2020-21 ANNUAL REPORT

Western Health

OUR VISION

Together, caring for the West
Our patients, staff, community and environment

OUR PURPOSE

Leading the delivery of a connected and consistent patient experience and providing the best care to save and improve the lives of those in our community most in need

OUR VALUES

Compassion
Consistently acting with empathy and integ**rity**

Accountability
Taking responsibility for our decisions and actions

Respect
Respect for the rights, beliefs and choice of every individual

Excellence
Inspiring and motivating, innovation and excellence

Safety
Prioritising safety as an essential part of everyday practice

OUR STRATEGIC AIMS

We partner with patients and families

We care for our people

We deliver services for the future

We are better together

We discover and learn

Acknowledgement of Traditional Owners

Western Health respectfully acknowledges the Traditional Owners and Custodians, on which all of our sites stand, the Wurundjeri, Bunurong and Boon Wurrung peoples of the Kulin Nation.

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Board Chair and CEO Message

A message from the Board Chair and the Chief Executive

A year ago, we'd just emerged from Victoria's first wave of the COVID-19 pandemic and it's fair to say none of us knew what was ahead.

Western Health had spent months planning and preparing for the pandemic but the second wave hit Melbourne's western suburbs harder than anywhere in Australia.

Many Western Health staff were on the frontlines of the second wave response, whether in our COVID wards, emergency departments, intensive care units, COVID testing sites or in residential aged care facilities across our region. Our wards and departments were busier than ever, which has continued into 2021.

It wasn't only Western Health staff who weathered the significant impact that COVID-19 had on the west of Melbourne. Health care workers from across the Western Metropolitan region collaborated like never before.

The start of 2021 brought new hope with the beginning of the COVID-19 vaccine roll-out, and the relief of much lower rates of community transmission. We've set up several large high intensity vaccination hubs and a local public health unit, great symbols of our community's ongoing COVID response and recovery.

Among a long list of achievements, our dedicated healthcare and support teams have managed to create new and innovative ways of providing care through a pandemic, all the while keeping our patients and each other safe. Western Health's teams did not just survive, they have thrived.

The scale and scope of capital projects currently being undertaken at Western Health is possibly unique in the state and we look forward to progressing these for the benefit of our patients and communities over the next year.

In an important milestone, voluntary amalgamation between Western Health and Djerriwarrh Health Services has been approved by the Victorian Government. We formally amalgamated on 1 July 2021 and can now work as one to provide Best Care for the growing communities across Melbourne's West.

STRATEGIC DIRECTION

A new draft strategic plan for Western Health (Strategic Direction 2021-2023) was developed when the organisation was in the midst of its response to the COVID-19 pandemic. This was a time when the imperatives to do things differently drove a rapid period of change in how we delivered many services. This new plan builds on those imperatives and experiences.

At its heart, the Strategic Plan reflects the constant commitment to our patients, people and communities. It builds on the achievements of the past, enhances the strengths of Western Health and looks to a bold and promising future.

SUPPORTING BEST CARE

In early 2019 Western Health completed a major project to implement an Electronic Medical Record (EMR) across the organisation. This was a detailed and complex process but an important step in supporting best care through clinical decision making and electronic ordering of medications, pathology, imaging and more.

Over the past year, planning has progressed for Phase 2 of EMR implementation. Key aims of Phase 2 include further reducing clinical risk associated with using hybrid clinical record systems, improving information access, establishing a patient portal, and supporting clinical research.

While planned research activity to support Best Care has been disrupted over the last twelve months due to COVID-19, the pandemic itself presented many research opportunities – across many areas – at Western Health.

Our organisation managed a large number of confirmed and suspected COVID-19 cases, allowing our staff to demonstrate not only clinical excellence, but also an aptitude for innovation. As we joined the international research community in trying to understand the impact of COVID-19, Western Health participated in world-leading COVID-19 research.

It's difficult to find a better example of the ingenuity and agility that Western Health is renowned for than the personal ventilation hood, conceived by Western Health Intensivist A/Prof Forbes McGain and advanced through collaboration with the University of Melbourne. The hood allows staff to administer standard treatment to patients with a confirmed or suspected COVID-19 diagnosis – without compromising clinician safety or patient comfort. This Western Health invention made national and international news and is now playing a significant role in protecting healthcare workers globally.

In partnership with the University of Melbourne, we have also launched an Innovation Acceleration Program. This program aims to minimise the fuss, confusion and uncertainty about how to advance a great idea from the bedside to commercial reality and to improve healthcare. It provides staff with the support and guidance in making that journey seamless and enjoyable.

Board Chair and CEO Message (continued)

IMPROVING TIMELY ACCESS TO CARE

Providing timely access to safe and effective patient care for a rapidly growing population with complex health needs, continues to present our health service with significant challenges. These challenges have been accentuated with the COVID-19 pandemic.

Having a high percentage of the COVID-19 positive inpatients in the State resulted in exceptionally high Intensive Care Unit demand and inpatient acuity. Western Health introduced and increased inpatient beds in designated COVID-19 wards, as well as establishing additional medical teams, including Acute Aged Care, General Internal Medicine and Emergency.

Telehealth appointments for our Outpatient Services were quickly implemented and the activity of our community services increased significantly.

Our innovative Western HealthLinks program has continued to support patients with chronic and complex conditions spend more time at home. Co-ordination of this program will be fully supported by Western Health teams going forward, and it will join the continually evolving community based care services provided by our organisation under a new integrated service provision model called Western @ Home.

Community based care will also be enhanced by Western Health's involvement over the next year in the Department of Health funded Better @ Home project. This project aims to support reform in models of care to treat people outside of acute care where feasible and safe, applying learnings from the pandemic response.

It has also been a huge year for our maternity services, with record-breaking numbers of babies born.

In 2020/21 over 6,600 babies were delivered at our Joan Kirner Women's & Children's facility located at the Sunshine Hospital, a 17% increase from when the facility opened in 2019. As a Level 6 (Tertiary) Service, we are now the second largest single site maternity service in Australia.

DEVELOPING BETTER FACILITIES

Progressing the New Footscray Hospital

Over the past year, we have taken important steps toward the development of our new Footscray Hospital. In October 2020, the Victorian Government confirmed that Plenary Health Consortium had been awarded the contract to deliver the $1.5 billion hospital.

Designs for the new hospital have been released and shared with staff and the community, and March 2021 marked the first official 'sod turn' by the Minister for Health, Ambulance Services and Equality, the Hon Martin Foley, on the site located on the corner of Geelong and Ballarat Roads in Footscray. Excavations for the main building on the site are now underway, with the hospital on track to open its doors in 2025.

Redeveloping the Sunshine Hospital Emergency Department

The redeveloped Sunshine Hospital Emergency Department (ED) funded by the State Government has opened its doors to the public. The redevelopment has been years in the making and is the culmination of an enormous effort from many people across Western Health.

Building works have been designed to consider the current pandemic with the installation of two negative flow rooms and a negative pressure room with a direct external ambulance entry point.

The addition of the digital imaging suite co-located inside the ED will reduce patient transfer times and assist the busy workload of our emergency and radiology staff, while improving the patient experience.

Supporting mental health care

The past year has seen unprecedented numbers of mental health patients waiting more than 24 hours in our emergency departments. We continue to work closely with the Department of Health and the agencies that provide mental health services to our patients (North West Mental Health and Mercy Mental Health) to support the needs of this vulnerable patient group.

As part of the Victorian Government response to recommendations from the Royal Commission into Victoria's Mental Health System, 52 new hospital-based mental health beds and services will be located at Sunshine Hospital. This project is now in the final design development phase, with the new beds expected to be completed by 2023.

Other Victorian Government funded facility developments on the Sunshine Hospital site include the commissioning of an additional 10 beds at our Westside Lodge Dual Diagnosis Residential Rehabilitation Centre, and a new 12- bed Prevention and Recovery Care (PARC) to support women experiencing mental illness.

Leading Planning for New Hospitals

The May 2021 Victorian State Government budget included an announcement of funding to redevelop the Sunbury Day Hospital and construct a Community Hospital at Point Cook. These are both incredibly exciting expansions to our health service and enable us to extend care to people in our community, closer to home.

The Victorian Government has also committed funding over the next 12 months for the planning and purchase of land for the new Melton hospital to be run by Western Health.

Board Chair and CEO Message (continued)

DOING MORE TO HELP VULNERABLE MEMBERS OF OUR COMMUNITY

Activity over the past year in support of the Victorian Government's "10-year action plan" on family violence includes ongoing capacity building of our staff to recognise and respond to patients experiencing family violence, including the introduction of routine screening for family violence in our antenatal clinic. Elder abuse prevention and response has also had a strong focus, with innovative models adopted such as flexible workforce education and consult services.

On 17 May 2021, Western Health celebrated International Day Against Homophobia, Biphobia, Intersex and Transphobia (IDAHOBIT) to support inclusion and raise awareness of the work still to be done to combat discrimination. We also joined many Western Health staff in the (COVID safe) Pride March to support and show solidarity with the LGBTIQ community.

As part of the implementation of Western Health's Disability Access and Inclusion Plan a roll-out of automated toilet doors across our sites has commenced. This will make a lasting difference in terms of accessibility and dignity for patients and visitors.

Many people within our community experienced unprecedented levels of hardship this year, and the Western Health Foundation Greatest Need Fund was called upon to increase the level of practical, one-off support that could be provided to those most in need, or those working around restricted access to hospital facilities.

Additionally, we can't tell you how proud we are to work for a health service where the staff overwhelmingly chose to forego their own Christmas festivities at Western Health to donate up to 50,000 meals to Foodbank to feed vulnerable Victorians.

SUPPORTING ABORIGINAL HEALTH

At Western Health, we are proud of our achievements to partner with our Aboriginal and Torres Strait Islander (Aboriginal) Communities.

Over the past year, we have successfully commenced a weekly Aboriginal Outpatient Clinic delivered by our General Medicine team in partnership with our Aboriginal Health Unit, Wilim Berrbang. The clinic was shaped by asking Aboriginal patients and external service providers about the barriers and enablers to attending outpatient appointments at Western Health.

Through a project supported by Department of Health funding, a series of e-learning modules have also been developed by Indigenous and non-Indigenous representatives from the Wandeat Bangoongagat Project Group consisting of employees from a range of health services, including Western Health. Wider Indigenous consultation was sought throughout the project. These modules are available for all Western Health staff and volunteers.

SUPPORTING AND PARTNERING WITH OUR BROADER COMMUNITY

Western Health has made a considerable contribution to the Victorian Government's broader response to the COVID-19 pandemic over the past twelve months.

This includes the running of COVID testing clinics at Sunshine and Sunbury, a drive-through testing service at the Melbourne Showgrounds, as well as a number of pop-up testing sites.

Western Health's Aged Care Liaison Service (ACLS) expanded its community role to play a significant part in supporting COVID-19 responses in residential care facilities. At the peak of the outbreaks, support was being provided by Western Health to 25 facilities within the West of Metropolitan Melbourne.

Western Health was selected to host one of three local Public Health Units established in the Metro Melbourne area (one of 8 across the state). The Western Public Health Unit (WPHU) currently undertakes COVID-related activities (case investigation, case management, contact tracing and outbreak management) in collaboration with the Department of Health and a number of key stakeholder groups, including local councils, pathology providers, local community health networks and primary health providers.

Western Health was also selected as one of three Melbourne metropolitan health services to manage a high intensity COVID vaccination hub. The Hub works directly with other health services, private hospitals and the community within the Western metropolitan region of Melbourne to ensure COVID-19 vaccine is available to eligible people. The Vaccination Hub has established a number of high-volume vaccination sites including Sunshine Hospital, the Melbourne Convention & Exhibition Centre (operated by Royal Melbourne Hospital) and the Melbourne Showgrounds.

In addition, the COVID response has also provided the opportunity to engage in formalised Health Service Partnerships designed to support health care providers to work together now and into the future to meet the healthcare needs of our communities.

Board Chair and CEO Message (continued)

STAFF WELLBEING

Staff wellbeing has been a key focus during the COVID-19 pandemic.

We have implemented a range of initiatives to support our staff, including increasing the availability of Employee Assistance Program (EAP) Counsellors and the development of Wellbeing Hubs.

During the pandemic, the Western Health Foundation have co-ordinated the very generous support from local businesses and individuals, who have rallied together to provide our staff with messages of support and donations of food, coffee, protective equipment and care packs. The total estimated value of generously donated items to support our healthcare workers during the pandemic has exceeded $1 million.

At Western Health we are committed to Best Care for our patients, but to do this we need our staff and volunteers to be safe, uninjured and healthy. A number of initiatives have progressed across Western Health over the past 12 months to support our staff to predict and prevent occupational violence, and effectively and safely manage it when it does occur.

These include development of two new educational modules and commencement of a 'Safewards' pilot, a model developed in the UK designed to enhance safety for staff and patients by decreasing conflict and containing events.

RECOGNISING OUR WONDERFUL VOLUNTEERS

Western Health is immensely grateful to the 700+ volunteers who, as well as a number of local schools and community groups, generously donate their time and resources to support our patients and staff. Our volunteers offer all sorts of services and assistance that we would not normally be able to provide to support our staff and our patients - they make an enormous difference.

While our Volunteers have only been able to spend a small period of time at our hospitals during the COVID-19 pandemic, they have still been providing wonderful support where possible by remotely providing services such as making face masks, shields and scrub bags.

FINANCIAL RESPONSIBILITY

Western Health places high value on financial responsibility. In a budget of over $1 billion, we have recorded an end of year position within our set and agreed budget.

THANKS

Finally, in another particularly challenging year, we would like to thank all of Western Health's incredible staff, volunteers and board members, as well as our many community stakeholders, including our local members of parliament at both the State and Commonwealth levels.

Thank you to the Department of Health and the Victorian Government. Thank you to our financial donors, through the Western Health Foundation.

Your support, commitment and passion are greatly appreciated and make an incredible difference to the Best Care we are able to provide.

We look forward to working with you over the next year.

In accordance with the Financial Management Act 1994, we are pleased to present the Report of Operations for Western Health for the year ending 30 June 2021.

Robyn Batten

Robyn Batten
Chair of the Board, Western Health
(3 September 2021)

Russell Harrison
Chief Executive, Western Health
(3 September 2021)

About Western Health

OUR COMMUNITY

Western Health is the major healthcare provider to one of the fastest growing - and most diverse - regions of Australia.

Melbourne's western suburbs are rapidly growing. The catchment population is nearing 900,000 and the birth rate and movement into this region means that strong growth will continue into the years ahead.

Our communities are culturally rich, with members speaking more than 150 different languages and dialects. Yet, while proudly diverse, people from across our suburbs face significant challenges. Many experience substantial social and economic disadvantage, with higher than average unemployment and a large proportion of our population experiencing financial hardship.

Our population has higher than average rates of cancer, heart disease, stroke and mental illness, with diabetes and depression also significant population health issues. And our community is ageing, with frailty becoming a significant challenge to independent healthy living.

Western Health is committed to providing Best Care to communities across Melbourne's west, improving health outcomes for all.

Western Health provides services to residents of the following local government municipalities:

- Brimbank
- Hobsons Bay
- Maribyrnong
- Melton
- Moonee Valley
- Moorabool
- Hume
- Wyndham

Western Health provides a range of services to the patients who are also serviced by health services such as Werribee Mercy and Djerriwarrh at Bacchus Marsh.

OUR PEOPLE

Employing more than 8,000 staff and over 700 volunteers, there is a focus on enabling and supporting the culture and capability of all people across the organisation. A large proportion of our staff are from the western suburbs, or live locally now, further entrenching Western Health in the communities we serve.

Western Health has a strong philosophy of working with its local community to deliver excellence in patient care. We span a number of municipalities and value our relationships with each local government.

Our growing health service has long-standing relationships with health providers in the western region of Melbourne, as well as strong affiliations with numerous colleges and academic institutions.

About Western Health (continued)

OUR SERVICES:

Western Health provides a comprehensive, integrated range of clinical services from its various sites ranging from acute tertiary services in areas of emergency medicine, intensive care, medical and surgical services, through to subacute care and onsite and virtual ambulatory clinics. Our services including oncology, renal, women's health (including maternity), chronic disease, geriatrics and cardiology provide specialised quality care.

We provide a combination of hospital, community based and in reach services to aged, adult and paediatric patients and newborn babies. Also, Western Health offers drug health and addiction medicine support through its inpatient and community Drug Health Service.

Underpinning our world-class clinical care is Western Health's commitment to research and education. The Western Centre for Health Research and Education, based at Sunshine Hospital, provides a range of purpose built, state of the art teaching, research and simulation facilities. It is home to the Western Clinical School for Medicine and Allied Health in partnership with the University of Melbourne and also houses researchers, academics and educators from Western Health, Victoria University and the University of Melbourne.

Western Health is a Registered Training Organisation (RTO) that offers high quality training. Our training is aimed at professional development and offers innovative, valuable and accredited programs that are evaluated externally.

OUR LOCATIONS:

Western Health manages three acute public hospitals: Sunshine Hospital (including Joan Kirner Women's and Children's), Footscray Hospital, the Williamstown Hospital, as well as the Sunbury Day Hospital.

Footscray Hospital

Footscray Hospital is an acute and subacute teaching hospital with approximately 300 beds. It provides elective and emergency care, with a range of inpatient and outpatient services including acute general medicine, rehabilitation and aged care and related clinical support.

Sunbury Day Hospital

The Sunbury Day Hospital provides day medical, day surgical, day chemotherapy and haemodialysis treatment and a number of specialist clinics.

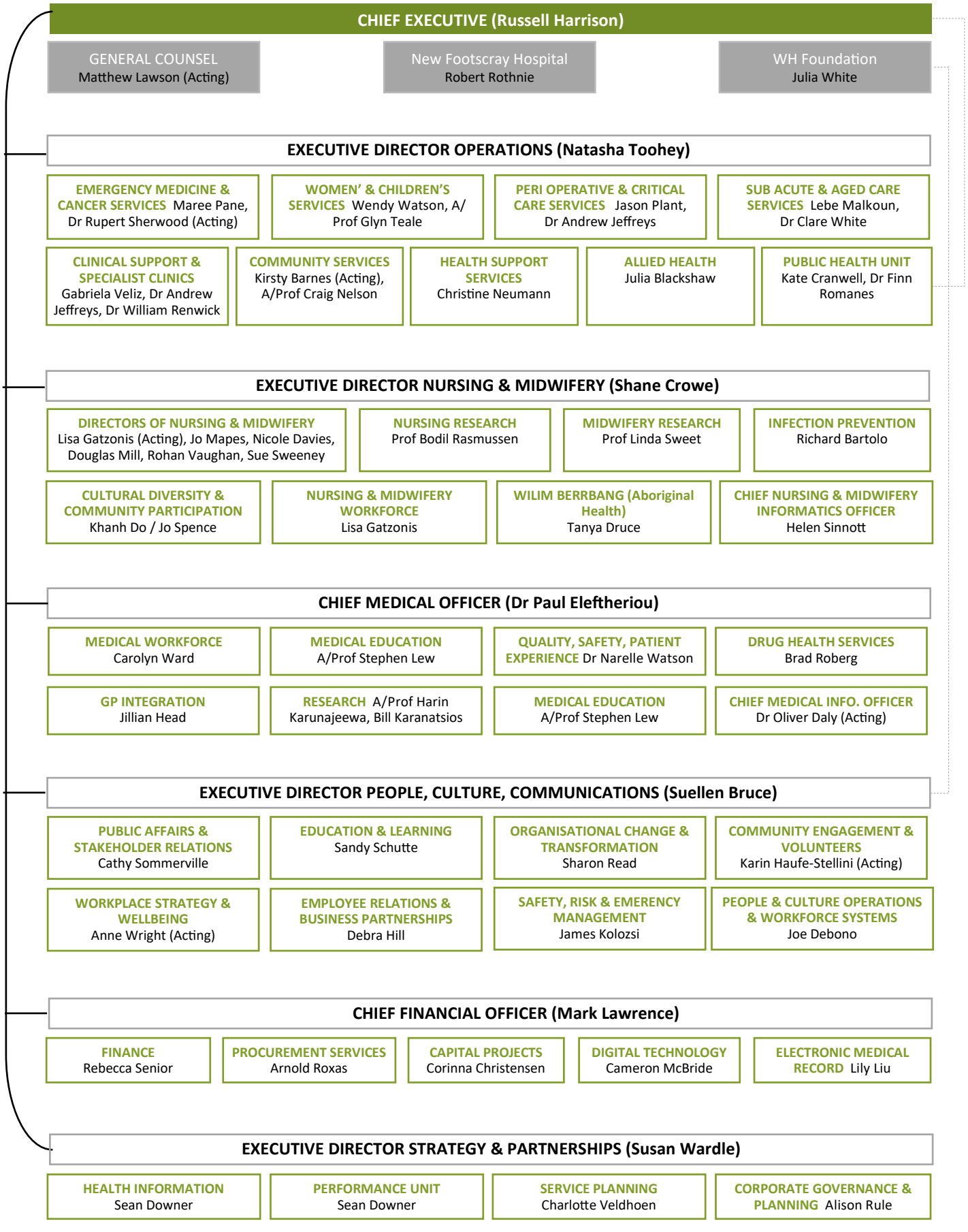
Sunshine Hospital

Sunshine Hospital is an acute and subacute teaching hospital with approximately 600 beds. The hospital provides elective and emergency care with a range of inpatient and outpatient services including intensive care and coronary care, acute medical and surgical services, sub-specialty medicine and surgical services, and rehabilitation, aged care and palliative care. Sunshine Hospital also provides a range of women's and children's services at the Joan Kirner Women's and Children's facility which opened in 2019. The Sunshine Hospital Radiation Therapy Centre provides treatment to patients with a range of cancers through a partnership between Western Health and the Peter MacCallum Cancer Centre.

