



**Queen Elizabeth
Centre**

Annual Report
2018-19

QEC acknowledges all Aboriginal and Torres Strait Islander peoples as traditional owners of the lands on which we walk, live and raise our children. We pay our respects to traditional owners past, present and future. We acknowledge the importance of children being raised with connections to culture, community and family.

Contents

1. President and CEO Report	4
2. Board and Executive Staff	6
3. Vision, Mission, Values and Strategy	10
4. Strategic and Operational Progress Report	12
4.1 Excellence in Service Delivery	12
4.2 Evaluation, Research and Learning	14
4.3 People and Culture	15
4.4 Community and Partnerships	18
4.5 Self Sufficiency and Sustainability	18
5. Disclosures and Attestations	21
6. Partners and Supporters	24
7. Disclosure Index	25
8. Financial Statements	27

1. President and CEO Report

QEC believes that parenting – nurturing and shaping a young life – is the most important task undertaken. However, today’s families face a range of challenges: from sleeplessness and feeding, to mental health and family violence. Support in the early years of a child’s life can turn things around; a family that was once vulnerable, can provide a stable and nurturing environment. The benefits to the whole community are immense; intervention at this early stage produces major benefits in reductions to future welfare, legal, health and other costs. Vulnerable children grow to become healthy, engaged, connected adults.

This challenge – of giving every child the best start in life – has been the task of the Queen Elizabeth Centre for over a century. We support thousands of families each year; strong evidence demonstrates the success of our programs. We are a registered public hospital and community service organisation, with seven sites across Victoria.

This year, QEC was extremely pleased to welcome a strong commitment from the Victorian Government to further our work – with an undertaking to provide significant investment to expand early parenting services across the state. This new suite of services was announced by Premier Andrews and Minister Mikakos at QEC in November 2018. The Premier also enjoyed a tour of QEC and met with staff and families.

In 2018/19, the QEC Board worked hard to develop a new Strategic Plan to guide and support our work over the next 3-year horizon. We have strengthened our commitment to inspiring confident, capable communities that enable children to experience the best start in life. Four key directions shape our work:

- I. Children, Families & Communities: infants, children, families and their communities are at the centre of everything we do;
- II. Leadership & Collaboration: our leadership and partnerships ensure all children are afforded the best start in life;
- III. Sustainability: we are able to provide enduring support to families now and into the future;
- IV. People & Culture: our people are essential to providing, innovative, high quality care that enables children to thrive.

QEC continues to collaborate with Aboriginal communities and agencies to support self-determination and culturally safe parenting practices. We have expanded our partnership with the Victorian Aboriginal Childcare Agency and continued to build relationships with other agencies such as Ramahyuck District Aboriginal Corporation in Gippsland. This year we were also pleased to draft our first Reconciliation Action Plan as a formal commitment to reconciliation.

The staff and leadership team of QEC are the heart and soul of our organisation, working tirelessly each day to ensure children are given the best possible start in life. Our dedicated Board have made significant contributions over the past year. The commitment of such a highly skilled Board has enabled QEC to thrive. In particular, I would like to welcome incoming Board members Colleen Hartland and Cate Grindlay, and acknowledge outgoing Board member Sheena Watt, particularly for her commitment to supporting Aboriginal families.

QEC looks forward to delivering optimal outcomes – ensuring all children are safe, secure, connected and healthy – in the years to come.

In accordance with the Financial Management Act 1994, I am pleased to present the report of operations for the Queen Elizabeth Centre for the year ending June 30, 2019.



Sandy Bell
Board President
21st August, 2019



Sue White
Chief Executive Officer
21st August, 2019

2. Board and Executive Staff

The Board of QEC is comprised of the following members; the organisational chart below describes the executive structure.

Ms Sandy Bell

Board President

BA, MPPM, GAICD

Sandy has more than 30 years' experience in the Victorian health sector and since February 2019 has been Director Strategy Planning and Performance at the Royal Women's Hospital. Prior to joining The Women's, Sandy was the A/Director of Strategy and Planning at Austin Health. Between 1996 and 2012 Sandy worked in a range of project and management roles in the Department of Health. Sandy has served on a number of not for profit and public sector Boards in the areas of women, housing, community and health. Sandy joined the Queen Elizabeth Centre Board in 2017 and is a member of the Strategy, Governance & Remuneration Committee. Board of Management meeting attendance for the period was 89%.

Mr Warwick Spargo

Vice President

F CPA, IIA, CFE

Warwick has a 32-year career in public sector auditing and is currently an Audit Partner at RSM Australia. Warwick specialises in public sector governance and risk management and is a Certified Fraud Examiner. He joined the QEC Board in 2013 and is currently Chair of the Audit, Finance & Infrastructure Committee. Warwick is also a member of the Strategy, Governance & Remuneration Committee and the Wendy Spry & Frank Slutzkin Research Fund Committee. Board of Management meeting attendance for the period was 89%.

Ms Caroline Mulcahy

Vice President

*Msc Health Science (Research Methods),
Registered Nurse, GAICD*

Caroline was recently the General Manager, Strategic Renewal and Performance at the National Heart Foundation. She has more than 30 years health experience in clinical care, operations and strategic planning and has held the positions of CEO at Carers Victoria and CEO at Melbourne IVF. Caroline is a Board Director for the Victorian Council of Social Service and Variety (the Children's Charity) and is the President of DAM Busters, Melbourne. She joined the QEC Board in 2017 and is the Chair of the Quality, Risk & Clinical Governance Committee and a member of the Strategy, Governance & Remuneration Committee. Board of Management meeting attendance for the period was 89%.

Ms Karen Janiszewski

Board Member

B.Sc (Building), Grad Dip (Property), FAICD

Karen has 30 years of construction and development experience in private and public companies, state and local government and not for profit organizations. Karen is a Fellow of the Institute of Company Directors. She has had numerous roles as a non-Executive Director and is the current Chair of Royal Melbourne Showgrounds. She joined the QEC Board in 2015 and is a member of the Audit, Finance & Infrastructure Committee and the Wendy Spry & Frank Slutzkin Research Fund Committee. Board of Management meeting attendance for the period was 100%.

Mr Graham Giannini

Board Member

B.Ec, Grad Dip CDC (AICD), Grad Dip Strat Mktg (IMIA), Grad Dip SIA, Bus Cert Ins, FAICD, FFinSIA, FCLP, Snr Assoc AGSL

Graham is a management consultant and business advisor who has also worked extensively in senior executive roles across the private and public sectors within Australia and abroad. He is an experienced change leader and business improvement practitioner. Graham is also a Board member of Business Excellence Australia. He joined the QEC Board in 2015 and is a member of the Quality, Risk & Clinical Governance Committee and the Strategy, Governance & Remuneration Committee. Board of Management meeting attendance for the period was 89%.

Ms Catherine Ho

Board Member

B Economics, Grad Dip Applied Finance, ACA, GAICD

Catherine's commercial career spans over 22 years in Australia and internationally, working with some of Australia's largest companies including AXA, Members Equity Bank and PricewaterhouseCoopers. Catherine is presently Director Finance and Business Services at CenITex, focusing on transformation, governance and business improvement processes. She is also an independent member of the WNBL Melbourne Deakin Boomers finance committee. She joined the QEC Board in 2017 and is a member of the Audit, Finance & Infrastructure Committee and the Quality, Risk & Clinical Governance Committee. Board of Management meeting attendance for the period was 89%.

Ms Rosemary Bryant-Smith

Board Member

BA/LLB (Hons), Postgraduate Banking Law, AICD

Rosemary Bryant-Smith is the founding co-owner of Worklogic, a workplace consulting firm with offices in Melbourne and Sydney. Rose has been a professional non-executive director since 2007 in the healthcare, social housing and women's services sectors. In addition to QEC, Rose is currently Director of Australian Home Care Services. In 2016 she was the Human Rights Law Research Fellow with Mercy Global Action at the United Nations. She joined the QEC Board in 2017 and is a member of the Audit, Finance & Infrastructure Committee and the Strategy, Governance & Remuneration Committee. Board of Management meeting attendance for the period was 100%.

Ms Sheena Watt

Board Member

B. Bus, AICD, Advanced NFP Governance AICD, Fellow CSL, DTP (UNSW)

Sheena Watt is a public health advocate and company director. Sheena, a proud Yorta Yorta woman, is a Board Member of VicHealth and Progressive Public Health Australia and until recently was a Board Member of the Centre for Australian Progress. She is a member of the Clinical Governance Committee at Merri Health and the Policy and Programs Task Group at Women's Health Victoria. Sheena is the Executive Manager, Aboriginal and Torres Strait Islander Policy & Programs for AFL Sports Ready and Fellow of the Centre for Sustainability Leadership. Sheena was recently recognised as a Top 50 Australian Advanced Not-For-Profit Governance Leader. Board of Management meeting attendance for the period was 100%.

Mr Frank Gullone**Board Member**

B. Bus., Grad. Dip. SI (App. Fin. & Inv.), AMP (Harvard), FAICD, FCPA, FFin.

Frank has over 35 years' experience in Financial Services and a number of other diverse industries. Frank is currently Non-Executive Director of Indue Limited and Chair of the Sunsuper-Kinetic Super Advisory Committee. He is also Chair of the strategic management consultancy, Gullone Group Consulting and advises leaders of organisations on strategy, leadership and governance. He joined the Board in 2017 and is the Deputy Chair of the Audit, Finance & Infrastructure Committee and a member of the Strategy, Governance & Remuneration Committee. Board of Management meeting attendance for the period was 89%.

Ms Emily Maguire**Board Member**

BA (Political science/gender, sexuality and diversity studies)

Emily Maguire is the CEO of the Domestic Violence Resource Centre Victoria (DVRCV), a statewide resource centre supporting workers and families to help prevent and respond to family violence. Prior to leading DVRCV, Emily worked at Our Watch. She joined the QEC Board in 2017 and is a member of the Strategy, Governance & Remuneration Committee and the Research Advisory Group. Board of Management meeting attendance for the period was 78%.

