding for loss of revenue with certain direct and indirect COVID-19 costs also reimbursed. Austin Health also received essential personal protective equipment free of charge under the state supply arrangement.

Revenue Recognition

Income is recognised in accordance with either:

- (a) contributions by owners, in accordance with AASB 1004
- (b) income for not-for-profit entities, in accordance with AASB 1058
- (c) revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15
- (d) a lease liability in accordance with AASB 16
- (e) a financial instrument, in accordance with AASB 9
- (f) a provision, in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

Government Grants

Income from capital grants is recognised progressively as the asset is constructed. The progressive percentage costs incurred is used to recognise income because this most closely reflects the progress to completion as costs are incurred as the works are done.

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

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when Austin Health has unconditional right to receive the cash which usually coincides with receipt of cash. On initial recognition of the asset, Austin 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
- (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 construction of capital assets which Austin Health controls has been recognised in accordance with AASB 1058 and recognised as deferred grant revenue (see Note 5.2 (a) and 5.2 (b)). If the specific performance obligation has been met, grant revenue has been recognised in full.

Performance obligations

The types of government grants recognised under AASB15 *Revenue from Contracts with Customers* includes:

- Activity Based Funding (ABF) paid as WIES casemix; and
- other one-off 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 (case mix) 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 Austin Health exercises judgement over whether the performance obligations have been met, on a grant by grant basis.

Specific purpose grants. Revenue is recognised as performance obligations related to these grants are met. These performance obligations are in accordance with the terms and conditions of the funding arrangements.

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 Austin 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). Austin Health recognises income when it has satisfied its performance obligations under the terms of the grant.

For non-reciprocal grants, Austin 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

The performance obligations related to patient fees are determined to be met after each clinical visit. This performance obligation has been selected as the transfer of goods and services has taken place. Revenue is recognised as these performance obligations are met.

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

Private Practice Fees

The performance obligations related to private practice fees are determined to be met after each clinical visit. This performance obligation has been selected as the transfer of goods and services has taken place. Revenue is recognised as these performance obligations are met. Private practice fees include recoupments from the private practice for the use of hospital facilities.

Commerical Activities

Performance obligations related to commercial activities are put in place when providing goods or services such as Clinical trials, Diagnostic tests etc. These performance obligations are set in the terms and conditions as per the contractual agreements. Revenue is recognised as these performance obligations have been met.

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in the contract with the customer. Austin 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 are 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.

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

Note 3: The cost of delivering our services

This section provides an account of the expenses incurred by the hospital 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 are recorded.

Structure

- 3.1 Expenses from Transactions
- 3.2 Other economic flows included in net result
- 3.3 Analysis of expenses 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

	2020 \$'000	2019 \$'000
Salaries and Wages	627,875	565,949
On-costs	156,764	150,022
Agency Expenses	10,673	10,353
Fee for Service Medical Officer Expenses	2,733	2,270
Workcover Premium	8,163	7,640
Total Employee Expenses	806,208	736,234
Drug Supplies	66,030	67,719
Medical and Surgical Supplies (including Prostheses)	63,852	55,307
Diagnostic and Radiology Supplies	10,715	10,193
Other Supplies and Consumables	13,162	14,699
Total Supplies and Consumables	153,759	147,918
Finance Costs	1,979	2,172
Total Finance Costs	1,979	2,172
Fuel, Light, Power and Water	13,418	13,910
Repairs and Maintenance	15,575	12,745
Maintenance Contracts	25,324	24,843
Medical Indemnity Insurance	8,314	8,654
Expenses related to short term and low value leases	1,294	–
Other Administrative Expenses	52,105	48,921
Total Other Operating Expenses	116,030	109,073
Expenditure for Capital Purposes	2,483	946
Depreciation and Amortisation (refer Note 4.3)	91,405	65,476
Total Other Non-Operating Expenses	93,888	66,422
Total Expenses from Transactions	1,171,864	1,061,819

As indicated at Note 1, Austin Health's daily activities were impacted by the pandemic. This resulted in direct and indirect costs being incurred, such as those directly attributable to the assessment, screening and treatment of suspected and diagnosed COVID-19 patients, including salaries and wages, relevant consumable costs and the cost of capital infrastructure changes associated with the treatment and prevention of spread of COVID-19.

Note 3.1: Expenses from Transactions (continued)

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

Employee Expenses

Employee expenses include:

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

Supplies and consumables

Supplies and services 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
- 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
- expenditure for capital purposes (represents expenditure related to the purchase of assets that are below the capitalisation threshold).

The Department of Health and Human Services also makes certain payments on behalf of Austin 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.

Operating lease payments

Operating lease payments up until 30 June 2019 were recognised on a straight line basis over the lease term.

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
- low value leases - leases where the underlying asset's fair value (when new, regardless of the age of the asset being leased) is no more than \$10,000.

Variable lease payments not included in the measurement of the lease liability (i.e. variable lease payments that do not depend on an index or a rate, initially measured using the index or rate as at the commencement date). These payments are recognised in the period in which the event or condition that triggers those payments occur.

Note 3.2: Other economic flows included in net result

	2020 \$'000	2019 \$'000
Net gain/(loss) on non-financial assets		
Net gain/(loss) on disposal of property plant and equipment	7	19
Total net gain/(loss) on non-financial assets	7	19
Net gain/(loss) on financial instruments		
Bad debts written off	(1,654)	(1,503)
Allowance for impairment of contractual receivables	(1,208)	(1,220)
Total net gain/(loss) on financial instruments	(2,862)	(2,723)
Other gain/(loss) from other economic flows		
Net gain/(loss) arising from revaluation of long service liability	(2,209)	(6,394)
Total other gains/(losses) from other economic flows	(2,209)	(6,394)
Total other gains/(losses) from economic flows	(5,064)	(9,098)

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 gains or losses from revaluation of the present value of long service leave liability due to changes in the bond interest rates.

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)

- net gain/(loss) on disposal of non-financial assets
- any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.

Net gain/(loss) on financial instruments

Net gain/(loss) on financial instruments includes:

- realised and unrealised gains and losses from revaluations of financial instruments
- impairment and reversal of impairment for financial instruments at amortised cost
- disposals of financial assets and derecognition of financial liabilities.

Other gains/(losses) from other economic flows

Other gains/(losses) include:

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

Note 3.3: Analysis of expenses and revenue by internally managed and restricted specific purpose funds

	Revenue		Expense	
	Total 2020 \$'000	Total 2019 \$'000	Total 2020 \$'000	Total 2019 \$'000
Commercial Activities				
Affiliated Entities	1,505	1,559	1,662	1,557
Car Park	10,749	11,540	2,850	2,828
Cardiology	896	1,056	849	746
Childcare Centre	1,766	1,842	1,698	1,694
Diagnostic Imaging	3,968	4,046	1,320	1,142
Food Production Kitchen	3,299	3,697	3,295	3,406
Laboratory Medicine	5,376	9,021	1,904	1,879
Nuclear Medicine	1,292	1,205	248	210
Private Practice and Other Patient Activities	9,928	9,416	6,230	5,829
Retail Services	798	1,153	6	6
Salary Packaging	3,563	3,321	1,109	1,285
Total Commercial Activities	43,140	47,858	21,171	20,583
Other Activities				
Fundraising and Community Support	5,654	6,673	4,182	3,689
Hospital Department Funds	2,762	2,336	2,555	2,547
Other Activities	2,206	2,746	2,611	1,939
Research	17,565	19,244	18,083	17,373
Total Other Activities	28,186	30,999	27,431	25,549
Total Commercial and Other Activities	71,327	78,855	48,603	46,131

Commercial activities are included as a line item in Note 2.1, and are separated out here to provide a breakdown of the major commercial activities contributing to this. Fundraising and Community Support excludes \$1.4m allocated to specific business units and commercial activities.

