Peninsula Health

Annual Report

2020

peninsulahealth.org.au

Front cover image: In May 2020 Peninsula Health installed a state-of-the-art MRI scanner at Frankston Hospital, the first of its kind in a Victorian public hospital.

Contents

Our Values

BE THE BEST
We strive for excellence in all that we do

BE A ROLE MODEL
Together, our behaviours build our culture

BE OPEN AND HONEST
We are transparent, accountable and innovative

BE COMPASSIONATE AND RESPECTFUL
We embrace diversity, advocate and care for our consumers, support our peers and grow our teams in a safe, kind and meaningful way

BE COLLABORATIVE
Our impact is better and stronger when we are inclusive and engaging of a broad network of people

2019/2020 Year in Review

20,553
children were cared for in our emergency departments

85,256
prescription items were dispensed from our pharmacy

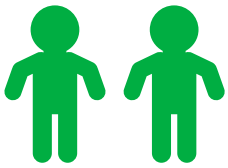
2,990
babies were born at Frankston Hospital last year

100,616
people attended our emergency departments

50,117
clients were kept safe at home by our MePACS personal alarm service

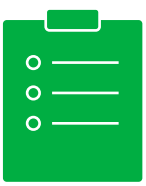
151,417
x-rays and scans performed

18,966
surgeries performed by surgeons



95,260
people were treated in our hospitals

14,966
patients were treated in our dental clinics



42,702
people were admitted to hospital from our emergency departments

Data may include some patients treated more than once.

Chairperson's and Chief Executive Report

Introduction

To our community, staff and volunteers, partners and the Government, we present the 2020 Annual Report. This publication details Peninsula Health's strategic, operational and financial performance for the year ended 30 June 2020.

The second half of the financial year has been challenging for Peninsula Health, as we have responded to the COVID-19 pandemic and adapted our operations, models of care and ways of working to respond to this health crisis. Despite the significant challenges presented by the coronavirus pandemic, our people have continued to strive to provide safe, personal, effective and connected care for every person, every time. We have also continued to work towards achieving the goals of our 2019-2023 Strategic Plan, which outlines our organisational vision over the coming years.

We are pleased to share some of our accomplishments with you, as well as our new ideas and our plans for the future, as we continue to expand and improve the services we provide for our community.

COVID-19 response

Since the beginning of 2020, the Victorian bushfires and the COVID-19 pandemic have impacted our operations as a health service. As the bushfire threat receded in January, we immediately revised our pandemic plan and put in place our Incident Management Team to lead the response to COVID-19. This group of senior leaders continues to work together with all our people to ensure our evolving response to the pandemic puts the utmost priority on the health and wellbeing of our staff, volunteers and the local community.

Our response to the pandemic has resulted in a significant impact on the financial performance of the health service, which is further detailed in the Report of Operations and in the Financial Statements in the second half of this publication. To manage these unforeseen costs and their effect, we are working closely with the Department of Health and Human Services and Government to mitigate and reduce any future impact on our financial performance both now and in 2020-21.

Our staff have been faced with many challenges over the months since the first COVID-19 cases appeared in January, and the subsequent announcement of a pandemic by the World Health Organisation in March. Our multidisciplinary teams have worked together and shared ideas, knowledge and experience as we have shown great agility in responding to the tests posed by the pandemic. With no vaccine or effective treatment yet developed, many challenges still lie ahead, but we have the right people to lead us through this public health crisis, both for our organisation and our community.

The virus has expedited the implementation of many new technologies over the first half of 2020, and Telehealth has been foremost in that. It has been remarkable how well we have adapted to these new ways and how these changes have allowed us to extend our care into homes and into the community.

There have been considerable difficulties for many people, with home schooling, working from home, social distancing and periods of loneliness becoming part of daily life for so many people. We recognise that this COVID-19 time is not normal, and that as a community we need to support and look out for each other and acknowledge the stress and anxiety this time has placed on many.

Capital works and planning

There has been significant progress over the last 12 months in planning for the redevelopment of Frankston Hospital. Key staff, supported by our consumer representatives, have been consulted to inform the functional brief, which outlines what will be included in the new building. This will allow us to deliver our services through best practice and via contemporary models of care. Construction is expected to start in 2021 on the area adjacent to the Emergency Department on Yuille Street.

Preliminary works are underway in preparation for construction of the Academic and Research Centre at Frankston Hospital. This state-of-the-art facility, to be operated in partnership with Monash University, will enable us to significantly expand our research capability and output. Monash University is also partnering with us to lead The National Centre for Healthy Ageing, to create a centralised hub for innovation and transformation of care practices. Recruitment is underway for researchers to lead this exciting initiative funded by the Federal Government, which will create better integrated care models to promote health and wellbeing across the lifespan.

The planning for a potential redevelopment of Rosebud Hospital continues to be a major focus for the organisation. A Feasibility Study was completed in 2019, which showed that it is possible to rebuild the hospital with contemporary facilities and capacity on its current site on Point Nepean Road. These findings were shared with our community at two information sessions, and we are now focused on completing a business case for consideration of funding for this important project.

A former office space was transformed to house our state-of-the-art MRI Machine at Frankston Hospital, to open in the second half of 2020. The addition of a second machine means we are able to scan more inpatients and outpatients, while our staff will also benefit from the opportunity to participate in research projects.

Our specialist psychogeriatric residential aged care facility, Carinya, was relocated from ageing facilities at Golf Links Road Rehabilitation Centre to Village Glen, near Rosebud just before Christmas. The move enables our highly specialised staff to provide care in a purpose-built environment, so they can better support our residents. Over the next 12 months, we will develop a business case to consider the potential for Carinya to co-locate with our Geriatric Evaluation and Management facility at The Mornington Centre.

Major projects and strategic initiatives

After considerable consultation with staff, consumer representatives and external partners, we launched our Strategic Plan 2019-2023 in October 2019. The plan outlines our vision to provide exceptional health and community care and our ambitious and exciting direction for the organisation to achieve this aim. Clearly outlined in this plan are our five strategic goals which illustrate our commitment to our staff, our community and our volunteers. Our strategic priorities are:

+ **Our Care** – we will create an inspiring and supportive culture that fosters high-quality care which is safe, personal, effective and connected, and has a strong focus on the customer experience.
+ **Our People** – we will create remarkable opportunities for the development and wellbeing of our people who together contribute to improving the health of our community.
+ **Our Community** – we will work together with our community and partners to become the leader for integrated healthcare.
+ **Our Ideas** – we will harness the great ideas from our people to help us to learn, improve, innovate and deliver exceptional care.
+ **Our Workplace** – we will design and build contemporary facilities which integrate the use of technology and data to support the provision of high-quality, connected care.

The plan introduced a new set of values for the organisation – Be the Best, Be Open and Honest, Be Compassionate and Respectful, Be a Role Model and Be Collaborative. Our values guide the way we work together internally, and with our community to achieve our vision and purpose.

The safety and wellbeing of our people has also been a focus for our organisation over the last year. We are empowering and supporting staff to speak up and report any bullying, harassment, or inappropriate behaviour, through a strengthened Safety Culture framework, that prioritises the welfare of our people. In June 2020 we launched You First, a health and safety campaign designed to positively influence the way employees identify key risks, prioritise their wellbeing and manage their work environment. This campaign encourages our staff to consider their own wellbeing before commencing a task, by integrating the concepts of Stop, Assess, Plan and Learn into their daily roles.

We have also begun consultation with staff to develop a five-year Digital Health Strategy to set the vision and direction for the organisation, in line with the State Government's Health 2040: advancing health access and care. The strategy will help to ensure our future investment in digital technology is user-friendly, informed by best practice and is effective, safe, secure and sustainable. It will also assist us to navigate how we use technology to enhance our practices and the care we deliver to our community.

A new Reconciliation Action Plan has been developed, as part of our commitment to becoming a leader in culturally safe, accessible, inclusive, and high-quality health services to Aboriginal and Torres Strait Islander peoples. We have also continued to implement objectives and actions outlined in Year one of our Disability Action Plan.

Accreditation

In August 2019, we became the first health service in Victoria to successfully undergo the Short Notice Accreditation Program (SNAP) survey under the second edition of the National Safety and Quality Health Service Standards. After providing 48 hours' notice of their arrival, five accreditors spent the week in our service with our teams seeking evidence, observing and experiencing how we provide care which is safe, personal, effective and connected for all our consumers, clients and patients. Our Peninsula Care framework was highly commended for its aims, governance, implementation and achievements, as was our commitment to diversity both in our consumer engagement and in our staff.

Innovation

In late 2019, Peninsula Health was named as the lead health service for Thriving in Health – a consortium approach to staff wellbeing. Funded by the Worksafe Work Well Mental Health Improvement Fund, Thriving in Health aims to develop mentally healthy workplaces with strong cultures that promote and facilitate employee mental health, safety and wellbeing for frontline workers in Victorian health services. We look forward to developing this important work further over the coming year.

Also in the last 12 months, we launched the Dogs4Docs pilot project and welcomed Kenzo, our workplace dog and 'Director of Happiness' into the organisation. The innovative program is run in partnership with the State Government and Guide Dogs Victoria, to investigate the effectiveness of a workplace dog on staff wellbeing in the public hospital environment. While some components of the program were put on hold due to COVID-19, Kenzo supported staff wellbeing through many 'pat and chat' sessions, Wellness Walks and occasional video calls.

Peninsula Health's commitment to innovation and improving health outcomes was recognised at the 2019 Victorian Public Healthcare Awards. The Wellness Clinic was 'Highly Commended' in the Minister for Mental Health Award for excellence in supporting the mental health and wellbeing of Victorians. Operated by our multidisciplinary Mental Health team, the Wellness Clinic provides holistic physical health follow-up of clients, to improve outcomes for local people within the Youth, Adult and Aged Mental Health Services. The Health Promotion team was a finalist at the VicHealth Awards for its work with Frankston City Council, the Mornington Peninsula Shire and the Frankston Mornington Peninsula Primary Care Partnership, to improve healthy food and drink options in our community.

Our MePACS personal alarm service collaborated with Samsung Electronics Australia and Vault Intelligence to create and launch MePACS Solo. The 24/7 personal alarm service is available on the Samsung Galaxy watch, which also features falls detection, automatically sends alerts to MePACS, heart rate, steps monitoring and GPS technology. This initiative is being accessed by lone workers, seniors and people with a disability, to provide them with the security they need.

The Smoke Free Working Group and researcher Dr Ashley Webb piloted a new approach in December 2019, to discourage people from smoking outside Frankston Hospital. Local primary school students

wrote and recorded messages, which were broadcast at different intervals over the PA system at the front of the hospital. There was a significant reduction in the number of people smoking outside the hospital when the announcements were played. The group is now investigating expanding the program to benefit more people at other sites.

In a significant efficiency drive, our payroll team successfully transitioned the entire health service onto one pay cycle. This improvement has standardised rostering, payments and financial reporting and enhanced the support payroll can provide to staff members across all our sites.

Research

Under the guidance of our Professor of Medicine, Velandai Srikanth, the research team has continued to attract grants and generate peer-reviewed scientific publications over the last year. We have developed our 2020-2024 Research Strategic Plan, which sets out our aim to build a vibrant research culture that will enable the delivery of innovative world class healthcare and exceptional patient outcomes.

Our senior researchers continue to receive plaudits and significant grants in their fields. Associate Professor David Langton, Director of Thoracic Medicine at Peninsula Health, is leading a joint study into bronchial thermoplasty, alongside researchers from the University of Western Australia and the University of Auckland. The research has been funded with a $1 million National Health and Medical Research Council (NHMRC) Ideas Grant. The Australian COPS Trial (COlchicine in Patients with Acute Coronary Syndromes) led by Cardiologist Professor Jamie Layland, has been selected as a late-breaking clinical trial at the European Society of Cardiology conference, Amsterdam 2020, which is the largest cardiology conference in the world. The COPS trial assesses the impact of low-dose colchicine on long-term cardiovascular outcomes in patients with acute coronary syndromes.

A number of other exciting research initiatives are underway and forming, which align with our major research priorities of healthy ageing and chronic disease. As the team works towards the formation of The National Centre for Healthy Ageing, we will be able to conduct more research aimed towards designing and evaluating innovative models of healthcare that will enable senior people to remain healthy and living productively in their preferred environment.

Celebrating our Volunteers

Peninsula Health is privileged to have the support of 700 volunteers and consumer representatives, who play an important role in enabling us to provide safe, personal, effective and connected care to every person, every time. This year we launched a new program to place consumer representatives on wards and expanded our patient companion program into our sub-acute service.

Our volunteers have continued to make a difference to our health service, even after the program was put on hold due to COVID-19 in early 2020. Consumer representatives have continued their involvement in a range of committees and projects online, joining meetings with our staff and imparting their knowledge, thoughts and ideas. We look forward to physically welcoming our volunteers and consumer representatives back to the health service at the earliest opportunity.

Thank you

On behalf of the Board and the Executive team, we would like to thank our staff, volunteers, consumer representatives and partners, as well as the Frankston-Mornington Peninsula community, for their support during the past year. This is particularly true in the last six months as we have navigated the COVID-19 pandemic and endeavoured to provide the best of care for everyone.

We hope you enjoy reading more about our care, our people, our workplace, our ideas and our community, in the 2020 Annual Report.

Ms Diana Heggie
Chairperson
Peninsula Health

Ms Felicity Topp
Chief Executive
Peninsula Health

Report of Operations

Peninsula Health at a Glance

Peninsula Health is the major metropolitan health service for Frankston and the Mornington Peninsula. We care for a population of around 300,000 people, which swells to over 400,000 people during the peak tourism seasons between December and March.

Our health service consists of four major hospitals: Frankston Hospital, Rosebud Hospital, Golf Links Road Rehabilitation Centre, and The Mornington Centre; five community mental health facilities; and five community health centres in Frankston, Mornington, Rosebud, Hastings and Carrum Downs.

Our services for the community include care across the life continuum from obstetrics, paediatrics, emergency medicine, intensive care, critical care, surgical and general medicine, rehabilitation, and oncology, through to aged care and palliative care. We also provide extensive services in community health, health education and promotion, ambulatory care, and mental health.

We are a major teaching and research health facility, training the next generation of doctors, nurses, allied health professionals and support staff. We have strong partnerships with Monash University, Deakin University, La Trobe University, Chisholm Institute and Holmesglen Institute.

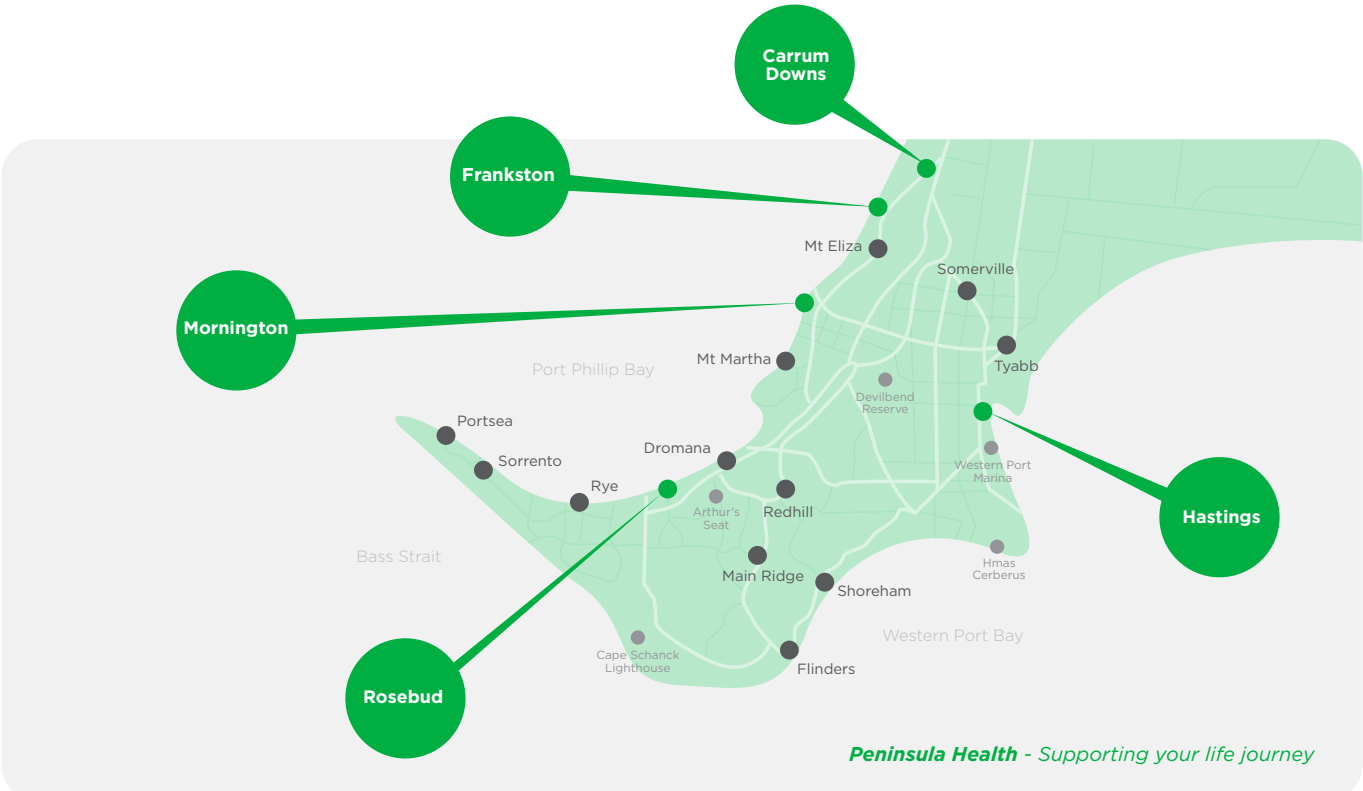
Our catchment has some unique demographic features and challenges, including:

+ a higher than average rate of population ageing;
+ mix of wealth and extreme disadvantage;
+ higher than average rates of vulnerable children, homelessness and family violence;
+ higher than average rates of chronic diseases and mental health issues.

These factors create challenges in providing the best of care, where and when it is needed to respond to the needs of children, people with mental health issues, and elderly residents.

With over 6,300 staff and 700 volunteers, consumer representatives and auxiliary members, our dedicated and highly skilled teams work together to provide high-quality care, close to home, for people and families in Frankston and on the Mornington Peninsula.

We have undergone significant growth and transformation in recent years and we are recognised as a leading metropolitan health service.



