Queen Elizabeth Centre

Annual Report
2019–20

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 Chief Executive Officer Report

Throughout QEC's history, our organisation has responded to the social and health changes of the era and 2019–20 is no exception! This has been quite an extraordinary year as we have adapted to the COVID-19 pandemic. Our response to this challenge has been outstanding, led by a formidable leadership team and carried out by all our skilled, agile and experienced staff. In turn, the families we care for have said that: their needs have been met, their outcomes improved, the quality of care has been outstanding and they are better prepared to meet their unique parenting challenges.

The 2019-20 financial year started with the guidance and support of our new Strategic Plan. This three year plan – 2019–2022 – sets out the direction and priorities for QEC. Despite the impact of COVID-19 on year one, our team have maintained our focus on the future, whilst simultaneously responding to the immediate priorities. The noteworthy achievements include:

- Service and capital planning for the $9M refurbishment of our Noble Park site;
- In partnership with the other Early Parenting Centres and the Department of Health and Human Services, we have planned for the expansion of the early parenting sector across Victoria;
- We have undertaken an extensive information technology upgrade across all QEC sites;
- We have continued our commitment to working with Aboriginal families through the delivery of our Reconciliation Action Plan;
- We have developed and embedded our exclusive, evidence-based Model of Care and Practice Framework;
- We have achieved an outstanding quality of care as demonstrated by a successful accreditation process; and
- We have achieved a positive staff culture and engagement throughout as evidenced by our regular pulse surveys.

Whilst these achievements are impressive enough, QEC like all health services in Victoria, has been agile and responsive in the face of COVID-19. Our response was swift, well informed and carefully planned. The team quickly introduced a new model of care, largely delivered via telehealth - with our newly adopted telehealth platform Health Direct and over the phone.

The families we care for were able to continue to receive the outstanding early parenting support and advice that QEC is so well known for across Victoria. Our staff adapted to the use of personal protective equipment, physical distancing in the workplace or clients homes and heightened infection prevention and control measures to ensure everyone stayed safe and COVID free.

Like all years, we farewelled some and welcomed others. Susan Harper, our longstanding QEC Committee member and Life Governor, said goodbye after decades of tireless work. Susan was QEC's president for many years and most recently was an active member of the Wendy Spry and Frank

Slutzkin Committee; she will be missed by all at QEC. At the Board level, we farewelled Sheena Watt and welcomed Lesley Podesta.

All these great achievements do not just happen by themselves. Sue White, Chief Executive Officer together with the Executive team of Helen Cunningham, Sam Corrigan, Casey Hepburn and Greg McNally have led QEC through this extraordinary year with skill, commitment and good humour. The QEC Board (ably supported by Dorella Mohun) has provided strategic direction and leadership and have themselves navigated these uncertain times. I sincerely thank my Board colleagues.

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 30 June 2020, and encourage you to read about the achievements of this year and our planning for the future.

Sandy Bell
Board President
13 October 2020

Sue White
Chief Executive Officer
13 October 2020

2. Board, Committees and Executive

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 QEC Board in 2017 and is a member of the Strategy, Governance & Remuneration Committee. Board meeting attendance for the period was 100%.

Mr Warwick Spargo
Vice President
FCPA, 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 meeting attendance for the period was 89%.

Ms Caroline Mulcahy
Vice President
Msc Health Science (Research Methods), Registered Nursing, GAICD

Caroline is currently the CEO of the Skin Health Institute and 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, operational and strategic planning and has previously held the positions of CEO at Carers Victoria and CEO at Melbourne IVF. Caroline has been a Board Director for the Victorian Council of Social Service and Variety (the Children's Charity) and 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 meeting attendance for the period was 78%.

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 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 the Deputy Chair 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 meeting attendance for the period was 100%.

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 Executive 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 meeting attendance for the period was 100%.

Ms Rosemary Bryant-Smith

Board Member

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

Rosemary Bryant-Smith is a Director of Worklogic, a workplace consulting firm with offices in Melbourne and Sydney, and a Senior Fellow of Melbourne Law School. Rose has been a professional non-executive director since 2007 in the healthcare, social housing and women's services sectors. She joined the QEC Board in 2017 and is a member of the Audit, Finance & Infrastructure Committee and the Strategy, Governance & Remuneration Committee. Board meeting attendance for the period was 100%.

Mr Frank Gullone

Board Member

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

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 meeting attendance for the period was 89%.

Ms Emily Maguire

Board Member

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

Emily Maguire is a passionate leader dedicated to social change and has held a number of senior roles across the sector. Emily was recently the CEO of the Domestic Violence Resource Centre Victoria, a statewide resource centre supporting workers and families to help prevent and respond to family violence. Prior to this, 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 meeting attendance for the period was 67%.

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 indigenous health, worker's compensation, private health insurance, community health and primary care sectors. Cate has extensive experience in stakeholder engagement, change management and clinical governance. Cate joined the QEC Board in 2018 and is a member of Quality, Risk & Clinical Governance Committee. Board 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 number of campaigns to improve the lives of residents in her community. Colleen worked in a range semiskilled jobs until she went to Victoria University at the age of 40 to study community development. She then worked for Western Region Health Centre in the Older Persons High Rise program. Colleen has been a councillor at the City of Maribyrnong and served for 11 years in the Victorian Parliament as a MLC for the Western Region. She joined the QEC Board in 2018 and is a member of the Quality, Risk & Clinical Governance Committee. Board meeting attendance for the period was 89%.

Ms Lesley Podesta

Board Member

BA of Arts, Master of Arts Psycho-Social Research

Lesley Podesta joined the Alannah & Madeline Foundation in 2016, after five years at The Fred Hollows Foundation as the Director of Global Partnerships, Policy and Advocacy Division. Prior to joining the not-for-profit sector, Lesley had a long career in State and Commonwealth government, commencing with her role in the Disadvantaged Schools Program in Victoria in 1980. She worked extensively across the Commonwealth in a number of senior executive roles including employment, labour market reform, population health, aged care, biosecurity and emergency response in the Department of Health and Ageing and the Department of Education, Employment and Training. She joined the QEC Board in 2019. Board meeting attendance for the period was 100%.

The work of the QEC Board is well supported by a number of Committees:

Strategy, Governance and Remuneration Committee

Chair	Sandy Bell (Board President)
Members	Warwick Spargo (Vice President) Rosemary Bryant-Smith Graham Giannini Frank Gullone Caroline Mulcahy

Audit, Finance and Infrastructure Committee

Chair	Warwick Spargo
Deputy Chair	Frank Gullone
Members	Karen Janiszewski Catherine Ho Rosemary Bryant-Smith Sandy Bell *(Ex-Officio)*

Quality, Risk and Clinical Governance Committee

Chair	Caroline Mulcahy
Members	Graham Giannini Catherine Ho Cate Grindlay Colleen Hartland

Research Advisory Group

Board Member	Emily Maguire
External Members	Campbell Paul Jane Fisher Jan Matthews Leanne Sheeran

Wendy Spry & Frank Slutzkin Research Fund Committee

Board Members	Warwick Spargo Karen Janiszewski
External Members	Bruce Morley Susan Harper Campbell Paul Ian Ross

The senior Executive Team make a significant contribution to QEC:

Chief Executive Officer
Sue White

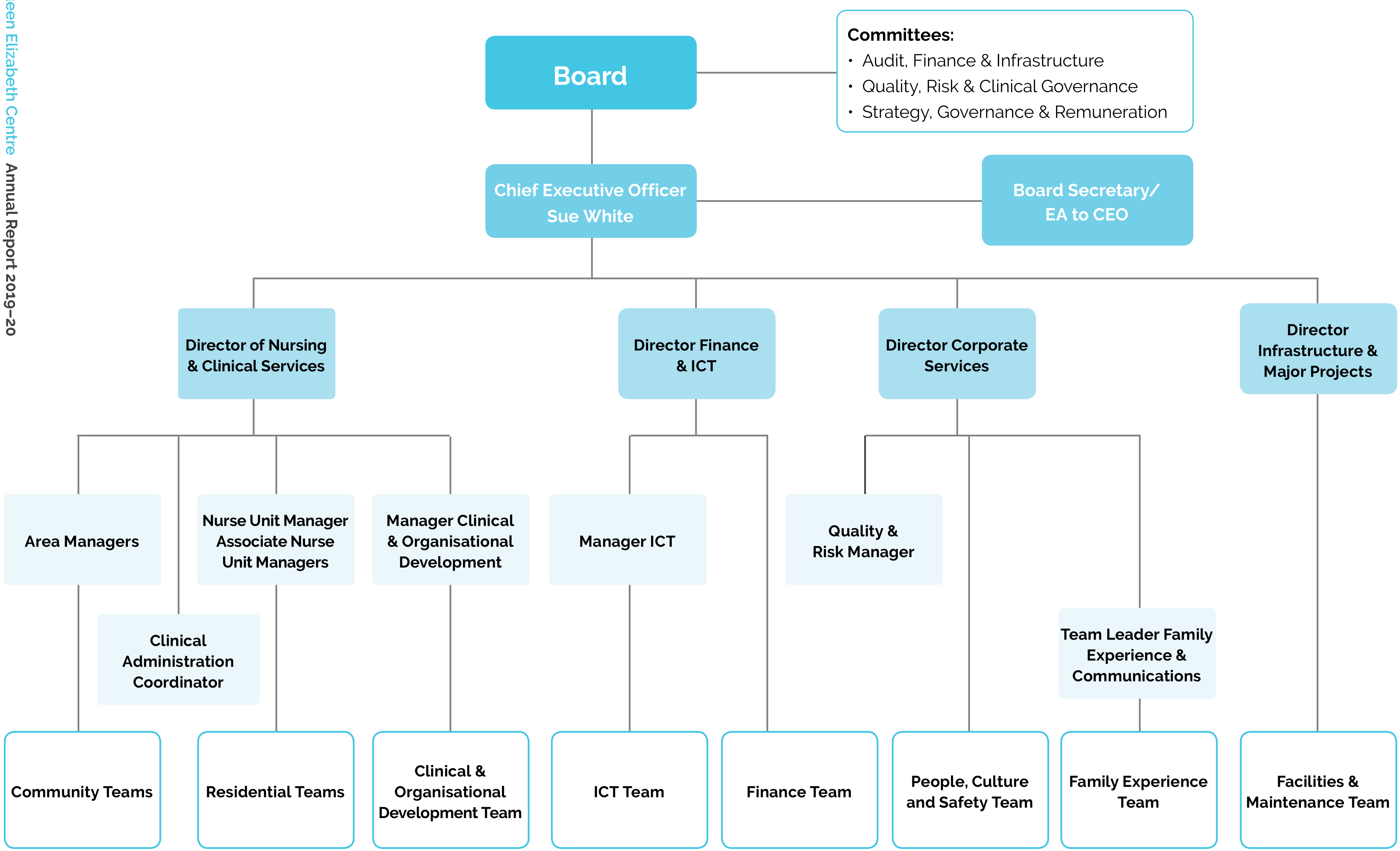
Director of Corporate Services
Casey Hepburn

Director of Finance and ICT
Sam Corrigan

Director of Infrastructure and Major Projects
Greg McNally

Director of Nursing and Clinical Services
Helen Cunningham

3. Organisational Chart



4. Vision, Mission, Values and Strategic Plan

QEC's vision, mission and values underpin every aspect of our work.

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 of service delivery.