Note 3.4: Employee benefits in the Balance Sheet

	Total 2020 \$'000	Total 2019 \$'000
Current Provisions		
Employee Benefits ⁱ		
Accrued Days Off		
– unconditional and expected to be settled wholly within 12 months ⁱⁱ	2,110	1,757
Annual leave		
– unconditional and expected to be settled wholly within 12 months ⁱⁱ	56,293	49,931
– unconditional and expected to be settled wholly after 12 months ⁱⁱⁱ	9,568	8,347
Long Service Leave		
– unconditional and expected to be settled wholly within 12 months ⁱⁱ	61,497	57,006
– unconditional and expected to be settled wholly after 12 months ⁱⁱⁱ	54,855	51,975
Provisions related to Employee Benefit On-Costs		
– unconditional and expected to be settled within 12 months ⁱⁱ	13,664	12,609
– unconditional and expected to be settled after 12 months ⁱⁱⁱ	7,473	6,997
Total Current Provisions	205,460	188,622
Non-Current Provisions		
Conditional Long Service Leave	27,203	24,859
Provisions related to Employee Benefit On-Costs	3,134	2,884
Total Non-Current Provisions	30,337	27,743
Total Provisions	235,797	216,365

(a) Employee Benefits and Related On-Costs

Current Employee Benefits and Related On-Costs		
Unconditional long service leave entitlements	129,849	121,623
Annual leave entitlements	73,501	65,037
Accrued days off	2,110	1,962
Non-Current Employee Benefits and Related On-Costs		
Conditional long service leave entitlements	30,337	27,743
Total Employee Benefits And Related On-Costs	235,797	216,365

(b) Movement in On-Costs Provision

Balance at start of year	22,490
Additional provisions recognised	11,099
Unwinding of discount and effect of changes in discount rate	256
Reduction due to transfer out	(9,574)
Balance at end of year	24,271

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 wages and salaries, 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 Austin 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 Austin Health does not have an unconditional right to defer settlements of these liabilities.

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

- nominal value - if Austin Health expects to wholly settle within 12 months
- present value - if Austin Health does not expect to wholly settle within 12 months.

Long Service Leave

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

Unconditional LSL is disclosed in the notes to the financial statements as a current liability even where Austin Health does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. An unconditional right arises after a qualifying period.

The components of this current LSL liability are measured at:

- nominal value - if Austin Health expects to wholly settle within 12 months
- present value - if Austin Health does not expect to wholly settle within 12 months.

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

Termination Benefits

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

On-Costs Related to Employee Benefits

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

Note 3.5: Superannuation

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Defined Benefit Plansⁱ				
First State Super	1,158	1,263	204	199
Commonwealth Superannuation Scheme	1,802	1,992	59	52
ESS (previously GSO)	96	107	2	2
Defined Contribution Plans				
First State Super	30,605	29,479	4,559	4,201
Hesta	22,100	19,849	3,488	3,011
Other	4,715	3,513	724	536
Total	60,476	56,203	9,036	8,001

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

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

Defined Benefit Superannuation Plans

The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by Austin Health to the superannuation plans in respect of the services of current Austin 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.

Austin Health does not recognise any unfunded defined benefit liability in respect of the plans because the health service has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance discloses the State's defined benefits liabilities in its disclosure for administered items.

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

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

Defined Contribution Superannuation Plans

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

Note 4: Key Assets to support service delivery

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

Structure

- 4.1 Property, Plant and Equipment
- 4.2 Depreciation and amortisation

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 finance lease 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 uses.

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

Austin Health recognises a Right-of-Use asset and a lease liability at 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 (PPE) 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 page by asset category.

Right-of-use asset – Subsequent measurement

Austin 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 1031 (pending) 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 measurements of the lease liability.

Note 4.1: Property, Plant and Equipment (continued)

Revaluations of Non-Current Physical Assets

Non-current physical assets are measured at fair value and are revalued in accordance with FRD 103H Non-Current 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, Austin Health's non-current physical assets were assessed to determine whether revaluation of the non-current physical assets was required.

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, Austin 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, Austin 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 Austin 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
- Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Identifying unobservable inputs (level 3) fair value measurements

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

Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, i.e., an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs shall reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

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

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

In accordance with AASB 13, Austin 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.

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

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

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

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

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

In accordance with FRD 103H, management carried out an assessment based on Victorian Valuer General indices for 2019-20 which resulted in no change to land and building values.

Vehicles

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

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.

Note 4.1: Property, Plant and Equipment (continued)**(a) Gross carrying amount and accumulated depreciation**

	Total 2020 \$'000	Total 2019 \$'000
Land		
Crown Land at Fair Value	45,581	45,581
Freehold Land at Fair Value	88,657	216,215
Total Land	134,238	261,796
Buildings		
– Buildings Under Construction	12,303	60,889
– Buildings – Right of Use	2,498	–
Less Accumulated Depreciation	(415)	–
	2,083	–
– Buildings at Fair Value	1,183,828	1,125,840
Less Accumulated Depreciation	(73,399)	
	1,110,429	1,125,840
– Leasehold Improvements at Cost	7	7
Less Accumulated Depreciation	(2)	(1)
	5	6
Total Buildings	1,124,820	1,186,735
Plant and Equipment		
– Plant and Equipment at Fair Value	39,600	37,792
Less Accumulated Depreciation	(30,203)	(27,760)
Total Plant and Equipment	9,397	10,032
Motor Vehicles		
– Motor Vehicles at Fair Value	1,024	1,115
Less Accumulated Depreciation	(1,024)	(1,115)
Total Motor Vehicles	–	–
Medical Equipment		
– Medical Equipment at Fair Value	122,909	119,144
Less Accumulated Depreciation	(108,451)	(102,395)
Total Medical Equipment	14,458	16,749

	Total 2020 \$'000	Total 2019 \$'000
Computers and Communication Equipment		
– Computers and Communication Equipment at Fair Value	25,006	23,592
Less Accumulated Depreciation	(23,711)	(21,984)
Total Computers and Communication Equipment	1,295	1,608
Furniture and Fittings		
– Furniture and Fittings at Fair Value	2,557	2,466
Less Accumulated Depreciation	(2,372)	(2,286)
Total Furniture and Fittings	185	180
Other Equipment		
– Other Equipment at Fair Value	17,555	17,140
Less Accumulated Depreciation	(16,491)	(15,747)
	1,064	1,393
Equipment under construction	35,171	16,389
Total Other equipment	36,235	17,782
Right-of-Use Land		
– Right-of-Use Freehold Land	127,558	–
Total Right-of-Use Land	127,558	–
Right-of-Use Plant, Equipment and Vehicles		
– Right-of-Use Plant, Equipment and Vehicles	9,377	–
Less Accumulated Depreciation	(2,142)	–
Total Right-of-Use Plant, Equipment and Vehicles	7,235	–
Total Property, Plant And Equipment	1,455,421	1,494,882

Austin property, plant and equipment are classified as being for a health purpose under the Classification of the Functions of Government Framework.

