



Peter Mac
Peter MacCallum Cancer Centre
Victoria Australia

ANNUAL REPORT

2020–2021

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Vision & values

Changing lives. Breaking new ground.

“We are a cancer centre unsurpassed in the world, where humanity, caring service and relentless research share equal value... Nothing but the best is good enough in the treatment of cancer.”

— Sir Peter MacCallum, Co-founder

Vision

We aim to continuously improve cancer care, research and education across all cancers and for all people affected by cancer: changing lives, breaking new ground.

Values



01 — Excellence

We will ensure that our research, clinical care and education is evidence-based and patient-centred and is provided by highly skilled, ambitious, interdisciplinary teams. We will act on feedback, learn from our mistakes, deliver to high standards and grow as individuals, teams and as an organisation.



02 — Innovation

We will continue to change and evolve by introducing new methods and ideas and fostering a learning and continuous improvement culture. We will be driven by a culture of research excellence that transforms our understanding of all aspects of cancer.



03 — Compassion

We will adhere to the strongest ethical standards to ensure a culture of openness, mutual respect, kindness and trust is at our core. We will operate with dignity, compassion and respect to create a safe and inclusive environment for all.

The Peter Mac Promise

At Peter Mac, we provide the best in cancer care. You, our patients, are at the centre of all that we do. Our promise to you, and your supporters, is we will:

1. **Be kind, supportive and foster mutual respect**
2. **Communicate with you, listen and hear you**
3. **Value your individuality**
4. **Tailor your care to you and your life, and**
5. **Partner with you in your care**

We have created the Peter Mac Promise in consultation with patients, families and carers, and our workforce. It aims to provide clarity on what can be expected by any individual who interacts with Peter Mac.

About Peter Mac

Peter Mac is...



A world leading cancer research, education and treatment centre



Australia's **only public health service** solely dedicated to caring for people affected by cancer

Peter Mac has...



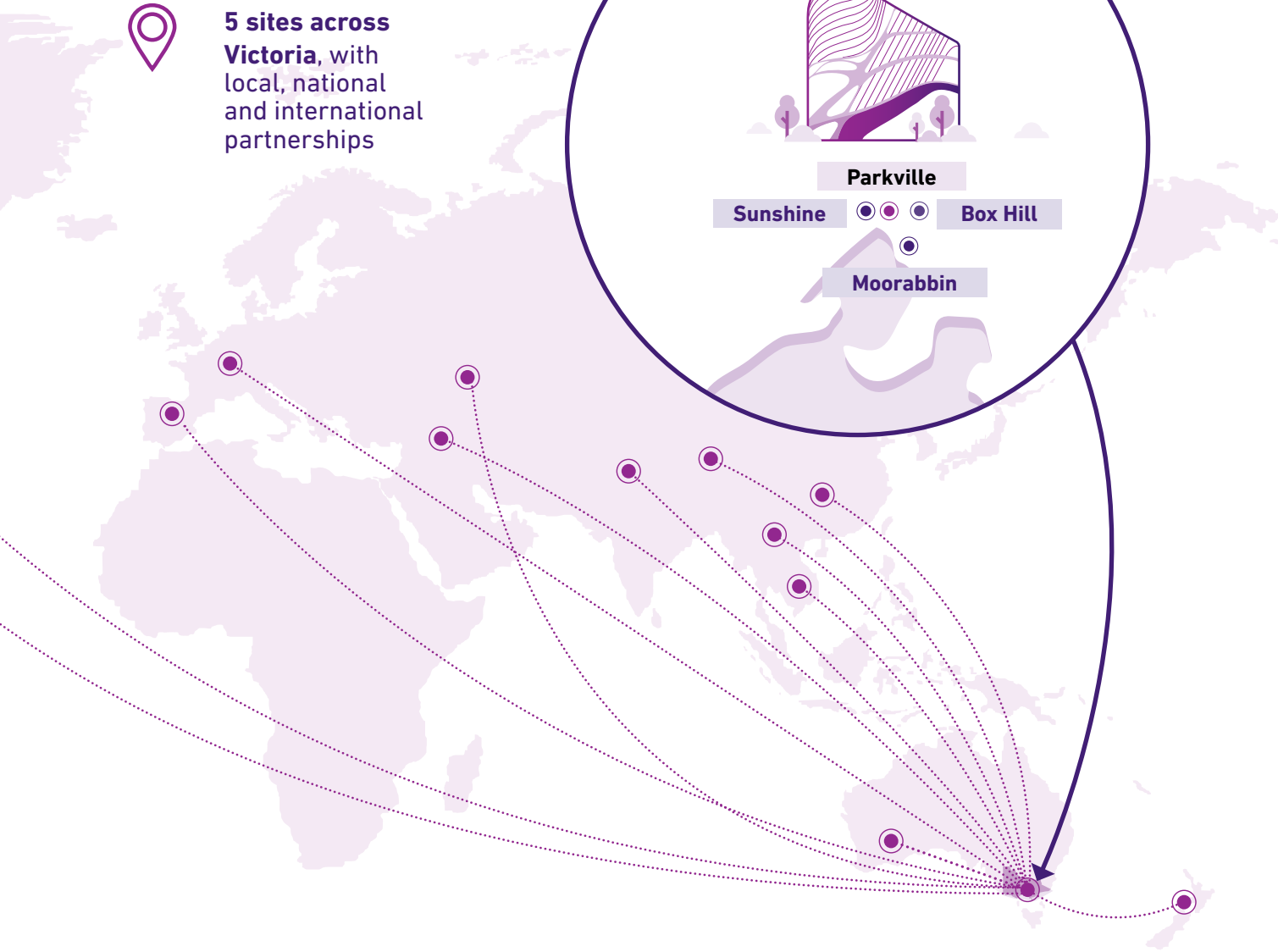
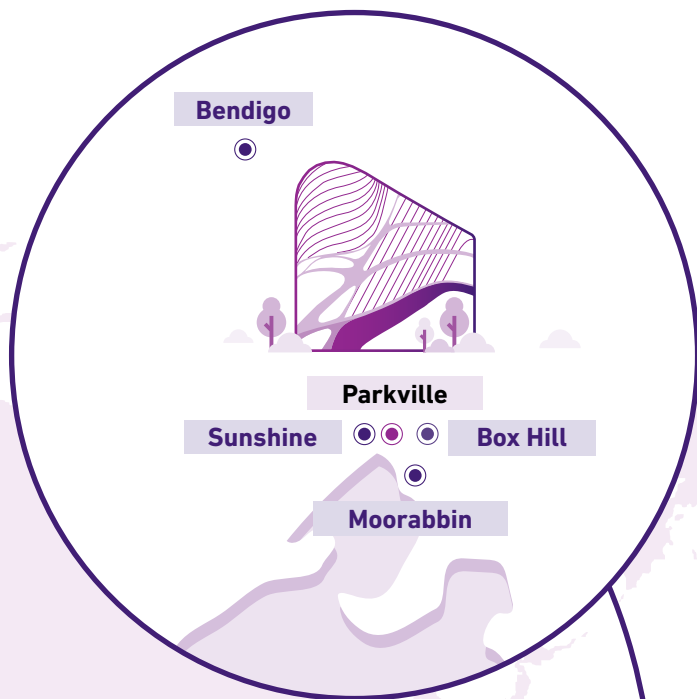
Approximately **3,300 employees** including **750 laboratory and clinical researchers** working in laboratory, clinical, translational, health service research to provide improved treatments, better care and potential cures for cancer.



Played a **leading role in understanding the causes of cancer** and improving how the disease is prevented, diagnosed, managed and treated, for the benefit of Victorians and Australians for over 70 years.



5 sites across Victoria, with local, national and international partnerships



2020-2021 Snapshot



Clinical operations



38,776
Patients



41,923
Inpatient separations



240,073
Specialist appointments



25,142
Telehealth appointments
(video and telephone combined)



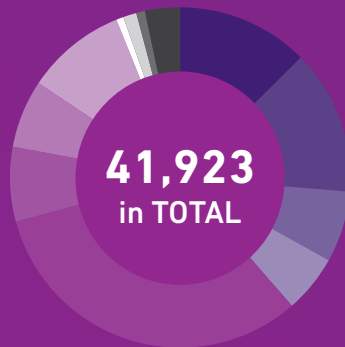
Surgery



3,201
Elective surgery patients



Inpatient separations by cancer tumour stream



- Breast
- Gastrointestinal
- Genitourinary
- Gynaecology
- Haematology
- Head & Neck
- Lung
- Melanoma & Skin
- Neurology
- Paediatrics/Late Effects
- Physician
- Sarcoma



Imaging



2,758
Nuclear medicine scans



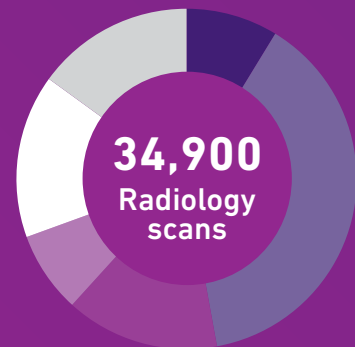
9,381
PET scans



1,557
Radionuclide therapy patient consultations



571
Radionuclide therapy treatments



- Interventional procedures
- CT scans
- MRI scans
- Mammograms
- Ultrasound scans
- X-Ray scans



Cellular Immunotherapy (CAR-T)

31 Patients

treated with approved CAR-T through the 2020–21 year: 4 for adolescent and young adult B-ALL leukaemia and 27 for aggressive lymphoma.

8 CAR-T Clinical trials

underway at peak activity, with 2 additional trials.



Radiotherapy



6,063
Patients



7052
Courses of treatment

First months of the new Victorian Gamma Knife Service:



91
Patients



120
Courses of treatment



Pharmacy



89,198
Prescription items dispensed
(outpatients and discharge)



50,375
Doses of chemotherapy and immunotherapy for day patients



Pathology



220,274
Pathology requests



603
Average pathology requests per day



34,913
Molecular pathology tests



Research



40
Research laboratories
3 translational research labs



750
Researchers including students



501
Active clinical trials



939
Total publications including 182 in high-impact journals



Workforce



3,300
Employees



750
Researchers
(incl. 160 research students)



155
Higher degree students
(PhD, MPhil, DMedSci, MMed, MSurg)



170
Volunteers



Budget for 2020-2021



\$812.7M
Revenue



\$128.3M
Research income



\$220K
Operating surplus

Peter Mac services

Range of Services in 2020-21



Cancer Tumour Streams

Breast
Gastrointestinal
Genitourinary
Gynaecology
Haematology
Head and Neck
Lung
Melanoma and Skin
Multi Tumour Stream
Neurology
Paediatrics/Late Effects
Sarcoma



Clinical Services

Ambulatory Services
Australian Cancer Survivorship Centre
Cancer Imaging
Cancer Surgery
Centre for Advanced Histology and Microscopy
Clinical Ethics Advisory Service
Clinical Photography
Dental Oncology
Exercise Physiology
Familial Cancer Centre
Haematology
Infectious Disease
Infection Prevention and Control
Medical Oncology
Internal Medicine
Language services
Medical Oncology
Music Therapy
Nuclear Medicine
Nutrition
Occupational Therapy
ONTrac @ Peter Mac / Victorian Adolescent and Young Adult Cancer Service
Parkville Integrated Palliative Care Service
Patient Accommodation
Pathology Services
PeterMac@Home
Pharmacy
Physiotherapy
Prevention and Wellbeing
Psycho-social Oncology Program
Radiation Therapy
Social work
Speech pathology
Spiritual care
Stomal Therapy
Surgical Oncology
Victorian Centre for Functional Genomics



Corporate and Support Services

Biomedical Engineering
Business Intelligence and Analytics
Cleaning and Support Services
Communications
Facilities and PPP
Finance and Payroll
Food Services
Health Information Services
Information Management and Communication Technology
Office of Education
Medical Workforce Unit
People and Culture
Physical Sciences
Procurement
Quality and Safety
Volunteers



Corporate Entities

Cell Therapies
Peter Mac Foundation



Research

Biostatistics and Clinical Trials
Cell Therapies
Centre of Excellence in Cellular Immunotherapy
Core Platform Technologies
Health Services Research
Laboratory Research
Office of Cancer Research
Parkville Cancer Clinical Trials Unit
Prostate Theranostics and Imaging Centre of Excellence (ProSTIC)

Report from the Board Chair

In an extraordinary year, Peter Mac continued to demonstrate its commitment to providing the best in cancer care.

July 2020 began with Melbourne in lockdown and Victoria's health system facing unprecedented challenges from COVID-19, with high rates of community transmission linked to outbreaks in health services and aged care facilities. Lockdown resulted in many people delaying attending hospitals and their GP for necessary health care, including screening and testing for early signs of cancer. In response, Peter Mac's clinical leaders were prominent in the media with messages to reassure the community of the safety and importance of cancer care.

Peter Mac was pleased to be able to support its partners in the precinct, particularly the Royal Melbourne Hospital, which was at the frontline in managing health care for people with COVID-19. Beyond the Parkville Precinct, Peter Mac willingly assisted with state-wide efforts to manage the unprecedented challenges of health care in a global pandemic, including:

- Developing best practice guidelines for the safe provision of radiation treatment, which were adopted locally, nationally and internationally.

- Seconding Peter Mac's Chief Nurse to the Department of Health to lead Clinical Surge workforce planning and the development of healthcare worker wellbeing programs.
- Leading the Hotels for Heroes Program, for front line workers needing a safe place to quarantine, and translating our expertise in prevention and wellbeing into a program of support for people in mandatory quarantine.

Throughout the pandemic, Peter Mac has benefited from the leadership provided by the Victorian Government and the Department of Health, with policy and funding support that has enabled Peter Mac to manage the operational impact of COVID-19 while continuing to deliver world leading cancer care.

Alongside the management of the pandemic, Peter Mac developed its ambitious five-year strategy for delivering world leading cancer care, research, education and partnerships. Developed in consultation with staff and other key stakeholders, the new strategic directions document was launched in February and

has provided clarity and focus to service-wide activity.

Despite the demands of managing so much change in a short time, this year Peter Mac also delivered major strategic projects that will deliver lasting benefits for patients and the broader community. The commitment to world leading cancer care took a major step forward with the Precinct-wide implementation of the Electronic Medical Record in August 2020. This fundamental change in ways of working is already delivering a range of clinical and financial benefits. Other successful strategic initiatives included establishing the new Gamma Knife Service, the first in Victoria and the culmination of the vision of Peter Mac's leaders to deliver world's best radiation therapy to people with rare and hard to treat brain cancers. These projects were enabled and supported by the Victorian Government and by the Peter Mac Foundation, in attracting donations from our generous community of supporters.

The opening of the new Palliative Care ward in September was a significant development in our

model of care and the culmination of years of planning and advocacy. This new, purpose designed ward is now providing much needed access to specialist inpatient palliative care services for people across the state with complex needs. Consultation with Peter Mac's Victorian and Tasmanian Youth Cancer Action Board, and support from the Sony Foundation, meant that the final design of the Palliative Care ward is responsive to the needs and priorities of young people.

Driving partnerships, commercialisation and new ventures at Peter Mac was a strategic area of focus, particularly opportunities arising from the establishment of the Centre of Excellence in Cellular Immunotherapies at Peter Mac and continued national leadership in the development of CAR-T technologies. In December, Cell Therapies Pty Ltd at Peter Mac became the first and only approved commercial manufacturing site for CAR-T in Australia. It manufactures products for both clinical trial and non-clinical trial patients and is one of only six such sites across the world. Peter Mac's announcement of approval to manufacture the Novartis CAR-T therapy, Kymriah® (tisagenlecleucel), follows the Therapeutic Goods Administration (TGA) approval to commence commercial manufacturing. The approval means faster access to treatment for eligible Australians with life-threatening blood cancers.

March 2021 marked the commencement of the Victorian Gender Equality Act 2020, an Australian first. The Act requires public sector employers such as Peter Mac to report on and improve gender equality in the workplace. Peter Mac's Gender Equality Committee, which began with a focus in the research department, now extends across the whole health service. Our Gender Equality Strategy 2018-2022 remains a key priority for the Peter Mac Board and Executive.

In April, the Chief Executive was invited to the Australian Cancer Plan Ministerial Roundtable hosted by Federal Health Minister Greg Hunt. Along with Cancer Australia CEO, Professor Dorothy Keefe, and other stakeholders from government, industry, research and patient groups, this was an important first step in the development of a National Cancer Plan.

With continued local and interstate COVID-19 outbreaks, Peter Mac welcomed the approval of COVID-19 vaccines and the rollout of the vaccination program to staff and patients. Funding support for catch-up care in surgery and more care for cancer patients in their home was also warmly received.

Governance in a crisis is an important test for a Board; this year we have maintained a clear focus on keeping staff and patients safe while delivering important strategic commitments.

I would like to thank and acknowledge the leadership of our CEO, our Executive team and all Peter Mac staff who worked so well together during this challenging year for all health services. Together, we have responded and adjusted to the impacts of the COVID-19 pandemic while remaining committed in our pursuit of excellence in cancer care, research and education.

Responsible bodies' declaration

In accordance with the Financial Management Act 1994, I am pleased to present the report of operations for Peter MacCallum Cancer Centre for the year ending 30 June 2021.



Maxine Morand

The Hon. Professor Maxine Morand

Chair, Board of Directors
Peter MacCallum Cancer Centre
16/09/2021

Report from the CEO

This year has undoubtedly been challenging, but it has also been a year of innovation and adaptation, with the pandemic and its demands bringing out the very best at Peter Mac.

This was the year Peter Mac developed a COVID Clinical Response Plan, implemented its COVID Surge Plan and then the Deferred Care Catch-Up Plan, delivering care consistent with best practice standards and shifting public health directives, while caring for nearly 39,000 patients with cancer.

Significant adjustments were required from our workforce to ensure we continued to deliver the highest quality cancer care for patients and their families. While there was a concerning reduction in presentations for referrals, our clinical teams maintained access to critical cancer treatments. They also worked with partners across the Precinct to prepare wards, infrastructure and staffing models in readiness for admission of patients to expanded Intensive Care units, should Royal Melbourne Hospital need this additional capacity. Members of Peter Mac's Pathology teams also immediately assisted the teams at the Royal Melbourne.

In response, Peter Mac's models of care were redesigned, based on

the principle of optimising access to the best cancer care at Parkville and the four radiotherapy campuses while keeping patients and staff safe. Telehealth infrastructure enabled clinicians to offer patients telephone and video calls wherever possible and appropriate. This mode of engagement was well accepted by both patients and clinicians, with just under 11% of all appointments delivered virtually. At the Bendigo campus, where Peter Mac provides radiation treatment, the number of telehealth appointments increased by over 405% compared with the previous financial year; this is an important indicator of access for patients in rural and regional Victoria.

When high rates of community transmission of COVID-19 meant Peter Mac had to cease all visitors, staff stepped up and developed innovative ways of keeping patients in touch with family and friends. Then, as restrictions scaled down and then were reimposed as outbreaks came and went, staff demonstrated their versatility, with innovations in

delivering home-based services for patients as well as education and training to students and staff.

The outstanding care provided through the pandemic was recognised and appreciated by patients, with 99% of patients scoring their experience of care at Peter Mac as 'positive' in the independently conducted '*Patient Experience during the COVID-19 Pandemic Survey - Continuous Survey*'.

Keeping our workforce safe and well was of the highest priority, starting with ensuring timely provision of appropriate personal protective equipment and N95 mask "fit testing" for clinical teams. While over 1,000 staff worked from home, a comprehensive program of support provided practical advice with everything from parking, child care and leave entitlements to psychological health and support strategies including sleeping, stress management and self-care under lockdown. This was in addition to developing a COVID-19 Safe Plan, a Respiratory Protection Program and ensuring

best practice management of offices, shared workspaces and other physical amenities. Work on best practice flexible working arrangements, a Gender Equality Action Plan and the Safety to Speak up Program have been important in attracting and retaining a highly committed workforce and ensuring Peter Mac's high-trust, high-performance culture.

As Australia's only comprehensive cancer centre, Peter Mac has an important leadership role in improving access to trusted and culturally safe care for Aboriginal and Torres Strait Islander communities. Under the leadership of respected Yorta Yorta elder, Aunty Pamela Pedersen OAM, Peter Mac's Aboriginal and Torres Strait Islander Advisory Committee and Reconciliation Action Plan Working Group have ensured that projects reflect the priorities for Aboriginal patients, their families and the broader community. A priority has been to strengthen partnerships with local Aboriginal communities in Melbourne, Bendigo, Shepparton and the Latrobe Valley and engage with Aboriginal Community Controlled Health Services across Victoria to identify opportunities to improve care. This included consulting with the Bendigo and District Aboriginal Corporation on Peter Mac's new booklet for Aboriginal patients with cancer, an example of Peter Mac partnering with Aboriginal leaders to produce culturally appropriate health information. These materials are an important complement to the roll out of cultural safety training to the workforce.

Other activities in the second half of the year focused on sustaining the positive improvements enabled by the pandemic environment while rekindling the international and local collaborations that hold the promise for curing cancer, despite the constraints on travel. Through local and global networks of institutions, industries and communities, we are partnering with home-grown and international life-science companies, dedicated research and development institutions and venture firms to advance and translate discoveries into novel and more effective treatments for cancer patients.

Peter Mac is committed to improving its environmental performance and reducing its environmental footprint. This has included using new technology to reduce energy consumption, training and supporting staff to champion environmental sustainability in their work areas, improving waste segregation and introducing new recycling initiatives. This program of work is developed and monitored by the Environmental Sustainability Committee.

This year, Peter Mac's research division developed a new Strategic Plan for 2020 – 2025, articulating its ambitions for delivering large scale, fundamental pre-clinical and clinical cancer research integrated with clinical care and education. It published nearly 1,000 papers, was successful in attracting new grants and received many national and international awards. This included Professor Mark Dawson's appointment as a Fellow of the

Australian Academy of Science's for his contributions as a clinician treating patients with blood cancer alongside pioneering research into the epigenetic drivers of cancer. Another four Peter Mac researchers made the Clarivate Highly Cited Researchers 2020 list: Professors Sherene Loi, Grant McArthur, John Seymour and Ben Solomon. All four were recognised for their research contributions in clinical medicine through their publication of multiple highly cited articles over the last decade.

After all the disruption and change of a global pandemic, it was very pleasing that in October 2020 Newsweek ranked Peter MacCallum Cancer Centre 22nd in the world amongst specialised hospitals. More than 70 years on, Sir Peter's words still ring true: "Nothing but the best is good enough in the treatment of cancer".



Professor Shelley Dolan

Chief Executive
Peter MacCallum Cancer Centre
16/09/2021

Year in review

Managing the pandemic

Ensuring Access to Cancer Care

Like many specialist hospitals in Victoria, Peter Mac experienced a decline in the numbers of referrals from GPs and private specialists during the state's second wave of COVID-19. In response, Peter Mac made every effort to overcome patient and community reluctance to access health care by offering care through phone or video, or via face-to-face consultations in a COVID safe manner. As a result, the reduction of activity across cancer tumour streams was minimised and measured an overall average reduction of just 10%, compared with the previous year. This outcome was enabled by the hospital's investment in telehealth technology, including a video conferencing platform, and expertise to deliver care remotely where possible and appropriate.

Elective Surgery Performance

As Peter Mac's surgical caseload is predominantly urgent, perioperative services were not reduced during the pandemic, in contrast to other hospitals. This is an important example of the value of a dedicated cancer hospital. COVID-19 Response Plans provided clear direction on

prioritising patients for treatment completion, cancer control and maintenance of clinical trials, while new screening pathways ensured consistency and clarity in stratifying risks when assessing patients for admission. A COVID-19 Surge Plan was also prepared to manage the response to increased positive or suspected COVID-19 positive cases. With active auditing of urgent cases, Peter Mac continued to meet all of its waiting time targets for surgery. For elective surgery patients in Category 2A, Peter Mac's time to treatment performance actually improved significantly, with a 45% reduction in average wait time between May 2020 and May 2021. This outcome reflects efficient management systems and processes as well as good fortune - Peter Mac had so few COVID-19 cases that wards were never closed. Despite the restrictions imposed by the pandemic, Peter Mac also made significant gains in reducing the wait list for patients needing surgery for repair of the side effects of cancer treatment.

Catch-up Care

The number of referrals received began to rebound once restrictions eased, starting in December. This jump in demand

was first felt in medical oncology, then surgery and chemotherapy, with an expected 'double wave' of new and catch up presentations still to be felt in radiation treatment. In February 2021 Peter Mac was funded for an elective surgery blitz, with additional surgery lists starting in March. All catch up targets were met by June 2021. This was achieved despite workforce shortages that limited Peter Mac's ability to scale up its operational capacity, as border closures resulted in a loss of access to the international pool of clinicians. Traditionally, cancer nurses and Fellows from around the world have sought the opportunity to gain experience at Peter Mac, which provides internationally prestigious placements for training and clinical practice.

Peter Mac@Home

Other activities in the second half of the year focused on sustaining the positive improvements enabled by the pandemic environment. This included growing the Peter Mac@Home home nursing services in intravenous therapies including chemotherapy, medications, specimen collection, the management of vacuum-assisted wound closure, drain tubes, central venous access device and wound

care. Clinicians have observed that treating patients in their home can significantly reduce anxiety levels and substantially ease the burden on family members who are otherwise required to accompany patients into hospital or bring them home. Work will continue to engage more treating teams in referring patients to Peter Mac@Home.

Telehealth

Telehealth infrastructure for video and telephone calls enabled clinicians to offer patients remote continuity of care, wherever possible and appropriate. Throughout the year, telehealth continued to increase in importance as an enabler of access to specialist care. With widespread community reluctance to attend public places, this mode of engagement was well accepted by both patients and clinicians, with an average of just over 28% of appointments delivered via telehealth each month between August 2020 and June 2021, peaking at 38% at the height of Melbourne's second COVID-19 lockdown in September 2020. The acceptability of this approach is evident in the 177% increase in telehealth appointments in specialist clinics, from 9,065 in 2019-20 up to 25,142 in 2020-2021. At Peter Mac's Bendigo campus, telehealth appointments increased to 288 from just 63 in the previous financial year. In areas of speciality expertise such as imaging, telehealth was an important enabler for access, with a 25% increase in the numbers of consultations provided in this financial year compared with the previous year.

Chief Nurse Secondment

From August 2020 to April 2021 Peter Mac's Chief Nursing Officer was seconded into the Department of Health as the Acting Director COVID-19 Clinical Surge Workforce and Healthcare Worker Wellbeing. This role was key to Victoria's work on workforce optimisation across the sector as well as management of the state-wide agency workforce pool. This work made a significant contribution to ensuring distribution of staff resources to meet demand throughout Victoria's hospitals, community health and aged care services, to maintain safe patient care. The role was also instrumental in leading the roll out of the state's \$9.8 million Health Care Worker Wellbeing Package.

National Leadership

As the COVID-19 pandemic unfolded, Peter Mac also demonstrated a leadership role in adjusting radiotherapy protocols to ensure services continued during times of pressure, and to keep patients safe. Led by Professor Gerry Hanna, Peter Mac's Department of Radiation Oncology created modified treatment guidelines that in some cases enabled patients to attend on fewer occasions without reducing the outcomes from treatment. These guidelines were adopted by the Victorian COVID-19 Response Group, nationally by the Royal Australian and New Zealand College of Radiologists and internationally in the United Kingdom and Ireland.

Hotels for Heroes

In July, Victoria's Department of Health contracted Peter Mac to assist with delivering the Hotels for Heroes program, a voluntary program of hotel based quarantine for COVID-19 positive or furloughed frontline healthcare workers. From the months of July to November, Peter Mac provided support and resources for over 1,100 guests who stayed an average of 12 days in one of seven hotel sites. Pleasingly, these guests scored the service they received above 85% for overall safety and satisfaction.

Wellbeing Victoria

COVID-19 necessitated a mandatory 14 days of quarantine for all international arrivals at airports or maritime ports. As more people began accessing hotel quarantine, the Victorian Government recognised the importance of supporting people to maintain a sense of wellbeing as they navigated the challenges of quarantine. Peter Mac was asked to assist, bringing evidence based expertise regarding physical, spiritual, cultural and emotional self-care together in an online wellbeing program. The program was widely promoted and included exercise, yoga, mindfulness and meditation that could be done in a hotel room.

Community Education

With a concerning 10% state-wide decline in the number of cancer diagnoses in Victoria between April and October 2020, Peter Mac took a leadership role in encouraging people to access necessary care. This included assuring the community about the COVID-safe manner in which cancer care was being delivered and urging people who were experiencing symptoms to get tested. Repeated media appearances were covered prominently in online, print and television news programs in Victoria and nationally. Peter Mac also partnered with the Cancer Council Victoria, the Royal Australian College of General Practice and Primary Health Networks, placing articles in newsletters and posts on social media to encourage people to present for care.

Peter Mac clinicians provided authoritative advice on guidelines for the management of patients through the pandemic, including on the COVID-19 vaccination for cancer patients and a video for Peter Mac patients featuring Infectious Diseases specialist Dr Ben Teh and Haematologist Professor John Seymour, and expert nurses Trish Joyce and Elizabeth Gillespie. Professor Seymour supported the Leukaemia Foundation to provide up-to-date information and advice on blood cancer and COVID-19.

In February, to recognise International World Cancer Day, clinicians and researchers joined community members in regional Victoria and outer metropolitan Melbourne to remind people of the importance of early detection for the effective treatment of cancer.

Patient Experience Results

With all of the changes and uncertainty for patients caused by the COVID-19 pandemic, Peter Mac's efforts to protect and promote access to world's best cancer care were valued by patients. The Victorian Health Experience Survey *Patient Experience during the COVID-19 Pandemic Survey - Continuous Survey* found that 99% of patients scored the experience of care at Peter Mac as positive.

State-wide directives to cease all visitors to hospitals were required from the evening of the 17 July 2020, and on several other occasions during the reporting period. Being in hospital is challenging enough for cancer patients, and even more so when visitors are not allowed. Knowing how vital family and friends are to patients' recovery, volunteers set up a system for virtual visitors and then radiation therapists adapted the virtual reality headsets they had invented for radiotherapy patients to offer this (disposable) option for inpatients.