Ms Catherine (Cate) Grindlay**Board Member**

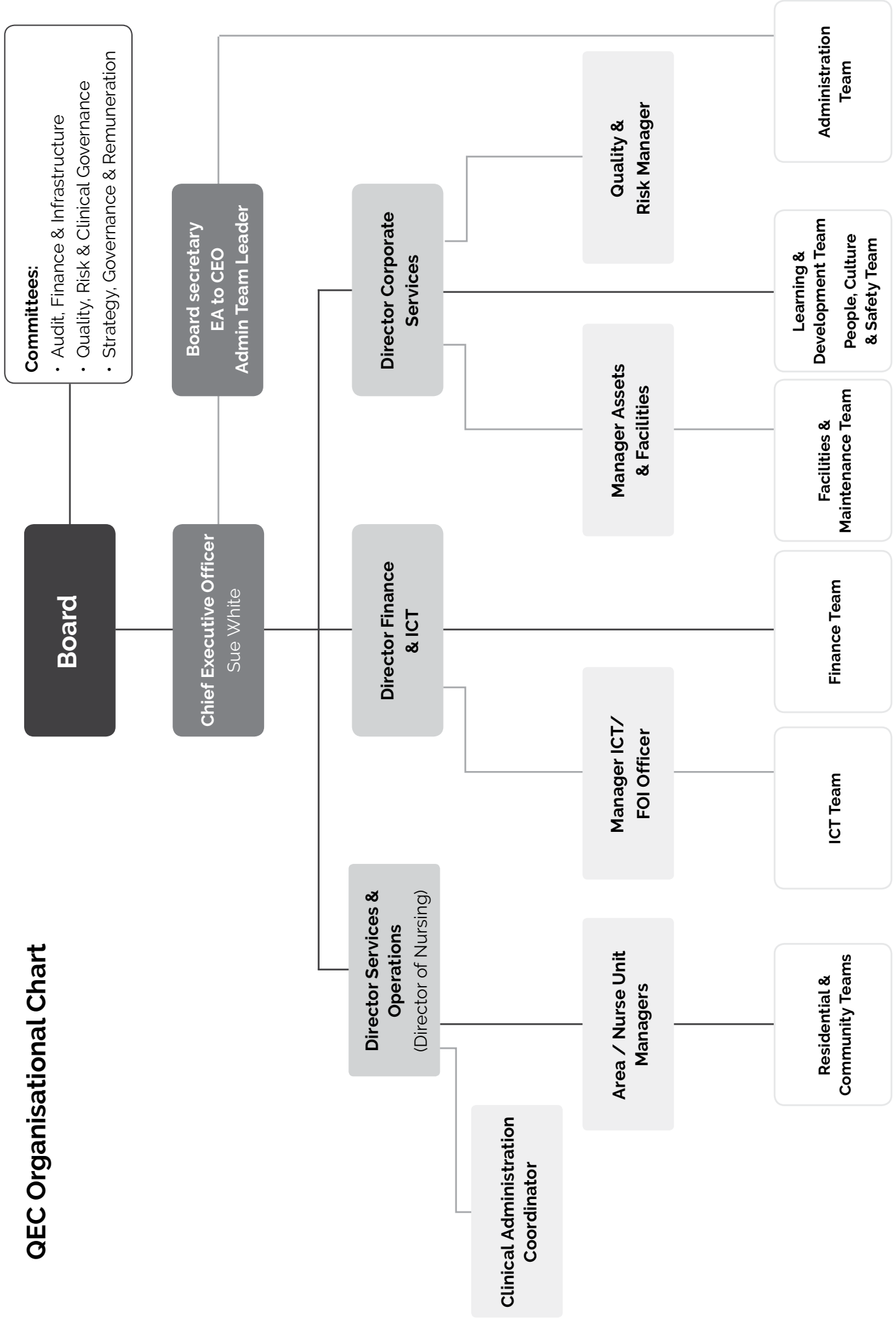
Grad. Cert Health Consumer & Community Engagement, Masters Healthcare Leadership, Governance Foundations AICD, Grad. Dip Advanced Clinical Practice (Nursing/Midwifery).

Cate is the Victorian General Manager for mlcoa; an international medico-legal and population health risk management organisation. Cate began her career as a registered nurse and midwife, and has since worked in the indigenous health, worker's compensation, private health insurance, community health and primary care sectors. Cate brings to the role extensive experience in stakeholder engagement, change management and clinical governance. In addition to QEC, she is also a board director of Your Community Health. Cate joined the QEC Board in 2018 and is a member of Quality, Risk & Clinical Governance Committee. Board of Management meeting attendance for the period was 89%.

Ms Colleen Hartland**Board Member**

Colleen Hartland was raised in Morwell and has lived in Footscray for the past 30 years; she has been involved in a range of campaigns to improve the lives of residents in her local community. Colleen worked in a range of semiskilled jobs until she attended Victoria University at the age of 40 to undertake a Community Development course. She then worked for Western Region Health Centre (now co health) in the Older Persons High Rise Program. Colleen has been a councillor at the City of Maribyrnong and for the past 11 years was a member of state parliament as MLC for the Western Region. She joined the QEC Board in 2018 and is a member of the Quality, Risk & Clinical Governance Committee. Board of Management meeting attendance for the period was 100%.

QEC Organisational Chart



3. Vision, Mission, Values and Strategy

Vision

For children to get the best start in life.

Mission

Inspiring confident, capable communities that enable children to thrive.

Values

Respect

We respect the feelings and beliefs of others

Teamwork

We listen to, acknowledge and accept others in our team

Integrity

We approach others with fairness, honesty and openness

Excellence

We strive for excellence and quality in everything we do

Resilience

We are positive in our approach to all challenges

Strategic Priorities

In 2018/19, QEC worked towards the following strategic directions:

I. Excellence in Service Delivery:

Be recognised for leadership in the provision of evidenced based services that enhance the skills and confidence of parents and carers of young children.

II. Evaluation, Research and Learning:

Be recognised for leading practice reform in early years parenting support for at risk families, through training and research.

III. People and Culture:

Build a high performing team that is aligned to our organisational values and with capabilities to deliver on our innovative service models.

IV. Community and Partnerships:

Create strategic partnerships that increase our profile, extend our reach and empower and add value to participating organisations.

V. Self Sufficiency and Sustainability:

Continue to refine the organisation's infrastructure and resources management to ensure sustainability of service delivery.

Following an extensive consultation process, the QEC Board developed a new set of strategic priorities in early 2019. The following proposed directions are currently being reviewed by the Department of Health and Human Services:

Vision For children to get the best start in life.

Mission Inspiring confident, capable communities that enable children to thrive.

Strategic Priorities			
<p>Children, Families & Communities <i>Infants, children, families and their communities are at the centre of everything we do</i></p>	<p>Leadership & Collaboration <i>Our leadership and partnerships ensure all children are afforded the best start in life</i></p>	<p>Sustainability <i>We are able to provide enduring support to families now and into the future</i></p>	<p>People & Culture <i>Our people are essential to providing innovative, high quality care that enables children to thrive</i></p>
Strategic Goals			
<p>QEC delivers optimal outcomes - ensuring children are safe, secure, connected and healthy.</p> <p>QEC provides positive service experiences that encompass the diverse needs of all children, families and communities.</p> <p>QEC respects and responds to the unique strengths and experiences of Aboriginal families and children in everything we do.</p>	<p>QEC provides policy leadership, exerts influence and demonstrates best practice.</p> <p>QEC partners effectively with a wide range of stakeholders to:</p> <ul style="list-style-type: none"> - maximise effectiveness and reach; - increase thought leadership across the sector. <p>QEC programs are informed by families' experiences and other evidence, ensuring innovative, child-centred, program designs.</p>	<p>QEC delivers exceptional care, supported by fit-for-purpose and contemporary systems, services, assets, and infrastructure.</p> <p>QEC is financially viable and resilient, with diversified revenue, and the ability to invest in future priorities.</p> <p>QEC delivers value based care that is: effective, efficient and sustainable into the future.</p>	<p>QEC has a positive culture that is aligned to – and enabling of – our vision, mission and values.</p> <p>QEC staff are supported by a working environment that is inclusive, safe, tolerant, engaging and enabling.</p> <p>QEC's working environment embraces learning, sharing new ideas and continuously improving our work.</p>

4. Strategic and Operational Progress Report

4.1 Excellence in Service Delivery

4.1.1 Programs and Achievements

QEC provides a range of programs designed to meet the specific needs of infants, children, parents, caregivers and families:

Assessment and Intake

- All referrals to QEC's Early Parenting Centre are reviewed and triaged in consultation with families, to ensure they are linked to the most appropriate program.

Residential

- Day Stay: Full day session incorporating intensive practical parenting education and support.
- Two - four night Parenting Program: For parents and caregivers experiencing significant challenges with parenting.
- Parenting Assessment and Skills Development Service: Longer residential parenting assessment and skills development program for families who are referred through the Child Protection system.

Groups

- PlaySteps: Relationship based parenting program focused on enhancing interactions between children and their parents via an 8 week, structured group program.
- Doveton Secondary College Baby College: Support for vulnerable families with young children via a weekly facilitated playgroup and individual support to families within the school community.
- Dads Do Matter: An 8 week parenting program for clients who are on a community corrections order, provided in partnership with Anglicare and the Department of Justice.

Home based

- Sleep and Settling: In-home program designed to support families with significant sleep challenges, attachment concerns and other mental health risks factors.
- Parenting Plus: Intensive parenting skills development program run over a number of weeks in the home.
- Safe Early Years: An innovative demonstration project that aims to reduce the impact of family violence and support parenting skills.
- Parenting Assessment and Skills Development Services: Medium term, in-home parenting assessment and skills development program for families who are referred through the Child Protection system.
- Integrated Family Support: Interim program for families needing more intensive parenting support.
- Stronger Families: Intensive family coaching and support service focussed on placement prevention and reunification.
- Hey Babe: Twelve month intensive service targeted to the antenatal period and across the first year of life.
- Cradle to Kinder: Long term antenatal and postnatal case work service that provides early parenting support to young mothers under the age of 25 years, until their child reaches four years of age.

The following initiatives also support families and staff at QEC:

- Strengthening Hospital Response to Family Violence: Working in partnership with Monash Health to support staff and clients experiencing family violence.
- South Eastern Centre Against Sexual Assault (SECASA), Monash Health: Providing secondary consultation, staff education and linkages to appropriate services.

Over the past year, QEC delivered 120,565 hours of care to 3,232 families via our seven locations across Victoria:

Operational Performance 2018/19	No. of families	Hours of care
State-wide Assessment & Intake Phone Service	1,597	532
Noble Park	1,001	80,206
Southern Region (Carrum Downs)	267	11,903
Dandenong (VACCA)	61	5,988
Gippsland (Morwell and Bairnsdale)	150	13,071
Northern Region (Preston)	88	5,831
Wodonga (and surrounds)	68	3,034
Total	3,232	120,565

4.1.2 Outcomes and Experience

QEC has a number of options for families providing feedback about their experience - we value this information and ensure it is used to continually review and improve our services. Feedback over the past year has been overwhelmingly positive; the table below demonstrates that families are highly satisfied with their experiences at QEC.

Criteria	% of responses
I would recommend QEC to others	90 - 98%
My family has experienced positive changes at QEC	98%
QEC has made me feel more confident about parenting	97%
I felt respected at QEC	98%
The facilities were comfortable at QEC	94%

At the commencement of each program, each family is asked to identify their goals - and what outcomes they would like to achieve. Across all our programs, 85% of all clients achieved their goals (fully or partially):

Goals full / substantially met	70%
Goals partially met	15%
Goals not met	7%
Other	8%

In 2018, QEC undertook a client journey mapping project - with the aim of enhancing clients' experiences and reducing wait time for services. The project has found that:

- QEC receives approx. 10 referrals / day for services at Noble Park;
- Significant improvement can be achieved by eliminating duplicated and manual processes;
- With process improvements, there is capacity within existing resources to meet demand with reduced wait time.

Following an extensive quality improvement project, families experienced a considerable reduction in wait time for QEC Assessment and Intake services: from 6 weeks to 1-2 weeks. This project has substantially improved access, facilitated early intervention and reduced associated clinical risk.

Incident trends at QEC remain stable reflecting a robust culture of open disclosure and a willingness to report incidents and near misses. There were no Category One incidents reported this year; the number of moderate severity incidents has remained stable over time, indicating an effective risk management approach.

Category	No of reported incidents 18/19
1 - Severe	0
2 - Moderate	16
3 - Minor / Near Miss	231

4.2 Evaluation, Research and Learning

4.2.1 Data Optimisation

In response to challenges in leveraging clinical data to inform service delivery improvements, QEC contracted a data solutions company to undertake a Data Optimisation project.

The team found that:

- Although the QEC clinical data collection system is capable of rich data capture, users continue to be frustrated by usability and workflow issues;
- Users are not clear on how the captured information improves client outcomes and enables QEC to meet their objectives.

The project team recommended:

- I. QEC reinforce the value of data quality to drive organisational improvement;
- II. QEC improve data management systems and processes.

Implementation of the project recommendations has resulted in a number of improvements, including:

- Reducing impediments that impact data entry for service delivery;

- Adopting and implement systems and processes that promote data integrity;
- Monitoring and measuring data quality;
- Adopting a culture of information and knowledge sharing;
- Streamlining the client journey to prevent duplicate information requests; and
- Improved reporting capability.