Note 4.1: Property, Plant and Equipment (continued)**(b) Reconciliations of carrying amount by class of asset**

	Note	Land \$'000	Right-of-Use Land \$'000	Buildings \$'000	Right-of-Use Buildings \$'000	Plant and Equipment \$'000
Balance at 1 July 2018		204,989	–	935,498	–	11,736
Net Additions and Transfers between classes		–	–	14,753	–	863
Disposals		–	–	–	–	–
Assets provided free of charge		–	–	–	–	–
Revaluation increments/(decrements)		56,807	–	283,503	–	–
Net Transfers between classes		–	–	–	–	–
Depreciation	4.2	–	–	(47,025)	–	(2,567)
Balance at 30 June 2019	4.1(a)	261,796	–	1,186,729	–	10,032
Recognition of Right-of-Use assets on initial application of AASB 16		(127,558)	127,558 ¹	–	1,668	–
Balance at 1 July 2019		134,238	127,558	1,186,729	1,668	10,032
Net Additions and Transfers between classes		–	–	9,402	830	1,808
Disposals		–	–	–	–	–
Assets provided free of charge		–	–	–	–	–
Revaluation increments/(decrements)		–	–	–	–	–
Depreciation	4.2	–	–	(73,399)	(415)	(2,443)
Balance at 30 June 2020	4.1(a)	134,238	127,558	1,122,732	2,083	9,397

¹ 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 for the purposes of transition.

Land and Buildings and Assets Carried at Valuation

The Valuer-General of Victoria undertook to re-value all of Austin Health's owned 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 is 30 June 2019.

A full revaluation of Austin Health's land and buildings was performed by the Valuer-General of Victoria (VGV) in June 2019 in accordance with the requirements of Financial Reporting Direction (FRD) 103H Non-Financial Physical Assets. 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 effective date of the valuation for both land and buildings was June 2020.

In compliance with FRD 103H, in the year ended 30 June 2020, Austin 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 VGV indices for the financial year ended 30 June 2020.

Leasehold Improvement \$'000	Medical Equipment \$'000	Computers and Comm Equipment \$'000	Furniture and Fittings \$'000	Other Equipment \$'000	Equipment under Construction \$'000	Right-of-Use Plant, Equipment and Vehicles \$'000	Total \$'000
7	16,900	1,964	130	1,478	11,226	–	1,183,927
–	8,320	1,826	160	798	5,163	–	31,883
–	(26)	–	–	–	–	–	(26)
–	13	–	–	–	–	–	13
–	–	–	–	–	–	–	340,310
–	–	–	–	–	–	–	–
(1)	(8,458)	(2,182)	(110)	(882)	–	–	(61,225)
6	16,749	1,608	180	1,393	16,389	–	1,494,882
–	–	–	–	–	–	6,270	7,938
6	16,749	1,608	180	1,393	16,389	6,270	1,502,820
–	5,289	1,486	91	422	18,782	3,107	41,217
–	(8)	(1)	–	–	–	–	(9)
–	87	–	–	–	–	–	87
–	–	–	–	–	–	–	–
(1)	(7,659)	(1,798)	(86)	(751)	–	(2,142)	(88,694)
5	14,458	1,295	185	1,064	35,171	7,235	1,455,421

The VGV indices, which are based on data to March 2020, indicate an average increase of 9% across all land parcels and a 2.5% increase in buildings.

Management regards the VGV indices to be a reliable and relevant data set to form the basis of their estimates. Whilst these indices are applicable at 30 June 2020, the fair value of land and buildings will continue to be subjected to the impacts of COVID-19 in future accounting periods.

As the accumulative movement was less than 10% for land and buildings no managerial revaluation was required.

The land and building balances are considered to be sensitive to market conditions. To trigger a managerial revaluation, a decrease in the land indice of 10% and a decrease in the building indice of 10% would be required.

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 and Lease Liability for the purposes of transition.

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

	Note	Fair value measurement at end of reporting period using:			
		Total \$'000	Level 1 ⁱ \$'000	Level 2 ⁱ \$'000	Level 3 ⁱ \$'000
Balance at 30 June 2020					
Land					
– Specialised Land		134,238	–	–	134,238
Total Land at Fair Value	4.1(a)	134,238	–	–	134,238
Buildings					
– Specialised Buildings		1,110,429	–	–	1,110,429
Total Building at Fair Value	4.1(a)	1,110,429	–	–	1,110,429
Plant and Equipment	4.1(a)	9,397	–	–	9,397
Medical Equipment	4.1(a)	14,458	–	–	14,458
Other Equipment	4.1(a)	1,064	–	–	1,064
Computers and Communication Equipment	4.1(a)	1,295	–	–	1,295
Furniture and Fittings	4.1(a)	185	–	–	185
Total Assets at Fair Value		26,399	–	–	26,399
Right-of-Use Assets					
– Buildings	4.1(a)	2,083	–	–	2,083
– Other Leased assets	4.1(a)	7,235	–	–	7,235
Total Leased Assets at Fair Value		9,318	–	–	9,318
Total Property, Plant and Equipment		1,280,384	–	–	1,280,384

ⁱ Classified in accordance with the fair value hierarchy.

Fair value measurement at end of reporting period using:					
	Note	Total \$'000	Level 1 ⁱ \$'000	Level 2 ⁱ \$'000	Level 3 ⁱ \$'000
Balance at 30 June 2019					
Land					
– Specialised Land		261,796	–	–	261,796
Total Land at Fair Value	4.1(a)	261,796	–	–	261,796
Buildings at Fair Value					
– Specialised Buildings		1,125,840	–	–	1,125,840
Total Building at Fair Value	4.1(a)	1,125,840	–	–	1,125,840
Plant and Equipment	4.1(a)	10,032	–	–	10,032
Medical Equipment	4.1(a)	16,749	–	–	16,749
Other Equipment	4.1(a)	1,393	–	–	1,393
Computers and Communication Equipment	4.1(a)	1,608	–	–	1,608
Furniture and Fittings	4.1(a)	180	–	–	180
Total Assets at Fair Value		29,962	–	–	29,962
Total Property, Plant and Equipment		1,417,598	–	–	1,417,598

ⁱ Classified in accordance with the fair value hierarchy.

Note 4.1: Property, Plant and Equipment (continued)**(d) Reconciliation of level 3 Fair Value measurementⁱ**

Total	Note	Land \$'000	Buildings \$'000	Right-of-Use Buildings \$'000
Balance at 1 July 2019 – adjusted for recognition of Right-of-Use assets on initial application of AASB 16	4.1(b)	134,238	1,125,840	1,668
Additions/(Disposals)	4.1(b)	–	9,402	830
Assets provided free of charge	4.1(b)	–	–	–
Net Transfers between classes		–	48,586	–
Gains/(Losses) recognised in Net Result – Depreciation and Amortisation	4.2	–	(73,399)	(415)
Balance at 30 June 2020	4.1(c)	134,238	1,110,429	2,083

Total	Note	Land \$'000	Buildings \$'000	Right-of-Use Buildings \$'000
Balance at 1 July 2018		204,989	867,802	–
Additions/(Disposals)	4.1(b)	–	14,753	–
Assets provided free of charge	4.1(b)	–	–	–
Net Transfers between classes		–	6,807	–
Gains/(Losses) recognised in Net Result – Depreciation and Amortisation	4.2	–	(47,025)	–
Items recognised in Other Comprehensive Income – Revaluation		56,807	283,503	–
Balance at 30 June 2019	4.1(c)	261,796	1,125,840	–

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

Plant and Equipment \$'000	Medical Equipment \$'000	Computers and Comm Equipment \$'000	Other Equipment \$'000	Furniture and Fittings \$'000	Right-of-Use Plant, Equipment and Vehicles \$'000	Total \$'000
10,032	16,749	1,608	1,393	180	6,270	1,297,977
1,808	5,281	1,485	422	91	3,107	22,427
-	87	-	-	-	-	87
-	-	-	-	-	-	48,586
(2,443)	(7,659)	(1,798)	(751)	(86)	(2,142)	(88,694)
9,397	14,458	1,294	1,064	184	7,235	1,280,384