Our Clinical Services

Aged Care

Inpatient services

- Geriatric Evaluation and Management
- Orthogeriatric Service
- Acute Care for the Elderly
- Sub-acute Assessment Liaison Service
- Residential Transitional Care Program

Ambulatory Services (centre-based and home-based)

- Geriatric Medicine Clinic
- Cognitive, Dementia and Memory Clinic
- Falls Clinic
- Continence and Urodynamics

Community

- Aged Care Assessment Service (MEACAS)

Allied Health

- Audiology
- Diversional Therapy
- Exercise Physiology
- Music Therapy
- Neuropsychology
- Nutrition & Dietetics
- Occupational Therapy
- Physiotherapy
- Podiatry
- Prosthetics and Orthotics
- Psychology
- Social Work
- Speech Pathology
- Spiritual Care

Community Health

- Aboriginal Health
  - Including Elder/Cultural Lead
  - Aboriginal Hospital Liaison Officer
- Addiction Medicine
- Alcohol and Other Drugs Services
  - Catchment Intake & Assessment
  - Non-Residential Withdrawal Services
  - Counselling
  - Care & Recovery
  - Peer Support
  - Needle Syringe Program (SHARPS)
  - Youth Outreach
  - Supported Accommodation
  - Family Therapy
  - ResetLife Day Rehabilitation Program
  - Drink Drug Drive Behaviour Change Program
- Community Care Program
  - Care Coordination
  - Post-Acute Care
  - Residential In-reach Program
- Forensic Mental Health in Community Health
- Advance Care Planning

Integrated Care & Dental

- Early Intervention in Chronic Disease Services
  - Cancer Rehabilitation Program
  - Cardiac Rehabilitation Program
  - Pulmonary Rehabilitation
  - Diabetes Education
  - LIFE! Diabetes Program
- Community Health Allied Health
- Podiatry
- Dental Services
- Optometry
- Home Care Packages
- Community Connections Homeless Program
- Aboriginal Access & Support
- Supporting Vulnerable Victorians in Residential Services (SAVVI) & Pension Level Project (PLP)
- WAYSS Rooming House Project
- Social Support Groups
- Carer Support Program
- NDIS Adult Services
- Volunteers
- Men's Shed

Prevention, Access and Families

- Children's Services
- NDIS Children's Services
- Family Violence Services
- Health Promotion
- MENS Program
- Sexual & Reproductive Health Service
- Counselling
- Self Help and Support Groups
- Keeping Families Safe
- The Orange Door

Emergency Medicine

- Frankston Hospital Emergency Department
- Rosebud Hospital Emergency Department

Intensive Care Medicine

Medical Services

- Cardiology
- Endocrinology & Diabetes
- Gastroenterology
- General and Perioperative Medicine
- Haematology
- Hospital in the Home
- Infectious Diseases
- Infusion Centre
- Medical Oncology and Radiotherapy
- Neurology
- Oncology
- Renal Medicine
- Respiratory and Sleep Medicine
- Rheumatology
- Specialist Outpatient Clinics

Mental Health Services

- Mental Health Telephone Triage
- Mental Health Consultation Liaison
  - Frankston Hospital Emergency Department Mental Health Team
  - Acute Inpatient Wards
- Police, Ambulance and Clinical Early Response Service (PACER)
- Psychiatric Assessment and Planning Unit (PAPU)
- Access and Assessment Team
  - Access, Planning and Linkage
- Adult Community Mental Health Frankston
  - Intensive Community Treatment Team
  - Case Management Team
  - GP Shared Care Team
  - Wellness Clinic incorporating dietician, music therapy, exercise physiology & nursing
- Adult Community Mental Health Mornington
  - Intensive Community Treatment Team
  - Case Management Team
  - GP Shared Care Team
  - Wellness Clinic incorporating dietician, music therapy, exercise physiology & nursing
- HOPE Suicide Prevention team
- Aged Persons Community Mental Health
  - Intensive Community Assessment Team
  - Intensive Community Treatment Team
  - Aged Persons Case Management Team (incorporating Residential Support)
- Youth Community Mental Health
  - Intensive Community Assessment Team
  - Intensive Community Treatment Team
  - Youth Case Management Team
- Adult Acute Mental Health Inpatient Unit (2 West)
- Aged Acute Mental Health Inpatient Unit (1 West) and ECT
- Adult Prevention & Recovery Care Service (A-PARC)
- Youth Prevention & Recovery Care Service (Y-PARC)
- Carinya Residential Aged Care Facility
- Community Care Unit
- Peer Support Program

MePACS (Personal Alarm Call Service)

Paediatrics (Children's Health)

- Child & Adolescent Health
- Home & Community Care
- Asthma Education
- Specialist Outpatient Clinics

Pain Medicine

- Peninsula Health Integrated Pain Services
- Persistent Pain Management Service
- Pain Medicine Outpatient Clinic
- Pain Medicine Inpatient Consult Service

Pathology

- Autopsies and Mortuary Services
- Biochemistry
- Blood Banking Service
- Blood Product Management
- Bone Marrow Biopsies
- Cytology (including fine needle aspirates)
- Frozen Sections
- Haematology (including coagulation)
- Histopathology
- Immunology
- Microbiology
- Serology

Pharmacy

- Antimicrobial Stewardship
- Community Mental Health Clinical Pharmacy Services
- Inpatient Clinical Pharmacy Services
- Outpatient Dispensary

Radiology and Imaging

- Angiography
- CT
- Fluoroscopy
- General X-Ray
- Interventional Radiology
- MRI
- Nuclear Medicine
- Ultrasound

Rehabilitation

Inpatient Services

- Amputee Rehabilitation
- General Rehabilitation
- Stroke and Neuro-rehabilitation
- Orthopaedic Rehabilitation

Ambulatory Rehabilitation (centre-based and home-based)

- Amputee Rehabilitation Clinic
- Elective Orthopaedic Pathways Program
- General Community Rehabilitation
- Movement Disorders Clinic
- Neuro-rehabilitation Clinic
- Spasticity Clinic
- Stroke Detours Program

Supportive and Palliative Care

- Inpatient Palliative Care Unit
- Palliative Care Consult Service
- Supportive and Palliative Care Clinic

Surgical and Anaesthetic Services

- Anaesthesia, Acute Pain Management & Perioperative Medicine
- Breast & Endocrine Surgery
- Colorectal Surgery
- Ear, Nose & Throat Surgery
- Gastrointestinal Endoscopy
- General Surgery
- HepatoPancreatoBiliary and Upper Gastrointestinal Surgery
- Maxillo Facial Surgery
- Neurosurgery Outpatient Clinic
- Orthopaedic Surgery
- Otolaryngology and Head & Neck Surgery
- Plastic & Reconstructive Surgery
- Skin Integrity (wound care)
- Specialist Outpatient Clinics
- Stomal Therapy
- Urological Surgery
- Vascular Surgery

Women's Health

- Acute and Perioperative Gynaecology
- Urogynaecology Outpatient Clinic
- Colposcopy Clinic
- Sexual Health Clinic
- Outpatient Hysteroscopy Service
- Gynaecological Oncology Services
- Paediatric and Adolescent Gynaecology Outpatients
- Early Pregnancy and Perinatal Assessment Service
- Specialist Obstetrics and Midwifery Pregnancy Care
- Fetal Diagnostic Unit
- Complex Pregnancy Clinic
- Maternity and Newborn Care
- Special Care Nursery (premature and sick newborn babies)
- Maternity Hospital in the Home and Midwifery Home Care

For further information about our services, visit our website: **www.peninsulahealth.org.au**

Our Governance and Organisational Structure

Manner of Establishment

Peninsula Health is one of 12 metropolitan public health services in Victoria. It was established in 2000 under section 70 of the Health Services Act 1998, and was reconstituted on 1 July 2008 to amalgamate the previous Peninsula Health and the former Peninsula Community Health Service.

Peninsula Health reports to Victoria's Minister for Health & Ambulance Services, the Hon. Jenny Mikakos MP, and Victoria's Minister for Mental Health, the Hon. Martin Foley MP, through the Department of Health and Human Services. The functions of a public health service Board are outlined in the Act and include establishing, maintaining and monitoring the performance of systems to ensure the health service meets community needs.

Purpose, Functions, Powers and Duties

The core objective of Peninsula Health is to provide public health services in accordance with the principles established as guidelines for the delivery of public hospital services in Victoria under section 17AA of the Health Services Act 1988. The Health Service operates across a number of sites providing a broad range of services including:

+ Acute Care at Frankston Hospital and Rosebud Hospital;
+ Geriatric Evaluation and Management, Rehabilitation, Palliative Care and Residential Services at Mornington, Frankston and Rosebud;
+ Mental Health services at Frankston, Hastings and Rosebud;
+ Community Health services at Frankston, Rosebud, Mornington and Hastings;
+ A patient alarm and monitoring service (MePACS).

Peninsula Health employs over 6,300 staff and is supported by 700 volunteers, consumer representatives and auxiliary members.

Governance

Peninsula Health's Board of Directors is appointed by the Governor in Council on the recommendation of the Minister for Health. Directors are usually appointed for a term of three years, with members eligible to apply for reappointment. The Minister for Health requires the Board to develop a Strategic Plan and to ensure accountable and efficient provision of health services.

The Board of Directors is responsible for the governance and strategic direction of Peninsula Health and works to ensure the services provided by Peninsula Health comply with the requirements of the Health Services Act 1988 (Vic) as well as the purpose, vision and goals of Peninsula Health.

During 2019-20, the Minister for Health and the Chair of Peninsula Health signed a Statement of Priorities of agreed funding, activity and service performance.

The Board held 10 meetings in the financial year 1 July 2019 to 30 June 2020. At these meetings, members of the Peninsula Health Executive presented reports on their areas of responsibility as required.

Board of Directors as at 30 June 2020

Ms Diana Heggie (Chair)

MAICD, MCSP, Grad Dip Human Services Research

Term of Appointment: 1 July 2017 to current

Member: Audit and Risk Committee, Capital Works Committee, Finance and Resources Committee, People and Culture Committee, Quality, Safety and Clinical Governance Board Committee

Ms Heggie has extensive executive and non-executive experience. In addition to her role as Chair of Peninsula Health, she is also a Director of the Abbotsford Convent. Prior Directorship roles have included Director of the National Heart Foundation, Chair of the Heart Foundation (Vic), Director of Toorak College, Vice President of NDS and President of Cerebral Palsy Australia. Executive roles have included CEO of Scope, a major provider of services to people with disabilities, CEO of the EW Tipping Foundation, and CEO of the Heart Foundation (Vic). She originally qualified as a physiotherapist in 1987 from Trinity College Dublin, and then moved into people management roles in the not-for-profit sector.

Dr Nathan Pinskier

MBBS, FRAGCP, FAAQHC, FAAPM, Dip Prac Man, CPM, FAIDH

Term of Appointment: 15 September 2015 to current

Chair: Quality, Safety and Clinical Governance Board Committee

Member: Audit and Risk Committee (until 4 February 2020), Capital Works Committee (since 28 January 2020)

Dr Nathan Pinskier is a Melbourne GP with an involvement in primary health, tertiary care, digital health, accreditation and practice management. He is a director and co-owner of a Melbourne-based group of general practices Medi7. He is the former chair of the RACGP Expert Committee for eHealth & Practice Systems, the medical director of the DoctorDoctor Locum Medical Service in Melbourne, and is the President of the General Practice Deputising Association. Dr Pinskier is also a clinical strategic advisor to the Australian Digital Health Agency Secure Messaging program, and in 2019 was awarded the Australian Institute of Digital Health John Hilton award (for excellence in primary care informatics and for excellence in innovation across the continuum of care).

Ms Allison Smith

B Acc, GAICD, CA (Australia and Scotland)

Term of Appointment: 26 April 2016 to current

Chair: Finance and Resources Committee

Member: Audit and Risk Committee, Capital Works Committee, People and Culture Committee

With extensive experience in multiple industries, Ms Smith is recognised as a leader in a number of disciplines but specifically financial analysis and reporting. She has held senior retail, merchandise, marketing, supply chain and finance roles in some of Australia's most influential organisations. Ms Smith specialises in growth and value creation agendas and has delivered significant value to the organisations in which she has operated. She is a member of the Australia & New Zealand Institute of Chartered Accountants and a Graduate of the Australian Institute of Company Directors.

Adj. Clinical Professor Alison Dwyer

MBBS, MBA, FRACMA, FCHSM, GAICD

Term of Appointment: 1 July 2017 to current

Member: Quality, Safety and Clinical Governance Board Committee

Dr Dwyer has over 12 years' experience in medical services management roles at major tertiary health services. She is currently the Chief Medical Officer and Executive Director of Research at Eastern Health. Her previous roles have included Chief Medical Officer at Northern Health, Medical Director Quality, Safety and Risk Management at Austin Health and Director, Medical Services at The Royal Melbourne Hospital.

Dr Dwyer is the Secretary of the Victorian State Committee for the Royal Australasian College of Medical Administrators, and has a strong involvement in the training of medical administration registrars as a current Supervisor, Preceptor and Examination Censor. She is also a current ACHR Surveyor, with strengths in clinical governance and medical engagement in quality and safety.

She has a strong passion for ensuring the right organisational supports are in place to assist medical staff to provide high-quality care. Her research interests have focused on junior medical staff wellbeing, engaging medical staff in quality and the role of the Medical Administrator in health services.

Ms Kirsten Mander

LLM, FAICD, FGIA, FRMIA

Term of Appointment: 22 August 2017 to current

Chair: Audit and Risk Committee

Ms Mander is an experienced non-executive director, currently serving as chair of Legalsuper and the International Women's Development Agency.

Specialising in strategy, business development, governance and international business, she has held senior executive and management roles at Australian Unity, Sigma Pharmaceuticals, TRUenergy, Smorgon Steel Group and Western Mining Corporation.

Ms Karen Corry

B.Com, ACA, GAICD

Term of Appointment: 22 August 2017 to current

Chair: Capital Works Committee

Member: Audit and Risk Committee, Finance and Resources Committee

Ms Corry is a non-executive director and has served on boards and committees across public, private and not-for-profit organisations for over 10 years. She is board member of Holmesglen Institute, the Australian Centre for the Moving Image and Chair of the Australian Community Support Organisation. She has deep experience in transformational programs enabled by digital technology. Prior to running her own business, she was a partner at KPMG where she started her career, qualified as a chartered accountant and worked globally, spending three years in London, before returning to the KPMG Consulting division.

Professor Ken Thomson

MB, Ch.B, DRACR, MRACR, FRACR, ECFMG, LMCC, FRCR, EBIR

Term of Appointment: 22 August 2017 to 30 June 2020

Member: Audit and Risk Committee (since 4 February 2020), Capital Works Committee, Finance and Resources Committee, Quality, Safety and Clinical Governance Board Committee

Professor Thomson is a cardiovascular and interventional radiologist. He has held a number of senior roles in healthcare and research including 15 years as Director of Radiology at The Alfred Hospital. He is committed to the expansion of interventional radiology training and education in the Asia-Pacific. Professor Thomson was an examiner on the European Board of Interventional Radiology and a life member of the Royal Australian & New Zealand College of Radiologists.

Ms Rita Cincotta

BBusA, Masters of Industrial and Employee Relations, GAICD

Term of Appointment: 1 July 2018 to current

Chair: People and Culture Committee

Member: Community Advisory Committee

Ms Cincotta is an experienced executive human resources practitioner, with industry experience in health, technology, financial services and higher education. She is a Director and Principal Consultant at Human Dimensions, which specialises in individual and team performance, leadership development and organisational culture.

Prior to embarking on a portfolio career, Ms Cincotta was the Vice-President People and Culture at Swinburne University of Technology, where she was a member of the Swinburne Executive Group, Chair of the Science and Australia Gender Equity (SAGE) Committee and Chair of the Financial Inclusion Action Plan (FIAP) group.

Ms Sylvia Hadjiantoniou

EMBA, B.Com, GAICD

Term of Appointment: 1 July 2019 to current

Member: Capital Works Committee, Community Advisory Committee, Finance and Resources Committee

Ms Hadjiantoniou is a leader with experience creating and delivering transformation programs across organisations. She has led complex partnership projects and programs in education, health and infrastructure. These programs have included privatising government services, establishing health/education precincts, and delivering high-value high-risk infrastructure projects. Ms Hadjiantoniou is committed to building partnerships that stimulate economic growth and increase access to health, education and infrastructure.

Board Committees as at 30 June 2020

Six committees provide specialist advice and support to the Board. The committees also assist the Board and senior management to meet the statutory, regulatory and operational requirements of the Health Service.

Finance & Resources Committee

The role of the Finance & Resources Committee is to assist the Peninsula Health Board in the oversight and management of Peninsula Health's financial performance and resources. The Committee reviews all financial matters, management information and internal control systems and considers and makes recommendations to the Board on major and minor works.

Board members: Allison Smith (Chair), Karen Corry, Diana Heggie, Professor Ken Thomson, Sylvia Hadjiantoniou

Audit & Risk Committee

The Audit & Risk Committee meets quarterly and at any other time as requested by the Peninsula Health Board, any Committee member, the internal auditor or the Auditor-General. The Committee liaises with the internal and external auditors, reviews and approves audit programs and evaluates the adequacy and effectiveness of the overall governance framework operating within Peninsula Health. The Committee receives reports via the compliance-monitoring framework and monitors all risk management activities for Peninsula Health.

Board members: Kirsten Mander (Chair), Karen Corry, Diana Heggie, Dr Nathan Pinskier (until 4 February 2020), Allison Smith, Professor Ken Thomson (from 4 February 2020)

Quality, Safety & Clinical Governance Committee

The Quality, Safety and Clinical Governance Committee meets regularly to monitor and improve the quality and effectiveness of the care provided by Peninsula Health. The Committee is also responsible for the clinical risk management activities, which are integrated with Peninsula Health's quality systems.

Board members: Dr Nathan Pinskier (Chair), Diana Heggie, Professor Ken Thomson, Dr Alison Dwyer

Consumer members: Julian Conlon (until 16 December 2019), Meike Breman-Mertens (until 19 August 2019), John Clark-Kennedy (from 17 February 2020), Pauline D'Astoli (from 20 April 2020)

Capital Works Committee

The role of the Capital Works Committee is to assist the Peninsula Health Board in the governance of Peninsula Health's major capital and infrastructure works projects. The Committee oversees major capital projects ensuring appropriate governance, risk and financial management systems are in place to deliver projects on time and on budget.

Board members: Karen Corry (Chair), Diana Heggie, Allison Smith, Professor Ken Thomson, Sylvia Hadjiantoniou, Dr Nathan Pinskier (from 28 January 2020)

Community Advisory Committee

The Community Advisory Committee brings the voices of the community and consumers into the decision-making processes of Peninsula Health to ensure services are responsive to the needs of our diverse community. Members provide information and advice on needs, demands, and service developments from a community perspective. The Committee is supported by 13 Community Advisory Groups.