Williamstown Hospital

Williamstown Hospital is a 90 bed facility providing emergency, surgical, rehabilitation and geriatric evaluation and management services, renal dialysis, community rehabilitation and transition care.

Organisational Structure (as at end June 2021)



live BEST CARE

Western Health Services

EMERGENCY, MEDICINE AND ACCESS

> Dermatology
> Endocrinology and Diabetes
> Emergency Medicine
> Gastroenterology
> General Medicine
> Haematology
> Hospital In The Home
> Infectious Diseases
> Medical Oncology
> Nephrology
> Neurology
> Renal Dialysis
> Respiratory and Sleep Disorders
> Rheumatology
> Palliative Care
> Stroke Service

AGED CANCER AND CONTINUING CARE

> Acute Aged Care
> Cardio-Geriatric Service
> Dementia Management Unit
> Geriatric Evaluation & Management
> Transition Care Program -bed based
> Ortho-Geriatric Service
> Inpatient Palliative Care
> Inpatient Rehabilitation
> Subacute and Non acute Access and Pathways Service (SNAP) and Disability Services
> Wellcare Program
> GEM@HOME
> Cancer Research
> Radiation Therapy Centre
> Day Oncology
> Inpatient Oncology and Haematology

WOMEN'S AND CHILDREN'S

> Gynaecology
> Obstetric Services
> Maternal Fetal Medicine
> Newborn Services, including Neonatal Intensive Care
> Paediatric Medicine
> Ambulatory Services
> Maternity Services

CLINICAL SUPPORT AND SPECIALIST CLINIC SERVICES

> Specialist Clinics (Adult)
> Medical Imaging
> Pathology
> Pharmacy

PERIOPERATIVE AND CRITICAL CARE

> Anaesthetics and Pain Management
> Cardiology Services
> Central Sterilising Services
> Critical Care Outreach Service
> Elective Booking Service
> Facio-Maxillary Surgery
> General and Breast Surgery
> General and Colorectal Surgery
> General and Endocrine Surgery
> General and Upper Gastro-Intestinal Surgery
> Intensive Care Services (incorporating Organ Donation)
> Neurosurgery
> Ophthalmology
> Orthopaedic Surgery
> Otolaryngology, Head and Neck Surgery
> Paediatric Surgery
> Plastic and Reconstructive Surgery
> Preadmission Service
> Thoracic Surgery
> Urology Surgery
> Vascular Surgery

ALLIED HEALTH

> Audiology
> Exercise Physiology
> Language Services
> Neuropsychology
> Nutrition and Dietetics
> Occupational Therapy
> Pastoral Care
> Physiotherapy
> Podiatry
> Psychology
> Social Work
> Speech Pathology

CHRONIC AND COMPLEX CARE

> Health Independence Programs (HIP), including community nursing, ACLS, and Rapid Allied Health teams
> Chronic and Complex Nursing team
> HealthLinks
> Subacute Ambulatory Care Services (community based rehabilitation and specialist clinics)
> Aged Care Assessment Service
> ACE (Advice, Co-ordination and Expertise)
> Transition Care Program - Community
> Dialysis and home therapies
> Endocrinology services
> MADU
> Hospital in the Home (HITH)
> Central Access Unit (CAU)
> Renal Research

COVID RESPONSE

> Public Health Unit
> Covid Response
> Covid Testing Clinics
> Vaccination Hub

DRUG HEALTH

> Adolescent Community Programs
> Women's Therapeutic Day Rehabilitation Program
> Adult and Specialist Services
> Nurse Practitioner Clinics
> Psychology Clinics
> Community Residential Drug Withdrawal Units
> Dual Diagnosis Residential Rehabilitation Centre (Westside Lodge)

OTHER

> Aboriginal Health, Policy and Planning
> GP Integration
> Infection Prevention
> Office of Research
> Service Planning

Western Health Statement of Priorities 2020-21

The Health Services Act 1988 allows that post 1 October of each financial year the Minister for Health makes a Statement of Priorities (SoP) which is provided to health services. For financial year 2020-21 there have been no individual deliverables that constitute SoP Part A due to the COVID-19 pandemic. The Minister for Health has requested that health services report on the overall strategic priorities outlined on the following pages.

PRIORITY

As providers of care, respond to the recommendations of the Royal Commission into Victoria's Mental Health System and the Royal Commission into Aged Care Quality and Safety.

KEY ACTIVITY **Outcome: Completed**

Mental Health Services

- Ongoing discussions with the Department of Health and North West Mental Health to progress patient care flow improvement opportunities for mental health patients presenting at the Sunshine Hospital Emergency Departments, and to explore principles and options for Western Health to become a mental health care provider
- Work completed as part of the redevelopment of the Sunshine Hospital Emergency Department to construct a behavioural assessment unit and hub
- Expansion of Drug Health Services in the Sunshine Hospital Emergency Department
- Planning underway for an additional 52 hospital-based mental health beds and services at Sunshine Hospital
- Planning underway for an additional 10 beds at the Westside Lodge Dual Diagnosis Residential Rehabilitation Centre located at Sunshine Hospital
- Development underway of a new 12-bed Prevention and Recovery Care (PARC) on the Sunshine Hospital site to support women experiencing mental illness (to be run by Royal Melbourne Hospital)

Aged Care Quality and Safety

- While Western Health is not a residential care provider, our Aged Care Liaison Service (ACLS) expanded its community role to play a significant part in supporting COVID-19 responses in residential care facilities. This included full crisis care and residential care facility governance.

COMMENT

The past year has seen unprecedented numbers of mental health patients waiting more than 24 hours in our emergency departments. We continue to work closely with the Department of Health and the agencies that provide mental health services to our patients (North West Mental Health and Mercy Mental Health) to support the needs of this vulnerable patient group. Discussions include exploring principles and options relating to Western Health becoming a mental health care provider.

The redevelopment of the Sunshine Hospital Emergency Department (ED) funded by the State Government has continued over the past year and included completion of a behavioural assessment unit and hub.

Additionally, WH's Drug Health Services have expanded service provision in the Sunshine Emergency Department in order to provide access to high quality emergency care for patients presenting with substance use care needs.

As part of the Victorian Government's investment to deliver 144 new acute public mental health beds, 52 new hospital-based mental health beds and services will be located at Sunshine Hospital. This will increase capacity, reduce pressure on our emergency departments, and provide additional support for people experiencing mental illness who require immediate treatment in a contemporary, safe and high-quality setting. The new facilities are being designed with input from people with lived experience of mental illness such as consumers, families and carers, as well as medical, nursing and allied health professionals and staff. The project is now in the final design development phase, with the new beds expected to be completed by 2023.

Other Victorian Government funded facility developments at the Sunshine Hospital site include the commissioning of an additional 10 beds at our Westside Lodge Dual Diagnosis Residential Rehabilitation Centre, and a new 12- bed Prevention and Recovery Care (PARC) to support women experiencing mental illness.

Statement of Priorities 2020/21 (continued)

PRIORITY

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

KEY ACTIVITY … development & implementation of: **Outcome: Completed**

- WH COVID Command Centre and COVID Surge Plan
- COVID Safe Plan
- PPE Taskforce
- Staff Upskilling, Retraining & Recruitment Programs
- Staff Wellbeing Program
- COVID-19 related Research (leading & participating)
- COVID Microsite and attestation app
- Respiratory Assessment Clinics
- Expanded Outreach Services, including Residential Care
- Western Public Health Unit
- Vaccination Hub and high volume vaccination sites for the west of Melbourne

COMMENT

Western Health's (WH) formal coronavirus response began in early February 2020 when we established our COVID Command Centre. Our Surge Management Plan covered the four key areas of Logistics, Operations, Workforce and Quality and Safety. We worked closely with other Health Services and the Department of Health and Human Services to develop and refine all aspects of our plan over several months, and used this work to develop our COVID-Safe Plan.

With the Surge Management Plan setting our foundation, an extraordinary amount of work across our sites and departments followed, with the safety and wellbeing of our staff, patients, volunteers and visitors prioritised throughout. Our PPE taskforce, for example, worked tirelessly to ensure there was clarity about use and adequate supply of personal protective equipment for staff, as well as ongoing education about its use.

Our many other programs have included the upskilling and retraining of hundreds of nursing staff, ensuring we could cope with increasing numbers of COVID-19 cases and higher acuity patients overall. We have also recruited substantial numbers of nurses, midwives, student nurses/midwives and patient care attendants to place Western Health in the best possible position to manage the COVID-19 pandemic.

As we joined the international research community in trying to understand the impact of COVID-19, Western Health participated in world-leading COVID-19 research and innovations in care eg. the personal ventilation hood.

Staff wellbeing has been a key focus during the pandemic. We have implemented a range of initiatives to support our staff, including increasing the availability of Employee Assistance Program (EAP) Counsellors and developing Wellbeing Hubs.

To keep staff informed as our preparations – and the pandemic itself – continues to evolve, the COVID leadership team has overseen the development (and continual review) of new clinical and organisational guidelines and a new microsite was developed. This site has since been expanded to cover Vaccination Hub activity and overall, has attracted more than 200,000 users, from health care staff within and external to Western Health.

Western Health has also made a considerable contribution to the Victorian Government's broader response to COVID-19. This includes the running of Respiratory Assessment Clinics at Sunshine and Sunbury, a drive-through testing service at the Melbourne Showgrounds, as well as a number of pop-up testing sites. Our geriatricians and outreach teams have also provided advice and on-site support to significant numbers of residential care facilities across our region.

In support of our community's ongoing COVID response and recovery, we've set up several large high intensity vaccination hubs and a major public health unit that has been engaged in outbreak management, central contact tracing and co-ordination work.

Statement of Priorities 2020/21 (continued)

PRIORITY

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

KEY ACTIVITY **Outcome: Completed**

- Introduction of telehealth appointments for Outpatient Services
- Expansion of community services managed by Western Health
- Introduction of a new Rapid Allied Health Service supporting in-home care
- Increased WH Foundation Greatest Need Fund to support care in the home
- Planned expansion of the Willim Berrbang team (Aboriginal Health)
- Engagement in the Department of Health Public in Private arrangement to support elective surgery activity
- Funding made available by the Department of Health to support the opening up of additional elective surgery and endoscopy sessions
- Ongoing care and work to address the deferred care burden for cancer patients
- Western HealthLinks program support brought in-house

COMMENT

Telehealth appointments for our Outpatient Services were quickly implemented as part of our COVID-19 response. Patients have communicated their appreciation of this model of care in a time when they have been reluctant to attend face to face appointments. We have also noted a considerable decrease in the numbers of patients who either cancel or do not attend their outpatient appointments following the introduction of Telehealth. Work progresses on developing telehealth as a sustainable model supporting accessible and timely patient care.

The already wide range of community services managed by Western Health was expanded significantly during 2020, as part of our health service's extensive COVID-19 response. Our new Rapid Allied Health Service provides urgent physiotherapy, occupational therapy and social work care to patients in their homes, complementing the in-home care already provided by the nursing and medical at-home service.

Our innovative Western HealthLinks program continues to support patients with chronic and complex conditions spend more time at home. Co-ordination of this program will be fully supported by Western Health teams going forward.

Many people within our community experienced unprecedented levels of hardship this year, and the Western Health Foundation Greatest Need Fund was called upon to increase the level of practical, one-off support that could be provided to those most in need, or those working around restricted access to hospital facilities. With the help of significant donations from philanthropic foundations, the Fund was able to increase its support through activities such as deliveries of basic groceries or in-home care visits for those isolated in their homes, assisting with housing or emergency response for those at risk of homelessness or experiencing domestic violence, and support with hire of specialised equipment for those needing to provide palliative care for loved ones in their homes.

The Wilim Berrbang team is set to expand through the utilisation of an Aboriginal Cultural Safety Grant from the Department of Health. This will lead to additional Aboriginal Health Liaison Officers creating greater presence on all Western Health sites and coverage out of hours and on weekends. It will also introduce an Aboriginal Journey Walker role to support care co-ordination and an Aboriginal Health Research role. Following on from our 2019-2021 Cultural Safety Plan, Western Health will develop a new Plan for 2022-2025 with local Aboriginal services, Western Health staff and the Aboriginal community.

Western Health has also engaged in Department of Health support arrangements to increase levels of elective surgery activity following reduced operating capacity due to COVID restrictions.

Statement of Priorities 2020/21 (continued)

PRIORITY

Develop and foster your local health partner relationships, which have been strengthened during the pandemic response, to continue delivering collaborative approaches to planning, procurement and service delivery at scale. This extends to prioritising innovative ways to deliver health care through shared expertise and workforce models, virtual care, co-commissioning services and surgical outpatient reform to deliver improved patient care through greater integration.

KEY ACTIVITY **Outcome: Completed**

- Development of COVID patient pathways for low and high risk patients in consultation with GPs and the NorthWestern Melbourne Primary Health Network
- Commencement of online clinical practice education sessions with GPs
- Establishment of the Western Public Health Unit
- Establishment of the Vaccination Hub for the Western metropolitan region
- Engagement with closely located health services through the Health Service Partnership

COMMENT

Western Health's GP Integration Unit has worked closely with our communities' General Practitioners, the NorthWestern Melbourne Primary Health Network and other units within WH on the development of COVID positive pathways for low and high risk patients. The Unit has also ensured up-to-date COVID-19 information, management and referral pathways have been made accessible for GPs. A series of online clinical practice education sessions have been facilitated for GPs, which look set to continue into the future.

Western Health hosts one of three local Public Health Units established in the Metro Melbourne area. The Western Public Health Unit (WPHU) has been established to strengthen the public health response to infectious diseases and other public health challenges. The WPHU team work closely with a number of other key stakeholder groups, including local councils, pathology providers, local community health networks and primary health providers.

Western Health was also selected as one of three Melbourne metropolitan health services to manage a COVID vaccination hub. The Hub works directly with other health services, private hospitals and the community within the Western metropolitan region of Melbourne to ensure COVID-19 vaccine is available to eligible people. Over 830,000 vaccinations have been recorded at the sites across the Hub to-date including over 250,000 second doses.

In addition, the COVID response has also provided the opportunity to engage in formalised Health Service Partnerships, designed to support health care providers to work together now and into the future to meet the healthcare needs of our communities.

Statement of Priorities 2020/21 (continued)

PRIORITY
As a service hosting a Local Public Health Unit (LPHU) work collaboratively to evolve and deliver a fully integrated and high performing public health network.

KEY ACTIVITY	Outcome: Completed
> Establishment of the Western Public Health Unit (WPHU)	
> Case investigation, case outbreak management and contact Tracing for a number of COVID-19 outbreaks	

COMMENT

The Western Public Health Unit (WPHU) has been established to strengthen the public health response to infectious diseases and other public health challenges. The Unit is part of a new system of three metropolitan Public Health Units (WPHU), North-eastern (NEPHU), South-eastern (SEPHU) and will link with the six regional Public Health Units to provide a new state-wide system of public health delivery and oversight.

The WPHU is led and coordinated by Western Health and responsible for approximately 1.2m people across 53 postcodes in the LGA's of Maribyrnong, Moonee Valley, Hobson's Bay, Hume, Moreland, Darebin, Melbourne, Brimbank, Melton and Wyndham.

WPHU is currently responsible for COVID-related activities (case investigation, case outbreak management, contact tracing and outbreak management) in collaboration with the Department of Health (DoH). However, as COVID demands decline, it is envisaged that the WPHU will take increasing responsibility for many of the current DoH communicable disease control activities (and later, potentially non-communicable disease activities) in the assigned region, as part of the State's overall public health response.

The WPHU team work closely with a number of key stakeholder groups, including the Victorian Department of Health, local councils, pathology providers, local community health networks and primary health providers.

Since establishment, the Unit has focused on building capacity to rapidly respond to COVID outbreaks through rapid recruitment to a variety of roles and intensive training. The WPHU has quickly transitioned to be able to provide (when required) a 7 day a week service operating 12 hours a day in order to actively undertake management of cases and contacts linked to outbreaks. The Unit has established a leading role in developing connections, systems and advocating local solutions for contact tracing and outbreak management.

Key Performance Statistics[1]

HIGH QUALITY AND SAFE CARE

KEY PERFORMANCE INDICATOR	TARGET	2020-21 RESULT
Infection Prevention and control		
Compliance with the Hand Hygiene Australia program	83%	89%
Percentage of healthcare workers immunised for influenza	90%	90%
Victorian Healthcare Experience Survey - percentage of positive patient experience responses	95%	No Surveys conducted in 2020-2021
Victorian Healthcare Experience Survey - percentage of very positive responses to questions on discharge care	75%	
Healthcare associated infections (HAI's)		
Rate of patients with surgical site infections	No outliers	Achieved
Rate of patients with ICU central line associated blood stream infection (CLABSI)	Nil	Not Achieved
Rate of patients with SAB[2] per 10,000 occupied bed days	≤ 1	0.6
Maternity and Newborn		
Rate of singleton term infants without birth anomalies with Apgar score <7 to 5 minutes	≤ 1.4%	0.7%
Rate of severe foetal growth restriction in singleton pregnancy undelivered by 40 weeks	≤ 28.6%	18.1%
Proportion of urgent maternity patients referred for obstetric care to a level 4,5 or 6 maternity service who were booked for a specialist clinic appointment within 30 days of accepted referral	100%	89.9%
Continuing Care		
Functional Independence gain from an episode of rehabilitation admission to discharge relative to length of stay	≥ 0.645	1.102

[1]Results are as at June 2021
[2]SAB is Staphylococcus Aureus Bacteraemia

Key Performance Statistics (continued)

TIMELY ACCESS TO CARE[3]

KEY PERFORMANCE INDICATOR	TARGET	FOOTSCRAY	SUNSHINE	W'TOWN
Emergency Care				
Percentage of ambulance patients transferred within 40 minutes	90%	62%	60%	98%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%	100%	100%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended time	80%	51%	51%	86%
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%	45%	53%	86%
Number of patients with a length of stay in the emergency department greater than 24 hours[4]	0	23	390	0

KEY PERFORMANCE INDICATOR	TARGET	2020-21 RESULT
Elective Surgery[5]		
Percentage of urgency category 1 elective patients admitted within 30 days	100.0%	100.0%
Percentage of urgency category 1, 2 and 3 elective surgery patients admitted within clinically recommended timeframes	94.0%	80.0%
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	30.6%
Number of patients on the elective surgery waiting list[6]	5,129	4,402
Number of hospital initiated postponements per 100 scheduled elective surgery admissions	≤ 7/100	6.8%
Number of patients admitted from the elective surgery waiting list	12,392	12,225
Specialist Clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100.0%	97.5%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90.0%	84.1%

[3]timely care performance impacted by COVID-19
[4]412/413 mental health patients
[5]elective surgery activity impacted by COVID-19 lock downs and steriwrap availability
[6]the target shown is the number of patients on the elective surgery waiting list as at 30 June 2021

Key Performance Statistics (continued)

EFFECTIVE FINANCIAL MANAGEMENT

KEY PERFORMANCE INDICATOR	TARGET	2020-21 RESULT
Finance		
Operating result ($m) Being: - SoP includes Western Health and Western Health Foundation only - Jointly Controlled Operations with the Vic Comprehensive Cancer Centre (VCCC)	$0.0 $0.0 $0.0	($0.4) $0.0 ($0.4)
Average number of days to pay trade creditors	60 days	53 days
Average number of days to receive patient fee debtors	60 days	47 days
Public and Private WIES1[7] activity performance to target	100%	91.7%
Adjusted current asset ratio	0.7 or 3% improvement from health service based target	0.56
Actual number of days a health service can maintain its operations with unrestricted available cash, measured on the last day of each month	14 days	18 days
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June ($m)[8]	Variance <$250,000	Not Achieved

[7]WIES is a Weighted Inlier Equivalent Separation
[8]The result from transactions for which Western Health is monitored excludes jointly controlled operations with the VCCC

Key Performance Statistics (continued)

ACTIVITY & FUNDING

FUNDING TYPE	2020-21 ACTIVITY ACHIEVEMENT
Acute Admitted	
Acute WIES[9]	77,840
WIES DVA	241
WIES TAC	154
Acute Non-Admitted	
Home Enteral Nutrition	669
Home Renal Dialysis	107
Radiotherapy - Other	17
Specialist Clinics	182,416
Subacute & Non-Acute Admitted	
Subacute WIES—Rehabilitation Public	676
Subacute WIES—Rehabilitation Private	36
Subacute WIES—GEM Public	1,961
Subacute WIES—GEM Private	173
Subacute WIES—Palliative Care Public	448
Subacute WIES—Palliative Care Private	31
Subacute WIES—DVA	34
Transition Care—Bed Days	6,653
Transition Care—Home days	12,689
Subacute Non-Admitted	
Health Independence Program—Public	85,755
Mental Health and Drug Services	
Drug Services[10]	2,853
Primary Health	
Community Health / Primary Care Programs	2,500

[9]This WIES figure excludes 2020-21 WIES for HealthLinks patients
[10]This figure is based on episodes of care

Financial Snapshot

WORKFORCE DATA

Note: 2021 workforce increase includes the additional staff engaged to respond to COVID demands

HOSPITALS LABOUR CATEGORY	JUNE CURRENT MONTH FTE		AVERAGE MONTHLY FTE	
	2020	2021	2020	2021
Nursing	2409	2838	2353	2524
Administration & Clerical	798	923	782	844
Medical Support	488	472	472	426
Hotel and Allied Services	421	568	412	541
Medical Officers	137	144	134	139
Hospital Medical Officers	578	614	547	591
Sessional Clinicians	130	147	126	135
Ancillary Staff (Allied Health)	415	419	410	421
Total	**5376**	**6125**	**5236**	**5622**

FINANCIAL POSITION

Note: The result from transactions for which Western Health is monitored excludes jointly controlled operations with the Victorian Comprehensive Cancer Centre (VCCC).