4.2.2 Gippsland Sleep and Settling Project

DHHS and DET have partnered with QEC over a two year period to trial a new, home based approach to supporting families experiencing significant infant sleep and settling issues in regional Victoria. The project team provides care to 24 families per year, with each family receiving a package of 40 hours of support. The service objectives are:

- I. Increase understanding of children's sleep requirements
- II. Increase knowledge of children's tired cues
- III. Increase parenting confidence in preparing children for sleep
- IV. Increase parenting knowledge of responsive settling

- V. Confidence in applying the appropriate responsive settling technique
- VI. Increased knowledge of how to access support.

A mixed methods evaluation is measuring outcomes against these objectives:

- Determine the effects of the program on families and communities,
- Gain understanding about what elements of the program work well
- Identify future areas for improvement.

Initial findings are extremely encouraging and will be used to inform further developments.

4.2.3 DHHS Sleep and Settling Model Development

The Victorian Government has recently committed to additional Maternal and Child Health services, with a focus on the community-based sleep and settling services. QEC was pleased to be invited onto the DHHS Sleep and Settling Model Development Reference Group, to share our unique clinical expertise and ensure that all parts of the service system function in a cohesive manner.

4.2.4 Victorian Royal Commission into Mental Health

The Victorian Royal Commission into Mental Health seeks to inform a plan of action that drives major changes to Victoria's mental health services. According to the Terms of Reference, the Commission is examining: prevention and early intervention, accessibility and navigation of the system, integration with other services, and community, acute and forensic mental health. In 2019, QEC worked with a number of other agencies to ensure the needs of families with young children and the work of Early Parenting Centres are well represented. To this end, we have provided input into submissions from the Victorian Healthcare Association and the Centre for Excellence in Child and Family Welfare, and prepared a joint submission on behalf of Victorian Early Parenting Centres.

Early Parenting Centres intersect with the mental health sector across a number of domains:

- Support and care for parents / carers / families experiencing mental illness – a major reason for presentation to our services;
- A strong focus on promoting infant / child mental wellbeing (attachment) – with a significant impact on preventing future burden of disease;
- Early intervention and support for women (and men) at risk of perinatal mental health issues.

4.3 People and Culture

4.3.1 Workforce Support and Development

Each year, QEC develops a Clinical Training Calendar, offering a variety of learning programs to QEC staff and external professionals working in the sector. In 18/19, QEC delivered 13 education courses to 71 participants (22 external enrolments and 49 internal staff enrolments), including:

- Family Partnership Training
576 hours
- Parent-Child Interaction Feeding Scales
216 hours
- Parent-Child Interaction Teaching Scales
288 hours
- Keys to Caregiving
100 hours
- Playsteps Parenting Program
96 hours

In addition to the above programs, in late 2018, QEC held our inaugural Learning Week. The four day conference-style event was attended by over 100 employees and provided a broad range of best practice updates, interactive learning workshops and guest speakers. The presentations were informed by current research findings, staff training needs analysis and mandatory professional development requirements. Sessions were presented via a range of formats, including: concurrent sessions, practical applications, academic papers, networking and information gathering.

This year, QEC also embarked on a comprehensive program to support leadership development that enables our organisation to thrive into the future. The project comprises three distinct modules:

Title	Purpose
Management Essentials	A development program for middle managers to: <ul style="list-style-type: none"> - Promote team culture - Build management confidence, skills and empowerment - Ensure consistent understanding of purpose and processes
Leadership Essentials	A reflective program for emerging leaders to support change management and positive culture
Executive Development	A program for the senior executive team to continue to translate cohesive leadership into future opportunities

During 2018/19, QEC hosted clinical Maternal & Child Health nursing students on tertiary placement for a total of 760 hours. Art Therapy students were also provided opportunity to complete clinical placements at QEC for a total of 96 hours.

4.3.2 Culture and Organisational Development

QEC's 2019 People Matter Survey resulted in a positive increase in response rates (from 30% in 2017 to 61% in 2019), demonstrating that staff are highly engaged with our organisation. Overall, QEC benchmarked very well across the majority of domains.

Staff identified a number of key initiatives in 2018 to further improve our workplace; these have been implemented over the 2018/19 year:

- Review employee orientation and induction program;
- Improve communication with staff completing probation;

- Develop and promote calendar of learning events;
- Design training and development program for administration staff;
- Evaluate and continue the clinical workforce development program;
- Implement a management and leadership development program;
- Explore options to share information, updates and stories with all staff;
- Ensure consistency and awareness around recruitment processes;
- Allocate additional resources to support reflective practice and learning and development for staff.

4.3.3 Workforce Composition

QECs workforce composition has remained stable over the past year:

Workforce Data				
Role	Month FTE (June)		YTD FTE (June)	
	2018	2019	2018	2019
Administration / Finance	13.3	14.3	13.6	14.3
Chief Executive Officer	1.0	1.0	1.2	1.0
Clinical Education Coordinator	0.8	0.8	0.8	0.8
Medical Staff	0.5	0.5	0.5	0.5
Directors (Service & Operations, Finance & ICT, Corporate Services)	3.4	2.8	2.5	2.9
Enrolled Nurses (incl. Early Parenting Practitioners)	51.4	48.1	51.1	47.3
Family Counsellors (incl. Psychologist and Social Workers)	5.3	5.4	5.3	5.8
Managers	6.3	5.8	6.2	6.0
Program Coordinators (incl. Maternal & Child Health Nurses)	8.1	9.4	8.6	9.9
Team Leaders (incl. Maternal & Child Health Nurses)	10.7	6.6	10.3	7.0
TOTAL	100.8	94.7	100.1	95.5

4.3.4 Health, Safety and Occupational Violence

The QEC OHS Management System is designed to promote an organisational culture committed to client and staff safety and wellbeing, via safe work practices, risk management and injury prevention through:

- Encouraging early identification, reporting and resolution of hazards, incidents and near misses;
- Centralised and local staff training, orientation and support;
- Engaged OHSES Committee and staff Health and Safety representatives;
- Regular reporting against OHS performance indicators;
- Consideration of health and safety aspects in the purchase of products and services;
- OHS induction for contractors and communication around safety requirements;
- Close working partnerships between employees, contractors, suppliers, clients and the community in relation to health and safety;
- A zero tolerance approach towards all forms of violence, including workplace bullying and harassment, through education and awareness initiatives.

Occupational Health and Safety	18/19
Reported hazards/incidents for the year per 100 FTE	24
'Lost time' standard claims for the year per 100 FTE	0
Average cost per claim for the year	0

Occupational Violence	18/19
Workcover accepted claims with an occupational violence cause per 100 FTE	0
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	0
Number of occupational violence incidents reported	8
Number of occupational violence incidents reported per 100 FTE	8
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	<1%

4.4 Community and Partnerships

4.4.1 Consumer Participation

Consumer experience is a key indicator of quality and safety in healthcare – effective consumer partnerships are essential to improving health outcomes and driving continuous improvement at QEC. In line with our Clinical Governance Framework, QEC established a Client Advisory Group. The inaugural meeting was held in 2019 – eight participants (and their children) attended and provided feedback on a range of matters, including:

- Client Rights and Responsibilities document;
- Consumer Engagement Framework Strategies;
- Client Pre-admission Information.

This new structure provides a solid foundation to move forward with our consumer partnership strategy, to improve the client experiences at QEC.

4.4.2 Victorian Minister's Award for Innovation in Protecting Children

QEC (as part of a consortia with MacKillop Family Services and VACCA) was honoured to be nominated for the Victorian Minister's Award for Innovation in Protecting Children. The *Safe Early Years* program supports mothers and their children affected by family violence. The program works with families to help them understand how exposure to violence can impact children. Families are supported to develop parenting skills, with the goal of repairing any negative impacts to the child-parent relationship.

4.5 Self Sufficiency and Sustainability

4.5.1 Key Infrastructure Projects

QEC has developed an ambitious and robust ICT plan to support our work into the future and drive digital transformation across the organisation. The initial focus of the plan is to establish a solid foundation for internal digital transformation, providing customer-centric services that are secure, sustainable, flexible and simple. The ICT plan is centred around key guiding principles:

- *Security: being free from danger or threat*
- *Sustainability: ability to be maintained at a certain rate or level*
- *Agility: ability to move quickly and easily*
- *Flexibility: ability to be easily modified*
- *Simplicity: plain, basic, uncomplicated in form, nature, and design*
- Best in class technology.

The successful implementation of a new finance software system marked the commencement of the plan roll out.

Significant work at our Noble Park facility has focused on the following:

- As part of QEC Occupational Violence / Occupational Health and Safety Action Plan:
 - Bollards have been installed at the front entrance to deter / prevent forced entry;
 - Essential services review has been completed (incorporating fire, security and mechanical services) to review efficiency and effectiveness.
- In response to client feedback, and in line with relevant standards:
 - All infant cots in Residential Unit and DayStay unit replaced;
 - All parent / care giver beds replaced in Residential Unit;
 - Day stay playground soft fall replaced.

4.5.2 Performance and Operational Data

QEC is pleased to provide the following data, demonstrating high levels of performance and compliance.

Key Performance Indicator	Target	Result 2019
Health service accreditation	Full compliance	Full compliance
Compliance with cleaning standards	Full compliance	Regular cleaning audits completed
Compliance with the Hand Hygiene Australia	80%	95%
Percentage of healthcare workers immunised for influenza	75%	53%
People Matter Survey: percentage of staff with a positive response to safety culture question	80%	83%
Net result for the year (\$k)	N/A	1,195
Trade creditors	60 days	9
Patient fee debtors	60 days	N/A
Adjusted current asset ratio	0.7	1.6
No of days available cash	14	26

Operating Result	2019 \$m	2018 \$m	2017 \$m	2016 \$m	2015 \$m
Total revenue	12,478	12,301	11,108	11,623	10,140
Total expenses	(11,276)	(11,875)	(10,795)	(10,316)	(10,083)
Net result from transactions	1,202	426	313	1,307	57
Total other economic flows	(7)	103	13	17	6
Net result	1,195	529	326	1,324	63
Total assets	17,550	16,142	15,380	14,063	12,887
Total liabilities	2,563	2,424	2,414	2,463	2,485
Net assets / total equity	14,987	13,718	12,966	11,600	10,402

Net result	2019 \$m	2018 \$m	2017 \$m	2016 \$m	2015 \$m
Net operating result	1,642	821	829	658	442
Capital and specific items					
Capital purpose income	-	-	-	-	-
Specific income	-	-	-	1,034	-
Assets provided free of charge	-	-	-	-	-
Assets received free of charge	-	-	-	-	-
Expenditure for capital purpose	(42)	(33)	(40)	(54)	(49)
Depreciation and amortisation	(398)	(362)	(382)	(331)	(336)
Impairment of non-financial assets	-	-	(94)	-	-
Finance costs (other)	-	-	-	-	-
Net result from transactions	1,202	426	313	1,307	57

Consultancies

In 2018/19, there were four consultancies where the total fees payable to the consultants were greater than \$10,000. The total expenditure incurred during 2018/19 in relation to these consultancies was \$107,000 (excl GST).

Details of individual consultancies are outlined below:

Consultant	Purpose	Start Date	End Date	Total Project Fee (excl GST) \$'000	Expenditure 2018-19 (excl GST) \$'000	Future Expenditure (excl GST) \$'000
Wholistical Business Systems	ICT consultant	Pre 2019	8/5/2019	36	36	nil
Evolve IT	ICT consultant	9/5/19	Ongoing	28	28	ongoing
Kianza	Clinical data reporting	2019	Ongoing	32	32	ongoing
AKI Health & Research Solutions	Clinical data reporting	2019	2020	11	11	nil

In 2018/19, there were 9 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2018/19 in relation to these consultancies was \$38k (excl GST).

Disclosure of major contracts: nil to report for 2018/19.

The total ICT expenditure incurred during 2018/19 was \$703,000 (excl GST) with the detail shown below.

