



**Peter Mac**

Peter MacCallum Cancer Centre  
Victoria Australia



# Annual Report

2022-2023

## Acknowledgement Of Country

Peter Mac respectfully acknowledges the Traditional Owners of the lands on which we work and pay respects to their Elders, past and present.

We acknowledge the Traditional Owners of the land on which our five sites are located:

- **Melbourne and Sunshine:** Lands of the Wurundjeri People of the Kulin Nation
- **Bendigo:** Lands of the Dja Dja Wurrung People of the Kulin Nation
- **Box Hill:** Lands of the Wurundjeri People of the Kulin Nation
- **Moorabbin:** Lands of the Boon Wurrung People of the Kulin Nation

As the leading cancer centre in Victoria, Peter Mac aims to bring culturally safe and sensitive healthcare services to Aboriginal and Torres Strait Islander patients, families and friends.



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# Vision & values

**“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, 1949

## Peter Mac Vision

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

## Peter Mac Values: Excellence, Innovation, Compassion



### 01 – Excellence

We will ensure that our research, clinical care, and education is evidence-based, patient-centred, and 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 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 that 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.

## Peter Mac Promise

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

**1. Be kind, supportive and foster mutual respect**

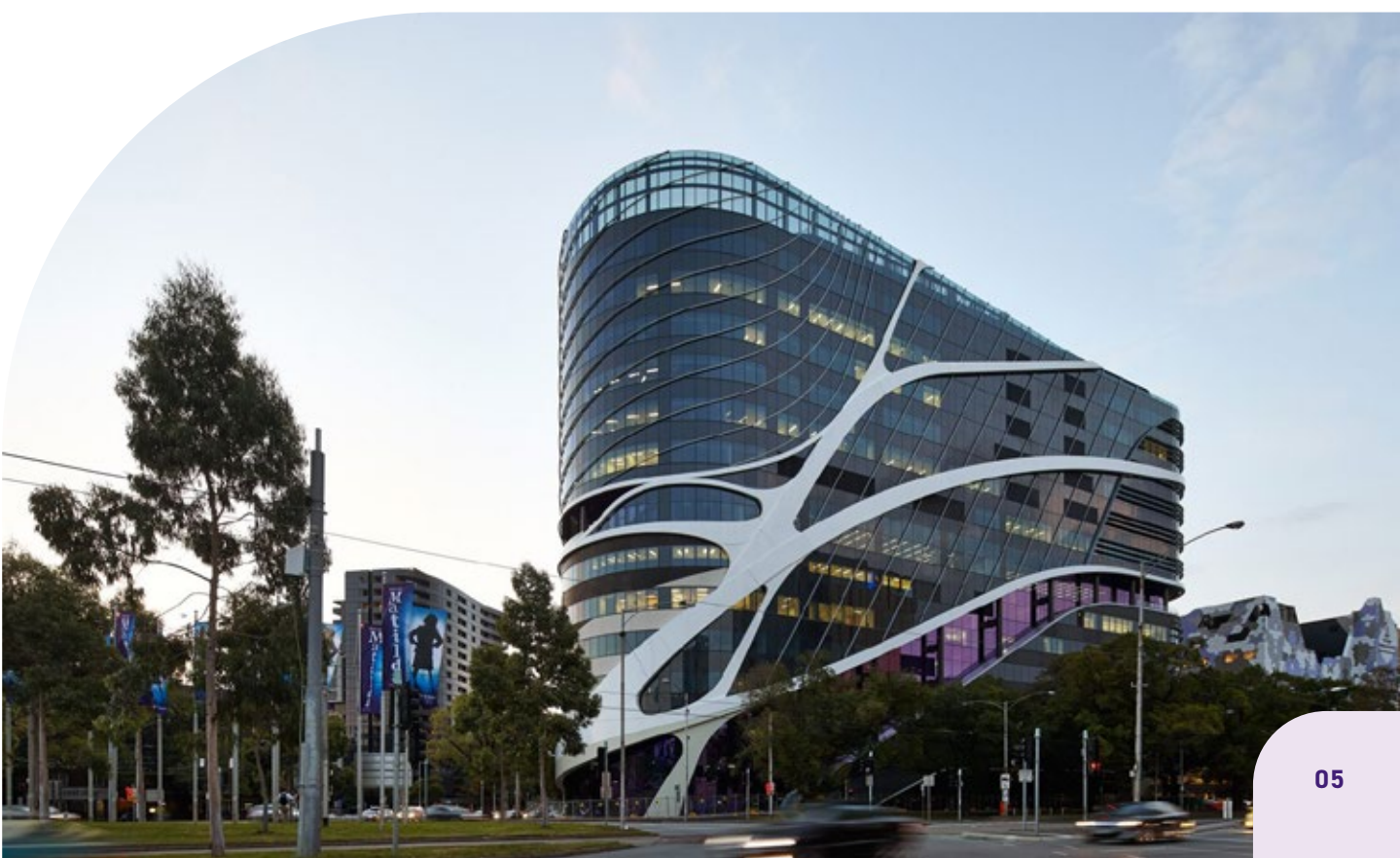
**2. Communicate with you**

**3. Value your individuality**

**4. Tailor your care to you and your life**

**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 clarify what can be expected by an individual who interacts with Peter Mac.



# About Peter Mac

Peter Mac is Australia's only public health service exclusively dedicated to caring for and treating people affected by cancer.

We are proudly a world leading cancer research, education and treatment centre.

## Number of staff

The Peter MacCallum Cancer Centre has

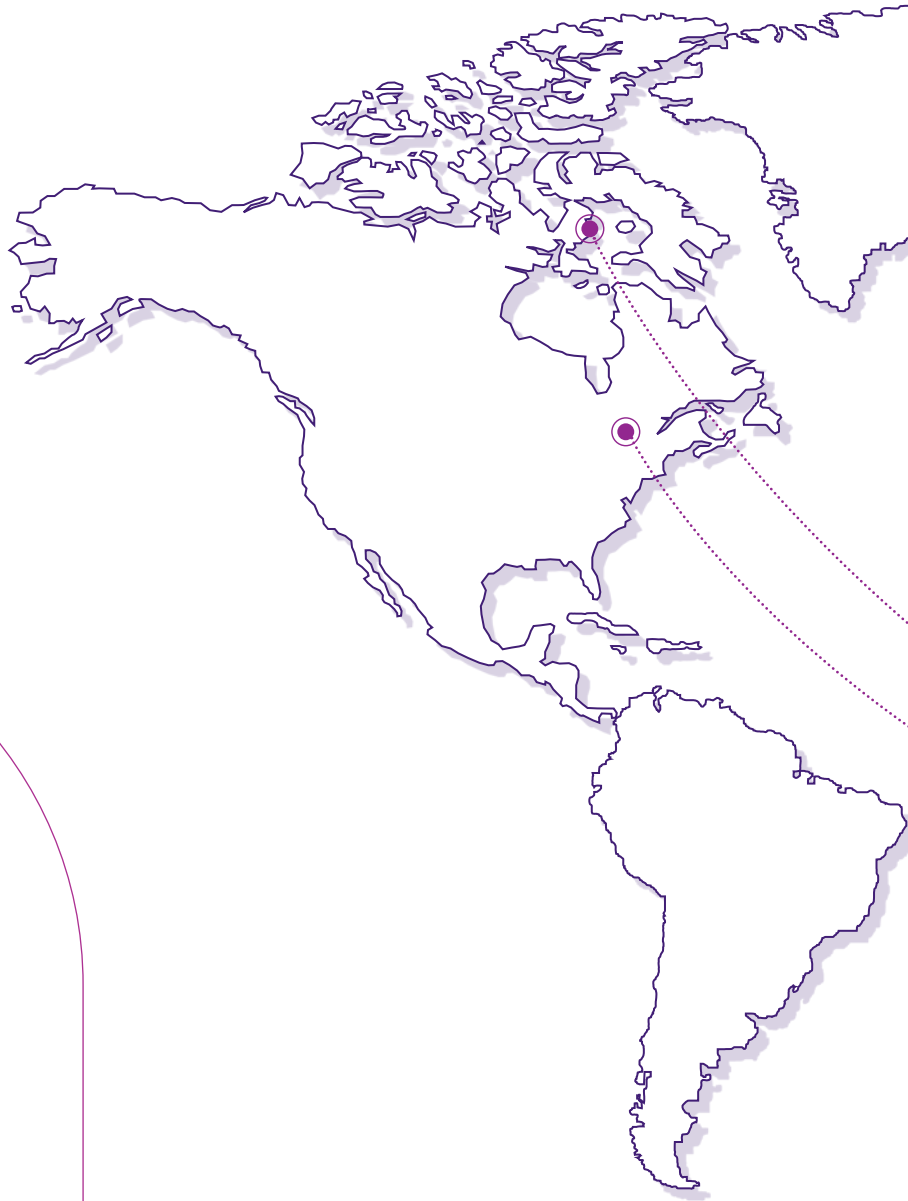


**3800 employees**  
including



**700 researchers**

working across **laboratory, clinical, translational, and health services** research to continue to provide improved treatments, better care and potential cures for cancer.