SUMMARY OF SIGNIFICANT CHANGE IN FINANCIAL POSITION 2020

In the previous year, the Health Service's SoP result was a $19.8M deficit (excluding $0.5M VCCC loss).

In the current financial year, the Health Service's SoP result was break even (excluding $0.4M VCCC loss).

The deficit in the prior year was due to an operating funding shortfall for the Joan Kirner Women's & Children's facility which opened in May 2019.

OPERATIONAL AND FINANCIAL PERFORMANCE 2020

The Net Result from Transactions for the 2020/21 year was a deficit of $9.1M (excluding $0.4M VCCC).

The Net Result for the Year, after Other Economic Flows, for the 2020/21 year was a surplus of $0.2M (excluding $0.4M VCCC loss).

The Comprehensive Result for the Year, after the Revaluation of Assets, for the 2020/21 year was a surplus of $28.3M (excluding $0.4M VCCC loss).

SUBSEQUENT EVENTS

Effective 1st July 2021 by order of the Governor-In-Council pursuant to Sections 65(1) and 65(4) of the Health Services Act 1988, the Western Health Service and Djerriwarrh Health Services were amalgamated. On 1st July 2021 the operations, all employees, assets and liabilities of Djerriwarrh Health Services were transferred to the Western Health Service.

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

Financial Snapshot (continued)

FINANCIAL INFORMATION

$'000	2021	2020	2019	2018	2017
OPERATING RESULT [+]	(443)	(20,295)	**3,935**	**1,158**	**590**
Total Revenue	1,098,247	945,408	968,707	850,589	752,917
Total Expenses	1,107,800	978,686	875,460	786,425	757,434
Net result from transactions	**(9,553)**	**(33,278)**	**93,247**	**64,164**	**(4,517)**
Total other economic flows	9,294	(6,037)	(11,524)	(757)	4,634
Net Result	**(259)**	**(39,315)**	**81,723**	**63,407**	**117**
Total Assets	1,134,467	1,052,023	1,069,029	840,333	698,076
Total Liabilities	354,582	300,023	266,854	199,289	174,029
Net Assets/Total equity	**779,885**	**752,000**	**802,175**	**641,044**	**524,047**

RECONCILIATION OF NET RESULT FROM TRANSACTIONS AND OPERATING RESULT

	2020-21 $'000
Net operating result SoP*	**(443)**
Capital purpose income	64,722
Specific income	0
COVID-19 State Supply Arrangement - Assets received free of charge or for nil consideration under the State Supply	14,014
State supply items consumed up to 30 June 2021	(12,988)
Assets provided free of charge	0
Assets received free of charge	0
Expenditure for capital purpose	(14)
Depreciation and amortisation	(74,844)
Impairment of non-financial assets	0
Finance costs (other)	0
Net Result from transactions	**(9,553)**

[+] The Operating result is the result for which the health service is monitored in its Statement of Priorities
*$0.0M = SoP includes Western Health and Western Health Foundation.
($0.4M) = Jointly Controlled Operations with the Victorian Comprehensive Cancer Centre (VCCC)

Financial Snapshot (continued)

CONSULTANCIES

DETAILS OF CONSULTANCIES [UNDER $10,000]
In 2020-21, there were 3 consultancies where the total fees payable to the consultant were less than $10,000.
The total expenditure incurred during 2020-21 in relation to these consultancies is $4,889 (excl. GST). Note that this excludes $5,020 relating to Western Health's share of the VCCC consultancy expenses.

DETAILS OF CONSULTANCIES [VALUED AT $10,000 OR GREATER]
In 2020-21, there were 4 consultancies where the total fees payable to the consultant were $10,000 or greater.
The total expenditure incurred during 2020-21 in relation to the consultancies is $80,231 (excl. GST). Details of individual consultancy are as follows:

Consultant	Purpose of consultancy	Start Date	End Date	Total approved project fee (excluding GST)	Expenditure 2020-21 (excluding GST)	Future expenditure (excluding GST)
AngeG Business Consulting	Review of processes within the Medical Craft Group for Senior and Medical Staff	Jun-21	Jul-21	$15,000	$15,000	$0
Open Advisory	WH - Vaccination Strategy Report and Strategic Clinical Service Plan	May-21	May-21	$15,288	$15,288	$0
Peacemaker ADR Pty Ltd	Confidential investigation - Conducting interviews and final report	Apr-21	Apr-21	$16,237	$16,237	$0
Syspro Software Pty Ltd	WPK new program modifications and system functions	Nov-20	Jun-21	$33,706	$33,706	$0
	TOTALS			**$80,231**	**$80,231**	**$0**

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

The total ICT expenditure incurred during 2020-21 is $58.6 million (excluding GST) with the details shown below:

Business As Usual (BAU) ICT expenditure	Non-Business As Usual (non-BAU) ICT expenditure		
Total (excluding GST)	**Total = Operational expenditure and Capital Expenditure (excluding GST) (a) + (b)**	**Operational expenditure (excluding GST) (a)**	**Capital expenditure (excluding GST) (b)**
$26.8 million	$31.8 million	$14.2 million	$17.6 million

Corporate Governance

The Board of Western Health consists of independent non-executive members from a range of backgrounds and with local ties to Melbourne's West.

Western Health is incorporated as a public health service pursuant to the Health Services Act 1988 (VIC). Established in 2000, Western Health operates under the authority of the Act and its own by-laws.

Western Health is governed by the Board of Directors appointed by the Governor in Council on the recommendation of the responsible Minister. The Board's role is to govern the health service, consistent with applicable legislation and the terms and conditions attached to the funds provided to it.

The Board is responsible to the Minister for setting the strategic direction of Western Health, within the framework of government policy, and ensuring that the health service:

- Is effective and efficiently managed
- Provides high quality care and service delivery
- Meets the needs of the community; and performance targets

Over the period 1 July 2020 to 30 June 2021, the responsible Minister was:

- Jenny Mikakos MP, Minister for Health, Minister for Ambulance Services (1 July - 26 September 2020)
- The Hon Martin Foley MP, Minister for Health, Minister for Ambulance Services, Minister for Equality (26 September 2020 - 30 June 2021)

Over the period 1 July 2020 to 30 June 2021, the Board comprised nine Members, including the Chair.

ROBYN BATTEN

BSW, MSW, MBA, FAICD

CHAIR

Robyn Batten is an experienced Chief Executive Officer, non-Executive Director who has led very large and complex organisations in a range of industries. With over twenty-five years of Executive and Board experience, Robyn is a strategic thinker who can translate strategy into outcomes.

In addition to working in diverse industries and roles, Robyn has worked in the United Kingdom, Asia, three Australian States and the Northern Territory. Robyn has also contributed to national policy development during the last decade. Robyn is currently a Director of Uniting Victoria and Tasmania, East Melbourne PHN and Chair of Leap in! Australia, as well as a Non-Executive Director of Uniting Housing Victoria and Australia.

Robyn is commercially focused and brings expertise to her board roles in areas such as strategic and innovative thinking, business performance and improvement, technology transformation, and infrastructure development and management.

Robyn Batten is a Member of the Audit & Risk, Finance, Quality & Safety and Governance & Remuneration Committees.

Appointed Board Director July 2019; Appointed Board Chair July 2020

DR CATHERINE HUTTON

MBBS, DRCOG, FRACGP, MPH, GAICD

Dr Catherine (Cathy) Hutton has worked as a general practitioner for over 30 years. Cathy's work includes general family medicine, women's health and antenatal care, chronic disease management, health prevention, and care of disadvantaged people.

Cathy is an experienced board member specialising in clinical governance, strategy and GP-hospital integration, and has held health service Board Director positions at both Peter MacCallum Cancer Centre and the Royal Women's Hospital. Additionally, Cathy has experience as a Director of North West Melbourne Division of General Practice from 2002 to 2008, Inner North West Medicare Local 2013 to 2015, and the AMA Victoria Board for 3 years. Cathy is currently a Director for North West Melbourne Primary Health Network. Cathy has a Fellowship of the College of General Practitioners, has a Masters of Public Health from Melbourne University and is a Graduate member of the Australian Institute of Company Directors.

Cathy has a broad working knowledge of the health system, both primary and secondary, state and federal, and private and public and has held positions in the Australian Medical Association (AMA) Victoria Section of General Practice, and the AMA Federal Council of General Practice and has a Fellowship Awarded by the Australian Medical association.

Dr Cathy Hutton is the Chair of the Quality & Safety Committee and a Member of the Primary Care & Population Health Advisory Committee.

Appointed July 2016

Corporate Governance (continued)

PATRICIA MALOWNEY OAM

DLI, MAICD

Patricia (Tricia) Malowney was the inaugural president of the Victorian Disability Services Board and inaugural Chair of the Board of Women with Disabilities Victoria. Tricia has roles on a range of boards and committees including chair of Independent Disability Services Board, a member of Australian Orthotics and Prosthetics Association and a director at Scope. Tricia is a member of the Eastern Metropolitan Family Violence Partnership Executive Committee and a member of the Victorian Government Diversity and Inclusion Community of Practice.

Tricia received a medal in the general division (OAM) in 2017 for service to people with a disability through advocacy roles. Tricia contracted polio at age four months and used calipers until 16 years of age. At age 36, Tricia developed post-polio syndrome, was retired from a middle management position with Victoria Police at age 46 and now uses a range of mobility aids.

Patricia Malowney was the Chair of the Community Advisory Committee, and a Member of the Quality & Safety and Governance & Remuneration Committees.

Appointed July 2018
Term Concluded June 2021

SHEREE PROPOSCH

B.Arch, Grad Dip Bus Admin, MAICD, ARBV, AIA

Ms Sheree Proposch is a leading specialist in healthcare design and strategy, and has worked in Australia, the UK and Singapore. An accomplished architect, business leader and committee member, Sheree has extensive experience in the construction, healthcare and tertiary education sectors.

Sheree has acted as an advisor to public, private and not for profit boards on major infrastructure strategy and capital investment. She combines her sector experience to provide strategic advice for health and education precincts.

Sheree contributes to public health boards through specialist insight into capital development, stakeholder engagement, and risk management.

Ms Sheree Proposch is a Member of the Finance Committee and a Member of the Community Advisory Committee.

Appointed July 2019

PROFESSOR ANDREW CONWAY

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

Professor Conway is the Chief Executive Officer of the Institute of Public Accountants - one of Australia's largest professional accounting bodies. Andrew represents the Australian profession in a range of global Board and committees and is a current member of the ASX Corporate Governance Council.

Prior to working with the Institute, Andrew was an Australian Government Treasury Ministry Chief of Staff and Senior Advisor. In 2001, he was awarded the Centenary of Federation Medal and was subsequently awarded Australian Young Professional of the Year and AFR BOSS Magazine Young Executive of the Year. Andrew was appointed a Professor of Accounting at the Shanghai University of Finance and Economics (honoris causa) and is also a Vice chancellor's Distinguished Fellow and Adjunct Professor at Deakin University. In 2011 he was appointed as a Board Director of Eastern Health. 2020 marked the completion of his final term at Eastern.

In addition, Andrew is actively involved in community groups and volunteers his time freely. Andrew was elected Chairman of the Council of Small Business Australia (COSBOA), and now Chairs the IPA Deakin University SME Research Partnership and co-authored the landmark Australian Small Business White Paper.

Andrew is a devoted husband and father of three children.

Mr Andrew Conway is the Chair of the Finance Committee and a Member of the Audit & Risk Committee.

Appointed May 2020

Corporate Governance (continued)

HON MONICA GOULD

A former Victorian Minister, Monica Gould served as Victoria's first (and still only) female President of the Legislative Council. She began her career in the union movement, with a particular focus on advocating for poorly paid women in the manufacturing industry.

In Parliament, Monica served in both opposition and government and developed a reputation for effectiveness and efficiency, driving legislation through advocacy and bipartisan engagement as Minister for Industrial Relations and then Minister for Education Services and Youth Affairs. She also played a significant role in advancing the representation of women through visible leadership and initiatives such as quotas for women in pre-elections.

Since retiring from government, Monica has applied her abilities in governance, diplomacy, strategy and stakeholder engagement in the service of non-profit organisations, holding board and chair positions in youth, community and environmental initiatives.

The Hon Monica Gould is a Member of the Quality & Safety Committee.

Appointed July 2020

ELIZABETH KENNEDY

B.A,LL.B (Hons), LL.M, Grad Dip Health and Medical Law (Melb), GAICD

Elizabeth Kennedy has been a practising lawyer for over 40 years and was General Counsel and Corporate Secretary of Peter MacCallum Cancer Centre, Corporate Counsel of Epworth Healthcare, The Royal Women's Hospital and The Royal Children's Hospital. She was the inaugural in-house lawyer of Southern Healthcare Network from its formation in 1998.

Elizabeth specialises in health and medical law.

Elizabeth is a currently a director of Eastern Melbourne Primary Health Care Network, the legal member of the Victorian Pharmacy Authority and a director of the Australian Psychological Society. She is also a member of the Council of Janet Clarke Hall. She has held a number of not for profit Board appointments throughout her career, including Monash Medical Centre, Alzheimer's Victoria, Family Planning Victoria, and the Victorian Cytology Service.

Ms Elizabeth Kennedy is the Chair of the Audit & Risk and Governance & Remuneration Committees.

Appointed July 2020

DAVID LAU

BPharm MClinPharm GCHlthSM FSHP MAICD

David Lau is the General Manager of Institutional Healthcare at EBOS Group. He has a background as a clinician, healthcare executive, telecommunications executive and strategy consultant, with particular expertise in the areas of digital health, health industry development and commercialisation, and health practitioner regulation.

Amongst various roles, he has been Industry Lead for Health at Optus, an Executive Director at the Royal Victorian Eye and Ear Hospital, Director of Pharmacy at Eastern Health, President of the Pharmacy Board of Victoria, Chair of the Victorian Pharmacy Authority, and board members of North Yarra Community Health and the Royal Children's Hospital.

Mr David Lau is the Chair of the Primary Care & Population Health Advisory Committee and a Member of the Finance Committee.

Appointed: July 2020

JENNIFER LORD

MCom HRM, GradDip Bus, GradCert HR

Jennifer Lord is a Senior Human Resources Executive with extensive experience in strategic and operational HR management, building organisational capability through the development and implementation of contemporary people and culture business solutions in times of major change.

Jennifer has a breadth of experience across Financial Services, Retail and Professional Services Sectors.

She is currently an independent human resources consultant and coach, prior to which she held the role of Executive Manager People Experience at VicSuper. Jennifer has managed HR strategy and operations in 28 locations across Australia, UK and Asia Pacific and has extensive experience in inspiring, motivating, leading and building teams through times of change.

Ms Jennifer Lord is a Member of the Audit & Risk Committee and a Member of the Primary Care & Population Health Advisory Committee.

Appointed: July 2020

Corporate Governance (continued)

BOARD MEETING ATTENDANCE 2020/21

DIRECTORS	BOARD MEETINGS ATTENDED/ MEETINGS HELD
Robyn Batten	11/11
Dr Catherine Hutton	11/11
Patricia Malowney	11/11
Sheree Proposch	11/11
Prof Andrew Conway	11/11
Hon Monica Gould	11/11
Elizabeth Kennedy	11/11
David Lau	10/11
Jennifer Lord	10/11

BOARD COMMITTEES

The Board has established several standing committees to assist in carrying out its responsibilities.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee is responsible for ensuring the financial and related reporting systems produce timely, accurate and relevant reports on the financial operations of the health service and that sufficient resources are allocated to identify and manage organisational risk.

Committee Members (Board Directors) 2020-21:

- Elizabeth Kennedy (Chair)
- Robyn Batten
- Prof Andrew Conway
- Jennifer Lord

COMMUNITY ADVISORY COMMITTEE

The role of the Community Advisory Committee is to advise the Board on relevant structures, processes, key priority areas and issues to ensure effective consumer and community participation at all levels of service planning and delivery. It also advises the Board on matters involving access and equity for patients and their families from culturally and linguistically diverse backgrounds.

Committee Members (Board Directors) 2020-2021:

- Tricia Malowney (Chair)
- Sheree Proposch

FINANCE COMMITTEE

The Finance Committee is responsible for advising the Board on matters relating to financial strategies and the financial performance, capital management and sustainability of Western Health.

Committee Members (Board Directors) 2020-21:

- Prof Andrew Conway (Chair)
- Robyn Batten
- Sheree Proposch
- David Lau

GOVERNANCE AND REMUNERATION COMMITTEE

The role of the Governance and Remuneration Committee is to advise the Board and monitor matters involving organisational governance and administration, and executive and senior staff recruitment, remuneration and performance.

Committee Members (Board Directors) 2020-21:

- Elizabeth Kennedy (Chair)
- Robyn Batten
- Tricia Malowney

PRIMARY CARE AND POPULATION HEALTH ADVISORY COMMITTEE

The Primary Care and Population Health Advisory Committee provides advice and recommendations to the Board on health issues affecting the population served by Western Health.

Committee Members (Board Directors) 2020-21:

- David Lau (Chair)
- Dr Catherine Hutton
- Jennifer Lord

QUALITY AND SAFETY COMMITTEE

The Quality and Safety Committee is responsible for ensuring quality monitoring activities are systematically performed at all levels of the organisation and deviations from quality standards are acted upon in a timely manner

Committee Members (Board Directors) 2020-2021:

- Dr Catherine Hutton (Chair)
- Robyn Batten
- Monica Gould
- Tricia Malowney

Corporate Governance (continued)

ATTESTATION FOR FINANCIAL COMPLIANCE

I, Robyn Batten, on behalf of the Board of Western Health, certify that Western Health has no Material Compliance Deficiency with respect to the applicable Standing Directions under the Financial Management Act 1994 and Instructions.

Robyn Batten
Chair of the Board,
Western Health
(3 September 2021)

ATTESTATION ON CONFLICT OF INTEREST

I, Russell Harrison, certify that Western 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 Western 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 and board meeting.

Russell Harrison
Chief Executive,
Western Health
(3 September 2021)

ATTESTATION FOR DATA INTEGRITY

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

Russell Harrison
Chief Executive,
Western Health
(3 September 2021)

ATTESTATION FOR INTEGRITY, FRAUD AND CORRUPTION

I, Russell Harrison, certify that Western Health has put in place appropriate internal controls and processes to ensure that Integrity, fraud and corruption risks have been reviewed and addressed at Western Health during the year.

Russell Harrison
Chief Executive,
Western Health
(3 September 2021)

Corporate Governance (continued)

OCCUPATIONAL HEALTH AND SAFETY (OHS)

To minimise risk and promote the health, safety and wellbeing of our workforce, the following programs and activities were provided over 2020-21:

⇒ Back for life educators and no lift coordinators have been restricted in their ability to deliver training during the 2020/2021 period. As of late 2020 the No lift coordinators prioritised efforts to deliver the Louise O'Shea methodology for patient manual handling in order to improve staff training compliance numbers.

⇒ Health Service Representatives (HSRs) provide a significant capability in improving local area health and safety of staff within designated working groups. Dedicated forums and regular meetings are offered to HSRs to share their experiences and challenges with the OHS team. As a result, good collaboration and relationships continue to develop between the HSR community, managers and the Western Health OHS team of advisors. The OHS committee continues quarterly with strong attendance from HSRs and managers.

⇒ Western Health has been nominated for two WorkSafe awards for efforts to address health and safety concerns during the 2020/2021 period. The first award nomination was for the ICU isolation hood which proved to have significant benefits within high risk areas in keeping our staff and other patients safe from COVID-19 transmission allowing for an air transfer rate within an isolation hood of up to 100 times per hour. The second award nomination was for the application of OVA mitigation strategies including the Behaviours of Concern (BOC) risk assessment, online education modules, vignettes of lived experiences and the myths and facts campaign. Combined these initiatives have helped raise OVA awareness within wards and areas where there is a high prevalence of OVA which has seen a significant increase in planned Code Greys and in turn a reduction in responsive Code Grey calls.

⇒ The Occupational Violence Team over the last 12 months have initiated a number of programs including online mandatory foundation training for OVA and an online module for the application of the BOC Chart in clinical areas. The OVA team have also been selected to introduce the SafeWards OVA project from the Department of Health. SafeWards is an educational uplift in identifying and escalation of OVA within wards. The program is intended to run for the 2021/2022 period.

⇒ Western Health's Injury Management and Workplace Health Team continues to work collaboratively to support employees returning to work following a work related injury or illness. Early intervention strategies and encouraging more employee engagement has contributed to the overall positive results of the injury management process. The Injury Assist program has been highly effective in working with staff to get them back to work sooner from injury. This program has aided in minimising the number of WorkCover claims within Western Health and reduced the potential challenges for staff in navigating the WorkCover process.

OCCUPATIONAL HEALTH AND SAFETY STATISTICS

MEASURE	2020/21	2019/20	2018/19
1. The number of reported incidents for the year per 100 FTE	26.6	20.87	16.44
2. The number of 'lost time' standard WorkCover claims for the year per 100 FTE	0.73	0.59	0.69
3. The average cost per WorkCover claim for the year ('000)	$95	$84	$87

OCCUPATIONAL VIOLENCE STATISTICS

MEASURE	2020/21
1. WorkCover accepted claims with an occupational violence cause per 100 FTE	1.2
2. Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	0.20
3. Number of occupational violence incidents reported	476
4. Number of occupational violence incidents reported per 100 FTE	9.56
5. Percentage of occupational violence incidents resulting in a staff injury, illness or condition	4.98%

Corporate Governance (continued)

STATEMENT OF MERIT AND EQUITY

Further to the requirements of the Public Sector Administration Act 2004, Western Health has established that the organisational values of compassion, accountability, respect, excellence and safety align with the public sector values of responsiveness, integrity, impartiality, accountability, respect, leadership and human rights.