ICT Expenditure	Total \$'000	Business as usual ICT expenditure \$'000	Non-business as usual ICT expenditure \$'000
Operational expenditure	700	652	48
Capital expenditure	3	0	3
Total ICT expenditure	703	652	51

5. Disclosures and Attestations

Freedom of Information Act 1982

The Freedom of Information Act provides clients the right to request access to information held by QEC. Clients also have the right to request that incorrect or misleading information about them be amended or removed. QEC ensures all clients are aware of their rights under the FOI Act. Procedure and application forms are available through the QEC website or in hard copy on request. Whilst QEC endeavours to minimise costs, fees resulting from archiving retrieval and copying documents may occur. From time to time, access may be denied due to exemptions stated in the Act. QEC undertakes every attempt to ensure that decisions are made with the clients best interest and rights in mind. QEC supports applicants' right to request to appeal decisions. The QEC FOI and Privacy Officer is Ms Janelle Crossett. In 2018/19 there were 3 FOI requests made to QEC by the general public; the majority were acceded to.

Building Act 1993

QEC Assets and Facilities (including buildings) are monitored via a range of mechanisms based on the Victorian Asset Management Accountability Framework and the Victorian Government Risk Management Framework. Regular facilities site audits and maintenance programs are undertaken in partnership with specialist providers. Our facilities comply with the minimum requirements of relevant building and emergency services legislation, including fire safety.

Protected Disclosure Act 2012 - FRD 22H 5.18 (c)

The Protected Disclosure Act 2012 replaced the Whistle-blowers Protection Act 2001. In accordance with the Protected Disclosure Act 2012, there were no matters referred to the Independent Broad-based Anti-corruption Commission.

Statement on National Competition Policy

QEC activities do not fall with the scope of 'significant business activities' outlined in the Competitive Neutrality Policy Victoria.

Carer Recognition ACT 2012

QEC acknowledges the important contribution made by carers; we are committed to valuing and supporting people in a care relationship. QEC endeavours to be aware of the needs of carers and take their views and into account when providing services.

Environmental Performance

QEC has a range of environmental initiatives, ensuring:

- Development of environmental objectives, such as reducing energy, water and paper consumption, and minimising production of greenhouse gases associated with travel;
- Reduction in the amount of waste produced and maximising the amount reused and recycled;
- Consideration of the environmental aspects in the purchase of products and services;
- Informing employees of relevant matters related to environment and sustainability.

Additional Information

The following information is available on request (subject to the Freedom of Information requirements, if applicable):

- Declarations of any pecuniary interests have that been duly completed by all relevant officers
- Details of any shares held by senior officers as nominee or held beneficially
- Details of any publications produced by QEC
- Details of any changes in prices, fees, charges, rates and levies
- Details of any major external reviews carried out on or by QEC

- Details of any major research and development activities
- Details of any overseas visits undertaken
- Details of any major promotional, public relations and marketing activities
- Details of any assessments and measures undertaken to improve the occupational health and safety of employees
- A general statement on industrial relations within QEC and details of time lost through industrial accidents and disputes
- A list of any major committees sponsored by QEC
- Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

Victorian Industry Participation Policy Act

In accordance with the Victorian Industry Participation Policy Act 2003, there was a nil return for QEC.

Financial Management Compliance

I, Sandy Bell, on behalf of the Responsible Body, certify that QEC has complied with the applicable Standing Directions of the Minister for Finance under the Financial Management Act 1994 and Instructions.

Signed:



Name and Title: Sandy Bell, QEC Board President
Date: 21 August, 2019

Data Integrity

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

Signed:



Name and Title: Susan White, Chief Executive Officer
Date: 21 August, 2019

Conflict of Interest

I, Susan White, certify that QEC 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 executive staff within QEC 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.

Signed:



Name and Title: Susan White, Chief Executive Officer
Date: 21 August, 2019

Integrity, Fraud and Corruption

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

Signed:



Name and Title: Susan White, Chief Executive Officer

Date: 21 August, 2019

Compliance with Health Purchasing Victoria (HPV) Health Purchasing Policies

I, Susan White, certify that QEC has put in place appropriate internal controls and processes to ensure that it has complied with all requirements set out in the HPV Health Purchasing Policies including mandatory HPV collective agreements as required by the Health Services Act 1988 (Vic) and has critically reviewed these controls and processes during the year - there are no material noncompliance issues.

Signed:



Name and Title: Susan White, Chief Executive Officer

Date: 21 August, 2019

Safer Patient Care Act 2015

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

Funding

QEC acknowledges the funding support provided by the Victorian Government including the Department of Health and Human Services.

Health Services Act 1988

Established in 1917, the Queen Elizabeth Centre is a registered public hospital in accordance with the Victorian Health Services Act 1988 and a registered Community Service Organisation under Section 46 of the Children, Youth and Families Act 2005. QEC is registered to meet the needs of children requiring care, support, protection or accommodation and of families requiring support. The following Ministers had responsibility for QEC during 2018-19:

Jill Hennessy, Minister for Health and Minister for Ambulance Services
01/07/2018 - 29/11/2018

Jenny Mikakos, Minister for Health and Minister for Ambulance Services
29/11/2018 - 30/06/2019

6. Partners and Supporters

QEC would like to acknowledge the ongoing support of:

- Victorian Government Department of Health and Human Services
- Victorian Government Department of Justice
- The Wendy Spry and Frank Slutzkin Committee
- The Estate of the late Ernest Findlay Burns
- The Estate of the late Walter Leitch
- Pethard Tarax Charitable Trust
- The Edwin and Elizabeth Batchelder Trust
- Royal Society of St George
- Country Women's Association

We are fortunate to collaborate with the following partners:

- Anglicare Victoria
- Berry Street
- Doveton College
- MacKillop Family Services
- Monash Health
- Quantum Support Services
- Ramahyuck District Aboriginal Corporation
- Uniting (Victoria & Tasmania)
- Victorian Aboriginal Child Care Agency

Our Life Governors have made significant contributions to QEC over many years:

- Mr David Dyer AM
- Mrs Patti Fellows
- Mrs Nan Harrison
- Mrs Susan Harper OAM
- Honourable Walter Jona AM
- Mr Graeme McRae
- Mr Bruce Morley
- Assoc Professor Campbell Paul
- Ms Wendy Spry
- Mr Frank Slutzkin
- Mrs Judy Watson
- Ms Kym Forrest
- Mrs Mary Sayers
- Mrs Jenny Fairburn

QEC appreciates the endeavours of the members of the following committees:

Wendy Spry and Frank Slutzkin Committee – for their support in resourcing special projects at QEC in order to further research and learning: Bruce Morley, Susan Harper, Ian Ross and Campbell Paul.

Research Advisory Group – for their support in guiding and advising QECs research agenda: Campbell Paul, Jane Fisher, Jan Matthews, Sharon Goldfeld and Leanne Sheeran.

Consumer Advisory Group – for their support in improving QECs services.

7. Disclosure Index

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

Legislation	Requirement	Page
Ministerial Directions		
Report of Operations		
Charter and purpose		
FRD 22H	Manner of establishment and the relevant Ministers	23
FRD 22H	Purpose, functions, powers and duties	23
FRD 22H	Nature and range of services provided	12
FRD 22H	Activities, programs and achievements for the reporting period	12–20
FRD 22H	Significant changes in key initiatives and expectations for the future	10–20
Management and structure		
FRD 22H	Organisational structure	9
FRD 22H	Workforce data/employment and conduct principles	17
FRD 22H	Occupational Health and Safety	17
Financial Information		
FRD 22H	Summary of the financial results for the year	19
FRD 22H	Significant changes in financial position during the year	19
FRD 22H	Operational and budgetary objectives and performance against objectives	19
FRD 22H	Subsequent events	76
FRD 22H	Details of consultancies under \$10,000	20
FRD 22H	Details of consultancies over \$10,000	20
FRD 22H	Disclosure of ICT expenditure	20
Legislation		
FRD 22H	Application and operation of <i>Freedom of Information Act 1982</i>	21
FRD 22H	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	21
FRD 22H	Application and operation of <i>Protected Disclosure 2012</i>	21
FRD 22H	Statement on National Competition Policy	21
FRD 22H	Application and operation of <i>Carers Recognition Act 2012</i>	21
FRD 22H	Summary of the entity's environmental performance	21
FRD 22H	Additional information available on request	21–22

Legislation	Requirement	Page
Other relevant reporting directives		
FRD 25C	Victorian Industry Participation Policy disclosures	22
SD 5.1.4	Financial Management Compliance attestation	22
SD 5.2.3	Declaration in report of operations	4-5
Attestations		
	Attestation on Data Integrity	22
	Attestation on managing Conflicts of Interest	22
	Attestation on Integrity, fraud and corruption	23
Other reporting requirements		
	• Reporting of outcomes from Statement of Priorities 2018-19	12-20
	• Occupational Violence reporting	17
	• Reporting of compliance Health Purchasing Victoria policy	23
	• Reporting obligations under the Safe Patient Care Act 2015	23
	• Reporting of compliance regarding Car Parking Fees	N/A

Financial Report 2018/2019

Financial Statements Declaration	28
Independent Auditor's Report	29
Comprehensive Operating Statement	31
Balance Sheet	32
Statement of Changes in Equity	33
Cash Flow Statement	34
Notes to the Financial Statements	35

Board Declaration

The Queen Elizabeth Centre

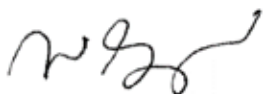
Board Member's, Accountable Officer's and Chief Finance & Accounting Officer's Declaration

The attached financial statements for The Queen Elizabeth Centre 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 2019 and the financial position of The Queen Elizabeth Centre at 30 June 2019.

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 August 2019.



Warwick Spargo
Board Member

Noble Park
21 August 2019



Sue White
Chief Executive Officer

Noble Park
21 August 2019



Samantha Corrigan
Chief Finance & Accounting Officer

Noble Park
21 August 2019

Auditor's Report

VAGO

Victorian Auditor-General's Office

Independent Auditor's Report

To the Board of The Queen Elizabeth Centre

Opinion	<p>I have audited the financial report of The Queen Elizabeth Centre (the health service) which comprises the:</p> <ul style="list-style-type: none">• balance sheet as at 30 June 2019• comprehensive operating statement for the year then ended• statement of changes in equity for the year then ended• cash flow statement for the year then ended• notes to the financial statements, including significant accounting policies• board member's, accountable officer's and chief finance & accounting officer's declaration. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2019 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. 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 <i>Code of Ethics for Professional Accountants</i> (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.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>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 <i>Financial Management Act 1994</i>, 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.</p> <p>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.</p>

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

Auditor's Report

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
26 August 2019



Travis Derricott
as delegate for the Auditor-General of Victoria

Comprehensive Operating Statement

For the Financial Year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Income from Transactions			
Operating Activities	2.1	12,178	12,158
Non-Operating Activities	2.1	300	143
Total Income from Transactions		12,478	12,301
Expenses from Transactions			
Employee Expenses	3.1	(8,774)	(9,317)
Supplies and Consumables	3.1	(35)	(156)
Other Operating Expenses	3.1	(2,069)	(2,040)
Depreciation and Amortisation	3.1, 4.4	(398)	(362)
Total Expenses from Transactions		(11,276)	(11,875)
Net Result from Transactions - Net Operating Balance		1,202	426
Other Economic Flows included in Net Result			
Net Gain/(Loss) on Sale of Non-Financial Assets	3.2	-	14
Net Gain/(Loss) on Fair Value Changes in Investments	3.2	(7)	89
Total Other Economic Flows included in Net Result		(7)	103
NET RESULT FOR THE YEAR		1,195	529
Other Comprehensive Income			
Items that will not be reclassified to Net Result			
Changes in Property, Plant and Equipment Revaluation Surplus		74	223
Items that may be reclassified subsequently to Net Result			
Total Other Comprehensive Income		74	223
COMPREHENSIVE RESULT FOR THE YEAR		1,269	752