Our Strategic Plan 2019–2022 provides a roadmap for delivering our vision and mission:

Strategic Priorities			
Children, Families & Communities *Infants, children, families and their communities are at the centre of everything we do*	**Leadership & Collaboration** *Our leadership and partnerships ensure all children are afforded the best start in life*	**Sustainability** *We are able to provide enduring support to families now and into the future*	**People & Culture** *Our people are essential to providing, innovative, high quality care that enables children to thrive*
Strategic Goals			
QEC delivers optimal outcomes - ensuring children are safe, secure, connected and healthy. QEC delivers positive service experiences that encompass the diverse needs of all children, families and communities. QEC respects and responds to the unique strengths and experiences of Aboriginal families and children in everything we do.	QEC provides policy leadership, exerts influence and demonstrates best practice. QEC partners effectively with a wide range of stakeholders to: – maximise effectiveness and reach; – increase thought leadership across the sector. QEC programs are informed by families' experiences and other evidence, ensuring innovative, child-centred, program designs.	QEC delivers exceptional care, supported by fit-for-purpose and contemporary systems, services, assets, and infrastructure. QEC is financially viable and resilient, with diversified revenue, and the ability to invest in future priorities. QEC delivers value based care that is: effective, efficient and sustainable into the future.	QEC has a positive culture that is aligned to - and enabling of - our vision, mission and values. QEC staff are supported by a working environment that is inclusive, safe, tolerant, engaging and enabling. QEC has a working environment that embraces learning, sharing new ideas and continuously improving our services.

5. Services and Programs

QEC offers a variety of programs to meet the diverse range of needs experienced by families. Our programs are available via face to face or telehealth modalities:

Assessment and Intake: Central intake point for all Early Parenting Centre referrals, staffed by experienced clinicians offering assessments and brief consultations to ensure families are provided with the right program at the right time.

Day Stay: Single day program incorporating intensive, practical parenting education and support, targeting families with children up to the age of 14 months with issues relating to feeding, sleep and settling.

Residential: Two to four night residential program for parents and caregivers experiencing challenges with parenting.

PlaySteps: Relationship based parenting program focusing on enhancing interactions between children and their parents, via a weekly, structured group format.

Parenting Plus: Home-based, intensive parenting skills development program.

Parenting Assessment and Skills Development: Intensive parenting assessment and skills development program for families who are referred through the Child Protection system, delivered in residential and/or home based settings.

Individual Child and Family Support services: Responsive, needs based support to vulnerable children and families, that can flex up and down as families' needs change.

Sleep and Settling Home Visiting Program: In-home program designed to support Gippsland families with significant sleep challenges, attachment concerns and other risk factors.

Stronger Families: Intensive home based support service for families with children at risk of (or who have recently been placed in) out of home care.

Cradle to Kinder: Long term ante/postnatal case work service that provides support to young mothers under the age of 25 years and their children.

During 2019–20, QEC was proud to provide services from a range of locations across Victoria. Over the past year, 1938 families completed a program.

Region	Number of families
State-wide Services – Advice Line (Noble Park)	1,605
State-wide Services – Admissions (Noble Park)	1,020
Southern Melbourne (Carrum Downs and Dandenong VACCA co-location)	108
Gippsland (Morwell, Bairnsdale and Leongatha)	174
Northern Melbourne (Preston)	65
Ovens/Murray (Wodonga)	54
Total	**3,026**

6. Strategic Plan Progress Report

i. Children Families and Communities: Infants, children, families and their communities are at the centre of everything we do

COVID-19

The COVID-19 pandemic had a significant impact on the families we serve - many of whom reported increased levels of stress, anxiety and disrupted family functioning.

In response to the pandemic, QEC created an entirely new service modality, transitioned our programs to telehealth – using the Healthdirect platform (and telephone) to support families. In 2019–20, we provided over 3394 telehealth consultations to families across Victoria.

Strict measures to minimise the likelihood of transmission within QEC were developed rapidly and early. The following actions were implemented to prioritise health, wellbeing and safety QEC staff and the families we work with:

- Additional staff training: infection control, hand hygiene, and COVID-19
- Workplace physical distancing and working from home arrangements
- Screening for all staff, families, contractors and visitors
- Increased environmental cleaning
- Additional PPE and hand hygiene resources
- Promotion of immunisation uptake including flu vaccination
- Modified group activities and minimise use of communal areas
- Increased communications with stakeholders.

Weekly reviews occurred to adjust strategies in response to pandemic behaviour and Government advice.

During 2019–20, there were no known COVID-19 cases amongst QEC employees.

Residential Parenting Assessment and Skill Development Program Review

The Residential Parenting Assessment and Skill Development (PASD) program has operated in Victoria for 20 years. The 10 day, intensive, inpatient service aims to assess parents of infants/young children involved with Child Protection services in their capacity to safely care for and nurture their children. Specifically, this service provides independent, specialised assessments of:

- Vulnerable children's health, development, safety and wellbeing
- Parents' capacity to take on new parenting skills to improve their child's outcomes.

In 2019–20, DHHS provided funding for QEC to undertake a revision of the Residential PASD program. This project had four phases:

I. Undertake a SWOT analysis of the Residential PASD program with key stakeholders

II. Co-design a revised model (program elements and structure) with key stakeholders

III. Pilot the redesigned model at QEC for a 6 month period

IV. Evaluate this pilot (with input from key stakeholders) to ascertain if these changes to the model should continue.

Stakeholders involved in the above stages include: DHHS, Children's Court, Tweddle, VACCA, Centre for Excellence in Child and Family Welfare, service users and Victorian Legal Aid. Findings from the consultations have provided a strong evidence base from which to redesign the program. Stakeholders identified a number of opportunities, including:

- Improving information sharing across all stakeholders
- Empowering relationships with stakeholders – specifically parents and caregivers
- Flexibility to adapt the program to the unique needs of individual families
- Improving processes and procedures between QEC and DHHS.

In response to the COVID-19 pandemic, QEC has re-designed some components of the PASD program in line with the above findings. Preliminary feedback has been extremely positive – further reform and evaluation will be undertaken in future.

Gippsland Sleep and Settling Project

In early 2017, the Victorian Department of Education and Training conducted a parenting support needs analysis across Gippsland. This study revealed a strong need for early intervention sleep and settling support. The QEC Gippsland Sleep and Settling Program was subsequently developed and commenced in mid 2019. With a target of 24 families per year, providing up to 40 hours of support per family, the program focuses on early in-home intervention for children with sleep and settling difficulty, and is comprised of a combination of scheduled home visits and phone calls, delivered by a highly trained early parenting practitioner over a 7 week period. The program aims to increase:

- Understanding children's sleep requirements
- Knowledge of children's tired cues
- Parenting confidence in preparing children for sleep
- Parenting knowledge in what responsive settling is
- Confidence in applying the appropriate responsive settling technique
- Knowledge of how to access support.

An interim evaluation demonstrates strong outcomes being generated by this program, and presents a valuable case for continuing the program:

- ✓ 100% of participants have a better understanding of their child's sleep patterns and requirements
- ✓ 100% of participants have a better understanding of their child's behaviour
- ✓ 100% of participants have a better understanding of where to find parenting support resources
- ✓ Measurable increases in primary carer's understanding and confidence in parenting (Parenting Strengths Scale)
- ✓ Demonstrable increases in primary carer's psychological wellbeing (Depression, Anxiety and Stress Scale).

A final evaluation report will be completed later in 2020.

Supporting Aboriginal Children and Families

In 2019, QEC was proud to launch our Reconciliation Action Plan, furthering respectful relationships and creating meaningful opportunities with Aboriginal and Torres Strait Islander peoples. Our Reconciliation Action Plan is a formal statement of commitment to reconciliation - a strategic document that includes practical actions that will drive our contribution to reconciliation both internally and in the communities in which we operate. The following highlights have been achieved to date:

- ✓ RAP launch, Welcome to Country and Smoking Ceremony at all staff event
- ✓ Increased staff training and awareness
- ✓ Extended partnerships with Aboriginal Community Controlled Organisations
- ✓ Cultural resources purchased for each QEC site and staff member
- ✓ Celebration of key events such as Aboriginal Children's Day
- ✓ Aboriginal artwork sourced for client rooms at our Noble Park facility
- ✓ Revised Acknowledgement of Country developed and endorsed by the QEC Board.

Mental Wellbeing Services

QEC provides mental wellbeing services to families engaged in programs at our Noble Park site. This includes access to an in-house Psychologist, Art Therapist and Mindfulness Coach. In 2019-20:

- 116 families engaged in individual Psychologist appointments
- 363 families engaged in individual Art Therapist and/or Mindfulness Coach sessions
- 102 group sessions were provided with following topics: Mindfulness in Children, Self-Care and Relaxation.

A total of 581 hours of these services were provided to families over the past year.

In addition, QEC ran a regular Fathers Group, to provide fathers with opportunities to access support and share parenting experiences. A total of 56 fathers attended 12 group sessions.

Consumer Partnerships

QEC strives to ensure all our services are delivered to the highest possible standard, with minimal risk and based on available best practice evidence. Our Clinical Governance framework supports QEC to deliver, measure, evaluate and improve care.

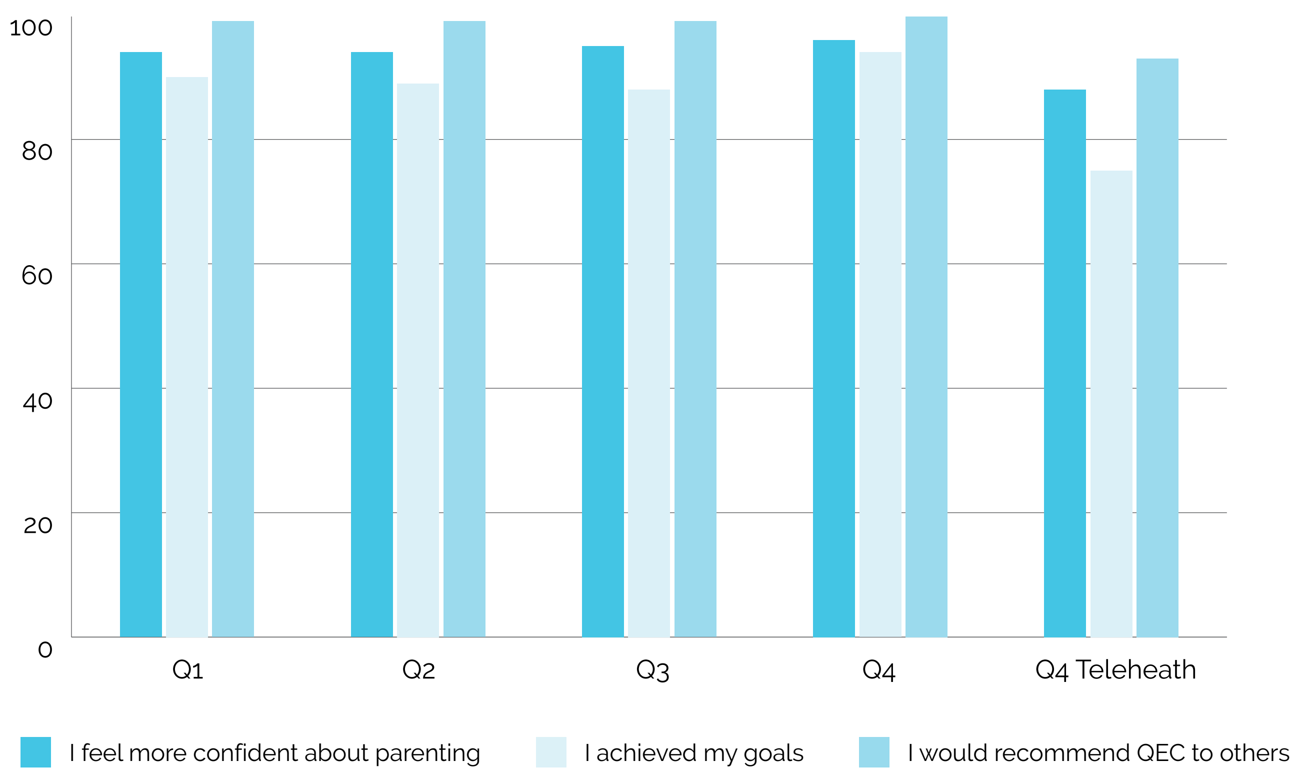
Developing meaningful partnerships with consumers is essential to ensuring quality, effective healthcare and positive consumer experiences. In 2019, QEC strengthened our commitment to partnering with consumers by identifying improvements in: consumer feedback systems, communication channels and shared decision making processes. Given the state-wide and often remote nature of our work, we launched an innovative, digital consumer advisory panel, with the aim of enabling families who have used our services to inform services improvements. Utilizing the private group function on an existing social media platform, the group have so far reviewed key client facing documents and forms.