Western Health is committed to the application of the public sector employment principles and has reviewed employment processes to ensure employment decisions are based on merit. All employees are treated fairly and reasonably, equal employment opportunity is provided and employees are afforded a structured grievance procedure for redress against perceived unfair or unreasonable treatment.

Western Health has an established Code of Conduct, which aligns with and supports the public sector employment principles.

EX-GRATIA PAYMENT

Western Health made no ex-gratia payments for the year ending 30 June 2021

GENDER EQUALITY ACT 2020

The Gender Equality Act 2020 supports improvements in workplace gender equality in the Victorian public sector, universities and local councils. The Act commenced on 31 March 2021. To comply with the Act, Western Health is considering and promoting gender equality in our organisation's policies, programs and services.

A member from our People, Culture and Communications team has participated in 2.5 days of training on the various elements of the Act, which showcased how the methodology intersects with existing programs and projects such as those overseen by our Health Equity Advisory Group.

Our systems are being iteratively updated to capture gender disaggregated data on indicators such as recruitment practices, promotions, secondments, parental leave, uptake of flexible work arrangements and more.

Engagement of internal stakeholders to undertake gender impact assessments on policies, programs and services that directly and significantly impact the public has commenced. A working group will be formed to establish processes and governance, and to champion the new way of assessing policies, programs and services as they come up for review.

We aim to have developed a Workforce Gender Equality Action Plan by 1 December 2021, implementation of which will have an early focus on the work described above to capture data and report more comprehensively in line with the requirements under the Act.

CAR PARKING FEES

Western Health complies with the DoH hospital circular on car parking fees and details of car parking fees and concession benefits can be viewed at www.westernhealth.org.au/Our Sites (transport and parking options under each of our listed hospitals).

BUILDING ACT

Western Health fully complied with the building and maintenance provisions of the Building Act 1993 for the period 1 July 2020 to 30 June 2021. Where applicable, the appropriate Building Permits and Certificates of Occupancy were obtained in line with the requirements of the Building Act 1993.

Western Health is participating in the state-wide building cladding replacement program in order to support compliance with Fire Risk Management Guidelines.

NATIONAL COMPETITION POLICY

Western Health has implemented, and continues to comply with the National Competition Policy and the requirements of the Victorian Government's Competitive Neutrality Policy.

LOCAL JOBS FIRST ACT

Western Health complies with the intent of the Local Jobs First Act (Vic) 2003 which ensures that local projects create opportunities for Victorian businesses and workers.

There were no new or completed Local Jobs First Projects at Western Health within 2020/21.

Corporate Governance (continued)

ASSET MANAGEMENT ACCOUNTABILITY FRAMEWORK

The following sections summarise Western Health's assessment of maturity against the requirements of the Asset Management Accountability Framework (AMAF). The AMAF is a non-prescriptive, devolved accountability model of asset management that requires compliance with 41 mandatory requirements. These requirements can be found on the DTF website (https://www.dtf.vic.gov.au/infrastructure-investment/asset-management-accountability-framework).

Western Health's target maturity rating is 'competence', meaning systems and processes fully in place, consistently applied and systematically meeting the AMAF requirement.

RESULTS:

Western Health is fully compliant with all elements of the Asset Management Accountability Framework. Compliance has been independently audited and confirmed.
This translates to a competence (compliance) rating of 3 on all elements of the rating scale outlined in the AMAF guidance note.

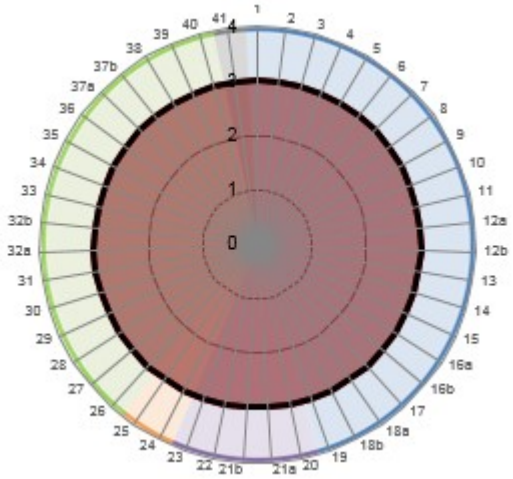
Leadership and Accountability (requirements 1-19)
Western Health has met its target maturity level under the requirements of this category.

Planning (requirements 20-23)
Western Health has met its target maturity level under the requirements of this category.

Acquisition (requirements 24 and 25)
Western Health has met its target maturity level under the requirements of this category.

Operation (requirements 26-40)
Western Health has met its target maturity level under the requirements of this category.

Disposal (requirement 41)
Western Health has met its target maturity level under the requirements of this category.



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

Target

Overall

Corporate Governance (continued)

PUBLIC INTEREST DISCLOSURE ACT

In accordance with the Public Interest Disclosure Act 2012 (Vic), Western Health has developed procedures and guidelines to facilitate the handling of a disclosure, the making of a disclosure and to ensure that the person making such disclosure is protected from detrimental action. To ensure awareness, the procedure and guidelines are available on the Western Health intranet.

In accordance with the provisions of the Act, no disclosures were received and notified to IBAC during the 2020/21 financial year.

SAFE PATIENT CARE ACT

Western Health has no matters to report in relation to its obligations under section 40 of the Safe Patient Care Act 2015 (Vic).

CARERS RECOGNITION ACT 2012

In accordance with the Carers Recognition Act 2012 (Vic), Western Health:

A) Takes all practicable measures to ensure that its employees and agents have an awareness and understanding of the care relationship principles; and

B) 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; and

C) 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

THE FREEDOM OF INFORMATION ACT

The Freedom of Information (FOI) Act (Vic) 1982 grants the public a legally enforceable right to access documents in the possession of Government agencies, including clinical and non-clinical records. Western Health processes all requests for access to documents in accordance with the provisions of the FOI Act.

Guidance to members of the public on how to make an FOI request can be viewed at www.westernhealth.org.au/ Patient and Visitors/Medical Records. This site contains information such as, an application form, the amount of the application fee, contact details and a link to OVIC's website. If a member of the public calls Western Health seeking information on the FOI process, they will be transferred to the FOI team who will provide verbal information and/or email or post a FOI application form as required.

Western Health receives approximately 1500 FOI requests annually, the vast majority of which are personal requests for medical information. Approximately 60% of these requests are from law firms (on behalf of members of the public), insurance companies and the TAC. The remaining 40% of requests are made personally by members of the public. Western Health has received approximately 2 non-personal requests from media outlets and members of the public. The majority of FOI requests received by WH were acceded to unless the requestor withdrew the request or we did not receive a response to correspondence.

TOTAL FOI REQUESTS 2020/21	1491
Full Access	991
Partial Access	32
Access Denied	2
Applications Withdrawn	94
No Documents	13
Applications in Progress	359
VCAT Appeal	0
Appeal Withdrawn	0
Transfers Received	1
Time of Births	41

Corporate Governance (continued)

ENVIRONMENTAL SUSTAINABILITY

Despite COVID-19's influence in lower occupancy, Western Health saw an increase in energy consumption and emissions over 2020-21, potentially attributed to WH's portfolio expansion through the acquisition of the CPK industrial kitchen.

Waste generation also increased and although the portfolio expansion would be a key factor on this performance, the increase in PPE requirements and business as usual approach in response to COVID-19 should be considered as a factor on this increase. Despite the pandemic's influence, we were able to reinstate the Oz Harvest food donation program as well as some of our signature recycling programs.

Water performance saw a reduction in the overall consumption for the organisation, likely attributable to lower occupancies and working from home arrangements due to the COVID pandemic.

The pandemic highlighted our need to become flexible in how we respond in an ever-changing landscape and current realities. With that in mind, our efforts are focused on embedding sustainability as a core design principle of the organisation, meaning that at Western Health, sustainability is now business as usual. Moving forward, our sustainability team will focus on data-based analysis and research that enables informed decision making and supports WH's efforts to achieve the Victorian Government Target of Net Zero Emissions by 2050.

Sustainability data over the past three years is outlined in the following tables.

Greenhouse gas emissions

	2021	2020	2019
Total greenhouse gas emission (tonnes CO2e)			
Scope 1	6,653	6,625	5,289
Scope 2	33,791	33,535	34,451
Total	**40,444**	**40,160**	**39,740**
Normalised greenhouse gas emissions (tonnes CO_2e)			
Emissions per unit of floor pace (kg CO_2e/m^2)	285.90	288.18	344.50
Emissions per unit of separations (kg CO_2e/separations)	299.76	290.98	279.79
Emissions per unit of bed day (LOS+aged care OBD (kg CO_2e/OBD)	112.85	113.60	108.08

Stationary energy

	2021	2020	2019
Total stationary energy consumption by energy type (GJ)			
Electricity	124,131	118,360	115,911
Natural gas	126,862	125,184	99,147
Total	250,993	**243,544**	**215,057**
Normalised stationary energy consumption			
Energy per unit of floor pace (GJ/m^2)	1.77	1.75	1.86
Emissions per unit of separations (kg CO_2e/separations)	1.86	1.76	1.51
Emissions per unit of bed day (LOS+aged care OBD (GJ/OBD)	0.70	0.69	0.58

Water consumption

	2021	2020	2019
Total water consumption by type (kL)			
Class A recycled water	N/A	N/A	N/A
Potable water	205,801	227,634	228,996
Reclaimed water*	N/A	N/A	5,502
Normalised water consumption (potable + class A)			
Water per unit of floor pace (kL/m^2)	1.45	1.63	1.99
Water per unit of separations (kL/ separations)	1.53	1.65	1.61
Water per unit of bed day (LOS+aged care OBD (kL/OBD)	0.57	0.64	0.62

* Reclaimed Water data 2020-2021 not available due to issues with the metering system

Waste & Recycling

	2021	2020	2019
Total waste generated (kg clinical waste + kg general waste + kg recycling waste)	2,313,027	2,154,597	2,186,591
Total waste to landfill generated (kg clinical waste + kg general waste)	1,807,052	1,687,496	1,581,826
Total waste to landfill per patient treated ([kg clinical waste + kg general waste]/ PPT)	2.79	2.64	2.42
Rate of diversion from landfill (%)	27.02%	33.53%	32.68%

Corporate Governance (continued)

ADDITIONAL INFORMATION

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

A. Declarations of pecuniary interests have been duly completed by all relevant officers;

B. Details of shares held by senior officers as nominee or held beneficially;

C. Details of publications produced by Western Health about itself, including annual Aboriginal cultural safety reports and plans, and how these can be obtained;

D. Details of changes in prices, fees, charges, rates and levies charged by Western Health;

E. Details of any major external reviews carried out on Western Health;

F. Details of major research and development activities undertaken by Western Health that are not otherwise covered either in the Report of Operations or in a document that contains the financial statements and Report of Operations;

G. Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;

H. Details of major promotional, public relations and marketing activities undertaken by Western Health to develop community awareness of Western Health and its services;

I. Details of assessments and measures undertaken to improve the occupational health and safety of employees;

J. A general statement on industrial relations within Western Health and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the Report of Operations;

K. A list of major committees sponsored by Western Health, the purposes of each committee and the extent to which the purposes have been achieved;

L. Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

Disclosure Index

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

LEGISLATION	REQUIREMENT	PAGE
MINISTERIAL DIRECTIONS		
Report of Operations		
Charter and purpose		
FRD 22I	Manner of establishment and the relevant Ministers	24
FRD 22I	Purpose, functions, powers and duties	24
FRD 22I	Nature and range of services provided	8-11
FRD 22I	Activities, programs and achievements for the reporting period	4-7
FRD 22I	Significant changes in key initiatives and expectations for the future	4-7
Management and structure		
FRD 22I	Organisational Structure	10
FRD 22I	Workforce data/employment and conduct principles	21, 30
FRD 22I	Occupational health and safety	29
Financial information		
FRD 22I	Summary of the financial results for the year	19, 21-23
FRD 22I	Significant changes in financial position during the year	21
FRD 22I	Operational and budgetary objectives and performance against objectives	17-22
FRD 22I	Subsequent events	21
FRD 22I	Details of consultancies under $10,000	23
FRD 22I	Details of consultancies over $10,000	23
FRD 22I	Disclosure of ICT expenditure	23
Legislation		
FRD 22I	Application and operation of *Freedom of Information Act 1982*	31
FRD 22I	Compliance with building and maintenance provisions of *Building Act 1993*	30
FRD 22I	Application and operation of *Public Interest Disclosure Act (Updated 2020-21)*	31
FRD 22I	Statement on National Competition Policy	30
FRD 22I	Application and operation of *Carers Recognition Act 2012*	31
FRD 22I	Summary of the entity's environmental performance	32
FRD 22I	Additional information available on request	33

Disclosure Index (continued)

LEGISLATION	REQUIREMENT	PAGE
Other relevant reporting directives		
FRD 25D	Local Jobs First Act disclosures	30
SD 5.1.4	Financial Management Compliance attestation	28
SD 5.2.3	Declaration in report of operations	7
Attestations		
Attestation on Data Integrity		28
Attestation on managing Conflicts of Interest		28
Attestation on Integrity, fraud and corruption		28
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Occupational violence reporting		29
Gender Equality Act		30
Asset Management Accountability Framework		30
Reporting obligations under the *Safe Patient Care Act 2015*		31
Reporting of compliance regarding Car Parking Fees		30

Western Health

FINANCIAL STATEMENTS & ACCOMPANYING NOTES

For the Financial Year Ended 30th June 2021

Appendix to the Western Health Annual Report

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Contents continued

Western Health

Board Chair's, Chief Executive Officer's and Chief Financial Officer's Declaration

The attached consolidated financial statements for Western 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 30th June 2021 and the consolidated financial position of Western Health as at 30th June 2021.

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

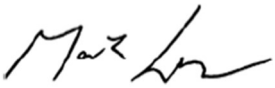
We authorise the attached consolidated financial statements for issue on this day 3rd September 2021.

Robyn Batten
Board Chair
Melbourne

3rd September 2021

Russell Harrison
Chief Executive Officer
Melbourne

3rd September 2021



Mark Lawrence
Chief Financial Officer
Melbourne

3rd September 2021

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Western Health

Opinion	I have audited the consolidated financial report of Western Health (the health service) and its controlled entities (together the consolidated entity), which comprises the: • consolidated entity balance sheet as at 30 June 2021 • consolidated entity comprehensive operating statement for the year then ended • consolidated entity statement of changes in equity for the year then ended • consolidated entity cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • board member's, accountable officer's and chief financial officer's declaration. In my opinion, the financial report presents fairly, in all material respects, the financial position of the consolidated entity as at 30 June 2021 and the consolidated entity's 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 and the consolidated entity 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 and the consolidated entity'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.

Auditor's responsibilities for the audit of the financial report

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.

(continued)

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 and the consolidated entity'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 and the consolidated entity'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 and the consolidated entity 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
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the health service and consolidated entity to express an opinion on the financial report. I remain responsible for the direction, supervision and performance of the audit of the health service and the consolidated entity. I remain solely responsible for my audit opinion.

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
27 September 2021

Dominika Ryan
as delegate for the Auditor-General of Victoria

Consolidated Comprehensive Operating Statement

Western Health
Consolidated Comprehensive Operating Statement
For the Financial Year Ended 30th June 2021

	Note	Parent 2021 $'000	Consolidated 2021 $'000	Parent 2020 $'000	Consolidated 2020 $'000
Revenue and Income from Transactions					
Operating Activities [(i)]	2.1	1,095,651	1,096,493	941,170	942,301
Non-operating Activities - Interest	2.1	1,754	1,754	3,107	3,107
Total Revenue and Income from Transactions		**1,097,405**	**1,098,247**	**944,277**	**945,408**
Expenses from Transactions					
Employee	3.1	(796,620)	(797,054)	(711,291)	(711,793)
Supplies and Consumables	3.1	(141,060)	(141,060)	(119,411)	(119,411)
Finance	3.1	(448)	(448)	(425)	(425)
Depreciation and Amortisation	4.4	(74,838)	(74,844)	(70,464)	(70,471)
Other Operating	3.1	(93,543)	(94,394)	(75,457)	(76,586)
Total Expenses from Transactions		**(1,106,509)**	**(1,107,800)**	**(977,048)**	**(978,686)**
Net Result from Transactions - Net Operating Balance		**(9,104)**	**(9,553)**	**(32,771)**	**(33,278)**
Other Economic Flows Included in Net Result					
Net gain/(loss) on Sale of Non-Financial Assets	3.4	(52)	(52)	(59)	(59)
Other gains/(losses) from Other Economic Flows	3.4	12,115	12,115	(2,914)	(2,914)
Net gain/(loss) on Financial Instruments at Fair Value	3.4	(2,767)	(2,769)	(3,064)	(3,064)
Total Other Economic Flows Included in Net Result		**9,296**	**9,294**	**(6,037)**	**(6,037)**
Net Result for the Year		**192**	**(259)**	**(38,808)**	**(39,315)**
Other Comprehensive Income					
Items that will not be reclassified to Net Result					
Changes in Property, Plant & Equipment Revaluation	4.2 (b)	**28,144**	**28,144**	**-**	-
Total Other Comprehensive Income		**28,144**	**28,144**	**-**	**-**
Comprehensive Result for the year		**28,336**	**27,885**	**(38,808)**	**(39,315)**

(i) The Consolidated figure in the prior year's Consolidated Comprehensive Operating Statement was $994,898. This was restated by $52,597 to $942,301 to remove the capital grant income from the DH incorrectly recognised in the prior year, relating to the new Footscray Hospital Project. Refer to Note 8.11.

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

Consolidated Balance Sheet

Western Health
Consolidated Balance Sheet
As at 30th June 2021

	Note	Parent 2021 $'000	Consolidated 2021 $'000	Parent 2020 $'000	Consolidated 2020 $'000
Current Assets					
Cash and Cash Equivalents	6.2	65,644	66,203	42,892	43,499
Receivables and Contract Assets	5.1	14,845	14,858	10,249	10,280
Investments and Other Financial Assets	4.1	25,476	25,476	24,772	25,222
Inventories	4.5	4,388	4,388	3,990	3,990
Prepayments and Other Non-Financial Assets		3,880	3,888	3,356	3,390
Total Current Assets		**114,233**	**114,813**	**85,259**	**86,381**
Non-Current Assets					
Receivables and Contract Assets	5.1	45,743	45,743	39,518	39,518
Investments and Other Financial Assets	4.1	-	-	-	1
Property, Plant & Equipment (i)	4.2 (a)	948,996	949,008	904,066	904,076
Intangible Assets	4.3	24,898	24,903	22,040	22,047
Total Non-Current Assets		**1,019,637**	**1,019,654**	**965,624**	**965,642**
TOTAL ASSETS		**1,133,870**	**1,134,467**	**1,050,883**	**1,052,023**
Current Liabilities					
Payables and Contract Liabilities	5.2	128,965	129,022	68,099	68,241
Borrowings	6.1	2,241	2,241	25,045	25,045
Provisions (Employee Benefits)	3.2	168,872	168,907	149,997	150,038
Total Current Liabilities		**300,078**	**300,170**	**243,141**	**243,324**
Non-Current Liabilities					
Borrowings	6.1	25,531	25,531	20,155	20,155
Provisions (Employee Benefits)	3.2	28,872	28,881	31,460	31,470
Payables and Contract Liabilities	5.2	-	-	5,074	5,074
Total Non-Current Liabilities		**54,403**	**54,412**	**56,689**	**56,699**
TOTAL LIABILITIES		**354,481**	**354,582**	**299,830**	**300,023**
NET ASSETS		**779,389**	**779,885**	**751,053**	**752,000**
EQUITY					
Property, Plant & Equipment Revaluation	4.2(f)	466,618	466,618	438,474	438,474
Restricted Specific Purpose		5,696	5,696	6,334	6,334
Contributed Capital		203,291	203,291	203,291	203,291
Accumulated Surplus (ii)		103,784	104,280	102,954	103,901
TOTAL EQUITY		**779,389**	**779,885**	**751,053**	**752,000**

(i) The Consolidated figure in the prior year's Consolidated Balance Sheet was $956,673. This was restated by $52,597 to $904,076 to remove the capital grant income from the DH incorrectly recognised in the prior year, relating to the new Footscray Hospital Project. Refer to Note 8.11. Note that there is no impact on the opening balances of the prior period.

(ii) The Consolidated figure in the prior year's Consolidated Balance Sheet was $156,498. This was restated by $52,597 to $103,901 to remove the capital grant income from the DH incorrectly recognised in the prior year, relating to the new Footscray Hospital Project. Refer to Note 8.11. Note that there is no impact on the opening balances of the prior period.

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

Consolidated Statement of Changes in Equity

Western Health
Consolidated Statement of Changes in Equity
For the Financial Year Ended 30th June 2021

	Note	Property, Plant & Equipment Revaluation Surplus $'000	Financial asset Available-for-Sale Revaluation Surplus $'000	Restricted Specific Purpose Surplus $'000	Contributed Capital $'000	Accumulated surpluses/ (deficits) $'000	Total $'000
Balance at 1st July 2019		**438,474**	**-**	**8,311**	**202,980**	**141,239**	791,004
Net result for the year [(i)]		-	-	-	-	(39,315)	(39,315)
Transfer from/(to) accumulated deficits		-	-	(1,977)	-	1,977	-
Receipt/(return) of contributed capital		-	-	-	311	-	311
Balance at 30th June 2020		**438,474**	**-**	**6,334**	**203,291**	**103,901**	**752,000**
Net result for the year		-	-	-	-	(259)	(259)
Other comprehensive income for the year	4.2 (b)	28,144	-	-	-	-	28,144
Transfer from/(to) accumulated deficits		-	-	(638)	-	638	-
Balance at 30th June 2021		**466,618**	**-**	**5,696**	**203,291**	**104,280**	**779,885**

(i) The Net Result for the year in the prior year's Consolidated Comprehensive Operating Statement was $13,282. This was restated by $52,597 to -$39,315 to remove the capital grant income from the DH incorrectly recognised in the prior year, relating to the new Footscray Hospital Project. Refer to Note 8.11.