Board members: Rita Cincotta, Sylvia Hadjiantoniou

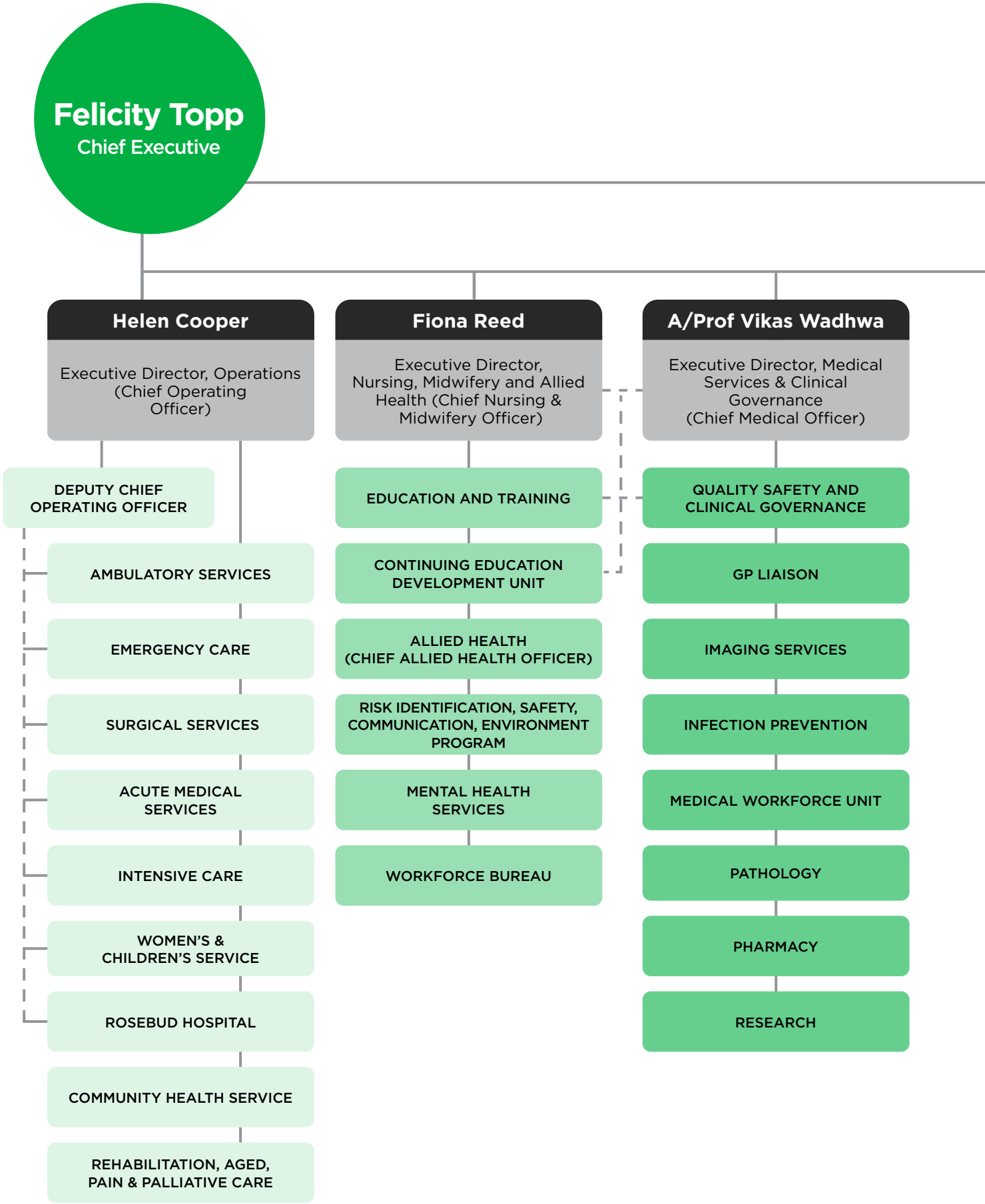
Consumer members: Pauline D'Astoli (Chair), Dawn Ross, Norman Jones, Anthony Sheer, Sue Gilbert, Evelyn Webster, Dinka Jakovac, Julian Conlon, Anne Barnes, Ann Urch, Matthew Wisniewski. Trevor Wheatley (from 26 February 2020), Graeme Prowd (from 26 February 2020)

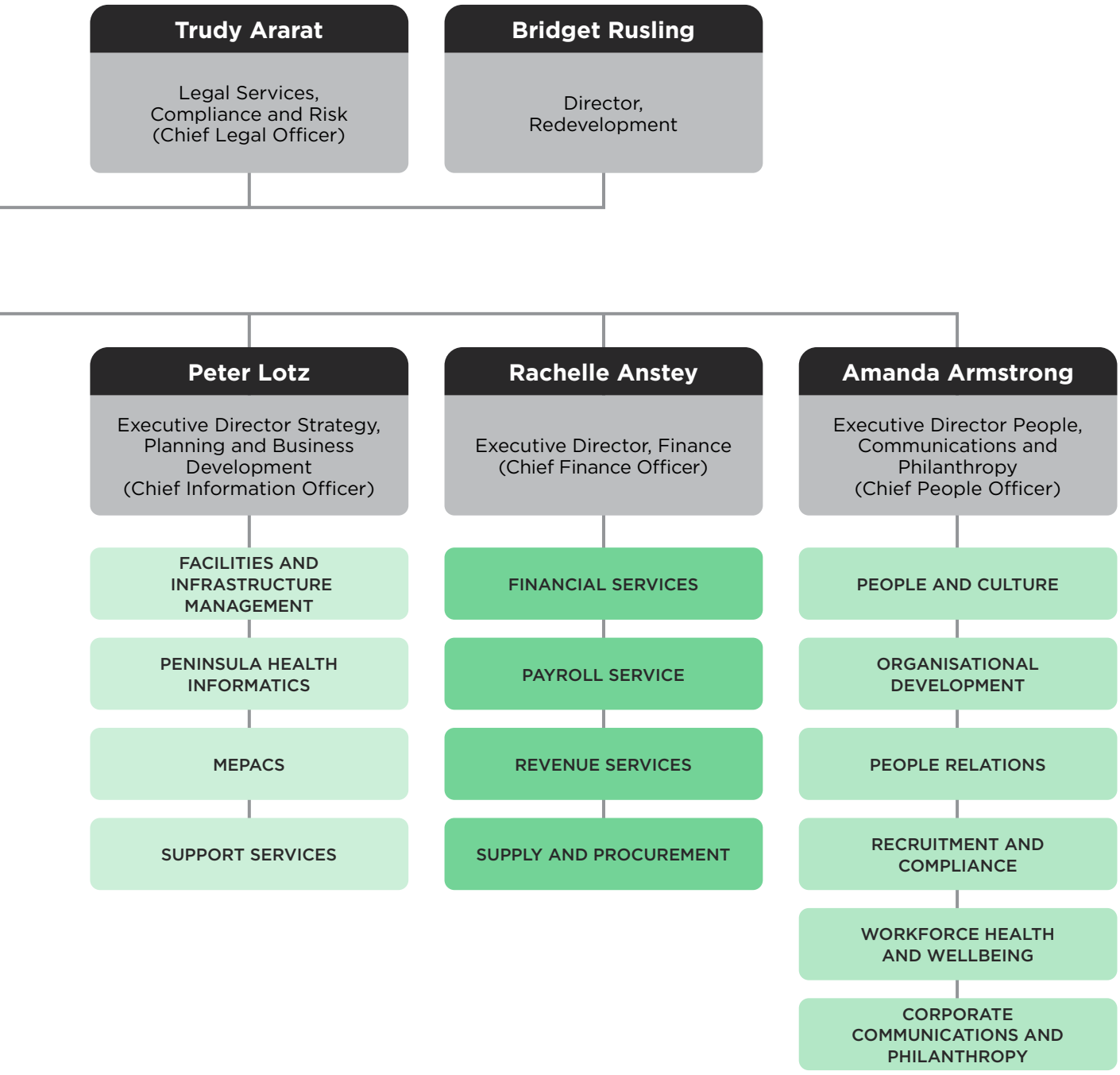
People and Culture Committee

The People and Culture Committee was established to provide recommendations to the Board on matters of governance around the People strategy, remuneration policies and practices, advising on workforce policy, procedure and monitoring performance. The Remuneration Committee meets as required to review performance and determine remuneration of executive management.

Board members: Rita Cincotta (Chair), Diana Heggie, Allison Smith

Organisational Structure





+ Organisational Structure as at 30 June 2020
+ Mr Brendon Gardner left his role as Executive Director, Operations on 23/8/2019
+ Associate Professor Vikas Wadhwa commenced in his role 30/11/2019
+ Ms Helen Cooper commenced in her role on 18/11/19

Our Workforce

Peninsula Health employs over 6,300 highly skilled and dedicated staff members, who work together to provide safe, personal, effective and connected care to every person, every time. We are committed to continuously improving and providing excellence in care.

Occupational Health and Safety

Peninsula Health is committed to building a strong safety culture that protects the health, safety and wellbeing of our workforce. Key performance indicators are reportable to the Board, including staff incident investigations completed within 30 days, the percentage of internal hazard inspections completed and resolved, bullying and harassment complaints, lost time injuries and lost time WorkCover Claim injury frequency rates.

A review of OHS Incidents and WorkCover data flagged slips, trips and falls, manual handling and occupational violence as key areas of focus. We have targeted our 'You First – Stop Assess Plan Learn' safety campaign to encourage staff to prioritise their own safety and consider their environment before commencing a task.

Occupational Violence

The incidence of reporting aggression and violence against our staff, volunteers and contractors has continued to increase in the past year, with a notable increase in assault occurring on staff by consumers in the over 65 age group. This has led to the introduction of Safewards interventions in the Carinya Unit, which has contributed to a decrease in assault and aggression since its implementation.

Behaviour Contracts and Not Welcome Notices have been utilised across the organisation for patients and visitors who display significant aggression or repeated incidents of aggression towards our staff. 24-hour on-site security has been introduced at The Mornington Centre, which has led to an improved response to aggression and assault. An online education program has also been developed to continue to provide behaviour management education support to staff during the COVID-19 pandemic. Staff are encouraged to report all incidents, which may not previously have been reported, to allow for a greater understanding of the extent of this issue.

Definitions

For the purposes of the above statistics, the following definitions apply:

+ **Occupational violence** – any incident where an employee is abused, threatened or assaulted in circumstances arising out of, or in the course of their employment;
+ **Incident** – occupational health and safety incidents reported in the health service incident reporting system. Code Grey reporting is not included;
+ **Accepted Workcover claims** – accepted Workcover claims that were lodged in 2019-20;
+ **Lost time** – is defined as greater than one day;
+ **Injury, illness or condition** – this includes all reported harm as a result of the incident, regardless of whether the employee required time off work or submitted a claim.

Equal Opportunity and Code of Conduct

Peninsula Health complies with Equal Employment Opportunity principles in relation to recruitment and employment. Compliance with the Code of Conduct and Workplace Behaviour policy are required in accordance with the employment contract and appropriate workforce conduct is reinforced by performance management and discipline processes. Over this last year we have focused on implementing and embedding our new values to ensure our staff embrace being a role model, being the best, being compassionate and respectful, being collaborative and being open and honest.

Peninsula Health Employees 2019-20

Labour Category	JUNE Current Month FTE		AVERAGE MONTHLY FTE	
	2019	2020	2019	2020
Nursing	1,785.9	1,782	1,749.3	1,774.1
Administration & Clerical	538.2	556.9	538.9	550.1
Medical Support	338	344.2	337.1	351.1
Hotel & Allied Services	390	383.8	384.5	369.9
Medical Officers	56.8	58.5	60.7	58.7
Hospital Medical Officers	321.1	354.2	316.6	343.8
Sessional Clinicians	99.4	105.3	96.8	102.1
Ancillary Staff (Allied Health)	431.8	446	438.9	434.5
Total	**3,962.4**	**4,030.9**	**3,922.9**	**3,984.3**

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

Occupational Health and Safety Performance

Performance Indicator			
	2017-18	2018-19	2019-20
Number of reported hazards/incidents for the year per 100 full-time equivalent staff members	39.1	51	47
Number of 'lost time' standard claims for the year per 100 full-time equivalent staff members	1.80	1.41	1.25
Average cost per claim for the year (including payments to date and an estimate of outstanding claim costs as advised by WorkSafe)	$57,923	$86,553	$82,213

Occupational Violence 2019-20

Occupational Violence Statistics	
	2019-20
Workcover accepted claims with an occupational violence cause per 100 FTE	0.22
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	1.14
Number of occupational violence incidents reported	1,159
Number of occupational violence incidents reported per 100 FTE	31
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	28.3%

General Information

Building Act 1993

The Minister for Finance has issued instructions in accordance with the Building Act 1993 – No. 126/1993, such that all public entities are required to ensure that all buildings under their control are safe and fit for occupation, comply with statutory requirements, buildings are maintained to a standard in which they remain safe and fit for occupancy, and to report annually on measures taken to ensure compliance with the Building Act 1993.

It is Peninsula Health's practice to obtain building permits for new projects and, where required, Certificates of Occupancy or Certificates of Final Inspection when these projects are completed. Registered building practitioners have been involved with all new building works projects. These were supervised by the Project Manager, Support Services. In order to maintain buildings in a safe and serviceable condition, routine inspections were undertaken. Where required, Peninsula Health proceeded to implement the highest priority recommendations arising out of these inspections through planned rectification and maintenance works.

Carers Recognition Act 2012

Peninsula Health takes all practicable measures to ensure that:

+ our employees and agents have an awareness and understanding of the care relationship principles;
+ people 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
+ our employees and agents reflect the care relationship principles in developing, providing or evaluating support and assistance for people in care relationships.

There are no disclosures required to be made under the Carers Recognition Act 2012 (Vic).

National Competition Policy

Peninsula Health takes all practicable measures to ensure compliance with the National Competition Policy and Competitive Neutrality Policy Victoria. Measures include:

+ requirement for staff to declare conflicts of interest;
+ compliance with Health Purchasing Victoria probity policies; and
+ probity principles embedded in procurement.

Public Interest Disclosure Act 2012 (Vic) (previously titled Protected Disclosure Act 2012)

Peninsula Health has policies and procedures for receiving complaints and notifications of public sector improper conduct and corrupt conduct, which comply with the Public Interest Disclosure Act 2012 (Vic). The Peninsula Health Protected Disclosure Officer is responsible for managing the health and wellbeing of any person who makes a Protected Disclosure, including protection from detrimental action. Peninsula Health's Protected Disclosure policy informs employees of their right to report suspected improper and/or corrupt conduct directly to the Independent Broad-based Anti-corruption Commission.

Safe Patient Care Act 2015

Peninsula Health has no matters to report in relation to its obligations pursuant to Section 40 of the Safe Patient Care Act 2015 (Vic).

Contracts

Local Jobs Act 2003

During 2019-20, Peninsula Health did not enter into any contracts under the Local Jobs Act 2003 or Local Industry Development Plans.

Car Parking Fees

Peninsula Health complies with the DHHS hospital circular on car parking fees. Details of car parking fees and concession benefits can be viewed on our website www.peninsulahealth.org.au/patientvisitor-information/parking-information

Freedom of Information Annual Report 2019-2020

Freedom of Information Statement

In accordance with Part II of the Freedom of Information Act 1982, Peninsula Health is required to publish certain statements in respect of its functions and processes. Please refer to the sections below to access this information.

Statement 1: Organisation and functions

Peninsula Health is a Public Health Service established under section 65P of the Health Services Act 1988 (Vic). For information with respect to the structure and functions of Peninsula Health, please refer to the following sections on Peninsula Health's website:

+ About us
+ Board Structure
+ Organisational structure
+ Services and Clinics
+ Our hospitals and locations

Statement 2: Categories of documents held by Peninsula Health

Peninsula Health has a wide range of documents that are used by staff in the daily operations of the organisation and which assist with the administration of laws or schemes affecting the public. These include the following types of documents:

+ Policies and guidelines
+ Employee records
+ Financial records
+ Medical records
+ Commercial documents
+ Reports

Statement 3: Freedom of Information arrangements

All requests for access to documents under the provisions of the Freedom of Information Act must be made in writing, including sufficient information about that document to enable it to be identified and be accompanied by the prescribed, non-refundable application fee. People suffering hardship may apply to have the application fee waived.

The Privacy and Information Release Unit (PIRU) is responsible for processing Freedom of Information (FOI) requests. Contact details for this unit are listed under the 'All other information and privacy requests, including Freedom of Information requests' within the Information Release section of Peninsula Health's website.

For additional information regarding accessing your medical records please see the 'How do I Access my Peninsula Health Medical Record' under the My Health Information – Frequently Asked Questions (FAQ) within the Information Release section of Peninsula Health's website.

Statement 4: Publications

The Peninsula Health website contains a wide range of publications. Please refer to the following section on Peninsula Health's website:

+ Publications

Statement 5: Rules, policies and procedures

Peninsula Health has manuals, policies and guidelines that are used by staff in the daily operations of the organisation. Whilst it is not practicable to list them all, they include:

+ Freedom of Information policy and guidelines
+ Privacy and Information Release policies and guidelines
+ Human Resources policies and guidelines
+ Occupational Health & Safety policies and guidelines
+ Procurement policies and guidelines
+ Finance policies and guidelines
+ Consent policies and guidelines
+ Clinical policies and guidelines
+ Code of Conduct
+ Volunteers' policy and guidelines
+ Research policies and guidelines

Anyone seeking access to policies and procedures held by Peninsula Health should contact the Privacy and Information Release Manager, at PIRU@phcn.vic.gov.au with any questions they may have about gaining access to information and they will be assisted to identify the relevant documents.

Statement 6: Reports held by Peninsula Health

Many of Peninsula Health's Annual Reports are published on its website. Please refer to the following section on Peninsula Health's website:

+ Publications

Anyone seeking access to unpublished reports held by Peninsula Health should contact the Privacy and Information Release Manager, at PIRU@phcn.vic.gov.au with any questions they may have about gaining access to information and they will be assisted to identify the relevant documents.

There is an application fee of $29.60 for all Freedom of Information requests.

Summary of the application and operation of the Freedom of Information Act 1982 (FOI Act)[2]

During 2019-2020, we received 880 requests for information, as follows on the right.

Of the 880 requests, 665 were personal requests for information.

[2] As required by the Victorian Governments, Department of Treasury and Finance, Finance Reporting Directions, Standard 22H, paragraph 5.18(a)

Number	Outcome
740	Access granted in full
43	Access granted in part
0	Access denied in full
8	Withdrawn
15	Not proceeded with
14	No documents exist
60	Not finalised as of 30 June 2020

Consultancy Information

+ Details of consultancies (under $10,000)

In 2019-20, there were seven consultancies where the total fees payable to the consultants were less than $10,000. The total expenditure incurred during 2019-20 in relation to these consultancies is $22,205 (excl. GST).

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

In 2019-20, there were eight consultancies where the total fees payable to the consultants were $10,000 or greater. The total expenditure incurred during 2019-20 in relation to these consultancies is $497,509 (excl. GST).

Details of consultancies of $10,000 or greater

Consultant	Purpose of Consultancy	Start Date	End Date	Total Approved Project Fee (exc. GST) $	Expenditure 2019-20 (exc. GST) $	Future Expenditure (exc. GST) $
DONALD CANT WATTS CORKE HEALTH ADVISORY PTY LTD	Develop Models of Care for Frankston Hospital Redevelopment Project	Nov 2019	Feb 2020	$170,842	$170,842	Nil
LB & RB FAMILY TRUST	Workforce Wellbeing Program	Aug 2019	Jan 2020	$128,853	$128,853	Nil
BILLARD LEECE PARTNERSHIP	Rosebud Hospital Master Plan	Jul 2019	Sep 2019	$70,072	$70,072	Nil
GLOBAL HEALTH	Mastercare Implementation Planning & Discovery Workshops	Feb 2020	May 2020	$36,300	$36,300	Nil
BATMAN DISCRETIONARY TRUST	Aged Care Funding Instrument (ACFI) Funding Review	Feb 2020	Mar 2020	$31,583	$31,583	Nil
GOVERNANCE AUSTRALASIA PTY LTD	2019 Board Independence Review	Aug 2019	Dec 2019	$30,806	$30,806	Nil
LOSS PREVENTION GROUP OF AUSTRALIA	Workplace Investigation	Jul 2019	Aug 2019	$19,053	$19,053	Nil
DELOITTE TAX SERVICES TRUST	IT Strategy Development	Jun 2020	Jun 2020	$10,000	$10,000	Nil
Total					**$497,509**	

Information and Communication Technology

Information and Communication Technology (ICT) Expenditure.

The total ICT expenditure incurred during 2019-20 was $17,432,754 (excluding GST), as shown below:

Business As Usual (BAU) ICT expenditure (Total) (excluding GST)	Non Business As Usual (non BAU) ICT expenditure (Total=Operational expenditure and Capital Expenditure) (excluding GST)	Operational expenditure (excluding GST)	Capital expenditure (excluding GST)
10,863,359	**6,569,395**	**848,174**	**5,721,222**

Environmental Performance

Peninsula Health is committed to reducing its environmental impact while continuing to deliver high-quality healthcare. A summary of the *Environmental Management Plan* is available on our website.

	2017-18	2018-19	2019-20
Total greenhouse gas emissions (tonnes CO2e)			
Scope 1	4,018	4,295	3,276
Scope 2	22,210	21,384	18,504
Total	**26,228**	**25,679**	**21,780**
Emissions per unit of floor space (kgCO2e/m2)	264.38	258.84	236.54
Emissions per unit of separations (kgCO2e/separations)	287.59	262.44	251.3
Emissions per unit of bed-day (LOS+Aged Care OBD) (kgCO2e/OBD)	92.54	89.07	84.89
Diesel oil in buildings	124	129	148
Electricity	74,034	71,947	65,307
Natural gas	70,364	73,825	56,728
Total	**145,167**	**146,511**	**122,756**
Energy per unit of floor space (GJ/m2)	1.46	1.47	1.33
Energy per unit of separations (GJ/separations)	1.58	1.49	1.41
Energy per unit of bed-day (LOS+Aged Care OBD) (GJ/OBD)	0.51	0.51	0.48
Potable water	105,627	102,444	88,277
Reclaimed water	3,120	1,859	1,344
Total	**108,751**	**104,306**	**89,624**
Total embedded stationary energy generated by energy type (GJ) – solar power*	0	118	113
Water per unit of floor space (kL/m2)	1.06	1.03	0.96
Water per unit of separations (kL/separations)	1.16	1.05	1.02
Water per unit of bed-day (LOS+Aged Care OBD) (kL/OBD)	0.37	0.36	0.34
Re-use or recycling rate % (Class A + reclaimed/potable + Class A + reclaimed)	3%	1.8%	1.5%
Total waste generated (kg clinical waste+kg general waste+kg recycling waste)	1,681,556	1,620,402	1,701,752
Total waste to landfill generated (kg clinical waste+kg general waste)	1,117,296	1,126,153	1,134,037
Total waste to landfill per patient treated (kg clinical waste+kg general waste)/PPT)	2.36	2.3	2.3
Recycling rate % (kg recycling/(kg general waste+kg recycling)	36.27	33.2	36.83

2018-2019 results updated to reflect corrections to billing data.
2019-2020 includes estimated data for natural gas and water due to billing lag.
*Solar power generated at Rosebud Community Health.