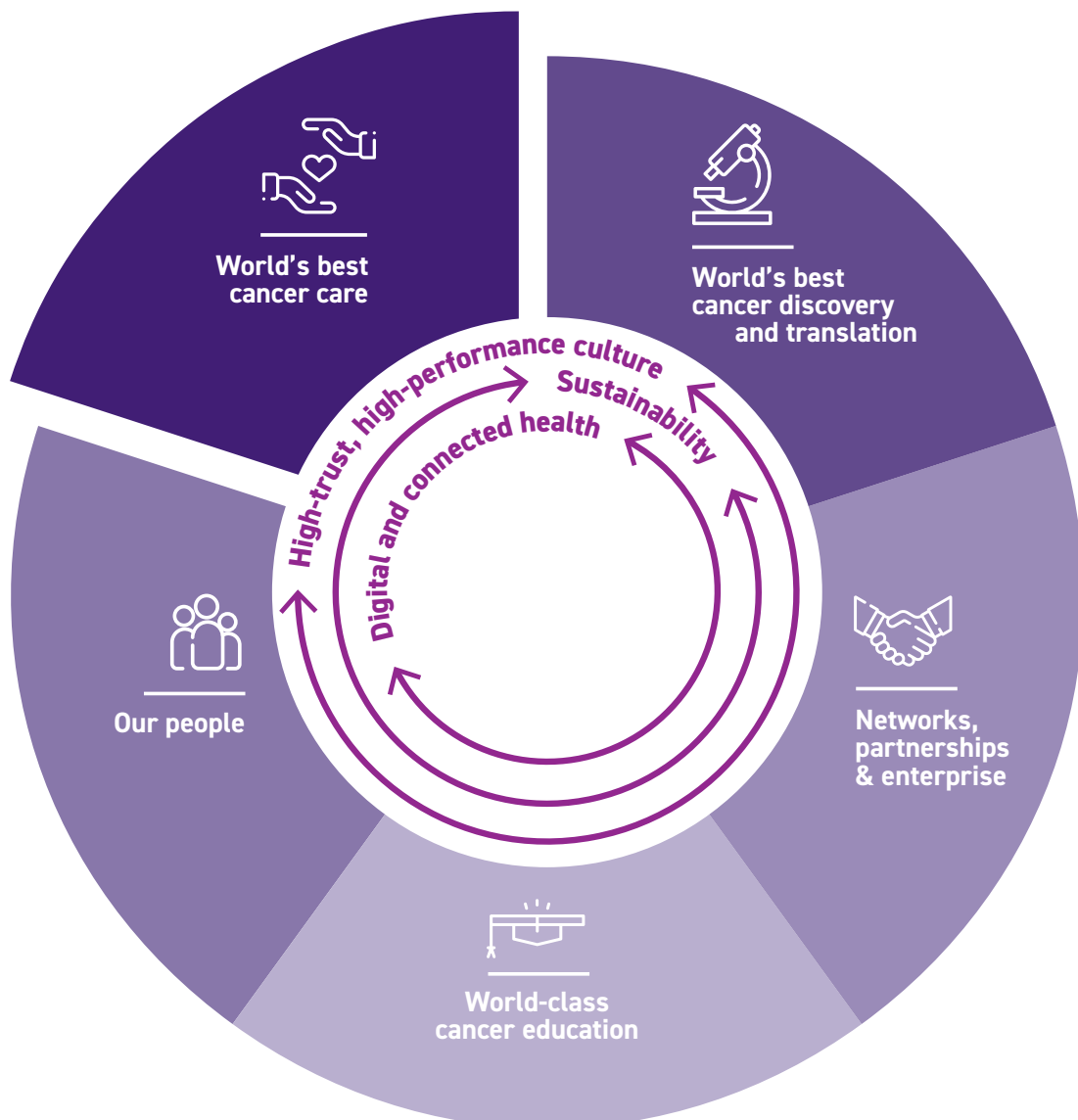
Newsweek Ranking

In early October, Newsweek ranked Peter Mac 22nd out of 200 specialist hospitals in the world for cancer care. Peter Mac was one of only six Australian hospitals ranked in the top 200 for specialised oncology centres worldwide. This ranking is based on a global survey of tens of thousands of healthcare peers in medicine, nursing and hospital administration and an independent Board of Experts.

Strategic Directions 2020–2025

Peter Mac's new Strategic Directions (2020-2025) were developed in the midst of the disruption of a global pandemic.

With significant input from staff, patients, the community, partners and other stakeholders, the plan for five interrelated strategic pillars and three strategic enablers was approved by the Victorian Minister for Health, The Honourable Martin Foley MP. In combination with managing the challenges of the pandemic, these strategic directions provided the focus for significant activities and developments throughout the year.



These strategic pillars and enablers are outlined below.

Strategic Pillars

1. World's best cancer care

We will constantly innovate to deliver evidence-based, person-centred care that maximises quality of life and improves patient outcomes across the cancer continuum.

2. World's best cancer discovery and translation

We will generate new scientific knowledge that transforms our understanding of all aspects of cancer and drives continued enhancement of our integrated research and clinical care.

3. Networks, partnerships and enterprise

We will cultivate networks, develop partnerships and invest in enterprises that ensure excellence in cancer care, education and research. We will build our commercial capability and capacity, always with the aim of improving outcomes for people with cancer.

4. World-class cancer education

We will proactively provide high-quality education to our workforce, students, patients, at-risk populations, carers and the community on all aspects of cancer prevention, detection, treatment and long-term management.

5. Our people

We will attract and retain an expert, diverse and highly committed workforce that is supported to deliver the highest quality research, education and clinical care.

Strategic Enablers

Progress towards our strategic pillars will be supported by three 'strategic enablers':

High-trust, high-performance culture

We will cultivate a high-trust, high-performance culture at Peter Mac for our workforce, patients and partners that enables us to activate and realise our purpose as an institution.

Sustainability

We will improve our operational effectiveness and environmental stewardship to cement our position as a vibrant, financially and environmentally sustainable healthcare organisation.

Digital and connected health

We will become a fully digitised healthcare organisation, harnessing advanced technology and digital capabilities to increase access to care and improve patient outcomes.

First year of implementation

Key initiatives, projects and achievements for the first year of implementation of the Strategic Directions 2020 – 2025 are set out below.

Strategic Direction: World's Best Cancer Care



Gamma Knife

Peter Mac took delivery of Victoria's first Gamma Knife on the same day as Victoria's rescheduled Australian Rules Football Grand Final Day in 2020. Imported from Sweden and weighing over 33 tonnes, the Gamma Knife was installed by a team of more than 100 people. Together they worked to prepare the radiotherapy bunker at Peter Mac's Parkville Campus, and installed the Elekta Icon Gamma Knife.

Jointly funded by the Victorian Government and generous donations to the Peter MacCallum Cancer Foundation, the Gamma Knife is only the third in Australia. It provides the gold standard for radiosurgery, allowing Peter Mac's experts to treat tiny tumours and other targets in the brain with extraordinary accuracy.

The Victorian Gamma Knife Service was officially opened by the Victorian Minister for Health, The Honourable Martin Foley MP

in December 2020. It has been operational since February 2021. By the end of June 2021, 91 people had received 120 courses of treatment. Despite the name, the Gamma Knife is not a surgical treatment but it does offer non-invasive, high-precision treatment. The machine uses gamma rays to target areas in the brain, killing cancer cells and avoiding damage to healthy tissues. Patients can go home almost immediately after treatment and return to work and normal life the next day. This is a major benefit for our patients – the Gamma Knife provides painless, extremely precise treatment that kills cancer cells while avoiding damage to healthy brain tissue.

Palliative Care Unit

In September 2020, Peter Mac opened a new inpatient Palliative Care Unit offering specialist, palliative care services to patients from across Victoria and their families and caregivers. The new palliative care ward is part of the

Parkville Integrated Palliative Care Service, working across Peter Mac, the Royal Melbourne and the Royal Women's Hospitals.

Patients who receive Palliative Care have a life limiting illness and progressive disease (this may be cancer or non-cancer diagnosis) that is best managed with a palliative approach.

The Parkville Integrated Palliative Care Service consists of 24 beds, 12 of which are located in the Palliative Care Unit at Peter Mac. The service is supported by specialist palliative care doctors, nurses and a comprehensive range of allied health. It includes two beds specifically designed for young people, enabled by the generous support of the Sony Foundation, as part of the Foundation's support for Peter Mac's "You Can" centre for young people with cancer.

The establishment of our Palliative Care ward saw the introduction of a number of Allied Health

Therapies in the new model of care. The Occupational Therapy team introduced the Carer Support Needs Assessment Tool (CSNAT) to more than 80 carers, with 70% accepting the intervention and 60% receiving support for prioritised needs. Carers' most common needs related to the caring role; specifically managing symptoms, knowing what to expect and who to contact on discharge.

Starting in February, the Prevention and Wellbeing Team rolled out the new Palliative Care Volunteer Program in partnership with the Palliative Care ward. Twenty-nine volunteers were trained over and in April a total of 27 trained volunteers commenced their shifts on the Palliative Care ward.

Allied Health

In 2020-21, Peter Mac's Allied Health Service continued to develop models of best practice care for patients, while building research capacity.

Peter Mac's Dietetics Team led the Cultural Adaptation of the Malnutrition Screening Tool (MST) project, which translated and culturally adapted nutrition resources into patient's top 10 preferred languages. The tools, which are publicly available online on the Peter Mac website, include audio in all 10 languages.

The Dietetics Team developed the CanEAT pathway project using an experience based co-design methodology. This allowed people with cancer, carers and health professionals

to collectively design the CanEAT pathway that guides and informs effective nutrition care across the continuum of care. The CanEAT pathway is also publicly available on the Peter Mac website.

Peter Mac's 'Music Matters' program is a specialist music therapy program for children who have a parent with cancer. Following a review of the program after its first 12 months, parents described their children displaying improved mood, improved behaviour, improved ability to express feelings and reduced levels of anxiety. In addition, parents themselves reported decreased distress and worry knowing that their child was receiving support through music therapy. Parents also reported an increase in their confidence in communicating with their child around their diagnosis.

Alongside these clinical activities, Peter Mac continue to see benefits from the joint academic position with the University of Melbourne, with the publication of five research papers on clinical outcomes from prehabilitation and rehabilitation interventions. In addition, a trial of the cost effectiveness of preoperative physiotherapy for preventing pulmonary complications after major abdominal surgery was awarded paper of the year by the Journal of Physiotherapy, currently the highest ranked rehabilitation journal. This work contributes to the growing evidence base for these programs as an essential component of world leading cancer care.

In May 2021, Associate Professor Alicia Martin, Director of Allied Health at Peter Mac, was appointed to the Victorian Department of Health's Allied Health Research Advisory Group, which is advancing the allied health research framework, integrating research into contemporary Allied Health professional practice.

Clinical Ethics Advisory Service

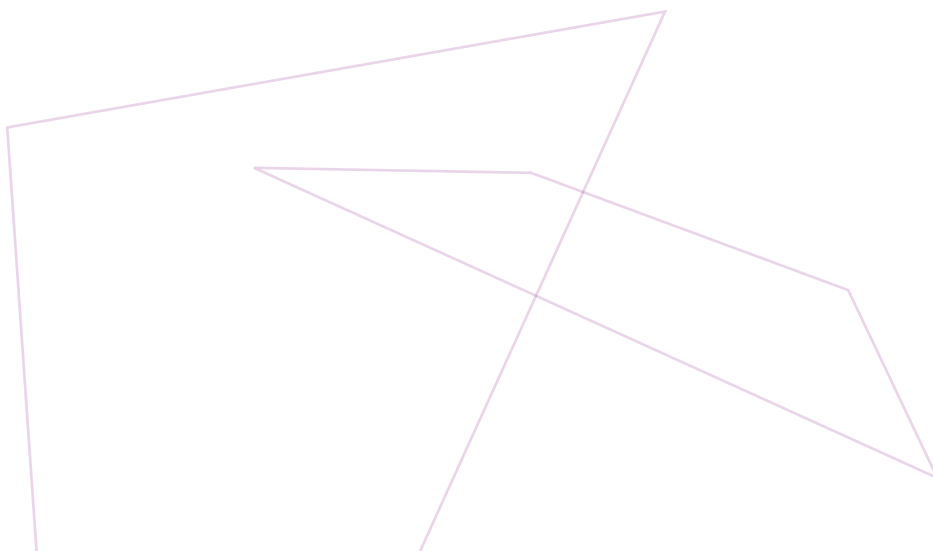
Under the leadership of Professor Clare Delany, the Clinical Ethics Advisory Service has been a timely and valuable source of support and resources to staff and management throughout the COVID-19 pandemic. This service offers clinical teams the opportunity to request a formal ethics consultation about a specific ethical dilemma and also to set up regular discussions within teams to consider common dilemmas and moral conflicts generated by clinical practice. Over the past year, an online monthly discussion forum has been established. Topics have included the ethics of artificial nutrition and hydration at the end of life; addressing challenging behaviour while providing care; the experience of moral distress; the ethics of vaccine allocation and the impact of visitor restrictions for patients and families.

Voluntary Assisted Dying Navigator Service

With the passage of the Voluntary Assisted Dying Act 2017, the Victorian Government established the State-wide Voluntary Assisted Dying Care Navigator Service to provide information and support about voluntary assisted dying to the community, health practitioners and health services across Victoria. The Navigator Service is based at Peter Mac and works with applicants, their carers, family and friends, medical practitioners and healthcare teams to tailor support to meet the needs of the applicant. It also provides education and support to regional navigators, health services and medical practitioners in developing or reviewing policies and procedures or with caring for patients about to use the medication.

In this financial year, the State-wide Navigator Service provided information and support to 725 new contacts and secondary support to another 221 patients and family members through the regional hubs. Of these 946 new contacts, just under 25% live in regional Victoria. Nearly half of all the initial contacts to the Navigator Service are seeking support for planning or progressing through the assessment process. In some cases, particularly for people with neuro-degenerative disease, a family member or friend makes the initial contact with the service. The overall trend over multiple years is that approximately 75% of people accessing Voluntary Assisted Dying through the Navigator Service have an underlying diagnosis of cancer.

Training and support to clinicians is an important component of the navigator service, particularly in regional areas where challenges accessing trained specialists can be a barrier to access for some patients, especially those who cannot travel long distances. State-wide and regional navigators worked together to promote training for doctors in the community as well as staff in hospital and aged care facilities, with 113 education sessions delivered in the financial year.



Strategic Direction: World's Best Cancer Discovery & Translation



In the face of great uncertainty and with an imperative to reduce risk for our patients, during much of 2020 Peter Mac's approximately 750 laboratory, research staff and students were restricted to as little as 30% of their time onsite. This meant clinical and health services researchers had to curtail recruitment to some trials and research projects, while scientists volunteered to assist on the wards and clinics to assist their health service colleagues during the acute phase of the lockdown. Despite the year's disrupted work schedule, Peter Mac researchers continued to make important scientific discoveries and improve outcomes for patients through research-driven clinical care.

Research Funding

Most of the major grant schemes operate on a calendar year basis and during 2020 there were reduced opportunities for seeking funding, with some schemes narrowing the scope of funding offered and others not offering funding at all. Despite this Peter Mac researchers achieved a 33% grant success rate, bringing in new revenue of more than \$50 million. Researchers also published 182 papers in top tier journals, graduated extraordinary students and grew their research portfolios in new and innovative ways.

Highlights include:

- Peter Mac researchers published 939 articles in peer-reviewed journals, of which 182 were high-impact journals.
- Peter Mac submitted 329 led applications, across 96 funding schemes and achieved a 33% funding success rate.
- Of these successful grants 55% of Chief Investigator A (CIAs) were male and 45% were female. Within this, approximately 38% of CIAs are Early-Career Researchers, 24% are Mid-Career Researchers, and 38% are Senior Researchers.
- Peter Mac was awarded AUD \$51,632,966 in research funding in 2020. Included in this is international research funding totalling USD \$2,867,125, NZD \$40,000, and CHF 178,000.
- Peter Mac research supervised 155 higher degree students (PhD, MPhil, DMedSci, MMed, MSurg), 31 honours and masters students and 23 summer students.

Clinical Trials

Peter Mac has the largest cancer trials program in the region, with approximately 500 clinical trials currently open. Therapeutic drug trials make up approximately half of these, and Peter Mac has in particular excelled in leading Phase I cancer trials; which provide opportunities for cancer patients to access some of the most innovative cancer therapies in development. As one of only a handful of global cancer centres participating in these trials, our early engagement facilitates many effective international collaborations in bench to bedside research translation, as well as enabling us to lead the ongoing later phase trials that are also offered at other cancer centres in Australia.

Department	No. Clinical Trials
Cancer Surgery	19
Radiation Oncology	40
Haematology	120
Medical Oncology	293
Infectious Diseases	9
Cancer Imaging	7
Palliative Care	6
Other	7
Total	501

Animal Welfare Audit

In June 2020, Animal Welfare Victoria (AWV) reported on the animal welfare audit conducted during October–December 2019. Prior to and subsequently Peter Mac had established a systematic management and governance process to lead and monitor the administrative changes required. The majority of the issues have now been addressed with the remaining additional and revised documentation to be completed by December 2021.

Outstanding Researchers

In October, Professor Mark Dawson was awarded the prestigious 2020 Prime Minister's Prize for Science as the Frank Fenner Life Scientist of the Year. This was awarded to Professor Dawson in recognition of his pioneering research in the field of epigenetics and its impact

on human health and disease. Professor Dawson has made a range of ground-breaking discoveries that have improved the understanding and treatment of blood cancers. His research has laid the platform for more than 30 clinical trials across more than 20 countries, providing access to potentially life-extending novel therapies for people with cancer.

In March, Professor Mark Dawson was awarded the Australian Academy of Science's prestigious Jacques Miller Medal recognising his pioneering research into the epigenetic drivers of cancer. Work by Professor Dawson has led to discovery of several novel epigenetic drugs now in clinical trials as a potential new class of cancer treatment. The medal also recognises Professor Dawson's dual contributions as a researcher and a clinician treating patients with blood cancer at Peter Mac.

Following these outstanding achievements, in May 2021 Professor Mark Dawson received the life-time honour of being elected into the Australian Academy of Science, and furthermore in June 2021 was elected to the European Molecular Biology Organisation.

Highly Cited Researchers

This year, four Peter Mac researchers made the Clarivate Highly Cited Researchers 2020 list: Professors Sherene Loi, Grant McArthur, John Seymour and Ben Solomon. The annual list identifies researchers who have demonstrated significant and broad influence in their chosen field(s) of research through their publication of multiple highly cited articles during the last decade. All four were recognised for their research contributions in clinical medicine.

Professor Loi's research uses genomic and immunological approaches to develop new treatments for patients with breast cancer.

Professor McArthur's research focuses on new treatments for melanoma with targeted and immunotherapies.

"Over the last year we have published our work looking at five-year survival rates for patients with metastatic melanoma, a benchmark many look to as a marker of likely long-term survival and even cure," he said.

"Overall we believe a significant proportion of patients are being cured with advanced melanoma."

Professor Seymour is a clinical haematologist and part of the team that developed the drug venetoclax from basic research, through clinical trials, to its position today - a blood cancer drug used around the world.

Professor Solomon is identifying and developing new targeted treatments for lung cancer, leading to the approval of new drugs and better treatment options for patients.

In a paper published in the New England Journal of Medicine, interim results from the Phase 3 CROWN trial of the drug lorlatinib that Professor Solomon was involved in have shown it to be

a potentially practice-changing treatment to delay disease progression of anaplastic lymphoma kinase (ALK)-positive non-small cell lung cancer.

"Our work is made possible by the environment at Peter Mac, which allows us to involve patients in clinical research," Professor Solomon says.

"It also reflects our ability to be part of global clinical trials due to the strength of our connections with cancers centres worldwide, and acknowledges the impact of the work we've been able to do with these trials."

It is Professor Loi's third consecutive year of being included on the list, and the second year in a row for Professors McArthur and Solomon.

Peter Mac researchers also featured strongly in an analysis of the top 100,000 scientists in 22 major fields based on standardised Scopus citation metrics. The metrics for 2019 were published in the journal *PLOS Biology* in October 2020. Of the 39 Peter Mac staff featured all were in the top 2% of scientists in their top-ranked subfield of research – and nearly half were in the top 1%. This included Professors Sherene Loi and Ricky Johnstone, who were in the top 0.08% and 0.14% respectively, of researchers in their top-ranked subfield of Oncology and Carcinogenesis.

Early To Mid-Career Female Leaders

The Lea Medal, now in its fifth year, recognises exceptional female leaders in their early to mid-career and provides support for their ongoing career development. Named after the Latin word for "Lioness", this Peter Mac initiative is funded by the Foundation and responds to historic gender imbalances in senior ranks of health and science. This year was the first year that two Lea Medals have been awarded, to recognise female leaders in categories of dedicated researcher and clinician-researcher fields.

1. Dr Lorey Smith's research is focussed on understanding how melanomas change during treatment so patients stop responding to latest targeted drugs. Her discovery of novel RNA pathway as led to a potential drug now in early development.
2. Dr Frowen is a speech pathology clinician with a research focus on swallowing difficulties (dysphagia) that can be a side-effect of radiotherapy. Her early work led to improved patient management and models of care for head and neck cancer patients at Peter Mac.

Young Tall Poppy

Peter Mac's Dr Paul Beavis received a Young Tall Poppy Award, recognising him as an emerging scientist and outstanding communicator. Run by the Australian Institute of Policy and Science, these awards recognise early to mid-career scientists who combine world-class research with a passionate commitment to communicating science. Dr Beavis' research is focussed on how cancers suppress the immune system, along with working out how breakthrough CAR T Cell therapies can work in solid tumours like they do for blood cancers.

Rising Star

Peter Mac's Professor Sarah-Jane Dawson jointly received the prestigious Jian Zhou Medal from the Australian Academy of Health and Medical Sciences. The Medal recognises a rising star of Australian health and medical science, with a focus on translational medical science. Professor Dawson was recognised for her pioneering work to develop blood tests that can detect fragments of tumour DNA, the basis for "liquid biopsy" tests that are less invasive and painful than conventional tissue biopsy, which give clinicians a powerful new tool to tailor treatment and actively monitor a patient's response.

Bench to Bedside

In October, Professors John Seymour and Andrew Roberts were joint recipients of the 2020 Ramaciotti Medal for Excellence, recognising their leadership in

developing a blood cancer drug that is now used around the world. The prize recognises both for their research and clinical trials demonstrating the efficacy of the drug venetoclax in chronic lymphocytic leukaemia. This drug is now the gold-standard in the treatment of certain blood cancers and more than 200 studies are underway globally to further explore its potential for other treatments.

Outstanding Investigator

In December Professor Sherene Loi was awarded the American Association for Cancer Research's Outstanding Investigator Award for Breast Cancer Research.

Professor Loi and her team are attempting to better understand the breast cancer immune microenvironment, and will use this knowledge to develop new treatments for patients with breast cancer. Under Professor Loi's leadership, her research group found that immunity is important in breast cancer as it influences how the disease progresses and how a patient responds to treatment, particularly in the harder to treat diagnoses of triple negative breast cancer and HER2-positive breast cancer. Further, Professor Loi has led the first clinical trial in HER2-positive breast cancer worldwide, and her group are now exploring ways to generate new immunity in these patients.

Leader in her Field

Proteins that control the identity of cells in embryos could teach us how cell identity is lost in cancer. Vital to normal development

in early life, these molecules may later play a role in the early stages of cancer or help it spread, according to research by molecular biologist Dr Melanie Eckersley-Maslin. After more than a decade studying stem cells and embryonic development in the United Kingdom and USA, in 2021 Dr Eckersley-Maslin returned to Australia to lead a research group at Peter Mac. In recognition of her leadership in this field, in January Dr Eckersley-Maslin received one of two annual Metcalf Prizes from the National Stem Cell Foundation of Australia.

Research Gender Equity Committee

Peter Mac's Research Gender Equity Committee (RGENC) aims to address women's representation at all levels in research at Peter Mac through benchmarking to identify barriers and by implementing and driving activities and initiatives to address gender equality.

Key recent initiatives to address gender inequity and promote diversity in the workplace include the following.

Grants in aid - Financial support for parents of young children:

Funding is made available to eligible candidates to facilitate their management of career and family through the period of returning to work post-parental leave, and in the early years of their child's life. Eligible recipients can receive up to \$3,000. Over the past three years, there have been 50 grants in aid awarded.

Parental Leave Subsidy PILOT Grant:

This scheme aims to mitigate the negative impact of parental leave on research productivity of individual researchers and/or their labs. The grant will contribute to the cost of primary carer parental leave to assist in minimising financial disruption and can be used for salary support and/or direct research costs. Eligible recipients receive up to \$10,000 Parental Leave Subsidy (pro rata).

Research Assistance for Parents PILOT Grant:

This scheme aims to support the career development of Peter Mac postdoctoral researchers and group leaders (Level A to E) who are experiencing a disruption related to taking parental leave. Eligible recipients will receive up to \$20,000 award to support research continuity during or within.

Promoting gender inclusive culture, safe culture and flexible working arrangements:

In collaboration with People and Culture, the RGEN developed a Parenting Tool Kit with all relevant information for researchers on parental leave or returning from parental leave.

Promoting flexible and family friendly work arrangements:

The RGEN established a family-friendly meeting room equipped with toys and books. The room is available to research staff members or students with pre-school and primary school-aged children. This initiative aims to help parents and carers of children in juggling work and caring responsibilities.

Administer the Lea Medal Award:

Peter Mac's prize for emerging female research leaders, the Lea Medal, was established by the Chief Executive in 2016 to recognise and promote female research leaders in their early to mid-career. The winner receives significant financial support (\$40,000) to enable opportunities for career advancement.

Women in Science Symposium:

This annual event aims to celebrate and recognise female researchers from across Peter Mac, including laboratory, clinical researchers and nursing staff. The forum is an initiative to empower women researchers, foster the building of supportive networks, and provide professional development opportunities.

Participation in peer-mentoring groups:

RGEN members participate in the Research Circle (for early-mid career researchers) and the Researching while Parenting Support Group (for parents with young children).

Women in Science Parkville Precinct (WiSPP):

As a member of WiSPP, Peter Mac supports and promotes WiSPP activities including data collection, safe culture, individual development and inclusive leadership projects. This includes the following initiatives and activities to achieve the goals defined in the 2019 WiSPP Cross Institute Task Force report:

- Create a culture that fosters and rewards positive behaviours towards diversity and inclusion outcomes.
- Promote inclusive leadership through redefining measures of success.
- Enable staff to thrive and achieve research excellence in diverse ways.
- Create a culture that encourages and supports employees of all genders to balance their work life commitments whilst excelling in their careers.

Strategic Direction: Networks, Partnerships & Enterprise

Centres of Excellence

Peter Mac's Centres of Excellence lead the nation in the delivery of pre-clinical and translational research. They deliver cutting-edge treatments and clinical trials capability for the rapid development of therapies, manufacturing and training as well as building capability to accelerate access to safe and effective novel therapies.

ProSTIC/Theranostics

The Prostate Cancer Theranostics and Imaging Centre of Excellence (ProSTIC) performs state-of-the-art research to improve outcomes for men with prostate cancer. This research is focussed on using radioactive molecules that seek out prostate specific membrane antigen (PSMA) for imaging and treatment of prostate cancer. The centre is led by ProSTIC Director, Professor Michael Hofman, who led two landmark clinical trials – the ProPSMA and TheraP studies – published in *The Lancet* in 2020 and 2021 respectively. ProPSMA, a Peter Mac sponsored trial, has established PSMA PET/CT, as a new standard-of-care for imaging prostate cancer. The study is resulting in widespread uptake of PSMA PET/CT globally, and was awarded the 2021 Australian Clinical Trials Alliance (ACTA) Trial of the Year.

In 2020-21, ProSTIC commenced an expanded access program for Lutetium-PSMA therapy, a world first, which has treated over 50

patients to date. ProSTIC has accelerated a portfolio of clinical trials including a world-first randomised trial using PSMA PET/CT to diagnose prostate cancer, and two trials using Lutetium-PSMA as a first-line rather than last-line of treatment.

A newly appointed Translational Head of Prostate Cancer Research is leading laboratory based projects investigating next generation targets and developing biomarkers to predict and monitor response to PSMA therapy, as well as optimising new combinations with PSMA therapy in pre-clinical models. This research extends to imaging studies, which are advancing artificial intelligence deep learning algorithms to analyse PET imaging.

ProSTIC is also collaborating with the US-based MIM Software Inc, a technology company specialising in practical imaging solutions, to identify new prognostic or predictive imaging biomarkers in PET/CT imaging that can translated into tools to support clinical decision making.

ProSTIC has established a global hub of excellence to educate doctors, scientists, patients and the community about the application and benefits of this new technology. This includes global knowledge exchange webinars that have garnered over 950 registrants from 45+ countries, a pod-cast (GU Cast), @pros_tic twitter handle, <http://petermac.org/prostic> website

and a prostic.tv youtube channel. ProSTIC is funded by a grant from the U.S. based Prostate Cancer Foundation through a philanthropic donation from Mr Stein Erik Hagen, and the Peter MacCallum Foundation.

Cellular Immunotherapy

In 2020 the Centre of Excellence for Cellular Immunotherapy took a significant step in fulfilling Peter Mac's investment in the vision, facilities, and people to make cellular immunotherapy – CAR T cell therapy and beyond – available in Australia and to the Asia Pacific region.

In February 2021 Peter Mac announced that a breakthrough CAR-T therapy would now be made in Australia for the first time, within the Peter MacCallum Cancer Centre. This announcement follows the Therapeutic Goods Administration (TGA) approval for Cell Therapies Pty Ltd to commence commercial manufacturing of Kymriah®, a chimeric antigen receptor T cell (CAR-T) one-time treatment for cancer, in its manufacturing facility located at the Peter MacCallum Cancer Centre.

CAR-T therapy is a once-off, personalised treatment that uses a patient's own reprogrammed T-cells to fight their cancer. Prior to Cell Therapies obtaining a license for the commercial manufacture of Kymriah®, Australian patients' cells were transported offshore to the

United States for processing. Now, the whole needle-to-needle process is carried out onshore leading to faster, more equitable access to these potentially life-changing treatments for patients with otherwise refractory and untreatable blood cancers. This TGA approval makes Cell Therapies the first and only approved commercial manufacturing site for CAR-T in Australia for both clinical trial and non-clinical trial patients, and one of only six across the world.