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

Consolidated Cash Flow Statement

Western Health
Consolidated Cash Flow Statement
For the Financial Year Ended 30th June 2021

	Note	2021 $'000	2020 $'000
Cash Flows from Operating Activities			
Operating Grants from Government		950,192	797,113
Capital Grants from Government - State		64,611	108,051
Capital Grants from Government - Commonwealth		(5,074)	570
Patient Fees		27,328	25,895
Private Practice Fees		20,100	20,341
Donations and Bequests		1,281	1,713
GST received from ATO		(12,595)	(13,075)
Recouped from Private Practice for use of Hospital Facilities		384	653
Interest and Investment Income		1,487	3,224
Other Capital Receipts		44	1,962
Other Receipts		36,258	33,762
Total Receipts		**1,084,016**	**980,209**
Employee Expenses		(765,957)	(698,439)
Payments for Supplies and Consumables		(116,125)	(129,525)
Payments for Medical Indemnity Insurance		(15,345)	(14,385)
Payments for Repairs and Maintenance		(10,982)	(7,644)
Finance Expenses		(448)	(425)
Cash outflow for leases		(1,207)	(522)
Other Payments		(53,746)	(44,759)
Total Payments		**(963,810)**	**(895,699)**
Net Cash Flows from/(used in) Operating Activities	8.1	**120,206**	**84,510**
Cash Flows from Investing Activities			
Purchase of Property, Plant and Equipment		(80,471)	(119,390)
Sale/(Purchase) of Investments		397	31,440
Net Cash Flows from/(used in) Investing Activities		**(80,074)**	**(87,950)**
Cash Flows from Financing Activities			
Proceeds from borrowings		(17,428)	24,835
Net Cash Flows from/(used in) Financing Activities		**(17,428)**	**24,835**
Net Increase/(Decrease) in Cash and Cash Equivalents Held		**22,704**	**21,395**
Cash and Cash Equivalents at beginning of year		43,499	22,104
Cash and Cash Equivalents at End of Year	6.2	**66,203**	**43,499**

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

Note 1: Basis of Preparation

Structure

These financial statements are the audited general purpose financial statements for Western Health, (the "Health Service"), and its controlled entities for the year ended 30th June 2021. The report provides users with information about the Health Service's stewardship of the resources entrusted to it.

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

Note 1.1: Basis of Preparation of the Financial Statements

These financial statements are general purpose financial statements which have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards, which include interpretations issued by the Australian Accounting Standards Board (AASB). They are presented in a manner consistent with the requirements of AASB 101 *Presentation of Financial Statements*.

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

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Apart from the changes in accounting policies, standards and interpretations as noted below, material accounting policies adopted in the preparation of these financial statements are the same as those adopted in the previous period.

The Health Service operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds. The Health Service's Capital Fund includes all purchase and sale transactions which relate to land, buildings, equipment and furniture, whether funded by the Department of Health or from other sources and the Specific Purpose Fund includes all transactions where there is some form of restriction placed on the use of the funds.

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

The financial statements have been prepared on a going concern basis, (refer to Note 8.10 Economic Dependency).

The financial statements are in Australian dollars.

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

The annual financial statements were authorised for issue by the Board of Western Health on September 3rd 2021.

Note 1: Basis of Preparation continued

Note 1.2: Impact of COVID-19 Pandemic

In March 2020 a state of emergency was declared in Victoria due to the global coronavirus pandemic, known as COVID-19. On August 2nd 2020 a state of disaster was added with both operating concurrently. The state of emergency in Victoria has been extended until the 16th of December 2021 and the state of disaster is still in place.

The COVID-19 pandemic has created economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by the health service at the reporting date. As responses by government continue to evolve, management recognises that it is difficult to reliably estimate with a certainty the potential impact of the pandemic after the reporting date on health service, its operations, its future results and financial position.

Since this date, to contain the spread of COVID-19 and prioritise the health and safety of our community, the Health Service was required to comply with various directions announced by the Commonwealth and State Governments, which in turn, has continued to impact the way in which the Health Service operates.

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

- restrictions on non-essential visitors
- greater utilisation of telehealth services
- reduced visitor hours
- deferring elective surgery and reducing activity
- performing COVID-19 testing
- administering COVID-19 vaccinations
- implementing work from home arrangements where appropriate.

The financial impacts of the pandemic are disclosed at:

Note 2: Funding delivery of our services

Note 3: The cost of delivering services.

Note 4: Key Assets to Support Service Delivery

Note 1.3: Abbreviations and Terminology Used in the Financial Statements

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

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

Note 1: Basis of Preparation continued

Note 1.4: Principles of Consolidation

The financial statements include the assets and liabilities of the Health Service and its controlled entities as a whole as at the end of the financial year and the consolidated results and cash flows for the year.

Western Health controls the following entities:

- Western Health Foundation Limited
- Western Health Foundation Trust
- Regional Kitchen
- RFK

Details of the controlled entities are set out in Note 8.7.

The parent entity is not disclosed separately in the notes to the financial statements.

An entity is considered to be a controlled entity where the Health Service has the power to govern the financial and operating policies of an organisation so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account.

The Health Service consolidates the results of its controlled entities from the date on which the health service gains control until the date the health service ceases to have control. Where dissimilar accounting policies are adopted by entities and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

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

Note 1.5: Joint Arrangements

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

The Health Service is a member of the Victorian Comprehensive Cancer Care Centre (VCCC), which it has classified as a joint operation. Interests in jointly controlled assets or operations are not consolidated by the Health Service but are accounted for in accordance with the policy outlined in Note 8.8 Jointly Controlled Operations. The VCCC is the only jointly controlled asset or operation of the Health Service.

Note 1.6: Key Accounting Estimates and Judgements

Management make estimates and judgements when preparing the financial statements which are based on historical knowledge and the best available current information. They include reasonable expectations of future events. Actual results will differ from those estimates.

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

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

Note 1.7: Accounting Standards Issued But Not Yet Effective

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

Note 1: Basis of Preparation continued

Standard	Adoption Date	Impact
AASB 17: *Insurance Contracts*	Reporting periods on or after 1 January 2023	Adoption of this standard is not expected to have a material impact.
AASB 2020-1: *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current*	Reporting periods on or after 1 January 2022.	Adoption of this standard is not expected to have a material impact.
AASB 2020-3: *Amendments to Australian Accounting Standards – Annual Improvements 2018-2021 and Other Amendments*	Reporting periods on or after 1 January 2022.	Adoption of this standard is not expected to have a material impact.
AASB 2020-8: *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2*	Reporting periods on or after 1 January 2021.	Adoption of this standard is not expected to have a material impact.

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

Note 1.8: Goods and Services Tax (GST)

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

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

Cash flows are included in the Cash Flow Statement on a gross basis, except for the GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, which are disclosed as operating cash flows.

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

Note 1.9: Reporting Entity

The financial statements include all the controlled entities of the Health Service. The entities are the Western Health Foundation Limited, Western Health Foundation Trust Fund, Regional Kitchen and RFK.

The principal address is:

Footscray Hospital

Gordon Street, Footscray

Victoria 3011

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

Note 2: Funding for Delivery of Services

The overall objective of the Health Service is to provide health services, deliver programs and services that support and enhance the wellbeing of Victorians. The Health Service is predominantly funded by accrual based grant funding for the provision of outputs. The Health Service also receives income from the supply of services.

Structure

COVID-19

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

Activity Based Funding decreased as the level of activity agreed in the Statement of Priorities could not be delivered due to reductions in the number of patients being treated at various times throughout the financial year.

This was offset by funding provided by the Department of Health to compensate for reductions in revenue and to cover certain direct and indirect COVID-19 related costs.

Additional revenue was received to fund:

- Increased staffing costs to service the vaccination hubs and the in-house contract tracing unit
- Pathology testing due to coronavirus tests
- Personal Protective Equipment (PPE) costs increased which was essential in order for the Health Service to provide its daily activities
- Expansion of emergency services at Sunshine Hospital.

Funding provided included:

- COVID-19 and state repurpose grants to fund increased staffing personal protective equipment and pathology testing costs relating to the pandemic
- Additional elective surgery funding to address elective surgery deferred due to the pandemic
- Local public health unit funding for in-house contract tracing.

Key Judgements and Estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Identifying performance obligations	The Health Service applies significant judgment when reviewing the terms and conditions of funding agreements and contracts to determine whether they contain sufficiently specific and enforceable performance obligations. If this criteria is met, the contract/funding agreement is treated as a contract with a customer, requiring the Health Service to recognise revenue as or when the health service transfers promised goods or services to customers. If this criteria is not met, funding is recognised immediately in the net result from operations.

Note 2: Funding for Delivery of Services continued

Determining timing of revenue recognition	The Health Service applies significant judgement to determine when a performance obligation has been satisfied and the transaction price that is to be allocated to each performance obligation. A performance obligation is either satisfied at a point in time or over time.
Determining time of capital grant income recognition	The Health Service applies significant judgement to determine when its obligation to construct an asset is satisfied. Costs incurred are used to measure the health service's progress as this is deemed to be the most accurate reflection of the stage of completion.

Note 2.1: Revenue and Income from Transactions

	Note	2021 $'000	2020 $'000
Operating Activities			
Revenue from Contracts with Customers			
Government Grants (State) – Operating		659,554	649,561
Government Grants (Commonwealth) – Operating		29,702	29,900
Patient Fees		26,771	26,550
Private Practice Fees		21,526	22,039
Commercial Activities (i)		12,064	11,335
Total Revenue from Contracts with Customers		**749,617**	**739,385**
Other Sources of Income			
Government Grants (State) – Operating		239,325	123,488
Government Grants (State) – Capital (ii)		64,611	55,453
Government Grants (Commonwealth) - Capital		-	(49)
Other Capital Purpose Income (including capital donations)		44	2,101
Other Revenue from Operating Activities (including non-capital donations)		28,882	21,923
Assets received free of charge or for nominal consideration	2.2	14,014	-
Total Other Sources of Income		**346,876**	**202,916**
Total Revenue and Income from Operating Activities		**1,096,493**	**942,301**
Non-Operating Activities			
Income from Other Sources			
Operating Interest		1,687	3,107
Capital Interest (ii)		67	-
Total Other Sources of Income		**1,754**	**3,107**
Total Income from Non-Operating Activities		**1,754**	**3,107**
Total Revenue and Income from Transactions		**1,098,247**	**945,408**

(i) Commercial activities represent business activities which the health service entered into to support its operations.

(ii) The prior year figure was $108,051. This was restated by $52,597 to $55,453 to remove the capital grant income from the DH incorrectly recognised in the prior year, relating to the new Footscray Hospital Project. Refer to Note 8.11.

(iii) Capital Interest represents interest on the Linear Accelerator Bank

Note 2: Funding for Delivery of Services continued

Recognition of Revenue and Income from Transactions

Government Operating Grants

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

When both these conditions are satisfied, the health service:

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

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

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

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

Government grant	Performance obligation
Activity Based Funding (ABF) paid as Weighted Inlier Equivalent Separation (WIES) casemix	The performance obligations for ABF are the number and mix of patients admitted to hospital (defined as 'casemix') in accordance with the levels of activity agreed to, with the Department of Health in the annual Statement of Priorities. Revenue is recognised at a point in time, which is when a patient is discharged, in accordance with the measurement of WIES activity when an episode of care for an admitted patient is completed. WIES activity is a cost weight that is adjusted for time spent in hospital, and represents a relative measure of resource use for each episode of care in a diagnosis related group.

Capital Grants

Where the Health Service receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liabilities, financial instruments, provisions, revenue or contract liabilities arising from a contract with a customer) recognised under other Australian Accounting Standards.

Income is recognised progressively as the asset is constructed which aligns with the Health Service's obligation to create the asset. The progressive percentage of costs incurred is used to recognise income, as this most accurately reflects the stage of completion.

Note 2: Funding for Delivery of Services continued

Patient and Resident Fees

Patient and resident fees are charges that can be levied on patients for some services they receive. Patient and resident fees are recognised at a point in time when the performance obligation, the provision of services, is satisfied, except where the patient and resident fees relate to accommodation charges. Accommodation charges are calculated daily and are recognised over time, to reflect the period accommodation is provided.

Private Practice Fees

Private practice fees include recoupment from various private practice organisations for the use of hospital facilities. Private practice fees are recognised over time as the performance obligation, the provision of facilities, is provided to customers.

Commercial Activities

Revenue from commercial activities such as car park revenue is recognised on an accrual basis. Commercial activity revenue is recognised at a point in time, upon provision of the goods or service to the customer.

Note 2.2: Fair Value of Assets and Services Received Free of Charge

	2021 $'000	2020 $'000
Personal protective equipment	14,014	-
Total fair value of assets and services received free of charge	**14,014**	**-**

Donations and bequests

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

Personal protective equipment

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

Generally, the State Supply Arrangement stipulates that Health Purchasing Victoria, (trading as HealthShare Victoria), sources, secures and agrees terms for the purchase of PPE. The purchases are funded by the Department of Health, while Monash Health takes delivery and distributes an allocation of the products to health services. The Health Service received these resources free of charge and recognised them as income.

Voluntary Services

Contributions by volunteers, in the form of services, are only recognised when fair value can be reliably measured, and the services would have been purchased if they had not been donated. The Health Service has considered the services provided by volunteers and has determined the value of volunteer services cannot be readily determined and therefore it has not recorded any income related to volunteer services.

Non-cash Contributions from the Department of Health

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

Note 2: Funding for Delivery of Services continued

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

Note 3: The Cost of Delivering Services

This section provides an account of the expenses incurred by the Health Service in delivering services and outputs. In Note 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

COVID-19

Expenses incurred to deliver services increased during the financial year which was partially attributable to the COVID-19 Coronavirus pandemic.

Additional costs were incurred to:

- establish facilities within the health service for the treatment of suspected and admitted COVID patients resulting in an increase in employee costs and additional equipment purchases
- implement COVID safe practices throughout the Health Service including increased cleaning, increased security and consumption of personal protective equipment provided as resources free of charge
- assist with COVID-19 case management, contact tracing and outbreak management contributing to an increase in employee costs and pathology costs
- establish vaccination clinics to administer vaccines to staff and the community resulting in an increase in employee costs and additional equipment purchased

Key Judgements and Estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Measuring and classifying employee benefit liabilities	The Health Service applies significant judgment when measuring and classifying its employee benefit liabilities. Employee benefit liabilities are classified as a current liability if the Health Service does not have an unconditional right to defer payment beyond 12 months. Annual leave, accrued days off and long service leave entitlements (for staff who have exceeded the minimum vesting period) fall into this category. Employee benefit liabilities are classified as a non-current liability if the Health Service has a conditional right to defer payment beyond 12 months. Long service leave entitlements (for staff who have not yet exceeded the minimum vesting period) fall into this category. The health service also applies judgement to determine when it expects its employee entitlements to be paid. With reference to historical data, if the health service does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value. All other entitlements are measured at their nominal value.

Note 3: The Cost of Delivering Services continued

Note 3.1: Expenses from Transactions

	2021 $'000	2020 $'000
Salaries and Wages	626,832	558,768
On-Costs	147,130	133,589
Agency	14,827	12,193
Fee for Service Medical Officer	2,503	2,016
Workcover Premium	5,762	5,227
Total Employee Expenses	**797,054**	**711,793**
Drugs	33,814	33,458
Medical and Surgical (including Prostheses) (i)	51,970	40,182
Diagnostic and Radiology (ii)	20,948	14,480
Other Supplies and Consumables	34,328	31,291
Total Supplies and Consumables	**141,060**	**119,411**
Finance	448	425
Total Finance Expenses	**448**	**425**
Other Administrative	39,180	33,175
Total Other Administrative Expenses	**39,180**	**33,175**
Energy and Water	8,878	8,471
Repairs and Maintenance (Reactive)	10,982	7,644
Maintenance Contracts (Preventative)	16,435	10,449
Medical Indemnity Insurance	15,345	14,385
Expenditure for Capital Purposes (Minor Equipment)	3,574	2,462
Total Other Operating Expenses	**55,214**	**43,411**
Total Operating Expenses	**1,032,956**	**908,215**
Depreciation and Amortisation	74,844	70,471
Total Depreciation and Amortisation	**74,844**	**70,471**
Total Expenses from Transactions	**1,107,800**	**978,686**

(i) The Health Model Financial Statements re-mapped general ledger codes in the current year. Medical and Surgical (including Prostheses) in the prior year was $41,476 but was restated to $40,182 for comparative purposes.

(ii) The Health Model Financial Statements re-mapped general ledger codes in the current year. Diagnostic and Radiology in the prior year was $13,186 but was restated to $14,480 for comparative purposes.

Expense Recognition

Expenses are recognised as they are incurred and are 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;
- Fee for service medical officer; and
- Workcover premiums.

Supplies and Consumables Expenses

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.

Note 3: The Cost of Delivering Services continued

Finance Expenses

Finance expenses include:

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

Other Operating Expenses

Other operating expenses represent day-to-day running costs incurred in normal operations and include:

- Fuel, light and power;
- Repairs and maintenance;
- Other administrative expenses; and
- Expenditure for capital purposes (the purchase of assets that are below the capitalisation threshold).

The Department of Health also makes certain payments on behalf of the Health Service. 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 outside the normal operations such as depreciation and amortisation, and assets and services provided free of charge or for nominal consideration.

Note 3: The Cost of Delivering Services continued

Note 3.2: Employee Benefits In The Balance Sheet

	2021 $'000	2020 $'000
CURRENT PROVISIONS		
EMPLOYEE BENEFITS (i)		
Unconditional and expected to be settled wholly within 12 months(ii)		
Accrued Days Off	1,725	1,475
Annual Leave	55,011	45,020
Long Service Leave	10,920	9,964
On-Costs	7,111	5,651
	74,767	62,110
Unconditional and expected to be settled wholly after 12 months(iii)		
Annual Leave	9,129	7,541
Long Service Leave	75,614	71,970
On-Costs	9,397	8,417
	94,140	87,928
TOTAL EMPLOYEE BENEFITS - CURRENT PROVISIONS	**168,907**	**150,038**
NON-CURRENT PROVISIONS		
EMPLOYEE BENEFITS (i)		
Long Service Leave	25,996	28,457
On-Costs	2,885	3,013
TOTAL EMPLOYEE BENEFITS - NON-CURRENT PROVISIONS	**28,881**	**31,470**
TOTAL EMPLOYEE BENEFITS PROVISION	**197,788**	**181,508**

Notes:

(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.

Recognition of Employee Benefits

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

Provisions

Provisions are recognised when the Health Service 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 all recognised in the provision for employee benefits as "current liabilities" because the Health Service does not have an unconditional right to defer payment 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 the Health Service expects to wholly settle within 12 months; or
- Present value - if the Health Service does not expect to wholly settle within 12 months.

Note 3: The Cost of Delivering Services continued

Long Service Leave (LSL)

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 the Health Service does not expect to settle (pay) 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. The unconditional right arises after a qualifying period.

The components of this current LSL liability are measured at:

- Nominal value - if the Health Service expects to wholly settle within 12 months; and
- Present value - if the Health Service does not expect to wholly settle within 12 months.

Conditional LSL is measured at present value and 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.

On-Costs Related to Employee Expense

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

Note 3.2(a): Employee Benefits and Related On-Costs

	2021 $'000	2020 $'000
Current Employee Benefits including On-Costs		
Long Service Leave	96,124	90,588
Annual Leave	71,058	57,975
Accrued Days Off	1,725	1,475
Non-Current Employee Benefits including On-Costs		
Long Service Leave	28,881	31,470
TOTAL EMPLOYEE BENEFITS AND RELATED ON-COSTS	**197,788**	**181,508**
Carrying amount at start of year	**181,508**	**159,864**
Entitlement increments during the year	89,697	80,945
Unwinding of discount and effect of changes in the discount rate	(12,202)	2,978
Reduction due to transfer out	(61,215)	(62,279)
Carrying amount at end of year	**197,788**	**181,508**

Note 3: The Cost of Delivering Services continued

Note 3.3: Superannuation

	Contributions Paid during the Year		Contribution Outstanding at Year End [i]	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Defined benefit plans[ii]:				
Aware Super (formerly First State Super)	258	284	4	24
Defined contribution plans:				
Aware Super (formerly First State Super)	29,674	26,646	683	2,692
Hesta	18,604	15,680	339	1,600
Other Funds	8,446	5,394	247	750
	56,982	**48,004**	**1,273**	**5,066**

(i) The Contribution Outstanding at Year End refers to the accrual taken up at year end relating to the last pay period in June.

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

Recognition of Superannuation

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

Defined Benefit Superannuation Plans

Defined benefit funds are superannuation funds where contributions are pooled rather than being allocated to particular members. Retirement benefits are determined by a formula based on factors such as an employee's salary and the duration of their employment.

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

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

Superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of the Health Service. The major employee superannuation funds and contributions made by the Health Service are disclosed above.