QEC has a number of options for families providing feedback about their experiences – we value this information and ensure it is used to continually review and improve our services. Surveys completed by families at discharge provide valuable information regarding experiences at QEC and the outcomes we have enabled.

Feedback from our consumers remains extremely positive, demonstrating consistently high service outcomes and experiences. Satisfaction with new telehealth programs is equally positive. Other strategies for supporting consumer participation at QEC include:

- Consumer Advisory Group
- Online Consultation Panel
- Feedback (complaints and compliments).

QEC Early Parenting Centre Consumer Feedback 2019–20



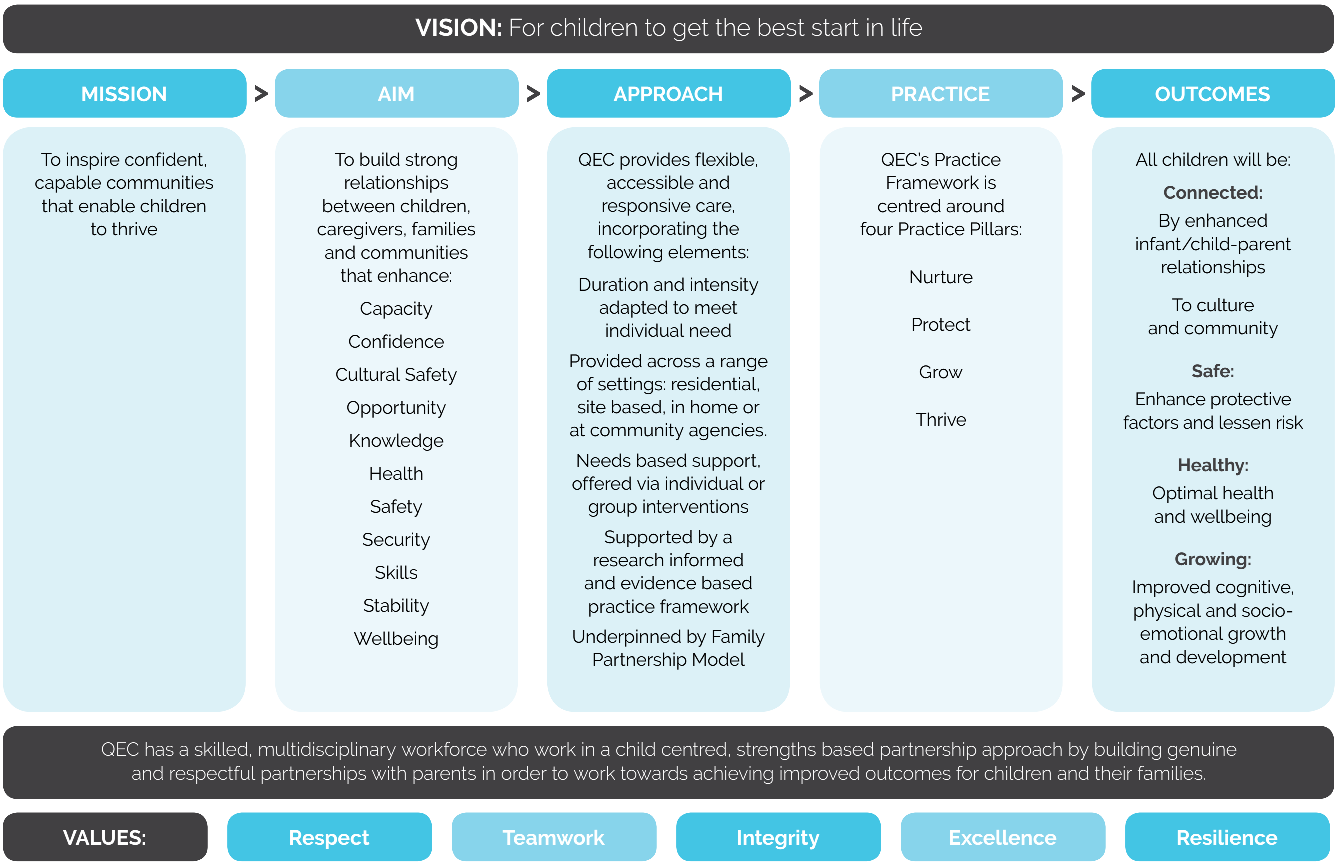
ii. Leadership and Collaboration: Our leadership and partnerships ensure all children are afforded the best start in life

Model of Care and Practice Framework

QEC's new Model of Care and Practice Framework provide an innovative, evidence based method of conceptualizing, delivering and measuring QEC's clinical services.

These resources describe 'what we do', 'how we do it' and 'how we know it worked', and are informed by research, current and emerging evidence, best practice and legislative/regulatory frameworks. The four Model of Care pillars identify key priorities that enable children to have the best start in life:

- Nurture all children will be connected
- Protect all children will be safe
- Grow all children will be healthy
- Thrive all children will achieve their potential.



Each pillar has its' own set of skills, knowledge, evidence, resources and outcome measures. Embedding the Model of Care and Practice Framework has been a key focus of QEC's clinical staff development over the past year, providing a solid base for scalability and anticipated expansion of clinical services.

Data Optimisation Project

Over the past year, QEC continued our Data Optimisation Project to improve clinical data reporting capability. This work has been supported by QEC's Wendy Spry and Frank Slutzkin Committee. The objective of this work was to build foundational business intelligence capability by:

- Selecting a BI tool that is scalable (as analytics capability becomes more sophisticated)
- Making a number of meaningful data fields available for analysis
- Creating static reports, dashboards and slice & dice cubes to present the information.

The completed project has enabled the following systems to review, analyse and guide our work:

✓ A live data warehouse based on the QEC clinical data system, with capacity to connect to other data bases (such as finance)

✓ A complex report using Power BI - a presentation layer solution capable of delivering reports, dashboards and BI cubes.

This work enables QEC to plan, predict and analyse the following interactive data trends over time:

- Admissions/discharges
- Client ages
- Goals/outcomes achieved
- Country of birth/language spoken
- Socio economic factors (education income)
- Risk factors
- Postcode
- Indigenous status
- Program type
- Campus/site.

Conference Papers and Presentations

QEC has been privileged to provide significant leadership and knowledge sharing across the sector over the past year at the following events:

The Centre for Excellence in Child and Family Welfare OPEN Symposium

The theme of the 2019 Symposium was "The Voices that Matter" – ensuring the voices of children, young people and families are heard. QEC presented a paper describing our innovative, digital approach to consumer participation.

Centre for Community Child Health - Royal Children's Hospital and Murdoch Children's Research Institute.

QEC participated in a Q&A style interview exploring how our work is linked to vision and mission at the Centres 25 year's celebratory event.

Australasian Association of Parenting and Child Health

QEC attended this annual collaboration of Early Parenting centres across Australia – sharing ideas, challenges and solutions.

Victorian Maternal and Child Health Nurses Conference

QEC presented an overview of improvements to our Assessment and Intake processes, highlighting that families' now receive a response within a week of referral.

Guest lectureships at Latrobe and RMIT Universities

These sessions provided Maternal and Child Health post graduate students with an introduction to QEC and our Workforce Development Program.

Municipal Association of Victoria Maternal and Child Health Coordinators Workshop

QEC engaged in a consultation process exploring partnerships to improve the referral processes to QEC.

Mental Health Royal Commission

The Victorian Royal Commission into Mental Health sought to inform major changes to Victoria's mental health services. The Commission examined: prevention and early intervention, accessibility and navigation of the system, integration with other services, and community, acute and forensic mental health.

QEC worked with our partners to ensure the needs of families with young children and the work of Early Parenting Centres were well represented at the Commission. Our work intersects 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.

QEC's submission to the Royal Commission highlights the importance of our work and the imperative for continued investment in the early years.

Productivity Commission Mental Health System Report

QEC provided a submission to the Australian Productivity Commission draft report into Australia's mental health system, encompassing the following recommendations:

I. Invest in positive infant mental health across a range of early parenting and early childhood settings

II. Create a Victorian Perinatal Mental Health Plan, with a focus on enhanced and ongoing funding

III. Introduce systematic antenatal mental health screening for all women throughout pregnancy

IV. Actively promote research on the first thousand days to a broad audience to increase understanding of the influence on future mental health, development and wellbeing

V. Invest in a range of evidence-informed, self-determined perinatal and early years interventions across the state that have proven successful in supporting the mental wellbeing of Aboriginal children and their families.

VI. Explore options for increasing the availability and reach of infant mental health training and skills focused on the first thousand days for the early childhood workforce.

Mental Health and Wellbeing Workforce Initiatives

QEC is participating in a Victorian Government project that aims to support the public sector in improving workforce health and safety. The project will benchmark existing practices and recommend improvements across:

- OH&S frameworks/policies/strategies
- Type/frequency of data collection and reporting
- Main indicators/information in data collection
- How data contributes to continuous improvement
- Type, frequency and delivery mode of evidence-based training programs.

Participation in this project enables access to benchmarked, best practice data - information to date indicates that QEC benchmarks well against the above domains.

Research Project: Looking After Children's Health in Out of Home Care

The Victorian Department of Health and Human Services contracted the University of Melbourne to undertake a series of consultations to inform a new Out of Home Care (OOHC) Health Strategy, with a focus on the following questions:

- Do children in OOHC get the right health care, in the right place, at the right time to help them achieve their potential for a healthy adult life? Could they benefit from better integrated and coordinated health care?
- Are new strategies needed to ensure we keep children in OOHC as well as possible, given their increased risks of chronic and complex health conditions? Are additional strategies needed in the face of health issues where we know poor outcomes are avoidable?

QEC was identified as an expert stakeholder – and participated in a 90 minute 1:1 interview with the University of Melbourne researchers.

iii. People and Culture: Our people are essential to providing, innovative, high quality care that enables children to thrive

Leadership Team Development

In 2019–20, QEC embarked on a comprehensive project to support leadership development that enables us to capitalise on future periods of change and growth. The project comprised three distinct modules:

Region	Purpose
Management Essentials	A development program for our middle management team to: • Promote positive team culture (aligned to vision, mission and strategy) • 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

QEC continues to support employee development at all levels of our organisation, acknowledging this essential component in providing safe, effective quality care to the families we serve.

Health and Wellbeing Program

QEC's new Health and Wellbeing Program aims to support a healthy and engaged organisational culture; the program includes a range of tangible benefits for employees such as:

- Discounted gym memberships
- Physical activity challenges
- Discounted yoga & meditation
- Healthy meal options
- Subsidised social opportunities
- Links to health information.

This initiative continues to build QEC's strong culture – and support employee satisfaction, engagement, attraction and retention.