Additional Information Available on Request

In compliance with the requirements of the FRD 22H Standard Disclosures in the Report of Operations, details in respect of the items listed below have been retained by Peninsula Health and are available to the relevant Ministers, Members of Parliament and the public on request, subject to Freedom of Information requirements, if applicable:

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

Key Financial and Service Performance Reporting

Strategic Priorities

In 2019-20 Peninsula Health contributed to the achievement of the Government's commitments within Health 2040: Advancing Health, access and care, in the 2019-20 Statement of Priorities, agreed with the Minister for Health.

Goals	Strategies	Health Service Deliverables	Outcome
Better Health A system geared to prevention as much as treatment. Everyone understands their own health and risks. Illness is detected and managed early. Healthy neighbourhoods and communities encourage healthy lifestyles.	**Better Health** Reduce Statewide Risks. Build Healthy Neighbourhoods. Help people to stay healthy. Target health gaps.	Review staffing resources and staff roles overnight and develop a model that promotes team work by increasing the overall support to all staff by fostering a culture of team work.	**In progress** Work has commenced with the junior medical workforce in understanding the issues within the workforce models and processes on night duty. A strategy has been developed to address these issues. The program of work has been delayed due to COVID -19.
		Improve quality of care indicators by reducing overnight admissions to intensive care through improved team work.	**In progress** A working party commenced in February 2020 to define the scope of work and to review the ICU data to see to what extent overnight admissions are occurring. It is also looking at the increased demand/current capacity of ICU to ensure future sustainability. This working party is delayed due to COVID-19.

Goals	Strategies	Health Service Deliverables	Outcome
Better Access Care is always there when people need it. Better access to care in the home and community. People are connected to the full range of care and support they need. Equal access to care.	**Better Access** Plan and invest. Unlock innovation. Provide easier access. Ensure fair access.	A review of all home-based services is undertaken with recommendations on how these services may better integrate across the organisation.	**Achieved** This work is now incorporated in the Better at Home initiative that includes Care at Home, Stay at Home and Connected at Home. The project governance has been revised in light of COVID-19 and to respond to a faster pace of work. The new palliative care@home program began in March and is operational with 11 patients as of April 2020. As part of the COVID-19 response a Virtual Hospital model has been implemented. This model will be reviewed and will likely be expanded to support our community members with chronic and complex disease.
		Implement all recommendations from the 2019 Medical Workforce Review and ensure that rosters, overtime management and junior medical staff support is transparent and consistent across the organisation which will result in full recruitment of junior medical staff providing safer, better care and improvement in our medical workforce satisfaction.	**In progress** The 2020 Junior Medical recruitment is complete with full staffing at the commencement of Term One in February. Work has commenced on a targeted review of medical staff rosters and the process to roster and claim overtime. A Wellbeing Coordinator role is being trialled to ensure that we have a preventative and a responsive approach to managing fatigue and wellbeing issues of junior doctors.
Better Access Target zero avoidable harm. Healthcare that focuses on outcomes. Patients and carers are active partners in care. Care fits together around people's needs.	**Better Access** Put quality first. Join up care. Partner with patients. Strengthen the workforce. Embed evidence. Ensure equal care.	Develop and implement a framework that transforms the way that fundamental care is delivered at the bedside that embeds a philosophy of kindness and respect which is reflected in every patient, client and carer interaction demonstrated by improved consumer satisfaction scores.	**Achieved** The Safewards program was implemented at Frankston Hospital in acute Mental Health, 5GS and AMSU wards, as well as at the Carinya Residential Aged Care Service.
		Complete the Safewards project in the Emergency and Mental Health Department Services and measure against the program's targets of reducing the use of restraints, reduction in code greys, reduction in episodes of patient aggression and reduction in staff assaults.	**Achieved** The Safewards program commenced at Frankston Hospital and Rosebud Hospital Emergency Departments and work continues to implement and further embed this program.

Goals	Strategies	Health Service Deliverables	Outcome
2019-20 priorities	**Supporting the Mental Health System** Improve service access to mental health treatment to address the physical and mental health needs of consumers.	Implement a mental health crisis hub model of care at Frankston Hospital Emergency Department by finalising the proposed model and develop performance measures that will measure effectiveness and client satisfaction.	**In progress** A national shortage of psychiatrists has resulted in a delay in the recruitment of a senior clinician (psychiatrist) for this new model of care. Subsequently a nurse-led model has been developed and a senior specialist nurse and other nurse and allied health clinicians have supported the progress of this new model of care.
		Full review of the models of care in our mental health service including people, space and infrastructure is undertaken in anticipation to be able to address recommendation from the Mental Health Royal Commission.	**In progress** The Model of Care review is underway, but there has been a delay due to COVID-19 restrictions. Key workgroups are planned and the DHHS mental health branch has visited regarding infrastructure for community mental health. The Mental Health Royal Commission recommendations are due to come out In early 2021.
	Addressing Occupational Violence Foster an organisational-wide occupational health and safety risk management approach, including identifying security risks and implementing controls, with a focus on prevention and improved reporting and consultation. Implement the department's security training principles to address identified security risks.	Develop and implement a project 'Stop, Assess, Plan, Learn', which will be integrated into the Occupational Violence Action Plan, and will result in a reduction in WorkCover claims, Lost Time to Injury, and Manual Handling Incidents, by teaching staff to manage their work environment, and identifying key risks. The Occupational Violence Work Plan and Occupational Violence Action Plan are being continuously improved.	**In progress** The You First (Stop, Assess, Plan, Learn) campaign was launched to the organisation in June 2020. An intensive campaign will run from June to late 2020, and this campaign will form the backbone of the proactive Work Health and Safety (WHS) and Safe Cultures strategies until June 2021.

Goals	Strategies	Health Service Deliverables	Outcome
2019-20 priorities	**Addressing Bullying and Harassment** Actively promote positive workplace behaviours, encourage reporting and action on all reports. Implement the department's Framework for promoting a positive workplace culture: preventing bullying, harassment and discrimination training: guiding principles for Victorian health services.	Bullying Harassment framework and training is developed and rolled out across the organisation in line with the department's framework for promoting a positive workplace culture.	**Achieved** The P&C Organisational Development Lead is focusing on the rollout of the strategy from March 2020. Initiatives such as the Whistleblower Hotline, Values Integration Programs and You First (Stop, Assess, Plan, Learn) campaign are underway. This strategic initiative will be ongoing until June 2021.
		Implement a pilot project 'Dogs for Docs' (healthcare workers) that is measured for effectiveness, and could be considered as a model for peer support across Victorian Health Services.	**In progress** The two-pronged research components of the Dogs4Docs project have been developed and ethics approval has been confirmed. The project was delayed for two months as the workplace dog, 'Kenzo', could not to be at the service due to COVID-19. 'Kenzo' returned to non-clinical areas in May and alterations were made to the research methodology to avoid further delays, but the project was again put on hold in June 2020 due to COVID-19.
	Supporting Vulnerable Patients Partner with patients to develop strategies that build capability within the organisation to address the health needs of communities and consumers at risk of poor access to health care.	Develop and implement a contemporary and efficient model of care for our bariatric clients that is safe, effective and personal and reduces risk and harm for our patients and staff.	**In progress** A Bariatric Committee has been established to provide governance and leadership on safe bariatric care. Guidance on equipment, safe practice and education is overseen by this group. The committee has also been involved in the development of the new Frankston Hospital design principles with regard to bariatric care.
	Supporting Aboriginal Cultural Safety Improve the health outcomes of Aboriginal and Torres Strait Islander people by establishing culturally safe practices across all parts of the organisation to recognise and respect Aboriginal culture and deliver services that meet the needs, expectations and rights of Aboriginal patients, their families and Aboriginal staff.	Further develop our Aboriginal Health Services in consultation with the Community and finalise completion of our third reconciliation action plan to be approved by Reconciliation Australia.	**Achieved** The Reconciliation Action Plan (RAP) draft was completed in January 2020. It was delayed initially due to changes requested by Reconciliation Australia. It has now received Executive approval and will be published and launched to the organisation and the community in the second half of 2020.

Goals	Strategies	Health Service Deliverables	Outcome
2019-20 priorities	**Addressing Family Violence** Strengthen responses to family violence in line with the Multiagency Risk Assessment and Risk Management Framework (MARAM) and assist the Government in understanding workforce capabilities by championing participation in the census of workforces that intersect with family violence.	Utilise the partnerships with Family Violence Services through the Orange Door to increase the number of men participating and completing Men's Behaviour Change Programs which will increase male attendance and completion of the behaviour change programs by twenty percent.	**Achieved** Effective referral pathways and processes have been established between Orange Door and Peninsula Health and demand is consistently met. The COVID-19 pandemic has impacted the way services are delivered. All groups have ceased and one-on-one phone consultations and case management have been implemented. Options to commence virtual groups as an alternative means of hosting the sessions are being explored.
	Implementing Disability Action Plans Continue to build upon last year's action by ensuring implementation and embedding of a disability action plan which seeks to reduce barriers, promote inclusion and change attitudes and practices to improve the quality of care and employment opportunities for people with disability.	Following from completion and launch of our Disability Action Plan, year-one actions will be implemented and objectives achieved.	**In progress** We are in the process of implementing the actions for year one of the Plan. This is monitored through the Disability Community Advisory Group (CAG) and the Peninsula Care Committee.
	Supporting Environmental Sustainability Contribute to improving the environmental sustainability of the health system by identifying and implementing projects and/or processes to reduce carbon emissions.	Review our current waste management practices and identify ways we as an organisation can reduce our total waste to landfill.	**In progress** On a staged basis, single-use custom procedure packs (theatre) have been introduced over the last 12 months. Focus activities are in place but waste volumes have increased due to single-use items. This matter has improved (temporarily) due to COVID-19 because of reduced Theatre activities, but also worsened due to the large increase in single-use PPE products related to COVID-19. The Waste Management initiatives will be re-launched in 2021.

Performance Priorities

High-quality and safe care

Key Performance Indicator	Target	Result
Accreditation		
Compliance with Commonwealth's Aged Care Accreditation Standards	Accredited	Achieved
Infection Prevention and Control		
Compliance with Hand Hygiene Australia program	83%	86%
Percentage of healthcare workers immunised for influenza	84%	87%
Patient Experience		
Victorian Healthcare Experience Survey – data submission	Full compliance	Achieved
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 1	95%	94
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 2	95%	86
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 3	95%	93
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care - Quarter 1	75%	89
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care - Quarter 2	75%	76
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care - Quarter 3	75%	76
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 1	70%	79
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 2	70%	83
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 3	70%	74
Healthcare Associated Infections (HAIs)		
Rate of patients with surgical site infection	No outliers	No outliers
Rate of patients with ICU central-line-associated bloodstream infection (CLABSI)	Nil	1.6
Rate of patients with SAB per 10,000 occupied bed days	≤ 1	0.7
Adverse Events		
Sentinel events – root cause analysis (RCA) reporting	All RCA reports submitted within 30 business days	83%
Unplanned readmission hip replacement	Annual rate ≤ 2.5%	4.7

Key Performance Indicator	Target	Result
Mental Health		
Percentage of adult acute mental health inpatients who are readmitted within 28 days of discharge	14%	14.5%
Rate of seclusion events relating to a child and adolescent mental health admission	<15/1,000	0.4
Rate of seclusion events relating to an adult acute mental health admission	<15/1,000	0.8
Rate of seclusion events relating to an aged acute mental health admission	<15/1,000	0
Percentage of child and adolescent acute mental health inpatients who have a post-discharge follow-up within seven days	80%	89%
Percentage of adult acute mental health inpatients who have post-discharge follow-up with seven days	80%	90%
Percentage of aged acute mental health inpatients who have post-discharge follow-up within seven days	80%	91%
Maternity and Newborn		
Rate of singleton term infants without birth anomalies with APGAR score <7 to 5 minutes	<1.4%	1.3%
Rate of severe foetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	<28.6%	12.8%
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%	92.8%
Continuing Care		
Functional independence gain from an episode of rehabilitation admission to discharge, relative to the length of stay	>0.645	1.004

*SAB is Staphylococcus Aureus Bacteraemia.

Governance and leadership

Key Performance Indicator	Target	Result
Organisational Culture		
People Matter survey – percentage of staff with an overall positive response to safety culture questions	80%	89%
People Matter survey – percentage of staff with a positive response to the question: "I am encouraged by my colleagues to report any patient safety concerns I may have"	80%	95%
People Matter survey – percentage of staff with a positive response to the question: "Patient care errors are handled appropriately in my work area"	80%	94%
People Matter survey – percentage of staff with a positive response to the question: "My suggestions about patient safety would be acted upon if I expressed them to my manager"	80%	91%
People Matter survey – percentage of staff with a positive response to the question: "The culture in my work area makes it easy to learn from the errors of others"	80%	88%
People Matter survey – percentage of staff with a positive response to the question: "Management is driving us to be a safety-centred organisation"	80%	91%
People Matter survey – percentage of staff with a positive response to the question: "This health service does a good job of training new and existing staff"	80%	77%
People Matter survey – percentage of staff with a positive response to the question: "Trainees in my discipline are adequately supervised"	80%	83%
People Matter survey – percentage of staff with a positive response to the question: "I would recommend a friend or relative to be treated as a patient here"	80%	90%

Timely access to care

Key Performance Indicator	Target	Result
Emergency Care – Frankston Hospital		
Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%	87%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of Category 1 to 5 emergency patients seen within clinically recommended time	80%	81%
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%	63%
Number of patients with a length of stay in the emergency department greater than 24 hours	0	0
Emergency Care – Rosebud Hospital		
Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%	90%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended time	80%	87%
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%	81%
Number of patients with a length of stay in the emergency department greater than 24 hours	0	0
Elective Surgery		
Percentage of urgency category 1 elective surgery patients admitted within 30 days	100%	100%
Percentage of urgency category 1, 2 and 3 elective surgery patients admitted within clinically recommended time	94%	80%
Percentage of patients on the waiting list who have waited longer than clinically recommend time for their respective triage category	5% or 15% proportional improvement from prior year	29% worse off against the target (proportional improvement)
Number of patients on the elective surgery waiting list (as at 30 June 2020)	2,500	2,873
Number of hospital-initiated postponements per 100 scheduled elective surgery admissions	<7/100	4.2
Number of patients admitted from the elective surgery waiting list	7,542	7,153
Specialist Clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	98.6%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	95%

Effective financial management (MM)

Key Performance Indicator	Target	Result
Finance		
Operating result	($12.5m)	($12.448)
Average number of days to paying trade creditors	60 days	39
Average number of days to receive patient fee debtors	60 days	35
Public and private WIES* activity performance to target	100%	97.4%
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	0.7
Forecast number of days available cash (based on end of year forecast)	14 days	15
Actual number of days available cash, measured on the last day of each month	14 days	Achieved
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June	Variance ≤ $250,000	($0.967m)

*WIES is a Weighted Inlier Equivalent Separation. WIES data as reported in this publication is recorded as at Monday 17 August 2020. Final WIES results will be completed in September 2020.

Activity and funding performance

Funding Type	2019-20 Activity Achievement
Acute Admitted	
Acute WIES	61,158
WIES DVA	589
WIES TAC	299
Acute Non-Admitted	
Home Enteral Nutrition	556
Specialist Clinics	134,611
Sub-Acute and Non-Acute Admitted	
Subacute WIES – Rehabilitation Public	1,171
Subacute WIES – Rehabilitation Private	357
Subacute WIES – GEM Public	1,610
Subacute WIES – GEM Private	528
Subacute WIES – Palliative Care Public	300
Subacute WIES – Palliative Care Private	113
Subacute WIES – DVA	140
Transition Care – Bed days	16,446
Transition Care – Home days	4,5888
Sub-acute Non-Admitted	
Health Independence Program – Public	85,870
Aged Care	
HACC	1,512
Mental Health and Drug Services	
Mental Health Ambulatory	51,296
Mental Health Inpatient – Available bed days	16,534
Mental Health Residential	7,468
Mental Health Service System Capacity	157
Mental Health Subacute	12,286
Drug Services	3,626
Primary Health	
Community Health/Primary Care Programs	36,432
Community Health other	836

*WIES is a Weighted Inlier Equivalent Separation. WIES data as reported in this publication is recorded as at Monday 17 August 2020. Final WIES results will be completed in September 2020.

Financial Summary

Financial results

	2020	2019	2018	2017	2016
	$'000	$'000	$'000	$'000	$'000
Operating Result	(12,448)	(5,792)	452	1,804	860
Total Revenue	660,458	636,870	591,741	551,699	512,494
Total Expenses	672,906	642,662	591,289	549,895	511,634
Net result from transactions	(24,933)	(29,933)	(18,110)	(11,887)	(11,608)
Total other economic flows	(978)	(2,991)	749	744	(42)
Net result	(25,911)	(32,923)	(17,361)	(11,143)	(11,650)
Total Assets	551,072	517,789	485,618	465,097	446,612
Total Liabilities	242,601	195,979	187,394	150,125	134,194
Net Assets/Total equity	303,143	321,810	298,224	314,972	312,418

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

	2020
	$000
Net Operating Result*	(12,408)
Capital and Specific items	
Capital Purpose Income	11,809
Specific Income	N/A
COVID-19 State Supply Arrangements – Assets received free of charge or for nil consideration under the State Supply	612
State supply items consumed up to 30 June 2020	(181)
Assets provided free of charge	N/A
Assets received free of charge	581
Expenditure for capital purpose	(215)
Depreciation and amortisation	(24,994)
Impairment of non-Financial Assets	N/A
Finance costs (other)	(137)
Net Result from transactions	(24,933)

*The impact of the State Supply Arrangements have been excluded from the Statement of Priorities Operating Result calculation in the above.
The impact of the Controlled Entity MePACS has been included in the Statement of Priorities Operating Result calculation in the above.

Financial Commentary

Peninsula Health's financial performance in 2019-20 showed an operating deficit (recorded before discontinued operations, capital income and depreciation) of $12,447,688.

In 2019-20, in comparison to the previous financial year:

+ total revenue increased to $660 million from $637 million;
+ total assets rose by $28 million to $546 million;
+ liabilities increased by $47million to $243 million;
+ equity (the difference between assets and liabilities) decreased by $19 million to $303 million.

A state of emergency was declared in Victoria on 16 March 2020 due to the global coronavirus pandemic, known as COVID-19.

To contain the spread of the virus and to prioritise the health and safety of our communities, various restrictions were announced by National Cabinet on 23 March which has impacted the manner in which businesses operate, including Peninsula Health.

In response, Peninsula Health deferred elective surgery and reduced activity, performed COVID-19 testing and implemented work-from-home arrangements where appropriate.

Subsequent Events to Balance Date

The COVID-19 pandemic continues to affect the state of Victoria and will impact the operation and financial performance of Peninsula Health into the future. Peninsula Health continues to work with the Department of Health and Human Services to mitigate these risks.

Ex-gratia Payments

Ex-gratia payments of $7,838.90 were made by Peninsula Health during 2019-20. These payments relate to compensation payments or discretionary reimbursement of expenses.

Attestations

Data Integrity

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

Conflict of Interest

I, Felicity Topp, certify that Peninsula 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 Peninsula Health and members of the board, and all declared conflicts have been addressed and are being managed. Conflict of interest is a standard agenda item for declaration and documenting at each executive board meeting.

Integrity, fraud and corruption

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

Felicity Topp
Accountable Officer
Peninsula Health
21 September 2020

Financial Management Compliance attestation

I, Diana Heggie, on behalf of the Responsible Body, certify that Peninsula Health has complied with the applicable Standing Directions of the Minister for Finance under the Financial Management Act 1994 and Instructions.