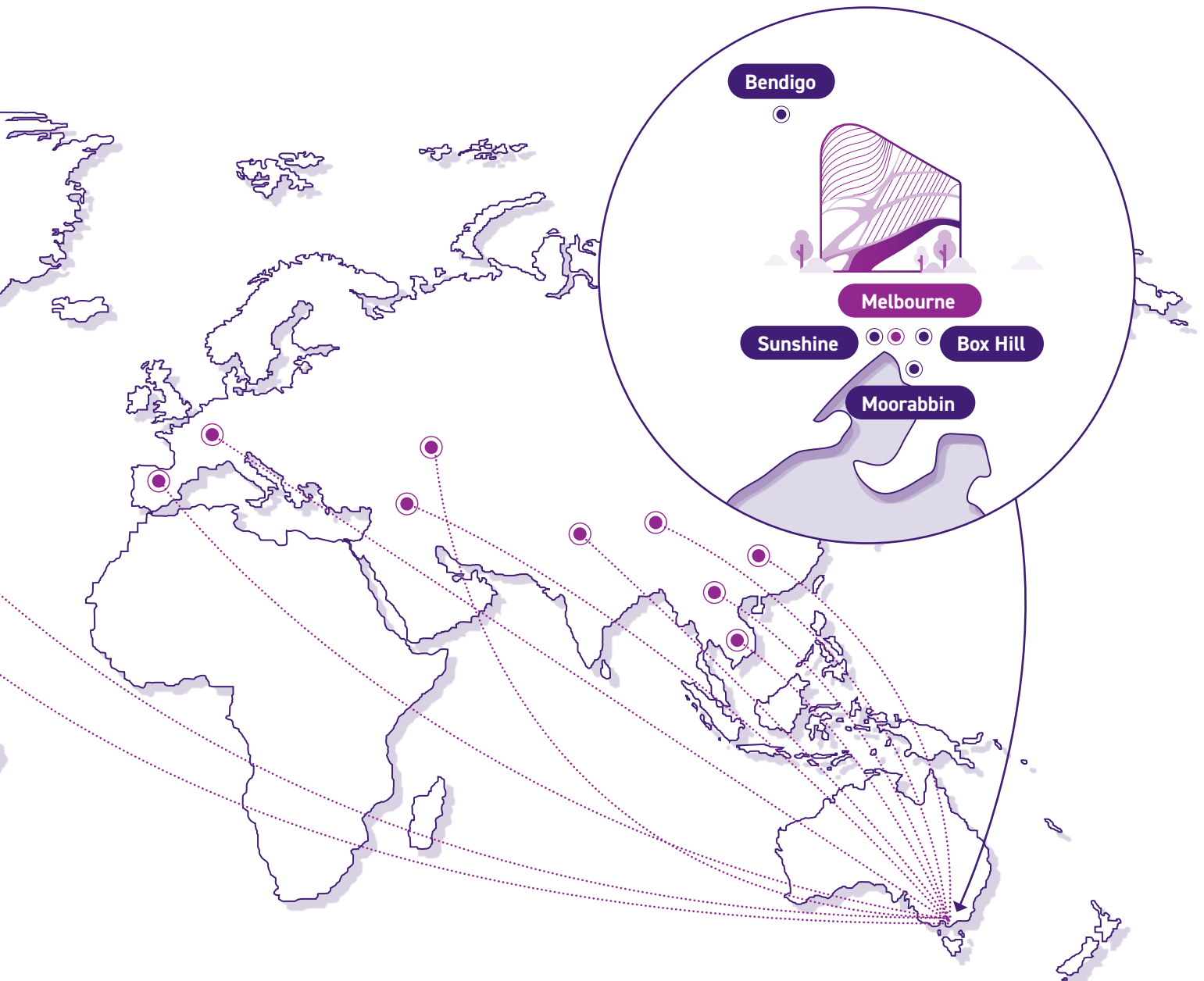
## Sites



### 5 sites

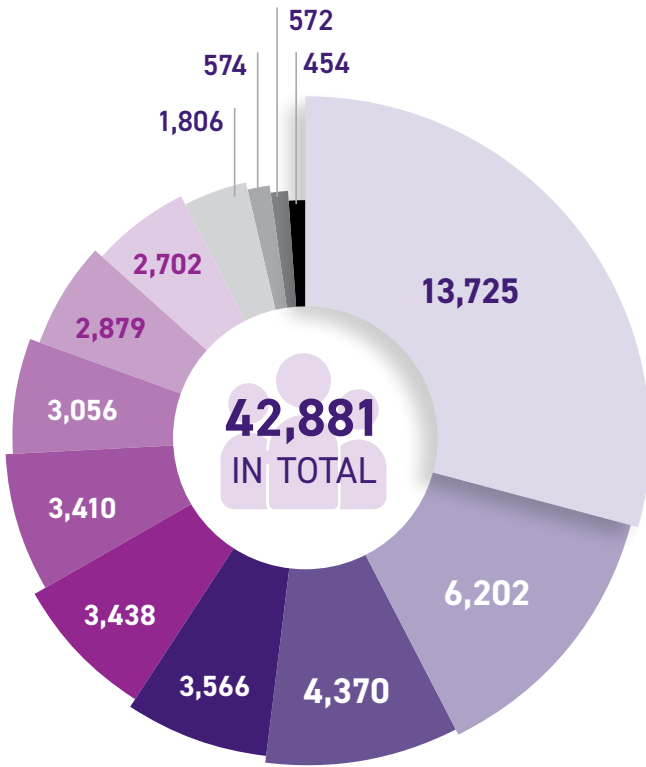
across Victoria, with local, national and international partnerships.

Our sites in 2022-2023 include, **Melbourne, Bendigo, Sunshine, Box Hill** and **Moorabbin**.



# Snapshot 2022-2023

## Inpatient separations by cancer stream:



**42,881**

### Patients



46,754  
inpatient separations

67,255  
Allied Health occasions of service

289,038  
specialist appointments attended

**30,456**

### Telehealth appointments



**3,800**

### Employees



**383**

### Volunteers



154  
volunteers

229  
consumer register volunteers

**233,235**

### Pathology requests



51,151  
molecular pathology

## Cellular Immunotherapy (CAR-T)

**43** patients treated with the approved standard of care CAR-T

**9** CAR-T clinical trials were open throughout 2022-2023

## Surgery



3,591

elective surgery patients

## Radiation oncology



Radiotherapy

**6,105**  
patients

**6,958**  
courses of  
treatment

Gamma knife

**220**  
patients

**240**  
courses of  
treatment

## Imaging



15,507

CT

6,365

ultrasounds

7,186

MRIs

9,247

PET scans

5,874

x-rays

## Nuclear medicine



2,605

nuclear medicine scans

679

PSMA

1,798

radionuclide therapy  
patient consultations

44

iodine therapy

918

radionuclide  
therapy treatments

195

neuroendocrine  
treatment PRRT

## Research

40

research  
laboratories

234

publications in  
high-impact journals

700

researchers

1,027

total number of  
publications

**638**

**active clinical trials**



## Pharmacy



81,301

prescriptions  
items dispensed  
(outpatients)

54,434

doses of  
chemotherapy and  
immunotherapy for  
day patients

31,822

medicines supplied  
(inpatients)