Plant and Equipment \$'000	Medical Equipment \$'000	Computers and Comm Equipment \$'000	Other Equipment \$'000	Furniture and Fittings \$'000	Leased Assets \$'000	Total \$'000
11,736	16,900	1,964	1,478	130	-	1,104,998
863	8,294	1,826	798	160	-	26,694
-	13	-	-	-	-	13
-	-	-	-	-	-	6,807
(2,567)	(8,458)	(2,182)	(882)	(110)	-	(61,224)
-	-	-	-	-	-	340,310
10,032	16,749	1,608	1,393	180	-	1,417,598

Note 4.1: Property, Plant and Equipment (continued)**(e) Fair Value determination**

Asset class	Expected Fair Value Level	Valuation Technique	Significant inputs (level 3 only)
Land	Level 3	Market approach	Community Service Obligations (CSO) adjustments ^(a)
Buildings	Level 3	Current Replacement Cost	Cost approach using best available evidence from recognised building cost indicators and/or quantity surveyors and examples of current costs
Plant and Other Equipment (includes Plant and Equipment, Motor Vehicles, Computers, Other Equipment, Furniture and Fittings)	Level 3	Current Replacement Cost	Cost per unit and the useful life of the asset
Medical Equipment	Level 3	Current Replacement Cost	Cost per unit and the useful life of the asset

(a) A Community Service Obligation (CSO) was applied to specialised land classified in accordance with the fair value hierarchy. A CSO of 20% was applied in 2019 with the exception of the Austin Site which, which had a 50% CSO discount applied due to a Queen's caveat.

(f) Revaluation Surplus

	Note	2020 \$'000	2019 \$'000
Property, Plant and Equipment Revaluation Surplus			
Balance at the beginning of the reporting period		1,162,903	822,593
Revaluation Increment			
– Land	4.1(b)	–	56,807
– Buildings	4.1(b)	–	283,503
Balance at the end of the reporting period*		1,162,903	1,162,903
*Represented by:			
– Land		236,340	236,340
– Buildings		926,563	926,563
		1,162,903	1,162,903

Note 4.2: Depreciation and amortisation

	2020 \$'000	2019 \$'000
Depreciation		
Buildings	73,399	47,025
Plant and Equipment	2,443	2,567
Leasehold Improvements	1	1
Medical Equipment	7,659	8,458
Computers and Communication Equipment	1,798	2,182
Furniture and Fittings	86	110
Other Equipment	751	882
Right-of-Use assets		
– Right-of-Use Buildings	415	–
– Right-of-Use Plant, Equipment and Vehicles	2,142	–
Total Depreciation	88,694	61,225
Amortisation		
Intangible Assets	2,711	4,252
Total Amortisation	2,711	4,252
Total Depreciation and Amortisation	91,405	65,476

Depreciation

All buildings, plant and equipment and other non-financial physical assets (excluding assets held for sale and land) that have finite useful lives are depreciated. Depreciation is generally calculated on a straight-line basis at rates that allocate the asset's value, less any estimated residual value over its estimated useful life.

Right-of-Use assets are depreciated over the shorter of the asset's useful life and the lease term. Where Austin 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 over its useful life.

Amortisation

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

Note 4.2: Depreciation and Amortisation (continued)**(a) Useful life of non-current assets**

	2020	2019
Buildings		
– Shell/Structure	Up to 60 years	Up to 60 years
– Siteworks/Site Services	Up to 30 years	Up to 30 years
– Services	Up to 28 years	Up to 28 years
– Fit Out	Up to 20 years	Up to 20 years
Plant and Equipment	Up to 15 years	Up to 15 years
Medical Equipment	Up to 15 years	Up to 15 years
Computers and Communication	Up to 5 years	Up to 5 years
Furniture and Fitting	Up to 5 years	Up to 5 years
Motor Vehicles	Up to 3 years	Up to 3 years
Other Equipment	Up to 5 years	Up to 5 years
Intangible Assets	Up to 5 years	Up to 5 years
ROU Buildings	Up to 5 years	–
ROU Motor Vehicles	Up to 5 years	–
ROU Equipment	Up to 7 years	–

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

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

Note 5: Other assets and liabilities

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

Structure

- 5.1 Receivables and contract assets
- 5.2 Payables
- 5.3 Other liabilities

Note 5.1: Receivables and contract assets

(a) Receivables and contract assets

	Note	2020 \$'000	2019 \$'000
Current			
Contractual			
Inter Hospital Debtors		3,206	2,003
Trade Debtors		6,732	8,710
Other Debtors – Commonwealth DVA		405	465
Patient Fees		18,911	20,469
Other		1,773	9,148
Accrued Revenue		9,473	5,193
Contract Assets	5.1(c)	2,740	2,700
Less allowance for impairment losses of contractual receivables			
Trade Debtors	7.1(c)	(3,316)	(2,079)
Patient Fees	7.1(c)	(2,066)	(2,093)
		37,858	44,515
Statutory			
GST Receivable		2,242	2,400
		2,242	2,400
Total Current Receivables		40,100	46,916
Non-Current			
Statutory			
Long Service Leave – Department of Health and Human Services		55,337	51,916
		55,337	51,916
Total Receivables		95,437	98,831

As at 30 June 2020, Austin Health has contract assets of \$2.7m which is offset by an allowance for expected credit losses of \$2.7m. This is included in the contractual receivable balances presented above.

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

Balance at beginning of year		4,173	2,953
Amounts written off during the year		(1,654)	(1,503)
Increase in allowance recognised in the net result		2,863	2,722
Balance at end of year		5,382	4,173

Note 5.1: Receivables and contract assets (continued)**Receivables recognition**

Receivables consist of:

- Contractual receivables, which consists of debtors in relation to goods and services and accrued investment income. These receivables are classified as financial instruments and categorised as 'financial assets at amortised cost'. They are initially recognised at fair value plus any directly attributable transaction costs. Austin Health holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.

- Statutory receivables, which predominantly includes amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits recoverable. Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. Austin Health applies AASB 9 *Financial Instruments* for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

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

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

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

(c) Contract assets

	2020 \$'000
Opening balance brought forward from 30 June 2019 adjusted for AASB 15	2,740
Add: Additional costs incurred that are recoverable from the customer	-
Less: Transfer to trade receivable or cash at bank	-
Less: Impairment allowance	(2,740)
Total contract assets	-
<i>Represented by:</i>	
Current contract assets	-

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

Contract assets relate to Austin Health's right to consideration in exchange for goods transferred to, and services performed for, customers for performance obligations satisfied, but not yet billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional, at this time an invoice is issued to the customer.

Note 5.2: Payables

	Note	2020 \$'000	2019 \$'000
Current			
Contractual			
Inter-hospital creditors		78	215
Trade Creditors		4,594	15,946
Accrued Salary and Wages		27,848	19,599
Accrued Interest		351	367
Accrued Expenses		20,280	11,201
Deferred Grant Revenue	5.2(a)	12,956	–
Contract Liabilities – income received in advance	5.2(b)	1,717	2
Salary Packaging		1,750	1,166
Other		132	184
		69,706	48,680
Statutory			
Department of Health and Human Services		819	–
GST Payable		430	582
Pay As You Go Withholding		2,757	2,587
Superannuation Payable		9,037	8,009
		13,043	11,178
Total Payables		82,749	59,858

Payables consist of:

- contractual payables, classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to the Austin Health Service prior to the end of the financial year that are unpaid
- statutory payables, that are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

The normal credit terms for accounts payable are usually Net 60 days.

Maturity analysis of payables

Please refer to Note 7.1(b) for the ageing analysis of payables.