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

Balance Sheet as at 30 June 2019

	Note	2019 \$'000	2018 \$'000
Current Assets			
Cash and Cash Equivalents	6.1	3,061	2,157
Receivables	5.1	198	183
Prepayments and Other Assets	5.2	78	87
Total Current Assets		3,337	2,427
Non-Current Assets			
Receivables	5.1	515	66
Investments and Other Financial Assets	4.1	4,775	4,498
Property, Plant and Equipment	4.2	8,824	9,104
Intangible Assets	4.3	99	47
Total Non-Current Assets		14,213	13,715
TOTAL ASSETS		17,550	16,142
Current Liabilities			
Payables	5.3	351	464
Provisions	3.3	1,679	1,593
Total Current Liabilities		2,030	2,057
Non-Current Liabilities			
Provisions	3.3	533	367
Total Non-Current Liabilities		533	367
TOTAL LIABILITIES		2,563	2,424
NET ASSETS		14,987	13,718
EQUITY			
Property, Plant and Equipment Revaluation Surplus	4.2	5,993	5,919
Contributed Capital		4,894	4,894
Accumulated Surplus		4,100	2,905
TOTAL EQUITY		14,987	13,718

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

Statement of Changes in Equity

For the Financial Year ended 30 June 2019

		Property, Plant and Equipment Revaluation Surplus	General Purpose Surplus	Contribution by Owners	Accumulated Surplus	Total
	Note	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2017		5,696	990	4,894	1,386	12,966
Net result for the year		-	-	-	529	529
Other comprehensive income for the year		223	-	-	-	223
Transfer to accumulated surplus		-	(990)	-	990	-
Balance at 30 June 2018		5,919	-	4,894	2,905	13,718
Net result for the year		-	-	-	1,195	1,195
Other comprehensive income for the year		74	-	-	-	74
Balance at 30 June 2019		5,993	-	4,894	4,100	14,987

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

Cash Flow Statement

For the Financial Year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		11,020	10,508
Donations and Bequests Received		512	1,005
GST Received from/(paid to) ATO		11	183
Interest and Investment Income Received		105	27
Other Receipts		185	716
Total Receipts		11,833	12,439
Employee Expenses Paid		(8,426)	(9,241)
Payments for Supplies and Other Expenses		(2,181)	(2,396)
Payments for Repairs and Maintenance		(127)	(109)
Total Payments		(10,734)	(11,746)
NET CASH FLOW FROM OPERATING ACTIVITIES	8.1	1,099	693
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Investments		(100)	(1,310)
Purchase of Non-Financial Assets		(87)	(346)
Purchase of Intangible Assets		(8)	-
Proceeds from Disposal of Investments		-	650
Proceeds from Disposal of Non-Financial Assets		-	16
NET CASH FLOW USED IN INVESTING ACTIVITIES		(195)	(990)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD		904	(297)
Cash and Cash Equivalents at Beginning of Year		2,157	2,454
CASH AND CASH EQUIVALENTS AT END OF YEAR	6.1	3,061	2,157

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

Notes to the Financial Statements 30 June 2019

Table of Contents

Note

1	Basis of Preparation	36
1.1	Summary of Significant Accounting Policies	37
2	Funding Delivery of Our Services	39
2.1	Income From Transactions	39
3	The Cost of Delivering Our Services	41
3.1	Expenses from Transactions	41
3.2	Other Economic Flows Included in Net Result	43
3.3	Provisions	44
3.4	Superannuation	47
4	Key assets to Support Service Delivery	48
4.1	Investments and Other Financial Assets	48
4.2	Property, Plant and Equipment	50
4.3	Intangible Assets	58
4.4	Depreciation and Amortisation	59
5	Other Assets and Liabilities	60
5.1	Receivables	60
5.2	Prepayments and Other Non-Financial Assets	62
5.3	Payables	63
6	How We Finance Our Operations	64
6.1	Cash and Cash Equivalents	64
6.2	Commitments for Expenditure	65
7	Risks, Contingencies and Valuation Uncertainties	66
7.1	Financial Instruments	67
7.2	Contingent Assets and Contingent Liabilities	70
8	Other Disclosures	71
8.1	Reconciliation of Net Result for the Year to Net Cash Flow from Operating Activities	71
8.2	Responsible Persons Disclosure	72
8.3	Remuneration of Executives	73
8.4	Related Parties	74
8.5	Remuneration of Auditors	76
8.6	Ex gratia Payments	76
8.7	Events Occurring after the Balance Sheet Date	76
8.8	Economic Dependency	76
8.9	AASBs Issued that are not yet Effective	77

Note 1: Basis of Preparation

These financial statements are prepared in accordance with Australian Accounting Standards and relevant Financial Reporting Directions (FRDs).

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

The accrual basis of accounting has been applied in 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.

Note 1.1: Summary of Significant Accounting Policies

These annual financial statements represent the audited general purpose financial statements for The Queen Elizabeth Centre (QEC) for the year ended 30 June 2019. The report provides users with information about QEC's stewardship of resources entrusted to it.

(a) Statement of compliance

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

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

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

The annual financial statements were authorised for issue by the Board of QEC on 21 August 2019.

(b) Reporting entity

The financial statements include all the controlled activities of QEC.

Its principal address is:

53 Thomas Street Noble Park Victoria 3174

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

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 2019, and the comparative information presented in these financial statements for the year ended 30 June 2018.

The going concern basis was used to prepare the financial statements (Refer to Note 8.8 Economic Dependency).

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

All amounts 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.

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 assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Note 1.1: Summary of Significant Accounting Policies (continued)

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

- The fair value of land, buildings, plant and equipment, (refer to Note 4.2: Property Plant and Equipment);
- Defined benefit superannuation expense (refer to Note 3.4: 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 3.3: Employee Benefits).

(c) Goods and Services Tax (GST)

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

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

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

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

(d) 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 QEC.

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.

(e) Comparatives

Where applicable, the comparative figures have been restated to align with the presentation in the current year. Figures have been restated at Notes 2 and 3.

Note 2: Funding Delivery of Our Services

QEC'S overall objective is to provide quality health services that help young children living in vulnerable situation get the best start in life, by providing families with specialised services, guidance and education.

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

QEC also receives income from the supply of services.

Structure

2.1 Income from Transactions

Note 2.1: Income from Transactions

	2019 \$'000	2018 \$'000
Government Grants – Operating	11,025	10,513
Other Income from Operating Activities (including non-capital donations)	1,153	1,645
Total Income from Operating Activities	12,178	12,158
Other Interest	44	27
Other Income from Non-Operating Activities	256	116
Total Income from Non-Operating Activities	300	143
Total Income	12,478	12,301

Income recognition

Income is recognised in accordance with AASB 118 Revenue and is recognised to the extent that it is probable that the economic benefits will flow to QEC and the income can be reliably measured at fair value. Unearned income at reporting date is reported as income received in advance.

Amounts disclosed as income are where applicable, net of returns, allowances, duties and taxes.

Government Grants and other transfers of income (other than contributions by owners)

In accordance with AASB 1004 Contributions, government grants and other transfers of income (other than contributions by owners) are recognised as income when QEC gains control of the underlying assets irrespective of whether conditions are imposed on QEC's use of the contributions.

Contributions are deferred as income in advance when QEC has a present obligation to repay them and the present obligation can be reliably measured.

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

Note 2: Funding Delivery of our Services (continued)

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

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

- The Victorian Managed Insurance Authority non-medical indemnity insurance payments are recognised as revenue following advice from the Department of Health and Human Services;
- Long Service Leave (LSL) income 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.

Donations and Other Bequests

Donations and bequests are recognised as income when received. If donations are for a special purpose, they may be appropriated to a surplus, such as the specific restricted purpose surplus.

Dividend Income

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

Interest Income

Interest income 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.

Income from Partnership Agreements

Other income includes revenue from partnership agreements held by QEC and is recognised when services are delivered.

Note 3: The Cost of Delivering Our Services

This section provides an account of the expenses incurred by QEC in delivering services and outputs. In Section 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are recorded

Structure

- 3.1 Expenses from Transactions
- 3.2 Other Economic Flows Included in Net Result
- 3.3 Provisions
- 3.4 Superannuation

Note 3.1: Expenses from Transactions

	2019 \$'000	2018 \$'000
Salaries and Wages	7,747	8,299
On-costs	729	760
Agency Expenses	162	140
Workcover Premium	136	118
Total Employee Expenses	8,774	9,317
Other Supplies and Consumables	35	156
Total Supplies and Consumables	35	156
Fuel, Light, Power and Water	125	119
Repairs and Maintenance	127	108
Other Administrative Expenses	1,775	1,780
Expenditure for Capital Purposes	42	33
Total Other Operating Expenses	2,069	2,040
Depreciation and Amortisation (refer Note 4.4)	398	362
Total Other Non-Operating Expenses	398	362
Total Expenses from Transactions	11,276	11,875

Note 3: The Cost of Delivering Our Services (continued)

Expense recognition

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

Employee expenses

Employee expenses include:

- Salaries and wages (including fringe benefits tax, leave entitlements, termination payments);
- On-costs;
- Agency expenses;
- Workcover premiums and;
- Superannuation expenses.

Supplies and consumables

Supplies and consumables which 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.

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 and water
- Repairs and maintenance
- Other administrative expenses
- Expenditure for capital purposes (represents expenditure related to the purchase of assets that are below the capitalisation threshold).

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

Non-operating expenses

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

Note 3.2: Other Economic Flows Included in Net Result

	2019 \$'000	2018 \$'000
<i>Net gain/(loss) on sale of non-financial assets</i>		
Net gain on disposal of property plant and equipment	-	14
Total net gain/(loss) on non-financial assets	-	14
<i>Net gain/(loss) on financial instruments at fair value</i>		
Other gains/(losses) from other economic flows	(7)	89
Total net gain/(loss) on financial instruments at fair value	(7)	89
Total other gains/(losses) from economic flows	(7)	103

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

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

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

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

- realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- impairment and reversal of impairment for financial instruments at amortised cost refer to Note 4.1 Investments and other financial assets; and
- disposals of financial assets and derecognition of financial liabilities.

Amortisation of non-produced intangible assets

Intangible non-produced assets with finite lives are amortised as an 'other economic flow' on a systematic basis over the asset's useful life. Amortisation begins when the asset is available for use that is when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Impairment of non-financial assets

Goodwill and intangible assets with indefinite useful lives (and intangible assets not available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired. Refer to Note 4.2 Property, Plant and Equipment.

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: Provisions

	2019 \$'000	2018 \$'000
CURRENT PROVISIONS		
Employee Benefits ⁱ		
<i>Unpaid salaries and wages</i>		
Unconditional and expected to be settled wholly within 12 months ⁱⁱ	208	214
<i>Annual leave</i>		
Unconditional and expected to be settled wholly within 12 months ⁱⁱ	514	529
Unconditional and expected to be settled wholly after 12 months ⁱⁱ	-	-
<i>Long Service Leave</i>		
Unconditional and expected to be settled wholly within 12 months ⁱⁱ	50	62
Unconditional and expected to be settled wholly after 12 months ⁱⁱⁱ	630	518
<i>Other Leave</i>		
Unconditional and expected to be settled within 12 months ⁱⁱ	60	65
Unconditional and expected to be settled after 12 months ⁱⁱ	-	-
	1,462	1,388
<i>Provisions related to Employee Benefit On-Costs</i>		
Unconditional and expected to be settled within 12 months ⁱⁱ	145	148
Unconditional and expected to be settled after 12 months ⁱⁱⁱ	72	57
	217	205
TOTAL CURRENT PROVISIONS	1,679	1,593
NON-CURRENT PROVISIONS		
Conditional Long Service Leave	479	331
Provisions related to Employee Benefit On-Costs	54	36
TOTAL NON-CURRENT PROVISIONS	533	367
TOTAL PROVISIONS	2,212	1,960

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.