Defined Contribution Superannuation Plans

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

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

Note 3.4: Other Economic Flows

2021	2020

Note 3: The Cost of Delivering Services continued

	$'000	$'000
Net gain on disposal of property, plant and equipment	(52)	(59)
Total net gain/(loss) on non-financial assets	**(52)**	**(59)**
Losses of contractual receivables	(3,471)	(1,130)
Other gains/(losses) from other economic flows	702	(1,934)
Total Net gain/(loss) on financial instruments	**(2,769)**	**(3,064)**
Net gain/(loss) arising from revaluation of long service liability	12,115	(2,914)
Total other gains/(losses) from other economic flows	**12,115**	**(2,914)**
Total other gains/(losses) from economic flows	**9,294**	**(6,037)**

Recognition of Other Economic Flows

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

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

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 4.2 Property, Plant and Equipment);
- Net gain/(loss) on disposal of non-financial assets; and
- Any gain/(loss) on the disposal of non-financial assets is recognised at the date of disposal.

Net Gain/(Loss) on Financial Instruments at Fair Value

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

- realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- impairment and reversal of impairment for financial instruments at amortised cost (refer to Note 4.1 Investments and Other Financial Assets); and
- 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.

Note 4: Key Assets to Support Service Delivery

The Health Service 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 the Health Service to be utilised for delivery of those outputs.

Structure

COVID-19

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

Key Judgements and Estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Measuring fair value of property, plant and equipment and investment properties	The Health Service obtains independent valuations for its non-current assets at least once every five years. If an independent valuation has not been undertaken at balance date, the health service estimates possible changes in fair value since the date of the last independent valuation with reference to Valuer-General of Victoria indices. Managerial adjustments are recorded if the assessment concludes a material change in fair value has occurred. Where exceptionally large movements are identified, an interim independent valuation is undertaken.
Estimating useful life and residual value of property, plant and equipment	The Health Service assigns an estimated useful life to each item of property, plant and equipment, whilst also estimating the residual value of the asset, if any, at the end of the useful life. This is used to calculate depreciation of the asset. The Health Service reviews the useful life, residual value and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.
Estimating useful life of right-of-use assets	The useful life of each right-of-use asset is typically the respective lease term, except where the health service is reasonably certain to exercise a purchase option contained within the lease (if any), in which case the useful life reverts to the estimated useful life of the underlying asset. The Health Service applies significant judgement to determine whether or not it is reasonably certain to exercise such purchase options.

Note 4: Key Assets to Support Service Delivery continued

Key judgements and estimates	Description
Estimating restoration costs at the end of a lease	Where a lease agreement requires the Health Service to restore a right-of-use asset to its original condition at the end of a lease, the health service estimates the present value of such restoration costs. This cost is included in the measurement of the right-of-use asset, which is depreciated over the relevant lease term.
Estimating the useful life of intangible assets	The Health Service assigns an estimated useful life to each intangible asset with a finite useful life, which is used to calculate amortisation of the asset.
Identifying indicators of impairment	At the end of each year, the Health Service assesses impairment by evaluating the conditions and events specific to the health service that may be indicative of impairment triggers. Where an indication exists, the health service tests the asset for impairment. The Health Service considers a range of information when performing its assessment, including considering: • If an asset's value has declined more than expected based on normal use • If a significant change in technological, market, economic or legal environment which adversely impacts the way the health service uses an asset • If an asset is obsolete or damaged • If the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life • If the performance of the asset is or will be worse than initially expected. Where an impairment trigger exists, the health services applies significant judgement and estimate to determine the recoverable amount of the asset.

Note 4: Key Assets to Support Service Delivery continued

Note 4.1: Investments and Other Financial Assets

	Operating Fund		Specific Purpose Fund		Capital Fund		Total	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
CURRENT								
Term deposit > 3 months	-	-	-	450	-	-	-	450
Managed Investment Schemes	-	-	-	-	25,476	24,772	25,476	24,772
Total Current Financial Assets	**-**	**-**	**-**	**450**	**25,476**	**24,772**	**25,476**	**25,222**
NON CURRENT								
Investment								
- Cancer Therapeutics CRC	-	-	-	1	-	-	-	1
Total Non-Current Financial Assets	**-**	**-**	**-**	**1**	**-**	**-**	**-**	**1**
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	**-**	**-**	**-**	**451**	**25,476**	**24,772**	**25,476**	**25,223**
Represented by:								
Health Service Investments	-	-	-	-	25,476	24,772	25,476	24,772
Foundation investments	-	-	-	-	-	-	-	-
Jointly Controlled Operations Investments	-	-	-	451	-	-	-	451
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	**-**	**-**	**-**	**451**	**25,476**	**24,772**	**25,476**	**25,223**

Recognition of Investments and Other Financial Assets

The Health Service's investments and other financial assets are made in accordance with Standing Direction 3.7.2 - Treasury Management, including the Central Banking System.

The Health Service manages its investments and other financial assets in accordance with an investment policy approved by the Board.

Investments held by the Health Service Foundation do not fall in the scope of the Standing Directions as they are not public entity funds, (i.e. not controlled by the government). However, such investments are consolidated into the Health Service's financial statements as the Health Service has control of the Western Health Foundation. Refer to Note 8.8 for further information.

Investments are recognised when the Health Service enters into a contract to either purchase or sell the investment (i.e. when it becomes a party to the contractual provisions to the investment). Investments are initially measured at fair value, net of transaction costs.

The Health Service classifies its other financial assets between current and non-current assets based on the Board's intention at balance date with respect to the timing of disposal of each asset. Term deposits with original maturity dates of three to twelve months are classified as current, whilst term deposits with original maturity dates in excess of 12 months are classified as non-current.

The Health Service assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

All financial assets, except those measured at fair value through the Comprehensive Operating Statement are subject to annual review for impairment.

Note 4: Key Assets to Support Service Delivery continued

Note 4.2: Property, Plant and Equipment

Note 4.2(a): Gross carrying amount and accumulated depreciation

	2021 $'000	2020 $'000
Land - Crown	156,202	126,926
Total Land at Fair Value	**156,202**	**126,926**
Right-of-Use Concessionary Land at Fair Value	3,619	3,000
Total Right-of-Use Concessionary Land at Fair Value	**3,619**	3,000
Buildings at Fair Value	754,438	676,259
less Accumulated Depreciation	(88,134)	(42,222)
Total Buildings at Fair Value	**666,304**	**634,037**
Buildings - Right of use (leased buildings)	143	143
less Accumulated Depreciation	(95)	(48)
Total Right-of-Use Buildings at Fair Value	**48**	**95**
Buildings under Construction at Cost [(i)]	56,969	68,328
Total Works in Progress at Fair Value	**56,969**	**68,328**
Total Land and Buildings	**883,142**	**832,386**
Plant at Fair Value	30,187	21,592
less Accumulated Depreciation	(22,602)	(15,972)
Total Plant	**7,585**	**5,620**
Equipment Works in Progress at Fair Value	12,435	15,251
Total Equipment Works in Progress at Fair Value	**12,435**	**15,251**
Motor Vehicles at Fair Value	343	93
less Accumulated Depreciation	(343)	(93)
Total Motor Vehicles	**-**	**-**
Medical Equipment at Fair Value	132,692	125,502
less Accumulated Depreciation	(98,633)	(89,749)
Total Medical Equipment	**34,059**	**35,753**
Non-Medical Equipment at Fair Value	8,661	8,026
less Accumulated Depreciation	(6,284)	(5,669)
Total Non-Medical Equipment	**2,377**	**2,357**
Computers and Communication at Fair Value	34,049	31,978
less Accumulated Depreciation	(27,858)	(22,916)
Total Computers and Communications	**6,191**	**9,062**
Furniture and Fittings at Fair Value	8,488	8,104
less Accumulated Depreciation	(7,199)	(6,280)
Total Furniture and Fittings	**1,289**	**1,824**
Right of use - plant, equipment, furniture, fittings and vehicles (leases) at Fair Value	2,812	2,509
less Accumulated Depreciation	(882)	(686)
Total Right of Use – Plant, Equipment, Furniture, Fittings and Vehicles at Fair Value	**1,930**	**1,823**
TOTAL PROPERTY, PLANT & EQUIPMENT	**949,008**	**904,076**

(i) The prior year figure was $120,925. This was restated by $52,597 to $68,328 to remove the capital grant income from the DH incorrectly recognised in the prior year, relating to the new Footscray Hospital Project. Refer to Note 8.11.

Share of jointly controlled assets included in property, plant and equipment are separately disclosed in Note 8.8 Jointly Controlled Operations.

Note 4: Key Assets to Support Service Delivery continued

Note 4.2(b): Reconciliations of the Carrying Amounts of Each Class of Asset

Consolidated	Note	Land $'000	Right of Use - Land $'000	Buildings $'000	Buildings Under Construction $'000	Buildings Right of Use $'000	Plant $'000	WIP $'000	Motor Vehicles $'000	Medical Equipment $'000	Non Medical Equipment $'000	Computers & Communications $'000	Furniture and Fittings $'000	Right of Use - PPE, F&V $'000	Total $'000
Balance at 1 July 2019		**129,926**	**-**	**643,924**	**67,656**	**-**	**6,776**	**16,517**	**165**	**29,542**	**2,066**	**2,523**	**2,363**	**-**	**901,458**
Additions (i)		-	-	25,484	11,901	143	128	13,861	-	8,349	458	1,405	126	2,509	64,363
Disposals		-	-	-	-	-	-	-	-	(60)	(5)	(19)	-	-	(84)
Revaluation increments/ (decrements)		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net transfers between classes (ii)		-	-	6,200	(11,229)	-	-	(15,127)	(165)	7,125	375	9,830	53	(5)	(2,943)
Depreciation and amortisation	4.4	-	-	(41,571)	-	(48)	(1,284)	-	-	(9,203)	(537)	(4,677)	(718)	(681)	(58,718)
Balance at 30 June 2020		**129,926**	**-**	**634,037**	**68,328**	**95**	**5,620**	**15,251**	**-**	**35,753**	**2,357**	**9,062**	**1,824**	**1,823**	**904,076**
Reclassification of Right of Use - Land		(3,000)	3,000												-
Restated Balance as at 30 June 2020		**126,926**	**3,000**	**634,037**	**68,328**	**95**	**5,620**	**15,251**	**-**	**35,753**	**2,357**	**9,062**	**1,824**	**1,823**	**904,076**
Additions		1,751	-	27,755	44,188	-	21	725	-	2,085	444	1,402	104	904	79,379
Disposals		-	-	-	-	-	-	-	-	(61)	-	-	-	-	(61)
Revaluation increments/ (decrements)		27,525	619	-	-	-	-	-	-	-	-	-	-	-	28,144
Net transfers between classes (ii)		-		48,526	(55,547)	-	3,541	(3,541)	-	5,384	173	721	15	-	(728)
Depreciation and amortisation	4.4	-	-	(44,014)	-	(47)	(1,597)	-	-	(9,102)	(597)	(4,994)	(654)	(797)	(61,802)
Balance at 30 June 2021		**156,202**	**3,619**	**666,304**	**56,969**	**48**	**7,585**	**12,435**	**-**	**34,059**	**2,377**	**6,191**	**1,289**	**1,930**	**949,008**

Note 4: Key Assets to support Service Delivery continued

(i) The prior year Building Under Construction figure was $64,498. This was restated by $52,597 to $11,901 to remove the capital grant income from the DH incorrectly recognised in the prior year, relating to the new Footscray Hospital Project. Refer to Note 8.11.

(ii) The total of net transfers between calsses is usually zero as it is a 'net' figure, however in this instance there was a transfer to Intangible Assets from the Plant and Equipment category. This value is included in Note 4.3(b) Intangible Assest in the 'Additions' line.

Land and Buildings and Leased Assets Carried At Valuation

The Valuer-General Victoria undertook to re-value all of the Health Service'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 30th June 2019.

Recognition of Property, Plant and Equipment

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

Initial Recognition

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

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

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

Subsequent Measurement

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

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

Revaluation

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

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

An adjustment is recognised if the assessment concludes that the fair value of land and buildings has changed by 10% or more since the last revaluation, (whether that be the most recent independent valuation or managerial valuation). Any estimated change in fair value of less than 10% is deemed immaterial to the financial statements and no adjustment is recorded. Where the assessment indicates there has been an exceptionally material movement in the fair value of land and buildings since the last independent valuation, being equal to or in excess of 40%, the Health Service would obtain an interim independent valuation prior to the next scheduled independent valuation.

Note 4: Key Assets to support Service Delivery continued

An independent valuation of the Health Service's property, plant and equipment was performed by the VGV on 30th June 2019. The valuation, which complies with Australian Valuation Standards, was determined by reference to the amount for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The managerial assessment performed at 30th June 2021 indicated an overall:

- increase in fair value of land of 21% ($28.1M)
- increase in fair value of buildings of 4%.

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

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

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

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

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

Impairment

At the end of each financial year, the Health Service assesses if there is any indication that an item of property, plant and equipment may be impaired by considering internal and external sources of information. If an indication exists, the Health Service estimates the recoverable amount of the asset. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised. An impairment loss of a revalued asset is treated as a revaluation decrease as noted above.

The Health Service has concluded that the recoverable amount of property, plant and equipment which are regularly revalued is expected to be materially consistent with the current fair value. As such, there were no indications of property, plant and equipment being impaired at balance date.

Recognition of Right-of-use Assets

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

Unless the lease is considered a short-term lease or a lease of a low-value asset, (refer to Note 6.1 for further information), the contract gives rise to a right-of-use asset and corresponding lease liability. The Health Service presents its right-of-use assets as part of property, plant and equipment as if owned by the health service.

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

Class of Right-of-use asset	Lease terms
Leased land	50 years
Leased buildings	3 years
Leased plant, equipment, furniture, fittings and vehicles	1 to 3 years

Note 4: Key Assets to support Service Delivery continued

Presentation of Right-of-use Assets

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

Initial Recognition

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

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

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

The Health Service's finance lease agreements contain purchase options which the health service is reasonably certain to exercise at the completion of the lease.

Subsequent Measurement

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

Impairment

At the end of each financial year, the Health Service assesses if there is any indication that a right-of-use asset may be impaired by considering internal and external sources of information. If an indication exists, the Health Service estimates the recoverable amount of the asset. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised.

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

Note 4: Key Assets to support Service Delivery continued

Note 4.2(c): Fair value measurement hierarchy for assets

	Note	Consolidated Carrying amount 30 June 2021 $'000	Fair value measurement at end of reporting period using: Level 1(i) $'000	Level 2(i) $'000	Level 3(i) $'000
Specialised Land		156,352	-	-	156,352
Non-Specialised Land	4.2(a)	3,469	-	3,469	-
Total Land at fair value		**159,821**	**-**	**3,469**	**156,352**
Specialised Buildings		665,700	-	-	665,700
Non-Specialised Buildings (ii)	4.2(a)	604	-	604	-
Total Buildings at fair value		**666,304**	**-**	**604**	**665,700**
Plant at fair value	4.2(a)	7,585	-	-	7,585
Medical Equipment at fair value	4.2(a)	34,059	-	-	34,059
Non-Medical Equipment at fair value	4.2(a)	2,377	-	2,377	-
Computers and Communication at fair value	4.2(a)	6,191	-	6,191	-
Furniture and Fittings at fair value	4.2(a)	1,289	-	1,289	-
Total other plant and equipment at fair value		**51,501**	**-**	**9,857**	**41,644**
TOTAL PROPERTY, PLANT & EQUIPMENT AT FAIR VALUE		**877,626**	**-**	**13,930**	**863,696**

	Note	Consolidated Carrying amount 30 June 2020 $'000	Fair value measurement at end of reporting period using: Level 1(i) $'000	Level 2(i) $'000	Level 3(i) $'000
Specialised Land		127,146	-	-	127,146
Non-Specialised Land		2,780	-	2,780	-
Total Land at fair value		**129,926**	**-**	**2,780**	**127,146**
Specialised Buildings		633,285	-	-	633,285
Non-Specialised Buildings (ii)		752	-	752	-
Total Buildings at fair value		**634,037**	**-**	**752**	**633,285**
Plant at fair value		5,620	-	-	5,620
Medical Equipment at fair value		35,753	-	-	35,753
Non-Medical Equipment at fair value		2,357	-	2,357	-
Computers and Communication at fair value		9,062	-	9,062	-
Furniture and Fittings at fair value		1,824	-	1,824	-
Total other plant and equipment at fair value		**54,616**	**-**	**13,243**	**41,373**
TOTAL PROPERTY, PLANT & EQUIPMENT AT FAIR VALUE		**818,579**	**-**	**16,775**	**801,804**

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

(ii) Non specialised buildings are buildings that might have an alternative use that would generate higher and therefore better use. For Western Health, this relates to the Drug and Alcohol addiction centres (WestAdd).

Note 4: Key Assets to support Service Delivery continued

Note 4.2(d): Reconciliation of Level 3 Fair Value Measurement

Consolidated	Note	Land $'000	Buildings $'000	Plant and Equipment $'000	Medical Equipment $'000	Total $'000
Balance at 1st July 2020		**127,146**	**633,285**	**20,871**	**35,753**	**817,055**
Additions/(disposals)	4.2(b)	1,751	27,755	746	2,024	**32,276**
Net transfers between classes	4.2(b)	-	48,526	-	5,384	**53,910**
Gains/(losses) recognised in net result						
- Depreciation	4.4	-	(43,866)	(1,597)	(9,102)	**(54,565)**
		128,897	**665,700**	**20,020**	**34,059**	**848,676**
Items recognised in other comprehensive income						
- Revaluation		27,455	-	-	-	**27,455**
Balance at 30th June 2021		**156,352**	**665,700**	**20,020**	**34,059**	**876,131**

Consolidated	Note	Land $'000	Buildings $'000	Plant and Equipment $'000	Medical Equipment $'000	Total $'000
Balance at 1st July 2019		**127,146**	**643,024**	**23,293**	**29,542**	**823,005**
Additions/(disposals)	4.2(b)		25,484	13,989	8,289	47,762
Net transfers between classes	4.2(b)		6,200	(15,127)	7,125	(1,801)
Gains/(losses) recognised in net result						
- Depreciation	4.4		(41,423)	(1,284)	(9,203)	(51,911)
		127,146	**633,285**	**20,871**	**35,753**	**817,055**
Items recognised in other comprehensive income						
- Revaluation		-	-	-	-	-
Balance at 30th June 2020		**127,146**	**633,285**	**20,871**	**35,753**	**817,055**

(i) Classified in accordance with the fair value hierarchy, refer Note 4.2(c).

Note 4: Key Assets to support Service Delivery continued

Note 4.2(e): Fair Value Determination

Asset class	Likely valuation approach	Significant inputs (Level 3 only)
Non-specialised land	Market approach	N/A
Specialised land (Crown/freehold)	Market approach	Community Service Obligations Adjustments (i)
Non-specialised buildings	Market approach	N/A
Specialised buildings	Depreciated replacement cost approach	- Cost per square metre - Useful life
Vehicles	Market approach	N/A
	Depreciated replacement cost approach	- Cost per unit - Useful life
Plant and equipment	Depreciated replacement cost approach	- Cost per unit - Useful life
Infrastructure	Depreciated replacement cost approach	- Cost per unit - Useful life

(i) Community service obligations adjustment of 20% was applied to the Health Service's specialised land.

Measurement of Fair Value

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

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

There have been no transfers between levels during the period.

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

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

Valuation Hierarchy

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

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

Identifying Unobservable Inputs (level 3) Fair Value Measurements

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

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

Note 4: Key Assets to support Service Delivery continued

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

Highest and Best Use 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 *Fair Value Measurement* paragraph 29, the Health Service has assumed the current use of a non-financial physical asset is its HBU unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

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

Non-specialised Land, Non-specialised Buildings and Cultural Assets

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

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

Specialised Land and Specialised Buildings

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

During the reporting period, the Health Service 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 the Health Service, 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.

Note 4: Key Assets to support Service Delivery continued

An independent valuation of the Health Service's specialised land and specialised buildings was performed by the Valuer-General Victoria. The effective date of the valuation is 30th June 2019

Vehicles

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

Furniture, Fittings, Plant and Equipment

Furniture, fittings, plant and equipment, (including medical equipment, computers and communication equipment), are held at carrying amount, (depreciated cost). When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, the depreciated replacement cost is used to estimate 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 ending 30th June 2021.

Note 4.2(f): Property, Plant and Equipment Revaluation Surplus

	Note	2021 $'000	2020 $'000
Balance at the beginning of the reporting period		438,474	438,474
Revaluation Increment			
- Land	4.2 (b)	28,144	-
- Buildings	4.2 (b)	-	-
Balance at the end of the reporting period*		466,618	438,474
*Represented by:			
- Land		143,231	115,087
- Buildings		323,387	323,387
		466,618	**438,474**

Note 4: Key Assets to support Service Delivery continued

Note 4.3: Intangible Assets

Note 4.3(a): Intangible assets – Gross carrying amount and accumulated depreciation

	2021 $'000	2020 $'000
Intangible Produced Assets - Software [(i)]	54,871	51,766
plus Intangibles (work in progress)	13,638	-
less Accumulated Amortisation	(43,606)	(29,719)
Total Intangible Assets	**24,903**	**22,047**

(i) Additions during the year related to the Electronic Medical Record Software.

Note 4.3(b): Intangible assets – Reconciliation of the carrying amount by class of asset

	Note	Software $'000	Total $'000
Balance at 1st July 2019		**26,745**	**26,745**
Additions (i)		7,055	7,055
Amortisation	4.4	(11,753)	(11,753)
Balance at 1st July 2020		**22,047**	**22,047**
Additions (ii)		2,260	2,260
Works In Progress		13,638	13,638
Amortisation	4.4	(13,042)	(13,042)
Balance at 30th June 2021		**24,903**	**24,903**

(i) Includes a transfer from Plant and Equipment. This value is shown in note 4.2(b) in the net total of 'Net Transfers Between Classes'.

Recognition of Intangible Assets

Intangible assets represent identifiable non-monetary assets without physical substance such as computer software and car park revenue recognition rights.

Initial Recognition

Purchased intangible assets are initially recognised at cost.