Note 5.2: Payables (continued)**(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	15,897
Grant consideration for capital works received during the year	14,078
Grant revenue for capital works recognised consistent with the capital works undertaken during the year	(17,020)
Closing balance of deferred grant consideration received for capital works	12,956

Grant consideration was received from capital projects for building infrastructure, IT and medical equipment. Grant revenue is recognised progressively as the asset is constructed, since this is the time when Austin Health satisfies its obligations under the transfer by controlling the asset as and when it is constructed. The progressive percentage costs incurred is used to recognise income because this most closely reflects the progress to completion as costs are incurred as the works are done (see Note 2.1). As a result, Austin Health has deferred recognition of a portion of the grant consideration received as a liability for the outstanding obligations.

(b) Contract liabilities

	2020 \$'000
Opening balance brought forward from 30 June 2019 adjusted for AASB 15	2
Add: Grant consideration for sufficiently specific performance obligations received during the year	850,558
Less: Grant revenue for sufficiently specific performance obligation works recognised consistent with the performance obligations met during the year	(848,843)
Total contract liabilities	1,717
<i>Represented by:</i>	
Current contract liabilities	1,717

Contract liabilities include consideration received in advance from customers in respect of goods and services provided by the health service. Invoices are raised once the goods and services are delivered/provided.

Note 5.3: Other liabilities

	2020 \$'000	2019 \$'000
Current		
Monies Held in Trust		
– Patient Monies Held in Trust	45	45
– Other Monies Held in Trust	533	204
Total Current	578	249
Total Other Liabilities	578	249

Note 6: How we finance our operations

This section provides information on the sources of finance utilised by Austin Health during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of Austin 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		
DHHS*	36,750	520
TCV Loan**	1,373	1,293
Lease Liability***	2,850	–
Total Current Borrowings	40,973	1,814
Non Current		
DHHS*	433	932
TCV Loan**	30,084	31,457
Lease Liability***	6,337	–
Total Non Current Borrowings	36,854	32,389
Total Borrowings	77,827	34,203

* Borrowings – Department of Health and Human Services

- (i) In June 2014 Austin Health received a loan repayable to the DHHS relating to Pathology equipment.
 - (a) Repayments on this loan will be made annually in June commencing June 2018 with the final instalment due on 30 June 2022.
 - (b) This is an interest free loan, however, a present value calculation is required while payments are outstanding for future financial years (30 June 2020: 0.24% and 30 June 2019: 1.01%).
- (ii) Additional loan with DHHS was established June 2015 relating to an Energy Efficient project.
 - (a) Repayments on this loan will be made annually in November commencing November 2016 with the final instalment due on November 2020.
 - (b) This is an interest free loan, however, a present value calculation is required while payments are outstanding for future financial years (30 June 2020: 0.24% and 30 June 2019: 1.01%).
- (iii) DHHS cash advance of \$36.2m was received interest free with repayment due in December 2020.

Note 6.1: Borrowings (continued)**** Terms and conditions of Interest Bearing Liabilities – Treasury Corporation Victoria**

- (i) Austin Health has two loans with Treasury Corporation Victoria (TCV) secured by a Statutory Guarantee from the Government of Victoria in favour of TCV under section 30 of the Health Services Act.
- (ii) Initial loan was established in April 2008 to finance the construction of the Austin Tower Car Park.
- (a) Repayments are quarterly with the final instalment due 25 years from date of the last draw down in April 2008.
- (b) Average interest rate applied during 2019–20 for the above loan was 6.70% (2018–19 6.70%).
- (iii) Additional loan was established in November 2013 to finance the expansion of the Austin Martin Street Car Park.
- (a) Repayments are quarterly with the final instalment due 25 years from date of the last draw down in November 2013.
- (b) Interest rate applied is fixed during 2019–20 for the above loan was 4.75% (2018–19 4.75%).

***** Lease Liabilities**

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

(a) Maturity analysis of borrowings

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

(b) Defaults and breaches

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

Lease Liabilities

Repayments in relation to leases payable as follows:

	Minimum future lease payments		Present value of minimum future lease payments	
	Total 2020 \$'000	Total 2019 \$'000	Total 2020 \$'000	Total 2019 \$'000
Not later than 1 year	3,021	–	2,850	–
Later than 1 year and not later than 5 years	6,509	–	6,304	–
Later than 5 years	33	–	33	–
Minimum lease payments	9,563	–	9,186	–
Less future charges	(376)	–	–	–
Total	9,186	–	9,186	–
Included in the financial statements as:				
Current borrowings lease liability			2,850	–
Non-current borrowings lease liability			6,337	–
Total			9,186	–

The weighted average interest rate implicit in the lease is 2.43% (2019: not applicable).

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.

Austin Health's leasing activities

Austin Health has entered into leases related to equipment, vehicles, room and warehouse rental.

For any new contracts entered into on or after 1 July 2019, Austin 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, Austin 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 Austin Health and for which the supplier does not have substantive substitution rights
- Austin 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 Austin Health has the right to direct the use of the identified asset throughout the period of use
- Austin 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 Austin Health 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
- 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.

Short-term leases and leases of low value assets

Austin Health has elected to account for short-term leases and leases of low value assets using the practical expedients. Instead of recognising a Right-of-Use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight line basis over the lease term.

Below market/Peppercorn lease

Austin Health entered into leases of land with the Department of Health and Human Services, that have significantly below-market terms and conditions. Austin Health has a dependency on these leases due to on-site buildings owned by the health service. Terms are 10 years with view of on-going arrangements.

The carrying amount of land subject to these peppercorn lease arrangements at the date of initial application of AASB 16 have been recognised at the deemed cost of the Right-of-Use asset for the purposes of transition.

Right-of-Use assets under leases at significantly below-market terms and conditions that are entered into principally to enable Austin Health to further its objectives, are initially and subsequently measured at cost.

These Right-of-Use assets are depreciated on a straight line basis over the shorter of the lease term and the estimated useful lives of the assets.

Note 6.1: Borrowings (continued)

Presentation of Right-of-Use assets and lease liabilities

Austin 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 lease or operating leases.

Austin 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 Austin 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 Austin 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 Austin Health's grant revenue is described in Note 8.10. 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 and AASB 1058 did 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 (including contingent rentals) 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
- Low value leases – leases where the underlying asset's fair value (when new, regardless of the age of the asset being leased) is no more than \$10,000.

Variable lease payments not included in the measurement of the lease liability (i.e. variable lease payments that do not depend on an index or a rate, initially measured using the index or rate as at the commencement date). These payments are recognised in the period in which the event or condition that triggers those payments occur.

Borrowings Recognition

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.

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 the Austin 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.

Note 6.2: Cash and cash equivalents

	2020 \$'000	2019 \$'000
Cash on Hand	67	69
Cash at Bank – CBS	76,655	35,506
Deposits at Call	486	1,056
Total Cash and Cash Equivalents	77,208	36,631
<i>Represented by:</i>		
Cash as per Cash Flow Statement	77,163	36,586
Cash for Monies Held in Trust		
– Cash on Hand	45	45
Total Cash and Cash Equivalents	77,208	36,631

Cash and Cash Equivalents

Cash and cash equivalents recognised on the Balance Sheet comprise cash on hand and in banks, deposits at call and highly liquid investments (with an original maturity date of three months or less), which are held for the purpose of meeting short term cash commitments rather than for investment purposes, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

Note 6.3: Commitments for expenditure

	2020 \$'000	2019 \$'000
Capital expenditure commitments		
Less than 1 year	41,700	47,478
Longer than 1 year but not longer than 5 years	7,411	8,995
Total capital expenditure commitments	49,111	56,473
Lease commitments		
Less than 1 year	–	1,715
Longer than 1 year but not longer than 5 years	–	2,656
Longer than 5 years	–	–
Total lease commitments	–	4,371
Short term and low value lease commitments		
Less than 1 year	1,006	–
Longer than 1 year but not longer than 5 years	125	–
Longer than 5 years	–	–
Total short term and low value lease commitments	1,130	–
Total commitments for expenditure (inclusive of GST)	50,242	60,844
Less GST recoverable from the Australian Tax Office	(4,567)	(5,531)
Total commitments for expenditure (exclusive of GST)	45,675	55,313

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

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 projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the Balance Sheet.