## Peter Mac @ Home



6,630

patients treated

28,746

total procedures

15,831

total visits

## Financial performance



**\$941,764,000**

revenue

**\$157,883,000**

research income

**\$278,000**

Statement of  
Priorities surplus

# Peter Mac services

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## Cancer tumour streams



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

## Clinical services



- Aboriginal Hospital Liaison Service
- Ambulatory Services
- Art Therapy
- Australian Cancer Survivorship Centre
- Cancer Imaging
- Cancer Surgery
- Clinical Ethics Advisory Service
- Clinical Photography
- Dental Oncology
- Exercise Physiology
- Familial Cancer Centre
- Haematology
- Infectious Disease
- Infection Prevention and Control
- 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
- Peter Mac @ Home
- Pharmacy
- Physiotherapy
- Prevention and Wellbeing
- Psycho-social Oncology
- Radiation Therapy
- Social Work
- Specialist Nursing
- Speech Pathology
- Spiritual Care
- Stomal Therapy

## Corporate & support services



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

## Corporate entities



- Peter MacCallum Cancer Foundation

## Research



- Biostatistics and Clinical Trials
- Cell Therapies
- Centre for Advanced Histology and Microscopy
- 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)
- Victorian Centre for Functional Genomics

# Report from the Chair Board of Directors

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**Recognised globally as a leader in cancer care, research and education, the Peter MacCallum Cancer Centre has continued to make progress in delivering world's best cancer care as we recover from the impact of the global pandemic. We are proud to have continued to implement our current strategic plan and achieved many significant milestones.**

Peter Mac is unique in Australia, being the only public hospital exclusively dedicated to cancer care, research, and education. Our patients are at the heart of what we do, and it is our commitment to deliver the very best cancer care possible. Peter Mac continues to strengthen our ability to bring an array of services closer to home and in the home. Being able to administer more services and longer operating hours, Peter Mac @ Home has recorded its highest patient numbers.

This past year we have cared for 42,881 patients and provided treatment for 422,350 occasions of service. This is a testament to all our staff and volunteers working hard to continuously provide our patients with the highest standard of care in our state-of-the-art treatment facilities.

Peter Mac continues to strengthen through collaborative partnerships with world-leading comprehensive cancer centres. In early December 2022, Peter Mac established a new partnership with the Princess Margaret Cancer Centre in Toronto, Canada. We had the pleasure of hosting Professor Gary Rodin who delivered a two-day workshop on psychosocial oncology which all attendees found extremely beneficial. This was followed by our CEO signing a Memorandum of Understanding (MOU). This partnership is invaluable as both organisations share similar visions and aspirations for patients diagnosed with cancer.

Under the leadership of our Executive Director of Cancer Research Professor Ricky Johnstone Peter Mac had an outstanding 42 per cent success rate across all funding schemes. The total research grant funding awarded for 2022-2023 was \$64.7 million. Peter Mac continues to advance as a world-class leader in cancer research, participating and leading international trials leading to a large number of first-in-human clinical trials performed at Peter Mac.

The milestones reached this year demonstrate that Peter Mac is capable of meeting any challenge in the future. I want to take this opportunity to thank and acknowledge the exceptional leadership of our Chief Executive, Professor Shelley Dolan, our outstanding Executive team and all our wonderful Peter Mac staff and volunteers who remain committed each day to delivering the very best in care and support for our patients.

The Board of Directors welcomed Mr Basil Samios, appointed on the 1 July 2022, and Professor George Braitberg AM OStJ, who was appointed to the Board on 1 October 2022. I would like to offer my thanks to Mr Des Pearson AO who finished his term on 30 June 2022 and Associate Professor Leslie Reti AM who finished nine years of service on 30 September 2022. In February 2023 the Board announced Environmental Sustainability as a new Board Committee, chaired by Louise Davidson AM, which will focus on minimising the environmental impact of the work we do at Peter Mac.

We thank the Victorian Government and the Hon. Mary-Anne Thomas MP, Minister for Health for their support and leadership throughout the year.

We thank our donors, research collaborators, commercial partners and funders who we appreciate as valued partners.

Finally, and most importantly, we acknowledge our patients, carers and their families, and thank them and the broader Victorian community for their ongoing support of Peter Mac.

**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 2023.

**Professor Maxine Morand AM**  
Chair, Board of Directors,  
Peter MacCallum Cancer Centre



20 July 2023



# Report from the Chief Executive

**Our dedicated people have again made great strides in achieving our strategic objectives and continuing to deliver research led holistic cancer care.**

Developing strategic relationships with global cancer leaders is an essential part of creating better outcomes for all Australians. This year we have continued our relationships with Dana Farber, MD Anderson and University of Pennsylvania in the United States, with Beth Sheba in Israel, The Christie in England and more latterly Princess Margaret in Canada. We have been able to establish exchange visits and clinical, research and education collaborations which show much exciting promise for the future.

Here in Victoria due to the kindness and generosity of the estate of Dr Barrie Dalgleish we have been able to establish the Barrie Dalgleish Centre for Myeloma and Blood Related Cancers. In partnership with the Walter Eliza Hall Institute (WEHI), the University of Melbourne, Royal Melbourne Hospital and St Vincent's Hospital, this collaborative centre will enhance how we examine, treat and change the quality of life for people diagnosed with myeloma or blood related cancers. Peter Mac and all parties involved are very grateful for this generous donation.

Peter Mac is genuinely committed to developing and strengthening our relationship with all First Nations People. We launched our Reconciliation Action Plan (RAP) and agreed our strategy on improving cancer outcomes for Aboriginal and Torres Strait Islanders. During National Reconciliation Week, new signage was unveiled across all five sites marking our Acknowledgement of Country. Peter Mac is also in the early stages of developing a First Nation's Employment Strategy. Our overall goal is to increase the number of Aboriginal and Torres Strait Islander staff and remove barriers that exist when applying to enter the healthcare workforce. By providing a more culturally inclusive environment we can better support Peter Mac Aboriginal and Torres Strait Islander patients, families and staff.

Created in 2019, the Centre of Excellence in Cellular Immunotherapy is now a fully funded program that aims to co-develop and manufacture innovative cell-based immunotherapy treatments. The program

provides rapid translation into clinical trials with potential commercial outcomes. The expansion of programs builds on our reputation as a world-leading hub for manufacturing novel immunotherapy treatments such as CAR-T for clinical research, personalised medicine and commercial distribution.

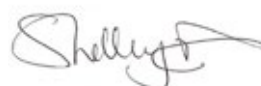
Peter Mac was recognised and awarded for two projects at the Public Healthcare Awards. Congratulations go to the Pharmacy team, which was awarded the Safer Care Victoria award for quality and safety improvement for their work that used pharmacogenetics to provide safer chemotherapy care for patients. Meanwhile the Nutrition team won the Safer Care Victoria partnering in healthcare award for leading the collaborative iCanEAT project providing a guide for optimal cancer nutrition care, including resources and practical tips to help patients, carer and health professionals.

I would like to take this opportunity to thank all employees and volunteers for their abiding commitment to providing the best cancer care.

I would also like to thank the Victorian Government, the Peter MacCallum Cancer Foundation and our generous donors for their incredible support over the year. Thank you to the Minister for Health, The Hon. Mary-Anne Thomas MP and Secretary Professor Euan Wallace for your support, commitment and collaboration.

Thank you to our patients, families and carers for allowing us the privilege to be part of your lives and for motivating us all to continue the incredibly rewarding role of advancing the best research led cancer care, research and education.