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

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

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

Subsequent Measurement

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

Note 4: Key Assets to support Service Delivery continued

Impairment

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

Note 4.4: Depreciation and Amortisation

	2021 $'000	2020 $'000
Depreciation		
Buildings	44,014	41,571
Plant and Equipment	1,597	1,284
Motor Vehicles	-	-
Medical Equipment	9,102	9,203
Non Medical Equipment	597	537
Computers and Communication	4,994	4,677
Furniture and Fittings	654	718
Right of use assets (leases)		
- Right of use buildings	47	47
- Right of use plant, equipment and vehicles	797	681
Total Depreciation	**61,802**	**58,718**
Amortisation		
Intangible Assets - Software	13,042	11,753
Total Amortisation	**13,042**	**11,753**
Total Depreciation and Amortisation	**74,844**	**70,471**

Depreciation

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

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

Note 4: Key Assets to support Service Delivery continued

Amortisation

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

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

	2021	2020
Buildings		
- Structures Shell Building Fabric	40-52 years	40-52 years
- Site Engineering Services and Central Plant	23-40 years	23-40 years
Central Plant		
- Fit Out	15-40 years	15-40 years
- Trunk Reticulated Building System	21-40 years	21-40 years
Plant and Equipment	10 Years	10 Years
Medical Equipment	5-10 Years	5-10 Years
Non-Medical Equipment	10 Years	10 Years
Furniture and Fittings	10 Years	10 Years
Motor Vehicles	4 Years	4 Years
Computers and Communication	3 Years	3 Years

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

Note 4.5: Inventories

	2021 $'000	2020 $'000
Medical and surgical consumables at cost	1,584	245
Pharmacy supplies at cost	2,804	3,745
Total Inventories	**4,388**	**3,990**

Inventories

Inventories include goods and other property for consumption or for distribution at nil or nominal cost in the ordinary course of business operations. It excludes depreciable assets.

Inventories are measured at the lower of cost and net realisable value.

Note 5: Other Assets and Liabilities

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

Structure

COVID-19

The measurement of other assets and liabilities were not materially impacted by the COVID-19 Coronavirus pandemic.

Key Judgements and Estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Estimating the provision for expected credit losses	The Health Service uses a simplified approach to account for the expected credit loss provision. A provision matrix is used, which considers historical experience, external indicators and forward-looking information to determine expected credit loss rates.
Measuring deferred capital grant income	Where the Health Service has received funding to construct an identifiable non-financial asset, such funding is recognised as deferred capital grant income until the underlying asset is constructed. The Health Service applies significant judgement when measuring the deferred capital grant income balance, which references the estimated the stage of completion at the end of each financial year.
Measuring contract liabilities	The Health Service applies significant judgement to measure its progress towards satisfying a performance obligation as detailed in Note 2. Where a performance obligation is yet to be satisfied, the health service assigns funds to the outstanding obligation and records this as a contract liability until the promised good or service is transferred to the customer.

Note 5: Other Assets and Liabilities continued

Note 5.1: Receivables and Contract Assets

	Note	2021 $'000	2020 $'000
CURRENT RECEIVABLES AND CONTRACT ASSETS			
Contractual			
Inter Hospital Debtors		1,135	333
Trade Debtors		3,432	2,229
Patient Fees		6,465	5,936
Contract Assets (i)		3,267	3,189
Trade Debtors – Allowance for Impairment Losses	5.1 (a)	(500)	(282)
Patient Fees – Allowance for Impairment Losses	5.1 (a)	(3,203)	(2,160)
Total Contractual Receivables		**10,596**	**9,245**
Statutory			
GST Receivable		1,005	895
Accrued Revenue - Department of Health (ii)		3,257	140
Total Statutory Receivables		**4,262**	**1,035**
TOTAL CURRENT RECEIVABLES AND CONTRACT ASSETS		**14,858**	**10,280**
NON CURRENT RECEIVABLES AND CONTRACT ASSETS			
Statutory			
Long Service Leave - Department of Health		45,743	39,518
TOTAL NON CURRENT RECEIVABLES AND CONTRACT ASSETS		**45,743**	**39,518**
TOTAL RECEIVABLES AND CONTRACT ASSETS		**60,601**	**49,798**

(i) Represents uninvoiced debtors and interest not yet received relating to the Victorian Funds Management Corporation (VFMC) investment.

(ii) Of the current year figure, $3,231 represents DH funding relating to COVID-19.

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

Total receivables and contract assets		60,601	49,798
Allowance for Impairment Losses		3,703	2,442
Contract Assets (Accrued Revenue)		(3,267)	(3,189)
GST Receivable		(1,005)	(895)
Accrued Revenue – Department of Health		(3,257)	(140)
Long Service Leave – Department of Health		(45,743)	(39,518)
TOTAL FINANCIAL ASSETS	7.1(a)	**11,032**	**8,498**

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

	2021 $'000	2020 $'000
Balance at beginning of year	2,442	3,553
Reversal of allowance written off during the year as uncollectable	(2,210)	(2,241)
Increase in allowance recognised in net result	3,471	1,130
Balance at end of year	**3,703**	**2,442**

Note 5: Other Assets and Liabilities continued

Receivables

Receivables consist of:

- **Contractual receivables**, which mostly includes debtors in relation to goods and services. These receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. The health service holds the contractual receivables with the objective to collect the contractual cash flows and therefore they are subsequently measured at amortised cost using the effective interest method, less any impairment.
- **Statutory receivables**, which mostly includes amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits that are recoverable. Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. The health service applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

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

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

The Health Service is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

Note 5: Other Assets and Liabilities continued

Note 5.2: Payables and Contract Liabilities

	Note	Consolidated 2021 $'000	Consolidated 2020 $'000
CURRENT PAYABLES AND CONTRACT LIABILITIES			
Contractual			
Trade Creditors		18,075	3,805
Accrued Salaries and Wages		20,311	26,830
Accrued Expenses		21,244	13,158
Deferred grant revenue	5.2 (a)	17,781	10,681
Contract liabilities	5.2 (b)	23,519	5,425
Salary Packaging		2,317	2,197
Amounts Payable to Governments and Agencies		10,014	4,435
Deposits [(i)]		787	9
Total Contractual Payables		**114,048**	**66,540**
Statutory			
Repayable Grants - Department of Health	5.2 (b)	14,974	1,701
Total Statutory Payables		**14,974**	**1,701**
TOTAL CURRENT PAYABLES AND CONTRACT LIABILITIES		**129,022**	**68,241**
NON-CURRENT PAYABLES AND CONTRACT LIABILITIES			
Deferred grant revenue	5.2 (a)	-	**5,074**
TOTAL NON-CURRENT PAYABLES AND CONTRACT LIABILITIES		**-**	**5,074**
TOTAL PAYABLES AND CONTRACT LIABILITIES		**129,022**	**73,315**

(i) The current year figure represents refundable deposits from LGA councils for food services

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

Total payables and contract liabilities		129,022	73,315
Deferred grant revenue		(17,781)	(15,755)
Contract liabilities		(23,519)	(5,425)
Repayable Grants - Department of Health		(14,974)	(1,701)
Deposits		(787)	(9)
TOTAL FINANCIAL LIABILITIES	7.1(a)	**71,961**	**50,425**

Payables and Contract Liabilities

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 Health Service prior to the end of the financial year that are unpaid, and arise when the Health Service becomes obliged to make future payments in respect of the purchase of those goods and services.
- **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 credit terms for accounts payable are usually Net 60 days.

Note 5: Other Assets and Liabilities continued

Note 5.2(a): Deferred Grant Revenue

	Consolidated 2021 $'000	Consolidated 2020 $'000
Opening balance of deferred grant income	**15,755**	**12,457**
Grant consideration for capital works received during the year	14,888	13,061
Deferred grant revenue recognised as revenue due to completion of capital works	(12,862)	(9,763)
Closing balance of deferred grant income	**17,781**	**15,755**

Deferred Capital Grant Revenue

Grant consideration was received during the financial year for the Linear Accelerator Program. The Health Service receives grant revenue each year over the useful life of the linear accelerator, being ten years. This grant consideration is deferred each year until the program has expired. At the expiration of the program, grant revenue is recognised in its tenth and final year at which the Health Service will acquire new linear accelerators which will be subject to the grant deferment and recognition as previously outlined.

Note 5.2(b): Contract Liabilities

	Consolidated 2021 $'000	Consolidated 2020 $'000
Opening balance of contract liabilities	7,126	-
Payments received for performance obligations not yet fulfilled	91,228	87,412
Grant consideration for sufficiently specific performance obligations received during the year	959,650	804,509
Revenue recognised for the completion of a performance obligation	(90,930)	(81,847)
Grant revenue for sufficiently specific performance obligations works recognised consistent with the performance obligations met during the year	(928,581)	(802,948)
Total contract liabilities	**38,493**	**7,126**

Contract Liabilities

Contract liabilities include consideration received in advance from customers in respect of operational grant revenue, sundry rental revenue and clinical placements. The balance of contract liabilities was significantly lower than the previous reporting period due to mainly a decrease in clinical placements facilitated throughout the pandemic.

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

Maturity Analysis of Payables

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

Note 6: Borrowings, Cash, Cash Equivalents and Commitments for Expenditure

This section provides information on the sources of finance utilised by the Health Service during its operations, along with interest expenses, (the cost of borrowings), and other information related to financing activities of the Health Service.

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

COVID-19

Finance and borrowing arrangements were not materially impacted by the COVID-19 Coronavirus pandemic.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Determining if a contract is or contains a lease	The Health Service applies significant judgement to determine if a contract is or contains a lease by considering if the health service: ▪ has the right-to-use an identified asset ▪ has the right to obtain substantially all economic benefits from the use of the leased asset and ▪ may decide how and for what purpose the asset is used throughout the lease.
Determining if a lease meets the short-term or low value asset lease exemption	The Health Service applies significant judgement when determining if a lease meets the short-term or low value lease exemption criteria. The Health Service estimates the fair value of leased assets when new. Where the estimated fair value is less than $10,000, the health service applies the low-value lease exemption. The Health Service also estimates the lease term with reference to remaining lease term and period that the lease remains enforceable. Where the enforceable lease period is less than 12 months the health service applies the short-term lease exemption.
Discount rate applied to future lease payments	The Health Service discounts its lease payments using the interest rate implicit in the lease. If this rate cannot be readily determined, which is generally the case for the health service's lease arrangements, the Health Service uses its incremental borrowing rate, which is the amount the health service would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Note 6: Borrowings, Cash, Cash Equivalents and Commitments for Expenditure continued

Assessing the lease term	The lease term represents the non-cancellable period of a lease, combined with periods covered by an option to extend or terminate the lease if the Health Service is reasonably certain to exercise such options. The Health Service determines the likelihood of exercising such options on a lease-by-lease basis through consideration of various factors including: ▪ If there are significant penalties to terminate (or not extend), the health service is typically reasonably certain to extend (or not terminate) the lease. ▪ If any leasehold improvements are expected to have a significant remaining value, the health service is typically reasonably certain to extend (or not terminate) the lease. ▪ The health service considers historical lease durations and the costs and business disruption to replace such leased assets.

Note 6.1: Borrowings

	Note	Consolidated 2021 $'000	Consolidated 2020 $'000
CURRENT BORROWINGS			
TCV loan [(i)]		904	888
Lease Liability [(ii)]	6.1(a)	804	627
DH Cash Advance [(iii)]		-	23,530
DH Loan [(iv)]		533	-
Total Current Borrowings		**2,241**	**25,045**
NON CURRENT			
TCV loan (i)		17,982	18,869
Lease Liability (ii)	6.1(a)	1,172	1,286
DH Loan [(iv)]		6,377	-
Total Non-Current Borrowings		**25,531**	**20,155**
Total Borrowings		**27,772**	**45,200**

(i) This is an unsecured loan with the Treasury Corporation of Victoria (TCV) and has an annualised weighted average interest rate of 1.805%. The loan finances the Sunshine Hospital multi-deck car park. The approved loan limit is $20.4M.

(ii) Secured by the motor vehicle assets leased. Finance leases are effectively secured as the rights to the leased assets revert to the lessor in the event of a default.

(iii) DH Cash Advance received in June 2020 and repaid in December 2020.

(iv) DH Loan in relation to Regional Kitchen acquisition in August 2020

Recognition of Borrowings

Borrowings refer to interest bearing liabilities mainly raised from advances from the Treasury Corporation of Victoria (TCV) and other funds raised through lease liabilities, service concession arrangements and other interest-bearing arrangements.

Initial recognition

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether the Health Service has

Note 6: Borrowings, Cash, Cash Equivalents and Commitments for Expenditure continued

categorised its liability as either 'financial liabilities designated at fair value through profit or loss', or financial liabilities at 'amortised cost'.

Subsequent measurement

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

Maturity Analysis of Borrowings

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

Defaults and Breaches

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

Note 6.1(a): Lease Liabilities

The Health Service's lease liabilities are summarised below:

	2021 $'000	2020 $'000
Total undiscounted lease liabilities	2,019	1,989
Less unexpired finance expenses	(43)	(76)
Net lease liabilities	1,976	1,913

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

Lease Liabilities	2021 $'000	2020 $'000
Not later than one year	714	751
Later than 1 year and not later than 5 years	1,305	1,238
Later than 5 years	-	-
Minimum lease payments	**2,019**	1,989
Less future finance charges	(43)	(76)
Present value of lease liability*	**1,976**	1,913
***Represented by:**		
Current liabilities	804	627
Non-current liabilities	1,172	1,286

Recognition of Lease Liabilities

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

To apply this definition, the Health Service ensures the contract meets the following criteria:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Health Service and for which the supplier does not have substantive substitution rights
- The Health Service 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 the Health Service has the right to direct the use of the identified asset throughout the period of use and

Note 6: Borrowings, Cash, Cash Equivalents and Commitments for Expenditure continued

- The Health Service has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

The Health Service's lease arrangements consist of the following:

Type of asset leased	Lease term
Leased land	50 years
Leased buildings	3 years
Leased plant, equipment, furniture, fittings and vehicles	1 to 3 years

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. The lease liability has been discounted by rates of between 1.96% and 2.33%.

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 the Health Services incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, (including in-substance fixed payments), less any lease incentive receivable
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee and
- payments arising from purchase and termination options reasonably certain to be exercised.

Subsequent Measurement

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

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

Leases Significantly Below Market Terms and Conditions

The Health Service has some leases which contain significantly below-market terms and conditions, which are principally to enable the health service to further its objectives. These are commonly referred to as a peppercorn or concessionary lease.

The nature and terms of such leases, including the Health Service's dependency on such leases is described below:

Note 6: Borrowings, Cash, Cash Equivalents and Commitments for Expenditure continued

Description of leased asset	Dependence on lease	Nature and terms of lease
Land – 7 Macedon St, Sunbury (Sunbury Day Hospital)	The leased land is used to support day hospital service delivery. The Health Service's dependence on this lease is considered, high due to the specialised nature of the building on this land	Lease payments of $12 are required per annum The lease commenced in 2009 and has a lease term of 50 years.

Note 6.2: Cash And Cash Equivalents

	Note	Consolidated 2021 $'000	Consolidated 2020 $'000
Cash on Hand (excluding monies held in trust)		15	15
Cash at Bank (excluding monies held in trust)		66,188	43,484
Total Cash and Cash Equivalents	7.1(a)	**66,203**	**43,499**

Cash and Cash Equivalents

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

For the purposes of the Cash Flow Statement, Cash Assets includes cash on hand, at bank and short-term deposits.

Note 6: Borrowings, Cash, Cash Equivalents and Commitments for Expenditure continued

Note 6.3: Commitments for Expenditure

	Consolidated 2021 $'000	Consolidated 2020 $'000
Capital Expenditure Commitments		
less than 1 year	24,194	13,543
Longer than 1 year but not longer than 5 years	-	5,895
5 years or more	-	-
Total Capital Expenditure Commitments	**24,194**	**19,438**
Operating Expenditure Commitments		
less than 1 year	44,674	39,862
Longer than 1 year but not longer than 5 years	21,777	23,282
5 years or more	22	4
Total Operating Expenditure Commitments	**66,473**	**63,148**
Non-cancellable Short Term and Low Value Lease Commitments		
less than 1 year	889	751
Longer than 1 year but not longer than 5 years	1,142	1,238
5 years or more	-	-
Total Non-cancellable Short Term and Low Value Lease Commitments	**2,031**	**1,989**
Total Commitments for expenditure (inclusive of GST)	**92,698**	**84,575**
less: GST recoverable from the Australian Tax Office (i)	(7,473)	(5,816)
Total Commitments for expenditure (exclusive of GST)	**85,225**	**78,759**

(i) Supply of medical items, including drugs and diagnostic services, such as radiology and pathology are GST free.

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

Commitments

Commitments relate to expenditure, Public Private Partnerships (PPP) and short term and low value leases.

Expenditure Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed at their nominal value and are inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

The Health Service has entered into commercial leases for some medical equipment where it is not in the interest of the Health Service to purchase these assets. These leases have an average life of between 1 and 7 years with renewal terms included in the contracts. Renewals are at the option of the Health Service. There are no restrictions placed upon the lessee by entering into these leases.

Short Term and Low Value Leases

The Health Service discloses short term and low value lease commitments which are excluded from the measurement of right-of-use assets and lease liabilities. Refer to Note 6.1 for further information.

Note 7: Risks, Contingencies and Valuation Uncertainties

The Health Service is exposed to some 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 the 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

Note 7.1: Financial Instruments

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

Note 7.1(a): Categorisation of Financial Instruments

	Financial Assets at Amortised Cost	Financial Assets at Fair Value Through Net Result	Financial Liabilities at Amortised Cost	Total
Consolidated				
30 June 2021	**$'000**	**$'000**	**$'000**	**$'000**
Contractual Financial Assets				
Cash and Cash Equivalents	66,203	-	-	66,203
Receivables and Contract Assets	11,032	-	-	11,032
Investments and Other Financial Assets (VFMC)	-	25,476	-	25,476
Total Financial Assets	**77,235**	**25,476**	**-**	**102,711**
Financial Liabilities				
Payables	-	-	71,961	71,961
Borrowings	-	-	27,772	27,772
Total Financial Liabilities	-	-	**99,733**	**99,733**

Note 7: Risks, Contingencies and Valuation Uncertainties continued

Consolidated 30 June 2020	Financial Assets at Amortised Cost $'000	Financial Assets at Fair Value Through Net Result $'000	Financial Liabilities at Amortised Cost $'000	Total $'000
Contractual Financial Assets				
Cash and Cash Equivalents	43,499	-	-	43,499
Receivables and Contract Assets	8,498	-	-	8,498
Investments and Other Financial Assets (VFMC and VCCC)	450	24,773	-	25,223
Total Financial Assets	**52,447**	**24,773**	**-**	**77,220**
Financial Liabilities				
Payables	-	-	50,425	50,425
Borrowings	-	-	45,200	45,200
Total Financial Liabilities	**-**	**-**	**95,625**	**95,625**

Categories of Financial Assets

Financial assets are recognised when the Health Service becomes party to the contractual provisions to the instrument. For financial assets, this is at the date the Health Service commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through net result, in which case transaction costs are expensed to profit or loss immediately.

Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15 para 63.

Financial Assets Valued 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 the Health Service to collect contractual cash flows; and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

The Health Service recognises the following assets in this category:

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

Financial Assets Valued at Fair Value

Changes to Financial Assets valued at Fair Value are shown in Other Economic Flows, which is reported in the Net Result.

The Health Service initially designates a financial instrument as measured at fair value through net result if:

Note 7: Risks, Contingencies and Valuation Uncertainties continued

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an "accounting mismatch") that would otherwise arise from measuring assets or recognising the gains and losses on them, on a different basis
- it is in accordance with the documented risk management or investment strategy and information about the groupings was documented appropriately, so the performance of the financial asset can be managed and evaluated consistently on a fair value basis or
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through net result is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

The Financial Assets Valued at Fair Value for the Health Service is the investment in the VFMC.

Categories of financial liabilities

Financial liabilities are recognised when the Health Service becomes a party to the contractual provisions to the instrument. Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit or loss, in which case transaction costs are expensed to profit or loss immediately.

Financial liabilities at amortised cost

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

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in net result over the relevant period. The effective interest is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

The Health Service recognises the following liabilities in this category:

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

Fair value determination of financial assets and liabilities

The fair values and net fair values of financial assets and liabilities are determined as follows: [AASB 13.93(a)(b)]

- Level 1 – the fair value of financial instruments with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices
- Level 2 – the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3 – the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

The investment of $25,476 for the 2020-21 financial year is held with the VFMC and is determined to be Level 2.

Note 7.2: Financial Risk Management Objectives and Policies

As a whole, the Health Service's financial risk management program seeks to manage the risks and the associated volatility of its financial performance.

Note 7: Risks, Contingencies and Valuation Uncertainties continued

Details of the significant accounting policies and methods adopted, included the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed throughout the financial statements.

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

The Health Service uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Accountable Officer.

Note 7.2(a): Credit Risk

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. The Health Service's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the Health Service. Credit risk is measured at fair value and is monitored on a regular basis.

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

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

Provision of impairment for contractual financial assets is recognised when there is objective evidence that the Health Service will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debtors that are more than 60 days overdue, and changes in debtor credit ratings.

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

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

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

Impairment of Financial Assets

The Health Service records the allowance for expected credit loss for the relevant financial instruments, in accordance with AASB 9's 'Expected Credit Loss' approach. Subject to AASB 9, impairment assessment includes the Health Service'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.