Austin Health has entered into commercial leases, mainly for certain medical equipment, where it is not in the interest of Austin Health to purchase these assets. These leases have an average life of 5 years with renewal terms included in the contracts. Renewals are at the option of Austin Health. There are no restrictions placed upon the lessee by entering into these leases.

Note 6.4: Non-cash financing and investing activities

	2020 \$'000	2019 \$'000
Assets (Provided)/Received Free of Charge	87	13
Acquisition of Assets through DHHS Indirect Contributions	1,801	6,391
Total Non-Cash Financing and Investing Activities	1,888	6,404

Note 7: Risk, contingencies and valuation uncertainties

Austin 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 the health service is related mainly to fair value determination.

Structure

- 7.1(a) Financial Instruments: Categorisation
- 7.1(b) Maturity analysis of financial liabilities
- 7.1(c) Contractual receivables at amortised cost

Note 7.1 (a): Financial Instruments: Categorisation

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

	Note	Financial Assets at Amortised Cost \$'000	Financial Liabilities at Amortised Cost \$'000	Total \$'000
2020				
Financial Assets				
Cash and Cash Equivalents	6.2	77,208	–	77,208
Receivables – Trade Debtors	5.1	37,858		37,858
Investments and Other Financial Assets		2	–	2
Total Financial Assetsⁱ		115,068	–	115,068
Financial Liabilities				
Payables	5.2	–	69,706	69,706
Other Liabilities	5.3		578	578
Borrowings	6.1	–	77,827	77,827
Total Financial Liabilitiesⁱ		–	148,110	148,110
2019				
Financial Assets				
Cash and Cash Equivalents	6.2	36,631	–	36,631
Receivables – Trade Debtors	5.1	44,515		44,515
Investments and Other Financial Assets		2	–	2
Total Financial Assetsⁱ		81,148	–	81,148
Financial Liabilities				
Payables	5.2	–	48,680	48,680
Other Liabilities	5.3		249	249
Borrowings	6.1	–	34,203	34,203
Total Financial Liabilitiesⁱ		–	83,132	83,132

ⁱ The carrying amount excludes statutory receivables (i.e. GST receivable and DHHS receivable) and statutory payables (i.e. Revenue in Advance and DHHS payable).

Note 7.1 (a): Financial Instruments: Categorisation (continued)

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 Austin Health to collect the contractual cash flows
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

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.

Austin Health recognises the following assets in this category:

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

Financial liabilities at amortised cost

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

Austin Health recognises the following liabilities in this category:

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

Note 7.1 (b): Maturity analysis of financial liabilities

The following table discloses the contractual maturity analysis for Austin Health's financial liabilities. For interest rates applicable to each class of liability, refer to individual notes to the financial statements.

Maturity analysis of financial liabilities as at 30 June

	Note	Carrying Amount \$'000	Less than 1 Month \$'000	1–3 Months \$'000	3 Months to 1 Year \$'000	1–5 Years \$'000	Over 5 Years \$'000
2020							
Financial Liabilities							
<i>At amortised cost</i>							
Payables	5.2	69,706	69,706	–	–	–	–
Borrowings Interest Bearing	6.1	31,457	216	339	818	6,390	23,694
Borrowings DHHS	6.1	37,183	–	–	36,750	433	–
Borrowings Lease Liability	6.1	9,186	146	439	2,265	6,304	33
Other Financial Liabilities ⁱ							
– Monies held in Trust	5.3	578	544	34	–	–	–
Total Financial Liabilities		148,110	70,613	812	39,833	13,127	23,727
2019							
Financial Liabilities							
<i>At amortised cost</i>							
Payables	5.2	48,680	48,680	–	–	–	–
Borrowings Interest Bearing	6.1	32,751	202	320	772	6,019	25,438
Borrowings DHHS	6.1	1,453	–	–	520	932	–
Other Financial Liabilities ⁱ							
– Monies held in Trust	5.3	249	128	50	71	–	–
Total Financial Liabilities		83,132	49,010	370	1,363	6,951	25,438

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

Note 7.1(c): Contractual receivables at amortised cost

	Current	30 Days	60 Days	90 Days	120 Days	150 Days	180+ Days	Total \$'000
1 July 2019								
Diagnostic								
Expected loss rate	0.0%	0.2%	4.4%	2.4%	3.4%	2.4%	35.4%	
Gross carrying amount of contractual receivables	7,258	993	247	686	527	862	2,205	
Loss allowance	–	2	11	16	18	21	780	848
Inpatients								
Expected loss rate	0.4%	0.4%	0.4%	16.4%	38.4%	19.4%	64.4%	
Gross carrying amount of contractual receivables	1,928	833	378	564	241	226	1,809	
Loss allowance	8	3	2	93	92	44	1,165	1,407
Sundry								
Expected loss rate	0.0%	0.0%	0.0%	3.4%	0.0%	6.4%	10.4%	
Gross carrying amount of contractual receivables	4,422	1,422	690	271	74	133	353	
Loss allowance	–	–	–	9	–	9	37	55
Sundry Other								
Expected loss rate	68.0%	–	–	–	–	–	–	
Gross carrying amount of contractual receivables	2,740	–	–	–	–	–	–	
Loss allowance	1,863	–	–	–	–	–	–	1,863
Total Loss allowance	1,871	5	13	118	110	74	1,982	4,173
30 June 2020								
Diagnostic								
Expected loss rate	2%	5%	9%	40%	42%	56%	23%	
Gross carrying amount of contractual receivables	1,830	725	887	441	581	471	2,869	
Loss allowance	36	34	76	176	244	261	674	1,501
Inpatients								
Expected loss rate	3%	10%	26%	26%	20%	17%	35%	
Gross carrying amount of contractual receivables	1,365	922	535	193	156	400	1,926	
Loss allowance	36	93	137	50	31	66	669	1,082
Sundry								
Expected loss rate	0%	0%	0%	1%	4%	5%	19%	
Gross carrying amount of contractual receivables	3,428	711	370	381	63	79	222	
Loss allowance	3	1	1	5	3	4	42	59
Sundry Other								
Expected loss rate	100%	0%	0%	0%	0%	0%	0%	
Gross carrying amount of contractual receivables	2,740	–	–	–	–	–	–	
Loss allowance	2,740	–	–	–	–	–	–	2,740
Total Loss allowance	2,815	128	214	231	278	331	1,385	5,382

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

Equity instruments are not subject to impairment under AASB 9. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

Contractual receivables at amortised cost

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

On this basis, Austin Health determines the opening loss allowance on initial application date of AASB 9 and the closing loss allowance at end of the financial year as disclosed above.

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

	2020	2019
Balance at beginning of the year	4,173	2,953
Increase in provision recognised in the net result	2,863	1,220
Reversal of provision of receivables written off during the year as uncollectible	(1,654)	-
Balance at end of the year	5,382	4,173

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.

Statutory receivables and debt investments at amortised cost

Austin Health's non-contractual receivables arising from statutory requirements are not financial instruments. However, they are nevertheless recognised and measured in accordance with AASB 9 requirements as if those receivables are financial instruments.