Subsidised access to CAR-T therapy is available for eligible Australian patients with relapsed or refractory Diffuse Large B Cell Lymphoma (DLBCL), and eligible paediatric or young adult (up to 25 years) patients with relapsed or refractory Acute Lymphoblastic Leukaemia (ALL). Additional CAR-T therapies for treatment of additional cancers are under review for approval in 2021 and beyond.

Peter Mac has pioneered CAR-T therapy in Australia for more than 10 years, and performed Australia's first CAR-T clinical trial in 2007. In 2019, the Commonwealth Government announced \$80 million in funding to establish the Centre of Excellence in Cellular Immunotherapy (CoE CiT) at Peter Mac, co-funded by Peter Mac and the Peter MacCallum Cancer Foundation (\$25 million). A significant proportion of these funds are dedicated to building a new commercial common myeloid progenitor (GMP) cell and gene manufacturing facility and a new cellular immunotherapy clinical unit for treating patients

receiving these complex cutting-edge therapies.

The CoE CIT aims to build on these approved CAR T-cell therapies via a unique pilot clinical trial program for CAR-T and other novel cellular immunotherapies that will be fast-tracked to cancer patients with unmet need. To drive this pipeline, in 2021 the CoE CIT announced the establishment of a new dedicated translational research laboratory to rapidly progress cell-based immunotherapy breakthroughs into proof of concept clinical trials. This Translation Laboratory provides an innovative development pipeline for clinical trials, teaming with applicants to adopt early/mid-stage projects for preclinical development, while simultaneously preparing these novel technologies for GMP manufacturing and production scale-up and clinical execution. These research activities are approved by a CoE CIT Clinical and Scientific Advisory Committee. Associate Professor Jane Oliaro was appointed as the inaugural CoE CIT Chief Scientist to manage the Translation Laboratory's projects.

Over recent years, Peter Mac has maintained a substantial portfolio of CAR-T and cellular immunotherapy clinical trials, including industry sponsored and investigator initiated. From July 2020 (and during COVID) a maximum eight CAR-T clinical trials have been running at any time, including both allogeneic and autologous products that treat mostly blood but also solid cancers. With the establishment of the CoE

CIT Pilot Clinical Trial Program and through increased industry engagement with the CoE CIT, additional CAR-T clinical trials are in preparation with more expected in the near future, including more for treating solid tumours.

Commercial Partnerships

Peter Mac is partnering with home-grown and international life science companies, dedicated research and development institutions and venture firms to advance and translate discoveries into novel and more effective treatments for cancer patients.

This year, we have secured over \$17 million in commercially funded research contracts and agreements to support and progress the development of cancer treatments and discoveries.

We recorded 200+ signed agreements through the Commercialisation team during the 2020-21 financial year. Service agreements make up the majority of these agreements (44%), valued at \$11.5 million. We continue to build a strong global reputation for research excellence, with almost 70% of these partnerships and collaborations with international industry, institutions and organisations across the North America and Europe.

We are also able to report continued strong interest for collaborations with Peter Mac with 15 collaborations signed in this period. Examples include a recently announced research collaboration deal with Prescient Therapeutics, an Australia clinical stage oncology company. The

research conducted at Peter Mac, led by Professor Phillip Darcy, will help to develop Prescient's suite of next-generation of CAR-T therapies.

In addition, two of Australia's leading life science investment funds, Medical Research Commercialisation Fund and UniSeed, are using Peter Mac discoveries to launch a spin-out company Currus Biologics. Currus Biologics will focus on developing a protein-based drug that reconnects CAR-T cells to the body's immune system and reinvigorates their anti-tumour effect against solid tumours – a discovery founded at Peter Mac by Associate Professor Michael Kershaw and Dr Clare Slaney.

Building Capacity

Peter Mac has a reputation for the ethical and safe provision of cellular immunotherapy, culminating in the establishment of the Centre of Excellence in Cellular Immunotherapy in 2019. We are now working to support other health providers and clinicians across Australia and the world to build capability and knowledge to access and deliver to these technologies. In partnership with global-connected pharmaceutical companies, we delivered virtual education programs, sharing insights and knowledge in the clinical management of patients receiving CAR-T therapy, to clinicians from across countries in the Asia Pacific and Middle East. By establishing collaborations with other world-leaders in cellular immunotherapies, such as Penn Medicine (University of Pennsylvania, USA), we continue to share and advance best

practice and explore and validate novel treatment models.

Global Networks

To deliver impact at an international scale and accelerate the exchange of knowledge and insights, we are building strong global networks and partnership with institutions, industries and communities.

Organisations around the world are moving towards adopting a value-based approach to the structure and management of their health care delivery systems. In partnership with the American College of Surgeons and Harvard Business School's Institute for Strategy and Competitiveness, Peter Mac will embark on an important journey towards Value Based Health Care, to improve outcomes for patients and control the unsustainable escalation in healthcare costs.

In an Australian first initiative, Peter Mac will take its place alongside leading health care organisations from across the United States to work together on the ACS THRIVE (Transforming Health care Resources to Increase Value and Efficiency) Project. This project will seek to analyse aggregate data across multiple healthcare organisations in order to identify the best care pathways that lead to optimal patient outcomes.

THRIVE forms part of a portfolio of initiatives that are being delivered through our perioperative and prehabilitation program at Peter Mac. Early identification and management of modifiable risk and the integration of patient reported outcomes into

decisional algorithms, to inform personalised care, underpins the evidence-based care and research focus of our multidisciplinary teams. The THRIVE project will play an important role in our strategic plan to further develop and expand the reach of our optimisation care pathways. The initiative will provide an opportunity to benchmark our quality, generate important insights into how we can reduce variation and waste, optimise key process to enable our teams to work at the top of their licence and understand our costs over a full cycle of care to deliver outcomes that truly matter to patients.

Community Partnerships

Partnering with the community sector enables Peter Mac to innovate in its models of person-centre care.

Peter Mac Men's Shed

In partnership with Melbourne Med's Shed, Peter Mac established the first Men's Shed in a Victorian hospital. At its first face to face meeting in May, the group began work on designing and building a workbench that can be easily transported around the hospital to serve as a 'Pop-up Men's Shed' while the group awaits access to a permanent shed. The Men's Shed means that patients, carers and their families have the opportunity to meet others undergoing, or caring for someone receiving medical treatment in an environment where experiences can be shared, reducing the sense of isolation and supporting wellbeing.

Chinese Cultural Support Program

People from culturally diverse backgrounds represent a large proportion of new cancer diagnosis in Victoria. The Chinese Cultural Support Program aims to provide culturally appropriate information and support in order to respond better to the needs of Mandarin and Cantonese-speaking patients, families and carers. Since resuming in February 2021, the Cultural Champion (volunteer) supports between five and eight patients or carers on a weekly basis, providing culturally appropriate emotional support, cancer-related information, peer support (connecting patients with similar experiences, with consent), and service navigation such as linking patients to Allied Health and Wellbeing Centre programs and services. In addition, the program offers a monthly support group. Attendance post COVID-19 is increasing with patients and carers reporting benefit of meeting with others who speak their language as opportunities are rare in clinic areas.

Other important partnerships with the community include:

- A Health Justice Partnership with Inner Melbourne Community Legal that provides patients with onsite free legal support and financial counselling.
- An initiative with the Centre for Refugee and Migrant Health to provide dinners in the Wellbeing Centre, with the South Sudanese Women's Association cooking and Peter Mac staff providing education to demystify cancer and encouraging screening.

Regional Partnerships

The data on cancer outcomes shows that the further cancer patients live from a major city, the more likely they are to die within five years of diagnosis. Through the Regional Partnership Strategy, Peter Mac is working to improve timely and equitable access to expert healthcare for cancer patients, as well as building local capacity to provide cancer services. Despite COVID-19 travel restrictions into and out of Melbourne, partnerships with Bendigo Health, Albury Wodonga Health, Ballarat Health and Goulburn Valley Health in Shepparton facilitated access to expert haematology and medical oncology care, including clinical trials for people living in these regional areas.

Peter Mac's strengthening partnership with Bendigo Health was instrumental in the establishment of new outreach haematology clinics in Kyneton, Kerang, Echuca/Rochester and Swan Hill. Peter Mac supported the shared appointment of a new haematology registrar at Albury Wodonga Health, one of only two advanced trainees in haematology practicing outside of Melbourne and established the Victorian Regional Haematology Working Group, to progress partnerships for program development, education and training opportunities, clinical trials and research projects.

Peter Mac Foundation

In 2020-21, the Peter MacCallum Cancer Foundation contributed more than \$25.5 million to support Peter Mac, funding critical cancer equipment and research. This included \$5 million for the Electronic Medical Record system and \$4 million for the Gamma Knife, and a total of \$25 million being awarded to new cancer research initiatives. As a testament to the Foundation's strong relationships with donors and the community, despite the challenges of social distancing, the annual Unite to Fight Cancer event raised close to \$2 million. With the support of sponsors, participants ran, rode or walked their way to raising more than \$1.8 million for vital cancer research.

Strategic Direction: World Class Cancer Education

Peter Mac's education strategies focus on excellence in cancer care and research, and in supporting our patients and cancer community.

Education builds and sustains the capability needed to support improvements in quality and safety of patient care, as well as driving innovation in health system efficiency, by equipping staff with the ability to mobilise knowledge for caring, discovery, learning and decision making.

Office of Cancer Education

In 2020 the Office of Cancer Education was established to develop an organisation-wide education infrastructure, harnessing existing excellence in education and creating opportunity for growth and innovation. A strategic plan was developed that supports excellence in education and training, patients as partners, learning through contemporary approaches and partnerships. Progress will be supported centralised governance and operations, a centralised digital platform and the best Practice Clinical Learning Environment (BPCLE) Framework.

Evaluating Our Learning Needs & Culture

The Office of Cancer Education first addressed the need to establish a baseline understanding of the learning environment and culture, to inform development of an educational framework and needs-based

training plan for our workforce.

From November 2020 – March 2021 a review of the education and training environment using the BPCLE framework was conducted by educators across Peter Mac departments and disciplines, in clinical and non-clinical contexts. This process provided a baseline review of education and supported the development of a community of practice and priority actions across all disciplines.

The Peter Mac Learner Needs survey was conducted in January 2021 to address staff perception of the Peter Mac learning culture and opportunities, and what they identify as potential enablers or current barriers to their learning.

The BPCLE review and Learning Needs survey are first steps towards developing a collaborative learning culture and portfolio of education programs to meet the needs of all our staff, patients, carers and broader community, as we work together to build and expand our culture of excellence in education.

Achievements during COVID-19

Despite the COVID-19 pandemic, education remained a high priority for our clinical, research and support teams who facilitated education for COVID-related changes in care, to support learners in an ever-changing clinical environment and to facilitate research education and support during restrictions.

COVID-19 restrictions presented an enormous challenge for clinical student placements across Victoria, with many centres and disciplines forced to cancel placements. Peter Mac's clinical education teams supported 181 undergraduate and 42 graduate clinical placements, a 20% reduction from the previous years. Clinical education teams across Allied Health, Radiation Therapy, Cancer Imaging, Pharmacy and Nursing rapidly developed hybrid teaching models, alternative models of learning and continued support of students. For example, while participation in short-course nursing programs was significantly constrained by the need to transition to a virtual environment, the nursing education team continued to deliver an in-house hybrid program of face-to-face and virtual programs to 1057 nursing participants. The nutrition, physiotherapy, occupational therapy and speech pathology teams continued to deliver professional development opportunities for clinicians in the community including in regional health services.

Peter Mac researchers faced restrictions on accessing their laboratory and clinical environments, potentially limiting progress on their research. The education teams were able to build new collaborations and transfer learning approaches into the online environment to support research education, ensuring their continuing professional development during this challenging period.

Other outstanding achievements in clinical education in the COVID-19 environment include:

- The Basic Life Support Education Team demonstrated the power of collaboration and cross-functional team work, with the development and delivery of the 'Basic Life Support in a COVID-19 Environment' training package, to ensure clinical staff knew how to safely conduct basic life support without the risk of contracting COVID-19.
- Responding flexibly to the challenges of COVID-19, the Australian Cancer Survivorship Centre (ACSC) team educated over 1,000 health professionals, including through the 3rd Victorian Cancer Survivorship Conference, a collaboration with the Victorian Comprehensive Cancer Centre; state-wide, national and international webinars and podcasts and online learning modules and resources for health professionals, patients and their carers. During 2020 the ACSC website was accessed over 26,000 times, contributing to Peter Mac's reputation as world-class cancer centre delivering excellence in education.

Aboriginal & Torres Strait Islander Cultural Awareness Training

In November 2020, Peter Mac launched the Aboriginal and Torres Strait Island Cultural Awareness Training package, through the Learning Management System. This package was designed by the Department of Health and Human Services and introduced in late November 2020, with a steady increase uptake of the program. By April 2021, data showed 52% of staff had completed the three modules for staff and 37% of managers had completed the module for managers.

VACCHO Cultural Safety Training

To augment this training package, the Victorian Aboriginal Community Controlled Health Organisation's cultural safety training was made available to staff in 2021, with approximately 30 people attending by the end of June 2021. Members of the Aboriginal community deliver this training, to ensure it is meaningful and robust.

Global Academic Partnerships 2020 Conference

In November 2020, Peter Mac hosted the Global Academic Partnerships 2020 Conference, GAP2020, in partnership with MD Anderson Cancer Center in Texas, bringing together over 1885 delegates from more than 48 countries. Held for the first time in Australia and redesigned to be hosted virtually, the conference fostered greater collaboration through the development and exploration of impactful, innovative ideas to end cancer globally.

Strategic Direction: Our People

Gender Equality

Peter Mac's Gender Equity Strategy 2018-2022 sets out the organisation's aspirations to be a leader in gender equity among health and medical research communities in Australia and globally. Peter Mac seeks to "... model genuine gender equity as a workplace of choice for women and men". For the last two years Peter Mac has had a Gender Equity Committee, which originally focused on improving equity for our research teams and is now focused across the whole organisation.

The strategy outlines three principles that guide Peter Mac's approach to gender equality:

- Transformational change – leaders, managers and supervisors will be bold in creating inclusive workplace cultures
- Commitment – leaders will give priority to ensuring gender equality in their teams
- Accountability – leaders at all levels will be accountable for driving gender equality

To support these principles, the strategy defines 10 sets of key actions required to drive a whole of organisation approach to gender equality:

1. Data, Transparency, Benchmarking and Reporting
2. Active Leadership
3. Targets
4. Flexibility
5. Improving Parental Leave and Family Support
6. Pay Reviews
7. Education and Training
8. Communication
9. Mentoring and Sponsorship
10. Combating Sexual Harassment

Each of these action areas correlate to 40 items and 28 indicators. Peter Mac has completed 26 of the actions, with 10 in progress and 4 to be reviewed by the Gender Equity Committee. Of the indicators, 18 are on track for completion, 5 in progress and 5 to be reviewed by the Committee.

People Matter Survey

The planned Victorian Public Sector Commission 2020 People Matter survey did not proceed due to the various obligations health services had with the pandemic response. Peter Mac was offered the opportunity to conduct a shorter survey later in 2020 however, along with the vast majority of health services, declined the offer. The 2021 survey commenced on 31 May 2021.

Workplace Audits

As part of the Department of Health's pandemic response, Safer Care Victoria conducted mandatory site audits of Peter Mac's COVID-19 Safe Plan on Tuesday 8 September 2020. The audit was conducted at Peter Mac's Parkville campus and identified full compliance with 25 of 31 criteria and partial compliance with the remaining six criteria. An action plan was developed in response to recommendations, with all actions implemented by 30 October 2021. Peter Mac's COVID-19 Response Committee continues to monitor compliance against the current obligations required by the Victorian Department of Health.

Worksafe Audit

Worksafe attended the Peter MacCallum Cancer Centre on 20 April 2021 as a part of a proactive intervention program to ensure compliance with health and safety laws. Worksafe reviewed Peter Mac's Respiratory Protection Program including fit testing procedures and records. Representatives also inspected the Peter Mac COVID-19 Safe Plan in relation to best practice for staff amenities and psychological health and support strategies for staff. Worksafe made no recommendations from the inspection and commended Peter Mac for its proactive response to COVID-19.

Strategic Enabler: High-Trust, High-Performance Culture

Leadership Development

Opportunities for Leadership Development were expanded in 2020-21 with a refreshed Leadership Capability Framework, and additional programs and workshops provided. Peter Mac held 43 Leadership Development and Manager Training workshops, providing the opportunity for more than 600 staff to participate. People and Culture have partnered with the Executive team to facilitate a monthly Leadership Forum available to all employees covering topics such as Managing Informal Complaints and Managing Fatigue, and the Peter Mac Leadership Newsletter was launched in April 2021 as an opt-in distribution list with more than 150 subscribers to date. After a break in 2020, Peter Mac's Mentoring Program is running again, with more than 120 participants in traditional mentoring or peer mentoring partnerships.

The Organisational Development team has launched a four month development program for people leaders, focused on improving the

consistency of what people can expect from a Peter Mac manager through supporting participants to integrate concrete management practises into their day to day work. The program is focused on the three core responsibilities of people leaders: developing self and others; managing individual and team performance, and; health safety and wellbeing. The first cohort has commenced with 20 managers from disciplines all over Peter Mac, with an additional 40 expected to participate before the end of 2021.

Safety to Speak Up

An essential component of a high-trust, high-performance culture is the systematic support for staff to speak up about issues and concerns with behaviour, safety and culture. International research about civility and safety in teams, and recommendations from inquiries into health system failures, confirm the need to overtly encourage staff, in any role, to disclose practices and behaviours that undermine trust, reliability, accountability and innovation.

Peter Mac launched a pilot Safe to Speak Up program in Perioperative Suites, consisting of a psychological safety pulse check survey, education and briefings for staff, and the appointment of a Safe to Speak Up Guardian reporting directly to the Chief Executive. The role of the Guardian is to listen to concerns and issues noticed by employees who feel they cannot raise these matters elsewhere, or who feel they have tried to raise it elsewhere and do not feel heard through that avenue. The Guardian then supports the employee to escalate their concerns appropriately, ensures accountability from leaders and organisational systems, and that feedback is provided to the employee about the actions taken and outcomes of their concerns. The pilot also provided the opportunity to work closely with internal stakeholders and, on a small scale, to understand what will be most effective for Peter Mac at a systematic level.

Strategic Enabler: Sustainability

Peter Mac is committed to operating in an environmentally responsible manner. This includes building a strong and sustainable future, continually aiming to improve environmental performance by achieving best practice outcomes, complying with relevant federal and state legislation, and reducing the organisation's environmental footprint. This work is led by a committed and active Environmental Sustainability Committee of staff volunteers who advise on and support an annual plan of monitoring and improvement activities.

Technological Enhancements

A range of initiatives were introduced in the reporting year, using technology to reduce energy consumption, such as the installation of motion sensors in the loading dock. Despite this, the performance of the facility against its energy targets varied significantly through the year, due to changes to ventilation arrangements that were required to minimise the risk of transmission of the COVID-19 virus to staff, patients and visitors.

Green Lab Champions

Peter Mac's Green Lab Champions have been successful in creating an environmentally sustainable culture, aware of the environmental impact of research activities and striving for sustainable operating models.

To date, 30 Green Lab Champions have been educated about the environmental impact of research and behaviour change interventions for sustainability.

Waste Management

In October, Peter Mac successfully trialled a new soft plastics waste stream in research labs, Theatre and Cancer Imaging; this brings the number of segregated waste streams at Peter Mac to 12. The recycling of single use steel instruments has further extended Peter Mac's waste management and recycling program. The Environmental Sustainability Committee is provided with reports on cost savings and products produced from recycling products such as poly vinyl chloride (PVC, which is recycled into garden hose and playgrounds).

Chemical Free Cleaning

Prior to the emergency of COVID-19, Peter Mac had a successful program of chemical-free cleaning in its Operating Suite; this ceased during the pandemic when Health Department directives required the use of approved disinfectants. In response to rising occupational health and safety incidents and risks for clinical and support staff, as well as damage to biomedical equipment, from the current cleaning chemicals in use, in May Peter Mac conducted a trial implementation of a chemical free approach to surface and equipment cleaning.

Global Green & Healthy Hospitals Network

In order to benchmark and compare these initiatives against best practice, in May 2021, Peter Mac applied for and was accepted as member of the Global Green and Healthy Hospitals Network. By joining Peter Mac committed to working towards two of the Network's ten Agenda Goals; Goal One is Waste and Goal Two is Chemicals.

Energy Performance

Peter Mac introduced a number initiatives aimed at reducing electricity and gas consumption in 2020, including loading dock light control time scheduling, after hours lighting control and time scheduled operation of Mechanical Plant.

Peter Mac's energy consumption over the past three years (summarised below) has seen a modest decrease in electricity and water, however a large increase in gas usage. Gas requirements have increased due to air ventilation changes required to minimise the risk of COVID-19, with a need to use outside air only rather than outside and recirculated air. This has had follow on effects for the energy required for usual heating and cooling.

Environmental impacts & energy usage

Energy Consumption	2018	2019	2020	Change from previous year
Electricity (kWh)	30,026,712	29,842,131	26,726,158	-10.4%
Natural Gas (GJ)	77,386	68,999	88,319	28.0%
Water (kL)	132,778	160,588	154,510	-3.8%

Carbon emissions (tonnes of CO ₂)	2018	2019	2020	Change from previous year
From electricity	28,728	27,416	26,192	-4.5%
From natural gas	3,978	3,816	4,540	19.0%
Total	32,706	31,232	30,731	-1.6%

Factor influencing environmental impacts	2018	2019	2020
Floor areas	76,730	76,730	76,730
Separations	40,727	42,140	40,268
Total bed days*	73,358	76,868	71,975

Normalised emissions and water usage

Carbon emissions	2018	2019	2020
CO ₂ e (tonnes per m ²)	0.43	0.41	0.40
CO ₂ e (tonnes per bed day)	0.45	0.41	0.43
CO ₂ e (tonnes per separation)	0.80	0.74	0.76

Water use	2018	2019	2020
kL per m ²	1.73	2.09	2.01
kL per bed day	1.81	2.09	2.15
kL per separation	3.26	3.81	3.84

*Bed days are calculated using VAED bed days definition

Strategic Enabler: Digital & Connected Health

Electronic Medical Record

The successful implementation of the Parkville Electronic Medical Record (EMR) in August 2020 has created a significant transformation in clinical care for Peter Mac, as well as being a major technology and infrastructure change during this period. The system went live across the Parkville Precinct on 8 August 2020, under the unique and difficult circumstances of Melbourne's COVID-19 Second Wave. This Go-Live connected Peter Mac, Royal Women's Hospital and the Royal Melbourne Hospital to the existing Royal Children's Hospital EMR. This \$140 million collaborative project was delivered on time and on budget, though the original Go-Live date of May 2020 was delayed due to the unprecedented impacts of the COVID-19 pandemic. Together the four partner health services redesigned the implementation and go-live plans to ensure staff could safely adopt the new system during the pressures of the pandemic.

The EMR is improving patient care by providing clinicians with all the information and tools to provide the highest quality of care, in a secure environment and with the ability to access the system anywhere. It is enabling critical data analysis, not previously possible with paper-based or "read only" viewers. Peter Mac is already reporting a range of benefits including a reduction in the average multiday length of stay by 1.5 days and significant improvement in documentation of patient results within 24 hours of a clinical assessment. This is improving management of the risks of common complications of care such as a pressure injury, falls, delirium and cognitive impairment.

EMR implementation is just the first step in a long-term strategic venture to facilitate innovation, automation, standardisation and research opportunities across a large range of daily clinical functions, delivering process improvements and business efficiencies, largely driven by improvements in safety and quality of care, but also allowing Peter Mac to target opportunities for redesign, expansion and outreach of our services.

Telehealth

In the year to 31st May, 25,142 outpatient appointments were provided using telehealth, equating to just under 11% of all outpatient appointments provided by Peter Mac in the reporting period. Of these telehealth appointments, 6,998 or 28% were provided to people living in regional and rural areas. With people in regional Victoria reluctant to enter Melbourne during the months of lockdown, telehealth consultations allowed Peter Mac clinicians to stay connected with their patients, reducing the burden of travel and the risk of infection, and to continue to work collaboratively with local care providers in the shared care and management of patients.

Digital Partnerships

Through the Digital Health Cooperative Research Centre, Peter Mac is part of a network of government, industry and academic partners working together on an integrated research program.

Working with Swinburne University, Peter Mac has four new projects that are developing clinical support tools to improve outcomes for people with cancer. These projects use a combination of familiar digital technologies, such as web based and mobile phone applications, in combination with big data, artificial intelligence and machine learning systems to build decision making supports including predictive models, virtual care champions and early intervention and optimal care pathways.

Teletrials

The Teletrials Model is an innovative strategy for overcoming geographical barriers to access for regional patients by conducting telehealth based clinical trials. Trials are critical for translating novel treatments into clinical practice, but access is not equitable, with rural and regional patients facing significant barriers to engagement. While the disparities in the outcomes for regional and metropolitan patients continues to rise, they are reduced when patients are enrolled in trials.

One of the first successful models for teletrials has been the TARGET-TP, led by Peter Mac in partnership with a Regional Trials Network with Bendigo and the Loddon Mallee Region. This multicentre, randomised, phase three trial of

targeted thromboprophylaxis in ambulatory patients receiving anticancer therapies for lung or GIT cancers successfully enrolled over 300 patients, 40% of whom were from regional Victoria, and answered its research question. In addition to this important outcome, it significantly reduced the burden of travel of patients, developed skills and expertise in the delivery of teletrials in satellite sites and strengthened collaboration for the conduct of future trials.



Board of Directors

Peter MacCallum Cancer Centre's Board consists of nine directors appointed by the Victorian Government.

The Board leads strategic directions for the management, administration and control of Peter MacCallum Cancer Centre, its funds and its facilities. Directors are appointed for a term of up to three years and may be re-appointed to serve for up to nine years.

Board Directors

Professor Maxine Morand (Chair)

Ms Deirdre Blythe

Associate Professor Kate Cherry

Ms Louise Davidson AM

Mr Ian Dunn AM

Mr Matt O'Keefe

Mr Des Pearson AO

Associate Professor Leslie Reti AM

Associate Professor Rosemary
McKenzie

Audit And Risk Management Committee Members

Mr Des Pearson AO (Chair)

Associate Professor Kate Cherry
(as of July 1 2020)

Ms Deirdre Blythe

Other Board Committees & Members

Finance Committee

Mr Matt O'Keefe (Chair)

Ms Deirdre Blythe

Mr Ian Dunn AM

Quality Committee

Associate Professor Leslie Reti AM (Chair)

Mr Des Pearson AO

Mr Ian Dunn AM

Associate Professor Rosemary McKenzie

Research Committee

Associate Professor Kate Cherry (Chair)

Professor Maxine Morand

Associate Professor Les Reti AM

Community Advisory Committee

Mr Ian Dunn AM (Chair)

Associate Professor Kate Cherry

EMR Committee

(Final meeting November 2020 - subsumed into other extant committees)

Mr Matt O'Keefe (Chair)

Professor Maxine Morand

Associate Professor Les Reti AM

Primary Care & Population Health Advisory Committee

Associate Professor Rosemary McKenzie (Chair)

Ms Louise Davidson AM

People & Culture Committee

Ms Louise Davidson AM (Chair)

Mr Matt O'Keefe (until December 2020)

Associate Professor Kate Cherry (from January 2021)

Professor Maxine Morand

Remuneration Committee

Professor Maxine Morand (Chair)

Ms Louise Davidson AM

Mr Matt O'Keefe

Accountable Officer

Chief Executive Dr Shelley Dolan



CHIEF OPERATING OFFICER — Karen Fox

Medical Director, Medical Oncology
Professor Danny Rischin

Medical Director, Haematology
Professor John Seymour AM

Medical Director, Surgery
Professor Alexander Heriot

Medical Director, Radiation Oncology
Associate Professor Gerry Hanna

Operations Director, Inpatient Service
Demi Diaz (acting)

Operations Director, Ambulatory Services
Patriece Shelly

General Manager, Cancer Imaging
Michelle McDade

Director, Pharmacy
Senthil Lingaratnam

Director, Patient Access & Flow
Demi Diaz

Director, Parkville Cancer Clinical Trials
Professor Mark Rosenthal

Manager, Parkville Cancer Clinical Trials
Marian Lieschke

Director, EMR Optimisation
Stephanie Chau

CHIEF MEDICAL OFFICER — Dr David Speakman

Deputy Chief Medical Officer
Associate Professor Katherine Burbury

Medical Director, Victorian Adolescent and Young Adult Cancer Service
Dr Jeremy Lewin

Medical Director (Honorary), Parkville Integrated Palliative Care Service
Associate Professor Brian Le

Head of Internal Medicine
Dr Nur-Shirin Harun

Director, Psychosocial Oncology
Professor Steven Ellen

Head of Infectious Diseases
Professor Monica Slavin

Director, Infection Prevention
Associate Professor Leon Worth

Director, Prevention & Wellbeing
Geraldine McDonald

Manager, OnTrac
Kate Thompson

Manager, Volunteer Services
Anna Taylor

Manager, Health Information Services
Kathryn Baxter

Program Manager, WCMICS
Kathy Quade

Tumour Stream Directors

CHIEF NURSING OFFICER — Jacqueline Mathieson

Director, Allied Health
Associate Professor Alicia Martin

Director, Cancer Education
Dr Caroline Owen

Director, Academic Nursing Unit
Professor Meinir Krishnasamy

Manager, Nursing Workforce
Andrew Pilcher

Tumour Stream Clinical Nurse Consultants

Nurse Practitioners

EXECUTIVE DIRECTOR, CLINICAL GOVERNANCE & STRATEGIC PROJECTS — Lisa Dunlop

Director, IMCT
Erminia Schiavone

Director, Quality & Safety
Kylie Thitchener

Director, Facilities & PPP (interim)
Susan Anderson

Director, Procurement & Support Services
Dana Peters

Manager & Lead Advisor, Improvement Projects
Danielle Murray

CoE Project Manager
James Angelopoulos

Capital Works Project Manager
Geoff Fazakerley

Site Manager, St Andrew's Place
Roger Marshallsea

Manager, Business Intelligence
Cathy Ma

Voluntary Assisted Dying Care Navigators

Tumour Stream Directors

Director, Bone & Soft Tissue Sarcoma Tumour Stream
Professor Peter Choong

Director, Lung Tumour Stream
Associate Professor Louis Irving

Director, Melanoma & Skin Tumour Stream
Associate Professor Chris McCormack

Director, Paediatric Oncology Tumour Stream
Dr Greg Wheeler

Director, Breast Tumour Stream
Professor Bruce Mann

Director, Lower Gastrointestinal Tumour Stream
Professor Alexander Heriot

Director, Head & Neck Tumour Stream
Professor David Wiesenfeld

Director, Central Nervous System Tumour Stream
Professor Kate Drummond

Director, Upper Gastrointestinal Tumour Stream
Associate Professor Benjamin Thomson

Director, Gynaecology Tumour Stream
Associate Professor Orla McNally

Director, Genitourinary Oncology
Professor Declan Murphy

EXECUTIVE OFFICER

Professor Shelley Dolan

Director, Communications
Vanessa O'Shaughnessy

General Counsel
Melanie Harper

Policy Advisor
Helena Maher

EXECUTIVE DIRECTOR, FOUNDATION

Jennifer Doubell OAM

Philanthropy & Fundraising Director
Carl Young

Business Manager
Lucy D'Emanuele

Communications Manager
Kristi-Lyn Charter

EXECUTIVE DIRECTOR, CANCER RESEARCH

Professor Ricky Johnstone

Associate Director, Laboratory Research
Professor Rick Pearson

Associate Director, Research Support and Development
Dr Carol Ginns

Associate Director, Clinical Research
Associate Professor Jayesh Desai

Associate Director, Health Services Research and Implementation Science
Professor Karin Thursky

Associate Director, Research Translation
Professor Mark Dawson

EXECUTIVE DIRECTOR, BUSINESS VENTURES

Associate Professor Dominic Wall

Director, Pathology / Group Leader Pathology Research
Professor Stephen Fox

General Manager, Nexomics
David Lee

Operations Director, Pathology
Peter Gambell

Director, Partnerships
Dr Udani Reets

Director, Commercialisation
Amanda Reese

CHIEF FINANCIAL OFFICER

Lucy Franzmann

Deputy Chief Finance Officer / Financial Controller
Luke Marmo

Commercial Finance Manager
Ben Nuttall

Payroll Systems and Quality Assurance Manager
John Ruiz

Finance Systems Improvement Manager
Flora MacInnes

Project Manager
Namalka Arambewala

EXECUTIVE DIRECTOR, PEOPLE AND CULTURE

Sean Curtain

Director, People and Culture
Marco de Marte

Manager, Employee Relations
Stacey Walker

Manager, Health, Safety and Wellbeing
Amber Atkinson

Manager, Capability & Development
Meredith Crowe

Manager, Medical Workforce Unit
Sonya Steve

Manager, People Systems & Reporting
Bianca Widgery

Organisational structure

Purpose, functions, powers & duties

Peter MacCallum Cancer Institute is a public health service incorporated under the Health Services Act 1998 (Vic) (the Act) and uses as its trading name, Peter MacCallum Cancer Centre (Peter Mac).