Responsible Bodies Declaration

In accordance with the Financial Management Act 1994, I am pleased to present the Report of Operations for Peninsula Health for the year ending 30 June 2020.

Ms Diana Heggie
Chairperson
Frankston

Disclosure Index

Peninsula Health's 2020 Annual Report is prepared in accordance with all relevant Victorian legislation.

This index has been prepared to facilitate identification of compliance with statutory disclosure requirements.

Legislation	Requirement	Page Reference
Charter and Purpose		
FRD 22H	Manner of establishment and the relevant Ministers	13
FRD 22H	Purpose, functions, powers and duties	13
FRD 22H	Activities, programs and achievements for the reporting period	5-8 26-36
FRD 22H	Nature and range of services provided	10-12
FRD 22H	Significant changes in key initiatives & expectations for the future	5-8
Management and Structure		
FRD 22H	Organisational structure	17-18
FRD 22H	Workforce Data/employment and conduct principles	19-20
FRD 22H	Occupational Health and Safety	19-20
Financial and Other Information		
FRD 22H	Summary of the financial results for the year	37-38
FRD 22H	Significant changes in financial position during the year	37-38
FRD 22H	Operational and budgetary objectives and performance against objectives	35-36
FRD 22H	Subsequent events	38
FRD 22H	Details of consultancies under $10,000	23
FRD 22H	Details of consultancies over $10,000	23
FRD 22H	Disclosure of ICT expenditure	24
Legislation		
FRD 22H	Application & operation of Freedom of Information Act	21-23
FRD 22H	Compliance with building and maintenance provisions of Building Act 1993	21
FRD 24C	Application and operation of Protected Disclosure 2012	21
FRD 22H	Statement on National Competition Policy	21
FRD 22H	Application and operation of Carers Recognition Act 2012	21
FRD 22H	Summary of the environmental performance	24
FRD 22H	Additional information available on request	25

Legislation	Requirement	Page Reference
Other Relevant Reporting Directives		
FRD 25C	Local Jobs Act 2003	21
SD 5.1.4	Financial Management Compliance Attestation	39
SD 5.2.3	Declaration in Report of Operations	39

Attestations		
	Attestation on data integrity	39
	Attestation on managing conflicts of interest	39
	Attestation on Integrity, Fraud and Corruption	39

Other Reporting Requirements		
	Reporting of outcomes from Statement of Priorities 2019-20	26-36
	Occupational Violence reporting	19-20
	Reporting of compliance Health Purchasing Victoria policy	21
	Reporting obligations under the Safe Patient Care Act 2015	21
	Reporting of compliance regarding Car Parking Fees	21

Annual Publications

Our 2020 Annual Report comprises two sections: Report of Operations and Financial Statements. The Financial Statements are provided in the back of this publication.

For a broader picture of our achievements and activities over the past year, please see our other annual publication:

+ Research Report – highlights the achievements of our many researchers and their contribution to improving outcomes for our patients.

*Please note – Quality Care was not produced in 2020 due to the effects of the COVID-19 pandemic.

For further information about Peninsula Health, or to download an annual publication, please visit our website: www.peninsulahealth.org.au

Financial Statements

Table of Contents

Chairperson's, Chief Executive Officer's and Chief Financial Officer's Declaration

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

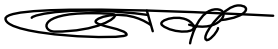
We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2020 and the financial position of Peninsula Health as at 30 June 2020.

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

We authorise the attached financial statements for issue on 21 September 2020.

Diana Heggie
Chairperson

Frankston
21 September 2020



Felicity Topp
Chief Executive Officer

Frankston
21 September 2020

Rachelle Anstey
Chief Financial Officer

Frankston
21 September 2020

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Peninsula Health

Opinion

I have audited the financial report of Peninsula Health (the health service) which comprises the:

- balance sheet as at 30 June 2020
- comprehensive operating statement for the year then ended
- statement of changes in equity for the year then ended
- cash flow statement for the year then ended
- notes to the financial statements, including significant accounting policies
- chairperson's, chief executive 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 health service as at 30 June 2020 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

Basis for Opinion

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

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

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

Board's responsibilities for the financial report

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

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

Other Information

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

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

Level 31 / 35 Collins Street, Melbourne Vic 3000
T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

Auditor's responsibilities for the audit of the financial report

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

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

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

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

MELBOURNE
28 September 2020

Travis Derricott
as delegate for the Auditor-General of Victoria

Peninsula Health
Comprehensive Operating Statement
For the financial year ended 30 June 2020

	Note	**2020**	2019
		$'000	$'000
Income from Transactions			
Operating Activities	2.1	**687,668**	641,698
Non-Operating Activities	2.1	**1,208**	2,391
Total Income from Transactions		**688,876**	644,089
Expenses from Transactions			
Employee Expenses	3.1	**(527,602)**	(495,573)
Supplies & Consumables	3.1	**(85,276)**	(77,142)
Finance Costs - Self Funded Activity	3.1	**(1,044)**	(952)
Depreciation and Amortisation	4.4	**(24,994)**	(30,966)
Other Operating Expenses	3.1	**(74,893)**	(69,389)
Total Expenses from Transactions		**(713,809)**	(674,022)
Net Result from Transactions-Net Operating Balance		**(24,933)**	(29,933)
Other Economic Flows included in Net Result			
Net Gain/(Loss) on Financial Instruments	3.2	**(1,029)**	(1,029)
Net Gain/(Loss) on Non-Financial Assets	3.2	**398**	(330)
Other Gain/(Loss) from Other Economic Flows	3.2	**(347)**	(1,632)
Total Other Economic Flows included in Net Result		**(978)**	(2,991)
NET RESULT FOR THE YEAR		**(25,911)**	(32,924)
Other Comprehensive Income			
Items that will not be reclassified to net result			
- Changes in Property, Plant and Equipment Revaluation Surplus	4.2	**6,448**	56,509
Total Other Comprehensive Income		**6,448**	56,509
COMPREHENSIVE RESULT FOR THE YEAR		**(19,463)**	23,585

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

Peninsula Health
Balance Sheet
As at 30 June 2020

	Note	**2020**	2019
		$'000	$'000
Current Assets			
Cash and Cash Equivalents	6.2	**38,823**	21,165
Receivables	5.1	**30,820**	24,968
Investments and Other Financial Assets	4.1	**12,839**	13,437
Inventories	4.5	**4,195**	3,515
Prepayments and Other Assets		**2,730**	2,315
Non-Financial Assets Classified as Held for Sale		**86**	11
Total Current Assets		**89,493**	65,411
Non-Current Assets			
Receivables	5.1	**25,270**	25,440
Property, Plant & Equipment	4.2	**433,545**	421,360
Intangible Assets	4.3	**2,764**	5,578
Total Non-Current Assets		**461,579**	452,378
TOTAL ASSETS		**551,072**	517,789
Current Liabilities			
Payables	5.2	**40,286**	37,151
Borrowings	6.1	**32,128**	2,168
Provisions	3.4	**116,921**	105,641
Other Current Liabilities	5.3	**1,520**	2,181
Total Current Liabilities		**190,855**	147,141
Non-Current Liabilities			
Borrowings	6.1	**31,939**	29,092
Provisions	3.4	**19,807**	19,746
Total Non-Current Liabilities		**51,746**	48,838
TOTAL LIABILITIES		**242,601**	195,979
NET ASSETS		**308,471**	321,810
EQUITY			
Property, Plant & Equipment Revaluation Surplus	4.2(f)	**158,333**	146,031
Special Purpose Surplus	SCE	**10,068**	8,058
Contributed Capital	SCE	**193,484**	193,214
Accumulated Surpluses/(Deficits)	SCE	**(53,414)**	(25,493)
TOTAL EQUITY		**308,471**	321,810

SCE = Statement of Changes in Equity

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

Peninsula Health
Statement of Changes in Equity
For the financial year ended 30 June 2020

	Property, Plant & Equipment Revaluation Surplus	Special Purpose Surplus	Contributed Capital	Accumulated Surpluses/ (Deficits)	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 July 2018	89,522	6,286	193,214	9,202	298,224
Net result for the year	-	-	-	(32,923)	(32,923)
Other Comprehensive Income for the year – fair value movement	56,509	-	-	-	56,509
Transfer from/(to) to Accumulated Surplus/(Deficits)	-	1,772	-	(1,772)	-
Balance at 30 June 2019	**146,031**	**8,058**	**193,214**	**(25,493)**	**321,810**
Impact of *AASB 16 Leases* at 1 July 2019 as per notes 4.2(b) and 8.9	5,854	-	-	-	5,854
Restated balance at 1 July 2019	**151,885**	**8,058**	**193,214**	**(25,493)**	**327,664**
Net result for the year	**-**	**-**	**-**	**(25,911)**	**(25,911)**
Other Comprehensive Income for the year:					
Fair value movement in property, plant and equipment as per note 4.2(b)	**6,448**	**-**	**-**	**-**	**6,448**
Capital Contributions	**-**	**-**	**270**	**-**	**270**
Transfer from/(to) to Accumulated Surplus/(Deficits)	**-**	**2,010**	**-**	**(2,010)**	**-**
Balance at 30 June 2020	**158,333**	**10,068**	**193,484**	**(53,414)**	**308,471**

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

Peninsula Health
Cash Flow Statement
For the financial year ended 30 June 2020

	Note	2020 $'000	2019 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		**603,097**	556,432
Capital Grants from Government		**10,016**	5,057
Patient and Resident Fees Received		**50,335**	45,109
Commonwealth Government - Residential Aged Care Subsidy		**1,381**	1,816
Other Capital Receipts		**2,026**	60
Donations and Bequests Received		**1,433**	1,684
Other Receipts		**17,243**	26,100
Total receipts		**685,531**	636,258
Employee Expenses Paid		**(512,977)**	(488,531)
Payments for Supplies & Consumables		**(165,537)**	(150,036)
Finance Costs Paid		**(1,044)**	(952)
Total payments		**(679,558)**	(639,519)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	8.1	**5,973**	(3,261)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Non-Financial Assets		**(12,262)**	(20,944)
Proceeds from Disposal of Non-Financial Assets		**398**	17,706
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		**(11,864)**	(3,238)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash advance from DHHS		**25,480**	-
Contribution from owner		**270**	-
Repayment of Borrowings		**(1,540)**	(1,139)
Net receipt/ (repayment) of Accommodation Deposits		**(661)**	1,256
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		**23,549**	117
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD		**17,658**	(6,382)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**21,165**	27,547
CASH AND CASH EQUIVALENTS AT END OF YEAR	6.2	**38,823**	21,165

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

Note 1: Summary of Significant Accounting Policies

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

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

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

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

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

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

For further details refer to Note 4.1 Investments and other financial assets, Note 4.2(b) Property Plant and Equipment and Note 8.7 Events occurring after balance sheet date.

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

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

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

(b) Reporting Entity
The Financial Statements include all the controlled activities of Peninsula Health.

Its principal address is:
Hastings Road
Frankston Victoria, 3199

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

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

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

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

These Financial Statements are presented in Australian dollars, the functional and presentation currency of Peninsula Health.

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

Peninsula Health operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds. Peninsula Health's Capital and Specific Purpose Funds includes, but not limited to, unspent capital donations and receipts from fund-raising activities conducted solely in respect of these funds.

The Financial Statements, except for cash flow information, have been prepared using the accrual basis of accounting. Under the accrual basis, items are recognised as assets, liabilities, equity, income or expenses when they satisfy the definitions and recognition criteria for those items; that is, they are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. The estimates and associated assumptions are based on professional judgement derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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

· The fair value of land, buildings and plant and equipment (refer to Note 4.2 Property, Plant and Equipment)

· Defined benefit superannuation expense (refer to Note 3.5 Superannuation)

· Employee benefit provisions are based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.4 Employee Benefits in the Balance Sheet)

Note 1: Summary of Significant Accounting Policies continued
Goods and Services Tax (GST)

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

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

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

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

(d) Equity
Contributed Capital
Consistent with the requirements of *AASB 1004 Contributions, contributions by owners* (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of Peninsula Health.

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

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

Property, Plant and Equipment Revaluation Surplus
The property, plant and equipment revaluation surplus arises on the revaluation of infrastructure, land and buildings. The revaluation surplus is not normally transferred to accumulated surpluses on derecognition of the relevant assets.

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

(e) Comparatives
Where applicable, the comparative figures have been restated to align with the presentation in the current year. Figures have been restated in the Statement of Changes in Equity, Cashflow Statement and Notes 2.1, 3.1 and 3.3

Note 2: Funding Delivery of Our Services

Peninsula Health embraces an integrated and collaborative view of health, working with community and service partners to promote health and to plan for the future needs of the local community.

Peninsula Health's overall objective is to provide acute care, sub acute care, residential care, mental health services and community health services, and is a major teaching centre.

Peninsula Health is predominantly funded by accrual based grant funding for the provision of outputs.
Peninsula Health also receives income from the supply of services.

Structure
2.1 Income from Transactions

Note 2.1: Revenue and Income from Transactions

a) Revenue and Income from Transactions

	2020	2019
	$'000	$'000
Government Grants-Operating (i)	**606,617**	562,526
Non-Cash Contributions from the Department of Health and Human Services	**3,415**	7,474
Government Grants-Capital	**9,027**	5,451
Capital Donations	**1,433**	1,684
Patient and Resident Fees	**31,385**	34,654
Commercial Activities and Special Purpose Funds (ii)	**10,212**	9,896
Assets Received Free Of Charge Or For Nominal Consideration	**1,193**	-
Private Personal Alarm Monitoring Services	**5,528**	4,384
Other Revenue from Operating Activities	**17,508**	15,558
Other Capital Purpose Income	**1,350**	71
Total Income from Operating Activities	**687,668**	641,698
Interest	**513**	770
Dividends	**579**	1,476
Other Revenue from Non-Operating Activities	**116**	145
Total Income from Non- Operating Activities	**1,208**	2,391
Total Income from Transactions	**688,876**	644,089

(i) Government Grants – Operating includes funding of $26.10m which was spent due to the impacts of COVID-19.
(ii) Commercial activities represent business activities which health services enter into to support their operations.

Revenue Recognition

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

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when Peninsula Health has an unconditional right to receive the cash which usually coincides with receipt of cash. On initial recognition of the asset, Peninsula Health recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue ('related amounts') in accordance with other Australian Accounting Standards. Related amounts may take the form of:

a) contributions by owners, in accordance with AASB 1004 Contributions, contributions by owners;
b) revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15 Revenue from Contracts with Customers;
c) a lease liability in accordance with AASB 16 Leases;
d) a financial instrument, in accordance with AASB 9 Financial Instruments; or
e) a provision, in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

As a result of the transitional impacts of adopting *AASB 15 Revenue from Contracts with Customers* and *AASB 1058 Income of Not-for-profit entities*, a portion of the grant revenue has been deferred. If the grant income is accounted for in accordance with *AASB 15 Revenue from Contracts with Customers*, the deferred grant revenue has been recognised in contract liabilities whereas grant revenue in relation to the construction of capital assets which the health service controls has been recognised in accordance with *AASB 1058 Income of Not-for-profit entities*, and recognised as deferred grant revenue (refer note 5.2).

Income from grants to construct the Academic Centre and Frankston redevelopment project are recognised progressively as the asset is constructed. The progressive percentage costs incurred is used to recognise income because this most closely reflects the progress to completion as costs are incurred as the works are done.

Performance obligations
Revenue is measured based on the consideration specified in the contract with the customer. Peninsula Health recognises revenue when it transfers control of a good or service to the patient or customer. As the fees are generated and sales made with a short credit term, there is no financing element present. There has been no change in the recognition of revenue from the sale of goods as a result of the adoption of AASB 15. Revenue is recognised when, or as, the performance obligations for the sale of goods or rendering of services to the patient/customer are satisfied. Income from the rendering of services is recognised at a point in time when the performance obligation is satisfied when the service is completed; and over time when the patient/customer simultaneously receives and consumes the services as it is provided.

Consideration received in advance of recognising the associated revenue from the patient/customer is recorded as a contract liability. Where the performance obligation is satisfied but not yet billed, a contract asset is recorded

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

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

The performance obligations for ABF are the number and mix of patients admitted to hospital (casemix) in accordance with levels of activity agreed to with the Department of Health and Human Services (DHHS) in the annual Statement of Priorities (SoP). Revenue is recognised when a patient is discharged and in accordance with the WIES activity for each separation. The performance obligations have been selected as they align with funding conditions set out in the Policy and funding guidelines issued by the DHHS.

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

Note 2.1: Income from Transactions continued

Previous accounting policy for 30 June 2019
Grant income arises from transactions in which a party provides goods or assets (or extinguishes a liability) to Peninsula Health without receiving approximately equal value in return. While grants may result in the provision of some goods or services to the transferring party, they do not provide a claim to receive benefits directly of approximately equal value (and are termed 'non-reciprocal' transfers). Receipt and sacrifice of approximately equal value may occur, but only by coincidence.

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

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

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

Patient and Resident Fees
Patient and resident fees are recognised as revenue on an accrual basis. There is no impact from *AASB 15 Revenue from Contracts with Customers* as revenue continues to be recognised as and when services are performed.

Revenue from Commercial Activities
Revenue from commercial activities such as car park and property rental income are recognised on an accrual basis.
There is no impact from *AASB 15 Revenue from Contracts with Customers* as revenue continues to be recognised as and when services are performed.

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

	2020 $'000	2019 $'000
Assets received free of charge under state supply arrangements	**612**	-
Other assets received free of charge	**581**	-
Total fair value of assets and services received free of charge or for nominal consideration	**1,193**	-

Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the recipient obtains control over the resources, irrespective of whether restrictions or conditions are imposed over the use of the contributions.
The exception to this would be when the resource is received from another government department (or agency) as a consequence of a restructuring of administrative arrangements, in which case such a transfer will be recognised at its carrying value in the transferring department or agency as a capital contribution transfer.

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

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

Non-Cash Contributions from the Department of Health and Human Services
The Department of Health and Human Services make some payments on behalf of health services as follows:

• The Victorian Managed Insurance Authority non-medical insurance payments are recognised as revenue following advice from the Department of Health and Human Services.

• Long Service Leave (LSL) revenue is recognised upon finalisation of movements in LSL liability in line with the long service leave funding arrangements set out in the relevant Department of Health and Human Services Hospital Circular.

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

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

For contracts that permit the customer to return an item, revenue is recognised to the extent it is highly probable that a significant cumulative reversal will not occur. Therefore, the amount of revenue recognised is adjusted for the expected returns, which are estimated based on the historical data. In these circumstances, a refund liability and a right to recover returned goods asset are recognised. Peninsula Health reviews its estimate of expected returns at each reporting date and updates the amount of the asset and liability accordingly. As the sales are made with a short credit term, there is no financing element present. There has been no change in the recognition of revenue from the sale of goods as a result of the adoption of *AASB 15 Revenue from Contracts with Customers*.
Consideration received in advance of recognising the associated revenue from the customer is recorded as a contract liability (Note 6.1). Where the performance obligations is satisfied but not yet billed, a contract asset is recorded (Note 5.1).

Note 2.1: Income from Transactions continued

Other Income
Other income is recognised as revenue when received. Other income includes recoveries for salaries and wages and external services provided, and donations and bequests. Donations are for a specific purpose and are carried forward using vehicles such as a specific restricted purpose surplus.

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

Dividend Income
Dividend revenue is recognised when the right to receive payment is established. Dividends represent the income arising from Peninsula Health's investments in financial assets

Rental Income
Rental income from leasing of property are the operating leases are recognised on a straight-line basis over the lease term. Operating leases relate to the property owned by Peninsula Health with various lease terms. All operating lease contracts contain market review clauses. The lessee does not have an option to purchase the property at the expiry of the lease period. The risks associated with rights that Peninsula Health retains in underlying assets are not considered to be significant.