Both the statutory receivables and investments in debt instruments are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As the result, the loss allowance recognised for these financial assets during the period was limited to 12 months' expected losses.

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 Flow from Operating Activities
- 8.2** Responsible Persons
- 8.3** Remuneration of Executives
- 8.4** Related Parties
- 8.5** Remuneration of Auditors
- 8.6** Ex-gratia Payments
- 8.7** Events Occurring after the Balance Sheet Date
- 8.8** Jointly Controlled Operations
- 8.9** Economic Dependency
- 8.10** Changes in Accounting Policy, Revision of Estimates and Corrections of Prior Period Errors
- 8.11** AASBs Issued that are not yet Effective

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

	2020 \$'000	2019 \$'000
Net Result for the Year	(75,728)	(47,328)
Non-Cash Movements		
Depreciation and Amortisation	91,405	65,476
Provision for Doubtful Debts	2,862	2,723
Revaluation of Long Service Leave	(2,209)	(6,394)
Resources – Assets (Provided)/Received Free of Charge	(1,554)	(13)
DHHS Indirect Contribution	(1,801)	(6,391)
Net (Gain)/Loss from Sale of Plant and Equipment	(7)	(19)
Movements in Assets and Liabilities		
Change in Operating Assets and Liabilities		
(Increase)/Decrease in Receivables	3,395	(19,114)
(Increase)/Decrease in Prepayments	22	574
(Increase)/Decrease in Inventories	(2,115)	366
Increase/(Decrease) in Payables	6,996	(8,623)
Increase/(Decrease) in Provisions	19,432	24,692
Increase/(Decrease) in Other Liabilities	329	1,800
Net Cash from Operating Activities	41,026	7,749

Note 8.2: Responsible persons

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	01/07/2019–30/06/2020
The Honourable Martin Foley, Minister for Mental Health	01/07/2019–30/06/2020
The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers	01/07/2019–30/06/2020
The Austin Health Board	
The Hon Judith Troeth AM (Chair)	01/07/2019–05/03/2020
Dr Christine Bessell	01/07/2019–05/03/2020
Dr Christine Bessell (Chair)	06/03/2020–30/06/2020
Ms Mary Draper AM	01/07/2019–30/06/2020
Ms Helen Thornton	01/07/2019–30/06/2020
Mr Chris Altis	01/07/2019–30/06/2020
Ms Julie Anne Bignell	01/07/2019–30/06/2020
Mr Martin Botros	01/07/2019–30/06/2020
Dr Stanley Chiang	01/07/2019–30/06/2020
Ms Fiona Slaven	01/07/2019–30/06/2020
Accountable Officers	
Ms Sue Shilbury	01/07/2019–13/12/2019
Dr Max Alexander	16/12/2019–29/05/2020
Ms Bernadette Twomey	01/06/2020–12/06/2020
Mr Adam Horsburgh	15/06/2020–30/06/2020

Remuneration of responsible persons

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

Income band	2020 Number	2019 Number
\$1,000–\$10,999	1	–
\$30,000–\$39,999	–	1
\$40,000–\$49,999	7	7
\$50,000–\$59,999	2	–
\$80,000–\$89,999	–	1
\$220,000–\$239,999	1	–
\$270,000–\$279,999	1	–
\$490,000–\$499,999	–	1
Total Numbers	12	10

	2020 \$'000	2019 \$'000
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	915	908

Amounts relating to the Governing Board Members and Accountable Officer are disclosed in Austin Health's financial statements.

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

Note 8.3: Remuneration of executives

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

Remuneration of Executive Officers (including Key Management Personnel Disclosed in Note 8.4)

	Total Remuneration	
	2020 \$'000	2019 \$'000
Short-term Benefits	2,004	2,297
Post-employment Benefits	126	172
Other Long-term Benefits	12	216
Termination Benefits	160	–
Total Remunerationⁱ	2,302	2,685
Total Number of Executives	8	10
Total Annualised Employee Equivalent ⁱⁱ	6	7

i The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of Austin 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 ordinary hours per week over the reporting period.

Total remuneration payable to executives during the year included additional executive officers and a number of executives who received bonus payments during the year. These bonus payments depend on the terms of individual employment contracts.

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.

Termination Benefits

Termination of employment payments, such as severance packages.

Note 8.4: Related parties

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

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

Key Management Personnel (KMPs) are those people with the authority and responsibility for planning, directing and controlling the activities of Austin Health and its controlled entities, directly or indirectly.

The Board of Directors, Chief Executive Officer and the Executive Directors of Austin Health and its controlled entities are deemed to be KMPs.

Austin Health Key Management Personnel for the 2019/20 Reporting Year

Responsible Ministers

The Honourable Jenny Mikakos
Minister for Health and Minister for Ambulance Services

The Honourable Martin Foley
Minister for Mental Health

The Honourable Luke Donnellan
Minister for Child Protection, Minister for Disability, Ageing and Carers

The Austin Health Board

The Honourable Judith Troeth AM
Board Chair
(from Jul 19 to Mar 20)

Dr Christine Bessell
Board Member
(from Jul 19 to Mar 20)
Board Chair Interim
(from Mar 20 to Jun 20)

Ms Mary Draper
Board Member

Ms Helen Thornton
Board Member

Mr Chris Altis
Board Member

Ms Julie Anne Bignell
Board Member

Mr Martin Botros
Board Member

Dr Stanley Chiang
Board Member

Ms Fiona Slaven
Board Member

Executive

Ms Sue Shilbury
Chief Executive Officer
(from Jun 19 to Dec 19)

Dr Max Alexander
Chief Executive Officer - Interim
(from Dec 19 to May 20)

Mr Adam Horsburgh
Chief Executive Officer
(from Jun 20)

Ms Shelley Castree-Croad
Chief Operating Officer
(from Jul 19 to Mar 20)

Mr John Ferraro
Chief Operating Officer - Interim
(from Apr 20 to Jun 20)

Ms Natalie McDonald
Chief Finance Officer
(from Jul 19 to Mar 20)

Ms Sophie Dixon
Chief Finance Officer - Interim
(from Mar 20 to Jun 20)

Mr Mark Lubliner
Chief Medical Officer

Ms Anna Phillips
Chief People and Culture Officer

Mr Ray Van Kuyk
Chief Information & Services Officer

Ms Bernadette Twomey
Chief Nursing Officer

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

	2020 \$'000	2019 \$'000
Compensation – KMPs		
Short-term Employee Benefits ⁱ	2,860	3,134
Post-employment Benefits	186	228
Other Long-term Benefits	12	230
Termination Benefits	160	
Totalⁱⁱ	3,217	3,592

ⁱ Total remuneration paid to KMPs employed as a contractor during the reporting period through accounts payable has been reported under short-term employee benefits.
ⁱⁱ KMPs are also reported in Note 8.2 Responsible Persons or Note 8.3 Remuneration of Executives.

Note 8.4: Related parties (continued)

Significant Transactions with Government Related Entities

The Austin Health received funding from the Department of Health and Human Services of \$848m (2019: \$761m). This amount includes Long Service Leave provision of \$3.4m. The whole amount is incorporated in Note 2.1 Income from Transactions.

Expenses incurred by Austin 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 other Victorian Health Service Providers on commercial terms.

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

The Standing Directions of the Assistant Treasurer require Austin 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 Human Services 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 occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with Austin 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 Austin Health Board of Directors, Chief Executive Officer and Executive Directors in 2020.

Any payments made to key management personnel as remuneration have been declared in Notes 8.3 and 8.4.