Peter Mac, through its Board of Directors, reported to the Victorian Minister for Health, The Honourable Jenny Mikakos MP, Minister for Health, Minister for Ambulance Services From July 1 2020 to 26 September 2020, and The Honourable Martin Foley MP, Minister for Health, Minister for Ambulance Services, Minister for Equality From 26 September 2020 to June 30 20201.

The powers, functions and duties of Peter Mac are as prescribed by the Act.

The core objective of Peter Mac is to provide public health services in accordance with the National Healthcare Agreement principles. The National Healthcare Agreement stipulates that states and territories will provide health and emergency services through the public hospital system, based on the following Medicare principles:

- a. Eligible persons are to be given the choice to receive, free of charge as public patients, health and emergency services of a kind or kinds that are currently, or were historically provided by hospitals.
- b. Access to such services by public patients free of charge is to be on the basis of clinical need and within a clinically appropriate period.
- c. Arrangements are to be in place to ensure equitable access to such services for all eligible persons, regardless of their geographic location.
- d. Provide high quality health services to the community which aim to meet community needs effectively and efficiently.
- e. Integrate care as needed across service boundaries in order to achieve continuity of care and promote the most appropriate level of care to meet the needs of individuals.
- f. Ensure that we aim for improvements in individual health outcomes and population health status by allocating resources according to best practice health care approaches.
- g. Ensure that we strive to continuously improve quality and foster innovation.
- h. Support a broad range of high-quality health research to contribute to new knowledge and take advantage of knowledge gained elsewhere.
- i. Operate in a business-like manner which maximises efficiency, effectiveness and cost-effectiveness and ensures the financial viability of Peter Mac.
- j. Ensure that mechanisms are available to inform consumers and protect their rights and facilitate consultation with the community.
- k. Operate a public health service as authorised by or under the Act.
- l. Carry out any other activities that may be conveniently carried out in connection with the operation of a public health service or calculated to make more efficient any of Peter Mac's assets or activities.

Employment & conduct principles

Peter Mac's culture reflects the organisational values of excellence, innovation and compassion and is underpinned by a passion to deliver the best in cancer care, treatment and research.

This year, Peter Mac continued to ensure our employment practices aligned with the Victorian Public Sector Commission (VPSC) Code of Conduct and Employment Standards. This includes maintaining a best practice framework for the management of issues and providing our staff with varied support options. Peter Mac is taking steps to further embed key behavioural and organisational cultural standards by developing a Peter Mac Code of Conduct – taking the elements of the VPSC framework along with aspects that are specific to Peter Mac and will speak directly to our workforce.

Proactive culture and team development work is a focus for the team, aimed at early intervention and building trusting and effective team environments. Gender Equality, Diversity and Inclusion was and continues to be a major focus for Peter Mac and following the introduction of the *Gender Equality Act 2020*, Peter Mac is well on track to meet our new requirements under this legislation.

Our Orientation Program continues to ensure staff begin their career at Peter Mac with an understanding of the patient experience and our expectations. The program highlights the role individual staff can have in leading change and improving the patient experience. It also includes presentations from patient ambassadors, whose stories help to ground knowledge in the reality of the cancer journey.

Peter Mac also commits significant attention to ensuring that our people receive their proper employment entitlements and have taken steps to proactively audit various systems and have more work in this area planned. Over the next 12 months, this will also encompass the implementation of numerous new Enterprise Agreements, covering a large proportion of our workforce.

Throughout the year and in response to the rapidly changing environment, new workforce models, programs of care for staff and initiatives to increase

engagement and build capability have been delivered. This has included transitioning large portions of the workforce to work remotely, whilst striving to maintain business as usual without compromising our high standard of care. Ensuring the Peter Mac leadership and clinical operations structure is optimal will be a focus over the next 12 months.

Valuing A Healthy Workforce

The health of the workforce remains a priority for Peter Mac. The Staff Wellbeing Strategy aims to provide a safe work environment for staff and to promote and support all aspects of their health and wellbeing.

There is a focused commitment on incident and injury prevention, ensuring staff have the right skills and capability to perform their roles safely and effectively.

The approach includes:

- Accessible and trained health and safety representatives who actively participate in the identification and management of employees' work environments.
- Manual handling program, shared throughout Peter Mac by a hybrid approach of training via an experienced manual handling coordinator and manual handling mentors, to educate staff in safe handling practices.
- Workplace assessments at an organisational and individual level to ensure the identification of sound ergonomic practices, focused on eliminating or reducing muscle fatigue and injury. This has been expanded to address the needs of those employees now working from home.
- The introduction of a Flexible Working Procedure, as flexible work arrangements can offer employees opportunities that meet the varying and complex needs of a modern workforce, while maximising the interests of Peter Mac, our patients and our employees.
- Personal, professional development and wellbeing education programs featuring workshops on stress awareness and building resilience, courageous conversations, managing challenging behaviours, customer service, understanding change and transition and reflective practice.
- A benefits program which provides discounts and a range of physical, financial and mental health options to staff in line with our wellbeing strategy.

Workforce Data

Hospital labour category	June current month FTE		Average monthly FTE	
	2020	2021	2020	2021
Nursing	571.79	576.59	544.40	571.75
Administration & Clerical	544.35	549.75	526.55	551.30
Medical Support	952.83	951.31	938.05	942.13
Hotel & Allied Services	69.20	75.22	70.27	72.40
Medical Officers	80.02	83.12	73.84	75.65
Hospital Medical Officers	133.20	137.94	126.88	131.33
Sessional Clinicians	96.75	98.35	92.51	96.48
Ancillary Staff (Allied Health)	73.65	78.52	70.85	72.51

Occupational Health & Safety

Total reportable injuries for the first three quarters of the 2020-21 financial year were 21, which was below the corresponding point in the previous financial year. Active WorkCover claims at the same time was 32, a slight increase on the previous year with manual handling of both patients and

equipment by Peter Mac staff being the primary cause.

The number of lost time standard WorkCover claims for the year and average cost of a WorkCover claim for the premium period has trended moderately upwards for 2020-21. Manual handling of both a clinical and non-clinical nature resulting in muscular skeletal disorders has been identified as

a contributing factor. Peter Mac transferred WorkCover insurers from CGU to Allianz in March 2021 and already the indications are a positive improvement in reporting quality and clarity. The focus for Health Safety and Wellbeing Injury Management in 2021-22 will be on early intervention and the shift of reporting to the Lost Time Injury Frequency Rate.

Occupational Health and Safety Statistics	2020-21	2019-20	2018-19
The number of reported hazards/incidents for the year per 100 FTE	18.06	14.69	8.50
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	0.68*	0.436	0.434
The average cost of WorkCover claims for each Premium Period*	\$94,049	\$106,451	\$84,222

*Average cost of claims going into each premium calculation period

Respiratory Protection Program

The Victorian Respiratory Protection Program (RPP) has been developed to support health services in implementation of a consistent and comprehensive respiratory protection program across the Victorian health system. Prevention strategies such as fit testing health care workers to N95 masks assist to minimise health care worker exposure to respiratory hazards such as COVID 19. Peter Mac has an ongoing fit testing program, which has resulted in 916 of our health care workers fit tested.

Occupational Violence & Aggression

The number of incidents reported by staff has increased in the financial year. Occupational violence and aggression (OVA) incidents include Code Grey, Planned Code Greys and Code Blacks. These are reported via a 444 Emergency activation and result in a Security response. Peter Mac staff also report on Behaviours of Concern incidents through Riskman where a local response is initiated and often requires a de-escalation response. OVA incidents include patient and visitor initiated aggression. Peter Mac reported 141 OVA incidents via an Emergency Response in FY 20/21 with nil reported injuries to staff as a result.

OVA and Behaviours of Concern

incident, investigation and controls are monitored through the Comprehensive Care Committee, Behaviour of Concern Working group, Health and Safety Executive Committee and the Health and Safety Representatives Committee.

Occupational Violence Statistics**2020/21**

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 *	141
Number of occupational violence incidents reported per 100 FTE	5.65
Percentage of occupational violence incidents resulting in a staff injury, illness or condition.	0

*OVA incidents reported is defined as all Emergency incidents reported with a 444 response.

Definitions:

Occupational violence – any incident where an employee is abused, threatened or assaulted in circumstances arising out of, or in the course of their employment.

Incident – an event or circumstance that could have resulted in, or did result in, harm to an employee. Incidents of all severity rating must be included. Code Grey reporting is not included, however, if an incident occurs during the course of a planned or unplanned Code Grey, the incident must be included.

Accepted WorkCover claims – Accepted WorkCover claims that were lodged in 2020-21.

Lost time – is defined as greater than one day.

Injury, illness or condition – This includes all reported harm as a result of the incident, regardless of whether the employee required time off work or submitted a claim.

Consultancies information

In 2020-21 there were nine consultancies where the total fee payable to the consultants was \$10,000 or greater.

The total expenditure incurred during 2020-21 in relation to these consultancies is \$406,307 (excl. GST). Details are provided in the table below.

Consultant	Purpose of Consultancy	Start Date	End Date	Total fee approved (excl. GST) (\$'000)	Total expenditure approved (excl. GST) (\$'000)	Future commitment approved (excl. GST) (\$'000)
Acutus Pty Ltd	Commercialisation Advice	01/07/20	30/06/21	100	100	0
Maurice Bisetto	Strategic Advice	01/07/20	30/06/21	24	24	0
Entity Solutions Services Pty Ltd	Strategic Advice	01/07/20	30/06/21	69	69	0
Grosvenor Performance Group Pty Ltd	Strategic Advice	01/07/20	30/06/21	100	100	0
Linda Betts And Associates	Strategic Advice	01/07/20	30/06/21	16	16	0
Peter R E Turvey	Commercialisation Advice	01/07/20	30/06/21	22	22	0
Rixstewart Pty Ltd	Strategic Advice	01/07/20	30/06/21	14	14	0

Consultant	Purpose of Consultancy	Start Date	End Date	Total fee approved (excl. GST) (\$'000)	Total expenditure approved (excl. GST) (\$'000)	Future commitment approved (excl. GST) (\$'000)
Jane Pickworth Healthcare Consulting	Strategic Advice	01/07/20	30/06/21	50	50	0
Dandolo Partners	Strategic Advice	01/07/20	30/06/21	12	12	0

Consultancies in 2020-2021 costing less than \$10,000

Using the definition set out in FDR 221, the total spend on consultancies costing less than \$10,000 in 2020-21 was \$18,200 (excl. GST) from three consultants. One of these consultancies has a future commitment of \$63,000 in 2021/22.

Information & communication technology expenditure

The total Information and Communication Technology (ICT) expenditure incurred during 2020-21 is projected to be \$17,204,212 (excl. GST) with the details shown below.

Business as Usual ICT expenditure	Non-Business as Usual ICT expenditure		
	Total = Operational expenditure and Capital Expenditure (excluding GST) (a) + (b)	Operational expenditure (excluding GST) (a)	Capital expenditure (excluding GST) (b)
Total (excluding GST)			
	\$(a+b) million	\$(A) million	\$(b) million
\$million	\$000s	\$000s	\$000s
\$17,245,812	\$14,203,727	0	\$14, 203,727

Disclosures required under legislation



Freedom of Information Act 1982

The Freedom of Information Act 1982 (Vic) (FOI) provides the public with a right to apply for access to documents in accordance with this Act. Procedures for requesting information from records held by Peter Mac are outlined in the Freedom of Information brochure, available from Peter Mac or from the Department of Health and Human Services, the Department of Justice and the Public Records Office of the State Library.

Requests for access to information in documentary form in the custody of Peter Mac should be made to Teresa Trotta, Freedom of Information Officer, Health Information Services, Peter MacCallum Cancer Centre, Locked Bag 1, A'Beckett Street, Victoria, 8006. The application fee for FOI requests is \$29.60, unless it is waived or reduced on hardship grounds.

During 2020-2021, Peter Mac received 155 requests, of which 30 did not meet the criteria for a true FOI request. Of the remaining

125, 123 requests were provided with a copy of medical records; 21 of these requests came from a patient or their next of kin and the other 102 requests were from legal firms acting for a patient or their next of kin. The remaining two requests were made through FOI at Right to Know, one asking "how much money has Peter Mac spent on obtaining legal advice from 1 Jan 2018 – 31 December 2020" and one asking for copy of, "do not resuscitate" policy documents. In each case, Peter Mac provided the relevant information. Peter Mac also provides a report on these requests to the Office of the Victorian Information Commissioner.

Building Act 1993

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

safe and fit for occupancy, and to report annually on measures taken to ensure compliance with the Building Act 1993.

The Victorian Comprehensive Cancer Centre in which Peter Mac is situated was designed and built as part of the Victorian Government's Public Private Partnership scheme whereby Plenary Health are the owner of the building and have responsibility to maintain the building for a period of 25 years. Honeywell have been sub-contracted by Plenary Health as facility managers of the building. In June 2016, Peter Mac moved into the Parkville VCCC building.

Plenary Health are responsible and hold the Certificate of Occupancy for the Parkville campus building. They are also responsible to ensure building standards and condition assessments, fire safety audits and essential safety measures maintenance are completed at least annually or as per schedule. The annual inspection by the Department of Health and Human Services for Fire Risk

Management certification was conducted in November 2020 and found to be compliant. Plenary ensures building permits are obtained for any new projects and, where required, Certificates of Occupancy or Certificates of Final Inspection when these projects are completed.

For Moorabbin, Box Hill, Sunshine and Bendigo campuses, responsibility to comply with the Act lies with the host organisation.

Public Interest Disclosure Act 2012

Peter MacCallum Cancer Centre complies with the Public Interest Disclosures Act 2012 (Vic), which forms part of Victoria's anti-corruption laws. Neither "improper conduct" nor "reprisal against a person for a public interest disclosure" is acceptable to us. We support the making of disclosures about such conduct to the Independent Broad-based Anti-corruption Commission (IBAC). Any requests for information about our procedures for the protection of persons from unlawful reprisal for public interest disclosures should be directed to the General Counsel at Peter Mac. Public interest disclosures are distinguished from complaints or grievances that would be dealt with under Peter Mac's usual complaint or grievance processes, such as a patient's healthcare complaint or an employee's industrial grievance. There were no public interest disclosures related to Peter Mac made to the IBAC in 2020-21. For more information, visit www.ibac.vic.gov.au.

Statement on National Competition Policy

Peter Mac complies with the Victorian government's competitive neutrality policy and complies with the National Competition Policy in relevant business activities.

Carers Recognition Act 2012

Peter Mac as a care support organisation has complied with its obligations under Section 11 of the Act and takes all practicable measures to ensure that:

- Its employees and agents have an awareness and understanding of carer relationship principles under the Act.
- Persons who are in care relationships and who are receiving services in relation to that care relationship from Peter Mac have an awareness and understanding of the care relationship principles.
- It reflects the care relationship principles in developing, providing or evaluating support and assistance for persons in care relationships.

Environmental Performance

Peter Mac is committed to operating in an environmentally responsible manner. This includes continually improving environmental performance by achieving best practice outcomes, complying with relevant federal and state legislation and reducing the organisation's environmental footprint.

VCCC building manager, Honeywell, operates an environmental management system that is certified to the AS/NZS/ISO 14001 Standard and is in accordance with all applicable laws relating to the environment. Honeywell's approach towards creating, promoting and maintaining an environmentally sensitive and sustainable service delivery approach is detailed in its Environmental Management Plan. Every year, Honeywell set objectives and targets to improve the building's environmental impacts, ensure operational control procedures were implemented and monitored and recorded the environmental system implemented. Targets, utilities consumption and environmental audit results are reported monthly.

Environmental Performance Data for 2020-21

VCCC General Statistics	2020-21
Building Area - excluding car parking (sqm)	76,630
Greenhouse Gas Emissions	2020-21
Victoria Electricity Emission factor (kg CO ₂ -e/kWh)	0.98
Victoria Natural Gas Emission factor (kg CO ₂ -e/GJ)	51.4
Total (t CO ₂ -e) Scope 1 & 2	33,320
Total t CO ₂ -e per building Square Meter *	0.43
Energy	2020-21
Electrical Energy (kWh)	29,547,585
Electrical Energy (GJ)	106,371.30
Natural Gas (GJ)	84,896.11
Diesel (GJ)	1,810.73
Total Energy Usage (GJ)	193,078.14
Normalised Energy Consumption	
Total Energy per unit of floor space (GJ/sqm/year)	2.52
Water	2020-21
Potable water (kL)	156,645
Normalised Water Consumption	
Potable water per unit of floor space (kL/sqm/year)	2.04

Waste	2020-21
General waste (tonnes)	387.45
Clinical Waste (tonnes)	86.15
Recycling (tonnes)	111.72
Battery & E-Waste Recycling (tonnes)	1.18
Other (Anatomical,Cytotoxic,GMO,Pharmaceutical)	75.53
Total Waste (tonnes)	662.03
Normalised Waste Consumption	
Waste recycling rate (% of General)	22%

*Approximately 83% of usage is for PMCC, 3% for carpark the remainder is for Building Partners.

Local Jobs First Act 2003

The Victorian Industry Participation Policy Act 2003 requires Peter MacCallum Cancer Centre to consider competitive local suppliers, including small to medium enterprises, when awarding contracts valued at \$3 million or more in metropolitan Melbourne or for state-wide activities. This is factored into any tender evaluation conducted by Peter Mac. In the time period up to the end of December 2020, Melbourne Health managed procurement for Peter Mac. In the six months following this, there were no contracts valued at \$3 million or more managed by Peter Mac.

Gender Equality Act 2020

In 2021, the Victorian Gender Equality Act (2020) came into effect, with new obligations on defined entities like Peter Mac to actively promote gender equality in the workplace, and report against key indicators including the gender pay gap.

A review was conducted by external consultant and analyst, Dr Linda Peach who provided a thorough and comprehensive report of findings and analysis to map the gender landscape at Peter Mac covering gender representation, gender pay gaps and the lived experience of gender equality at Peter Mac. This audit and analysis is part of the organisation's preparation for reporting under the Act. Key results include an organisation-wide pay gap between men and women and evidence of seniority based disparity. Action to continue

to investigate and close this gap will be included in Peter Mac's Gender Equality Action Plan, which is due to the Commissioner for Gender Equality (alongside the data) by the end of 2021.

Peter Mac has taken other actions to improve gender equality including:

- Establishing organisation wide Contact Officers in the areas of Bullying and Harassment, and Family Violence.
- The People and Culture Hotline, which employees can call anonymously for reporting behaviour, or seeking advice.
- The *Life Stage Transition Toolkit for Parents* has been updated, and processes around booking and accessing Peter Mac's Parents Room have been improved, including adding a remote booking system so parents can plan in advance around their needs.

- Peter Mac’s Flexible Working Procedure was strengthened and broadened to encourage employees and managers to come to flexible working arrangements that benefit both the employee and the organisation.

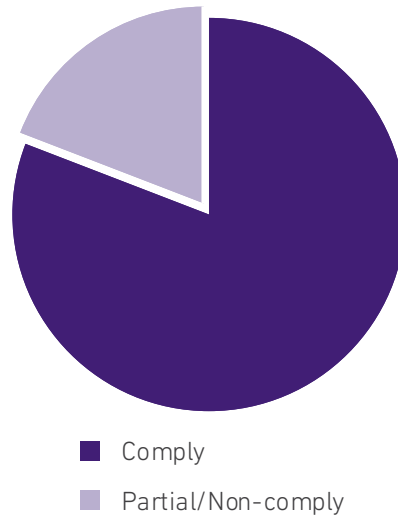
In collaboration with Alfred Health, Peter Mac founded the Victorian Health Organisations Gender Equality Network, which brings together 63 health workers from more than 15 organisations to collaborate in the pursuit of achieving gender equality. In January, 2021 Peter Mac hosted newly appointed Commissioner for Gender Equality, Dr Niki Vincent, for a Fireside Chat event, discussing what the Victorian Gender Equality Act means for health organisations.

Asset Management Accountability Framework

The Asset Management Accountability Framework (AMAF) replaces Victoria’s existing asset management framework, Sustaining Our Assets and the related asset management series. The AMAF assists Victorian Public Sector agencies manage their asset portfolios and provide better services to Victorians.

The Peter MacCallum Cancer Centre has taken a maturity approach to the Asset Management Accountability Framework. There are no identified Material Compliance Deficiencies with respect to the Asset Management Accountability Framework.

AMAF Compliance:



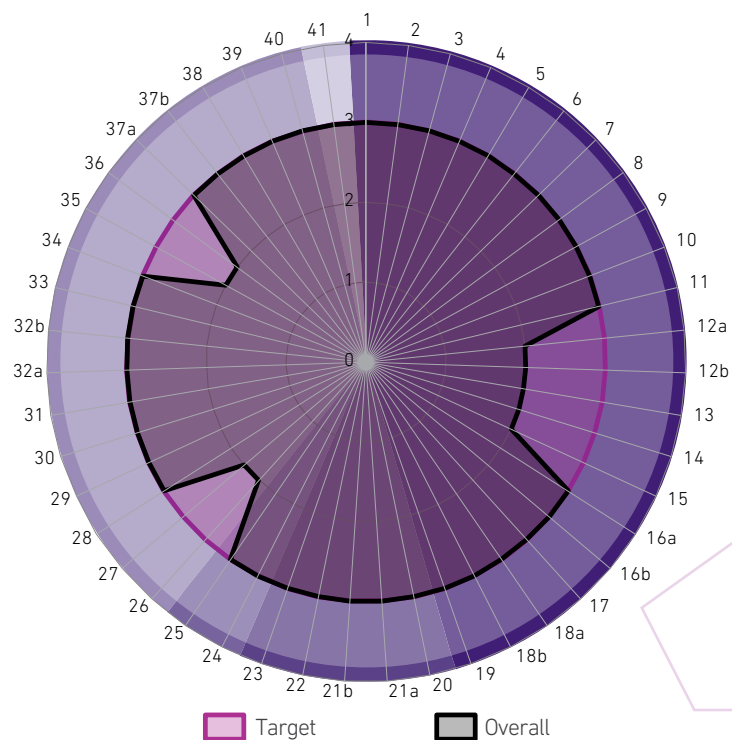
Safe Patient Care Act 2015

Peter MacCallum Cancer Centre has no matters to report in relation to its obligations under Section 40 of the Safe Patient Care Act 2015.

Car Parking Fees

Peter MacCallum Cancer Centre complies with the DHHS hospital circular on car parking fees and details of car parking fees and concession benefits can be viewed at: <https://www.petermac.org/location/melbourne/getting-peter-mac/parking>

Asset management maturity:



Legend

Status	Scale	Compliance
Not Applicable	N/A	Not Applicable
Innocence	0	Partial/Non-Comply
Awareness	1	Partial/Non-Comply
Developing	2	Partial/Non-Comply
Competence	3	Comply
Optimising	4	Comply
Unassessed	U/A	Unassessed

Attestations

Peter MacCallum Cancer Institute is a public health service incorporated under the Health Services Act 1998 (Vic) (the Act), and uses as its trading name, Peter MacCallum Cancer Centre (Peter Mac).

Peter Mac, through its Board of Directors, reports to the Victorian Minister for Health. In the 2020-2021 financial year, the Minister was The Honourable Jenny Mikakos MP and then The Honourable Martin Foley MP.

Financial Management Compliance

I, Professor Maxine Morand, on behalf of the Responsible Body, certify that Peter MacCallum Cancer Centre has no Material Compliance Deficiency with respect to the applicable Standing Directions under the Financial Management Act 1994 and Instructions.

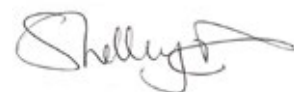


The Hon. Professor Maxine Morand

Chair, Board of Directors
Peter MacCallum Cancer Centre
16/09/2021

Data Integrity Declaration

I, Professor Shelley Dolan, certify that Peter MacCallum Cancer Centre has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. Peter MacCallum Cancer Centre has critically reviewed these controls and processes during the year.



Professor Shelley Dolan

Chief Executive
Peter MacCallum Cancer Centre
16/09/2021

Conflict of Interest Declaration

I, Professor Shelley Dolan, certify that Peter MacCallum Cancer 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 all executive staff within Peter MacCallum Cancer Centre and members of the board, and all declared conflicts have been addressed and are being managed. Conflict of interest is a standard agenda item for declaration and documenting at each executive board meeting.



Professor Shelley Dolan

Chief Executive
Peter MacCallum Cancer Centre
16/09/2021

Integrity, Fraud and Corruption Declaration

I, Prof Shelley Dolan, certify that Peter MacCallum Cancer Centre has put it place appropriate internal controls and processes to ensure that integrity, fraud and corruption risks have been reviewed and addressed at Peter Mac during the year.



Professor Shelley Dolan

Chief Executive
Peter MacCallum Cancer Centre
16/09/2021

Additional information available on request

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

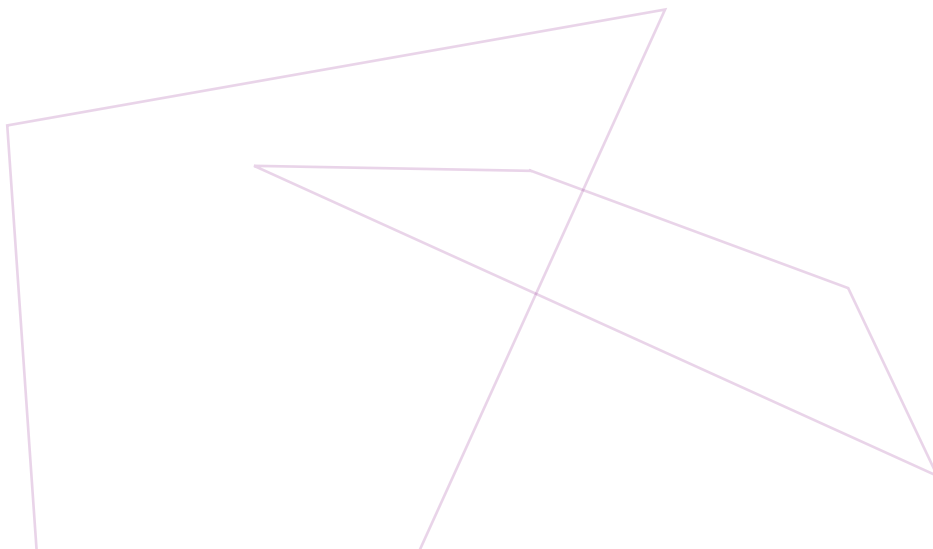
- Declarations of pecuniary interests have been duly completed by all relevant officers;
- Details of shares held by senior officers as nominee or held beneficially;
- Details of publications produced by Peter Mac about itself, including annual Aboriginal cultural safety reports and plans, and how these can be obtained;
- Details of changes in prices, fees, charges, rates and levies charged by Peter Mac;
- Details of any major external reviews carried out on Peter Mac;
- Details of major research and development activities undertaken by Peter Mac that are not otherwise covered either in the report of operations or in a document that contains the financial statements and report of operations;
- Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- Details of major promotional, public relations and marketing activities undertaken by Peter Mac to develop community awareness of Peter Mac 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 Peter Mac and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the report of operations;
- A list of major committees sponsored by Peter Mac, including any Aboriginal advisory or governance committees, 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.