Note 3: The Cost of Delivering Services

This section provides an account of the expenses incurred by the hospital 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

3.1 Expenses From Transactions

3.2 Other Economic Flows

3.3 Analysis of Expense and Revenue by Internally Managed and Specific Purpose Funds

3.4 Employee Benefits in the Balance Sheet

3.5 Superannuation

Note 3.1: Expenses From Transactions

	2020	2019
	$'000	$'000
Salaries and Wages	**477,630**	448,392
On-Costs	**41,047**	38,271
Agency Expenses	**3,491**	4,621
Work Cover Premium	**5,434**	4,289
Total Employee Expenses	**527,602**	495,573
Drug Supplies	**28,441**	24,073
Medical and Surgical Supplies(Including Prostheses)	**28,451**	27,828
Diagnostic and Radiology Supplies	**24,104**	20,763
Other Supplies and Consumables	**4,280**	4,478
Total Supplies and Consumables	**85,276**	77,142
Finance Costs - Self Funded Activity (refer Note 6.1)	**1,044**	952
Total Finance Costs	**1,044**	952
Client Brokerage Costs	**9,191**	9,835
Medical Indemnity Insurance	**9,974**	9,410
Expenses related to leases of low value assets	**112**	-
Fuel, Light, Power, Water and Telephone	**6,892**	7,094
Repairs and Maintenance	**14,584**	13,234
Patient Transport	**3,399**	3,449
Security Services	**2,524**	2,552
Other Expenses	**28,217**	23,815
Total Other Operating Expenses	**74,893**	69,389
Depreciation and Amortisation (refer Note 4.3)	**24,994**	30,966
Total Other Non-Operating Expenses	**24,994**	30,966
Total Expenses from Transactions	**713,809**	674,022

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

Employee expenses
Employee expenses include:

- Salaries and wages (including fringe benefits tax, leave entitlements, termination payments);
- On-costs;
- Agency expenses; and
- Work cover premium.

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

Finance costs
Finance costs include:

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

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

- Fuel, light, power, water and telephone;
- Repairs and maintenance;
- Client brokerage cost;
- Medical Indemnity insurance; and
- Other administrative expenses.

The Department of Health and Human Services also makes certain payments on behalf of Peninsula Health. These amounts have been brought to account as grants in determining the operating result for the year by recording them as revenue and also recording the related expense.

Non-operating expenses
Other non-operating expenses generally represent expenditure outside the normal operations such as depreciation and amortisation.

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

Note 3.1: Expenses From Transactions continued

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

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

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

Note 3.2: Other Economic Flows

	2020	2019
	$'000	$'000
Net gain/(loss) on non- financial assets		
Net gain/(loss) on disposal of property plant and equipment	**398**	(330)
Total net gain/(loss) on non-financial assets	**398**	(330)
Net gain/(loss) on financial instruments at fair value		
Other Gains/(Losses) from Other Economic Flows	**(1,029)**	(1,029)
Total net gain/(loss) on financial instruments	**(1,029)**	(1,029)
Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of long service liability	**(347)**	(1,632)
Total other gains/(losses) from other economic flows	**(347)**	(1,632)
Total other gains/(losses) from economic flows	**(978)**	(2,991)

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

Net gain/ (loss) on financial instruments
Net gain/ (loss) on financial instruments at fair value includes realised and unrealised gains and losses from revaluations of financial instruments at fair value.

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

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

Note 3.3: Analysis of Expense and Revenue from Commercial Activities and Internally Managed Special Purpose Funds

	2020 Expense $'000	2019 Expense $'000	**2020 Revenue $'000**	2019 Revenue $'000
Commercial Activities				
Thoracic Medicine	**739**	634	**350**	355
Echo Cardiology/Angiography	**1,232**	1,169	**937**	899
Sleep Laboratory	**1,038**	1,057	**253**	256
Property Rental	**-**	-	**332**	317
Cafeteria & Catering Services	**1,416**	1,506	**1,411**	1,472
Car Park	**227**	204	**4,058**	3,794
Other Commercial	**108**	102	**143**	151
Special Purpose Funds	**718**	742	**2,728**	2,652
TOTAL	**5,478**	5,414	**10,212**	9,896

Note 3.4:Employee Benefits in the Balance Sheet

	2020 $'000	2019 $'000
CURRENT		
Employee Benefits (i) (Note 3.4(a))		
Annual Leave (Note 3.4(a))		
- Unconditional and expected to be wholly settled within 12 months (ii)	**30,908**	31,003
- Unconditional and expected to be wholly settled after 12 months (iii)	**8,625**	3,697
Long Service Leave (Note 3.4(a))		
- Unconditional and expected to be wholly settled within 12 months (ii)	**7,157**	7,798
- Unconditional and expected to be wholly settled after 12 months (iii)	**57,422**	51,425
Accrued Days Off (Note 3.4(a))		
- Unconditional and expected to be settled within 12 months (ii)	**1,237**	1,263
	105,349	95,186
Provisions related to Employee Benefit On-Costs		
- Unconditional and expected to be settled within 12 months (ii)	**4,317**	4,400
- Unconditional and expected to be settled after 12 months (iii)	**7,255**	6,055
	11,572	10,455
Total Current Provisions	**116,921**	105,641
NON-CURRENT		
Employee Benefits (i) (Note 3.4(a))		
Conditional Long Service Leave (Note 3.4(a))	**17,847**	17,792
Provisions related to Employee Benefit On-Costs (Note 3.4(a) and Note 3.4(b))	**1,960**	1,954
Total Non-Current Provisions	**19,807**	19,746
Total Provisions	**136,728**	125,387

(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.

(a) Employee Benefits and Related On-Costs

Current Employee Benefits and Related On-Costs		
Annual Leave Entitlements	**43,875**	38,511
Unconditional Long Service Leave Entitlement	**71,673**	65,728
Accrued Days Off	**1,373**	1,402
Non-Current Employee Benefits and Related On-Costs		
Conditional Long Service Leave Entitlements	**19,807**	19,746
Total Employee Benefits and Related On-Costs	**136,728**	125,387

(b) Movement in On-costs Provision:

Balance at start of year	**12,409**	10,882
Additional provisions recognised	**6,400**	6,399
Unwinding of discount and effect of changes in the discount rate	**(84)**	390
Reduction due to transfer out	**(5,192)**	(5,262)
Balance at end of year	**13,532**	12,409

Note 3.4: Employee Benefits in the Balance Sheet continued

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

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

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

Annual Leave and Accrued Days Off
Liabilities for annual leave and accrued days off are all recognised in the provision for employee benefits as 'current liabilities', because Peninsula Health does not have an unconditional right to defer settlements of these liabilities.

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

- Nominal value – if Peninsula health service expects to wholly settle within 12 months; or
- Present value – if Peninsula health service does not expect to wholly settle within 12 months

Long Service Leave
The liability for long service leave (LSL) is recognised in the provision for employee benefits.
Unconditional LSL is disclosed in the notes to the financial statements as a current liability even where Peninsula Health does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. An unconditional right arises after a qualifying period.

The components of this current LSL liability are measured at:

- Nominal value – if Peninsula health service expects to wholly settle within 12 months; and
- Present value – if Peninsula health service does not expect to wholly settle within 12 months.

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

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

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 3.5: Superannuation

Contributions Paid or Payable for the Year

	2020	2019
	$'000	$'000
Defined benefit plans:		
Hospital Superannuation Fund	**273**	306
Government Superannuation Fund	**137**	155
Defined contribution plans:		
Hospital Superannuation Fund	**20,335**	20,342
Hesta Superannuation Fund	**12,567**	11,569
Other Funds	**7,090**	5,693
Total	**40,402**	38,065
Contributions outstanding at the end of the financial year	**1,818**	1,173

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

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

Defined benefit superannuation plans
The amount charged to the comprehensive operating statement in respect of defined benefit superannuation plans represents the contributions made by Peninsula Health to the superannuation plans in respect of the services of current Peninsula Health's staff during the reporting period. Superannuation contributions are made to the plans based on the relevant rules of each plan, and are based upon actuarial advice.

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

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

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

Note 4: Key Assets to Support Service Delivery

Peninsula Health controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to the hospital to be utilised for delivery of those outputs.

Structure

4.1 Investments and Other Financial Assets

4.2 Property, Plant and Equipment

4.3 Intangible Assets

4.4 Depreciation and Amortisation

4.5 Inventories

Note 4.1: Investments and Other Financial Assets

	2020	2019
	$'000	$'000
CURRENT		
Equities & Managed Investments		
VFMC Growth Fund	**12,839**	13,437
Total Current	**12,839**	13,437
Represented by:		
Health Service Investments	**12,839**	13,437
TOTAL	**12,839**	13,437

Investment Recognition
Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

The Peninsula Health classifies its other financial assets as current assets based in respect to the potential timing of disposal of assets. Peninsula Health assesses at each balance sheet date whether a financial asset or group of financial assets is impaired. Peninsula Health's investments must comply with Standing Direction 3.7.2 - Treasury Management, including Central Banking System.

Derecognition of Financial Assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired; or
- Peninsula Health retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- Peninsula Health has transferred its rights to receive cash flows from the asset and either:
  a) Has transferred substantially all the risks and rewards of the asset; or
  b) Has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset is recognised to the extent of Health Service's continuing involvement in the asset.

Where Peninsula Health has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of Peninsula Health continues involvement in the asset.

Impairment of Financial Assets
At the end of each reporting period, Peninsula Health assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through the Comprehensive Income Statement, are subject to annual review for impairment.

In order to determine an appropriate fair value as at 30 June 2020 for its portfolio of financial assets, Peninsula Health used the market value of investments held provided by the portfolio managers.

The above valuation process was used to quantify the level of impairment (if any) on the portfolio of financial assets as at year end.

The impacts of COVID-19 are being felt all around the world. Performance of the financial markets may continue to fluctuate and impact the fair value of financial assets and investments in future reporting periods.

Note 4.2: Property, Plant and Equipment

(a) Gross carrying amount and accumulated depreciation	**2020**	2019
	$'000	$'000
Land		
Land at Fair Value	**70,819**	68,415
Right of use Land at Deemed Cost	**9,898**	-
Total Land	**80,717**	68,415
Buildings		
Buildings at Fair Value	**313,720**	310,124
Less Accumulated Depreciation	**(8,669)**	-
Buildings-Right of use	**7,354**	-
Less Accumulated Depreciation	**(1,310)**	-
Total Buildings	**311,095**	310,124
Plant and Equipment		
Plant and Equipment at Fair Value	**102,220**	99,981
Less Accumulated Depreciation	**(75,852)**	(68,787)
Total Plant and Equipment	**26,368**	31,194
Furniture and Fittings		
Furniture and Fittings at Fair Value	**38,560**	36,927
Less Accumulated Depreciation	**(31,989)**	(28,978)
Total Furniture and Fittings	**6,571**	7,949
Motor Vehicles		
Motor Vehicles at Fair Value	**5,135**	4,638
Less Accumulated Depreciation	**(1,788)**	(2,830)
Total Motor Vehicles	**3,347**	1,808
Right of use-plant, equipment ,furniture and fittings and vehicles	**1,723**	-
Less Accumulated Depreciation	**(479)**	-
Total Right of use-plant, equipment, furniture and fittings and vehicles	**1,244**	-
Assets Under Construction		
Assets under construction at cost	**4,203**	1,870
Total Assets Under Construction	**4,203**	1,870
TOTAL	**433,545**	421,360

Note 4.2: Property, Plant and Equipment continued

(b) Reconciliations of the carrying amounts of each class of asset

	Land	Land-Right of Use	Buildings	Buildings- Right of use	Plant & Equipment	Furniture & Fittings	Motor Vehicles	Plant & Equipment - Right of use	Assets Under Construction	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2018	69,414	-	260,238	-	34,001	7,956	1,104	-	5,868	**378,581**
Additions	-	-	9,664	-	5,995	1,937	1,412	-	1,697	**20,705**
Disposals	-	-	(1,928)	-	-	-	(15)	-	-	**(1,943)**
Transfer to Asset Held for Sale (Note 5.4)	-	-	-	-	-	-	(10)	-	-	**(10)**
Assets received free of charge	-	-	-	-	18	-	-	-	-	**18**
Transfers from Assets Under Construction	-	-	-	-	522	7	-	-	(5,695)	**(5,166)**
Revaluation increments/(decrements)	(999)	-	57,508	-	-	-	-	-	-	**56,509**
Depreciation (Note 4.4)	-	-	(15,358)	-	(9,342)	(1,951)	(683)	-	-	**(27,334)**
Balance at 30 June 2019	**68,415**	**-**	**310,124**	**-**	**31,194**	**7,949**	**1,808**	**-**	**1,870**	**421,360**
Recognition of right-of-use assets on initial application of *AASB 16 Leases*	-	5,854	-	2,791	-	-	-	1,723	-	**10,368**
Reclassification of right-of-use assets on initial application of *AASB 16 Leases*	(4,044)	4,044	-	-	-	-	-	-	-	**-**
Adjusted balance at 1 July 2019	**64,371**	**9,898**	**310,124**	**2,791**	**31,194**	**7,949**	**1,808**	**1,723**	**1,870**	**431,728**
Additions	-	-	3,592	4,563	5,325	1,597	2,263	-	2,333	**19,673**
Disposals	-	-	-	-	-	-	(338)	-	-	**(338)**
Transfer to Asset Held for Sale (Note 5.4)	-	-	-	-	-	-	(86)	-	-	**(86)**
Assets received free of charge	-	-	-	-	1,193	-	-	-	-	**1,193**
Asset Reclassification	-	-	-	-	(4,279)	-	-	-	-	**(4,279)**
Transfers from Assets Under Construction	-	-	4	-	-	36	-	-	-	**40**
Revaluation increments/(decrements)	6,448	-	-	-	-	-	-	-	-	**6,448**
Depreciation (Note 4.4)	-	-	(8,669)	(1,310)	(7,065)	(3,011)	(300)	(479)	-	**(20,834)**
Balance at 30 June 2020	**70,819**	**9,898**	**305,051**	**6,044**	**26,368**	**6,571**	**3,347**	**1,244**	**4,203**	**433,545**

Land and Buildings and Leased Assets Carried at Valuation

The Valuer-General Victoria undertook a revaluation of all Peninsula Health's owned and leased land and buildings to determine their fair value. The valuation, which conforms with Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation was 30 June 2019.

In compliance with FRD 103H Non Financial Assets, in the year ended 30 June 2020, Peninsula Health's management conducted an annual assessment of the fair value of land and buildings and leased buildings. To facilitate this, management obtained from the Department of Treasury and Finance the Valuer General Victoria indices for the financial year ended 30 June 2020. To ensure consistency of fair value measurement with the Victorian Public Sector, Peninsula Health has applied the indices. The extent to which Covid-19 has been considered by the Valuer General Victoria in their calculations of the indices has not been made available to Peninsula Health.

The Valuer-General Victoria indices, which are based on data to March 2020, indicate an average increase of 10% across all land parcels and a 2.5% increase in buildings.

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

As the movement in land values based on the indices was greater than 10% the Department of Health and Human Services approved a managerial revaluation resulting in a $7.0m increase in value. The indexed value was compared to individual assets written down book value as at 30 June 2019 to determine the change in their fair value. There was no material financial impact on the fair value of buildings and leased buildings.

The land and building balances are considered to be sensitive to declining market conditions. To trigger a managerial revaluation a decrease in the land indices of at least 10% and a decrease in the building indices of 12.5% would be required.

Note 4.2: Property, Plant & Equipment continued

Initial Recognition

Items of property, plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment loss. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

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

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

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

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

Right-of-use asset acquired by lessees (Under *AASB16 Leases* from 1 July 2019) - Initial measurement
Peninsula Health recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

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

Management have made key judgements with respect to right-of-use assets under peppercorn leases (leases substantially under market value). Right-of-use Land previously recognised at fair value under Land with a carrying value of $4,044 thousand has been reclassified upon adoption of *AASB16 Leases* on 1 July 2019. Additionally, right-of-use land with a fair value of $5,854 thousand not previously recognised has been recognised at 1 July 2019 through an adjustment to the Property, Plant and Equipment Revaluation Surplus. An amortisation charge has not been recognised against these right-of-use assets as there is no definite expiry date.

Subsequent measurement
Property, plant and equipment (PPE) as well as right-of-use assets under leases and service concession assets are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset) and is summarised on the following page by asset category.

Right-of-use asset - Subsequent measurement
Peninsula Health depreciates the right-of-use assets on a straight line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of the right-of-use assets are determined on the same basis as property, plant and equipment, other than where the lease term is lower than the otherwise assigned useful life. The right-of-use assets are also subject to revaluation as required by FRD 103H however as at 30 June 2020 right-of-use assets have not been revalued.

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

Revaluations of Non-current Physical Assets
Non-current physical assets are measured at fair value and are revalued in accordance with FRD 103H Non-current physical assets. This revaluation process normally occurs every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are used to conduct these scheduled revaluations and any interim revaluations are determined in accordance with the requirements of the FRDs. Revaluation increments or decrements arise from differences between an asset's carrying value and fair value.

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

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

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

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

In accordance with FRD 103H, Peninsula Health's non-current physical assets were assessed to determine whether revaluation of the non-current physical assets was required.

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

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

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

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

Note 4.2: Property, Plant & Equipment continued
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 shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, i.e., an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs shall reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

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

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

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

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

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

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

The market approach is also used for specialised land and specialised buildings although 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 Peninsula Health, the depreciated replacement cost method is used for the majority of specialised buildings, adjusting for the associated depreciation. As depreciation adjustments are considered as significant and unobservable inputs in nature, specialised buildings are classified as Level 3 for fair value measurements.

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

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

Plant and Equipment
Plant and equipment (including medical equipment, computers and communication equipment and furniture and fittings) are held at carrying amount (depreciated cost). When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, the depreciated replacement cost is used to estimate the fair value. Unless there is market evidence that current replacement costs are significantly different from the original acquisition cost, it is considered unlikely that depreciated replacement cost will be materially different from the existing carrying amount.
There were no changes in valuation techniques throughout the period to 30 June 2020.

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

Note 4.2: Property, Plant & Equipment continued

(c) Fair value measurement hierarchy for assets as at 30 June 2020	Carrying amount as at 30 June 2020	Fair value measurement at end of reporting period using:		
		Level 1 [(i)]	Level 2 [(i)]	Level 3 [(i)]
Land at fair value				
- Specialised land	70,819	-	-	70,819
Buildings at fair value				
- Specialised buildings	305,051	-	-	305,051
Plant and equipment at fair value				
- Plant and equipment	26,368	-	-	26,36
Furniture and Fittings at fair value				
- Office furniture, computers and leasehold improvements	6,571	-	-	6,571
Motor Vehicles at fair value				
- Vehicles	3,347	-	-	3,347
	412,156	**-**	**-**	**412,156**

(c) Fair value measurement hierarchy for assets as at 30 June 2019	Carrying amount as at 30 June 2019	Fair value measurement at end of reporting period using:		
		Level 1 [(i)]	Level 2 [(i)]	Level 3 [(i)]
Land at fair value				
- Non-specialised land	4,044	-	4,044	-
- Specialised land	64,371	-	-	64,371
Total of land at fair value	68,415	-	4,044	64,371
Buildings at fair value				
- Specialised buildings	310,124	-	-	310,124
Plant and equipment at fair value				
- Plant and equipment	31,194	-	-	31,194
Furniture and Fittings at fair value				
- Office furniture, computers and leasehold improvements	7,949	-	-	7,949
Motor Vehicles at fair value				
- Vehicles	1,808	-	-	1,808
	419,490	**-**	**4,044**	**415,446**

Note:
(i) Classified in accordance with the fair value hierarchy

There have been no transfers between levels during the period.