People Matter Survey

QEC's 2019 survey resulted in a further increase in response rates, demonstrating that employees are engaged with QEC and keen to have a say:

2017:	32% response rate
2018:	56% response rate
2019:	61% response rate
Victorian 2019 benchmark:	41% response rate.

A snapshot of the key results indicates that QEC is tracking extremely well across major culture domains:

	QEC Score 2019	Difference from all organisations	Difference from comparator group
Engagement	75	+6	+7
Satisfaction	73	+5	+6
Innovative Behaviour	61	+2	+4
Well Being: Job Related Effect	68	+20	+25

Learning Week

Developing a strong learning environment forms a key part of QEC's commitment to evolving into a research and evidence based organisation. In pursuit of this aim, in 2018 QEC developed a critical initiative to foster a culture of inquiry and scholarship: the QEC Learning Week. In 2019, we again brought together employees from across QEC to learn from key experts in early parenting and related fields. The program incorporated best practice updates, interactive learning workshops and guest speakers. Highlights included:

- Launch of our Model of Care and Practice Framework
- Official Welcome to Country and Smoking Ceremony
- Reconciliation Action Plan launch
- Strategic Plan launch
- A range of training modules including: CPR, client health records, staff wellbeing, prevention of bullying and discrimination, and trauma informed practice.

Incident Reporting

Incident trends at QEC remain stable, reflecting a robust culture of open disclosure and an effective risk management approach. All individual incidents are analysed and overseen by line managers; the Executive team analyses trends and provides oversight of all significant events. Clinical incidents are also reviewed by the Clinical Governance Committee. Category 1 incidents are reported to the Board within 24 hours.

Category	No of Reported Incidents 2018/19	No of Reported Incidents 2019-20
1 – Severe	0	2
2 – Moderate	16	18
3 – Mild/Near Miss	231	213

Workforce

The Victorian Public Sector Code of Conduct describes expected standards of behaviour at QEC. Our multidisciplinary workforce is well supported to understand the requirements of the code. The data below demonstrates stable workforce trends and a consistent approach to delivering our Model of Care.

Workforce Data

Role	June Current Month FTE		Average Monthly FTE	
	2019	**2020**	**2019**	**2020**
Nursing (including Registered Nurses, Enrolled Nurses, Early Parenting Practitioners and Clinical Educators)	64.9	55.3	65	60.9
Administration, Customer Service and Finance	14.3	13.9	14.3	15.7
Executive and Managers	9.6	10.7	9.9	11.1
Medical Support	N/A	N/A	N/A	N/A
Allied Health Professionals	5.4	8.6	5.8	8.4
Medical Officers	0.5	0.5	0.5	0.5
Hospital Medical Officers	N/A	N/A	N/A	N/A
Sessional Clinicians	N/A	N/A	N/A	N/A
Ancillary Health Staff	N/A	N/A	N/A	N/A
Total	**94.7**	**89**	**95.5**	**96.6**

Accreditation

QEC's mid cycle accreditation review was undertaken by the Australian Council of Healthcare Standards in early 2020, against the following 2 streams:

EQuIP6 (National) - EQuIP6 focuses on the issues considered to be of the greatest importance in providing safe, high quality health care. The standards address the clinical, support and corporate functions of the organisation.

Human Services (Victorian) – HSS consist of four discrete service delivery standards:

1. Empowerment: people's rights are promoted and upheld
2. Access and engagement: people's right to access transparent, equitable and integrated services is promoted and upheld
3. Wellbeing: people's right to wellbeing and safety is promoted and upheld
4. Participation: people's right to choice, decision making and to actively participate as a valued member of their chosen community is promoted and upheld.

QEC was awarded full accreditation status. The team of auditors spent 2 days on site examining evidence and interviewing stakeholders, making the following observations:

- QEC is to be commended for the amount of work undertaken to improve outcomes for vulnerable clients, particularly in the development of the innovative model of care to guide best practice.
- The quality improvement system operating within QEC is impressive. There is obvious commitment from the Board and Executive team to ensure quality and risk is part of everyday business.
- The Executive team is extremely engaged, well represented and provides the leadership skills to make informed, collegial decisions.
- The services provided are supported by a strong clinical governance framework and well-developed policies, procedures and guidelines, to ensure clients can access services appropriate to their needs.
- The staff are enthusiastic, committed to the provision of high-quality services and knowledgeable about the needs of their clients.

- Many of the staff interviewed had been employed by the service for a number of years and spoke of the current supportive environment and professional development opportunities.
- Clients are very appreciative of the services available and the way in which staff involve them in their care. Rights and responsibilities are well understood and exercised by clients in all programs. Clients are treated with respect and dignity, even under the most adverse circumstances.

The following regulatory KPIs have also been achieved:

Key Performance Indicator	Result
Compliance with the Hand Hygiene Australia program	95% at end of June 2020
Percentage of healthcare workers immunised for influenza	49% at end of August 2019 72% at end of June 2020

Occupational Health and Safety

QEC has a robust, well embedded Occupational Health and Safety Management System that ensures:

- Compliance with relevant legislation, including the OHS Act
- OH&S performance against objectives
- Consideration of health and safety aspects in the purchase of products and services
- OH&S induction for staff and contractors, and regular reinforcing of requirements
- A close working relationship between QEC and employees, contractors, suppliers, clients and the community in relation to health and safety
- Zero tolerance to all forms of violence and a commitment to the safety and well-being of all clients and staff
- Workplace anti bullying and harassment prevention awareness initiatives.

Occupational Health and Safety	2019-20	2018-19	2017-18
Reported hazards/incidents for the year per 100 FTE	29	24	46
'Lost time' standard claims for the year per 100 FTE	0	0	3
Average cost per claim for the year	0	0	$8,895

Occupational Violence	2019-20
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	7
Number of occupational violence incidents reported per 100 FTE	7
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	<1%

iv. *Sustainability:* We are able to provide enduring support to families now and into the future

QEC Service Plan

Following the launch of our new Strategic Plan, QEC developed a 15 year Service Plan, reflecting current evidence and external environments.

QEC is pleased to have been granted $9 million by the Victoria Government to undertake refurbishment works at our Noble Park site. Improved facilities will increase our capacity to provide specialist services for infants and children up to 4 years and deliver support to families experiencing significant, persistent parenting challenges. The planned works will:

- Increase reach to more families to ensure optimal development, health and well-being in the early years
- Create flexible, responsive options for families – enabling care coordination and wrap around supports
- Reduce wait times and support a stepped care model – ensuring families receive the right care at the right time
- Further link QEC services with the local service system and specialist, clinical services
- Support a health promoting approach to early parenting supports, based on a social model of health.

These objectives will be realised via:

I. Increased bed capacity to support expansion of residential services

II. Redesigned building entrance to create a welcoming entrance and street frontage and accommodation for integrated specialist primary care services

III. Additional office space for home visiting services, digital health and future growth.

An uplift to existing facilities will ensure a consistent experience across all areas of QEC's Noble Park site. Building on our significant relationship with Aboriginal agencies and communities, modernising our existing building will further promote inclusive, accessible practice approaches – and enable an additional focus on cultural diversity, LGBTI families and people with differing abilities. This work will also improve building efficiency and environmental performance.

Facilities Upgrades

Significant prevention, repairs and maintenance work at our Noble Park facility has been undertaken over the past year.

As part of QEC's commitment to reducing occupational violence and improving occupational health and safety, the following initiatives have been completed:

- Bollards installed at the front entrance to deter/prevent forced entry
- Essential services review
- Fire panel upgraded to increase capacity in fire response systems and processes.

In response to consumer feedback, and in line with an audit against relevant standards, the following projects have been also been completed:

- All infant cots in Residential and Day Stay units have been upgraded
- All parent/care giver beds in Residential unit have been upgraded
- Day Stay playground soft fall has been replaced.

A significant vehicle fleet refresh was also undertaken.

Information and Communication Technology

Significant work has been undertaken upgrading QEC's ICT environment, including:

- Replacement of laptops, desktops and tablets
- Replacement install of UPS, switches and wireless access points
- Installation of cybersecurity hardware and software to significantly improve security
- Review of servers, backup and disaster recovery.

The total ICT expenditure incurred during 2019-20 was $1,197,000 (excluding GST):

ICT Expenditure	Total $'000	Business as usual ICT expenditure $'000	Non-business as usual ICT expenditure $'000
Operational expenditure	829	764	65
Capital expenditure	368	251	117
Total ICT expenditure	**1,197**	**1,015**	**182**

Futures Project

In 2019-20 QEC undertook a project to ensure we have the right support functions to enable sustainable growth across short, medium and long term horizons. A mapping exercise of our corporate functions, capacity, capability and resources aimed to ensure that QEC has support services that enable:

- Strong project management and business planning focus
- High level of capital works and facilities expertise
- Expert procurement and contract management skills
- Sound financial management processes
- Strong ICT operations
- Customer service focus
- Scalable education and training services
- Expert people, culture and workforce functions
- High level marketing and communications skills
- Quality, risk and corporate governance expertise.

The project methodology included:

I. A desktop review, including analysis of: strategic plan, external benchmarking, growth opportunities, performance against KPIs, organisational chart, position descriptions and internal performance data

II. Consultation with internal stakeholders across all corporate support functions

III. A report recommending options for how QEC can best meet our future objectives, based on requirements for key support functions.

A robust project methodology has resulted in the identification of the following immediate priority areas, which have all been addressed:

✓ ICT Infrastructure, Systems and Capacity

✓ Client Experience

✓ Infrastructure, Facilities and Project Management.

Risk Management

The QEC Risk Management policy and framework enables a comprehensive, integrated approach to identification, assessment, mitigation and monitoring of risk across the organisation.

Following the development of our new Strategic Plan, the QEC Board undertook a significant review of our organisational risk appetite and tolerance levels. The revised risk appetite statements describe the type and amount of risk QEC is willing to pursue (or avoid) to achieve our strategic objectives. The benefits of our clearly identified risk appetites include:

- Strengthened governance and clarity for decision-makers;
- Increased willingness to take on more risk or to avoid some risk exposures;
- Consistency in reporting, decision-making and assurance.

Financial Summary

QEC's financial position remains strong, as demonstrated by the tables below.

Operating Result	2020 $'000	2019 $'000	2018 $'000	2017 $'000	2016 $'000
Total revenue	12,469	12,478	12,301	11,108	11,623
Total expenses	(11,946)	(11,276)	(11,875)	(10,795)	(10,316)
Net result from transactions	**523**	**1,202**	**426**	**313**	**1,307**
Total other economic flows	(192)	(7)	103	13	17
Net result	**331**	**1.195**	**529**	**326**	**1,324**
Total assets	18,816	17,550	16,142	15,380	14,063
Total liabilities	3,498	2,563	2,424	2,414	2,463
Net assets/Total equity	**15,318**	**14,987**	**13,718**	**12,966**	**11,600**

2020	$'000
Net operating result	**1,241**
Capital purpose income	0
Specific income	0
Assets provided free of charge	0
Assets received free of charge	0
Expenditure for capital purpose	(86)
Depreciation and amortisation	(608)
Impairment of non-financial assets	0
Finance costs (other)	(24)
Net result from transactions	**523**

Consultancies

In 2019–20, there were 20 consultancies where the total fees payable to the consultants were less than $10,000. The total expenditure incurred during 2019-20 in relation to these consultancies was $55,000 (excluding GST).

In 2019–20, there were 6 consultancies where the total fees payable to the consultants were $10,000 or greater. The total expenditure incurred during 2019–20 in relation to these consultancies was $210,000 (excluding GST).