Note 3.3: Provisions (continued)

(a) Employee Benefits and Related On-Costs

	2019 \$'000	2018 \$'000
Current Employee Benefits and Related On-Costs		
Unconditional long service leave entitlements	757	643
Annual leave entitlements	646	663
Unpaid salaries and wages	208	214
Other leave	68	73
Non-Current Employee Benefits and Related On-Costs		
Conditional long service leave entitlements ⁱⁱⁱ	533	367
TOTAL EMPLOYEE BENEFITS AND RELATED ON-COSTS	2,212	1,960

(b) Movement in Provisions

	2019 \$'000	2018 \$'000
Movement in Long Service Leave		
Balance at start of year	1,010	985
Unwinding of discount and effect of changes in the discount rate	210	(15)
Additional provisions recognised		
Expense recognising employee service	234	156
Settlement made during the year	(164)	(116)
Balance at end of year	1,290	1,010

	2019 \$'000	2018 \$'000
Movement in On-Costs Provision		
Balance at start of year	241	229
Additional provisions recognised	18	13
Unwinding of discount and effect of changes in the discount rate	12	(1)
Balance at end of year	271	241

ⁱⁱⁱ The amounts disclosed are discounted to present values.

Note 3.3: Provisions (continued)

Employee Benefit Recognition

Provision is made for benefits accruing to employees in respect of wages and salaries, 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 QEC 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.

Salaries and Wages, Annual Leave and Accrued Days Off

Liabilities for annual leave and accrued days off are recognised in the provision for employee benefits as 'current liabilities' because QEC 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 QEC expects to wholly settle within 12 months; or
- Present value – if QEC 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 QEC 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 QEC expects to wholly settle within 12 months; or
- Present value – if QEC does not expect to wholly settle within 12 months.

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

Termination Benefits

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

On-Costs Related to Employee Expense

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

Note 3.4: Superannuation

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Defined Benefit Plans:ⁱ				
First State Super	16	10	2	1
Defined Contribution Plans:				
First State Super	322	278	36	33
Hesta	305	349	38	38
Other	163	123	36	17
Total	806	760	112	89

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

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

Defined Contribution Superannuation Plans

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

Defined Benefit Superannuation Plans

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

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

Superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of QEC.

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

Note 4: Key Assets to Support Service Delivery

QEC 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 QEC 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

Note 4.1: Investments and Other Financial Assets

	2019 \$'000	2018 \$'000
NON-CURRENT		
At Fair Value through Profit or Loss ⁽ⁱ⁾	4,775	4,498
Total NON-CURRENT	4,775	4,498
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	4,775	4,498
Represented by:		
Investments	4,775	4,498

(i) Managed investments were retrospectively reclassified from Available-for-Sale to Fair Value through Profit or Loss (FVTPC).

Note 4.1: Investments and Other Financial Assets (continued)

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.

QEC classifies its other financial assets between current and non-current assets based on the Board's intention at balance date with respect to the timing of disposal of each asset. QEC assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

QEC's investments must comply with Standing Direction 3.7.2 - Treasury and Investment Risk Management. The investment portfolio of QEC is managed by Victorian Funds Management Corporation through specialist fund managers and a Master Custodian. The Master Custodian holds the investments and conducts settlements pursuant to instructions from the specialist fund managers.

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

Impairment of Financial Assets

Since Fair Value through Net Result financial assets are measured at fair value at balance date each year, and the change in fair value is recorded in profit or loss, any impairment in the investments is recorded in the year to which it relates.

Note 4.2: Property, Plant and Equipment

Initial Recognition

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

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.

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.

Revaluations of Non-Current Physical Assets

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

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

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

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

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

In accordance with FRD 103H, QEC'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, QEC has determined classes of assets on the basis of the nature, characteristics and risks of the asset. In addition, QEC 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 QEC's independent valuation agency. The estimates and underlying assumptions are reviewed on an ongoing basis.

Note 4.2: Property, Plant and Equipment (continued)

Valuation hierarchy

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

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

Identifying unobservable inputs (level 3) fair value measurements

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

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

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 AASB 13.29, QEC has assumed the current use of a non-financial physical asset is its HBU unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

Specialised Land and Specialised Buildings

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

During the reporting period, QEC held Freehold Land. Nevertheless, 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 it is adjusted for the community service obligation (CSO) to reflect the specialised nature of the assets being valued. Specialised assets contain significant, unobservable adjustments; therefore these assets are classified as Level 3 under the market based direct comparison approach.

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

Note 4.2: Property, Plant and Equipment (continued)

For QEC, 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 QEC'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 is 30 June 2019.

Vehicles

QEC 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 QEC which sets relevant depreciation rates during use to reflect the consumption of the vehicles. As a result, the fair value of vehicles does not differ materially from the carrying amount (depreciated cost).

Plant and Equipment

Plant and equipment including 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 2019.

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

Note 4.2: Property, Plant and Equipment (continued)

(a) Gross carrying amount and accumulated depreciation

	2019 \$'000	2018 \$'000
Land		
Land at Fair Value	3,386	4,040
Total Land	3,386	4,040
Buildings at Fair Value	5,013	4,987
<i>Less Accumulated Depreciation</i>	-	(563)
	5,013	4,424
Leasehold Improvements at Cost	5	5
<i>Less Accumulated Depreciation</i>	(2)	(1)
	3	4
Total Buildings	5,016	4,428
Plant and Equipment		
Plant and Equipment at Fair Value	332	319
<i>Less Accumulated Depreciation</i>	(205)	(160)
Total Plant and Equipment	127	159
Motor Vehicles		
Motor Vehicles at Fair Value	704	655
<i>Less Accumulated Depreciation</i>	(486)	(378)
Total Plant and Equipment	218	277
Computers and Communication Equipment		
Computers and Communication Equipment at Fair Value	189	153
<i>Less Accumulated Depreciation</i>	(135)	(119)
Total Computers and Communication Equipment	54	34
Furniture and Fittings		
Furniture and Fittings at Fair Value	96	96
<i>Less Accumulated Depreciation</i>	(86)	(78)
Total Furniture and Fittings	10	18
Cultural Assets		
Cultural Assets at Fair Value	5	5
<i>Less Accumulated Depreciation</i>	-	-
Total Furniture and Fittings	5	5
Under Construction		
Assets Under Construction	8	143
Total Assets Under Construction	8	143
TOTAL PROPERTY, PLANT AND EQUIPMENT	8,824	9,104

Note 4.2: Property, Plant and Equipment (continued)

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

	Land \$'000	Buildings \$'000	Plant & Equipment \$'000	Motor Vehicle \$'000	Computers & Communication Equipment \$'000	Furniture & Fittings \$'000	Cultural Assets \$'000	Assets Under Construction \$'000	Total \$'000
Balance at 1 July 2017	3,817	4,563	131	291	23	23	5	22	8,875
Additions	-	25	53	100	18	7	-	143	346
Disposals	-	-	(2)	-	-	-	-	-	(2)
Revaluation increments/(decrements)	223	-	-	-	-	-	-	-	223
Net Transfers between classes	-	2	20	-	-	-	-	(22)	-
Transfer to intangible assets	-	(3)	-	-	-	-	-	-	(3)
Depreciation (refer Note 4.4)	-	(159)	(43)	(114)	(7)	(12)	-	-	(335)
Balance at 1 July 2018	4,040	4,428	159	277	34	18	5	143	9,104
Additions	-	19	9	49	3	-	-	8	88
Revaluation increments/(decrements)	(654)	728	-	-	-	-	-	-	74
Net Transfers between classes	-	5	-	-	33	(5)	-	(33)	-
Transfer to or from intangible assets	-	-	4	-	-	-	-	(110)	(106)
Depreciation (refer Note 4.4)	-	(164)	(45)	(108)	(16)	(3)	-	-	(336)
Balance at 30 June 2019	3,386	5,016	127	218	54	10	5	8	8,824

Land and Buildings Carried at Valuation

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

Note 4.2: Property, Plant and Equipment (continued)

(c) Fair value measurement hierarchy for assets

	Consolidated Carrying Amount	Fair value measurement at end of reporting period using:		
		Level 1 ⁱ	Level 2 ⁱ	Level 3 ⁱ
Balance at 30 June 2019	\$'000	\$'000	\$'000	\$'000
Land at Fair Value				
Specialised Land	3,386	-	-	3,386
Total Land at Fair Value	3,386	-	-	3,386
Buildings at Fair Value				
Specialised Buildings	5,016	-	-	5,016
Total Building at Fair Value	5,016	-	-	5,016
Plant and Equipment at Fair Value	127	-	-	127
Motor Vehicles at Fair Value	218	-	-	218
Computers and Communication Equipment at Fair Value	54	-	-	54
Furniture and Fittings at Fair Value	10	-	-	10
Cultural Assets at Fair Value	5	-	-	5
Total Property, Plant and Equipment	8,816	-	-	8,816

	Consolidated Carrying Amount	Fair value measurement at end of reporting period using:		
		Level 1 ⁱ	Level 2 ⁱ	Level 3 ⁱ
Balance at 30 June 2018	\$'000	\$'000	\$'000	\$'000
Land at Fair Value				
Specialised Land	4,040	-	-	4,040
Total Land at Fair Value	4,040	-	-	4,040
Buildings at Fair Value				
Specialised Buildings	4,428	-	-	4,428
Total Building at Fair Value	4,428	-	-	4,428
Plant and Equipment at Fair Value	159	-	-	159
Motor Vehicles at Fair Value	277	-	-	277
Computers and Communication Equipment at Fair Value	34	-	-	34
Furniture and Fittings at Fair Value	18	-	-	18
Cultural Assets at Fair Value	5	-	-	5
Total Property, Plant and Equipment	8,961	-	-	8,961

ⁱ Classified in accordance with the fair value hierarchy.

Note 4.2: Property, Plant and Equipment (continued)

(d) Reconciliation of Level 3 Fair Valueⁱ

	Land	Buildings	Plant & Equipment	Motor Vehicles	Computers & Communication Equipment	Furniture & Fittings	Cultural Assets
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2018	4,040	4,428	159	277	34	18	5
Additions	-	19	9	49	3	-	-
Net Transfers between classes	-	5	-	-	33	(5)	-
Transfer to intangible assets	-	-	4	-	-	-	-
Gains/(Losses) recognised in Net Result							-
Depreciation and Amortisation	-	(164)	(45)	(108)	(16)	(3)	-
Items recognised in Other Comprehensive Income							
Revaluation	(654)	728	-	-	-	-	-
Balance at 30 June 2019	3,386	5,016	127	218	54	10	5

	Land	Buildings	Plant & Equipment	Motor Vehicles	Computers & Communication Equipment	Furniture & Fittings	Cultural Assets
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2017	3,817	4,563	131	291	23	23	5
Additions	-	25	53	100	18	7	-
Net Transfers between classes	-	2	20	-	-	-	-
Disposals	-	-	(2)	-	-	-	-
Transfer to intangible assets	-	(3)	-	-	-	-	-
Gains/(Losses) recognised in Net Result							-
Depreciation and Amortisation	-	(159)	(43)	(114)	(7)	(12)	-
Items recognised in Other Comprehensive Income							
Revaluation	223	-	-	-	-	-	-
Balance at 30 June 2018	4,040	4,428	159	277	34	18	5

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

Note 4.2: Property, Plant and Equipment (continued)

(e): Property, Plant and Equipment (Fair value determination)