**Professor Shelley Dolan**  
Chief Executive,  
Peter MacCallum Cancer Centre

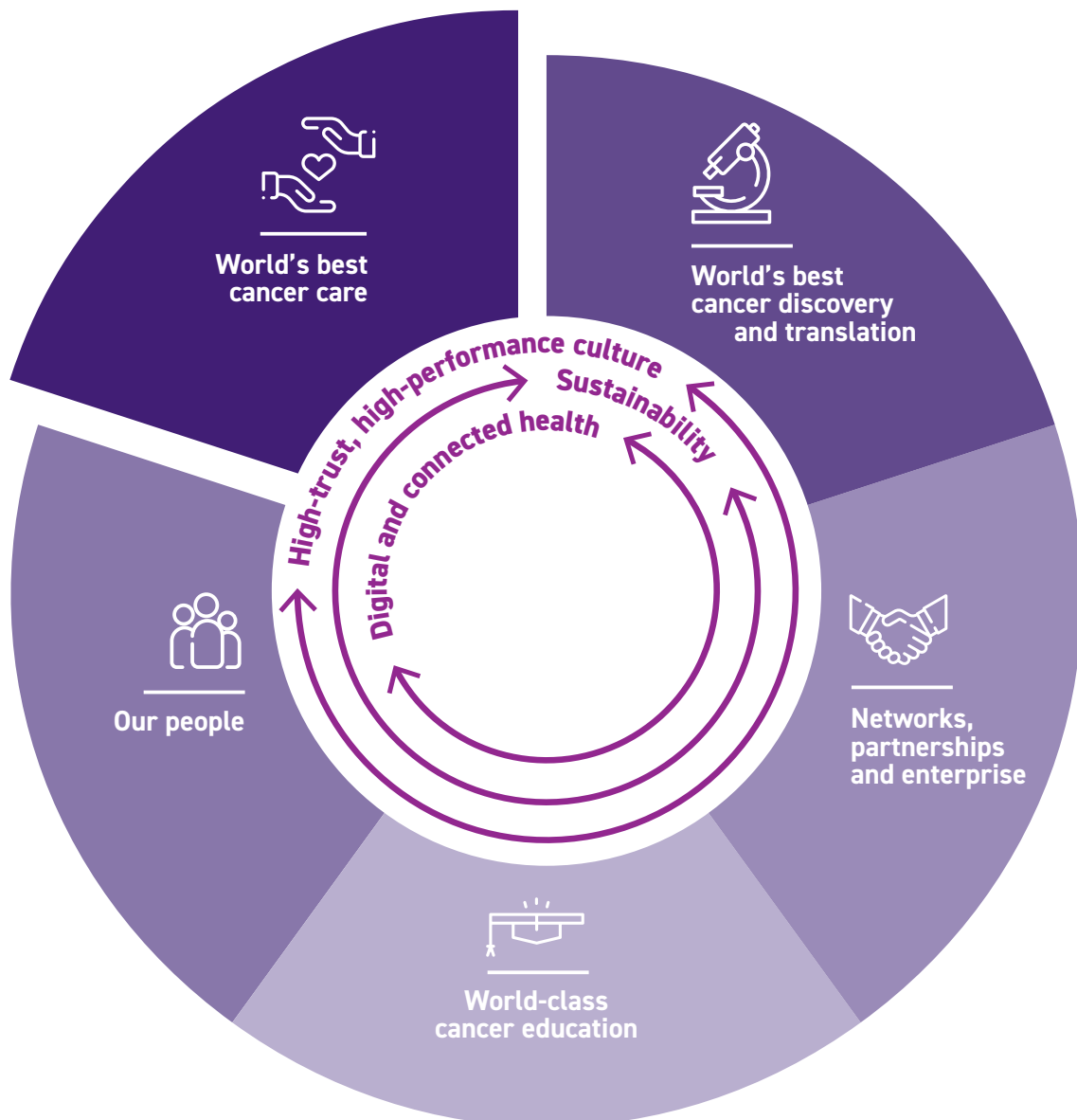


20 July 2023



# Strategic Directions 2020-2025

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 former 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.



## Our strategic pillars

### Our focus is on five interrelated 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.

## Our strategic enablers

### Progress towards our strategic pillars is supported by three strategic enablers

1. **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.
2. **Sustainability:** We will improve our operational effectiveness and environmental stewardship to cement our position as a vibrant, financially and environmentally sustainable healthcare organisation.
3. **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.

# Year in review

Emerging from the COVID-19 pandemic, we reflect on the past few years, acknowledging the pivotal role our people have played in the sustained success of Peter Mac. Their unwavering commitment, resilience, and consistent ability to rise to challenges have enabled us to meet the needs of our patients, families, and communities.

The dedicated team at Peter Mac continues to strive for excellence in providing the best possible cancer care. A sample of these achievements over 2022-2023 are outlined below, reflecting Peter Mac's commitment to Excellence, Innovation and Compassion.

## Strategic pillars

### 1. World's Best Cancer Care

#### *Cultural safety*

Peter Mac is committed to strengthening our bond with First Nations patients, carers, community, and staff. Endorsed by Reconciliation Australia our Reconciliation Action Plan (RAP) 2021-2023 is putting cultural safety into everyday practice.

The RAP was developed in consultation and partnership with the Aboriginal and Torres Strait Islander Advisory Committee which facilitated consultation closely with Victorian Aboriginal communities.

The RAP prioritises its direction on four pillars. The pillars include Relationships, Respect, Opportunities and Governance. Each pillar has an associated quality improvement plan and team of staff from across the health service leading this work. The developments made are supported by The Aboriginal Hospital Liaison Officer and The Aboriginal Support Project Officer with an array of events to help inform, guide, and teach about Aboriginal culture.

To help foster the ongoing relationship and trust during Reconciliation week across all five Peter Mac sites new Acknowledgement of Country signage was unveiled. The signage is placed at the front of all sites to welcome and acknowledge First Nations People to Peter Mac helping create a culturally sensitive and welcoming space. The signage was approved by Traditional Owner's groups, Peter Mac's Aboriginal and Torres Strait Islander Advisory Committee and building partners.

To also help celebrate RAP, Reconciliation Action Plan Working Group, Aboriginal artist Marcus Lee and Aboriginal-owned manufacturer The Thread Group have collaborated to put Peter Mac's Reconciliation Action Plan artwork onto scrubs for all clinical staff to purchase.

In line with the goals of our Reconciliation Action Plan, Peter Mac has offered training by Girraway Ganyi Consultancy. The training covers the "what, how and why" we need to ask every patient the identifying question 'are you of Aboriginal and/ or Torres Strait Islander origin?'. Girraway Ganyi is an Aboriginal owned consultancy aimed to inspire individuals, communities, businesses, and organisations to work more effectively within the Indigenous space and to increase cultural safety and mental health literacy for all. The training covers understanding the rationale for asking this question, identifying reasons why people may or may not identify and discussing the practicalities of asking this question.

#### *Peter Mac wins 2023 Fundraising Institute Awards (FIA) awards*

Peter MacCallum Cancer Foundation proudly took first place at the Fundraising Institute Australia (FIA) Awards for Excellence in Fundraising, in the Most Innovative Campaign category. This prestigious national award showcases campaigns that challenge the status quo and show determination in trying a unique approach.

The Foundation award recognised their 2021 Growth Giver campaign, which helped generate an additional \$200,000 for cancer research over the course of three months. This innovative strategy engaged 200 mid-value donors to give a significant additional gift to support the work at Peter Mac, and then combined these gifts to form a matching fund, used to encourage supporters to donate at Christmas. This campaign has opened a new avenue for mid-value giving that did not previously exist at Peter Mac, transforming the way the Foundation engages with its Individual Giving audience.

#### *Research projects awarded grants*

Three Peter Mac research projects have successfully won grants under Cancer Council Victoria's Grants-In-Aid program. The prestigious Cancer Council Victoria (CCV) Grants-in-Aid program will fund \$3.3 million in

high-quality research exploring the causes, prevention, diagnosis, and treatment of all cancer types. Our three successful Peter Mac projects include analysing “liquid biopsies” to improve prostate cancer, enhancing function and persistence of CAR-T cells for cancer therapy, and improving cancer immunotherapy.

### ***Record numbers for Peter Mac @ Home***

Many patients at Peter Mac travel far to receive care from our dedicated team. For some this can be a major barrier to accessing the services that they desperately need. Peter Mac @ Home provides in-home specialised cancer treatment and care for our Peter Mac patients. The services offered are vast and include ongoing care after chemotherapy, radiation therapy or even for a short time after surgery. Many patients have accessed the service with the team recording for two consecutive months the highest number of patients seen. This is all achievable due to a recent expansion offering more services. It is also great to see that service has extended and supported the breast team to complete more surgeries by caring for more patients in their homes. Our care and services are making waves internationally as Nurse Unit Manager Michelyn Treadwell visited Spain, delivering a presentation at the World Hospital in the Home Conference about providing complex chemotherapy in the home.

### ***New clinical newsletter and the pulse research newsletter***

In February 2023, Peter Mac launched a Clinical Newsletter to complement the already established research newsletter, The Pulse. These internal newsletters are published in alternating months, with short-form articles in an easy-to-read pictorial format. They cover the latest in staff and service improvements, achievements, opportunities and celebrations. Both newsletters are made available to all staff, expanding research and clinical teams' understanding of each other's work.

### ***Pioneering SABR treatment emerges as new cancer treatment***

An advanced radiotherapy treatment developed at Peter Mac is emerging as a new treatment option for cancer that has spread to the lungs. In this Peter Mac lead SAFRON II Trial patients receive a type of high-dose and precisely targeted radiotherapy called Stereotactic Ablative Body Radiotherapy (SABR) to treat their cancers. The trial included patients who had up to three spots of cancer that had metastasised or spread from elsewhere to their lungs. Traditionally, treatment has

been given in several different treatments or fractions. This trial compared giving one single fraction compared with giving several different fractions or treatments.