Report of outcomes 2020–21 statement of priorities



Part A: End Of Year Report

In 2020-21 the Peter MacCallum Cancer Institute contributed to the achievement of the Government's immediate and ongoing strategic priorities, as well as performance priorities for quality, safety, access and effective financial management.



Strategic Priorities

Goal	Strategies	Deliverables	Status
Maintain robust COVID-19 readiness and response	<p>Work with the Department of Health to rapidly respond to outbreaks, if and when they occur.</p> <p>Provide testing for patients, visitors and staff in compliance with DoH directives.</p> <p>Assist with the implementation of the COVID-19 vaccine immunisation program rollout.</p>	<p>Peter Mac had a comprehensive approach to managing the risks of the COVID-19 Pandemic, investigated a single outbreak in the financial year and updated its COVID 19 Procedure for reducing transmission risk and managing patients with suspected or confirmed COVID-19 disease in August.</p> <p>Beginning in November Peter Mac developed and tested a contact tracing tool. Testing of outbreak readiness using mock scenarios continued through the year.</p> <p>Royal Melbourne provided precinct wide testing services for patients, visitors and staff, as well as implementation of the staff COVID-19 vaccine immunisation program. Staff also had access to the Western Health Vaccine Hub in Sunshine.</p> <ul style="list-style-type: none"> On 30 June 2021, 69% of Peter Mac staff had their first dose of the COVID-19 vaccination On 30 August 2021, vaccination rates had increased to 84% of staff having received at least one dose. <p>In May, Peter Mac established a COVID-19 vaccination clinic for patients that reviewed 32 complex patients with cancer and vaccinated 30.</p>	Achieved

Goal	Strategies	Deliverables	Status
<p>Engage with your community to address the needs of patients, especially those who are most vulnerable including Aboriginal communities, and those whose care has been delayed due to the pandemic</p>	<p>Engage with patients, especially those who are vulnerable.</p> <p>Provide necessary catch up care.</p>	<p>Patients on Peter Mac wait lists are actively managed and targets in the categories for urgent surgery are met.</p> <p>In the period May 20 – May 21, wait time for Category 2 and 3 patients reduced by 45% and 40% respectively.</p> <p>Peter Mac’s elective surgery blitz started in March 2021 and delivered the target of 165 separations in just four months.</p> <p>During the year Peter Mac increased the support provided to Aboriginal and Torres Strait Islander patients, this included the employment of an Aboriginal Hospital Liaison Officer and an Aboriginal Support Project Officer as well as creation of an Aboriginal Advisory Committee consisting of majority Aboriginal members. A strategic planning day was held with this committee, where three priority areas were identified:</p> <ul style="list-style-type: none"> • How are Aboriginal patients asked the question about their Aboriginality • Fail to attends • Improving discharge planning for Aboriginal patients. <p>A monthly yarning circle was established in the Wellbeing Centre where Aboriginal patients are invited to speak about their cancer care.</p> <p>Online cultural awareness training was rolled out in November 2020, consisting of 3 modules for all staff plus an additional module for managers. Completion rates as of June 2021 were 62% of staff and 47% of managers. The training was developed by the Department of Health and tailored to a cancer environment.</p>	<p>Achieved</p>

Goal	Strategies	Deliverables	Status
<p>Respond to the recommendations of the Royal Commission into Victoria’s Mental Health System and the Royal Commission into Aged Care Quality and Safety</p>		<p>The COVID-19 pandemic significantly impacted the psychological health and wellbeing of patients and their families. Patients reported increased levels of isolation, anxiety, depression, loneliness, stress, and uncertainty. Our rapid adoption of telehealth meant that psychosocial care was able to continue while patients remained safely at home.</p> <p>Patients were able to access evidence based mental health interventions, including our psychosocial services, as well as specialist programs including the Can-sleep Program, which aims to address night-time sleep difficulties for cancer survivors, the Parents Matter Program, assisting children adjust to their parents’ diagnosis, and the Fear-Less Program, which addresses fear of cancer recurrence and progression.</p> <p>The Psychosocial Team supported staff wellbeing throughout the pandemic by broadcasting weekly wellbeing sessions, helping staff identify and manage distress, training staff in psychological first aid and providing support, debriefing and referral services through the confidential psychosocial staff support line.</p>	<p>Achieved</p>
<p>Develop and foster your local health partner relationships</p>	<p>Deliver collaborative approaches to planning, procurement and service delivery at scale.</p> <p>Prioritise innovative ways to deliver health care through shared expertise and workforce models, virtual care, co-commissioning services and surgical outpatient reform to deliver improved patient care through greater integration.</p>	<p>Peter Mac worked with partners in the Parkville precinct and as part of the West Metro Health Service Partnership to plan for and manage the impact of COVID-19 cases on capacity and demand management, including planning in anticipation of a surge at the Royal Melbourne hospital and preparing additional ICU beds.</p> <p>Joint funding applications from the West Metro Health Service Partnership were successful in enabling a planned and collaborative approach to improving care closer to home, increasing hospital in the home and catching up on deferred care, with increased elective surgery lists that achieved 100% of its target.</p> <p>Peter Mac was a major contributor to the COVID Cancer Taskforce, the key source of advice to the health department on cancer in the COVID-19 context, as well as managing the Hotels for Heroes program for frontline workers needing to quarantine.</p>	<p>Achieved</p>

Goal	Strategies	Deliverables	Status
	Develop and foster local partnerships including with Aboriginal Community Controlled health organisations (ACCHOs), Traditional Owners, Registered Aboriginal Parties and local Aboriginal Communities more broadly.	<p>Under the leadership of respected Yorta Yorta elder, Aunty Pamela Pedersen OAM, Peter Mac's Aboriginal and Torres Strait Islander Advisory Committee has a majority of Aboriginal members and along with the Reconciliation Action Plan Working Group has provided guidance on priorities for Aboriginal patients, their families and the broader community. This has included:</p> <ul style="list-style-type: none"> • Strengthening partnerships with local Aboriginal communities in Melbourne, Bendigo, Shepparton and the Latrobe Valley. • Engaging with Aboriginal Community Controlled Health Services across Victoria to identify opportunities to improve care. • Consulting with the Bendigo and District Aboriginal Corporation on Peter Mac's new booklet for Aboriginal patients with cancer. • Partnering with Aboriginal leaders to produce culturally appropriate health information - the new guide for staff <i>How to engage with Aboriginal Patients (draft)</i> and the draft <i>Wominjeka. Cancer care guide for Aboriginal patients</i>. Ahead of publishing these guides on the internet, Peter Mac is developing a new visual identity designed to ensure sure Aboriginal and Torres Strait Islander people feel welcome, safe and connected to Peter Mac. <p>Rolling out cultural safety training to managers and staff.</p> <p>Refreshing the Memorandum of Understanding (MOU) with the Victorian Aboriginal Community Controlled Health Organisation.</p> <p>Consulting with the Victorian Aboriginal Health Service about developing an MOU.</p>	Achieved

Part B: Key 2020-21 Health Service Performance Priorities

Quality Performance Reporting

High Quality and Safe Care

Key performance measure	Target	Result
Infection prevention & control		
Compliance with the Hand Hygiene Australia program	83%	79.9%
Percentage of healthcare workers immunised for influenza	90%	94%
Patient experience		
Victorian Healthcare Experience Survey – percentage of positive patient experience responses	95%	No data to report
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care	75%	No data to report
Healthcare associated infections (HAI's)		
Rate of patients with surgical site infection	No outliers	Achieved
Rate of patients with SAB per 10,000 occupied bed days	≤ 1	0.4

Timely Access to Care

Key performance measure	Target	Result
Elective surgery		
Percentage of urgency category 1 elective surgery patients admitted within 30 days	100%	100%
Percentage of urgency category 1, 2 and 3 elective surgery patients admitted within clinically recommended time	94%	94.4%
Percentage of patients on the waiting list who have waited longer than clinically recommended time for their respective triage category	5% or 15% proportional improvement from prior year	19.9%
Number of patients on the elective surgery waiting list as at 30 June 2021	500	543
Number of hospital-initiated postponements per 100 scheduled elective surgery admissions	≤ 7 /100	4.3%
Number of patients admitted from the elective surgery waiting list	2,900	3214
Specialist clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	82.4%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	97.5%

Effective Financial Management

Key performance measure	Target	Result
Operating result (\$m)*	0.00	0.22
Average number of days to pay trade creditors	60 days	45 days
Average number of days to receive patient fee debtors	60 days	43 days
Public and Private WIES activity performance to target	100%	96.5%
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	1.07
Forecast number of days a health service can maintain its operations with unrestricted available cash (based on end of year forecast)	14 days	16.9 days
Actual number of days available cash, measured on the last day of each month.	14 days	Achieved
Variance between forecast and actual Net result from transactions in the current financial year ending 30 June.	Variance \leq \$250,000	-\$6.7m

*SoP Operating Result

Funding Summary for 2020-21

Funding type	Activity	Budget (\$'000)
Acute Admitted		
Acute WIES	22,736	106,551
WIES DVA	153	801
Other Admitted		3,797
Other non-admitted		25
Acute Non-Admitted		
Genetic services		2,216
Home Enteral Nutrition	1,093	240
Radiotherapy WAUs Public	292,068	71,130
Radiotherapy WAUs DVA	1,842	554
Specialist Clinics	95,370	24,565
Specialist Clinics - DVA		119
Sub-acute & Non-Acute Admitted		
Subacute WIES – Palliative Care Public	217	2,365
Subacute Non-Admitted		
Subacute Non-Admitted Other		723
Mental Health and Drug Services		
Mental Health Service System Capacity		137
Other		
Health Workforce		2,852
Other specified funding		51,638
Total Funding		267,713

Disclosure Index

The annual report of the Peter MacCallum Cancer Centre is prepared in accordance with all relevant Victorian legislation.

This index has been prepared to facilitate identification of the Department's compliance with statutory disclosure requirements.

Legislation	Requirement	Page Reference
Ministerial Directions		
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FDR 22I	Activities, programs and achievements for the reporting period	13 - 14
FDR 22I	Significant changes in key initiatives and expectations for the future	15 - 16
Management and structure		
FDR 22I	Organisational structure	34
FDR 22I	Workforce data/ employment and conduct principles	37
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FDR 22I	Details of consultancies over \$10,000	39
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SD 5.1.4	Financial Management Compliance attestation	45
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Attestations		
	Attestation on Data Integrity	46
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Legislation	Requirement	Page Reference
Other reporting requirements		
	Reporting of outcomes from Statement of Priorities 2019-20	48
	Occupational Violence reporting	38
	Gender Equality Act	43
	Asset Management Accountability Framework	44
	Reporting obligations under the <i>Safe Patient Care Act 2015</i>	44
	Reporting of compliance regarding Car Parking Fees	44

Summary of financial results

For the year ending 30 June 2021, Peter Mac (parent entity) recorded a net surplus after tax of \$51,745,000.

Refer to page 80, Comprehensive Operating Statement. The Victorian Government provides separately for depreciation costs via capital payments in response to submissions by health services. For this reason, DH monitor Peter Mac's financial performance against the Net Operating Result included in the Statement of Priorities. Excluding capital and specific items, Peter Mac recorded an operating surplus of \$220,000, compared to the budgeted breakeven target for 2020-21, and an operating surplus of \$399,000 in the previous year.

There were no subsequent events to balance date. The impact of the pandemic or other events on the future operations of Peter MacCallum Cancer Centre is unknown.

Five year financial summary

Peter Mac (Parent entity)	2020-21	2019-20	2018-19	2017-18	2016-17
	\$000s	\$000s	\$000s	\$000s	\$000s
Total revenue	812,685	726,330	666,413	624,932	523,402
Total expenses	(768,559)	(697,412)	(666,306)	(622,915)	(575,387)
Net result from transaction	44,126	28,918	107	2,017	(51,985)
Total other economic flows	7,619	(4,785)	(10,092)	(3,152)	2,155
Net Result	51,745	24,133	(9,985)	(1,135)	(49,830)
Total assets	1,694,424	1,689,736	1,648,687	1,619,020	1,652,014
Total liabilities	(1,289,008)	(1,370,883)	(1,314,108)	(1,259,986)	(1,276,385)
Net assets / Total equity	405,416	318,853	334,579	359,034	375,629

Reconciliation between the Net Result from transactions reported in the model to the Operating result as agreed in the Statement of Priorities.

	2020-21 000
Net operating result	220
Capital purpose income	86,737
Specific income	19,470
COVID 19 State Supply Arrangements - Assets received free of charge or for nil consideration under the State Supply	0
State supply items consumed up to 30 June 2020	0
Assets provided free of charge	0
Assets received free of charge	135
Expenditure for capital purpose	(850)
Depreciation and amortisation	(61,138)
Impairment of non-financial assets	-
Finance costs (other)	(448)
Net result from transactions	44,126

Significant Changes In The Balance Sheet (Parent Entity Only)

Net assets have increased \$86.6 million over the financial year. This is driven predominantly by a reduction in Liabilities due to repayments of the Public private partnership (PPP) lease liability and the Treasury Corporation of Victoria (TCV) loan, as well as the revaluation of the interest rate swaps associated with the PPP lease liability.

Operational And Budgetary Objectives For 2020-21

The primary operational and budgetary objectives for the year were to meet the access, activity and financial targets agreed between Peter Mac and the Minister for Health as set out in the 2020-21 Statement of Priorities. There are no events occurring after the Balance Sheet date. Refer to Note 8.7.

Peter Mac's net result from transactions has improved compared to prior years due to an increase in capital funding and a reduction in other economic flows. This is driven by additional Government funding for the COVID-related hospital at East Melbourne and additional funding for the EMR and Gamma Knife projects, and long service leave adjustments due to bond rate changes in other economic flows.

Financial Statements

Peter Mac's Annual Report 2020-21 was made available to the Minister for Health and Members of Parliament in October 2021. The Annual Report 2020-21 will be released to the public at Peter Mac's Annual General Meeting in November 2021.

Financial statements

Board members', accountable officers', and Chief Finance & accounting officer's declaration

The attached financial statements for Peter MacCallum Cancer Centre and the Consolidated Entity 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 2021 and the financial position of Peter MacCallum Cancer Centre and the Consolidated Entity at 30 June 2021.

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 9 September 2021.



**The Honourable Professor
Maxine Morand**

Chair
Peter MacCallum Cancer Centre
9 September 2021



Professor Shelley Dolan

Chief Executive Officer
Peter MacCallum Cancer Centre
9 September 2021



Lucy Franzmann

Chief Financial Officer
Peter MacCallum Cancer Centre
9 September 2021

Independent Auditor's Report

To the Board of the Peter MacCallum Cancer Centre

Opinion	<p>I have audited the consolidated financial report of the Peter MacCallum Cancer Centre (the health service) and its controlled entities (together the consolidated entity), which comprises the:</p> <ul style="list-style-type: none"> consolidated entity and health service balance sheets as at 30 June 2021 consolidated entity and health service comprehensive operating statements for the year then ended consolidated entity and health service statements of changes in equity for the year then ended consolidated entity and health service cash flow statements for the year then ended notes to the financial statements, including significant accounting policies board member's, accountable officer's and chief finance and accounting officer's declaration. <p>In my opinion, the financial report presents fairly, in all material respects, the financial positions of the consolidated entity and the health service as at 30 June 2021 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service and the consolidated entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service and the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>
Auditor's responsibilities for the audit of the financial report	<p>As required by the <i>Audit Act 1994</i>, 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.</p>

Auditor’s responsibilities for the audit of the financial report (continued)

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 and the consolidated entity’s internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the health service and the consolidated entity’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor’s report. However, future events or conditions may cause the health service and the consolidated entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the health service and consolidated entity to express an opinion on the financial report. I remain responsible for the direction, supervision and performance of the audit of the health service and the consolidated entity. I remain solely responsible for my audit opinion.

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

MELBOURNE
17 September 2021



Dominika Ryan
as delegate for the Auditor-General of Victoria

Comprehensive Operating Statement For The Financial Year Ended 30 June 2021

	Note	Parent 2021 \$000s	Parent 2020 \$000s	Consolidated 2021 \$000s	Consolidated 2020 \$000s
Revenue and income from transactions					
Operating activities	2.1	810,558	724,288	825,884	746,918
Non-operating activities	2.1	2,127	2,042	2,778	3,965
Total revenue and income from transactions		812,685	726,330	828,662	750,883
Expenses from transactions					
Employee expenses	3.1	(378,982)	(350,703)	(390,110)	(358,234)
Supplies and consumables	3.1	(159,455)	(140,368)	(159,933)	(140,445)
Finance costs	3.1	(78,774)	(70,685)	(78,775)	(70,685)
Depreciation and amortisation	4.4	(61,138)	(55,586)	(61,276)	(55,685)
Public/private partnership operating expenses	3.1	(21,852)	(19,448)	(21,852)	(19,448)
Other administrative expenses	3.1	(37,380)	(31,011)	(53,582)	(44,201)
Other operating expenses	3.1	(30,978)	(29,611)	(31,500)	(29,524)
Total expenses from transactions		(768,559)	(697,412)	(797,028)	(718,222)
Net result from transactions - net operating balance		44,126	28,918	31,634	32,661
Other economic flows included in net result					
Net gain/(loss) on non-financial assets	3.4	(2,092)	(2,220)	(2,092)	(2,220)
Net gain/(loss) on financial instruments at fair value	3.4	(113)	(699)	11,542	(2,549)
Other gain/(loss) from other economic flows	3.4	9,824	(1,866)	9,882	(1,876)
Total other economic flows included in net result		7,619	(4,785)	19,332	(6,645)
Net result before tax		51,745	24,133	50,966	26,016
Income tax benefit/(expense)	3.5	-	-	673	(118)
Net result after tax		51,745	24,133	51,639	25,898
Other comprehensive income					
Items that will not be reclassified to net result					
Changes to property, plant and equipment revaluation surplus	4.2.6	-	-	-	-
Items that may be reclassified subsequently to net result					
Changes to cash flow hedging reserve		34,820	(54,513)	34,820	(54,513)
Total other comprehensive income		34,820	(54,513)	34,820	(54,513)
Comprehensive result for the year		86,565	(30,380)	86,459	(28,615)

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

Balance Sheet As At 30 June 2021

	Note	Parent 2021 \$000s	Parent 2020 \$000s	Consolidated 2021 \$000s	Consolidated 2020 \$000s
Current assets					
Cash and cash equivalents	6.2	83,664	78,110	93,645	87,706
Receivables	5.1	41,683	33,773	37,860	33,728
Investments and other financial assets	4.1	-	-	81,504	77,526
Inventories	4.5	5,483	4,080	8,830	4,715
Prepayments		9,214	5,533	6,790	5,611
Total current assets		140,044	121,496	228,629	209,286
Non-current assets					
Receivables	5.1	32,699	27,370	32,699	27,370
Property, plant and equipment	4.2.1	1,459,154	1,487,547	1,460,526	1,488,362
Intangible assets	4.3	60,815	51,611	62,566	53,292
Deferred tax assets	5.4	-	-	1,075	402
Investments in subsidiaries	8.8	1,712	1,712	-	-
Total non-current assets		1,554,380	1,568,240	1,556,866	1,569,426
TOTAL ASSETS		1,694,424	1,689,736	1,785,495	1,778,712
Current liabilities					
Payables	5.2	95,383	84,441	98,026	85,230
Borrowings	6.1	66,028	65,163	66,028	65,163
Provisions	3.2	100,969	90,439	102,575	91,626
Other liabilities	5.3	108	108	108	108
Total current liabilities		262,488	240,151	266,737	242,127
Non-current liabilities					
Payables	5.2	936	1,185	936	1,185
Borrowings	6.1	807,817	874,265	807,817	874,265
Provisions	3.2	15,101	17,796	15,187	17,956
Other liabilities	5.3	202,666	237,486	202,666	237,486
Total non-current liabilities		1,026,520	1,130,732	1,026,606	1,130,892
TOTAL LIABILITIES		1,289,008	1,370,883	1,293,343	1,373,019
NET ASSETS		405,416	318,853	492,152	405,693
EQUITY					
Property, plant & equipment revaluation surplus	4.2.6	170,272	170,272	170,272	170,272
Cash flow hedging reserve		(202,666)	(237,486)	(202,666)	(237,486)
Restricted specific purpose reserve	SCE	20,714	26,383	77,186	83,094
Contributed capital	SCE	258,433	258,433	260,002	258,879
Accumulated surpluses/ (deficits)	SCE	158,663	101,251	187,349	130,307
		405,416	318,853	492,143	405,066
Non-controlling interest		-	-	9	627
TOTAL EQUITY		405,416	318,853	492,152	405,693

This Statement should be read in conjunction with the accompanying notes

Statement Of Changes In Equity For The Financial Year Ended 30 June 2021

Parent	Property, plant & equipment revaluation surplus	Cash flow hedging reserve
Note	\$000s	\$000s
Balance at 30 June 2019	170,272	(182,973)
Effect of adoption of AASB 15, 16 and 1058	-	-
Balance at 1 July 2019	170,272	(182,973)
Net result for the year	-	-
Other comprehensive income for the year	-	(54,513)
Transfer from accumulated surplus	-	-
Contributed capital received from Victorian Government	-	-
Balance at 30 June 2020	170,272	(237,486)
Net result for the year	-	-
Other comprehensive income for the year	-	34,820
Transfer from accumulated surplus	-	-
Contributed capital received from Victorian Government	-	-
Balance at 30 June 2021	170,272	(202,666)

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

Restricted specific purpose reserve	Contributed capital	Accumulated surpluses/ (deficits)	Non-controlling interest	Total
\$000s	\$000s	\$000s	\$000s	\$000s
26,383	236,247	84,650	-	334,579
-	-	(7,532)	-	(7,532)
26,383	236,247	77,118	-	327,047
-	-	24,133	-	24,133
-	-	-	-	(54,513)
-	-	-	-	-
-	22,186	-	-	22,186
26,383	258,433	101,251	-	318,853
-	-	51,745	-	51,745
-	-	-	-	34,820
(5,669)	-	5,669	-	-
-	-	(2)	-	(2)
20,714	258,433	158,663	-	405,416

Statement Of Changes In Equity For The Financial Year Ended 30 June 2021

Consolidated	Note	Property, plant & equipment revaluation surplus \$000s	Cash flow hedging reserve \$000s
Balance at 30 June 2019		170,272	(182,973)
Effect of adoption of AASB 15, 16 and 1058		-	-
Restated balance at 1 July 2019		170,272	(182,973)
Net result for the year		-	-
Other comprehensive income for the year		-	(54,513)
Transfer from accumulated surplus		-	-
Contributed capital received from Victorian Government		-	-
Options reserve		-	-
Issued capital		-	-
Balance at 30 June 2020		170,272	(237,486)
Net result for the year		-	-
Other comprehensive income for the year		-	34,820
Transfer from accumulated surplus		-	-
Contributed capital received from Victorian Government		-	-
Reallocation from non-controlling interest to contributed capital		-	-
Options reserve		-	-
Issued capital		-	-
Balance at 30 June 2021		170,272	(202,666)

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

Restricted specific purpose reserve	Contributed capital	Accumulated surpluses/ (deficits)	Non-controlling interest	Total
\$000s	\$000s	\$000s	\$000s	\$000s
83,094	236,793	111,246	619	419,051
-	-	(7,532)	-	(7,532)
83,094	236,793	103,714	619	411,519
-	-	25,890	8	25,898
-	-	-	-	(54,513)
-	(603)	603	-	-
-	22,789	-	-	22,789
-	-	-	-	-
-	(100)	100	-	-
83,094	258,879	130,307	627	405,693
-	-	-	-	-
-	-	51,681	(42)	51,639
-	-	-	-	34,820
(5,908)	547	5,361	-	-
-	-	-	-	-
-	576	-	(576)	-
-	-	-	-	-
-	-	-	-	-
77,186	260,002	187,349	9	492,152

Cash Flow Statement For The Financial Year Ended 30 June 2021

Note	Parent 2021 \$000s	Parent 2020 \$000s	Consolidated 2021 \$000s	Consolidated 2020 \$000s	
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating grants from Government	380,237	342,727	380,237	342,727	
Capital grants from Government	4,447	4,762	4,447	4,762	
Patient fees received	12,922	15,371	12,922	15,371	
Private practice fees received	69,131	72,732	69,131	72,732	
Donations and bequests received	28,715	37,766	39,246	51,925	
GST received from the ATO	11,837	10,028	13,114	11,100	
Interest and dividends received	266	39	592	757	
Research and program grants	102,641	93,220	110,681	102,807	
Car park income received	2,762	2,484	2,762	2,484	
Other receipts	21,574	16,946	22,330	16,999	
Total receipts	634,532	596,075	655,462	621,664	
Employee expenses paid	(349,820)	(328,690)	(360,512)	(334,833)	
Non salary labour costs	(11,725)	(11,640)	(11,725)	(11,640)	
Payments for supplies and consumables	(257,092)	(231,028)	(275,400)	(249,888)	
Finance costs	(1,263)	(1,310)	(1,263)	(1,310)	
Total payments	(619,900)	(572,668)	(648,900)	(597,671)	
NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES	8.1	14,632	23,407	6,562	23,993
CASH FLOWS FROM INVESTING ACTIVITIES					
Capital donations and bequests received	9,000	2,055	9,000	2,055	
Other capital receipts	17,841	24,907	17,841	24,907	
Purchase of investments	-	(584)	(801)	(993)	
Purchase for non-financial assets	(15,273)	(16,065)	(15,725)	(16,472)	
Purchase of intangible assets	(13,322)	(6,113)	(13,322)	(6,130)	
Proceeds from sale of investments	21	(4)	9,729	(2)	
NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		(1,733)	4,196	6,722	3,365
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of borrowings (DH)	(5,023)	(1,646)	(5,023)	(1,646)	
Proceeds from borrowings (DH)	-	4,141	-	4,141	
Cash outflow for leases	(2,322)	(2,322)	(2,322)	(2,322)	
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		(7,345)	173	(7,345)	173
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD		5,554	27,776	5,939	27,531
Cash and cash equivalents at the beginning of the financial year		78,110	50,334	87,706	60,175
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	6.2	83,664	78,110	93,645	87,706

This Statement should be read in conjunction with the accompanying notes

Notes To And Forming Part Of The Financial Statements For The Financial Year Ended 30 June 2021

Note 1: Basis of preparation

These financial statements represent the audited general purpose financial statements for Peter MacCallum Cancer Centre (Peter Mac) and its controlled entities for the year ended 30 June 2021. The report provides users with information about Peter Mac's stewardship of the resources entrusted to it.

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

Note 1.1: Basis of preparation of the financial statements

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

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

Peter Mac is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to a 'not-for-profit' health service under the Australian Accounting Standards.

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

Peter Mac operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds. Peter Mac's Capital and Specific Purpose Funds include: Centre of Excellence, Radiation Oncology Health Program Grants (ROHPG), research grant funding, commercial sponsorship funding and clinical trial funding.

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

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

The financial statements are in Australian dollars.

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

The annual financial statements were authorised for issue by the Board of Peter Mac and its controlled entities on 7 September 2021.

Note 1.2: Impact of COVID-19 pandemic

In March 2020 a state of emergency was declared in Victoria due to the global coronavirus pandemic, known as COVID-19. Since this date, to contain the spread of COVID-19 and prioritise the health and safety of our community, Peter Mac was required to comply with various restrictions announced by the Commonwealth and State Governments. This has continued to impact the way in which Peter Mac operates.

Notes To And Forming Part Of The Financial Statements For The Financial Year Ended 30 June 2021

When required, Peter Mac introduced a range of measures in both the prior and current year, including:

- introducing restrictions on non-essential visitors;
- greater utilisation of telehealth services;
- implementing reduced visitor hours;
- deferring elective surgery and reducing activity; and

- implementing work from home arrangements where appropriate.

Further information on the impacts of the pandemic are disclosed at:

- Note 2: Funding delivery of our services
- Note 3: The cost of delivery of services
- Note 4: Key assets to support service delivery

- Note 5: Other assets and liabilities
- Note 6: How we finance our operations
- Note 7: Risks, contingencies and valuation uncertainties

Note 1.3: Abbreviations and terminology used in the financial statements

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

Reference	Title
AASB	Australian Accounting Standards Board
AASs	Australian Accounting Standards, which include Interpretations
ABF	Activity based funding
BBSY	Bank bill swap rate
CSO	Community Service Obligation
DH	Department of Health
DTF	Department of Treasury and Finance
FMA	Financial Management Act 1994
FRC	Floating Rate Component
FRD	Financial Reporting Direction
IRS	Interest rate swap
LSL	Long service leave
Peter Mac	Peter MacCallum Cancer Centre

Reference	Title
PPE	Property, plant and equipment
PPP	Public private partnership
SCE	Statement of Changes in Equity
SD	Standing Direction
TCV	Treasury Corporation of Victoria
UOM	The University of Melbourne
VAGO	Victorian Auditor-General's Office
WASE	Weighted Ambulatory Service Event
WAU	Weighted Activity Unit
WIES	Weighted Inlier Equivalent Separation

Note 1.4: Principles of consolidation

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

Peter Mac controls the following entities:

- Peter MacCallum Cancer Foundation
- Cell Therapies Pty Ltd.

Details of the controlled entities are set out in Note 8.8.

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

An entity is considered to be a controlled entity where Peter Mac has the power to govern the financial and operating policies of an organisation so as to obtain benefits from its activities.

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

Transactions between segments within Peter Mac have been eliminated to reflect the extent of Peter Mac's operations as a group.

Note 1.5: Joint arrangements

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

Peter Mac has the following joint arrangements:

- Victorian Comprehensive Cancer Centre (VCCC) – Joint venture arrangement.

Details of the joint arrangements are set out in Note 8.9.

Notes To And Forming Part Of The Financial Statements For The Financial Year Ended 30 June 2021

Note 1.6: Key accounting estimates and judgements

Management make estimates and judgements when preparing the financial statements.

These estimates and judgements are based on historical knowledge and best available current

information and assume any reasonable expectation of future events. Actual results may differ.