Note 4.2: Property, Plant & Equipment continued

(d) Reconciliation of Level 3 fair value at 30 June 2020[(i)]

	Land	Buildings	Plant and Equipment	Furniture & Fittings	Motor Vehicles
Opening Balance at 1 July 2019	64,371	310,124	31,194	7,949	1,808
Additions/(Disposals)	-	3,596	1,046	1,633	1,839
Assets provided free of charge	-	-	1,193	-	-
Gains or losses recognised in net result					
- Depreciation	-	(8,669)	(7,065)	(3,011)	(300)
Subtotal	64,371	305,051	26,368	6,571	3,347
Items recognised in other comprehensive income					
- Revaluation	6,448	-	-	-	-
Subtotal	6,448	-	-	-	-
	70,819	305,051	26,368	6,571	3,347
Closing Balance at 30 June 2020	**70,819**	**305,051**	**26,368**	**6,571**	**3,347**

Reconciliation of Level 3 fair value at 30 June 2019[(i)]	Land	Buildings	Plant and Equipment	Furniture & Fittings	Motor Vehicles
Opening Balance at 1 July 2018	64,729	260,238	34,001	7,956	1,104
Additions/(Disposals)	-	7,736	6,517	1,944	1,387
Assets provided free of charge	-	-	18	-	-
Gains or losses recognised in net result					
- Depreciation	-	(15,358)	(9,342)	(1,951)	(683)
- Impairment loss	-	-	-	-	-
Subtotal	64,729	252,616	31,194	7,949	1,808
Items recognised in other comprehensive income					
- Revaluation	(358)	57,508	-	-	-
Subtotal	(358)	57,508	-	-	-
	64,371	310,124	31,194	7,949	1,808
Closing Balance at 30 June 2019	**64,371**	**310,124**	**31,194**	**7,949**	**1,808**

[(i)] Classified in accordance with the fair value hierarchy, see Note 4.2 (c)

Note 4.2: Property, Plant & Equipment continued

e) Fair Value Determination

Asset class	Fair value level	Valuation technique	Significant unobservable inputs [(i)] (Level 3 only)
Specialised land			
Specialised land	Level 3	Market approach	Community Service Obligation (CSO)
Specialised buildings			
Hospital care facilities Residential building structures Community Centre (Hastings) Other sheds and halls	Level 3	Depreciated replacement cost	Direct cost per square metre Useful life
Plant and equipment at fair value			
Plant and equipment	Level 3	Depreciated replacement cost	Cost per unit Useful life
Vehicles			
Motor vehicles	Level 3	Depreciated replacement cost	Cost per unit Useful life
Medical equipment at fair value			
Medical equipment	Level 3	Depreciated replacement cost	Cost per unit Useful life
Furniture and fittings at fair value			
Furniture and fittings	Level 3	Depreciated replacement cost	Cost per unit Useful life

(i) A community Service Obligation (CSO) adjustment of 20% was applied to reduce the market approach value for the Health Service's specialised land.

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

(f) Property, Plant and Equipment Revaluation Surplus	**2020**	2019
	$'000	$'000
Opening Balance	**146,031**	89,522
Impact of *AASB 16 Leases* at 1 July 2019	**5,854**	**-**
Restated Opening Balance	**151,885**	89,522
Revaluation Increment		
- Land	**6,448**	(999)
- Buildings	**-**	57,508
- **Closing Balance**	**158,333**	146,031
Represented by:		
- Land	**53,134**	40,832
- Buildings	**105,199**	105,199
	158,333	**146,031**

Note 4.3: Intangible Assets	**2020**	2019
	$'000	$'000
a) Gross Carrying amount and accumulated amortisation		
Software	**19,772**	18,426
Less Accumulated Amortisation	**(17,008)**	(12,848)
Total Intangible Assets	**2,764**	5,578

b) Reconciliation of the carrying amounts by class of asset:

	2020	*2019*
	$'000	$'000
Balance at beginning of the year	**5,578**	2,678
Additions	**1,346**	1,366
Net Transfers from Assets Under Construction	**-**	5,166
Amortisation expense (Note 4.4)	**(4,160)**	(3,632)
Balance at end of year	**2,764**	5,578

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

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to Peninsula Health.

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

Purchased intangible assets are initially recognised at cost. When the recognition criteria in *AASB 138 Intangible Assets* is met, internally generated intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Depreciation and amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Note 4.4: Depreciation and Amortisation

	2020	2019
	$'000	$'000
Depreciation		
Buildings	**8,669**	15,358
Plant & Equipment	**7,065**	9,342
Furniture & Fittings	**3,011**	1,951
Motor Vehicles	**300**	683
Right of use assets		
- Right of use buildings	**1,310**	-
- Right of use plant,equipment and vehicles	**479**	-
Total Depreciation	**20,834**	27,334
Amortisation		
Software	**4,160**	3,632
Total Amortisation	**4,160**	3,632
Total Depreciation and Amortisation	**24,994**	30,966

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 a rate that allocates the asset value, less any estimated residual value over its estimated useful life.

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

Amortisation

Amortisation is the systematic allocation of the depreciable amount of an asset over its useful life.
The following table indicates the expected useful lives (in years) of non-current assets on which the depreciation and amortisation charges are based

	2020	2019
Buildings		
- Structure Shell Building Fabric	**45-60**	45-60
- Site Engineering Services and Central Plant	**20-30**	20-30
Plant & Equipment	**3-10**	5-10
Furniture and Fitting	**7-10**	7-10
Motor Vehicles	**3-4**	4
Software	**3-7**	3-7

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

Note 4.5: Inventories

	2020	2019
	$'000	$'000
Medical and Surgical Lines - at cost	**1,836**	2,123
Pharmacy supplies - at cost	**1577**	1287
General supplies-at cost	**782**	105
TOTAL INVENTORIES	**4,195**	3,515

Inventories

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

Inventories held for distribution are measured at cost, adjusted for any loss of service potential. All other inventories, including land held for sale, are measured at the lower of cost and net realisable value.

Inventories acquired for no cost or nominal considerations are measured at current replacement cost at the date of acquisition.

The basis used in assessing loss of service potential for inventories held for distribution include current replacement cost and technical or functional obsolescence. Technical obsolescence occurs when an item still functions for some or all the tasks it was originally acquired to do, but no longer matches existing technologies. Functional obsolescence occurs when an item no longer functions the way it did when it was first acquired

Note 5: Other Assets and Liabilities

This section sets out those assets and liabilities that arise from Peninsula Health's operations

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

Note 5.1: Receivables and Contract Assets

a) Receivables and contract assets

	2020	2019
	$'000	$'000
CURRENT		
Contractual		
Inter Hospital Debtors	**134**	65
Trade Debtors	**9,353**	7,787
Patient Fees	**4,683**	7,290
Contract Assets	**2,634**	-
Accrued Revenue	**-**	111
***Less* Allowance for impairment losses of contractual receivables**	**(397)**	(322)
	16,407	14,931
Statutory		
Long Service Leave - Department of Health and Human Services	**12,849**	10,037
GST Receivable	**1,564**	-
	14,413	10,037
TOTAL CURRENT RECEIVABLES	**30,820**	24,968
NON CURRENT		
Contractual		
Debtors	**1,260**	1,740
Statutory		
Department of Health and Human Services – Long Service Leave	**24,010**	23,700
TOTAL NON-CURRENT RECEIVABLES	**25,270**	25,440
TOTAL RECEIVABLES	**56,090**	50,408

(b) Movement in Allowance for impairment losses of contractual receivables

	2020	2019
	$'000	$'000
Balance at beginning of year	**(322)**	(243)
Amounts written off during the year	**171**	329
Increase/(decrease) in allowance recognised in net result	**(246)**	(408)
Balance at end of year	**(397)**	(322)

Receivables recognition
Receivables consist of:

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

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

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

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

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

Note 5.1: Receivables and Contract Assets continued

(c) Contract assets

	2020
	$'000
Contract assets	
Opening balance brought forward from 30 June 2019 adjusted for *AASB15 Revenue from Contracts with Customers*	111
Add: Additional costs incurred that are recoverable from the customer	2,634
Less: Transfer to trade receivable or cash at bank	(111)
Less: impairment allowance	-
Total contract assets	2,634

Current contract assets
(a) As *AASB 15 Revenue from Contracts with Customers* was first applied from 1 July 2019, there is no comparative information to display

Contract assets relates to Peninsula Health's right to consideration in exchange for goods transferred to customers for works completed, but not yet billed at the reporting date. The balance of the contract assets at 30 June 2020 was impacted by timing of the works completed by contractors and is new compared to last year as it is not billable at this stage. The works are expected to be completed and recovered early next year.

Impairment losses of contractual receivables
Refer to Note 7.1 (c) Contractual receivables at amortised costs for Peninsula Health's contractual impairment losses.

Note 5.2: Payables and Contract Liabilities		**2020**	2019
		$'000	$'000
CURRENT			
Contractual			
Trade Creditors		**2,015**	8,102
Salary Packaging		**1,361**	1,541
Accrued Salaries and Wages		**20,929**	13,427
Accrued Expenses		**11,906**	13,773
Deferred capital grant revenue	5.2(a)	**1,967**	-
Contract Liabilities-income received in advance	5.2(b)	**2,108**	
		40,286	36,843
Statutory			
GST Payable		**-**	308
		-	308
TOTAL PAYABLES		**40,286**	37,151

Payables Recognition
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 Peninsula Health prior to the end of the financial year that are unpaid; and
- Statutory payables that are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

The normal credit terms for accounts payable are usually Net 10 days

(a) Deferred capital grant revenue

	2020
	$'000
Grant consideration for capital works recognised that was included in the deferred grant liability balance (adjusted for *AASB 1058 Income of Not-for-profit entities*) at the beginning of the year	65
Grant consideration for capital works received during the year	10,994
Grant revenue for capital works recognised consistent with the capital works undertaken during the year	(9,092)
Closing balance of deferred grant consideration received for capital works	**1,967**

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

Note 5.2: Payables and Contract Liabilities continued

(b) Contract liabilities - income received in advance

	2020 $'000
Opening balance brought forward from 30 June 2019 adjusted for *AASB 15 Revenue from Contracts with Customers*	-
Add: Payments received for performance obligations yet to be completed during the period	608,725
Less: Grant revenue for sufficiently specific performance obligations works recognised consistent with the performance obligations met during the year	(606,617)
Total contract liabilities	**2,108**

Contract liabilities is consideration received in advance from the Department of Health and Human Services. Grant income is recognised as service obligations are met. Differences in the number of some services provided may be adjusted in the funding provided annually. The remaining grant revenue is recognised when the service obligations are delivered in the following year.

(c) Grant consideration

	2020 $'000
Revenue recognised from performance obligations satisfied in previous periods	-
Transaction price allocated to the remaining performance obligations from contracts with customers to be recognised in:	2,108
Total	**2,108**

Maturity analysis of payables
Please refer to Note 7.1(b) for the financial liabilities maturity analysis

Note 5.3: Other Liabilities

	2020	2019
	$'000	$'000
CURRENT		
Monies Held in Trust		
- Patient Monies	**17**	13
- Accommodation Deposits	**1,503**	2,168
TOTAL	**1,520**	2,181
Monies Held In Trust Represented By:		
Cash assets	**1,520**	2,181
	1,520	2,181

Financial assets held in trust
Accommodation deposits are held in relation to services provided to clients whereby the interest on the deposits acts as payment for those services.

Note 6: How We Finance Our Operations

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

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

Structure

6.1 Borrowings
6.2 Cash and Cash Equivalents
6.3 Commitments for Expenditure

Note 6.1: Borrowings	**2020**	2019
	$'000	$'000
CURRENT		
TCV borrowings(i)	**1,232**	1,201
Lease liability	**3,163**	617
DHHS Loan	**1,662**	350
Cash Received in advanced	**25,480**	-
	32,128	2,168
NON CURRENT		
TCV borrowings	**19,887**	21,108
Lease liability	**7,693**	1,556
DHHS Loan	**4,950**	6,428
	31,939	29,092
TOTAL BORROWINGS	**64,067**	31,260

(i) The terms and conditions of the 2 Treasury Corporation Victoria interest bearing borrowings are:
- 15 year repayment period at a fixed interest rate of 4.80%
- 20 year repayment period at a fixed interest rate of 3.83%
The DHHS Loan is interest free with a 6 year repayment period.

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

Finance costs of the Peninsula Health incurred during the year are accounted for as follows:

- Interest on long term borrowings (recognised as a finance cost - self funded activity)	**1,044**	952

(a) Maturity analysis of borrowings

Please refer to Note 7.1(b) for the Financial Liabilities Maturity Analysis.

(b) Defaults and breaches

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

Lease Liabilities

	Minimum future lease payments		**Present value of minimum future lease payments**	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Not later than one year	3,378	679	3,163	617
Later than 1 year and not later than 5 years	7,958	1,617	7,679	1,556
Later than 5 years	14	-	14	-
Minimum lease payments	**11,350**	**2,296**	**10,856**	**2,173**
Less future finance charges	(494)	(123)	-	-
TOTAL	**10,856**	**2,173**	**10,856**	**2,173**
Included in the financial statements as:				
Current borrowings- lease liability			3,163	617
Non-current borrowings-lease liability			7,693	1,556
	-	**-**	**10,856**	**2,173**

The weighted average interest rate implicit in the finance lease is 4.5% (2019: 3.26%).

Note 6.1: Borrowings continued

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

Peninsula Health's leasing activities
Peninsula Health has entered into leases related to various properties, equipment and motor vehicles. For any new contracts entered into on or after 1 July 2019, Peninsula Health considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition Peninsula Health assesses whether the contract meets three key evaluations which are whether:

• the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to Peninsula Health and for which the supplier does not have substantive substitution rights;

• Peninsula Health has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and Peninsula Health has the right to direct the use of the identified asset throughout the period of use; and

• Peninsula Health has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use. This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

Separation of lease and non-lease components
At inception or on reassessment of a contract that contains a lease component, the lessee is required to separate out and account separately for non-lease components within a lease contract and exclude these amounts when determining the lease liability and right-of-use asset amount.

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

Lease Liability – initial measurement
The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or Peninsula Healths incremental borrowing rate.
Lease payments included in the measurement of the lease liability comprise the following:

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

Lease Liability – subsequent measurement
Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in substance fixed payments.
When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right of use asset is already reduced to zero.

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

Presentation of right-of-use assets and lease liabilities
Peninsula Health presents right-of-use assets as 'property plant equipment' unless they meet the definition of investment property, in which case they are disclosed as 'investment property' in the balance sheet. Lease liabilities are presented as 'borrowings' in the balance sheet.

Recognition and measurement of leases (under *AASB 117* until 30 June 2019)
In the comparative period, leases of property, plant and equipment were classified as either finance lease or operating leases.
Peninsula Health determined whether an arrangement was or contained a lease based on the substance of the arrangement and required an assessment of whether fulfilment of the arrangement is dependent on the use of the specific asset(s); and the arrangement conveyed a right to use the asset(s).

Leases of property, plant and equipment where Peninsula Health as a lessee had substantially all of the risks and rewards of ownership were classified as finance leases. Finance leases were initially recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The leased asset is accounted for as a non-financial physical asset and depreciated over the shorter of the estimated useful life of the asset or the term of the lease. Minimum finance lease payments were apportioned between the reduction of the outstanding lease liability and the periodic finance expense, which is calculated using the interest rate implicit in the lease and charged directly to the consolidated comprehensive operating statement.

Contingent rentals associated with finance leases were recognised as an expense in the period in which they are incurred.
Assets held under other leases were classified as operating leases and were not recognised in Peninsula Health's balance sheet. Operating lease payments were recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

Note 6.1: Borrowings continued

Operating lease payments up until 30 June 2019 (including contingent rentals) are recognised on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. From 1 July 2019, the following lease payments are recognised on a straight-line basis:

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

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

Entity as lessee
Leases are recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. Minimum lease payments are apportioned between reduction of the outstanding lease liability, and the periodic finance expense which is calculated using the interest rate implicit in the lease, and charged directly to the Comprehensive Operating Statement. Contingent rentals associated with leases are recognised as an expense in the period in which they are incurred.

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

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

Note 6.2: Cash and Cash Equivalents

	2020	2019
	$'000	$'000
Cash on Hand	**25**	25
Cash at Bank - CBS	**38,798**	21,140
TOTAL	**38,823**	21,165
Represented by:		
Cash for Health Service Operations	**37,303**	18,984
Patient Monies	**17**	13
Accommodation Deposits	**1,503**	2,168
TOTAL	**38,823**	21,165

Cash and cash equivalents recognised on 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 with an insignificant risk of changes in value.

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

Note 6.3: Commitments for Expenditure

Operating, Short term and Low value Commitments	**2020**	2019
Non-Cancellable	**$'000**	$'000
Not later than one year	**10,817**	10,240
Later than one year and not later than 5 years	**28,394**	8,772
Later than 5 years	**1,414**	-
Total commitments inclusive of GST	**40,625**	19,012
Less GST recoverable from the Australian Tax Office	**3,693**	1,728
Total commitments exclusive of GST	**36,932**	17,283

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.

Peninsula Health has entered into commercial leases on certain medical equipment, computer equipment and property where it is not in the interest of Peninsula Health to purchase these assets. These leases have an average life of between one and five years with renewal terms included in the contracts. Renewals are at the option of Peninsula Health. There are no restrictions placed upon the lessee by entering into these leases.

Note 7: Risks, Contingencies and Valuation Uncertainties

Peninsula Health is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, (including exposures to financial risk) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for the hospital is related mainly to fair value determination.

Structure
7.1 Financial Instruments

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

(a) Categorisation of financial instruments

2020	Note	Category	2020 $'000
Financial Assets			
Cash and Cash Equivalents	6.2	Cash and Deposits	**38,823**
Receivables	5.1	Financial Assets Measured at Amortised Cost	**17,667**
Other Financial Assets	4.1	Financial Assets at Fair Value through Net Result	**12,839**
Total Financial Assets (i)			**69,329**
Financial Liabilities			
Payables	5.2	Financial Liabilities Measured at Amortised Cost	**36,211**
Borrowings	6.1	Financial Liabilities Measured at Amortised Cost	**64,067**
Accommodation Bonds	5.3	Financial Liabilities Measured at Amortised Cost	**1,503**
Other Liabilities	5.3	Financial Liabilities Measured at Amortised Cost	**17**
Total Financial Liabilities (ii)			**101,798**

2019	Note	Category	2019 $'000
Financial Assets			
Cash and cash equivalents	6.2	Financial Assets Measured at Amortised Cost	21,165
Receivables	5.1	Financial Assets Measured at Amortised Cost	16,671
Other Financial Assets	4.1	Financial Assets at Fair Value through Net Result	13,437
Total Financial Assets (i)			51,273
Financial Liabilities			
Payables	5.2	Financial Liabilities Measured at Amortised Cost	36,843
Borrowings	6.1	Financial Liabilities Measured at Amortised Cost	31,260
Accommodation Bonds	5.3	Financial Liabilities Measured at Amortised Cost	2,168
Other Liabilities	5.3	Financial Liabilities Measured at Amortised Cost	13
Total Financial Liabilities (ii)			70,284

(i) The total amount of financial assets disclosed here excludes statutory receivables (i.e. GST input tax credit recoverable)
(ii) The total amount of financial liabilities disclosed here excludes statutory payables (i.e. Taxes payable)

Categories of financial assets under *AASB 9 Financial Instruments*

Financial assets at amortised cost
Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:

- The assets are held by Peninsula Health to collect the contractual cash flows; and
- The assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.
Peninsula Health recognises the following assets in this category:

- Cash; and
- Receivables (excluding statutory receivables);

Financial assets at fair value through net result
Equity instruments that are held for trading as well as derivative instruments are classified as fair value through net result. Other financial assets are required to be measured at fair value through net result unless they are measured at amortised cost as explained above.

However, as an exception to those rules above, Peninsula Health may, at initial recognition, irrevocably designate financial assets as measured at fair value through net result if doing so eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Peninsula Health recognises listed equity securities as mandatorily measured at fair value through net result and designated all of its managed investment schemes as fair value through net result.

Note 7.1: Financial Instruments continued

Categories of financial liabilities

Financial liabilities at amortised cost
Financial liabilities at amortised cost are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability, using the effective interest rate method. Peninsula Health recognises the following liabilities in this category:

- Payables (excluding statutory payables); and
- Borrowings (including finance lease liabilities).

Derivative financial instruments are classified as held for trading financial assets and liabilities. They are initially recognised at fair value on the date on which a derivative contract is entered into. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in the fair value of derivatives after initial recognition are recognised in the Comprehensive Operating Statement as an 'Other Economic Flow' included in the net result.