Details of individual consultancies are outlined below:

Consultant	Purpose	Start Date	End Date	Total Project Fee (excl GST) $' 000	Expenditure 2019-20 (excl GST) $'000	Future Expenditure (excl GST) $'000
Powernet	ICT consultant	Pre 2020	ongoing	101	101	ongoing
Alecto Australia	Clinical billing review	2020	2020	27	27	nil
Impact Co.	Clinical program review	2020	2020	25	25	nil
Battiston Consulting	ICT consultant	2020	2020	24	24	nil
Kianza	Clinical data reporting	2019	ongoing	23	23	ongoing
Garside Consulting	Employment relations	2020	2020	10	10	nil
Total				**210**	**210**	

7. Attestations and Declarations

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 in accordance with the Children, Youth and Families Act 2005.

The responsible Minister in 2019-20 was Jenny Mikakos MP, Minister for Health, Minister for Ambulance Services.

QEC also acknowledges Martin Foley, MP, Minister for Mental Health and Luke Donnellan, MP, Minister for Child Protection, Minister for Disability, Ageing and Carers.

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.

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.

Conflict of Interest Declaration

I, Sue White, certify that the Queen Elizabeth Centre 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 and members of the Board within the Queen Elizabeth Centre, 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 Board meeting.

Sue White
Chief Executive Officer
Queen Elizabeth Centre
13 October 2020

Data Integrity Declaration

I, Sue White, certify that the Queen Elizabeth Centre has put it place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. The Queen Elizabeth Centre has critically reviewed these controls and processes during the year.

Sue White
Chief Executive Officer
Queen Elizabeth Centre
13 October 2020

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.

Financial Management Compliance SD 5.1.4

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.

Sandy Bell
Board President
Queen Elizabeth Centre
13 October 2020

Warwick Spargo
Chair, Audit, Finance and Infrastructure Committee
Queen Elizabeth Centre
13 October 2020

Freedom of Information Act 1982

The Freedom of Information Act endorses the right to request access to information held by QEC. 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 applicants' best interest and rights in mind. QEC supports applicants' rights to request to appeal decisions. The QEC FOI and Privacy Officer is Ms Dorella Mohun. In 2019-20 there were 5 FOI requests made to QEC; the majority were acceded to.

Health Purchasing Victoria Health Purchasing Policies

I, Sue White, certify that the Queen Elizabeth Centre 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.

Sue White
Chief Executive Officer
Queen Elizabeth Centre
13 October 2020

Integrity, Fraud and Corruption Declaration

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

Sue White
Chief Executive Officer
Queen Elizabeth Centre
13 October 2020

National Competition Policy

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

Protected Disclosure Act 2012

In accordance with the Protected Disclosure Act 2012, there were no matters referred to the Independent Broad-based Anti-corruption Commission

Safe Patient Care Act 2015

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

Additional information available on request

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

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

8. Partners and Supporters

QEC would like to acknowledge the generous 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
- Country Women's Association

We are fortunate to collaborate with the following partners:

- Anglicare Victoria
- Bass Coast Health
- Berry Street
- Doveton College
- Gippsland Lakes Complete Health
- MacKillop Family Services
- Monash Health
- Quantum Support Services
- Ramahyuck District Aboriginal Corporation
- Uniting (Victoria & Tasmania)
- Upper Murray Family Care
- Victorian Aboriginal Child Care Agency
- West Gippsland Healthcare Group

Our Life Governors have made significant contributions over many years:

- Mr David Dyer AM
- Mrs Patti Fellows
- Mrs Nan Harrison
- Mrs Susan Harper OAM
- The 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
- Ms Mary Sayers
- Ms Jenny Fairbain
- Ms Ian Ross

9. Financial Report 2019–20

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 2020 and the financial position of The Queen Elizabeth Centre at 30 June 2020.

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

We authorise the attached financial statements for issue on 13 October 2020.

Warwick Spargo Board Member	Sue White Chief Executive Officer	Samantha Corrigan Chief Finance & Accounting Officer
Noble Park 13 October 2020	Noble Park 13 October 2020	Noble Park 13 October 2020

Auditor's Report

Independent Auditor's Report

VAGO
Victorian Auditor-General's Office

To the Board of The Queen Elizabeth Centre

Opinion	I have audited the financial report of The Queen Elizabeth Centre (the health service) which comprises the: • balance sheet as at 30 June 2020 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • board member's, accountable officer's and chief finance & accounting officer's declaration. In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2020 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. My independence is established by the *Constitution Act 1975.* My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Board's responsibilities for the financial report	The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

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
6 November 2020

Travis Derricott
as delegate for the Auditor-General of Victoria

2

Comprehensive Operating Statement

For the Financial Year ended 30 June 2020

	Note	2020 $'000	2019 $'000
Income from Transactions			
Operating Activities	2.1	12,190	12,178
Non-Operating Activities	2.1	279	300
Total Income from Transactions		**12,469**	**12,478**
Expenses from Transactions			
Employee Expenses	3.1	(9,190)	(8,774)
Supplies and Consumables	3.1	(24)	(35)
Finance Costs	3.1	(24)	-
Depreciation and Amortisation	3.1, 4.4	(608)	(398)
Other Administrative Expenses	3.1	(1,779)	(1,775)
Other Operating Expenses	3.1	(321)	(294)
Total Expenses from Transactions		**(11,946)**	**(11,276)**
Net Result from Transactions – Net Operating Balance		**523**	**1,202**
Other Economic Flows included in Net Result			
Net Gain on Sale of Non-Financial Assets	3.2	108	-
Net Loss on Financial Instruments at Fair Value	3.2	(300)	(7)
Total Other Economic Flows included in Net Result		**(192)**	**(7)**
NET RESULT FOR THE YEAR		**331**	**1,195**
Other Comprehensive Income			
Items that will not be reclassified to Net Result			
Changes in Property, Plant and Equipment Revaluation Surplus		-	74
Total Other Comprehensive Income		**-**	**74**
COMPREHENSIVE RESULT FOR THE YEAR		**331**	**1,269**

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

Balance Sheet as at 30 June 2020

	Note	2020 $'000	2019 $'000
Current Assets			
Cash and Cash Equivalents	6.2	1,882	3,061
Receivables	5.1	147	198
Other Assets	5.3	73	78
Total Current Assets		**2,102**	**3,337**
Non-Current Assets			
Receivables	5.1	436	515
Investments and Other Financial Assets	4.1	6,222	4,775
Property, Plant and Equipment	4.2	9,982	8,824
Intangible Assets	4.3	74	99
Total Non-Current Assets		**16,714**	**14,213**
TOTAL ASSETS		**18,816**	**17,550**
Current Liabilities			
Payables and Contract Liabilities	5.2	361	351
Borrowings	6.1	191	-
Provisions	3.3	1,511	1,679
Total Current Liabilities		**2,063**	**2,030**
Non-Current Liabilities			
Borrowings	6.1	880	-
Provisions	3.3	555	533
Total Non-Current Liabilities		**1,435**	**533**
TOTAL LIABILITIES		**3,498**	**2,563**
NET ASSETS		**15,318**	**14,987**
EQUITY			
Property, Plant and Equipment Revaluation Surplus	4.2 (f)	5,993	5,993
Contributed Capital		4,894	4,894
Accumulated Surplus		4,431	4,100
TOTAL EQUITY		**15,318**	**14,987**

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

Statement of Changes in Equity

For the Financial Year ended 30 June 2020

	Note	Property, Plant and Equipment Revaluation Surplus $'000	Contributed Capital $'000	Accumulated Surplus $'000	Total $'000
Balance at 1 July 2018	4.2 (f)	**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
Transfer to accumulated surplus		-	-	-	-
Balance at 30 June 2019		**5,993**	**4,894**	**4,100**	**14,987**
Effect of adoption of AASB 15, 16 and 1058	8.9	**-**	**-**	**-**	**-**
Restated balance at 30 June 2019		**5,993**	**4,894**	**4,100**	**14,987**
Net result for the year		-	-	331	331
Other comprehensive income for the year		-	-	-	-
Balance at 30 June 2020		**5,993**	**4,894**	**4,431**	**15,318**

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

Cash Flow Statement

For the Financial Year ended 30 June 2020

	Note	2020 $'000	2019 $'000
Cash Flows from Operating Activities			
Operating Grants from Government		11,801	11,020
Donations and Bequests Received		3	512
GST Received from ATO		5	11
Interest and Investment Income Received		73	105
Other Receipts		522	185
Total Receipts		**12,404**	**11,833**
Employee Expenses Paid		(9,270)	(8,426)
Payments for Supplies and Other Expenses		(2,060)	(2,181)
Payments for Repairs and Maintenance		(117)	(127)
Total Payments		**(11,447)**	**(10,734)**
Net Cash Flows from Operating Activities	8.1	**957**	**1,099**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Disposal of Investments		4,603	-
Purchase of Investments		(6,153)	(100)
Purchase of Non-Financial Assets		(494)	(87)
Purchase of Intangible Assets		-	(8)
Proceeds from Disposal of Non-Financial Assets		114	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(1,930)**	**(195)**
Cash Flows from Financing Activities			
Repayment of borrowings		(206)	-
Net Cash Flows used in Financing Activities		**(206)**	**-**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS HELD		**(1,179)**	**904**
Cash and Cash Equivalents at Beginning of Year		**3,061**	**2,157**
CASH AND CASH EQUIVALENTS AT END OF YEAR	6.2	**1,882**	**3,061**

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

Notes to the Financial Statements 30 June 2020

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Note 1: Basis of Preparation

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 2020. 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 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 13 October 2020.

(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.

(c) Basis of accounting preparation and measurement

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

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

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

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

All amounts shown in the financial statement 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 expense when they satisfy the definitions and recognition criteria for those items, that is they are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

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

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 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); and
- 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 in the Balance Sheet).

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

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

In response, QEC placed restrictions on non-essential visitors, implemented reduced visitor hours, and reduced activity and implemented work from home arrangements where appropriate.

There were no significant financial impacts to 30 June 2020 due to COVID-19.

For further details refer to Note 2.1 Income from Transactions, Note 3.1 Expenses from Transactions and Note 4.2 Property, Plant and Equipment.

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.

Note 2: Funding Delivery of Our Services

QEC'S overall objective is to provide quality health services that help young children living in vulnerable situations 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

(a) Income from Transactions

	2020 $'000	2019 $'000
Government Grants (State) – Operating	11,806	11,025
Other Income from Operating Activities (including non-capital donations)	384	1,153
Total Income from Operating Activities	**12,190**	**12,178**
Other Interest	28	44
Other Income from Non-Operating Activities	251	256
Total Income from Non-Operating Activities	**279**	**300**
Total Income from Transactions	**12,469**	**12,478**

Income recognition

Income is recognised in accordance with either:

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

Government Grants

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

Total grant revenue received in the year was recognised in full as performance obligations were met.

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

Note 2: Funding Delivery of our Services (continued)

Related amounts may take the form of:

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

Previous accounting policy for 30 June 2019

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

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

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

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

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

	2020 $'000	2019 $'000
Donations and Bequests	3	512
Other Services i	5	5
Total fair value of assets and services received free of charge or for nominal consideration	**8**	**517**

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

Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the recipient obtains control over the resources, irrespective of whether restrictions or conditions are imposed over the use of the contributions.

The exception to this would be when the resource is received from another government department (or agency) as a consequence of a restructuring of administrative arrangements, in which case such a transfer will be recognised at its carrying value in the transferring department or agency as a capital contribution transfer.

Donations and 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.

Voluntary Services

Contributions in the form of services are only recognised when a fair value can be reliably determined, and the services would have been purchased if not donated. QEC has received volunteer services but these have not been recognised as they were not significant.

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

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in the contract with the customer. QEC recognises revenue when performance obligations for the provision of services to the customer are satisfied.