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

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

Note 1.7: Accounting standards issued but not yet effective

An assessment of accounting standards and interpretations issued by the AASB that will be mandatorily applicable to Peter Mac and their potential impact when adopted in future periods is outlined below:

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

There are no other accounting standards and interpretations issued by the AASB that will be mandatorily applicable to Peter Mac in future periods.

Note 1.8: Goods and Services Tax (GST)

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

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

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

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

Note 1.9: Reporting Entity

The financial statements include all the controlled activities of Peter Mac.

Its principal address is:
305 Grattan Street
Melbourne, Victoria 3000

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

Notes To And Forming Part Of The Financial Statements For The Financial Year Ended 30 June 2021

Note 2: Funding delivery of our services

Peter Mac's vision is to continuously improve cancer care, research and education across all cancers and for all people affected by cancer. Peter Mac is predominantly funded by grant funding for the provision of outputs.

Structure:

Note 2.1: Revenue and income that funds the delivery of services ... page 93

Note 2.2: Fair value of assets and services received free of charge or for nominal consideration ... page 97

Telling the COVID-19 story

Peter Mac continued to deliver its essential health services throughout the COVID-19 coronavirus pandemic with covid safe practices implemented. This meant that revenue recognised to deliver our services was not materially impacted.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Identifying performance obligations	<p>Peter Mac applies significant judgment when reviewing the terms and conditions of funding agreements and contracts to determine whether they contain sufficiently specific and enforceable performance obligations.</p> <p>If this criteria is met, the contract/funding agreement is treated as a contract with a customer, requiring Peter Mac to recognise revenue as or when the health service transfers promised goods or services to customers.</p> <p>If this criteria is not met, funding is recognised immediately in the net result from operations.</p>
Determining timing of revenue recognition	<p>Peter Mac applies significant judgement to determine when a performance obligation has been satisfied and the transaction price that is to be allocated to each performance obligation. A performance obligation is either satisfied at a point in time or over time.</p>
Determining time of capital grant income recognition	<p>Peter Mac applies significant judgement to determine when its obligation to construct an asset is satisfied. Costs incurred is used to measure the health service's progress as this is deemed to be the most accurate reflection of the stage of completion.</p>

Note 2.1: Revenue and income that funds the delivery of services

Note	Consolidated 2021 \$000s	Consolidated 2020 \$000s
Operating activities		
Revenue from contracts with customers		
	309,470	240,967
	117,025	87,032
	12,916	13,879
	65,338	64,966
	32,513	26,443
	537,262	433,287
Other sources of income		
	53,687	47,433
	80,261	112,580
	6,448	9,491
	115,957	112,923
	8,280	6,527
	11,190	2,184
	135	238
2.2	12,664	22,255
	288,622	313,631
	825,884	746,918
Non-operating activities		
Income from other sources		
	28	95
	269	929
	1,278	1,757
	1,203	1,184
	2,778	3,965
	828,662	750,883

¹ Commercial activities represent business activities that support Peter Mac's operations.

Notes To And Forming Part Of The Financial Statements For The Financial Year Ended 30 June 2021

How we recognise revenue from contracts with customers

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

When both these conditions are satisfied, Peter Mac:

- Identifies each performance obligation relating to the revenue
- recognises a contract liability for its obligations under the agreement

- recognises revenue as it satisfied its performance obligations, at the time or over time when services are rendered.

Government grants (State & Commonwealth) - Operating

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

Government grant	Performance obligation
Activity Based Funding (ABF) paid as Weighted Inlier Equivalent Separation (WIES) casemix	<p>The performance obligations for ABF are the number and mix of patients admitted to hospital (defined as 'casemix') in accordance with the levels of activity agreed to, with the Department of Health in the annual Statement of Priorities.</p> <p>Revenue is recognised at a point in time, which is when a patient is discharged, in accordance with the WIES activity when an episode of care for an admitted patient is completed.</p> <p>WIES activity is a cost weight that is adjusted for time spent in hospital, and represents a relative measure of resource use for each episode of care in a diagnosis related group.</p>
Commonwealth Pharmaceutical Benefits Scheme (PBS)	<p>All medicines purchased through the PBS are reimbursed by Medicare. Revenue is recognised at a point in time and the performance obligation is satisfied when the medicine is dispensed to patients.</p>
Centre of Excellence Funding	<p>The Federal Government has invested in the treatment of cancer patients through the Centre of Excellence in Cellular Immunotherapy at a point in time. The centre will provide immunotherapy treatments to patients, additional production and clinical capacity, and clinical trials programs for new car-t treatments.</p> <p>Peter Mac receive funding from the Commonwealth for each patient treated. The performance obligations are satisfied at the completion of each dosage stage of treatment and communicated back to the Commonwealth.</p>

Patient and resident fees

Patient and resident fees are paid by Health Insurers and the Commonwealth Medical Benefit Schedule for services received by patients who elect to be treated as a private patient. Patient and resident fees are recognised at a point in time when the performance obligation, the provision of services, is satisfied.

Private practice fees

Private practice fees include Rights of Private Practice arrangements where practitioners treat patients within Peter Mac's facilities. Private practice fees are recognised at a point in time as the performance obligation is satisfied each time a practitioner treats a patient within Peter Mac's facilities. If practitioners retain their private practice fees, Peter Mac may charge a facility fee.

Commercial activities

Commercial revenue from contracts with customers includes items such as car park income, research revenue (non-UOM), clinical trial income and commercial sponsorships. These contracts are assessed on a contract by contract basis to determine either to recognise at a point in time or over time. This excludes contracts with a value less than \$200k/year. For contracts less than \$200k/year the revenue recognition is based upon receipt.

How we recognise other sources of income

Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, in accordance with AASB 1058 - *Income of Not-for-Profit Entities*, Peter Mac:

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

Government grants (State & Commonwealth) - Operating & Capital

Peter Mac recognises revenue through other sources of income for PPP operating and capital revenue, DH specified grants, capital grants income for the Commonwealth Centre of Excellence, the installation of the Gamma Knife and construction of the Palliative Care ward and ICU beds.

Contributions and Non-cash contributions from the Department of Health are Included within Government grants income.

Contributions

Peter Mac may receive assets for nil or nominal consideration to further its objectives. The assets are recognised at their fair value when Peter Mac obtains control over the asset, irrespective of whether restrictions or conditions are imposed over the use of the contributions.

On initial recognition of the asset, Peter Mac recognises related amounts being contributions by owners, lease liabilities, financial instruments, provisions and revenue or contract liabilities arising from a contract with a customer.

Peter Mac recognises income immediately in the profit or loss as the difference between the initial fair value of the asset and the related amounts.

Notes To And Forming Part Of The Financial Statements For The Financial Year Ended 30 June 2021

Non-cash contributions from the Department of Health

The Department of Health makes some payments on behalf of Peter Mac as follows:

Supplier	Description
Victorian Managed Insurance Authority	<p>The Department of Health purchases insurance for Peter Mac which is paid directly to the Victorian Managed Insurance Authority. To record this contribution, such payments are recognised as income with a matching expense in the net result from transactions.</p> <p>In addition to insurance purchased on behalf of Peter Mac, the health service also purchases other forms of medical indemnity insurance which is paid for directly by Peter Mac.</p>
Department of Health	<p>Long Service Leave (LSL) revenue is recognised upon finalisation of movements in LSL liability in line with the long service leave funding arrangements set out in the relevant Department of Health Hospital Circular.</p>
Public Private Partnership (PPP) Consortium	<p>The Department of Health purchases lease arrangements and services which are paid directly to the Public Private Partnership Consortium. To record this contribution, such payments are recognised as income with a matching depreciation and interest expense in the net result from transactions, in accordance with the nature and timing of the monthly or quarterly payment.</p> <p>Such PPP's are not accounted for as a Service Concession Arrangement as the public service criterion is not satisfied.</p>

Commercial activities

Revenue from commercial activities includes items such as donation and bequest income, property rental income, research grants income through the University of Melbourne (UOM), Block Funding (HERDC), ethics review fees and training and seminar fees. Commercial activity revenue is recognised upon receipt.

Other capital purpose income

Where Peter Mac receives a capital grant, income is recognised progressively as the asset is constructed, which aligns with Peter Mac's obligation to construct the asset. The progressive percentage of costs incurred is used to recognise income, as this most accurately reflects the stage of completion.

Peter Mac recognises a liability for the excess of the initial carrying amount of the financial asset received over any related

amounts (being contributions by owners, lease liabilities, financial instruments, provisions, revenue or contract liabilities arising from a contract with a customer) recognised under other Australian Accounting Standards.

Peter Mac recognised capital grants income for the Electronic Medical Record (EMR) and Radiation Oncology Health Program Grant (ROHPG) income from the Linac replacement program.

Capital donations

Donations are recognised as income upon receipt (which is when Peter Mac obtains control of the asset) as they do not contain sufficiently specific and enforceable performance obligations. Capital donations include EMR and Gamma Knife.

Other revenue from operating activities (including non-capital donations)

Other revenue includes salary and non-salary recoveries and are recognised as income upon receipt.

How we recognise income from non-operating activities**Interest Income**

Interest income is recognised on a time proportionate basis that considers the effective yield of the financial asset, which allocates interest over the relevant period.

Dividend Income

Dividend income is recognised when the right to receive payment is established. Dividends represent the income arising from Peter Mac and its controlled entities' investments in financial assets.

Other revenue from non-operating activities

Rental income is recognised on a straight-line basis over the term of the lease, unless another systematic basis is more representative of the pattern of use of the underlying asset.

Where a lease incentive is provided to a lessee, this is considered an integral part of the net consideration agreed for the use of the lease asset and therefore the incentive is recognised as a reduction of rental income over the period to which it relates.

Note 2.2: Fair value of assets and services received free of charge or for nominal consideration

Note	Consolidated 2021 \$000s	Consolidated 2020 \$000s
Artworks	48	238
Other services	87	-
Total fair value of assets and services received free of charge or for nominal consideration	135	238

Assets received free of charge or for nominal consideration*Cultural assets*

Artworks are recognised as income based on market value of the items received.

Personal protective equipment

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

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

Voluntary Services

Contributions by volunteers, in the form of services, are only recognised when fair value can be reliably measured, and the services would have been purchased if they had not been donated. Peter Mac is grateful for the support of volunteers but does not depend on volunteers to deliver its services.

Notes To And Forming Part Of The Financial Statements For The Financial Year Ended 30 June 2021

Note 3: Cost of delivery of services

This section provides an account of the expenses incurred by Peter Mac 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

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Note 3.2: Employee benefits in the balance sheet ... page 101

Note 3.2.1: Employee benefits and related on-costs ... page 102

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Note 3.4: Other economic flows included in net result ... page 105

Note 3.5: Income tax (benefit)/expense ... page 106

Telling the COVID-19 story

Peter Mac continued to deliver its essential health services throughout the COVID-19 coronavirus pandemic with covid safe practices implemented. This meant that expenses incurred to deliver our services was not materially impacted.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Measuring and classifying employee benefit liabilities	<p>Peter Mac applies significant judgment when measuring and classifying its employee benefit liabilities.</p> <p>Employee benefit liabilities are classified as a current liability if Peter Mac does not have an unconditional right to defer payment beyond 12 months. Annual leave, accrued days off and long service leave entitlements (for staff who have exceeded the minimum vesting period) fall into this category.</p> <p>Employee benefit liabilities are classified as a non-current liability if Peter Mac has a conditional right to defer payment beyond 12 months. Long service leave entitlements (for staff who have not yet exceeded the minimum vesting period) fall into this category.</p> <p>Peter Mac also applies judgement to determine when it expects its employee entitlements to be paid. With reference to historical data, if the health service does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value. Present value is calculated with reference to estimated inflation. The Reserve Bank Of Australia ("RBA") 10 year rate for semi-annual coupon bonds is used as the estimate for cost of funds when discounting the estimated nominal cash outflows. All other entitlements are measured at their nominal value. Entitlements are measured at the estimated pay rate at the time they are expected to be paid, taking into account future pay increases and known increases to on-costs such as superannuation.</p>

Note 3.1: Expenses from transactions

	Consolidated 2021 \$000s	Consolidated 2020 \$000s
Salary and wages	323,985	297,702
On-costs	52,548	47,144
Agency expenses	11,947	11,861
Workcover premium	1,630	1,527
Total employee expenses	390,110	358,234
Drug supplies	104,605	86,979
Medical and surgical supplies	19,299	17,522
Diagnostic and radiology services	25,145	23,868
Other supplies and consumables	10,884	12,076
Total supplies and consumables	159,933	140,445
Finance costs	1,264	1,303
Finance costs - PPP arrangements	77,511	69,382
Total finance costs	78,775	70,685
Public private partnership operating expenses	21,852	19,448
Total PPP operating expenses	21,852	19,448
Other administrative expenses	53,582	44,201
Total other administrative expenses	53,582	44,201
Fuel, light, power and water	6,799	6,471
Repairs and maintenance	4,317	4,313
Maintenance contracts	16,316	13,728
Medical indemnity insurance	3,165	2,453
Expenses related to leases of low value assets	53	57
Expenditure for capital purposes	850	2,502
Total other operating expenses	31,500	29,524
Total operating expenses	735,752	662,537
Depreciation and amortisation (refer Note 4.4)	61,276	55,685
Total depreciation and amortisation	61,276	55,685
Total non-operating expenses	61,276	55,685
Total expenses from transactions	797,028	718,222

Notes To And Forming Part Of The Financial Statements For The Financial Year Ended 30 June 2021

How we recognise expenses from transactions

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 wage (including fringe benefits tax, leave entitlements, termination payments);
- On-costs;
- Agency expenses;
- Fee for service medical officer expenses;
- Work cover premium.

Supplies and consumables

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

Finance costs

Finance costs include:

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

Other operating expenses

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

- Fuel, light and power
- Repairs and maintenance
- Other administrative expenses
- Expenditure for capital purposes (represents expenditure related to the purchase of assets that are below the capitalisation threshold of \$1,000).

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

Non-operating expenses

Other non-operating expenses represent expenditure outside the normal operations such as depreciation and amortisation, and assets and services provided free of charge or for nominal consideration.

Note 3.2: Employee benefits in the balance sheet

	Consolidated 2021 \$000s	Consolidated 2020 \$000s
Current		
Employee Benefitsⁱ		
Accrued days off		
Unconditional and expected to be settled within 12 months ⁱⁱ	1,495	1,602
Annual leave entitlements		
Unconditional and expected to be settled within 12 months ⁱⁱ	29,582	23,607
Unconditional and expected to be settled after 12 months ⁱⁱⁱ	4,908	3,957
Long service leave		
Unconditional and expected to be settled within 12 months ⁱⁱ	5,518	5,415
Unconditional and expected to be settled after 12 months ⁱⁱⁱ	51,648	48,593
TOTAL	93,151	83,174
Provisions related to employee benefit on-costs		
Unconditional and expected to be settled within 12 months ⁱⁱ	3,541	2,979
Unconditional and expected to be settled after 12 months ⁱⁱⁱ	5,883	5,473
TOTAL	9,424	8,452
TOTAL CURRENT PROVISIONS	102,575	91,626
NON-CURRENT PROVISIONS		
Conditional long service leave ⁱⁱⁱ	13,756	16,260
Provisions related to employee benefit on-costs ⁱⁱⁱ	1,431	1,696
TOTAL NON-CURRENT PROVISIONS	15,187	17,956
TOTAL PROVISIONS	117,762	109,582

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.

Notes To And Forming Part Of The Financial Statements For The Financial Year Ended 30 June 2021

Note 3.2.1: Employee benefits and related on-costs

Current employee benefits and related on-costs

Unconditional long service leave entitlements	63,084	59,605
Annual leave entitlements	37,996	30,420
Accrued days off	1,495	1,602

Non-current employee benefits and related on-costs

Conditional long service leave entitlements	15,187	17,956
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TOTAL EMPLOYEE BENEFITS AND RELATED ON-COSTS

	117,762	109,583
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Note 3.2.2: Movement in on-costs provision

Balance at the start of the year

Additional provision recognised	24,688	21,835
Unwinding of discount and effect of changes in the discount rate	295	184
Reduction due to transfer out	(24,276)	(20,479)

Balance at the end of the year

	10,855	10,148
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How we recognise employee benefits

Employee Benefit Recognition

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

Provisions

Provisions are recognised when Peter Mac has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. The amount recognised as a liability is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

Annual Leave and Accrued Days Off

Liabilities for annual leave and accrued days off are all recognised in the provision for employee benefits as current liabilities, because Peter Mac does not have an unconditional right to defer settlements of these liabilities.

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

- Nominal value – if Peter Mac expects to wholly settle within 12 months; or
- Present value – if Peter Mac 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 Peter Mac 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 usually arises after a period of 10 years of continuous service.

The components of this current LSL liability are measured at:

- Nominal value: if Peter Mac expects to wholly settle within 12 months; and
- Present value: if Peter Mac 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 an Other Economic Flow.

On-costs related to employee benefits

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

Note 3.3: Superannuation

	Paid Contributions for the Year		Contributions Outstanding at Year End	
	Consolidated 2021 \$000s	Consolidated 2020 \$000s	Consolidated 2021 \$000s	Consolidated 2020 \$000s
Defined benefit plansⁱ				
Aware Superannuation Fund	142	378	6	11
UniSuper Fund	468	473	18	13
Defined contribution plans				
Aware Superannuation Fund	14,516	12,564	482	429
HESTA Superannuation Fund	6,548	6,643	973	884
UniSuper Fund	2,126	2,019	96	66
Other	3,581	3,466	64	36
Total	27,381	25,543	1,639	1,439

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

Notes To And Forming Part Of The Financial Statements For The Financial Year Ended 30 June 2021

How we recognise superannuation

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

Defined Benefit Superannuation Plans

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

Peter Mac does not recognise any unfunded defined benefit liability in respect of the superannuation plans because Peter Mac 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 Peter Mac. The name, details and amounts expensed in relation to the major employee superannuation funds and contributions made by Peter Mac are disclosed above.

Defined Contribution Superannuation Plans

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

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

Note 3.4: Other economic flows included in net result

	Consolidated 2021 \$000s	Consolidated 2020 \$000s
Net gain/(loss) on non-financial assets		
Amortisation of non-produced intangible asset	(2,053)	(2,053)
Net gain/(loss) on disposal of property plant and equipment	(39)	(167)
Total net gain/(loss) on non-financial assets	(2,092)	(2,220)
Net gain/(loss) on financial instruments at fair value		
Allowance for impairment losses of contractual receivables	(440)	31
Net gain/(loss) on disposal of financial instruments	3,864	(224)
Net gain/(loss) arising from revaluation of financial assets at fair value through profit or loss	7,801	(1,937)
Other gains/(losses) from other economic flows	317	(419)
Total net gain/(loss) on financial instruments at fair value	11,542	(2,549)
Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of long service liability	9,882	(1,876)
Total other gains/(losses) from other economic flows	9,882	(1,876)
Total gains/(losses) from other economic flows	19,332	(6,645)

How we recognise other economic flows

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions.

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 assets (refer to Note 4.2)
- amortisation of non-financial assets

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

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

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

- realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- impairment and reversal of impairment for financial instruments at amortised cost (refer to Note 7.1); and

- disposals of financial assets and derecognition of financial liabilities.

The COVID-19 pandemic created unprecedented economic uncertainty which impacted the Net Gain/ (Loss) on Financial Instruments at Fair Value in 2019-20. This recovered to pre-pandemic levels in 2020-21.

Other gain/(loss) 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.

Notes To And Forming Part Of The Financial Statements For The Financial Year Ended 30 June 2021

Amortisation of non-produced intangible assets

Intangible non-produced assets with finite lives are amortised as an 'Other Economic Flow' on a systematic basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, when it is in the

location and condition necessary for it to be capable of operating in the manner intended by management.

Impairment of non-financial assets

Goodwill and intangible assets with indefinite useful lives (and

intangible assets not available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired (refer to Note 4.1 Investments and other financial assets).

Note 3.5: Income tax (benefit)/expense

The components of income tax (benefit)/expense comprises:

	Consolidated 2021 \$000s	Consolidated 2020 \$000s
Current tax	(673)	118
Deferred tax	-	-
INCOME TAX (BENEFIT) / EXPENSE	(673)	118

The prima facie tax on profit/(loss) before income tax is reconciled to the income tax expense/(benefit) as follows:

Prima facie tax payable/(benefit) on profit/(loss) before income tax @ 30% (2020: 30%)	(673)	107
Add: Tax effect on non-allowable items	-	11
Deferred tax assets previously not recognised	-	-
INCOME TAX (BENEFIT) / EXPENSE	(673)	118

Franking credits available

The balance of the franking account at year end available for subsequent years	658	658
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The applicable weighted average effective tax rates are as follows:	30%	30%
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The taxable entities within the group are Cell Therapies Pty Ltd and Cellularity Pty Ltd.

How we recognise income tax

Income tax

Peter Mac is exempt from income tax under the *Income Tax Assessment Act 1997* (Cth). However, some of Peter Mac's

subsidiaries are not income tax exempt under the *Income Tax Assessment Act 1997* (Cth).

Current tax

The charge for current income tax expense is based on the profit/

(loss) for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Note 4: Key assets to support service delivery

Peter Mac 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 Peter Mac to be utilised for delivery of those outputs.

Structure

Note 4.1: Investments and other financial assets ... page 110

Note 4.2: Property, plant and equipment ... page 111

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Note 4.3: Intangible assets ... page 122

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Note 4.3.2: Intangible assets - Reconciliation of the carrying amount by class of asset ... page 123

Note 4.4: Depreciation and amortisation ... page 124

Note 4.5: Inventories ... page 125

Telling the COVID-19 story

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

Impact of COVID-19 on Investments

As indicated at Note 1, the coronavirus pandemic has impacted the operations of businesses. The uncertainty associated with the pandemic

has contributed to volatility of financial markets, both locally and internationally.

Management continues to monitor the fair value of its investments. No circumstances have arisen since the end of the financial year which materially affect the carrying values recorded at balance date. Management acknowledges that the performance of financial markets may continue to fluctuate and impact the fair value of investments and income generated in future reporting periods.

Fair value measurement

Where the assets included in this section are carried at fair value, additional information is disclosed in Note 7 in connection with how those fair values were determined.

Notes To And Forming Part Of The Financial Statements For The Financial Year Ended 30 June 2021

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Measuring fair value of property, plant and equipment	<p>Peter Mac obtains independent valuations for its non-current assets at least once every five years.</p> <p>If an independent valuation has not been undertaken at balance date, the health service estimates possible changes in fair value since the date of the last independent valuation with reference to Valuer-General of Victoria indices.</p> <p>Managerial adjustments are recorded if the assessment concludes a material change in fair value has occurred. Where exceptionally large movements are identified, an interim independent valuation is undertaken.</p>
Estimating useful life and residual value of property, plant and equipment	<p>Peter Mac assigns an estimated useful life to each item of property, plant and equipment, whilst also estimating the residual value of the asset, if any, at the end of the useful life. This is used to calculate depreciation of the asset.</p> <p>Peter Mac reviews the useful life, residual value and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.</p>
Estimating useful life of right-of-use assets	<p>The useful life of each right-of-use asset is typically the respective lease term, except where the health service is reasonably certain to exercise a purchase option contained within the lease (if any), in which case the useful life reverts to the estimated useful life of the underlying asset.</p> <p>Peter Mac applies significant judgement to determine whether or not it is reasonably certain to exercise such purchase options.</p>
Estimating the useful life of intangible assets	<p>Peter Mac assigns an estimated useful life to each intangible asset with a finite useful life, which is used to calculate amortisation of the asset. Where intangible assets have indefinite useful lives, they are not amortised and are tested for impairment annually under AASB 136 <i>Impairment of Assets</i></p>

Key judgements and estimates**Description****Identifying indicators of impairment**

At the end of each year, Peter Mac assesses impairment by evaluating the conditions and events specific to the health service that may be indicative of impairment triggers. Where an indication exists, the health service tests the asset for impairment.

Peter Mac considers a range of information when performing its assessment, including considering:

- If an asset's value has declined more than expected based on normal use
- If a significant change in technological, market, economic or legal environment which adversely impacts the way the health service uses an asset
- If an asset is obsolete or damaged
- If the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life
- If the performance of the asset is or will be worse than initially expected.

Where an impairment trigger exists, Peter Mac applies significant judgement and estimate to determine the recoverable amount of the asset.

Notes To And Forming Part Of The Financial Statements For The Financial Year Ended 30 June 2021

Note 4.1: Investments and other financial assets

CURRENT

Equities and Managed Investment Funds

Cash investments

Term deposits

Managed investment schemes

TOTAL CURRENT

TOTAL

Represented by:

Foundation Investments

TOTAL

	Consolidated 2021 \$000s	Consolidated 2020 \$000s
	7,098	4,716
	3,406	3,389
	71,000	69,421
	81,504	77,526
	81,504	77,526
	81,504	77,526
	81,504	77,526

How we recognise investments and other financial assets

Investment Recognition

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract with terms requiring the delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs. Investments are classified as financial assets at fair value through Profit and Loss.

Peter Mac 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. Peter Mac assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Peter Mac's investments must comply with Standing Direction 3.7.2 - Treasury Management, including Central Banking System. Peter MacCallum Foundation have an exemption from the Standing Direction 3.7.2 including Central Banking System. Peter Mac's controlled entities manage their investments in accordance with their own investment policy as approved by their Board and their investments are consolidated into Peter Mac for reporting purposes.

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

- Peter Mac 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
- Peter Mac 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.

The asset continues to be recognised to the extent that Peter Mac retains control or retains substantially all the risks and rewards of the asset.

Note 4.2: Property, plant and equipment

Note 4.2.1: Property, plant and equipment - Gross carrying amount and accumulated depreciation

	Consolidated 2021 \$000s	Consolidated 2020 \$000s
Land at fair value	153,800	153,800
Total land at fair value	153,800	153,800
Buildings at fair value	47,022	17,174
Less accumulated depreciation	(3,446)	(728)
Buildings - right-of-use	9,674	9,674
Less accumulated depreciation	(1,159)	(579)
Total buildings	52,091	25,541
Plant and equipment at fair value	11,019	8,410
Less accumulated depreciation	(1,889)	(1,515)
Total plant and equipment	9,130	6,895
Motor vehicles at fair value	19	19
Less accumulated depreciation	(19)	(19)
Total motor vehicles	-	-
Medical equipment at fair value	125,738	117,253
Less accumulated depreciation	(69,341)	(59,965)
Total medical equipment	56,397	57,288
Computers and communications at fair value	31,207	30,759
Less accumulated depreciation	(29,638)	(28,643)
Total computers and communications	1,569	2,116
Cultural assets at fair value	2,538	2,490
Total cultural assets	2,538	2,490
Right-of-use Plant, equipment, furniture and fittings and vehicles	6,774	6,774
Less accumulated depreciation	(3,176)	(1,595)
Total right-of-use Plant, equipment, furniture and fittings and vehicles	3,598	5,179
Other Assets under construction at cost	11,363	28,809
Right-of-use PPP - Leased buildings at fair value	1,238,762	1,234,524
Less accumulated depreciation	(79,927)	(39,934)
Total right-of-use PPP - Leased buildings at fair value	1,158,835	1,194,590
Right-of-use PPP - furniture and fittings at fair value	13,490	13,490
Less accumulated depreciation	(2,285)	(1,836)
Total right-of-use PPP - furniture and fittings at fair value	11,205	11,654
Total right-of-use PPP assets	1,170,040	1,206,244
TOTAL PROPERTY, PLANT AND EQUIPMENT	1,460,526	1,488,362

Notes To And Forming Part Of The Financial Statements For The Financial Year Ended 30 June 2021

Note 4.2.2: Property, plant and equipment - Reconciliations of the carrying amounts of each class of asset

Consolidated	Note	Land \$000s	Buildings \$000s	Right-of-use - Buildings \$000s	Plant and equipment \$000s
Balance as at 1 July 2019		153,800	17,174	9,674	6,277
Additions		-	-	-	1,256
Disposals		-	-	-	-
Net transfer between classes		-	-	-	-
Net transfer to intangible assets		-	-	-	-
Depreciation	4.4	-	(728)	(579)	(638)
Balance as at 30 June 2020		153,800	16,446	9,095	6,895
Additions		-	-	-	3,254
Disposals		-	-	-	-
Net transfer between classes		-	29,848	-	-
Net transfer to intangible assets		-	-	-	-
Depreciation	4.4	-	(2,718)	(580)	(1,019)
Balance as at 30 June 2021		153,800	43,576	8,515	9,130

Motor vehicles \$000s	Medical equipment \$000s	Computers and communications \$000s	Cultural assets \$000s	Right-of-use - Plant, equipment, F&F and vehicles \$000s	Right-of-use- (PPP) assets \$000s	Assets under construction \$000s	Total \$000s
336	55,307	1,199	2,253	6,420	1,246,557	6,886	1,505,883
-	11,491	1,607	237	-	7	26,475	41,073
-	-	-	-	-	-	-	-
(336)	-	-	-	336	64	(64)	-
-	-	-	-	-	-	(4,488)	(4,488)
-	(9,510)	(690)	-	(1,577)	(40,384)	-	(54,106)
-	57,288	2,116	2,490	5,179	1,206,244	28,809	1,488,362
-	8,938	435	48	1	4,239	12,402	29,317
-	(60)	-	-	-	-	-	(60)
-	-	-	-	-	-	(29,848)	-
-	-	-	-	-	-	-	-
-	(9,769)	(982)	-	(1,582)	(40,443)	-	(57,093)
-	56,397	1,569	2,538	3,598	1,170,040	11,363	1,460,526

Notes To And Forming Part Of The Financial Statements For The Financial Year Ended 30 June 2021

How we recognise property, plant and equipment

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

Initial recognition

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

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

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

Subsequent measurement

Items of property, plant and equipment (excluding right-of-use assets) are subsequently measured at fair value less accumulated

depreciation and impairment losses where applicable.

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

Further information regarding fair value measurement is disclosed below.

Revaluation

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

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

An adjustment is recognised if the assessment concludes that the fair value of land and buildings has changed by 10% or more since the last revaluation (whether that be the most recent independent valuation or managerial valuation). Any estimated change in fair value of less than 10%

is deemed immaterial to the financial statements and no adjustment is recorded. Where the assessment indicates there has been an exceptionally material movement in the fair value of land and buildings since the last independent valuation, being equal to or in excess of 40%, Peter Mac would obtain an interim independent valuation prior to the next scheduled independent valuation.