The long-term results and data highlight that one in three patients had no active cancer at five years, enjoying many years of excellent quality of life without needing ongoing treatments. Giving the treatment in a single fraction was cheaper, more convenient for the patient and family, and resulted in the same outcomes. This is a major milestone in advancement of treatment and care. With the study being published in the Journal of Clinical Oncology the report describes the long-term outcomes of trial participants from 13 centres across Australia and New Zealand. Associate Professor Siva explains the SAFRON II trial provides the most robust evidence to date for any metastasis-targeted cancer treatment in the lung. As a result, the findings can conclude that compared to lifelong drug therapies, which is another standard alternative, SABR has little impact on quality of life is approximately ten times less costly and can be delivered in as little as one to four visits of one hour each. The single fraction lung SABR treatment was initiated at Peter Mac and introduced nationwide over the last decade.

### ***First brain SRS delivered at Bendigo***

After months of preparation undertaken by the team at Bendigo in partnership with Bendigo Health a momentous milestone was achieved, with a first patient treated with intracranial stereotactic radiosurgery (SRS). This was an enormous multidisciplinary effort that has strengthened the relationship and bond between Peter Mac and Bendigo Health. This also highlights Peter Mac's promise and commitment to delivering only the very best cancer care for patients in the Loddon Mallee region.

### ***Psychosocial oncology program***

Approximately 70% of people with cancer report significant psychological distress, with 30% experiencing diagnosable mental health problems such as anxiety, trauma, alcohol misuse or depression. They are often less likely to receive timely and appropriate care and experience lower quality of life. To address these challenges, our psychosocial oncology team has provided mental health services through a multidisciplinary approach involving psychiatrists, mental health nurses, HMOs and psychologists. We have adapted to the current circumstances by offering face to face consultations as well as utilising telehealth to ensure continuity of care. Additionally, we have implemented various

initiatives to improve access to psychological services especially for hard-to-reach groups.

One of our successful initiatives includes translating our evidence based self-management resources Can-Sleep and Fear-Less, into simplified Chinese, Arabic and Vietnamese. By doing so, we aim to ensure that our non-English speaking patients have access to mental health interventions. The Can-Sleep resource assists people in increasing their sleep patterns to aid in recovery, while Fear-Less focuses on managing the fear of cancer recurrence which can significantly impact overall wellbeing.

The psychosocial oncology program also collaborated with the Western & Central Melbourne Integrated Cancer Service (WCMICS) and the Gippsland Regional Integrated Cancer Service (GRICS), along with consumers, to develop the Cancer Mind self-help online platform. This platform offers tailored mental health support for individuals with cancer, their support persons, clinicians and First Nations peoples.

### **Spiritual care**

Spiritual care is a way for patients, families, friends, and staff to reflect on and explore life issues which are affected by cancer. This specific type of care draws on respect, trust and understanding to deliver a supportive presence. This presence can add to spiritual and emotional health and wellbeing. Honouring the dignity and value of each individual enabling a person to explore their inner and outer supports.

Music therapy is a research-based profession. This type of therapy may help reduce experiences of pain, breathlessness, sleeplessness, or anxiety. It allows the individual to share positive experiences with loved ones. Here at Peter Mac, a registered Music Therapist plans the experience, helping the patient manage the physical and emotional aspects of their illness. Art therapy is also another form of therapy offered to Peter Mac patients.

### **Victorian Public Healthcare Award 2022**

Peter Mac was recognised and awarded for two projects at the Public Healthcare Awards. Congratulations go to the Pharmacy team, which was awarded the Safer Care Victoria award for quality and safety improvement for their work that used pharmacogenetics to provide safer chemotherapy care for patients.

The Peter Mac Nutrition team were 2022 recipients of the Safer Care Victoria partnering in healthcare award, for their collaborative iCanEAT project. Adequate nutrition is essential for all people with cancer

though unfortunately three in five patients experience symptoms that impact their eating. The iCanEAT project saw staff from Peter Mac work with colleagues across six other healthcare providers, co-designing resources that improved access to information about the best nutrition for cancer patients. This 'iCanEAT pathway' provides a guide for optimal cancer nutrition care, including resources and practical tips to help patients, carers, and health professionals.

### **Collaborating to deliver care in Sunshine**

Major upgrades have been made at Sunshine Hospital Radiation Therapy Centre. Patients in Melbourne's west can access the very latest in 'tattoo-less' radiotherapy. The centre is operated by Peter Mac in collaboration with Western Health. The latest body-tracking technology has been installed with the first patient being treated with the new AlignRT system in early February 2023 while two upgraded treatment machines mean more complex cases are no longer diverted to Peter Mac's main centre in the CBD, allowing for more patients to be cared for closer to home. The new AlignRT technology tracks body position in real time to accurately position patients for treatment, no longer needing a tiny, permanent "X" tattoo marked on the patient's skin. Donors to the Peter MacCallum Cancer Foundation contributed to the purchase of this AlignRT equipment.

### **Kings Birthday Honours**

Peter Mac's Professor Grant McArthur and Dr Sophie Beaumont received 2023 King's Birthday Honours in 2023. Professor McArthur was made an Officer (AO) in the General Division of the Order of Australia, recognising his distinguished service to medicine, leadership and as a cancer clinician and scientist focussed on melanoma. Peter Mac are grateful for all Professor McArthur has, and still is, contributing to Peter Mac. He is Head of the Molecular Oncology Laboratory and a senior Medical Oncologist and has been directly caring for patients since 1998. Professor McArthur has also been Executive Director of the VCCC Alliance since 2017 and remains co-chair of the Victorian COVID-19 Cancer Taskforce. Professor McArthur is also a current Board member of the National Breast Cancer Foundation, co-chair of the International Melanoma Working Group and Vice-President, Melanoma World Society.

Peter Mac's Manager of Dental Oncology, Dr Sophie Beaumont was recognised for her contribution to dentistry. Dr Beaumont received a Medal (OAM) in the General Division of the Order of Australia. Dr Beaumont

is co-founder of the SugarFree Smiles initiative, has been a dentist in Peter Mac's dental oncology team since 2017 and has headed the unit since 2018. She is also founding Director and Secretary of the Yarta Foundation Australia, established in 2008 to provide disadvantaged children in India the opportunity to access quality education.

## 2. World's Best Cancer Discovery and Translation

### *Results presented at the American Association for Cancer Research*

Professor Jayesh Desai and Professor Ben Solomon from Peter Mac presented the results of first in human trials in solid tumours at the prestigious American Association for Cancer Research Meeting. Here they shared their experience of leading trials with new therapies that target RAS, the most mutated pathway in cancer.

Bowel cancer affects around 15,000 Australians each year and can be very challenging to treat if it is not caught early which is why having new treatment options is extremely important. In early results of the trial with GDC-6036 also commonly known as divarasiab a new KRAS targeted treatment combined with cetuximab, which targets a key protein in bowel cancer known as EGFR. Overall, 62 per cent of patients had a significant response to treatment. Divarasiab is unique in that it inhibits the activity of a particular KRAS mutant called KRAS G12C that is of particular importance in bowel and lung cancer. The results of the trial led by Professor Desai are encouraging and we look forward to conducting more research to further assess the safety and benefits of this treatment.

During the same session on clinical use of KRAS inhibitors, Professor Ben Solomon presented his experience of using the RAF dimer inhibitor called lifirafenib in combination with MEK inhibitor mirdametinib in patients with advanced or refractory solid tumours, with encouraging initial results seen in a number of tumour types.

Also presenting at the American Association for Cancer Research Meeting was Dr Heidi Fettke who presented data on genomic aberrations in circulating tumour DNA in metastatic castration-resistant prostate cancer. Professor Sarah-Jane Dawson was invited to present on liquid biopsy opportunities and challenges of utilising cell-free DNA as a biomarker for cancer onset and progression. International meetings of this calibre allow our researchers to share ideas, collaborate and showcase the depth of research coming from Peter Mac.