Note 8.5: Remuneration of auditors

	2020 \$'000	2019 \$'000
Victorian Auditor-General's Office		
Audit of the Financial Statements	203	203
Total Remuneration of Auditors	203	203

Note 8.6: Ex-gratia payments

There were no ex-gratia payments made for the forgiveness or waiver of debt, compensation for economic loss made by Austin Health greater than or equal to \$5,000.

Note 8.7: Events occurring after the Balance Sheet date

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between Austin Health and other parties, the transactions are only recognised when the agreement is irrevocable at or before the end of the reporting period.

Adjustments are made to amounts recognised in the financial statements for events which occur between the end of the reporting period and the date when the financial statements are authorised for issue, where those events provide information about conditions which existed at the reporting date.

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by Austin 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 Austin Health, its operations, its future results and financial position. The state of emergency in Victoria was extended on 16 August 2020 and the state of disaster still in place.

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

Note 8.8: Jointly controlled operations

Austin Health is a Member of the Victorian Comprehensive Cancer Centre (VCCC) Joint Venture and retains joint control over the arrangement, classified as a Joint Operation. The vision for the VCCC is to save lives through the integration of cancer research, education and patient care.

Through innovation and collaboration, the VCCC will drive the next generation of improvements in prevention, detection and cancer treatment. This vision will further the objectives of Austin Health. The VCCC is a not-for-profit organisation and has been recognised by the Australian Taxation Office as a Health Promotion Charity.

All Members hold an equal 1/10th share (1/10th share 2018/19) in the assets, liabilities, expenses and income of the VCCC. The members own the VCCC assets as tenants in common, and are severally responsible for the joint venture costs - in the same proportions as their interests.

Interests in the VCCC are not transferrable and forfeited on withdrawal from the joint venture. Distributions are not able to be paid to members and excess property on winding up will be distributed to other charitable organisations with objects similar to those of the VCCC.

The principal place of business for the VCCC is Level 10, 305 Grattan St, Melbourne, Victoria.

Note 8.8: Jointly controlled operations (continued)

Austin Health's interest in the VCCC operations are detailed below.
The amounts are included in the financial statements under their respective categories.

	2020 \$'000*	2019 \$'000*
Current Assets		
Cash and Cash Equivalents	607	507
Receivables	30	20
Investments and Other Financial Assets	450	950
Prepayments	14	122
Total Current Assets	1,101	1,599
Non-Current Assets		
Investments and Other Financial Assets	2	2
Property, Plant and Equipment	17	22
Total Non-Current Assets	19	24
Total Assets	1,120	1,623
Current Liabilities		
Payables	37	86
Accrued Expenses	63	45
Provisions	41	25
Other Liabilities	21	2
Total Current Liabilities	162	158
Non-Current Liabilities		
Provisions	10	11
Total Non-Current Liabilities	10	11
Total Liabilities	172	169
Net Assets	948	1,454
Equity		
Accumulated Surpluses/(Deficits)	948	1,454
Total Equity	948	1,454

Austin Health's interest in revenues and expenses resulting from jointly controlled operations are detailed below.

Revenue		
Grants	872	850
Other Income	245	176
Interest Income	14	32
Total Revenue	1,131	1,058
Expenses		
Employee Benefits	502	410
Other Expenses from Continuing Operations	1,129	838
Depreciation	7	5
Total Expenses	1,638	1,253
Net Result	(507)	(195)

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

Contingent Liabilities and Capital Commitments

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

Note 8.9: Economic dependency

Austin 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 Austin Health.

Austin Health's current asset ratio continues to be below an adequate short term position (2020: 0.41 and 2019: 0.39) while cash generated from operations has increased from a \$7.7m surplus in 2019 to a \$41m surplus in 2020 and cash reserves have moved from \$36.5m in 2019 to \$77.1m in 2020.

Note 8.10: Changes in accounting policy, revision of estimates and corrections of prior period errors

Leases

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

Austin Health has applied AASB 16 with a date of initial application of 1 July 2019. Austin 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, Austin 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, Austin 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, Austin 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.

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 for the purposes of transition. Austin Health recognised \$127m as Right-of-Use Land upon transition.

Leases classified as operating leases under AASB 117

As a lessee, Austin 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 Austin Health. Under AASB 16, Austin Health recognises Right-of-Use assets and lease liabilities for all leases except where exemption is available in respect of short-term and low value leases.

On adoption of AASB 16, Austin 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 Austin 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.

Austin 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
- 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.

Note 8.10: Changes in accounting policy, revision of estimates and corrections of prior period errors (continued)

Leases as a Lessor

Austin Health is not required to make any adjustments on transition to AASB 16 for leases in which it acts as a lessor. Austin Health accounted for its leases in accordance with AASB 16 from the date of initial application.

Impacts on financial statements

On transition to AASB 16, Austin Health recognised \$7.9m of Right-of-Use assets and \$7.9m of lease liabilities.

When measuring lease liabilities, Austin Health discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied is 2.43%.

	1 July 2019
Total operating lease commitments disclosed at 30 June 2019	4,371
Discounted using the incremental borrowing rate at 1 July 2019	4,247
Finance lease liabilities as at 30 June 2019	–
Recognition exemption for:	
Less: short-term and low value leases	(498)
Add: lease liabilities recognised upon transition to AASB 16	4,189
Lease liabilities recognised at 1 July 2019	7,938

Revenue from Contracts with Customers

In accordance with FRD 121 requirements, Austin 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, Austin Health applied this standard retrospectively only to contracts that are not 'completed contracts' at the date of initial application. Austin 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 – 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, Austin 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, Austin 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 – 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*
- 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	Note	Before new accounting standards Opening 1 July 2019 \$'000	Impact of new accounting standards - AASB 16, 15 & 1058 \$'000	After new accounting standards Opening 1 July 2019 \$'000
Property, Plant and Equipment	4.1(b)	1,494,882	7,938	1,502,820
Total Assets		1,494,882	7,938	1,502,820¹
Payables and Contract Liabilities	5.2, 5.3	83,327	-	83,327
Borrowings		77,827	7,938	85,765
Total Liabilities		161,154	7,938	169,092
Accumulated surplus/(deficit)		(364,185)	(15,897)	(380,082)
Physical Revaluation Surplus		1,162,903	-	1,162,903
Other items in equity		539,161	-	539,161
Total Equity		1,337,879	(15,897)	1,321,982

¹ The recognition of the the carrying amount of land subject to a peppercorn lease arrangement at the date of initial application of AASB 16 has an overall nil impact on the total value of Property, Plant and Equipment.

Note 8.11: AASBs issued that are not yet effective

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2020 reporting period. Department of Treasury and Finance assesses the impact of all these new standards and advises Austin Health 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. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. Austin Health has not and does not intend to adopt these standards early.

Topic	Key requirements	Effective date	Impact on Financial Statements
AASB 17 Insurance Contracts	The new Australian standard seeks to eliminate inconsistencies and weaknesses in existing practices by providing a single principle based framework to account for all types of insurance contracts, including reissuance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities. This standard currently does not apply to the not-for-profit public sector entities.	01 January 2021	The assessment has indicated that there will be no significant impact to Austin Health.
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. 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.	01 January 2021	The standard is not expected to have a significant impact to Austin Health.
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current	This standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.	1 January 2022. However, ED 301 has been issued with the intention to defer application to 1 January 2023	The standard is not expected to have a significant impact to Austin Health.

Austin Hospital

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Austin Health acknowledges the Traditional Custodians of the land and pays its respects to Elders past, present and emerging.

Austin Health celebrates, values and includes people of all backgrounds, genders, sexualities, cultures, bodies and abilities.

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