A full revaluation of the Peter Mac's land and buildings was performed by the Valuer-General of Victoria (VGV) at 30 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 managerial assessment performed at 30 June 2021 indicated an overall:

- increase in fair value of land of 4.7% (\$7.2M)
- increase in fair value of buildings of 3.8% (\$600k).

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

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

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

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

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

Impairment

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

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

How we recognise right-of-use assets

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

Unless the lease is considered a short-term lease or a lease of a low-value asset (refer to Note 6.1 for further information), the contract gives rise to a right-of-

use asset and corresponding lease liability. Peter Mac presents its right-of-use assets as part of property, plant and equipment as if the asset was owned by the health service.

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

Class of right-of-use asset	Lease term
Leased buildings	20 to 30 years
Leased plant, equipment, furniture, fittings and vehicles	3 to 10 years

Presentation of right-of-use assets

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

Initial recognition

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

Notes To And Forming Part Of The Financial Statements For The Financial Year Ended 30 June 2021

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

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

Peter Mac's building and medical equipment lease agreements contain purchase options which the health service is not reasonably certain to exercise at the completion of the lease.

Peter Mac holds lease agreements which contain significantly below-market terms and conditions, which are principally to enable the health service to further its objectives. Peter Mac has applied temporary relief and continues to measure those right-of-use asset at cost. Refer to Note 6.1 for further information regarding the nature and terms of the concessional lease, and Peter Mac's dependency on such lease arrangements.

Subsequent measurement

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

Impairment

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

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

Note 4.2.3: 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 2021				
Non-specialised land	86,650	-	86,650	
Specialised land	67,150	-	-	67,150
Total land at fair value	153,800	-	86,650	67,150
Non-specialised buildings	43,576	-	43,576	
Total buildings at fair value	43,576	-	43,576	-
Plant and equipment at fair value	9,130	-	-	9,130
Medical equipment at fair value	56,397	-	-	56,397
Computers and communications equipment at fair value	1,569	-	-	1,569
Cultural assets at fair value	2,538	-	-	2,538
Total other plant and equipment at fair value	69,634	-	-	69,634
Total property, plant and equipment	267,010	-	130,226	136,784
	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				
Non-specialised land	86,650	-	86,650	
Specialised land	67,150	-	-	67,150
Total land at fair value	153,800	-	86,650	67,150
Non-specialised buildings	16,446	-	16,446	
Total buildings at fair value	16,446	-	16,446	-
Plant and equipment at fair value	6,895	-	-	6,895
Medical equipment at fair value	57,288	-	-	57,288
Computers and communications equipment at fair value	2,116	-	-	2,116
Cultural assets at fair value	2,490	-	-	2,490
Total other plant and equipment at fair value	68,789	-	-	68,789
Total property, plant and equipment	239,035	-	103,096	135,939

ⁱ Classified in accordance with the fair value hierarchy.

Notes To And Forming Part Of The Financial Statements For The Financial Year Ended 30 June 2021

Note 4.2.4: Reconciliation of Level 3 Fair Value

Consolidated	Land \$000s	Plant and equipment \$000s	Motor vehicles \$000s	Medical equipment \$000s	Computers and communications \$000s	Cultural assets \$000s	Total \$000s
Balance as at 1 July 2019	67,150	6,277	336	55,307	1,199	2,253	132,522
Additions/(disposals)	-	1,256	-	11,491	1,607	237	14,591
Transfer between classes	-	-	(336)	-	-	-	(336)
- Depreciation and amortisation	-	(638)	-	(9,510)	(690)	-	(10,838)
Balance as at 30 June 2020	67,150	6,895	-	57,288	2,116	2,490	135,939
Additions/(disposals)	-	3,254	-	8,878	435	48	12,615
Transfer between classes	-	-	-	-	-	-	-
- Depreciation and amortisation	-	(1,019)	-	(9,769)	(982)	-	(11,770)
Balance as at 30 June 2021	67,150	9,130	-	56,397	1,569	2,538	136,784

ⁱ Classified in accordance with the fair value hierarchy. Refer Note 4.2.3.

Note 4.2.5: Property, plant and equipment - fair value determination

Asset class	Likely valuation approach	Significant inputs (Level 3 only)
Non-specialised land	Market approach	n.a.
Specialised land (Crown/freehold)	Market approach	Community Service Obligation (CSO) Adjustments ⁱ
Non-specialised buildings	Market approach	n.a.
Specialised buildings	Depreciated replacement cost approach	Cost per square metre Useful life
Motor Vehicles	Depreciated replacement cost approach	Cost per unit Useful life
Plant and equipment	Depreciated replacement cost approach	Cost per unit Useful life
Medical equipment	Depreciated replacement cost approach	Cost per unit Useful life
Computers and communications	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 the health services specialised land.

How we measure fair value

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

For the purpose of fair value disclosures, Peter Mac has determined classes of assets on the basis of the nature,

characteristics and risks of the asset and the level of the fair value hierarchy as explained above.

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

There have been no transfers between levels during the period.

The Valuer-General Victoria (VGV) is Peter Mac's independent valuation agency.

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

Notes To And Forming Part Of The Financial Statements For The Financial Year Ended 30 June 2021

Valuation hierarchy

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

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

Identifying unobservable inputs (level 3) fair value measurements

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

Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However,

the fair value measurement objective remains the same, i.e., an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs shall reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

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

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

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

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

Non-specialised land, non-specialised buildings and cultural assets

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

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

Peter Mac recognises 2 & 10 St Andrews Place East Melbourne as non-specialised land and buildings.

For cultural assets, accredited valuers listed under the Australian Government cultural gift programs are used as Peter Mac's independent valuer. The last valuation took place on 30 June 2014 by Claire Mitchell.

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

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

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

For Peter Mac, 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 Peter Mac's specialised land and specialised buildings was performed by the Valuer-General Victoria. The effective date of the valuation is 30 June 2019.

Peter Mac recognises 305 Grattan Street Melbourne as specialised land and a specialised building, and revalues the building based on the cost to replace the building as a hospital.

Vehicles

The Peter Mac 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 Peter Mac who set relevant depreciation rates during use to reflect the consumption of the vehicles. As a result, the fair value of vehicles does not differ materially from the carrying amount (depreciated cost).

Plant and equipment

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

Notes To And Forming Part Of The Financial Statements For The Financial Year Ended 30 June 2021

Note 4.2.6: Property, plant and equipment revaluation surplus

	Consolidated 2021 \$000	Consolidated 2020 \$000
Property, plant and equipment revaluation surplus		
Balance at the beginning of the reporting period	170,272	170,272
Balance at the end of the reporting period *	170,272	170,272
* Represented by:		
- Land	115,985	115,985
- Leased building	54,287	54,287
	170,272	170,272

Note 4.3: Intangible assets

Note 4.3.1: Intangible assets - Gross carrying amount and accumulated amortisation

	Consolidated 2021 \$000s	Consolidated 2020 \$000s
Intangible Produced Assets - Software	40,451	13,631
Less Accumulated Amortisation	(10,336)	(6,154)
	30,115	7,477
Intangible Non-Produced Assets - Revenue Rights Car Park	41,060	41,060
Less Accumulated Amortisation	(10,265)	(8,212)
	30,795	32,848
Goodwill on consolidation	1,656	1,656
Intangible work in progress	-	11,311
TOTAL INTANGIBLE ASSETS	62,566	53,292

The revenue rights represent the right of the health service to receive future payments for car parking fees generated by the car park.

Note 4.3.2: Intangible assets - Reconciliation of the carrying amount by class of asset

Consolidated	Software \$000s	Revenue Rights Car Park \$000s	Goodwill on consolidation \$000s	Intangible WIP \$000s	Total \$000s
Balance as at 1 July 2019	8,148	34,901	1,090	-	44,139
Additions	908	-	566	6,823	8,297
Disposals	-	-	-	-	-
Net transfer between classes	-	-	-	4,488	4,488
Amortisation of non-produced intangible asset (refer to Note 3.4)	-	(2,053)	-	-	(2,053)
Amortisation of produced intangible asset (refer Note 4.4)	(1,579)	-	-	-	(1,579)
Balance as at 30 June 2020	7,477	32,848	1,656	11,311	53,292
Additions	85	-	-	15,425	15,510
Net transfer between classes	26,736	-	-	(26,736)	-
Amortisation of non-produced intangible asset (refer to Note 3.4)	-	(2,053)	-	-	(2,053)
Amortisation of produced intangible asset (refer Note 4.4)	(4,183)	-	-	-	(4,183)
Balance as at 30 June 2021	30,115	30,795	1,656	-	62,566

How we recognise intangible assets

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

Initial recognition

Purchased intangible assets are initially recognised at cost.

An internally generated intangible asset arising from development (or from the development

phase of an internal project) is also recognised at cost if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- an intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits;

- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

Notes To And Forming Part Of The Financial Statements For The Financial Year Ended 30 June 2021

Subsequent measurement

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

Impairment

Intangible assets with finite useful lives are tested for impairment if an indication of impairment is identified.

Note 4.4: Depreciation and amortisation

Depreciation

Buildings
Plant and equipment
Medical equipment
Computers and communications
Right-of-use leased assets
Right-of-use PPP assets
- Right-of-use buildings
- Right-of-use PPP plant and equipment

Total depreciation

Amortisation

Intangible assets

Total amortisation

TOTAL

	Consolidated 2021 \$000s	Consolidated 2020 \$000s
	2,718	728
	1,019	638
	9,769	9,510
	982	690
	2,162	2,156
	39,993	39,934
	450	450
	57,093	54,106
	4,183	1,579
	4,183	1,579
	61,276	55,685

How we recognise depreciation

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

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

How we recognise amortisation

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

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

Non-public private partnership (PPP) assets	2021	2020
Buildings		
• Structure, shell building fabric	Up to 60 years	Up to 60 years
• Site engineering service	Up to 40 years	Up to 40 years
Central Plant		
• Fit out	Up to 25 years	Up to 25 years
• Trunk reticulated building system	Up to 30 years	Up to 30 years
Other site improvements	Up to 25 years	Up to 25 years
Plant and equipment	Up to 10 years	Up to 10 years
Medical equipment	Up to 10 years	Up to 10 years
Computers and communications	Up to 3 years	Up to 3 years
Motor vehicles	Up to 3 years	Up to 3 years
Public private partnership (PPP) assets	2021	2020
Buildings	30 years	30 years
Furniture and fittings	Up to 10 years	Up to 10 years
Intangible assets	2021	2020
Software	Up to 10 years	7 years
Car park revenue rights	20 years	20 years

Note 4.5: Inventories

	Consolidated 2021 \$000s	Consolidated 2020 \$000s
Medical and surgical consumables at cost	171	-
Pharmacy supplies at cost	7,832	4,715
Pathology supplies at cost	827	-
Total inventories	8,830	4,715

How we recognise inventories

Inventories include goods consumed in the ordinary course of business operations. Inventories held for consumption are measured at cost, adjusted for any loss in service potential.

Notes To And Forming Part Of The Financial Statements For The Financial Year Ended 30 June 2021

Note 5: Other assets and liabilities

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

Structure

Note 5.1: Receivables ... page 127

Note 5.1.1: Movement in allowance for impairment losses of contractual receivables ... page 127

Note 5.2: Payables and contract liabilities ... page 129

Note 5.2.1: Deferred capital grant income ... page 130

Note 5.2.2: Contract liabilities ... page 130

Note 5.3: Other liabilities ... page 131

Note 5.4: Deferred tax assets ... page 133

Telling the COVID-19 story

Other assets and liabilities used to support the delivery of our services during the financial year were not materially impacted by the COVID-19 coronavirus pandemic.

Key judgements and estimates

This section contains the following key judgements and estimates:

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

Note 5.1: Receivables

	Consolidated 2021 \$000s	Consolidated 2020 \$000s
CURRENT		
Contractual		
Inter hospital debtors	670	545
Trade debtors	21,317	18,104
Patient Fees	572	1,694
Provision for impairment	(1,356)	(1,171)
Accrued revenue	14,593	11,597
Amounts receivable from governments and agencies	24	1,399
Total contractual receivables	35,820	32,168
Statutory		
GST receivable	2,040	1,560
TOTAL CURRENT RECEIVABLES	37,860	33,728
Contractual		
Long service leave - Department of Health	32,699	27,370
TOTAL NON-CURRENT RECEIVABLES	32,699	27,370
TOTAL RECEIVABLES	70,559	61,098
Financial assets classified as receivables and contract assets (Note 7.1.1)		
Total receivables	70,559	61,098
Provision for impairment	1,356	1,171
GST receivable	(2,040)	(1,560)
Total financial assets	69,875	60,709

Note 5.1.1: Movement in allowance for impairment losses of contractual receivables

	Consolidated 2021 \$000s	Consolidated 2020 \$000s
Balance at the beginning of the year	1,171	1,892
Reversal of unused allowance recognised in the net result	-	(721)
Increase in allowance recognised in net result	185	-
Balance at the end of the year	1,356	1,171

Notes To And Forming Part Of The Financial Statements For The Financial Year Ended 30 June 2021

How we recognise receivables

Receivables consist of:

Contractual receivables, which mostly include debtors in relation to goods and services. These receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. Peter Mac holds the contractual receivables with the objective to collect the contractual cash flows and are subsequently measured at amortised cost using the effective interest method, less any impairment.

Statutory receivables, which mostly includes Goods and Services Tax (GST) input tax credits that are recoverable. Statutory receivables do not arise from contracts and are recognised

and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. The health service applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

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

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

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

Impairment losses of contractual receivables

Refer to Note 7.2.1 for Peter Mac's contractual impairment losses.

Note 5.2: Payables and contract liabilities

	Notes	Consolidated 2021 \$000s	Consolidated 2020 \$000s
CURRENT			
Contractual			
Trade creditors		2,930	5,048
Accrued salaries and wages		14,610	8,946
Accrued expenses		20,850	19,941
Deferred capital grant income	5.2.1	22,537	20,565
Contract liabilities	5.2.2	9,591	14,839
Inter- hospital creditors		312	3,805
Amounts payable to governments and agencies		12,153	8,071
Department of Health		15,043	4,015
Sub-Total		98,026	85,230
TOTAL CURRENT		98,026	85,230
NON-CURRENT			
Contractual			
Department of Health		936	1,185
Sub-Total		936	1,185
TOTAL NON-CURRENT		936	1,185
TOTAL PAYABLES AND CONTRACT LIABILITIES		98,962	86,415

(i) Financial liabilities classified as payables and contract liabilities (Note 7.1.1)

Total payables and contract liabilities		98,962	86,415
Deferred capital grant revenue		(22,537)	(20,565)
Contract liabilities		(9,591)	(14,839)
Total financial liabilities	7.1.1	66,834	51,011

How we recognise payables and contract liabilities

Payables consist of:

- **Contractual payables**, which mostly includes payables in relation to goods and services. These payables are classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to the Peter Mac prior to the end of the financial year that are unpaid.
- **Statutory payables**, which mostly includes Goods and Services Tax (GST) payable. Statutory payables are recognised and measured similarly to contractual payables. However, they are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

The Department of Health allows for creditors to be paid on up to 60 day terms if this facilitates necessary management of cash flows. This was reduced due to the Department of Treasury and Finance (DTF) requirement to pay all supplier invoices within 10 business days or 'best endeavours'.

Notes To And Forming Part Of The Financial Statements For The Financial Year Ended 30 June 2021

Note 5.2.1: Deferred capital grant income

Opening balance of deferred grant income

Adjustment for initial adoption of AASB 1058

Grant consideration for capital works received during the year

Grant income for capital works recognised consistent with the capital works undertaken during the year

Closing balance of deferred grant consideration received for capital works

	Consolidated 2021 \$000s	Consolidated 2020 \$000s
	20,565	-
	-	7,533
	15,386	24,044
	(13,414)	(11,012)
	22,537	20,565

How we recognise deferred capital grant income

Income from capital grants for the Commonwealth Centre of Excellence (CoE), the installation of the Gamma Knife and construction of the Palliative Care ward and ICU beds are recognised when Peter Mac satisfies its obligation under the transfer. Grant income is recognised progressively as

the asset is constructed, since this is the time when Peter Mac satisfies its obligations under the transfer by controlling the asset as and when it is constructed. The progressive percentage costs incurred is used to recognise income because this most closely reflects the progress to completion as costs are incurred as the works are done (see note 2.1). As a result, Peter Mac has deferred

recognition of a portion of the grant consideration received as a liability for the outstanding obligations.

The remaining balance is due to Commonwealth funding for the Radiation Oncology Health Program Funds and the COE Capital Program. The CoE deferred capital revenue will be expended by September 2022.

Note 5.2.2: Contract liabilities

Opening balance of contract liabilities

Adjustment for initial adoption of AASB 15

Payments received for performance obligations not yet fulfilled

Revenue recognised for the completion of a performance obligation

Total contract liabilities

Represented by

Current contract liabilities

Closing balance of contract liabilities

	Consolidated 2021 \$000s	Consolidated 2020 \$000s
	14,839	-
	-	2,854
	24,745	30,872
	(29,993)	(18,887)
	9,591	14,839
	9,591	14,839
	9,591	14,839

How we recognise contract liabilities

Contract liabilities include consideration received in advance from customers in respect of CoE and commercial income. The balance of contract liabilities was significantly lower than the

previous reporting period due to the reclassification of one payment received for CoE that related to deferred capital grants rather than contract liabilities.

Contract liabilities are derecognised and recorded as revenue when promised goods

and services are transferred to the customer. Refer to Note 2.1.

Maturity analysis of payables

Please refer to Note 7.2.2 for the maturity analysis of payables.

Note 5.3: Other liabilities**CURRENT**

Monies held in trust*: Bonds held

TOTAL CURRENT**NON-CURRENT**

Derivatives designated and effective as hedging instruments carried at fair value

Interest rate swaps

TOTAL NON-CURRENT**TOTAL OTHER LIABILITIES*****Total monies held in trust represented in the following assets**

Cash assets

TOTAL

	Consolidated 2021 \$000s	Consolidated 2020 \$000s
	108	108
	108	108
	202,666	237,486
	202,666	237,486
	202,774	237,594
	108	108
	108	108

Notes To And Forming Part Of The Financial Statements For The Financial Year Ended 30 June 2021

How we recognise other liabilities

Interest Rate Swap Derivative

Peter Mac is party to derivative financial instruments in order to hedge exposure to fluctuations in interest rates in accordance with its adopted financial risk management policies.

As required by the Operating Deed for the VCCC public private partnership, Peter Mac became responsible for an interest rate swap contract during the 2011-12 financial year under which it entered into an interest rate swap (IRS) contract to fix the interest payable under the Quarterly Interest Rate Service Payment Adjustment (QIRSPA) for the period 15 December 2021 to 03 April 2040 (swap 1). In the 2016-17 financial year, an additional IRS contract was entered into for the period 15 December 2021 to 03 July 2040 (swap 2).

Peter Mac has economic exposure to AUD bank bill swap rate BBSY indexed cash flow interest rate risk embedded in the Floating Rate Component (FRC) debt payment to Plenary. The objective of the interest rate hedging is to mitigate the variability in AUD cash flows due to changes in BBSY benchmark interest rates associated with FRC payments to Plenary.

Peter Mac has transacted to pay fixed and received floating BBSY interest rate with Treasury Corporation of Victoria (TCV) to fix the effective interest rate on its FRC payments. The IRS receives floating interest rate payment at 3 month Bank Bill Swap Bid Rate (3M BBSY) and pays fixed interest rate payments (5.58% for swap 1 and 3.08% for swap 2) over the term of the swaps.

The IRS hedges the movement in the 3M BBSY Bid interest rate between 15 December 2021 and 03 July 2040 reset each quarter by covering the interest cash flows of the Amortising Variable Rate QIRSPA of initial face value \$735,582,730.07 and matures on 03 April 2040. The additional IRS hedge matures on 03 July 2040 with an initial face value of \$26,522,115.41.

For the purpose of this hedge relationship, BBSY cash flow exposures on FRC is an eligible hedged item under the requirements of AASB 9 *Financial Instruments*.

Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Peter Mac only has the one hedging instrument, comprising the two interest rate swaps.

The full fair value of the hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is only classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Peter Mac designates derivatives as a cash flow hedge and the swap hedges interest rate risk associated with the cash flows of the PPP lease liability that has highly probable forecast transactions.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedges

The effective portion of changes in the fair value of the derivative that is designated and qualify as a cash flow hedge is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/ (losses). The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

Fair value measurement of derivative instruments

Valuation techniques used to determine fair values

Interest Rate Swap – the present value of the estimated future cash flows based on observable swap yield curves. The fair value estimate is included as 'recurring fair value measurements' in level 2 of the fair value hierarchy.

Financial Instrument Market Risk

Cash flow and fair value interest rate risk

Peter Mac's main interest rate risk arises from the long-term PPP lease liability, which has a variable rate that exposes Peter Mac to cash flow interest rate risk. In 2011-12 and 2016-17 financial years, Peter Mac entered into interest rate swap arrangements that effectively result in a fixed interest rate.

Monies held in trust

Peter Mac currently has money held in trust related to the rental of 10 St Andrews Place, East Melbourne.

Note 5.4: Deferred tax assets

Consolidated	Opening balance \$000s	(Credited)/ debited to Operating Statement \$000s	Closing balance \$000s
Movements			
Employee entitlements	(8)	58	50
Accruals	62	6	68
Unutilised tax losses	420	(8)	412
Other	46	(174)	(128)
Balance as at 30 June 2020	520	(118)	402
Employee entitlements	50	40	90
Accruals	68	66	134
Unutilised tax losses	412	567	979
Other	(128)	-	(128)
Balance as at 30 June 2021	402	673	1,075

Notes To And Forming Part Of The Financial Statements For The Financial Year Ended 30 June 2021

How we recognise deferred tax assets

The deferred tax assets are expected to be recovered in the foreseeable future.

The taxable entities within the group are Cell Therapies Pty Ltd and Cellularity Pty Ltd.

Deferred tax

Deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the net operating result except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on:

- the assumption that no adverse change will occur in income taxation legislation;
- the assumption that the entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Note 6: How we finance our operations

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

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

Structure

Note 6.1: Borrowings ... page 137

Note 6.1.1: Lease liabilities ... page 138

Note 6.1.2: PPP lease liabilities ... page 141

Note 6.2: Cash and cash equivalents ... page 142

Note 6.3: Commitments for expenditure ... page 143

Note 6.4: Commitments for income ... page 144

Note 6.5: Non-cash financing and investing activities ... page 145

Telling the COVID-19 story

Our finance and borrowing arrangements were not materially impacted by the COVID-19 coronavirus pandemic because the health service's response was funded by Government.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Determining if a contract is or contains a lease	<p>Peter Mac applies significant judgement to determine if a contract is or contains a lease by considering if the health service:</p> <ul style="list-style-type: none"> • has the right-to-use an identified asset • has the right to obtain substantially all economic benefits from the use of the leased asset and • can decide how and for what purpose the asset is used throughout the lease.

Notes To And Forming Part Of The Financial Statements For The Financial Year Ended 30 June 2021

Key judgements and estimates	Description
Determining if a lease meets the short-term or low value asset lease exemption	<p>Peter Mac applies significant judgement when determining if a lease meets the short-term or low value lease exemption criteria.</p> <p>The health service estimates the fair value of leased assets when new. Where the estimated fair value is less than \$10,000, the health service applies the low-value lease exemption.</p> <p>The health service also estimates the lease term with reference to remaining lease term and period that the lease remains enforceable. Where the enforceable lease period is less than 12 months the health service applies the short-term lease exemption.</p>
Discount rate applied to future lease payments	<p>Peter Mac discounts its lease payments using the interest rate implicit in the lease. If this rate cannot be readily determined, which is generally the case for the health service's lease arrangements, Peter Mac uses its incremental borrowing rate. This is the amount the health service would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.</p>
Assessing the lease term	<p>The lease term represents the non-cancellable period of a lease, combined with periods covered by an option to extend or terminate the lease if Peter Mac is reasonably certain to exercise such options.</p> <p>Peter Mac determines the likelihood of exercising such options on a lease-by-lease basis through consideration of various factors including:</p> <ul style="list-style-type: none"> • If there are significant penalties to terminate (or not extend), the health service is reasonably certain to extend (or not terminate) the lease. • If any leasehold improvements are expected to have a significant remaining value, the health service is reasonably certain to extend (or not terminate) the lease. • The health service considers historical lease durations and the costs and business disruption to replace such leased assets.

Note 6.1: Borrowings

	Note	Consolidated 2021 \$000s	Consolidated 2020 \$000s
CURRENT			
TCV Loan ⁱ		1,179	1,138
Lease Liability ⁱⁱ	6.1.1	2,234	2,018
PPP Lease Liability ⁱ	6.1.2	62,615	57,866
Advances from government ⁱⁱⁱ		-	4,141
TOTAL CURRENT		66,028	65,163
NON-CURRENT			
TCV Loan ⁱ		33,308	34,487
Lease Liability ⁱⁱ	6.1.1	10,208	12,443
PPP Lease Liability ⁱ	6.1.2	764,301	827,335
TOTAL NON-CURRENT		807,817	874,265
TOTAL BORROWINGS		873,845	939,428

ⁱ These are unsecured loans with a weighted average interest rate of 8.14% (8.02% 2020).

ⁱⁱ 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.

ⁱⁱⁱ These are unsecured loans which bear no interest.

How we recognise borrowings

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

Initial recognition

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. The measurement basis

subsequent to initial recognition depends on whether the Peter Mac has categorised its liability as either 'financial liabilities designated at fair value through profit or loss', or financial liabilities at 'amortised cost'.

Subsequent measurement

Subsequent to initial recognition, interest bearing borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the net result over

the period of the borrowing using the effective interest method. Non-interest bearing borrowings are measured at 'fair value through profit or loss'.

Maturity analysis of borrowings

Please refer to Note 7.1.2 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 loans.

Notes To And Forming Part Of The Financial Statements For The Financial Year Ended 30 June 2021

Note 6.1.1: Lease liabilities

Peter Mac's lease liabilities are summarised below:

	Consolidated 2021 \$000s	Consolidated 2020 \$000s
Total undiscounted lease liabilities	14,606	16,994
Less unexpired finance expenses	(2,164)	(2,533)
NET LEASE LIABILITIES	12,442	14,461

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

	Consolidated 2021 \$000s	Consolidated 2020 \$000s
Not later than one year	2,553	2,388
Later than 1 year and not later than 5 years	4,913	6,727
Later than 5 years	7,140	7,879
Minimum lease payments	14,606	16,994
Less unexpired finance expenses	(2,164)	(2,533)
PRESENT VALUE OF LEASE LIABILITY	12,442	14,461

How we recognise lease liabilities

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

To apply this definition, Peter Mac ensures the contract meets the following criteria:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to Peter Mac and for which the supplier does not have substantive substitution rights
- Peter Mac 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 Peter Mac has the right to direct the use of the identified asset throughout the period of use and
- Peter Mac has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

Peter Mac's lease arrangements consist of the following:

Type of asset leased	Lease term
Leased buildings	20 years
Leased plant, equipment, furniture, fittings and vehicles	3 to 7 years

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. The following low value lease payments are recognised in profit or loss: patient equipment hire.

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.

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 Peter Macs incremental borrowing rate. Our lease liability has been discounted by rates of between 2.18% to 3.08%.

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.

The following types of lease arrangements, contain extension and termination options:

- PET Scanners extension option for an additional 6 months.
- Radiotherapy centre at 1 Arnold Street, Box Hill extension option for an additional 20 years.

These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the health service and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term and lease liability if the lease is

reasonably certain to be extended (or not terminated).

Potential future cash outflows of \$14.8 million have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

The assessment is reviewed if a significant event or change in circumstances occurs which affects this assessment and that is within the control of the lessee.

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.

Notes To And Forming Part Of The Financial Statements For The Financial Year Ended 30 June 2021

Leases with significantly below market terms and conditions

Peter Mac holds lease arrangements which contain significantly below-market

terms and conditions, that are principally to enable the health service to further its objectives. These are commonly referred to as a peppercorn or concessionary lease arrangement.

The nature and terms of such lease arrangements, including Peter Mac's dependency on such lease arrangements is described below:

Description of leased asset	Our dependence on lease	Nature and terms of lease
Hospira infusion devices	<p>Consumables must be purchased through Hospira and in return Hospira provide Peter Mac with 246 infusion devices free of charge.</p> <p>Peter Mac's dependence on this lease is considered low.</p>	<p>Lease payments relate to consumables and \$0 for equipment per annum</p> <p>The lease commenced in June 2016 and expired in June 2021.</p>
Peri-Op SCD Compressions System IPC Controller and Consumables (Cardinal Health)	<p>Consumables must be purchased through Cardinal Health and in return Cardinal Health provide Peter Mac with peri-op SCD compression system IP controller free of charge.</p> <p>Peter Mac's dependence on this lease is considered low.</p>	<p>Lease payments relate to consumables and \$0 for equipment per annum</p> <p>The lease commenced in July 2019 and expired in June 2021.</p>
Serum protein analyser (Spaplus) equipment, reagents and service agreement	<p>The agreement with The Binding Site Australia Pty Ltd outlines the reagents and consumables set pricing and in return The Binding Site Australia Pty Ltd provide Peter Mac with serum protein analyser equipment at a reduced cost.</p> <p>Peter Mac's dependence on this lease is considered low.</p>	<p>Lease payments are \$1 for the duration of the extended term</p> <p>The lease commenced in January 2020 and expires in December 2021.</p>

Note 6.1.2: PPP lease liabilities

Peter Mac's PPP lease liabilities are summarised below:

	Consolidated 2021 \$000s	Consolidated 2020 \$000s
Total undiscounted lease liabilities	1,460,909	1,594,280
Less unexpired finance expenses	(633,993)	(709,079)
NET PPP LEASE LIABILITIES	826,916	885,201

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

	Consolidated 2021 \$000s	Consolidated 2020 \$000s
Not later than one year	133,371	133,371
Later than 1 year and not later than 5 years	533,534	533,514
Later than 5 years	794,004	927,395
Minimum lease payments	1,460,909	1,594,280
Less unexpired finance expenses	(633,993)	(709,079)
PRESENT VALUE OF PPP LEASE LIABILITY	826,916	885,201

How we recognise commissioned public private partnerships (PPP)

Construction and fit out of the VCCC building was funded as a PPP between the State of Victoria and Peter Mac. Peter Mac is responsible for operating the VCCC and has recognised the leased asset and associated interest bearing liability.