### *Prostic 'liquid radiation' promises new generation cancer treatment*

Since 2015 Peter Mac has made major advancements in PSMA Theranostics, a treatment that is used for people with advanced prostate cancer. This type of therapy aims to reduce the size of tumours and stop them from growing and spreading as well as to help ease the symptoms that patients may experience. Theranostics has been described as 'liquid radiation' and holds promise to be a new pillar in the treatment of cancer. Based on theranostic research and clinical advancements made over the years Peter Mac researchers were recently granted \$10 million by the US Prostate Cancer Foundation (PCF).

The work of the Prostate Theranostics and Imaging Centre of Excellence (ProSTIC) at Peter Mac was published in a feature article in The Australian Financial Review. The article explains how the treatment known as Lu-PSMA is injected into the patient, travels through their body and selectively binds to and kills active prostate cancer cells. The ProSTIC team which is led by Professor Michael Hofman is now focusing on a next-generation version that would be both more targeted and potent. The vision for the future would include treatment that will be affective against a wide array of cancer types in addition to prostate cancer. The article also touched on a recent visit from Dr Howard Soule who is the Executive Vice President and Chief Science Officer of the PCF. After the PCF had generously donated US\$5 million to Dr Hofman to establish ProSTIC Dr Soule was able to make the trip to Melbourne to check the progress that has been made. Dr Soule was thoroughly impressed by the advances made in a relatively short period of time. He was also pleased by the number of trials under way and how Peter Mac produce our own radioactive injectables. Under the guidance of Dr Hofman this strongly highlights a multi-disciplinary team approach underpinned by a strong patient-centred philosophy. The team includes researchers and doctors based in Nuclear Medicine, Medical Oncology, Radiation Oncology and Urology.

### *Prostate Cancer Foundation Award*

The Prostate Cancer Foundation (PCF) in the United States has awarded Peter Mac's Dr Renu Eapen with prestigious Michael & Lori Milken-PCF Young Investigator Award. Dr Eapen's research investigates how a new treatment can improve survival in patients with locally advanced prostate cancer. Unfortunately, prostate cancer is the most commonly diagnosed cancer with approximately 24,000 people diagnosed

in Australia in 2022 alone. Dr Eapen's research could lead to a new and better treatment for localised prostate cancer, potentially helping thousands of men receive a more effective and personalised treatment. Dr Eapen's study called LuTectomy will explore the efficacy and toxicity of using LuPSMA as the first form of treatment in patients with high risk localised prostate cancer before they undergo radical prostatectomy.

### **Fundamental breakthrough in liver cancer development**

New Peter Mac research was published in the Proceedings of the National Academy of Science detailing a fundamental breakthrough related to the development of liver cancer. The research team at Peter Mac led by Dr Andrew Cox and Dr Kristin Brown deciphered how the KEAP1-NRF2 pathway which has been identified as one of the top ten driver pathways in cancer contributes to the initiation of liver cancer. In healthy settings, cellular lysosomes provide a vital function to break down and discard damaged materials in the cell. However, in a cancer setting lysosomes have been found to contribute to a tumour's progression. Dr Brown explained 'that through a combination of unbiased approaches we came across a relationship between the KEAP1-NRF2 pathway and lysosomes'. There is enormous potential to understand why liver cancer develops and how in the future we can improve treatment. This important collaborative work was carried out in the Cox and Brown labs and driven by PhD student Athena Ong who is now working as a postdoctoral researcher at Peter Mac. This research was conducted with the support of the Peter Mac Foundation.

### **Improving outcomes for brain cancer patients**

Researchers and medical professionals have been working tirelessly for years to help improve outcomes for patients diagnosed with brain cancer but unfortunately there have been little advancements in this field. One of the biggest hurdles to overcome is uncovering a way for systemic therapies to cross the blood brain barrier to effectively destroy cancer cells. Exciting new research being conducted by Professor Ben Hogan, Group Leader at Peter Mac is uncovering new insights into this field. Professor Hogan and his team have been using zebrafish as an experimental model to help understand more about the circulatory system and in particular how we can get treatments across the blood brain barrier. This is an area that has been investigated more thoroughly over the last five years with advancements leading to the publishing

of ground-breaking research that will undoubtedly change the way we target the blood brain barrier and deliver treatments for brain cancer in the future.

### **Clinical trials**

Peter Mac has the largest cancer trials program in Australia, with a total of 638 clinical trials and research projects in 2022-2023. Peter Mac continues to advance as a world-class leader in cancer research, participating and leading international trials. Our expert workforce, advanced infrastructure and unique resources facilitate many effective international collaborations leading to a large number of first-in-human clinical trials performed at Peter Mac.

**Table 1. Peter Mac clinical trials and active clinical research projects**

Department	Clinical trials	Clinical research projects	Total clinical trials and clinical research
<b>Cancer Surgery</b>	12	19	31
<b>Radiation Therapy/ Oncology</b>	35	12	47
<b>Haematology</b>	96	14	110
<b>Medical Oncology</b>	313	26	339
<b>Infectious Diseases</b>	3	15	18
<b>Cancer Imaging</b>	8	5	13
<b>Palliative Care</b>	6	2	8
<b>Psychosocial Oncology</b>	-	2	2
<b>Pharmacy</b>	2	2	4
<b>Research</b>		9	9
<b>Familial Cancer Centre</b>	3	9	12
<b>Allied Health</b>	-	2	2
<b>Clinical Services</b>	-	1	1
<b>Health Services Research</b>	1	1	1
<b>On Trac/AYA</b>		1	1
<b>Other</b>	30	9	39
<b>Total</b>	509	129	638

### **CareNET study – supporting patients & families for care at home**

CareNET is a feasibility study testing how an intervention focused on carers could help patients with advanced cancer and their families in preparing for and achieving discharge home from the hospital. To date, carer's needs in this context have remained largely unmet. The intervention is the Carers Support Needs Assessment Tool Intervention (CSNAT-I) – a validated tool from the UK. This trial is the first to test its utility in an acute cancer context and to be delivered by occupational therapists who play a critical role in facilitating discharge home for end-of-life care. Funded by the Peter Mac Foundation Grant, findings from the CareNET study will inform larger multi-site trials, improve how we care for carers and align Peter Mac's new Carer Strategy.

### **Outstanding researchers**

#### **2022 Peter MacCallum Postgraduate Research Medal**

The Peter Mac Postgraduate Research Medal is a prestigious award which aims to promote excellence in cancer research by a PhD, Medical Doctor or Doctor of Medical Science student at Peter Mac. In 2022 Dr Abby Douglas was awarded the accolade. Dr Douglas uncovered that you could effectively reduce the length of time a patient stays admitted in hospital and antimicrobial use by using a PET scan instead of CT scans in the management of ongoing neutropenic fever in bone marrow transplant patients or those with acute leukaemia. The trial compared the use of CT scans to FDG-PET-CT scans to learn what impact the information obtained from the scan was having on antimicrobial use. The results clearly highlighted that the FDG-PET-CT scan is more thorough as a diagnostic tool as it helped to rationalise the use of antimicrobials. The findings will result in improved patient outcomes, reduced costs, improved antimicrobial stewardship and are currently being translated into clinical guidelines.

#### **Peter Mac Lea Medallists**

Each year the Lea Medal is awarded to exceptional female leaders in their early to mid-career at Peter Mac, providing generous financial support to assist in furthering advancements in their career and development. Peter Mac presented the 2023 Lea Medal at the Women in Science Symposium to help mark International Women's Day. This year we celebrated the achievements of Dr Katie Fennell and Dr Annette Lim.

Dr Katie Fennell is an early-career Postdoctoral scientist whose research is focused on improving

understanding of how cancers spread and develop resistance to treatment. Work from her PhD has been published in top tier scientific journals, including Nature and Nature Communications and she was also a finalist for the prestigious Premier's Award for Health and Medical Research in 2022.

Dr Annette Lim is a head and neck medical oncologist and clinician researcher. Dr Lim treats patients with head and neck cancers, non-melanoma skin cancer and thyroid cancer whilst also being involved in clinical trials and lab-based research. Her research is focused on one of the most common skin cancers worldwide – cutaneous squamous cell carcinoma (cSCC). Dr Lim's research aims to identify molecular biomarkers to help predict which patients with cSCC will respond to immunotherapy. Her research is also looking at identifying key cancer features that will enable us to choose the right patient for immunotherapy upfront.

#### **United States National Academy of Medicine**

Professor Fary Khan AM has been elected a member of the United States prestigious National Academy of Medicine. Professor Khan is a lead Rehabilitation Physician at Peter Mac and Director of Rehabilitation Services at the Royal Melbourne Hospital. Professor Khan has over 20 years' experience in cancer, neurological, and trauma rehabilitation, and also has a strong interest in refugee health and disability.