Consideration received in advance of recognising the associated revenue from the customer is recorded as a contract liability and is disclosed under Note 5.2.

(c) Other Income

	2020 $'000	2019 $'000
Other Interest	28	44
Other Income from Non-Operating Activities	251	256
Total other income	**279**	**300**

Other income is recognised as income when received. Other income includes recoveries for salaries and wages, investment income and donations and bequests.

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.

Distribution Income

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

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 Employee Benefits in the Balance Sheet
3.4 Superannuation

Note 3.1: Expenses from Transactions

	2020 $'000	2019 $'000
Salaries and Wages	8,270	7,747
On-costs	742	729
Agency Expenses	50	162
Workcover Premium	128	136
Total Employee Expenses	**9,190**	**8,774**
Other Supplies and Consumables	24	35
Total Supplies and Consumables	**24**	**35**
Finance Costs	24	-
Total Finance Costs	**24**	**-**
Other Administrative Expenses	1,779	1,775
Total Other Administrative Expenses	**1,779**	**1,775**
Fuel, Light, Power and Water	118	125
Repairs and Maintenance	117	127
Expenditure for Capital Purposes	86	42
Total Other Operating Expenses	**321**	**294**
Total Operating Expense	**11,338**	**10,878**
Depreciation and Amortisation (refer Note 4.4)	608	398
Total Depreciation and Amortisation	**608**	**398**
Total Expenses from Transactions	**11,946**	**11,276**

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

Finance costs

Finance costs include:

- finance charges in respect of leases which are recognised in accordance with AASB 16 *Leases.*

Other Operating Expenses

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

- Fuel, light, 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 of $1,000).

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 outside the normal operations such as depreciation and amortisation, and assets and services provided free of charge or for nominal consideration.

Operating lease payments

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

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

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

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

Note 3.2: Other Economic Flows Included in Net Result

	2020 $'000	2019 $'000
Net gain/(loss) on sale of non-financial assets		
Net gain on disposal of property plant and equipment	108	-
Total Net Gain on Non-Financial Assets	**108**	**-**
Net gain/(loss) on financial instruments		
Other losses from other economic flows	(300)	(7)
Total Net Gain/(Loss) on Financial Instruments	**(300)**	**(7)**
Total Gains/(Losses) From Other Economic Flows	**(192)**	**(7)**

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

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates; and
- changes in the fair value of investments and other financial instruments as measured at fair value through the net result (or profit or loss).

Net gain/(loss) on non-financial assets

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

- revaluation gains/(losses) of non-financial physical assets (Refer to Note 4.2 Property plant and equipment);
- net gain/(loss) on disposal of non-financial assets; and
- any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.

Net gain/(loss) on financial instruments

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

- realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- 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

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: Employee Benefits in the Balance Sheet

	2020 $'000	2019 $'000
CURRENT PROVISIONS		
Employee Benefits [i]		
Unpaid salaries and wages		
Unconditional and expected to be settled wholly within 12 months [ii]	9	208
Annual leave		
Unconditional and expected to be settled wholly within 12 months [ii]	596	514
Unconditional and expected to be settled wholly after 12 months [iii]	-	-
Long Service Leave		
Unconditional and expected to be settled wholly within 12 months [ii]	77	50
Unconditional and expected to be settled wholly after 12 months [iii]	561	630
Other Leave		
Unconditional and expected to be settled within 12 months [ii]	43	60
Unconditional and expected to be settled after 12 months [ii]	-	-
	1,286	**1,462**
Provisions related to Employee Benefit On-Costs		
Unconditional and expected to be settled within 12 months [ii]	163	145
Unconditional and expected to be settled after 12 months [iii]	62	72
	225	**217**
TOTAL CURRENT PROVISIONS	**1,511**	**1,679**
NON-CURRENT PROVISIONS		
Conditional Long Service Leave	500	479
Provisions Related to Employee Benefit On-Costs	545	54
TOTAL NON-CURRENT PROVISIONS	**555**	**533**
TOTAL EMPLOYEE BENEFITS IN THE BALANCE SHEET	**2,066**	**2,212**

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: Employee Benefits in the Balance Sheet (continued)

(a) Employee Benefits and Related On-Costs

Current Employee Benefits and Related On-Costs	2020 $'000	2019 $'000
Unconditional long service leave entitlements	708	757
Annual leave entitlements	746	646
Unpaid salaries and wages	9	208
Accrued days off	48	68
Total Current Employee Benefits and Related On-Costs	**1,511**	**1,679**
Non-Current Employee Benefits and Related On-Costs		
Conditional long service leave entitlements	555	533
Total Non-Current Employee Benefits and Related On-Costs	**555**	**533**
TOTAL EMPLOYEE BENEFITS AND RELATED ON-COSTS	**2,066**	**2,212**

Movement in Long Service Leave	2020 $'000	2019 $'000
Carrying Amount at Start of Year	**1,290**	**1,010**
Additional provisions recognised	21	234
Unwinding of discount and effect of changes in the discount rate	40	210
Settlement made during the year	(88)	(164)
Carrying amount at end of year	**1,263**	**1,290**

(b) Movement in On-Costs Provisions

	2020 $'000	2019 $'000
Balance at start of year	**271**	**241**
Additional provisions recognised	5	18
Unwinding of discount and effect of changes in the discount rate	4	12
Balance at end of year	**280**	**271**

Note 3.3: Employee Benefits in the Balance Sheet (continued)

Employee Benefit Recognition

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

Provisions

Provisions are recognised when 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.

Unpaid Salaries and Wages, Annual Leave and Accrued Days Off

Liabilities for unpaid salaries and wages, 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 settlement of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for unpaid salaries and wages, 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	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Defined Benefit Plans:[i]				
First State Super	18	16	2	2
Defined Contribution Plans:				
First State Super	297	322	21	36
Hesta	313	305	26	38
Other	249	163	21	36
Total	**877**	**806**	**70**	**112**

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 employees during the reporting period. Superannuation contributions are made to the plans based on the relevant rules of each plan and are based upon actuarial advice.

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

Note 4.1: Investments and Other Financial Assets

	2020 $'000	2019 $'000
NON-CURRENT		
Managed Investment Schemes	6,222	4,775
Total NON-CURRENT	**6,222**	**4,775**
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	**6,222**	**4,775**
Represented by:		
Investments	**6,222**	**4,775**

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 Management, including Central Banking System.

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.

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

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

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 the Comprehensive Income Statement, are subject to annual review for impairment.

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

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

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. Assets transferred as part of a merger/ machinery of government change are transferred at their carrying amounts.

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

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

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

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

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

QEC recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

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

QEC has applied the AASB 16 *Leases* modified retrospective transition method # 1 from 1 July 2019 with the right-of-use asset equal to the amount of the right-of-use liability. This has resulted in no impact to the opening balance of accumulated surplus at the date of application.

Right-of-use asset – Subsequent measurement

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

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

Revaluations of Non-Current Physical Assets

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

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

Note 4.2: Property, Plant and Equipment (continued)

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

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

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

In accordance with FRD 103H *Non-financial Physical Assets*, 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 and the level of the fair value hierarchy as explained below.

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.

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.

Note 4.2: Property, Plant and Equipment (continued)

In accordance with AASB 13 *Fair Value Measurement* paragraph 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.

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.

Motor 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 2020.

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

	2020 $'000	2019 $'000
Land at Fair Value	3,386	3,386
TOTAL LAND AT FAIR VALUE	**3,386**	**3,386**
Buildings at Fair Value	**5,013**	5,013
Less Accumulated Depreciation	(185)	-
Total Buildings at Fair Value	**4,828**	**5,013**
Leasehold Improvements at Cost	5	5
Less Accumulated Depreciation	(3)	(2)
Total Leasehold Improvements at Cost	**2**	**3**
Buildings Right of Use	861	-
Less Accumulated Depreciation	(160)	-
Total Buildings Right of Use	**701**	**-**
TOTAL BUILDINGS	**5,531**	**5,016**
Plant and Equipment at Fair Value	407	332
Less Accumulated Depreciation	(256)	(205)
TOTAL PLANT AND EQUIPMENT	**151**	**127**
Motor Vehicles at Fair Value	382	704
Less Accumulated Depreciation	(261)	(486)
TOTAL MOTOR VEHICLES	**121**	**218**
Computers and Communication Equipment at Fair Value	557	189
Less Accumulated Depreciation	(176)	(135)
TOTAL COMPUTERS AND COMMUNICATION EQUIPMENT	**381**	**54**
Furniture and Fittings at Fair Value	155	96
Less Accumulated Depreciation	(100)	(86)
TOTAL FURNITURE AND FITTINGS	**55**	**10**
Cultural Assets at Fair Value	5	5
Less Accumulated Depreciation	-	-
TOTAL CULTURAL ASSETS	**5**	**5**
Right of Use Plant, Equipment, Furniture and Fittings and Motor Vehicles	392	-
Less Accumulated Depreciation	(40)	-
TOTAL RIGHT OF USE – PLANT, EQUIPMENT, FURNITURE AND FITTINGS, AND MOTOR VEHICLES	**352**	**-**
OTHER ASSETS UNDER CONSTRUCTION AT COST	**-**	**8**
TOTAL PROPERTY, PLANT AND EQUIPMENT	**9,982**	**8,824**

Note 4.2: Property, Plant and Equipment (continued)

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

	Note	Land	Buildings	Right of Use – Buildings	Plant & Equipment	Motor Vehicle	Computers & Communication Equipment	Furniture & Fittings	Cultural Assets	Right of Use – Plant, Equipment, Furniture & Fittings, Motor Vehicles	Assets Under Construction	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
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	4.4	-	(164)	-	(45)	(108)	(16)	(3)	-	-	-	(336)
Balance at 1 July 2019	4.2 (a)	**3,386**	**5,016**	**-**	**127**	**218**	**54**	**10**	**5**	**-**	**8**	**8,824**
Recognition of right-of-use assets on initial application of AASB 16		-	-	861	-	-	-	-	-	392	-	1,253
Additions		-	-	-	67	-	368	59	-	-	-	494
Disposals		-	-	-	-	(6)	-	-	-	-	-	(6)
Net Transfers between classes		-	-	-	8	-	-	-	-	-	(8)	-
Depreciation	4.4	-	(186)	(160)	(51)	(91)	(41)	(14)	-	(40)	-	(583)
Balance at 30 June 2020	4.2 (a)	**3,386**	**4,830**	**701**	**151**	**121**	**381**	**55**	**5**	**352**	**-**	**9,982**

Note 4.2: Property, Plant and Equipment (continued)

Land and Buildings Carried at Valuation

A full revaluation of QEC's land and buildings was performed by the Valuer-General of Victoria (VGV) in June 2019 in accordance with the requirements of Financial Reporting Direction (FRD) 103H *Non-Financial Physical Assets*. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The effective date of the valuation for both land and buildings was 30 June 2019.

In compliance with FRD103H, in the year ended 30 June 2020, QEC's management conducted an annual assessment of the fair value of land and buildings and leased buildings. To facilitate this, management obtained from the Department of Treasury and Finance the Valuer General Victoria indices for the financial year ended 30 June 2020.

The VGV indices, which are based on data to March 2020, indicate an average increase of 10% for land and a 2% increase in buildings.

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

Since the cumulative movement in fair value of land and buildings is less than or equal to 10%, no managerial revaluation was required in FY1920.

The land and building balances are considered to be sensitive to market conditions. To trigger a managerial revaluation decrement a decrease in the land indice of 20% and a decrease in the buildings indice of 12% would be required.