Asset class	Likely valuation approach	Significant inputs (Level 3 only) ^(c)
Specialised Land (Freehold)	Market approach	Community Service Obligations Adjustments ^(c)
Specialised buildings	Market approach and subsequently depreciated replacement cost approach	<ul style="list-style-type: none"> • Cost per square metre • Useful life
Plant and equipment	Depreciated replacement cost approach	<ul style="list-style-type: none"> • Cost per unit • Useful life
Motor Vehicles	Market approach	N/A
	Depreciated replacement cost approach	<ul style="list-style-type: none"> • Cost per unit • Useful life
Computers and Communication Equipment	Depreciated replacement cost approach	<ul style="list-style-type: none"> • Cost per unit • Useful life
Furnitures and Fittings	Depreciated replacement cost approach	<ul style="list-style-type: none"> • Cost per unit • Useful life
Cultural assets	Market approach	N/A

(f): Property, Plant and Equipment Revaluation Surplus

	2019 \$'000	2018 \$'000
Property, Plant and Equipment Revaluation Surplus		
Balance at the beginning of the reporting period	5,919	5,696
Revaluation Increment		
Land (refer Note 4.2(b))	(654)	223
Buildings (refer Note 4.2(b))	728	-
Balance at the end of the reporting period*	5,993	5,919
*Represented by:		
Land	3,386	4,040
Buildings	2,602	1,874
Cultural Assets	5	5
	5,993	5,919

Note 4.3: Intangible Assets

(a) Intangible assets – Gross carrying amount and accumulated amortisation

	2019 \$'000	2018 \$'000
Intangible Produced Assets – Software	424	307
<i>Less Accumulated Amortisation</i>	<i>(325)</i>	<i>(260)</i>
TOTAL INTANGIBLE ASSETS	99	47

(a) Intangible assets – Reconciliation of the carrying amount by class of asset

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

	Software \$'000	Total \$'000
Balance at 1 July 2017	70	70
Transferred from Property, Plant and Equipment	4	4
Amortisation (Note 4.4)	<i>(27)</i>	<i>(27)</i>
Balance at 1 July 2018	47	47
Additions	8	8
Transfer from Property, Plant and Equipment ⁽ⁱ⁾	110	110
Transfer to Property, Plant and Equipment	<i>(4)</i>	<i>(4)</i>
Amortisation (Note 4.4)	<i>(62)</i>	<i>(62)</i>
Balance at 30 June 2019	99	99

(i) Transfer from Property, Plant and Equipment was included in Assets Under Construction at 30 June 2018 (Note 4.2)

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 QEC.

Note 4.4: Depreciation and Amortisation

	2019 \$'000	2018 \$'000
Depreciation		
Buildings	164	159
Plant and Equipment	45	43
Motor Vehicles	108	114
Computers and Communication Equipment	16	7
Furniture and Fittings	3	12
Total Depreciation	336	335
Amortisation		
Intangible Assets	62	27
Total Amortisation	62	27
TOTAL DEPRECIATION AND AMORTISATION	398	362

Depreciation

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

Amortisation

Amortisation is the systematic allocation (typically straight line) of the depreciable amount of an asset over its useful life. QEC has computer software that is capitalised.

The estimated useful lives, residual values and amortisation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

Useful life of non-current assets

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

	2019	2018
Buildings	50 years	50 years
Plant and Equipment	5 to 10 years	5 to 10 years
Motor Vehicles	4 to 5 years	4 to 6 years
Computers and Communication Equipment	3 to 10 years	3 to 10 years
Furniture and Fittings	5 to 10 years	5 to 10 years
Intangible Assets	3 to 7 years	3 to 7 years

Note 5: Other Assets and Liabilities

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

Structure

- 5.1 Receivables
- 5.2 Prepayments and Other Non-Financial Assets
- 5.3 Payables

Note 5.1: Receivables

	2019 \$'000	2018 \$'000
CURRENT		
Contractual		
Trade Debtors	132	103
Accrued Revenue - Other	17	20
	149	123
Statutory		
GST Receivable	49	60
TOTAL CURRENT RECEIVABLES	198	183
NON-CURRENT		
Statutory		
Long Service Leave – Department of Health and Human Services	515	66
TOTAL NON-CURRENT RECEIVABLES	515	66
TOTAL RECEIVABLES	713	249

Note 5.1: Receivables (continued)

Receivables recognition

Receivables consist of:

- Contractual receivables, which consists of debtors in relation to goods and services and accrued investment income. These receivables are classified as financial instruments and categorised as 'financial assets at amortised cost'. They are initially recognised at fair value plus any directly attributable transaction costs. QEC holds the contractual receivables with the objective to collect the contractual cash flows and these are subsequently measured at amortised cost using the effective interest method, less any impairment.
- Statutory receivables predominantly include 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 because they do not arise from a contract. QEC applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

Trade debtors are carried at nominal amounts 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.

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

Doubtful debts

Receivables are subject to impairment loss assessment in accordance with AASB 9's expected credit loss model and the impairment loss allowance is increased accordingly with the impairment expense recognised in the net result as an 'other economic flow'. However, when it becomes mutually agreed between debtor and creditor that the receivable has become uncollectible, the carrying amount of the receivable needs to be reduced, and a bad debt expense for the write-off recognised in the net result as a transaction. Accordingly at the same time, the amount in the provision together with its related impairment expense initially recognised as an 'other economic flow' will need to be reversed.

Where the bad debt is written off following a unilateral decision, the carrying amount of the receivable needs to be reduced, and a bad debt expense for the write-off recognised in the net result as an 'other economic flow'. Accordingly at the same time, the amount in the provision together with its related impairment expense will need to be reversed.

In applying the expected credit loss model, QEC has assessed there are no uncollectible debtors at 30 June 2019 (2018: \$ nil).

Note 5.2: Prepayments and Other Non-Financial Assets

	2019 \$'000	2018 \$'000
CURRENT		
Prepayments	78	87
TOTAL CURRENT OTHER ASSETS	78	87

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

Note 5.3: Payables

	2019 \$'000	2018 \$'000
CURRENT		
Contractual		
Trade Creditors	59	152
Accrued Expenses	79	109
Salary Packaging	41	57
Other	3	1
	182	319
Statutory		
Withholding Taxes Payable	57	56
Superannuation Payable	112	89
	169	145
TOTAL CURRENT PAYABLES	351	464
TOTAL PAYABLES	351	464

Contractual payables consist predominantly of accounts payable representing liabilities for goods and services provided to QEC prior to the end of the financial year that are unpaid, and arise when QEC becomes obliged to make future payments in respect of the purchase of those goods and services.

The normal credit terms for accounts payable are usually net 30 days.

Statutory payables include withholding tax and superannuation payable.

Contractual payables are classified as financial instruments and are initially recognised at fair value, and then subsequently carried at amortised cost. Statutory payables 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.

Maturity analysis of payables

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

Note 6: How We Finance Our Operations

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

This section includes disclosures of balances that are financial instruments (such as cash balances). Note 7.1 provides additional, specific financial instrument disclosures.

Structure

- 6.1 Cash and Cash Equivalents
- 6.2 Commitments for Expenditure

Note 6.1: Cash and Cash Equivalents

	2019 \$'000	2018 \$'000
Cash on Hand	2	2
Cash at Bank	3,059	368
Deposits at Call	-	736
Term Deposits < 3 months	-	1,051
TOTAL CASH AND CASH EQUIVALENTS	3,061	2,157

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

Note 6.2: Commitments for Expenditure

	2019 \$'000	2018 \$'000
Non-cancellable Operating Lease Commitments		
Less than 1 year	222	191
Longer than 1 year but not longer than 5 years	465	305
Longer than 5 years	120	-
Total Non-cancellable Operating Lease Commitments	807	496
Total Commitments for Expenditure (inclusive of GST)	807	496
Less GST recoverable from the Australian Tax Office	(73)	(45)
TOTAL COMMITMENTS FOR EXPENDITURE (exclusive of GST)	734	451

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note 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.

There were no commitments for capital expenditure as at 30 June 2019.

Note 7: Risks, Contingencies and Valuation Uncertainties

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

Structure

- 7.1 Financial Instruments
- 7.2 Contingent Assets and Contingent Liabilities

Note 7.1: Financial Instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of QEC'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

2019	Financial Assets at Amortised Cost \$'000	Financial Assets at Fair Value Through Profit and Loss \$'000	Financial Liabilities at Amortised Cost \$'000	Total \$'000
Contractual Financial Assets				
Cash and Cash Equivalents	3,061	-	-	3,061
Receivables				
Trade Debtors	132	-	-	132
Other Receivables	17	-	-	17
Investments and Other Financial Assets				
Managed Investments	-	4,775	-	4,775
Total Financial Assets¹	3,210	4,775	-	7,985
Financial Liabilities				
Payables	-	-	182	182
Total Financial Liabilities¹	-	-	182	182

¹The carrying amount excludes statutory receivables (i.e. GST receivable and DHHS receivable) and statutory payables (i.e. Revenue in Advance, DHHS payable, Withholding taxes and Superannuation payable).

Note 7.1: Financial Instruments (continued)

2018	Financial Assets at Amortised Cost \$'000	Financial Assets at Fair Value Through Profit and Loss \$'000	Financial Liabilities at Amortised Cost \$'000	Total \$'000
Contractual Financial Assets				
Cash and Cash Equivalents	2,157	-	-	2,157
Receivables				
Trade Debtors	103	-	-	103
Other Receivables	20	-	-	20
Investments and Other Financial Assets				
Managed Investments	-	4,498	-	4,498
Total Financial Assetsⁱ	2,280	4,498	-	6,778
Financial Liabilities				
Payables	-	-	319	319
Total Financial Liabilitiesⁱ	-	-	319	319

ⁱThe carrying amount excludes statutory receivables (i.e. GST receivable and DHHS receivable) and statutory payables (i.e. Revenue in Advance, DHHS payable, Withholding taxes and Superannuation payable).

From 1 July 2018, QEC applies AASB 9 and classifies all of its financial assets based on the business model for managing the assets and the assets' contractual terms.

Categories of financial assets under AASB 9 are:

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 QEC 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.

The Department recognises the following assets in this category:

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

Financial assets at fair value through other comprehensive income

Debt investments are measured at fair value through other comprehensive income 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 QEC to achieve its objective both by collecting the contractual cash flows and by selling the financial assets, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

Note 7.1: Financial Instruments (continued)

Equity investments are measured at fair value through other comprehensive income if the assets are not held for trading. These assets are initially recognised at fair value with subsequent change in fair value in other comprehensive income.

Upon disposal of these debt instruments, any related balance in the fair value reserve is reclassified to profit or loss. However, upon disposal of these equity instruments, any related balance in the fair value reserve is reclassified to retained earnings.

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 or fair value through other comprehensive income as explained above.

However, as an exception to those rules above, QEC 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.

QEC recognises listed equity securities as mandatorily measured at fair value through net result and designated all of its managed investment schemes as well as certain 5-year government bonds as fair value through net result.

Categories of financial assets previously under AASB 139

Loans and receivables and cash are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets and liabilities are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method (and for assets, less any impairment). QEC recognises the following assets in this category:

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

Available-for-sale financial instrument assets

are those designated as available-for-sale or not classified in any other category of financial instrument asset. Such assets are initially recognised at fair value. Subsequent to initial recognition, they are measured at fair value with gains and losses arising from changes in fair value, recognised in 'Other economic flows – other comprehensive income' until the investment is disposed. Movements resulting from impairment and foreign currency changes are recognised in the net result as other economic flows. On disposal, the cumulative gain or loss previously recognised in 'Other economic flows – other comprehensive income' is transferred to other economic flows in the net result.

Note 7.1: Financial Instruments (continued)

Financial liabilities at amortised cost are initially recognised on the date they 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. QEC recognises the following liabilities in this category:

- payables (excluding statutory payables).

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.

Derecognition of financial liabilities: A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Impairment of financial assets: At the end of each reporting period, QEC 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 profit or loss, are subject to annual review for impairment.

The allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. 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.