Being one of only 10 international members elected, Professor Khan was elected for her work in organising grassroots-level responses in disadvantaged countries, assisting people with disabilities who are inequitably affected by climate change-related disasters. Alongside this momentous achievement Professor Khan was awarded the Member for the Order of Australia in 2022 for outstanding contribution to Rehabilitation Medicine and Research.

#### **American Society of Clinical Oncology (ASCO)**

The American Society of Clinical Oncology is considered the most important and prestigious global meetings in the world of oncology with over 42,000 representatives attending.

Peter Mac clinician-scientist Professor Goel Shom was the Chair of the Education Committee for the 2023 Annual Meeting working with the ASCO President, faculty and staff to help create the entire education program. This was the first time a person outside of North America has been given this opportunity which speaks to the high regard Professor Goel is held in by world leaders in cancer research.

Professor Ben Solomon was invited as a discussant to share his expertise in lung cancer recognised through the plenary session. Associate Professor Shahneen Sandhu also presented a first in human trial conducted at Peter Mac to determine if an already approved treatment will make Lu-PSMA more effective at depleting prostate cancer cells. Dr Lauren Brown presented both a visual and an oral presentation on her research in early breast cancer. Her abstract received an ASCO Merit Award for an outstanding abstract.

Professor Sherene Loi and Associate Professor Ben Tran were also invited to present their findings during a breast cancer clinical science symposium, and genitourinary cancer session respectively. Professor Michael Jefford's extensive expertise and knowledge in survivorship was also acknowledged with Professor Jefford discussing how to assess and meet the needs of survivors and providers in a Meet the Professors session.

### 3. Networks, Partnerships and Enterprise

#### *Princess Margaret Cancer Centre Canada*

In early December 2022 Peter Mac formalised a new partnership with Princess Margaret Cancer Centre in Toronto with the signing of a Memorandum of Understanding. This occasion was marked by a visit from Professor Gary Rodin from Princess Margaret who presented a two-day psychosocial oncology workshop and presentations. Princess Margaret is the largest comprehensive cancer centre in Canada and part of Canada's University Health Network that includes Toronto General Hospital, Toronto Rehabilitation Institute, Toronto Western Hospital and the Michener Institute for Education.

By sharing key knowledge, information and experiences this will give team members from Peter Mac and Princess Margaret exposure to best practice and provide benefits to patients here in Australia as well as in Canada. The first activities undertaken as an online collaborative seminar as part of this partnership will include benchmarking research, education nursing and allied health practices, collaboration to support and train the world class cancer care workforce of the future. Partnering with outside institutions and organisations is critical in developing relationships and also creating new opportunities to share knowledge and discover new avenues for innovation and inspire staff to continue evolving.

#### *Sheba Medical Center Israel*

Peter Mac continues to build on its formal Global Alliance Partnership with Sheba Medical Centre, which is the leading hospital in the Middle East and ranked 11th in NewsWeek's World's Best Hospitals 2023. Over the last year, Peter Mac has welcomed three Sheba Fellows who are undertaking specialised training at Peter Mac in surgery, gynaecological oncology and theranostic/nuclear medicine. With an international reputation of advancing health innovation, two Peter Mac leaders were selected to participate in the Sheba's School of Entrepreneurship, an intensive innovation skills training initiative with modules delivered in Tel Aviv and Chicago.

#### *University of Pennsylvania USA*

Peter Mac is progressing our partnership with the University of Pennsylvania through quarterly meetings to ensure tangible outcomes are continuously achieved with our primary focus on clinical trials. The Penn Medicine and Peter Mac International Clinical Research Steering Committee was established to launch a collaborative cross-institutional international clinical research program with the view to improving the speed and efficiency of clinical research, to provide reciprocal access to novel technologies, to share data and to improve regional engagement.

Additionally, meetings have been held between the Chief Nursing Officers, to identify key areas for continued short term collaboration were highlighted including nursing onboarding, professional practice models and hospital at home services.

#### *Dana-Farber Cancer Institute USA*

Dana-Farber Cancer Institute is a world leader in adult and paediatric cancer treatment and research in Boston, USA. Peter Mac's Partnerships and Enterprise team are currently leading the implementation of a Victorian Government funded fellowship program with Dana-Farber, with a number of exchanges now confirmed for late 2023 and early 2024. Early collaborative work is underway including benchmarking research, education nursing and allied health practices.

#### *Visit from Urology colleagues*

In May 2023 Peter Mac welcomed special guests from the Urological Society of Australia and New Zealand (USANZ) and the Australia and New Zealand Urological Nursing Society (ANZUNS) for a tour of our Melbourne

campus ahead of the 2023 Annual Scientific Meetings. Nurses from around Australia and New Zealand were welcomed by Chief Nursing Officer Andy Dimech. Marc Diocera ANZUNS Meeting Convenor and Genitourinary Nurse Consultant also led a tour of clinical, research and wellness areas, with a focus on the genitourinary service at Peter Mac. The organisation was well represented at the 27<sup>th</sup> ANZUNS Annual Scientific Meeting, with several staff members presenting, including Director of Genitourinary Oncology Professor Declan Murphy and Marc Diocera.

### **Affiliation agreement with Monash University renewed**

Peter Mac will continue to collaborate more closely with Monash University after celebrating a new and revitalised affiliation agreement. The agreement sets up four new working groups, co-chaired by experts, to develop collaborations across laboratory, clinical, health services research and to help develop the expert healthcare workforce of the future. Collaborations like this one with Monash University are key to advancing Peter Mac's work and, with this new plan, we continue to lead with many opportunities for students and staff.

### **Surgery recovery and reform**

As part of the Victorian Government's Surgical Recovery and Reform strategy, Peter Mac successfully established a number of partnerships with private partners in 2022-2023 to expedite elective surgery for as many patients as possible. Partnerships are now in place with several hospitals including Cabrini, Epworth and Melbourne Private, allowing many more patients to have their cancer surgery sooner.

### **Anti-smoking and vaping campaign**

Peter MacCallum Cancer Centre has welcomed the Federal Government's initiatives to restrict illegal vaping and discourage smoking. Smoking is the leading most preventable cause of cancer accounting for around 90 per cent of cases of lung cancer in males and 65 per cent in females. More than 6,500 people with lung cancer were treated at Peter Mac over the last five years. Peter Mac commends the decision to commit that \$737 million from the 2023-2024 Federal Budget, with a strong focus on protecting Australians from tobacco use and vaping. More specifically \$63 million will be invested in a public health campaign to discourage smoking and vaping and \$30 million will support much-needed cessation programs. Another

\$264 million is to be invested in a new national lung cancer screening program that is predicted to prevent 4,080 deaths from lung cancer.

### **Centre of Excellence in Cellular Immunotherapy**

In 2019, the Commonwealth Government made an \$80 million commitment to fund capital expansion for increased cell manufacturing capacity and clinical treatment capacity at Peter Mac to deliver cellular immunotherapies to patients. Some of these funds were committed to support the high cost of manufacturing cellular immunotherapies, which is led by Cell Therapies Pty Ltd, and conducting proof of concept clinical trials. Through a further contribution from Peter Mac and the Peter MacCallum Cancer Foundation, an additional \$25 million (bringing the total to \$105 million) was invested, over the term of the agreement, in part to support the establishment of the Centre of Excellence's Translational Research Laboratory. The laboratory is the engine room of the Centre's accelerator pipeline, which aims to collaboratively discover, develop and deliver globally competitive breakthroughs in CAR-T and other cellular immunotherapies for the treatment of cancer, with the intent to generate Australian-owned IP.

#### *Centre of Excellence in Cellular Immunotherapy highlights for 2022-2023*

In May 2023, practical completion of the new expanded GMP-grade facility was achieved. Operated by Cell Therapies Pty Ltd, the partner manufacturer for the Centre of Excellence in Cellular Immunotherapy's pipeline of novel treatments, the new facility:

- Can make up to 2,000 CAR-T cell (or other cell or gene therapy) patient doses a year, up 400 per cent from previous capacity.
- Has added more than 75 biomedical jobs, and is the nation's largest trainer for cell therapy laboratory roles.
- Has 1,700 square metres of new, additional lab and clean room space including three new GMP cleanrooms to support high-throughput late phase clinical trial and/or commercial product supply.