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 2020	**$'000**	**$'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	4,830	-	-	4,830
Total Buildings at Fair Value	**4,830**	**-**	**-**	**4,830**
Plant and Equipment at Fair Value	151	-	-	151
Motor Vehicles at Fair Value	121	-	-	121
Computers and Communication Equipment at Fair Value	381	-	-	381
Furniture and Fittings at Fair Value	55	-	-	55
Cultural Assets at Fair Value	5	-	-	5
Total Other Plant and Equipment at Fair Value	**713**	**-**	**-**	**713**
Right of Use Buildings	701	-	-	701
Right of Use PPE, Furniture & Fittings and Motor Vehicles	352	-	-	352
Total Right of Use Assets at Fair Value	**1,053**	**-**	**-**	**1,053**
Total Property, Plant and Equipment	**9,982**	**-**	**-**	**9,982**

	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 Buildings 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 other plant and equipment at fair value	**414**	**-**	**-**	**414**
Total Property, Plant and Equipment	**8,816**	**-**	**-**	**8,816**

There have been no transfers between levels during the period. [i] Classified in accordance with the fair value hierarchy.

Note 4.2: Property, Plant and Equipment (continued)

(d) Reconciliation of Level 3 Fair Value[i]

	Land	Buildings	Right of Use – Buildings	Plant & Equipment	Motor Vehicles	Computers & Communication Equipment	Furniture & Fittings	Cultural Assets	Right of Use – Plant, Equipment, Furniture & Fittings, Motor Vehicles
	$'000	$'000	$'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**	**-**
Recognition of right-of-use assets on initial application of AASB 16	-	-	861	-	-	-	-	-	392
Additions/(Disposals)	-	-	-	67	(6)	368	59	-	-
Net Transfers between classes	-	-	-	8	-	-	-	-	-
Gains/(Losses) recognised in Net Result									
Depreciation and Amortisation	-	(186)	(160)	(51)	(91)	(41)	(14)	-	(40)
Items recognised in Other Comprehensive Income									
Revaluation	-	-	-	-	-	-	-	-	-
Balance at 30 June 2020	**3,386**	**4,830**	**701**	**151**	**121**	**381**	**55**	**5**	**352**

[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)
Specialised Land (Freehold)	Market approach	Community Service Obligations Adjustments [i]
Specialised buildings	Market approach and subsequently depreciated replacement cost approach	• Cost per square metre • Useful life
Plant and equipment	Depreciated replacement cost approach	• Cost per unit • Useful life
Motor Vehicles	Market approach	N/A
	Depreciated replacement cost approach	• Cost per unit • Useful life
Computers and Communication Equipment	Depreciated replacement cost approach	• Cost per unit • Useful life
Furnitures and Fittings	Depreciated replacement cost approach	• Cost per unit • Useful life
Cultural assets	Market approach	N/A

i A community service obligation (CSO) of 20% was applied to QEC specialised land classified in accordance with the fair value hierarchy.

(f) Property, Plant and Equipment Revaluation Surplus

	Note	2020 $'000	2019 $'000
Property, Plant and Equipment Revaluation Surplus			
Balance at the beginning of the reporting period		5,993	5,919
Revaluation Increment			
Land	4.2(b)	-	(654)
Buildings	4.2(b)	-	728
Balance at the end of the reporting period*		**5,993**	**5,993**
***Represented by:**			
Land		3,386	3,386
Buildings		2,602	2,602
Cultural Assets		5	5
		5,993	**5,993**

Note 4.3: Intangible Assets

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

	2020 $'000	2019 $'000
Intangible Produced Assets – Software	424	424
Less Accumulated Amortisation	(350)	(325)
TOTAL INTANGIBLE ASSETS	**74**	**99**

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

	Note	Software $'000	Total $'000
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		(4)	(4)
Amortisation	4.4	(62)	(62)
Balance at 1 July 2019		**99**	**99**
Amortisation	4.4	(25)	(25)
Balance at 30 June 2020		**74**	**74**

(i) Transfer from Property, Plant and Equipment was included in Assets Under Construction at 30 June 2019 (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.

Purchased intangible assets

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

Note 4.4: Depreciation and Amortisation

	2020 $'000	2019 $'000
Depreciation		
Buildings	186	164
Plant and Equipment	51	45
Motor Vehicles	91	108
Computers and Communication Equipment	41	16
Furniture and Fittings	14	3
Right of Use Assets		
- Right of use buildings	160	-
- Right of use plant, equipment and vehicles	40	-
Total Depreciation	**583**	**336**
Amortisation		
Software	25	62
Total Amortisation	**25**	**62**
TOTAL DEPRECIATION AND AMORTISATION	**608**	**398**

Depreciation

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

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

Amortisation

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

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

	2020	2019
Buildings	50 years	50 years
Plant and Equipment	5 to 10 years	5 to 10 years
Motor Vehicles	4 to 5 years	4 to 5 years
Computers and Communication Equipment	3 to 10 years	3 to 10 years
Furniture and Fittings	5 to 10 years	5 to 10 years
Right of Use Assets	1 to 8 years	-
Intangible Assets	5 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

Note 5.1: Receivables and Contract Assets

(a) Receivables

	2020 $'000	2019 $'000
CURRENT		
Contractual		
Trade Debtors	77	132
Accrued Revenue	17	17
	94	**149**
Statutory		
GST Receivable	53	49
TOTAL CURRENT RECEIVABLES	**147**	**198**
NON-CURRENT		
Statutory		
Long Service Leave – Department of Health and Human Services	436	515
	436	**515**
TOTAL RECEIVABLES	**583**	**713**

Note 5.1: Receivables and Contract Assets (continued)

Contractual receivables are classified as financial instruments and categorised as 'financial assets at amortised cost'. They are initially recognised at fair value plus any directly attributable transaction costs. QEC holds 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 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 *Financial Instruments* for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

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

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

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 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.

Impairment losses of contractual receivables

Refer to Note 7.1 (c) Contractual Receivables at Amortised Cost for QEC's contractual impairment losses.

In applying the expected credit loss model, QEC has assessed there are no uncollectible debtors at 30 June 2020 (2019: $nil).

(b) Contract Assets

Contract assets relate to QEC's right to consideration in exchange for goods transferred to customers for works completed, but not yet billed at the reporting date.

QEC does not have any contract assets as at 30 June 2020 (2019: $nil).

Note 5.2: Payables and Contract Liabilities

	Note	2020 $'000	2019 $'000
CURRENT			
Contractual			
Trade Creditors		125	59
Accrued Salaries and Wages		66	-
Accrued Expenses		93	79
Contract Liabilities – Income Received in Advance	5.2 (a)	-	3
Salary Packaging		-	41
Other		7	-
		291	**182**
Statutory			
Withholding Taxes Payable		-	57
Superannuation Payable		70	112
		70	**169**
TOTAL CURRENT PAYABLES		**361**	**351**

Payables Recognition

Payable consist of:

Contractual payables are classified as financial instruments and measured at amortised cost. These consist of accounts payable and salaries and wages payable representing liabilities for goods and services provided to QEC prior to the end of the financial year that are unpaid.

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 contracts.

Statutory payables include withholding tax and superannuation payable.

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

(a) Contract liabilities

	2020 $'000
Opening balance brought forward from 30 June 2019 adjusted for AASB 15	3
Less: Revenue recognised in the reporting period for the completion of a performance obligation	(3)
Total Contract Liabilities	**-**

Contract liabilities include consideration received in advance from customers in respect of services yet to be provided. Invoices are raised according to agreement schedules and if a service component (eg part of a training package) falls into the next reporting period that portion will be classified as income in advance.

Maturity analysis of payables

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

Note 5.3: Other Assets

	2020 $'000	2019 $'000
CURRENT		
Prepayments	73	78
TOTAL CURRENT OTHER ASSETS	**73**	**78**
TOTAL OTHER ASSETS	**73**	**78**

Other 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 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 borrowings and cash balances). Note 7.1 provides additional, specific financial instrument disclosures.

Structure

6.1 Borrowings

6.2 Cash and Cash Equivalents

Note 6.1: Borrowings

	2020 $'000	2019 $'000
CURRENT		
Lease liability (i)	191	-
Total Current Borrowings	**191**	**-**
NON CURRENT		
Lease liability (i)	880	-
Total Non Current Borrowings	**880**	**-**
TOTAL BORROWINGS	**1,071**	**-**

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

Maturity Analysis of Borrowings

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

Defaults and Breaches

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

Lease Liabilities

Repayments in relation to leases are payable as follows:

Note 6.1: Borrowings (continued)

	Minimum future lease payments		Present value of minimum future lease payments	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Not later than one year	215	-	191	-
Later than 1 year and not later than 5 years	873	-	834	-
Later than 5 years	46	-	46	-
Minimum lease payments	**1,134**	**-**	**1,071**	**-**
Less future finance charges	(63)	-	-	-
TOTAL	**1,071**	**-**	**1,071**	**-**
Included in the financial statements as:				
Current borrowings – lease liability			191	-
Non-current borrowings – lease liability			880	-
TOTAL			**1,071**	**-**

The weighted average interest rate implicit in the leases is 2.69% (2019: Not applicable).

Leases

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

QEC's leasing activities

QEC has entered into leases related to office space, printers and motor vehicles.

For any new contracts entered into on or after 1 July 2019, QEC considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition QEC assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to QEC and for which the supplier does not have substantive substitution rights;
- QEC has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and QEC has the right to direct the use of the identified asset throughout the period of use; and
- QEC has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

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

Separation of lease and non-lease components

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

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

Entity as lessee

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

Note 6.1: Borrowings (continued)

Lease Liability – initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or QEC's incremental borrowing rate.

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

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

Lease Liability – subsequent measurement

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

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

Short-term leases and leases of low value assets

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

Presentation of right-of-use assets and lease liabilities

QEC presents right-of-use assets as 'property plant equipment' in the balance sheet. Lease liabilities are presented as 'borrowings' in the balance sheet.

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

In the comparative period, leases of property, plant and equipment were classified as either finance leases or operating leases.

QEC determined whether an arrangement was or contained a lease based on the substance of the arrangement and required an assessment of whether fulfilment of the arrangement is dependent on the use of the specific asset(s); and the arrangement conveyed a right to use the asset(s).

Leases of property, plant and equipment where QEC as a lessee had substantially all of the risks and rewards of ownership were classified as finance leases. QEC had no finance leases in 2019.

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

QEC has applied the AASB 16 *Leases* modified retrospective transition method # 1 from 1 July 2019 with the right-of-use asset equal to the amount of the right-of-use liability. This has resulted in no impact to the opening balance of accumulated surplus at the date of application.

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

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

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

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

Note 6.2: Cash and Cash Equivalents

	2020 $'000	2019 $'000
Cash on Hand	2	2
Cash at Bank	1,880	3,059
TOTAL CASH AND CASH EQUIVALENTS	**1,882**	**3,061**

Cash and cash equivalents recognised on the balance sheet comprise cash on hand and in banks, which is 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 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

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

2020	Note	Financial Assets at Amortised Cost $'000	Financial Assets at Fair Value Through Net Result $'000	Financial Liabilities at Amortised Cost $'000	Total $'000
Contractual Financial Assets					
Cash and Cash Equivalents	6.2	1,882	-	-	1,882
Receivables					
Trade Debtors	5.1	77	-	-	77
Other Receivables	5.1	17	-	-	17
Investments and Other Financial Assets					
Managed Investments	4.1	-	6,222	-	6,222
Total Financial Assets [i]		**1,976**	**6,222**	**-**	**8,198**
Financial Liabilities					
Payables and Contract Liabilities	5.2	-	-	291	291
Borrowings	6.1	-	-	1,071	1,071
Total Financial Liabilities [i]		**-**	**-**	**1,362**	**1,362**

[i] The carrying amount excludes statutory receivables (i.e. GST receivable and DHHS receivable) and statutory payables (i.e. Withholding taxes and Superannuation payable).