Note 7.1: Financial Instruments (continued)

(b): Payables and Borrowings Maturity Analysis

The following table discloses the contractual maturity analysis of QEC'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

2019	Note	Carrying Amount \$'000	Nominal Amount \$'000	Less than 1 Month \$'000	Maturity Dates		
					1-3 Months \$'000	3 Months - 1 Year \$'000	1-5 Years \$'000
Financial Liabilities ⁽ⁱ⁾							
<i>At amortised cost</i>							
Payables	Note 5.3	182	182	182	-	-	-
Total Financial Liabilities		182	182	182	-	-	-
2018							
Financial Liabilities ⁽ⁱ⁾							
<i>At amortised cost</i>							
Payables	Note 5.3	319	319	319	-	-	-
Total Financial Liabilities		319	319	319	-	-	-

(i) Ageing analysis of financial liabilities excludes the types of statutory financial liabilities (i.e GST payable, Withholding taxes and Superannuation payable).

Note 7.2: Contingent Assets and Contingent Liabilities

There were no contingent assets and no contingent liabilities for QEC as at 30 June 2018 or 30 June 2019.

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

Note 8: Other Disclosures

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

Structure

- 8.1 Reconciliation of Net Result for the Year to Net Cash Flow from Operating Activities
- 8.2 Responsible Persons Disclosure
- 8.3 Remuneration of Executives
- 8.4 Related Parties
- 8.5 Remuneration of Auditors
- 8.6 Ex gratia Payments
- 8.7 Events Occurring after the Balance Sheet Date
- 8.8 Economic Dependency
- 8.9 AASBs Issued that are not yet Effective

Note 8.1: Reconciliation of Net Result for the Year to Net Cash Flow from Operating Activities

	2019 \$'000	2018 \$'000
Net Result for the Year	1,195	529
Non-Cash Movements:		
Depreciation	336	335
Amortisation of Intangible Non-Produced Assets	62	27
Impairment of Financial Assets	-	-
Income from Managed Funds Reinvested	(185)	(93)
Movements included in Investing and Financing Activities:		
Net (Gain)/Loss from Disposal of Non-Financial Physical Assets	-	(14)
Net (Gain)/Loss on Fair Value Changes in Investments	7	(89)
Movements in Assets and Liabilities:		
Change in Operating Assets and Liabilities		
(Increase)/Decrease in Receivables	(464)	39
(Increase)/Decrease in Prepayments	9	(51)
Increase/(Decrease) in Payables	(113)	(66)
Increase/(Decrease) in Provisions	252	76
NET CASH INFLOW FROM OPERATING ACTIVITIES	1,099	693

Note 8.2: Responsible Persons Disclosure

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

		Period
Responsible Ministers:		
The Honourable Jill Hennessy, Minister for Health and Minister for Ambulance Services		01/07/2018 - 29/11/2018
The Honourable Jenny Mikakos, Minister for Health and Minister for Ambulance Services		29/11/2018 - 30/06/2019
The Honourable Martin Foley, Minister for Mental Health		01/7/2018 - 30/06/2019
The Honourable Martin Foley, Minister for Housing, Disability and Ageing		01/07/2018 - 29/11/2018
The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers		29/11/2018 - 30/06/2019
Governing Boards		
Ms Sandra Bell	President of the Board	01/07/2018 - 30/06/2019
Mr Warwick Spargo	Vice President of the Board	01/07/2018 - 30/06/2019
Ms Caroline Mulcahy	Vice President of the Board	01/07/2018 - 30/06/2019
Mr Graham Giannini		01/07/2018 - 30/06/2019
Mr Frank Gullone		01/07/2018 - 30/06/2019
Ms Catherine Ho		01/07/2018 - 30/06/2019
Ms Karen Janiszewski		01/07/2018 - 30/06/2019
Ms Rosemary Bryant-Smith		01/07/2018 - 30/06/2019
Ms Emily Maguire		01/07/2018 - 30/06/2019
Ms Sheena Watt		01/07/2018 - 30/06/2019
Ms Catherine Grindlay		01/07/2018 - 30/06/2019
Ms Colleen Hartland		20/08/2018 - 30/06/2019
Accountable Officers		
Ms Susan White (Chief Executive Officer)		01/07/2018 - 30/06/2019
Remuneration of Responsible Persons		
The number of Responsible Persons are shown in their relevant income bands:		
Income Band	2019 No.	2018 No.
\$nil	-	12
\$1 - \$9,999	12	-
\$50,000 - \$59,999	-	1
\$140,000 - \$149,999	-	1
\$200,000 - \$209,999	1	-
Total Numbers	13	14

* QEC had 12 board members for period 1/7/18 - 30/6/19.

Amounts relating to the Governing Board Members and Accountable Officer are disclosed in The Queen Elizabeth Centre's financial statements.

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

Note 8.3: Remuneration of Executives

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

Remuneration of Executive Officers (including Key Management Personnel Disclosed in Note 8.4)	Total Remuneration	
	2019 \$ '000	2018 \$ '000
Short-term Benefits	386	311
Other Long-term Benefits	-	-
Post Employment Benefits	36	30
Termination Benefits	-	-
Total Remunerationⁱ	422	341
Total Number of Executives	4.0	4.0
Total Annualised Employee Equivalentⁱⁱ	3.8	3.6

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

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

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

Short-term Employee Benefits

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

Post-employment Benefits

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

Other Long-term Benefits

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

Termination Benefits

Termination of employment payments, such as severance packages.

Total remuneration payable may include bonus payments depending on the terms of individual employment contracts.

Note 8.4: Related Parties

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

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

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

The Board of Directors and the Chief Executive Officer of QEC are deemed to be KMPs.

Entity	KMPs	Position Title
The Queen Elizabeth Centre	Ms Sandra Bell	President of the Board
The Queen Elizabeth Centre	Mr Warwick Spargo	Vice President of the Board
The Queen Elizabeth Centre	Ms Caroline Mulcahy	Vice President of the Board
The Queen Elizabeth Centre	Mr Frank Gullone	Board Member
The Queen Elizabeth Centre	Ms Catherine Ho	Board Member
The Queen Elizabeth Centre	Ms Karen Janiszewski	Board Member
The Queen Elizabeth Centre	Mr Graham Giannini	Board Member
The Queen Elizabeth Centre	Ms Rosemary Bryant-Smith	Board Member
The Queen Elizabeth Centre	Ms Emily Maguire	Board Member
The Queen Elizabeth Centre	Ms Sheena Watt	Board Member
The Queen Elizabeth Centre	Ms Catherine Grindlay	Board Member
The Queen Elizabeth Centre	Ms Colleen Hartland	Board Member
The Queen Elizabeth Centre	Ms Susan White	Chief Executive Officer

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

Compensation - KMPs	2019 \$'000	2018 \$'000
Short-term Employee Benefits ⁱ	223	177
Other Long-term Benefits	-	-
Post Employment Benefits	18	17
Termination Benefits	-	-
Totalⁱⁱ	241	194

ⁱ Total remuneration paid to KMPs employed as a contractor during the reporting period through accounts payable has been reported under short-term employee benefits.

ⁱⁱ KMPs are also reported in Note 8.2 Responsible Persons or Note 8.3 Remuneration of Executives.

Note 8.4: Related Parties (continued)

Significant Transactions with Government Related Entities

QEC received funding from the Department of Health and Human Services of \$11.0 m (2018: \$10.5m). Expenses incurred by QEC in delivering services and outputs are in accordance with Health Purchasing Victoria requirements. Goods and services including procurement, client meals and multi-site operational support are provided by other Victorian Health Service Providers on commercial terms.

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

The Standing Directions require QEC to hold cash (in excess of working capital) in accordance with the State's centralised banking arrangements. All borrowings are required to be sourced from Treasury Corporation Victorian unless an exemption has been approved by the Minister for Health and Human Services and the Treasurer.

Transactions with KMPs and Other Related Parties

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

Outside of normal citizen type transactions with QEC, there were no related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

There were no related party transactions with Cabinet Ministers required to be disclosed in 2019. There were no related party transactions required to be disclosed for QEC Board of Directors and Chief Executive Officer in 2019.

Note 8.5: Remuneration of Auditors

	2019 \$'000	2018 \$'000
Victorian Auditor-General's Office		
Audit of the Financial Statements	12	11
TOTAL REMUNERATION OF AUDITORS	12	11

Note 8.6: Ex gratia Payments

There were no ex gratia payments made by QEC to 30 June 2019 or 30 June 2018.

Note 8.7: Events Occurring after the Balance Sheet Date

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

Adjustments are made to amounts recognised in the financial statements for events which occur between the end of the reporting period and the date when the financial statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate to conditions which arose after the end of the reporting period that are considered to be of material interest.

There are no events occurring after the Balance Sheet date.

Note 8.8: Economic Dependency

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

The financial statements have been prepared on a going concern basis.

Note 8.9: AASBs Issued that are not yet Effective

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2019 reporting period. Department of Treasury and Finance assesses the impact of all these new standards and advises The Queen Elizabeth Centre of their applicability and early adoption where applicable.

As at 30 June 2019, 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. The Queen Elizabeth Centre has not and does not intend to adopt these standards early.

Our initial estimation is that none of the AASBs listed below will have a material impact on the operations of QEC.

<i>Standard / Interpretation¹</i>	<i>Key requirements</i>	<i>Effective date</i>
AASB 15 <i>Revenue from Contracts with Customers</i>	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15 has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2019, instead of 1 January 2018.	1-Jan-19
AASB 2018-4 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not for-Profit Public-Sector Licensors	AASB 2018-4 amends AASB 15 and AASB 16 to provide guidance for revenue recognition in connection with taxes and Non-IP licences for Not-for-Profit entities.	1-Jan-19
AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not for-Profit Entities	AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit-entities into AASB 9 and AASB 15. This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events.	1-Jan-19
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	1-Jan-19
AASB 2018-8 Amendments to Australian Accounting Standards – Right of Use Assets of Not-for-Profit entities	This standard amends various other accounting standards to provide an option for not-for-profit entities to not apply the fair value initial measurement requirements to a class or classes of right of use assets arising under leases with significantly below-market terms and conditions principally to enable the entity to further its objectives. This Standard also adds additional disclosure requirements to AASB 16 for not-for-profit entities that elect to apply this option.	1-Jan-19
AASB 1058 Income of Not-for-Profit Entities	AASB 1058 will replace the majority of income recognition in relation to government grants and other types of contributions requirements relating to public sector not-for-profit entities, previously in AASB 1004 Contributions. The restructure of administrative arrangement will remain under AASB 1004 and will be restricted to government entities and contributions by owners in a public sector context, AASB 1058 establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objective.	1-Jan-19

Note 8.9: AASBs Issued that are not yet Effective (continued)

<i>Standard / Interpretation¹</i>	<i>Key requirements</i>	<i>Effective date</i>
AASB 17 Insurance Contracts	The new Australian standard eliminates 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.	1-Jan-21
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.	1-Jan-20
AASB 1059 Service Concession Arrangements: Grantor	This standard applies to arrangements that involve an operator providing a public service on behalf of a public sector grantor. It involves the use of a service concession asset and where the operator manages at least some of the public service at its own direction. An arrangement within the scope of this standard typically involves an operator constructing the asset used to provide the public service or upgrading the assets and operating and maintaining the assets for a specified period of time.	1-Jan-20
AASB 2018-5 Amendments to Australian Accounting Standards – Deferral of AASB 1059	This standard defers the mandatory effective date of AASB 1059 from 1 January 2019 to 1 January 2020.	1-Jan-20

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 2018-19 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting.

- AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-16 Cycle and Other Amendments
- AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments
- AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation
- AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures
- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015 – 2017 Cycle
- AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendments, Curtailment or Settlement
- AASB 2018-3 Amendments to Australian Accounting Standards – Reduced Disclosure Requirements
- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business



53 Thomas Street
Noble Park, VIC 3174
Telephone: +61 3 9549 2777

www.qec.org.au