Offsetting financial instruments
Financial instrument assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, Peninsula Health has a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired.
Peninsula Health retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
Peninsula Health has transferred its rights to receive cash flows from the asset and either:

- has transferred substantially all the risks and rewards of the asset; or
- has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where Peninsula Health has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of Peninsula Health's continuing involvement in the asset.

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the Comprehensive Operating Statement.

Reclassification of financial instruments
Subsequent to initial recognition reclassification of financial liabilities is not permitted. Financial assets are required to reclassified between fair value through net result, fair value through other comprehensive income and amortised cost when and only when Peninsula Health's business model for managing its financial assets has changes such that its previous model would no longer apply.

Note 7.1: Financial Instruments continued

(b) Financial Liabilities Maturity Analysis

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

Maturity analysis of Financial Liabilities as at 30 June

				Maturity Dates			
	Note	Carrying Amount	Nominal Amount	Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years
2020		**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial Liabilities							
At amortised cost							
Payables	**5.2**	**15,282**	**15,282**	**13,107**	**1,294**	**882**	
Borrowings	**6.1**	**64,067**	**65,363**		**1,247**	**30,882**	**33,235**
Other Financial Liabilities							
- Accommodation Deposits	**5.3**	**1,503**	**1,503**	**1,503**	**-**	**-**	**-**
- Other	**5.3**	**17**	**17**	**17**	**-**	**-**	**-**
Total Financial Liabilities		**80,869**	**82,165**	**14,627**	**2,540**	**31,763**	**33,235**
2019							
Financial Liabilities							
At amortised cost							
Payables	**5.2**	23,415	23,415	20,931	1,698	787	-
Borrowings	**6.1**	31,260	31,852		454	1,714	29,684
Other Financial Liabilities							
- Accommodation Deposits	**5.3**	2,168	2,168	2,168	-	-	-
- Other	**5.3**	13	13	13	-	-	-
Total Financial Liabilities		56,856	57,448	23,112	2,152	2,501	29,684

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

(c) Contractual receivables at amortised costs

2019	**Note**	**Current**	**Less than 1 month**	**1-3 months**	**3 months - 1 year**	**1-5 years**	**Total**
Expected loss rate		0.3%	2.8%	11.4%	11.5%	100.0%	
Gross carrying amount of contractual receivables	**5.1**	12,404	2,723	1,053	695	7	16,882
Loss allowance		38	77	120	80	7	322

2020		**Current**	**Less than 1 month**	**1-3 months**	**3 months - 1 year**	**1-5 years**	**Total**
Expected loss rate		**0.4%**	**2.9%**	**6.6%**	**8.2%**	**44.6%**	
Gross carrying amount of contractual receivables	**5.1**	**11,384**	**1,502**	**2,986**	**820**	**112**	**16,804**
Loss allowance		**41**	**43**	**196**	**67**	**50**	**397**

Impairment of financial assets under *AASB 9 Financial Instruments*
Peninsula Health records the allowance for expected credit loss for the relevant financial instruments, in accordance with *AASB 9 Financial Instruments* 'Expected Credit Loss' approach. Subject to *AASB 9 Financial Instruments*, impairment assessment include Peninsula Health's contractual receivables and statutory receivables.

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

Contractual receivables at amortised cost
Peninsula Health applies *AASB 9 Financial Instruments* 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. Peninsula Health 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, Peninsula Health determines the opening loss allowance on initial application date of *AASB 9 Financial Instruments* and the closing loss allowance at end of the financial year as disclosed above. As the difference in the opening loss allowance was immaterial, no adjustment was made.

Note 7.1: Financial Instruments continued

Reconciliation of the movement in the loss allowance for contractual receivable

	Note	2020	2019
Opening Loss Allowance	*5.1*	**(322)**	(243)
Increase in provision recognised in the net result		**(246)**	(408)
Reversal of provision of receivables written off during the year as uncollectable		**171**	329
Balance at end of the year	*5.1*	**(397)**	(322)

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.

In prior years, a provision for doubtful debts is recognised when there is objective that the debts may not be collected and bad debts are written off when identified. A provision is made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired. Bad debts considered as written off by mutual consent.

Statutory receivables at amortised cost
The Peninsula Health's non-contractual receivables arising from statutory requirements are not financial instruments. However, they are nevertheless recognised and measured in accordance with *AASB 9 Financial Instruments* requirements as if those receivables are financial instruments.

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

Note 8: Other Disclosures

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

Structure

Note 8.1: Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities

	2020	2019
	$'000	$'000
Net Result for the Year	**(25,911)**	(32,924)
Non-cash movements		
Depreciation & Amortisation	**24,994**	30,966
Non-Cash Revaluation of Long Service Leave	**347**	1,632
Assets received free of charge	**(1,192)**	(18)
Net Gain/(Loss) of Financial Instruments	**783**	1,029
Movements included in investing and financing activities		
Net (Gain)/Loss from Sale of Plant and Equipment	**(398)**	330
Movements in Assets & Liabilities		
- Increase/(Decrease) in Payables	**3,134**	(5,012)
- Increase/(Decrease) in Provisions	**10,994**	10,349
- (Increase)/Decrease in Inventories	**(682)**	(705)
- (Increase)/Decrease in Receivables	**(5,681)**	(7,434)
- (Increase)/Decrease in Prepayments	**(415)**	(1,474)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	**5,973**	(3,261)

Note 8.2: Responsible persons disclosures

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

	Period	
Responsible Ministers		
The Honourable Jenny Mikakos, Minister for Health and Minister for Ambulance Services	1-Jul-2019	**30-Jun-2020**
The Honourable Martin Foley, Minister for Mental Health	1-Jul-2019	**30-Jun-2020**
The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers	1-Jul-2019	**30-Jun-2020**
Governing Board		
Ms Diana Heggie (Chair of the Board)	1-Jul-2019	**30-Jun-2020**
Dr Alison Dwyer	1-Jul-2019	**30-Jun-2020**
Dr Nathan Pinskier	1-Jul-2019	**30-Jun-2020**
Ms Rita Cincotta	1-Jul-2019	**30-Jun-2020**
Ms Allison Smith	1-Jul-2019	**30-Jun-2020**
Ms Kirsten Mander	1-Jul-2019	**30-Jun-2020**
Prof Kenneth Thomson	1-Jul-2019	**30-Jun-2020**
Ms Karen Corry	1-Jul-2019	**30-Jun-2020**
Ms Sylvia Hadjiantoniou	1-Jul-2019	**30-Jun-2020**
Accountable Officer		
Ms Felicity Topp	1-Jul-2019	**30-Jun-2020**

(b) Remuneration of Responsible Persons & Accountable Officer
The number of Responsible Persons are shown in their relevant income bands;

	2020 **No.**	2019 No.
Income Band		
$0 - $10,000	**1**	1
$10,000 - $19,999	**-**	-
$20,000 - $29,999	**-**	-
$30,000 - $39,999	**-**	7
$40,000 - $49,999	**7**	-
$80,000 - $89,999	**1**	1
$110,000 - $119,999	**-**	-
$130,000 - $139,999	**-**	-
$160,000 - $169,999	**-**	-
$370,000 - $379,999	**-**	1
$400,000 - $409,999	**1**	-
Total Numbers	**10**	10
	$'000	$'000
Total remuneration for the reporting period for Responsible Persons included above amounted to:	**780**	736

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

Note 8.3: Remuneration of Executives

Executive Officer Remuneration

The number of executive officers, other than Ministers and Accountable Officers, 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.

	2020	2019
Remuneration	**$'000**	$'000
Short term employee benefits	**1,698**	1,903
Post-employment benefits	**136**	152
Other long-term benefits	**52**	61
Total remuneration (i)	**1,886**	2,116
Total number of executives	**10**	8
Total annualised employee equivalent (ii)	**5.7**	6.7

NB: Includes two acting arrangements in remuneration figures

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

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

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

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided in exchange for services rendered, and is disclosed in the following categories:

Short-term Employee Benefits
Salaries and wages, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment Benefits
Pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased

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

Termination Benefits
Termination of employment payments, such as severance

Other factors
Several factors affected total remuneration payable to executives over the year. A number of employment contracts were completed and renegotiated, and a number of executive officers retired, resigned or were retrenched in the past year. This has had a significant impact on remuneration figures for the termination benefits category.

Note 8.4: Related Parties

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

- All key management personnel (KMP) and their close family members;
- All cabinet ministers and their close family members; and
- All hospitals and public sector entities that are controlled and consolidated into the State of Victoria consolidated financial statements.

KMPs are those people with the authority and responsibility for planning, directing and controlling the activities of Peninsula Health directly or indirectly. Key management personnel (KMP) of Peninsula Health include the Portfolio Ministers and Cabinet Ministers and KMP as determined by Peninsula Health. The Board of Directors and the Executive Directors of Peninsula Health are deemed to be KMPs.

The compensation detailed below is reported in $'000 and excludes the salaries and benefits the Portfolio Ministers received. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968*, and is reported within the Department of Parliamentary Services' Financial Report.

Compensation	**2020**	2019
	$'000	$'000
Short term employee benefits	**2413**	2580
Post-employment benefits	**190**	200
Other long-term benefits	**63**	72
Total Key Management Personnel Compensation	**2666**	2852
Total Number of Key Management Personnel	**20**	18

KMPs are also reported in Note 8.3 Responsible Persons Disclosures and 8.4 Executive Officer Disclosures.

Significant transactions with Government related entities
All related party transactions have been entered into on an arm's length basis. Peninsula Health recorded the following major expenditure transactions with other Government Entities:

Related entity	**Nature of transaction**	**Category**	**Note**	**2020**	**2019**
				'$000	**'$000**
DHHS	Government Grants	Income	2.1	606,617	562,526
	Long Service Leave	Debtors	5.1	36,859	33,737
	EPC Project loan	Borrowings	6.1	6,612	6,778
Alfred Health	Payment for Renal Dialysis Services	Expenses	3.1	2,422	2,030
		Payables	5.2	419	806
Monash Health	Payment for Food Supplies	Expenses	3.1	2,114	3,429
		Payables	5.2	124	322
Ambulance Victoria	Payment for Patient Transport	Expenses	3.1	1,947	1,848
		Payables	5.2	149	168
TCV	Payment of Interest on Loan	Expenses	3.1	907	952
	TCV Borrowings	Borrowings	6.1	21,119	22,308
VMIA	Medical indemnity insurance	Expenses	3.1	9,974	9,410
VicFleet	Lease liability	Borrowings	6.1	3,441	2,173

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the Public Administration Act 2004 and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with Peninsula Health, there were no other related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties. There were no related party transactions with Cabinet Ministers required to be disclosed in 2020.There were no related party transactions required to be disclosed for Peninsula Health Board of Directors, Chief Executive Officer and Executive Directors in 2020.

Note 8.5: Remuneration of Auditors

	2020	2019
	$'000	$'000
Victorian Auditor-General's Office		
Audit of the Financial Statements	**103**	103
Total Remuneration of auditors	**103**	103

Note 8.6: Ex Gratia Payments

	2020	2019
	$'000	$'000
Peninsula Health has made the following ex gratia payments:		
- Ex gratia payments *(i)*	8	17
Total Paid	8	17

(i) Includes Ex-gratia for both individual items and in aggregate that are greater than or equal to $ 5,000

Note 8.7: Events Occurring after the Balance Sheet Date

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by Peninsula Health at the reporting date. As responses by government continue to evolve, management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on Peninsula Health, its operations, its future results and financial position. The state of emergency in Victoria was extended on 16 August 2020 until 13 September 2020 and the state of disaster is also in place.

This event does not affect amounts recognised in the 2019/20 financial statements. At this stage, it is not possible to estimate what affect this will have on the Peninsula Health's financial performance during 2020/21.

Any future changes to Peninsula Health's operations in to response to COVID-19 will be directed by the Victorian Government.

Note 8.8: Economic Dependency

Peninsula Health is wholly dependent on the continued financial support of the State Government and in particular, the Department of Health and Human Services.

The Department of Health and Human Services has provided confirmation that it will continue to provide Peninsula Health adequate cash flow support to meet its current and future obligations as and when they fall due for the year ahead. On that basis, the financial statements have been prepared on a going concern basis.

Peninsula Health's current asset ratio continues to be below an adequate short term position (2020: 0.47 and 2019: 0.44) while cash generated from operations has improved from a $3.3m deficit in 2019 to a $5.9m surplus in 2020 and cash reserves have moved from $21.1 m in 2019 to $ 38.8m in 2020.

Note 8.9: Changes In Accounting Policy, revision of estimates and corrections of prior period errors.

Change in accounting policy

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

Peninsula Health has applied *AASB 16 Leases* with a date of initial application of 1 July 2019. Peninsula Health has elected to apply *AASB 16 Leases* using the modified retrospective approach, as per the transitional provisions of *AASB 16 Leases* for all leases for which it is a lessee. The cumulative effect of initial application is recognised in retained earnings as at 1 July 2019. Accordingly, the comparative information presented is not restated and is reported under *AASB 117 Leases* and related interpretations.

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

On transition to *AASB 16 Leases*, Peninsula Health has elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied *AASB 16 Leases* only to contracts that were previously identified as leases. Contracts that were not identified as leases under *AASB 117 Leases* and Interpretation 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under *AASB 16 Leases* was applied to contracts entered into or changed on or after 1 July 2019.

Leases classified as operating leases under AASB 117 Lease
As a lessee, Peninsula Health previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to Peninsula Health. Under *AASB 16 Leases*, Peninsula Health recognises right-of-use assets and lease liabilities for all leases except where exemption is availed in respect of short-term and low value leases.

On adoption of *AASB 16 Leases*, Peninsula Health recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of *AASB 117 Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using Peninsula Health's incremental borrowing rate as of 1 July 2019. On transition, right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019.
Peninsula Health has elected to apply the following practical expedients when applying *AASB 16 Leases* to leases previously classified as operating leases under *AASB 117 Leases*:

- Applied a single discount rate to a portfolio of leases with similar characteristics;
- Adjusted the right-of-use assets by the amount of *AASB 137 Provisions, Contingent Liabilities and Contingent Assets* onerous contracts provision immediately before the date of initial application, as an alternative to an impairment review;
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term;
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and

Note 8.9: Changes In Accounting Policy, revision of estimates and corrections of prior period errors continued

• Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

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

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

Impacts on financial statements
On transition to *AASB 16 Leases*, Peninsula Health recognised $10.4m of right-of-use assets and $4.5m of lease liabilities. The difference between the two balances represents a peppercorn lease, which has not been previously recognised and accounted for against the Property, Plant & Equipment Revaluation Surplus.

When measuring lease liabilities, Peninsula Health discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied is 2.1%.

Reconciliation of 2019 Operating lease commitments and 2020 lease liabilities	**01/07/2019 $'000**
Total Operating lease commitments disclosed at 30 June 2019	3,456
Discounted using the incremental borrowing rate at 1 July 2019	3,181
Finance lease liabilities as at 30 June 2019	2,173
Recognition exemption for:	
Extensions included in *AASB16 Leases* recognition	1,650
Leases of low-value assets	(124)
Lease liabilities recognised at 1 July 2019	**6,880**

Revenue from Contracts with Customers
In accordance with FRD 121 requirements, Peninsula Health has applied the transitional provision of *AASB 15 Revenue from Contracts with Customers*, under modified retrospective method with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Under this transition method, Peninsula Health applied this standard retrospectively only to contracts that are not 'completed contracts' at the date of initial application. Peninsula Health has not applied the fair value measurement requirements for right-of-use assets arising from leases with significantly below-market terms and conditions principally to enable the entity to further its objectives as allowed under temporary option under *AASB 16 Leases* and as mandated by FRD 122.
Comparative information has not been restated.

Note 2.1.1 – Sales of goods and services includes details about the transitional application of *AASB 15 Revenue from Contracts with Customers* and how the standard has been applied to revenue transactions.

Income of Not-for-Profit Entities
In accordance with FRD 122 requirements, Peninsula Health has applied the transitional provision of *AASB 1058 Income of Not-for-profit entities*, under modified retrospective method with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Under this transition method, Peninsula Health applied this standard retrospectively only to contracts and transactions that are not completed contracts at the date of initial application.

Comparative information has not been restated.

Note 2.1.2 – Grants includes details about the transitional application of *AASB 1058 Income of Not-for-profit entities* and how the standard has been applied to revenue transactions.
The adoption of *AASB 1058 Income of Not-for-profit entities* did not have an impact on Other comprehensive income and the Statement of Cash flows for the financial year.

Transition impact on financial statements.

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

- *AASB 15 Revenue from Contracts with Customers*;
- *AASB 1058 Income of Not-for-profit entities* ; and
- *AASB 16 Leases*

Impact on Balance Sheet due to the adoption of *AASB 15 Revenue from Contracts with Customers* and *AASB 1058 Income of Not-for-profit entities* at 1 July has been assessed and confirmed to be immaterial.

Note 8.9: Changes In Accounting Policy, revision of estimates and corrections of prior period errors continued

AASB 16 Leases is illustrated with the following reconciliation between the restated carrying amounts at 30 June 2019 and the balances reported under the new accounting standard at 1 July 2019:

Balance Sheet	Notes	Before new accounting standards Opening 1 July 2019 ($'000)	Impact of new accounting standards-AASB 16 ,15 & 1058 ($'000)	After new accounting standards Opening 1 July 2019 ($'000)
Property, Plant and Equipment	**4.2**	421,360	10,368	431,728
Total non-financial assets		452,378	10,368	462,746
Total Assets		517,789	10,368	528,157
Borrowings	**6.1**	31,260	4,514	35,774
Total Liabilities		195,979	4,514	200,493
Property, Plant & Equipment Revaluation Surplus	SCE	146,031	5,854	151,885
Total Equity	SCE	321,810	5,854	327,664

Note 8.10: Australian Accounting Standards Issued That Are Not Yet Effective

Certain new Australian Accounting Standards have been published that are not mandatory for the 30 June 2020 reporting period. Department of Treasury and Finance assesses the impact of all these new standards and advises Peninsula Health of their applicability and early adoption where applicable.

As at 30 June 2020, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. Peninsula Health has not and does not intend to adopt these standards early.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 17 *Insurance Contracts*	The new Australian standard seeks to eliminate inconsistencies and weaknesses in existing practices by providing a single principle based framework to account for all types of insurance contracts, including reissuance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities. This standard currently does not apply to the not-for-profit public sector entities.	01-Jan-21	The assessment has indicated that there will be no significant impact for the public sector.
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material	This Standard principally amends *AASB 101 Presentation of Financial Statements* and *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors* . The amendments refine and clarify the definition of material in *AASB 101* and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in *AASB 101* in the definition to give it more prominence and clarify the explanation accompanying the definition of material.	01-Jan 20	The standard is not expected to have a significant impact on the public sector.
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current	This Standard amends *AASB 101* to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.	1 January 2022. However, ED 301 has been issued with the intention to defer application to 1 January 2023.	The standard is not expected to have a significant impact on the public sector.

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2019-20 reporting period (as listed below). In general, these amending standards include editorial and reference changes that are expected to have insignificant impacts on public sector reporting.

- *AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business*.
- *AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework*.

Note 8.10: Australian Accounting Standards Issued That Are Not Yet Effective continued

- *AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform.*
- *AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia.*
- *AASB 2019-4 Amendments to Australian Accounting Standards – Disclosure in Special Purpose Financial Statements of Not-for-Profit Private Sector Entities on Compliance with Recognition and Measurement Requirements.*
- *AASB 2020-2 Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For- Profit Private Sector Entities.*
- *AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (Appendix C).
- Conceptual Framework for Financial Reporting.

Peninsula Health

Peninsula Health
ABN 52 892 860 159

Hastings Road, PO Box 52,
Frankston VIC 3199

Ph **(03) 9784 7777**
peninsulahealth.org.au

We are proudly inclusive.

CHILD SAFE
Peninsula Health is child safe.

Rainbow Tick

Quality Innovation Performance
ACCREDITED