Note 7.1: Financial Instruments (continued)

2019	Note	Financial Assets at Amortised Cost $'000	Financial Assets at Fair Value Through Net Result $'000	Financial Liabilities at Amortised Cost $'000	Total $'000
Contractual Financial Assets					
Cash and Cash Equivalents	6.2	3,061	-	-	3,061
Receivables					
Trade Debtors	5.1	132	-	-	132
Other Receivables	5.1	17	-	-	17
Investments and Other Financial Assets					
Managed Investments	4.1	-	4,775	-	4,775
Total Financial Assets [i]		**3,210**	**4,775**	**-**	**7,985**
Financial Liabilities					
Payables and Contract Liabilities	5.2	-	-	182	182
Borrowings	6.1	-	-	-	-
Total Financial Liabilities [i]		**-**	**-**	**182**	**182**

[i] The 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).

Financial assets at amortised cost

Financial assets are measured at amortised cost 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 interest.

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

QEC recognises the following assets in this category:

- cash
- receivables (excluding statutory receivables).

Financial assets at fair value through net result

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

Note 7.1: Financial Instruments (continued)

Financial assets and liabilities at fair value through net result are categorised as such at trade date, or if they are classified as held for trading or designated as such upon initial recognition. Financial instrument assets are designated at fair value through net result on the basis that the financial assets form part of a group of financial assets that are managed based on their fair values and have their performance evaluated in accordance with documented risk management and investment strategies. Financial instruments at fair value through net result are initially measured at fair value; attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as other economic flows unless the changes in fair value relate to changes in QEC's own credit risk. In this case, the portion of the change attributable to changes in QEC's own credit risk is recognised in other comprehensive income with no subsequent recycling to net result when the financial liability is derecognised.

Financial liabilities at amortised cost

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); and
- borrowings (including lease liabilities).

Derecognition of financial asset

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.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

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

Reclassification of financial instruments

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

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. Refer to individual notes to the financial statements for interest rates applicable to each class of liability.

Maturity analysis of Financial Liabilities as at 30 June

				Maturity Dates				
		Carrying Amount	Nominal Amount	Less than 1 Month	1–3 Months	3 Months – 1 Year	1–5 Years	Over 5 Years
2020	**Note**	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial Liabilities [(i)]								
Payables and Contract Liabilities	5.2	291	291	291	-	-	-	-
Borrowings	6.1	1,071	1,134	19	39	157	873	46
Total Financial Liabilities		**1,362**	**1,425**	**310**	**39**	**157**	**873**	**46**
2019								
Financial Liabilities [(i)]								
Payables and Contract Liabilities	5.2	182	182	182	-	-	-	-
Borrowings	6.1	-	-	-	-	-	-	-
Total Financial Liabilities		**182**	**182**	**182**	**-**	**-**	**-**	**-**

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

Note 7.1: Financial Instruments (continued)

(c) Contractual Receivables at Amortised Cost

Impairment of financial assets under AASB 9 Financial Instruments

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

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

Contractual receivables at amortised cost

QEC applies AASB 9 *Financial Instruments* simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates.

QEC has grouped contractual receivables on shared credit risk characteristics and days past due and selected the expected credit loss rate based on QEC's past history, existing market conditions, as well as forward looking estimates at the end of the financial year.

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

On this basis, QEC determines the closing loss allowance at the end of the financial year as $nil (2019: $nil).

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

Statutory receivables at amortised cost

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

Statutory receivables are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As a result, no loss allowance has been recognised for these financial assets during the period.

Note 7.2: Contingent Assets and Contingent Liabilities

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.

There were no contingent assets and no contingent liabilities for QEC as at 30 June 2020 or 30 June 2019.

Note 8: Other Disclosures

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

Structure

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

	Note	2020 $'000	2019 $'000
Net Result for the Year		331	1,195
Non-Cash Movements:			
Depreciation	4.4	583	336
Amortisation of Intangible Non-Produced Assets	4.4	25	62
Finance Costs	3.1	24	-
Income from Managed Funds Reinvested		(198)	(185)
Movements included in Investing and Financing Activities:			
Net Gain from Disposal of Non-Financial Physical Assets	3.2	(108)	-
Net Loss on Financial Instruments at Fair Value	3.2	300	7
Movements in Assets and Liabilities:			
Change in Operating Assets and Liabilities			
Decrease/(Increase) in Receivables	5.1	130	(464)
Decrease in Prepayments	5.3	5	9
Increase/(Decrease) in Payables		14	(113)
(Decrease)/Increase in Provisions		(146)	252
Decrease in Other Liabilities		(3)	-
NET CASH INFLOW FROM OPERATING ACTIVITIES		**957**	**1,099**

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 Jenny Mikakos, Minister for Health and Minister for Ambulance Services		01/07/2019 - 30/06/2020
The Honourable Martin Foley, Minister for Mental Health		01/07/2019 - 30/06/2020
The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers		01/07/2019 - 30/06/2020
Governing Boards		
Ms Sandra Bell	President of the Board	01/07/2019 - 30/06/2020
Mr Warwick Spargo	Vice President of the Board	01/07/2019 - 30/06/2020
Ms Caroline Mulcahy	Vice President of the Board	01/07/2019 - 30/06/2020
Mr Graham Giannini		01/07/2019 - 30/06/2020
Mr Frank Gullone		01/07/2019 - 30/06/2020
Ms Catherine Ho		01/07/2019 - 30/06/2020
Ms Karen Janiszewski		01/07/2019 - 30/06/2020
Ms Rosemary Bryant-Smith		01/07/2019 - 30/06/2020
Ms Emily Maguire		01/07/2019 - 27/01/2020
Ms Catherine Grindlay		01/07/2019 - 30/06/2020
Ms Colleen Hartland		01/07/2019 - 30/06/2020
Ms Lesley Podesta		01/07/2019 - 30/06/2020
Accountable Officers		
Ms Susan White (Chief Executive Officer)		01/07/2019 - 30/06/2020

Remuneration of Responsible Persons

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

Income Band	**2020 No.**	**2019 No.**
$1 - $9,999	12	12
$200,000 - $209,999	-	1
$210,000 - $219,999	1	-
Total Numbers	**13**	**13**

	2020 $'000	**2019 $'000**
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	**240**	**241**

* QEC had 12 board members for period 1/7/2019 - 30/6/2020.

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

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

Note 8.3: Remuneration of Executives

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

Remuneration of Executive Officers (including Key Management Personnel Disclosed in Note 8.4)	Total Remuneration	
	2020 $ '000	2019 $ '000
Short-term Benefits	411	386
Other Long-term Benefits	-	-
Post Employment Benefits	39	36
Total Remuneration [i]	**450**	**422**
Total Number of Executives	**4.0**	**3.0**
Total Annualised Employee Equivalent [ii]	**3.4**	**2.8**

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.

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 Graham Giannini	Board Member
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	Ms Rosemary Bryant-Smith	Board Member
The Queen Elizabeth Centre	Ms Emily Maguire	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 Lesley Podesta	Board Member
The Queen Elizabeth Centre	Ms Susan White	Chief Executive Officer

The compensation detailed below is reported in $'000 and 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	2020 $'000	2019 $'000
Short-term Employee Benefits [i]	221	223
Other Long-term Benefits	-	-
Post Employment Benefits	19	18
Total [ii]	**240**	**241**

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 $11.8 m (2019: $11.0 m).

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 2020.

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

Note 8.5: Remuneration of Auditors

	2020 $'000	2019 $'000
Victorian Auditor-General's Office		
Audit of the Financial Statements	12	12
TOTAL REMUNERATION OF AUDITORS	**12**	**12**

Note 8.6: Ex gratia Payments

There were no ex gratia payments made by QEC to 30 June 2020 or 30 June 2019.

Note 8.7: Events Occurring after the Balance Sheet Date

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by QEC at the reporting date. As responses by government continue to evolve, management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on QEC's operations, future results and financial position. The state of emergency in Victoria was extended on 13 September 2020 until 8 November 2020 and the state of disaster was still in place.

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

Note 8.8: Economic Dependency

QEC is wholly dependent on the Department of Health and Human Services for the majority of its revenue used to operate the entity. At the date of this report, the Board of Directors has no reason to believe the Department of Health and Human Services will not continue to support QEC.

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

Note 8.9: Changes in accounting policy, revision of estimates and corrections of prior period errors

Changes in Accounting Policy

Leases

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

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

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

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

Leases classified as operating leases under AASB 117

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

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

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

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

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

At 30 June 2019 QEC did not have any finance leases.

Impacts on financial statements

On transition to AASB 16, QEC recognised $888,000 of right-of-use assets and $888,000 of lease liabilities.

When measuring lease liabilities, QEC discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied on 1 July 2019 was 2.43%.

Note 8.9: Changes in accounting policy, revision of estimates and corrections of prior period errors (continued)

	1st July 2019 $'000
Total operating lease commitments disclosed at 30 June 2019	734
Discounted using the incremental borrowing rate at 1 July 2019	894
Leases of low-value assets	(6)
Lease liabilities recognised at 1 July 2019	888

Revenue from Contracts with Customers

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

Comparative information has not been restated.

The adoption of AASB 15 did not have any impact on Other comprehensive income and the Cash Flow Statement for the financial year.

Income of Not-for-Profit Entities

In accordance with FRD 122 requirements, QEC has applied the transitional provision of AASB 1058, under modified retrospective method with the cumulative effect of initially applying this standard against the opening accumulated surplus at 1 July 2019. Under this transition method, QEC applied this standard retrospectively only to contracts and transactions that are not completed contracts at the date of initial application.

Comparative information has not been restated.

The adoption of AASB 1058 did not have any impact on Other comprehensive income and the Cash Flow Statement for the financial year.

Transition impact on financial statements

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

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

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

Balance sheet	Note	Before new accounting standards Opening 1 July 2019	Impact of new accounting standards – AASB 16, 15 & 1058	After new accounting standards Opening 1 July 2019
Property, Plant and Equipment	4.2	8,824	888	9,712
Total Non-Current Assets		14,213	888	15,101
Total Assets		17,550	888	18,438
Borrowings		-	888	888
Total Liabilities		2,563	888	3,451

Note 8.10: AASBs Issued that are not yet Effective

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

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

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 17 Insurance Contracts	The new Australian standard seeks to eliminate inconsistencies and weaknesses in existing practices by providing a single principle based framework to account for all types of insurance contracts, including reissuance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities. This standard currently does not apply to the not-for-profit public sector entities.	1-Jan-23	The assessment has indicated that there will be no significant impact for the public sector.
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material	This Standard principally amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.	1-Jan-20	The standard is not expected to have a significant impact on the public sector.
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.	1 January 2022. However, ED 301 has been issued with the intention to defer application to 1 January 2023.	The standard is not expected to have a significant impact on the public sector.

Note 8.10: AASBs Issued that are not yet Effective (continued)

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

- AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business.*
- AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework.*
- AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform.*
- AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia.*
- AASB 2019-4 *Amendments to Australian Accounting Standards – Disclosure in Special Purpose Financial Statements of Not-for-Profit Private Sector Entities on Compliance with Recognition and Measurement Requirements.*
- AASB 2020-2 *Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities.*
- AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C).*
- *Conceptual Framework for Financial Reporting* (applicable to For-Profit private sector entities, optional for other For-Profit entities).

10. 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 compliance with statutory disclosure requirements.

Legislation	Requirement	Page
Other relevant reporting directives		
FRD 25D	Local Jobs First Act disclosures	N/A
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