Such PPP's are not accounted for as a Service Concession Arrangement within the scope of AASB 1059 *Service Concession Arrangements: Grantors* as the public service criterion is not satisfied.

The State of Victoria is obligated to fund quarterly service

payments over the duration of the project agreement up to a period of 20 years.

In addition, until the end of this PPP arrangement, Peter Mac pays the State of Victoria for ongoing operation and maintenance of the VCCC building. Refer to Note 7.5 for information regarding our commitments.

Initial measurement

PPP leases are recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payment, each determined at the inception of the PPP lease.

Subsequent measurement

The leased assets under the PPP arrangement are accounted for as a non-financial physical asset and is depreciated over the term of the lease plus five years.

Minimum lease payments are apportioned between reduction of the outstanding lease liability, and the periodic finance expense which is calculated using the interest rate implicit in the lease, and charged directly to the Comprehensive Operating Statement.

Contingent rentals associated with leases are recognised as an expense in the period in which they are incurred.

Notes To And Forming Part Of The Financial Statements For The Financial Year Ended 30 June 2021

Note 6.2: Cash and cash equivalents

	Consolidated 2021 \$000s	Consolidated 2020 \$000s
Cash on Hand (excluding monies held in trust)	4	4
Cash at Bank (excluding monies held in trust) ⁱ	11,691	12,760
Cash at Bank (Monies held in trust)	108	108
Cash at Bank - CBS (excluding monies held in trust)	81,842	74,634
Deposits at Call (excluding monies held in trust)	-	200
TOTAL CASH AND CASH EQUIVALENTS	93,645	87,706
	2,283	2,238

ⁱ includes amount quarantined and related to capital construction and fundraising for the VCCC building

How we recognise cash and cash equivalents

Cash and cash equivalents recognised on the balance sheet comprise cash on hand and in banks, deposits at call and highly liquid investments (with an original maturity date of three months or less). It is held for the purpose of meeting short term cash commitments, including restricted and capital commitments, rather

than for investment purposes which are readily convertible to known amounts of cash and is subject to insignificant risk of changes in value.

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

Cash at Bank has increased as at 30 June 2021 with an increase in Restricted and Committed Funds that can only be used for specific or capital purposes. The total restricted and committed funds have increased to \$70.9M (\$65.7M in 2020). The projects these funds relate to commence in 2021-22.

Note 6.3: Commitments for expenditure

	Consolidated 2021 \$000s	Consolidated 2020 \$000s
Capital expenditure commitments		
Not later than 1 year	10,740	5,024
Later than 1 year and not later than 5 years	866	-
Later than 5 years	-	-
Total capital expenditure commitments	11,606	5,024
Operating expenditure commitments		
Not later than 1 year	9,254	5,886
Later than 1 year and not later than 5 years	13,255	4,919
Later than 5 years	810	-
Total operating expenditure commitments	23,319	10,805
Non-cancellable short term and low value lease commitments		
Not later than 1 year	6,860	4,811
Later than 1 year and not later than 5 years	898	726
Later than 5 years	176	1,939
Total non-cancellable lease commitments	7,934	7,476
Public private partnership commitments (commissioned)		
Not later than 1 year	24,504	24,852
Later than 1 year and not later than 5 years	128,257	106,455
Later than 5 years	749,722	793,088
Total public private partnership commitments (commissioned)	902,483	924,395
TOTAL COMMITMENTS FOR EXPENDITURE (INCLUSIVE OF GST)	945,342	947,700
GST recoverable from the Australian Tax Office	(85,940)	(86,155)
TOTAL COMMITMENTS FOR EXPENDITURE (EXCLUSIVE OF GST)	859,402	861,545

Notes To And Forming Part Of The Financial Statements For The Financial Year Ended 30 June 2021

How we disclose our commitments

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

Expenditure commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed at their nominal value and are inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant

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

Short term and low value leases

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

Commissioned public private partnerships (PPP)

Pursuant to the requirements of the Operating Deed signed by

the State of Victoria and Peter Mac on 14 December 2011, the Department of Health agrees to meet all payments (including leasing and operating) for which the State of Victoria is liable and which are associated with the project.

Peter Mac has agreed to record and report all of the obligations of the State of Victoria reflecting Peter Mac's position as the government agency that controls the assets.

Refer to Note 6.1 for further information.

Note 6.4: Commitments for income

Commitments Receivable

Commitments in relation to leases receivable are as follows:

Not later than one year

Later than 1 year and not later than 5 years

Later than 5 years

Total Commitments Receivable (inclusive of GST)

Less GST payable to the Australian Tax Office

TOTAL COMMITMENTS RECEIVABLE (exclusive of GST)

	Consolidated 2021 \$000s	Consolidated 2020 \$000s
	1,326	1,477
	4,233	4,161
	5,871	6,951
	11,430	12,589
	(1,039)	(1,144)
	10,391	11,445

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

All incentives for the agreement of a new or renewed operating lease are recognised as

an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives are given to the lessee, the

aggregate cost of incentives reduces rental income. This reduced income is recognised over the lease term on a straight-line basis unless another systematic basis is more appropriate.

Note 6.5: Non-cash financing and investing activities

COVID-19 capital paid by Department of Health ¹

TOTAL

	Consolidated 2021 \$000s	Consolidated 2020 \$000s
	547	22,186
TOTAL	547	22,186

¹ Recommissioning of East Melbourne building and construction of ICU ward in Parkville.

Notes To And Forming Part Of The Financial Statements For The Financial Year Ended 30 June 2021

Note 7: Risks, contingencies and valuation uncertainties

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

Structure

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Telling the COVID-19 story

Financial instruments were not materially impacted by the COVID-19 Coronavirus pandemic in the financial year ending 30 June 2021.

The uncertainty associated with the COVID-19 Coronavirus pandemic has contributed to volatility of financial markets, both locally and internationally. Management continues to monitor the fair value of its investments. No circumstances have arisen since the end of the financial year which materially affect the carrying values recorded at balance date.

Management acknowledges that the performance of financial markets may continue to fluctuate and impact the fair value of investments and income generated in future reporting periods.

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 Peter Mac's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example, taxes, fines and penalties). Such financial

assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

Note 7.1.1: Financial instruments: categorisation

Consolidated 2021	Note	Financial Assets at Amortised Cost \$000s	Financial Assets at Fair Value Through Net Result \$000s	Hedging Instruments Measured at Fair Value \$000s	Financial Liabilities at Amortised Cost \$000s	Total \$000s
Contractual financial assets						
Cash and cash equivalents	6.2	93,645	-	-	-	93,645
Receivables	5.1	22,559	-	-	-	22,559
Other receivables	5.1	47,316	-	-	-	47,316
Investments and other financial assets - managed investment schemes	4.1	-	81,504	-	-	81,504
Total financial assetsⁱ		163,520	81,504	-	-	245,024
Payables and contract liabilities						
Payables	5.2	-	-	-	66,834	66,834
Borrowings	6.1	-	-	-	873,845	873,845
Other financial liabilities	5.3	-	-	202,666	-	202,666
Total payables and contract liabilitiesⁱ		-	-	202,666	940,679	1,143,345
Consolidated 2020						
Consolidated 2020	Note	Financial Assets at Amortised Cost \$000s	Financial Assets at Fair Value Through Net Result \$000s	Hedging Instruments Measured at Fair Value \$000s	Financial Liabilities at Amortised Cost \$000s	Total \$000s
Contractual financial assets						
Cash and cash equivalents	6.2	87,706	-	-	-	87,706
Receivables	5.1	20,343	-	-	-	20,343
Other receivables	5.1	40,366	-	-	-	40,366
Investments and other financial assets - managed investment schemes	4.1	-	77,526	-	-	77,526
Total financial assetsⁱ		148,415	77,526	-	-	225,941
Payables and contract liabilities						
Payables	5.2	-	-	-	51,011	51,011
Borrowings	6.1	-	-	-	939,428	939,428
Other financial liabilities	5.3	-	-	237,486	-	237,486
Total payables and contract liabilitiesⁱ		-	-	237,486	990,439	1,227,925

ⁱ The carrying amount excludes statutory receivables (i.e. GST receivable and DH receivable) and statutory payables (i.e. deferred capital grants, contract liabilities and DH payable).

Notes To And Forming Part Of The Financial Statements For The Financial Year Ended 30 June 2021

How we categorise financial instruments

Categories of financial assets

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

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through net result, in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted.

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

Financial assets at amortised cost

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

- the assets are held by Peter Mac to collect the contractual cash flows, and

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

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

Peter Mac recognises the following assets in this category:

- cash and cash equivalents; and
- receivables (excluding statutory receivables).

Financial assets at fair value through net result

Peter Mac recognises its listed equity securities at fair value through Profit and Loss as designated and all of its managed investment schemes as fair value through Profit and Loss as mandatory.

Categories of financial liabilities

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

Financial liabilities at amortised cost

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

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

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

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

Hedging instruments – interest rate swap

Where all relevant criteria are met, hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. This will effectively result in recognising interest expense at a fixed interest rate for the hedged floating rate lease liability.

Hedge ineffectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

Peter Mac has entered into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. Peter Mac does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As all critical terms matched during the year, the economic relationship was 100% effective.

Hedge ineffectiveness for interest rate swaps is assessed by performing a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the

critical terms of the hedging instrument, the group uses the hypothetical derivative method to assess effectiveness.

Hedge ineffectiveness may occur due to:

- the credit value/debit value adjustment on the interest rate swaps which is not matched by the lease liability, and
- differences in critical terms between the interest rate swaps and loans.

There was no ineffectiveness during 2021 in relation to the interest rate swap.

Note 7.2: Financial risk management objectives and policies

As a whole, Peter Mac's financial risk management program seeks to manage the risks and the associated volatility of its financial performance. Details of the significant accounting policies and methods adopted, included the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed throughout the financial statements.

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

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

Note 7.2.1: Credit risk

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

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

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

Contract financial assets are written off against the carrying amount when there is no reasonable expectation of recovery. Bad debt written off by

Notes To And Forming Part Of The Financial Statements For The Financial Year Ended 30 June 2021

mutual consent is classified as a transaction expense. Bad debt written off following a unilateral decision is recognised as other economic flows in the net result.

The carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents Peter Mac's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There has been no material change to Peter Mac's credit risk profile in 2020-21.

Impairment of financial assets under AASB 9

Peter Mac records the allowance for expected credit loss for the relevant financial instruments

applying AASB 9's Expected Credit Loss approach. Subject to AASB 9, impairment assessment includes the health service's contractual receivables and its investment in debt instruments.

Equity instruments are not subject to impairment under AASB 9. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9.

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

Contractual receivables at amortised cost

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

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

	Note	Maturity dates					Total
		Current	Less than 1 month	1- 3 months	3 months - 1 year	1-5 years	
2021							
Expected loss rate		-1%	-4%	-7%	-21%	-46%	-6%
Gross carrying amount of contractual receivables	5.1	14,920	2,514	1,485	2,593	1,047	22,559
Loss allowance		(117)	(99)	(109)	(552)	(479)	(1,356)
2020							
Expected loss rate		-1%	-4%	-7%	-13%	-34%	-6%
Gross carrying amount of contractual receivables	5.1	12,682	1,839	1,811	2,276	1,735	20,343
Loss allowance		(99)	(68)	(135)	(286)	(583)	(1,171)

Statutory receivables

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

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.

Note 7.2.2: Liquidity risk

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

Peter Mac is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet. The health service manages its liquidity risk by:

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

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

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

Consolidated

2021	Note	Maturity dates						
		Carrying amount \$000s	Nominal amount \$000s	Less than 1 month \$000s	1-3 months \$000s	3 months - 1 year \$000s	1-5 years \$000s	Over 5 years \$000s
Payables	5.2	66,834	66,834	65,797	3	98	936	-
Borrowings	6.1	873,845	873,845	-	15,892	50,136	314,321	493,496
Other Financial Liabilities - Interest rate swaps	5.3	202,666	202,666	-	-	-	-	202,666
Total financial liabilities		1,143,345	1,143,345	65,797	15,895	50,234	315,257	696,162
2020								
Payables	5.2	51,011	51,011	49,622	41	163	1,185	-
Borrowings	6.1	939,428	939,428	-	18,814	46,358	293,587	580,669
Other Financial Liabilities - Interest rate swaps	5.3	237,486	237,486	-	-	-	-	237,486
Total financial liabilities		1,227,925	1,227,925	49,622	18,855	46,521	294,772	818,155

Notes To And Forming Part Of The Financial Statements For The Financial Year Ended 30 June 2021

Note 7.2.3: Market risk

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

Sensitivity disclosure analysis and assumptions

Peter Mac's fund managers cannot be expected to predict movements in market rates and prices. The following movements are 'reasonably possible' over the next 12 months:

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

Interest rate risk

Fair value interest rate risk is the risk that the fair value of a

financial instrument will fluctuate because of changes in market interest rates. Peter Mac does not hold any interest-bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

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

Foreign currency risk

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

end of the reporting period are translated at the closing rate at the date of the end of the reporting period.

Peter Mac has minimal exposure to foreign currency risk.

Equity risk

Peter Mac is exposed to equity price risk through its investments in listed and unlisted shares and managed investment schemes. Such investments are allocated and traded to match the health service's investment objectives.

Peter Mac's sensitivity to equity price risk is set out below.

		-15%	15%
	Note	Carrying amount	Fair value through profit and loss
			Fair value through profit and loss
2021			
Contractual financial assets			
Investments and other contractual financial assets	4.1	81,504	(12,226)
Total impact		81,504	(12,226)
2020			
Contractual financial assets			
Investments and other contractual financial assets	4.1	77,526	(11,629)
Total impact		77,526	(11,629)

Note 7.2.4: Fair value determination

Fair value of financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties. Peter Mac determined fair value for financial reporting purposes for the following assets:

- financial assets at fair value through profit and loss; and
- property, plant and equipment.

Fair value 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.

Managed investment schemes

The investments of Peter Mac's consolidated entity the Foundation are facilitated by Credit Suisse. The Foundation invests in shares and Exchange Traded Funds (ETFs), which are quoted in an

active market; and managed funds where the net asset value (NAV) is directly observed and independently verified. Credit Suisse considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investment, to ensure they are reasonable and appropriate and therefore the net asset value (NAV) of these funds may be used as an input into measuring their fair value. Credit Suisse classifies the Foundation's shares and ETFs at Level 1 and managed funds at Level 2.

Note 7.3: Contingent assets and contingent liabilities**How we measure and disclose contingent assets and contingent liabilities**

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the health service.

Peter Mac has no contingent assets as at 30 June 2021 (nil: 2019-20).

Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the health service or
- present obligations that arise from past events but are not recognised because:
 - It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations or
 - the amount of the obligations cannot be measured with sufficient reliability.

Contingent liabilities are also classified as either quantifiable or non-quantifiable.

In an agreement with the State (Agreement No. 1), Peter Mac has agreed that through a sale process for the East Melbourne sites, a fixed amount shall be remitted to the State to contribute to overall funding of the VCCC building. There are no other contingent assets classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

Peter Mac has no other contingent liabilities as at 30 June 2021 (nil: 2019-20).

Notes To And Forming Part Of The Financial Statements For The Financial Year Ended 30 June 2021

Note 8: Other disclosures

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

Structure

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

	Note	Consolidated 2021 \$000s	Consolidated 2020 \$000s
Net Result for the Year	05	51,639	25,898
Non-cash movements			
Depreciation	4.4	61,276	55,685
Amortisation of intangible non-produced assets	3.4	2,053	2,053
Allowance for impairment losses of contractual receivables	3.4	440	(31)
Income from managed funds reinvested		(1,453)	(1,902)
Management fees for managed investments		115	109
Bequest received in the form of shares		-	(79)
Assets received free of charge		(135)	(238)
Deferred tax benefits		(673)	-
Insurance -Indirect contributions by Department of Health		(736)	(206)
Government non-cash funding for hospital expansion		(89,117)	(66,525)
Revaluation of Long Service Leave	3.4	9,882	(1,866)
Construction in progress received from Department of Health		(53)	(6)
Market adjustment	3.4	317	(419)
Adjustment prior year capital income		-	(7,532)
Movements included in Investing and Financing Activities			
Net (gain)/loss from disposal of non-financial physical assets	3.4	39	167
Net (gain)/loss from disposal of financial assets	3.4	(3,864)	224
Holding (gain)/loss on financial assets through profit & loss	3.4	(7,801)	1,937
Less cash inflow/outflow from investing and financing activities		(21,339)	(24,760)
Movements in assets and liabilities			
(Increase)/decrease in receivables	5.1	(9,461)	(3,581)
(Increase)/decrease in prepayments		(1,179)	(3,765)
(Increase)/decrease in inventories	4.5	(4,115)	(339)
Increase/(decrease) in payables	5.2	12,547	38,691
Increase/(decrease) in provisions	3.2	8,180	16,667
Increase/(decrease) in other liabilities	5.3	-	(6,189)
NET CASH INFLOW FROM OPERATING ACTIVITIES		6,562	23,993

Notes To And Forming Part Of The Financial Statements For The Financial Year Ended 30 June 2021

Note 8.2: Responsible persons disclosures

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

	Period
Responsible Minister	
The Honourable Martin Foley:	
Minister for Mental Health	29/11/2018 - 29/09/2020
Minister for Health	26/09/2020 - 30/06/2021
Minister for Ambulance Services	26/09/2020 - 30/06/2021
Minister for the Coordination of Health and Human Services: COVID-19	26/09/2020 - 9/11/2020
The Honourable Jenny Mikakos:	
Minister for Health	29/11/2018 - 26/09/2020
Minister for Ambulance Services	29/11/2018 - 26/09/2020
Minister for the Coordination of Health and Human Services: COVID-19	03/04/2020 - 26/09/2020
The Honourable Luke Donnellan:	
Minister for Child Protection	29/11/2018 - 30/06/2021
Minister for Disability, Ageing and Carers	29/11/2018 - 30/06/2021
The Honourable James Merlino:	
Minister for Mental Health	29/09/2020 - 30/06/2021
Governing Board	
The Honourable Maxine Morand (Chair)	01/07/2015 - 30/06/2021
Ms Deirdre Blythe	10/10/2017 - 30/06/2021
Associate Professor Catherine Cherry	22/08/2017 - 30/06/2021
Ms Louise Davidson AM	01/07/2015 - 30/06/2021
Mr Ian Dunn AM	01/07/2015 - 30/06/2021
Associate Professor Rosemary McKenzie	01/07/2019 - 30/06/2021
Mr Matthew O'Keefe	02/08/2016 - 30/06/2021
Mr Des Pearson AO	01/07/2016 - 30/06/2021
Associate Professor Leslie Reti AM	03/12/2013 - 30/06/2021
Accountable Officer	
Professor Shelley Dolan, Chief Executive	23/09/2019 - 30/06/2021

Remuneration

Total remuneration of Responsible Persons are shown in their relevant income bands:

Income Band	Consolidated 2021 No.	Consolidated 2020 No.
\$40,000 - \$49,999	8	8
\$80,000 - \$89,999	1	1
\$120,000 - \$129,999	-	1
\$330,000 - \$339,999	-	1
\$480,000 - \$489,999	1	-
	10	11
	Consolidated 2021 \$'000s	Consolidated 2020 \$'000s
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	935	911

Amounts relating to the Governing Board Members and Accountable Officer of controlled entities are disclosed in Peter Mac's controlled entities 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.

	Consolidated	
	2021 \$'000s	2020 \$'000s
Remuneration bands		
Short-term Benefits	2,596	2,398
Post employment Benefits	247	246
Other Long-term Benefits	59	49
Termination benefits	141	-
Total Remunerationⁱ	3,043	2,693
Total Number of Executives	14	10
Total Annualised Employee Equivalentⁱⁱ	7.92	7.69

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

Notes To And Forming Part Of The Financial Statements For The Financial Year Ended 30 June 2021

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 (such as superannuation guarantee contributions) paid or payable on a discrete basis when employment has ceased.

Other long-term benefits

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

Termination benefits

Termination of employment payments, such as severance packages.

Other factors

Several factors impacted on total remuneration payable to executives for the year, including the timing of resignations and appointments of some executives. This has had a significant impact on remuneration figures for the termination benefits category.

Note 8.4: Related parties

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

- all key management personnel (KMP) of Peter Mac and their close family members;
- cabinet ministers and their close family members;

- controlled entities – Peter MacCallum Cancer Foundation and Cell Therapies Pty Ltd;
- jointly controlled operation – a member of the Victorian Comprehensive Cancer Centre (VCCC); and
- all hospitals and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

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

The Board of Directors and the Executive Directors of Peter Mac and its controlled entities are deemed to be KMPs. This includes the following:

Key Management Personnel	Position Title	Period
The Honourable Maxine Morand (Chair)	Board Member (Chair)	01/07/2020 - 30/06/2021
Ms Deirdre Blythe	Board Member	01/07/2020 - 30/06/2021
Associate Professor Catherine Cherry	Board Member	01/07/2020 - 30/06/2021
Ms Louise Davidson AM	Board Member	01/07/2020 - 30/06/2021
Mr Ian Dunn AM	Board Member	01/07/2020 - 30/06/2021

Key Management Personnel	Position Title	Period
Associate Professor Rosemary McKenzie	Board Member	01/07/2020 - 30/06/2021
Mr Matthew O'Keefe	Board Member	01/07/2020 - 30/06/2021
Mr Des Pearson AO	Board Member	01/07/2020 - 30/06/2021
Associate Professor Leslie Reti AM	Board Member	01/07/2020 - 30/06/2021
Professor Shelley Dolan	Chief Executive	01/07/2020 - 30/06/2021
Ms Lisa Dunlop	Executive Director Clinical Governance & Strategic Projects	01/07/2020 - 30/06/2021
Ms Karen Fox	Chief Operating Officer	28/06/2021 - 30/06/2021
Ms Patriece Shelly	Acting Chief Operating Officer	29/03/2021 - 27/06/2021
Ms Nicole Tweddle	Chief Operating Officer	01/07/2020 - 26/03/2021
Ms Lucy Franzmann	Chief Finance Officer	01/07/2020 - 30/06/2021
Mr Sean Curtain	Executive Director, People and Culture	06/04/2021 - 30/06/2021
Mr Marco De Marte	Acting Executive Director, People and Culture	12/10/2020 - 02/04/2021
Ms Helen Hovenga	Executive Director, People and Culture	01/07/2020 - 09/10/2020
Mr Ricky Johnstone	Executive Director, Research	01/07/2020 - 30/06/2021
Ms Melanie Harper	General Counsel and Corporate Secretary	08/05/2021 - 30/06/2021
Ms Elizabeth Kennedy	General Counsel and Corporate Secretary	01/07/2020 - 07/05/2021
Ms Jac Mathieson	Chief Nursing Officer	01/07/2020 - 30/06/2021
Mr David Speakman	Chief Medical Officer	01/07/2020 - 30/06/2021
Mr Dominic Wall	Executive Director - Business Ventures	01/07/2020 - 30/06/2021

Notes To And Forming Part Of The Financial Statements For The Financial Year Ended 30 June 2021

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

Short term employee benefits

Post-employment benefits

Other long-term benefits

Termination benefits

Totalⁱ

	2021 \$000s	2020 \$000s
	3,464	3,228
	303	317
	69	59
	141	-
	3,977	3,604

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

Significant Transactions with Government Related Entities

Peter Mac received funding from the Department of Health of \$443 million (2020: \$408 million) indirect contributions of \$5.3 million (2020: \$4.1 million) and has a net LSL receivable balance of \$32.7 million (2020: \$27.3M).

Expenses incurred by Peter Mac in delivering services and outputs are in accordance with HealthShare Victoria requirements. Goods and services including procurement 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 Victorian Managed Insurance Authority (VMIA).

The Standing Directions of the Assistant Treasurer require Peter Mac to hold cash (in excess of working capital) in accordance with the State's centralised banking arrangements. All borrowings are required to be sourced from Treasury Corporation Victoria unless an exemption has been approved by the Minister for Health and the Assistant 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 Peter Mac, 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 2021 (2020: nil).

There were no related party transactions required to be disclosed for Peter Mac Board of Directors, Chief Executive Officer and Executive Directors in 2021 (2020: nil).

Except for the transactions listed below, there were no other related party transactions required to be disclosed for The Peter MacCallum Cancer Foundation Board of Directors in 2021 (2020: nil).

Controlled Entities Related Party Transactions

The Honourable Maxine Morand is Chair of the Peter MacCallum Cancer Centre Board of Directors

and a Director of Peter MacCallum Cancer Foundation.

Associate Professor Leslie Reti is a Director of Peter MacCallum Cancer Centre and a Director of Cell Therapies Pty Ltd.

Mr Matthew O'Keefe is a Director of Peter MacCallum Cancer Centre and a Director of Cell Therapies Pty Ltd.

The transactions between Peter Mac and its subsidiaries; the Peter MacCallum Cancer Foundation, Cell Therapies Pty Ltd and Cellularity Pty Ltd, relate to reimbursements of goods and services and the transfer by way of distribution. All dealings are in the normal course of business and are on normal commercial terms and conditions.

	2021 \$000s	2020 \$000s
Revenue from sale of goods and services		
To Cell Therapies Pty Ltd	2,828	3,738
Revenue from rental of property		
From Cell Therapies Pty Ltd	416	408
Grants and gifts revenue		
From Peter MacCallum Cancer Foundation	33,964	25,518
Debtor receivable at 30 June		
Cell Therapies Pty Ltd	96	1,355
Peter MacCallum Cancer Foundation	3,831	1,781

Note 8.5: Remuneration of auditors

	Consolidated 2021 \$000s	Consolidated 2020 \$000s
Victorian Auditor-General's Office		
Audit of the Financial Statements	239	186
TOTAL REMUNERATION OF AUDITORS	239	186

Notes To And Forming Part Of The Financial Statements For The Financial Year Ended 30 June 2021

Note 8.6: Ex-gratia expenses

There are no ex-gratia expenses for both individual items and in aggregate that are greater than or equal to \$5,000.

Note 8.7: Events occurring after the balance sheet date

There are no events occurring after the Balance Sheet date.

Note 8.8: Controlled entities

Peter Mac's interest in controlled operations are detailed below. The amounts are included in the consolidated financial statements under their respective categories:

Name of entity	Country of incorporation	Equity holding
Peter MacCallum Cancer Foundation Ltd ¹	Australia	Limited by Guarantee
Peter MacCallum Cancer Foundation ² Trust	Australia	n/a
Cell Therapies Pty Ltd	Australia	Ordinary (97.3% ownership)
Cellularity Pty Ltd ³	Australia	Ordinary (97.3% ownership)

¹ Control exists via Peter Mac being the sole member of the Company.

² Control exists via Peter Mac being the only beneficiary of the Foundation.

³ Cellularity Pty Ltd is 100% owned by Cell Therapies Pty Ltd.

The following schedule shows Peter Mac's ownership interest in its subsidiary Cell Therapies Pty Ltd.

	Investment in Cell Therapies Pty Ltd \$000s	
Balance as at 1 July 2019	1,128	
Amount paid on changes in ownership interest in subsidiary	584	
Balance as at 30 June 2020	1,712	
Balance as at 30 June 2021	1,712	

Controlled entities contribution to the consolidated results	2021		2020	
	\$000s		\$000s	
Net result for the year				
Peter MacCallum Cancer Foundation	35,701		27,559	
Cell Therapies Pty Ltd	(1,391)		232	

Contingent Liabilities and Capital Commitments

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

Note 8.9: Jointly controlled operations

Name of Entity	Principal Activity	Ownership interest %	
		2021	2020
Victorian Comprehensive Cancer Centre	The member entities have committed to the establishment of a world leading comprehensive cancer centre in Parkville, Victoria, through the joint venture, with a view to saving lives through the integration of cancer research, education and training and patient care.	10.00%	10.00%

Notes To And Forming Part Of The Financial Statements For The Financial Year Ended 30 June 2021

Peter Mac's interest in the above jointly controlled operations are detailed below. The amounts are included in the consolidated financial statements under their respective categories:

	2021 \$000s	2020 \$000s
Current assets		
Cash and cash equivalents	559	1,057
Receivables	12	33
Other assets	8	34
Total current assets	579	1,124
Non-current assets		
Property, plant and equipment	16	17
Total non-current assets	16	17
Total assets	595	1,141
Current liabilities		
Payables	56	153
Provisions	34	31
Total current liabilities	90	184
Non-current liabilities		
Provisions	9	10
Total non-current liabilities	9	10
Total liabilities	99	194
NET ASSETS	496	947
Equity		
Accumulated surpluses / (deficits)	496	947
TOTAL EQUITY	496	947

Peter Mac's interest in revenues and expenses resulting from jointly controlled operations are detailed below:

Revenue		
Government grants	841	965
Other revenue from operating activities	-	-
Interest and dividends	1	14
Total revenue	842	979
Expenses		
Employee expenses	435	502
Other expenses	851	977
Depreciation and amortisation	6	7
Total expenses	1,292	1,486
NET RESULT	(450)	(507)

* Figures obtained from the audited Victorian Comprehensive Cancer Centre Annual Report.

Contingent Liabilities and Capital Commitments

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

Note 8.10: Economic dependency

Peter Mac, the parent entity, is wholly dependent on the continued financial support of the State Government and in particular, the Department of Health.

The Department of Health has provided confirmation that it will continue to provide Peter Mac adequate cash flow support to meet its current and future obligations for a period up to 30 September 2022. On that basis, the financial statements have been prepared on a going concern basis.

Although cash has increased to \$83.7M (2020: \$78.1M), this is driven by specific and committed funds that can only be used for capital purposes. Peter Mac's current asset ratio continues to be below an adequate short term position (2021: 0.60 and 2020: 0.51).

Note 8.11: Equity

Contributed capital

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

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.

Specific restricted purpose reserves

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

Peter MacCallum Cancer Centre

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