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

Note 7: Risks, Contingencies and Valuation Uncertainties continued

Contractual Receivables at Amortised Cost

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

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

30 June 2021	Note	Current	Less than 1 month	1–3 months	3 months –1 year	1–5 years	Total
Expected loss rate		1.9%	19.4%	68.0%	92.8%	100.0%	
Gross carrying amount of contractual receivables	5.1	8,673	1,802	1,508	2,105	211	**14,299**
Loss allowance		**(164)**	**(349)**	**(1,025)**	**(1,954)**	**(211)**	**(3,703)**

30 June 2020	Note	Current	Less than 1 month	1–3 months	3 months –1 year	1–5 years	Total
Expected loss rate		1.5%	4.7%	60.2%	93.6%	100.0%	
Gross carrying amount of contractual receivables	5.1	7,437	1,430	1,161	1,498	163	**11,688**
Loss allowance		**(110)**	**(67)**	**(699)**	**(1,403)**	**(163)**	**(2,442)**

Note 7.2(b): Liquidity Risk

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

The Health Service is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees. The health service manages its liquidity risk by:

- close monitoring of its short-term and long-term borrowings by senior management, including monthly reviews on current and future borrowing levels and requirements
- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations
- holding investments and other contractual financial assets that are readily tradeable in the financial markets; and
- careful maturity planning of its financial obligations based on forecasts of future cash flows.

The Health Service's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events is generally sourced from liquidation of investments and other financial assets.

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

Note 7: Risks, Contingencies and Valuation Uncertainties continued

				Maturity Dates				
2021	Note	**Carrying Amount** **$'000**	**Nominal Amount** **$'000**	**Less than 1 Month** **$'000**	**1-3 Months** **$'000**	**3 Months-1 Year** **$'000**	**1- 5 Years** **$'000**	**Over 5 Years** **$'000**
Payables [(i)]	5.2	71,961	71,961	56,560	11,008	4,393	-	-
Borrowings	6.1	27,772	27,772	142	284	1,815	7,021	18,510
Total Financial Liabilities		**99,733**	**99,733**	**56,702**	**11,292**	**6,208**	**7,021**	**18,510**
2020								
Payables [(i)]	5.2	50,425	50,425	30,121	14,998	5,306	-	-
Borrowings	6.1	45,200	45,200	8	112	24,926	5,145	15,009
Total Financial Liabilities		**95,625**	**95,625**	**30,129**	**15,110**	**30,232**	**5,145**	**15,009**

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

Note 7.2(c): Market Risk

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

Sensitivity disclosure analysis and assumptions

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

- a change in interest rates of 1% up or down and
- a change in the top ASX 200 index of 15% up or down.

Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Health Service does not hold any interest-bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Health Service has minimal exposure to cash flow interest rate risks through cash and deposits, term deposits and bank overdrafts that are at floating rate.

Foreign currency risk

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign monetary items existing at the end of the reporting period are translated at the closing rate at the date of the end of the reporting period.

The Health Service has minimal exposure to foreign currency risk.

Note 7.3: Contingent Assets and Contingent Liabilities

The Health Service does not have any contingent assets or liabilities as at 30 June 2021 (2020: nil).

Note 8: Other Disclosures

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

Structure

COVID-19

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

Note 8.1: Reconciliation of Net Result For The Year To Net Cash Flow From Operating Activities

	Note	Consolidated 2021 $'000	Consolidated 2020 $'000
Net Result For The Year		**(259)**	**13,282**
Non-cash movements:			
Depreciation and amortisation	4.4	74,844	70,471
State Supply PPE received	2.2	(14,014)	-
Revaluation of long service leave	3.4	(12,115)	2,914
Provision for doubtful debts	3.1	1,042	(999)
Allowance for impairment losses of contractual receivables	3.4	3,471	1,130
Net gain on revaluation of managed funds		(702)	1,934
Movements included in investing and financing activities:			
Net (gain)/loss from disposal of non-financial physical assets	3.4	52	60
Movements in assets and liabilities:			
Change in operating assets and liabilities			
(Increase)/decrease in Receivables		(15,317)	4,663
(Increase)/decrease in Prepayments		(498)	(270)
Increase/(decrease) in Payables		21,527	(21,953)
Increase/(decrease) in Provisions		28,395	18,729
Increase/(decrease) in Inventories		(399)	(1,638)
Increase/(decrease) in Other Liabilities		39,253	(4,432)
Increase/(decrease) in Non-Current Other Liabilities		(5,074)	619
NET CASH INFLOW FROM OPERATING ACTIVITIES		**120,206**	**84,510**

Note 8: Other Disclosures continued

Note 8.2: Responsible Persons Disclosure

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

	Period
Responsible Ministers	
The Honourable Martin Foley:	
Minister for Mental Health	01/07/2020 - 29/09/2020
Minister for Health	26/09/2020 – 30/06/2021
Minister for Ambulance Services	26/09/2020 – 30/06/2021
Minister for the Coordination of Health and Human Services: COVID-19	26/09/2020 – 09/11/2020
The Honourable Jenny Mikakos:	
Minister for Health	01/07/2020 – 26/09/2020
Minister for Ambulance Services	01/07/2020 – 26/09/2020
Minister for the Coordination of Health and Human Services: COVID-19	01/07/2020 – 26/09/2020
The Honourable Luke Donnellan:	
Minister for Child Protection	01/07/2020 – 30/06/2021
Minister for Disability, Ageing and Carers	01/07/2020 – 30/06/2021
The Honourable James Merlino:	
Minister for Mental Health	29/09/2020 – 30/06/2021
Governing Board	
Ms Robyn Batten (Chair)	1/07/2020 - 30/06/2021
Professor Andrew Conway	1/07/2020 - 30/06/2021
Dr Catherine Hutton	1/07/2020 - 30/06/2021
Ms Patricia Malowney	1/07/2020 - 30/06/2021
Ms Sheree Proposch	1/07/2020 - 30/06/2021
Ms Monica Gould	1/07/2020 - 30/06/2021
Ms Elizabeth Kennedy	1/07/2020 - 30/06/2021
Mr David Lau	1/07/2020 - 30/06/2021
Ms Jennifer Lord	1/07/2020 - 30/06/2021
Accountable Officer	
Mr Russell Harrison	1/07/2020 - 30/06/2021

Note 8: Other Disclosures continued

Remuneration of Responsible Persons

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

	2021 No.	2020 No.
Income Band		
$0 - $9,999	0	1
$10,000 - $19,999	0	1
$20,000 - $29,999	0	2
$30,000 - $39,999	0	0
$40,000 - $49,999	4	3
$50,000 - $59,999	4	2
$60,000 - $69,999	0	0
$70,000 - $79,999	0	0
$80,000 - $89,999	0	0
$90,000 - $99,999	1	1
$510,000 - $519,999	0	1
$550,000 - $559,999	1	0
Total Numbers	**10**	**11**

	2021 $'000	2020 $'000
Total remuneration received, or due to, Responsible Persons (excluding Responsible Ministers) from the reporting entity amounted to:	**1,027**	**907**

Note: The remuneration above includes payments made up to 30 June 2021 to Directors that have resigned as at 30 June 2021.
Payments to Responsible Ministers are excluded and are reported within the Department of Parliamentary Services Financial Report.

Note 8.3: Remuneration of Executive Officers

The number of Executive Officers, (excluding Responsible Persons), and their total remuneration during the reporting period is 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)	**Consolidated Total Remuneration**	
	2021 ($'000)	**2020 ($'000)**
Short-term employee benefits	1,984	1,766
Post-employment benefits	130	123
Other long-term benefits	67	146
Termination benefits	-	40
Total remuneration (i)	**2,181**	**2,075**
Total number of executives	6	6
Total annualised employee equivalent (ii)	**6**	**6**

(i) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the Health Services 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.

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.

Note 8: Other Disclosures continued

Post-employment Benefits

Pensions and other retirement benefits (such as superannuation guarantee contributions) paid or payable on a discrete basis when employment has ceased.

Other Long-term Benefits

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

Termination Benefits

Termination of employment payments, such as severance packages.

Note 8.4: Related Parties

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

- All key management personnel (KMP) and their close family members;
- Cabinet ministers (where applicable) and their close family members; and
- Controlled Entities – Western Health Foundation Limited and Western Health Foundation Trust Fund; and
- Jointly Controlled Operation – A member of the Victorian Comprehensive Cancer Centre; and
- All Health Services and public sector entities that are controlled and consolidated into the State of Victoria financial statements.

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

Key Management Personnel

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

Entity	KMPs	Position Title
Western Health	Ms Robyn Batten (Chair)	Chair of the Board
Western Health	Professor Andrew Conway	Board Member
Western Health	Dr Catherine Hutton	Board Member
Western Health	Ms Patricia Malowney	Board Member
Western Health	Ms Sheree Proposch	Board Member
Western Health	Ms Monica Gould	Board Member
Western Health	Ms Elizabeth Kennedy	Board Member
Western Health	Mr David Lau	Board Member
Western Health	Ms Jennifer Lord	Board Member
Western Health	Mr Russell Harrison	Chief Executive Officer
Western Health	Mr Mark Lawrence	Chief Financial Officer
Western Health	Ms Natasha Toohey	Chief Operating Officer
Western Health	Mr Paul Eleftheriou	Chief Medical Officer
Western Health	Ms Suellen Bruce	Executive Director People, Culture & Communications
Western Health	Mr Shane Crowe	Executive Director Nursing & Midwifery
Western Health	Ms Susan Wardle	Executive Director Strategy & Planning

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

Note 8: Other Disclosures continued

Compensation - KMPs	2021 ($'000)	2020 ($'000)
Short-term employee benefits	2,934	2,582
Post-employment benefits	188	174
Other long-term benefits	86	187
Termination benefits	-	40
Total[(i)]	**3,208**	**2,983**

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

Significant Transactions with Government Related Entities

The Health Service received funding from the Department of Health of $923 million (2020: $769 million), including indirect contributions of $6 million (2020: $5 million).

Expenses incurred by the Health Service 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 the Health Service 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 Key Management Personnel and Other Related Parties

Related parties transact with the Victorian public sector in arm's length transactions similar to other members of the public. 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 the Health Service, there were no related party transactions that involved key management personnel, their close family members or their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties. There were no related party transactions with Cabinet Ministers in 2021. There were no related party transactions with Cabinet Ministers in 2021.

There were no related party transactions for the Health Service Board of Directors, Chief Executive Officer and Executive Directors in 2021 (2020: None)

Controlled Entity Related Party Transactions

Western Health Foundation

The transactions between the entities relate to distributions made to Western Health from the Foundation and reimbursements to Western Health from the Foundation for the costs of fundraising activities.

	2021 ($'000)	2020 ($'000)
Distribution and reimbursements of funds by Western Health Foundation	1,490	3,331
Total	**1,490**	**3,331**

Note 8: Other Disclosures continued

Note 8.5: Remuneration of Auditors

	2021	2020
	$'000	$'000
Victorian Auditor-General's Office		
Audit of financial statements	144	136
Total Remuneration of Auditors	**144**	**136**

Note 8.6: Events Occurring After The Balance Sheet Date

Effective 1 July 2021 by order of the Governor-In-Council pursuant to Sections 65(1) and 65(4) of the Health Services Act 1988, the Western Health Service and Djerriwarrh Health Services were amalgamated. On 1st July 2021 the operations, all employees, assets and liabilities of Djerriwarrh Health Services were transferred to the Western Health Service.

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

Note 8.7: Controlled Entities

The Health Service's interest in the controlled entity is detailed below. The amounts are included in the consolidated financial statements under their respective categories:

Name of Entity	Ownership Interest %	Country of Incorporation	Equity Holding
Western Health Foundation Trust Fund	100%	Australia	100%
Western Health Foundation Limited	100%	Australia	Limited by Guarantee
Regional Kitchen	100%	Australia	100%
RFK	100%	Australia	100%

Controlled entity contributions to the consolidated results

Net Result For The Year	2021 ($'000)	2020 ($'000)
Western Health Foundation Trust Fund (i)	(179)	(1,470)
Western Health Foundation Limited	-	-
Regional Kitchen (ii)	-	-
RFK	-	-
	(179)	**(1,470)**

(i) In the current financial year, the Foundation received $1.3M of donations and subsequently donated $1.2M to Western Health for Medical Equipment, Salaries & wages and the Williamstown Project, and reimbursed $0.3M of fundraising expenditure. In the previous financial year, the Foundation received $1.8M of donations and subsequently donated $3.1M, and reimbursed $0.2M of fundraising expenditure.

(ii) The assets and liabilities of Regional Kitchen were transferred to WH during the year. Consequently, Regional Kitchen is a dormant entity which will be de-registered in the 2021-22 financial year.

Contingent Liabilities and Capital Commitments

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

Note 8: Other Disclosures continued

Note 8.8: Jointly Controlled Operations

Name of Entity	Principal Activity	Ownership Interest 2021 %	Ownership Interest 2020 %
Victorian Comprehensive Cancer Centre Joint Venture (VCCC)	Cancer research, education, training and patient care	10%	10%

The Health Service's interest in the above jointly controlled operations are detailed below. The amounts are included in the consolidated financial statements under the respective categories below.

	2021 $'000	2020 $'000
Current Assets		
Cash and cash equivalents	559	607
Investments and other financial assets	-	450
Receivables	13	31
Prepayments	8	34
Total Current Assets	**580**	**1,122**
Non-Current Assets		
Investments and other financial assets	-	1
Property, plant and equipment	12	10
Intangible Assets	5	7
Total Non-Current Assets	**17**	**18**
TOTAL ASSETS	**597**	**1,140**
Current Liabilities		
Payables	39	88
Accrued expenses	18	54
Provisions	35	41
Total Current Liabilities	**92**	**183**
Non-Current Liabilities		
Provisions	9	10
Total Non-Current Liabilities	**9**	**10**
TOTAL LIABILITIES	**101**	**193**
NET ASSETS	**496**	**947**
EQUITY		
Accumulated surplus	496	947
TOTAL EQUITY	**496**	**947**

Note 8: Other Disclosures continued

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

	2021 $'000	2020 $'000
Revenue		
Grants	615	872
Members Contribution	154	152
Other Income	58	93
Interest Income	1	14
Rental Income	14	-
Total Revenue	**842**	**1,131**
Expenses		
Employee Benefits	434	502
Operating Expenses	851	1,129
Depreciation	6	7
Net (loss) on financial instruments	2	-
Total Expenses	**1,293**	**1,638**
NET RESULT	**(451)**	**(507)**

Note: Figures obtained from the audited VCCC joint venture annual report.

Contingent Liabilities and Capital Commitments

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

Jointly Controlled Assets and Operations

Interests in jointly controlled assets or operations are not consolidated by the Health Service but are accounted for in accordance with the policy outlined below.

In respect of any interest in joint operations, the Health Service 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; and
- its expenses, including its share of any expenses incurred jointly.

The Health Service as a member of the VCCC joint operation retains joint control over the arrangement which it has classified as a joint operation. The vision of the VCCC is to save lives through the integration of cancer research, education and patient care. The VCCC is a not-for-profit organisation and has been recognised by the Australian Taxation Office as a Health Promotion Charity.

All members of the VCCC hold an equal 10 percent (2020: 10 percent) share in the assets, liabilities, revenue and expenses of the VCCC. The members own the VCCC assets as tenants in common and are severally responsible for the joint operation costs in the same proportions as their interests. Accordingly, assets, liabilities, income and expenses are consolidated in proportion to the Health Service's contractually specified share.

Note 8: Other Disclosures continued

Interest in the VCCC is not transferable and is forfeited on withdrawal from the joint operation. Distributions are not able to be paid to members and excess property, on winding up, will be distributed to other charitable organisations with objectives similar to those of the VCCC.

The VCCC member entities have created a company to conduct the affairs of the joint operation. The member entities have specifically, in their agreement, stated that they do not indemnify the company against any liabilities beyond their contribution to the joint assets of the joint operation. The member entities do not therefore bear any financial risk beyond their contribution to the joint assets. "Their contribution" means their share of the net assets. Reputational risk through membership is addressed through the appointment of representatives to the governing bodies of the VCCC. The risks associated with the VCCC have not changed from previous reporting periods.

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

Note 8.9: Equity

Contributed Capital

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

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

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

Financial assets at fair value through comprehensive income revaluation reserve

The financial assets at fair value through other comprehensive income revaluation reserve arises on the revaluation of financial assets (such as equity instruments) measured at fair value through other comprehensive income. Where such a financial asset is sold, that portion of the reserve which relates to that financial asset may be transferred to accumulated surplus/deficit.

Specific Restricted Purpose Reserves

The specific restricted purpose reserve is established where the Health Service has possession or title to the funds but has no discretion to amend or vary the restriction and/or condition underlying the funds received.

Note 8.10: Economic Dependency

The Health Service is dependent on the Federal and State Governments for the majority of its revenue used to operate the entity. The Department of Health has provided written assurance of funds being provided in the future to support the operations of the health service. At the date of this report, the Board of Directors have no reason to believe the Federal and State Governments will not continue to support the Health Service.

Note 8.11: Correction of a prior period error

The Health Service has identified a prior period error. This is explained below and has since been adjusted for and the error restated in each of the affected financial statement for the 2020 financial year, as shown in the tables below.

Note 8: Other Disclosures continued

Impact of correction of an error on the consolidated operating statement

	For the period ended 30 June 2021 $'000	For the period ended 30 June 2020 $'000	Restatement $'000	For the period ended 30 June 2020 (as previously presented) $'000
Revenue and Income from Transactions				
Operating Activities	1,096,493	942,301	(52,597)	994,898
Non-operating Activities - Interest	1,754	3,107	-	3,107
Total Revenue and Income from Transactions	**1,098,247**	**945,408**	**(52,597)**	**998,005**
Expenses from Transactions				
Employee	(797,054)	(711,793)	-	(711,793)
Supplies and Consumables	(141,060)	(119,411)	-	(119,411)
Finance	(448)	(425)	-	(425)
Depreciation and Amortisation	(74,844)	(70,471)	-	(70,471)
Other Operating	(94,394)	(76,586)	-	(76,586)
Total Expenses from Transactions	**(1,107,800)**	**(978,686)**	**-**	**(978,686)**
Net Result from Transactions - Net Operating Balance	**(9,553)**	**(33,278)**	**(52,597)**	**19,319**
Other Economic Flows Included in Net Result				
Net gain/(loss) on Sale of Non-Financial Assets	(52)	(59)	-	(59)
Other gains/(losses) from Other Economic Flows	12,115	(2,914)	-	(2,914)
Net gain/(loss) on Financial Instruments at Fair Value	(2,769)	(3,064)	-	(3,064)
Total Other Economic Flows Included in Net Result	**9,294**	**(6,037)**	**-**	**(6,037)**
Net Result for the Year	**(259)**	**(39,315)**	**(52,597)**	**13,282**
Other Comprehensive Income				
Items that will not be reclassified to Net Result				
Changes in Property, Plant & Equipment Revaluation	**28,144**	-	**-**	-
Total Other Comprehensive Income	**28,144**	**-**	**-**	**-**
Comprehensive Result for the year	**27,885**	**(39,315)**	**(52,597)**	**13,282**

Note 8: Other Disclosures continued

Impact of correction of an error on the consolidated balance sheet

	For the period ended 30 June 2021 $'000	For the period ended 30 June 2020 $'000	Restatement $'000	For the period ended 30 June 2020 (as previously presented) $'000
Current Assets				
Cash and Cash Equivalents	66,203	43,499	-	43,499
Receivables and Contract Assets	14,858	10,280	-	10,280
Investments and Other Financial Assets	25,476	25,222	-	25,222
Inventories	4,388	3,990	-	3,990
Prepayments and Other Non-Financial Assets	3,888	3,390	-	3,390
Total Current Assets	**114,813**	**86,381**	**-**	**86,381**
Non-Current Assets				
Receivables and Contract Assets	45,743	39,518	-	39,518
Investments and Other Financial Assets	-	1	-	1
Property, Plant & Equipment	949,008	904,076	(52,597)	956,673
Intangible Assets	24,903	22,047	-	22,047
Total Non-Current Assets	**1,019,654**	**965,642**	**(52,597)**	**1,018,239**
TOTAL ASSETS	**1,134,467**	**1,052,023**	**(52,597)**	**1,104,620**
Current Liabilities				
Payables and Contract Liabilities	129,022	68,241	-	68,241
Borrowings	2,241	25,045	-	25,045
Provisions (Employee Benefits)	168,907	150,038	-	150,038
Total Current Liabilities	**300,170**	**243,324**	**-**	**243,324**
Non-Current Liabilities				
Borrowings	25,531	20,155	-	20,155
Provisions (Employee Benefits)	28,881	31,470	-	31,470
Payables and Contract Liabilities	-	5,074	-	5,074
Total Non-Current Liabilities	**54,412**	**56,699**	**-**	**56,699**
TOTAL LIABILITIES	**354,582**	**300,023**	**-**	**300,023**
NET ASSETS	**779,885**	**752,000**	**(52,597)**	**804,597**
EQUITY				
Property, Plant & Equipment Revaluation	466,618	438,474	-	438,474
Restricted Specific Purpose	5,696	6,334	-	6,334
Contributed Capital	203,291	203,291	-	203,291
Accumulated Surplus	104,280	103,901	(52,597)	156,498
TOTAL EQUITY	**779,885**	**752,000**	**(52,597)**	**804,597**

TOGETHER, CARING FOR THE WEST

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SUNSHINE HOSPITAL
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8345 1333

SUNSHINE HOSPITAL RADIATION THERAPY CENTRE
176 Furlong Road
St Albans VIC 3021
8395 9999

WESTERN CENTRE FOR HEALTH RESEARCH AND EDUCATION
Sunshine Hospital
Furlong Road
St Albans VIC 3021
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JOAN KIRNER WOMEN'S AND CHILDREN'S AT SUNSHINE HOSPITAL
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SUNBURY DAY HOSPITAL
7 Macedon Road
Sunbury VIC 3429
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WILLIAMSTOWN HOSPITAL
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