#### *CAR-T and cellular immunotherapy clinical activity:*

A total of 43 patients were treated with approved standard of care CAR-T products (Kymriah and Yescarta) through the 2022-2023 year, all for the aggressive lymphoma indication. An additional two adolescent and young adult B-ALL leukaemia patients have also been accepted for treatment in coming months.

At peak activity, nine CAR-T clinical trials were underway in both blood and solid tumour cancers – these include industry sponsored, and Peter Mac sponsored investigator-initiated studies. Cell-based immunotherapy clinical trial activity is on track to increase over the course of 2023 and beyond.

The Centre also commenced construction of a new 15 bed/chair dedicated Cellular Therapy Clinical Unit, which will expand Peter Mac's capabilities and streamline the patient journey for delivery of standard of care and clinical trial cell-based therapies.

In 2022-2023, the Centre of Excellence in Cellular Immunotherapy signed agreements adding three new studies to its Translational Research and Pilot Clinical Trial Development Program pipeline, bringing the pipeline's total to seven active studies at different phases of development and representing both Australian academic research and biotech partners. A core remit of the Centre's funding commitment, this development program was established to fast-track the translation of novel cellular immunotherapies into a pipeline of 6-12 patient proof-of-concept trials. The Centre offers an end-to-end fully funded development program, including preclinical and manufacturing work-up, clinical protocol development, GMP manufacturing, regulatory approvals and execution of the Peter Mac sponsored clinical trial.

Sitting within the development program, the Centre's Translation Laboratory has fully recruited a team of researchers and manufacturing development scientists. The lab represents the program's entry point, undertaking preclinical development and manufacturing research and development to ready novel cell-based immunotherapy concepts within the pipeline for rapid translation into proof-of-concept clinical trials.

### **Prostate Cancer Theranostic and Imaging Centre of Excellence (ProsTIC)**

The Prostate Cancer Theranostics and Imaging Centre of Excellence (ProsTIC) is a world leader in a new technologic platform using radioactive molecules to improve the lives of men with prostate cancer. Now in its third year of operation, it continues to meet its three aims:

- Accelerating clinical trial research
- Accelerating discovery research
- Providing education and leadership

Led by Director, Professor Michael Hofman, the multidisciplinary team including Urology, Medical

Oncology, Radiation Oncology, Medical Physics, Radiochemistry, Translational Research and Nuclear Medicine is progressing ground-breaking projects.

The team has pioneered development of radioactive molecules to target prostate cancer for both imaging (PSMA PET/CT) and therapy (Lutetium-177-PSMA). In 2022-2023, our research gained media attention in the Financial Review, The Australian and Herald Sun. In 2022-2023, we administered 678 Lutetium-177 PSMA treatments, a 30 per cent growth from the previous year. This represents the largest program globally and also enables off-trial access as part of a "real world" registry monitoring quality-of-life and identifying novel biomarkers.

In 2022, four new ProsTIC clinical trials were activated addressing areas of unmet need. This includes a 660 patient first-in-field randomised imaging trial of improved diagnosis of prostate cancer (PRIMARY2), a trial combining a bone seeking radioactive treatment Radium-223 in combination with Lu-PSMA (AlphaBet trial), a trial combining LuPSMA with chemotherapy (LuCab trial) and a first-in-human trial of a Terbium-161 for treating prostate cancer. Each clinical trial is recruiting well and is tightly integrated with translational research projects covering liquid biopsies (ctDNA), pre-clinical evaluation of novel radiotracers, imaging biomarkers using deep learning and better understanding of immune-response to treatment, especially in bone.

In November 2022 the US Prostate Cancer Foundation awarded us a US\$10 million TACTICAL grant to develop novel alpha-emitting radiotracers using state-of-the-art chemistry. The grant has ProsTIC collaborating with Australian company AdvanCell, UCLA, UCSF and Essen (Germany). In July 2023, ProsTIC was successful in AU\$10 million grant led by AdvanCell to enhance infrastructure in Australia for alpha theranostics. There are active industry collaborations with Novartis, Bayer, Isotopia, ANSTO, MIM Software. A partnership with Sheba Medical Center has also led to the hosting of a nuclear medicine fellow for one year.

The 2022 inaugural ProsTIC teaching course and global knowledge exchange Webinars were a global success. The next event is planned for March 14-16, 2024. Professor Declan Murphy and Professor Michael Hofman are involved in a *Lancet* Commission on Prostate Cancer, defining diagnostic and treatment developments with recommendations for policy and clinical practice, with outcomes expected to be published by Q1 2024.

### **Consumer Engagement Program**

Peter Mac is committed to learning from the perspectives and experiences of patients and carers as we strive to improve our cancer care and research. We are committed to involving our patients, their families and the wider Victorian community in informing decisions related to the planning, delivery and evaluation of our services. We are grateful for the many members of our community who generously contribute their time and expertise through the Community Advisory Committee and Consumer Register.

The Peter Mac Community Advisory Committee is Peter Mac's peak consumer engagement governance committee. It provides advice and guidance to the Board relating to the integration of consumer, carer and community views into strategic planning and health service development across the hospital, for the benefit of patients and the broader community. During this financial year, the Committee held five meetings, providing advice and monitoring progress on a broad range of issues. We would particularly like to acknowledge the leading role the Committee has played in the development and implementation of Peter Mac's new *Patient Experience Strategic Plan 2023-2025* and *Supporting Carers Strategy 2022-26*.

Peter Mac benefits from the contributions of our Consumer Register members, a diverse group of community members who improve our cancer care and research by participating in projects and committees to help ensure community perspectives influence decisions. During the financial year, membership of the Consumer Register grew 20 per cent to 229 members. The number of requests from Peter Mac staff to collaborate with Consumer Register members also continued to grow, with 137 requests to collaborate with Consumer Register members received during the financial year (a 23 per cent increase on the previous year). The contributions of our Consumer Register members are highly valued by all of us at Peter Mac.

## **4. World Class Cancer Education**

Education is a core component that enables Peter Mac to deliver excellence in cancer care and research, and in supporting our patients and cancer community. Education builds and sustains the capability needed to support advances in patient-centred care. It also drives innovation in health system efficiency by equipping staff with the ability to mobilise knowledge for caring, discovery, learning and decision making. Our collaborative evidence-based approach informs cross-disciplinary teaching, engagement with our patients as partners in education and workforce development.

### **Office of Cancer Education**

The Office of Cancer Education provides organisation-wide education infrastructure supporting innovation and growth in learning and development that supports advances in cancer care.

Expansion of the learning management system to deliver programs for external audiences has strengthened the learning opportunities for staff and for state-wide and national cancer education audiences. The Education team supports educators and clinical experts developing new learning programs utilising learning innovations. New technologies are implemented to support increased learner engagement, including digital learning modules, and the use of Google Glasses to demonstrate clinical practices. The innovative development of the digital learning environment was recognised with digital learning industry awards in November 2022 (LearnX Platinum awards for Best Learning & Talent Technology – (Health), and Best eLearning Project – New Learning Adopter) and in May 2023 was Highly Commended for Best Use of Integrations at the Totara Global Awards.

Peter Mac's Office of Cancer Education supports development of targeted partnerships with national and international partners, including Swinburne University of Technology, the Princess Margaret Cancer Centre and DanaFarber Cancer Institute, and with Parkville Precinct health service partners.

### **Supporting staff capability and development**

Interprofessional learning approaches have been adopted for the professional development of our clinical teams, in support of the multidisciplinary clinical care approach. We have established train-the-trainer programs and an educator community of practice to support sustainability of interprofessional learning programs, including basic life support training, new graduate professional development and clinical supervision programs.

An important new collaboration between the education team and multiple subspecialty teams including nurses, radiographers, radiologists and anaesthetists developed a new blended learning approach for advanced life support training. Through a program of online modules and simulation workshops, cancer imaging multidisciplinary teams were trained in anaphylaxis recognition and management, identification of deteriorating patients, advanced life support principles and skills and crisis resource management, empowering the department to learn about managing critical situations in a safe and innovative simulation learning environment.

### **Supporting the future workforce**

Education of our future workforce continues as a high priority for our clinical, research and support teams. Peter Mac hosted more than 450 student clinical placements in 2022, across medicine, nursing, allied health, pharmacy, radiation therapy, cancer imaging, familial cancer and laboratory medical science (pathology). Educators have continued with blended learning programs developed in the COVID-19 environment. Students and external learners are supported with new approaches to skills development and support for students and external learners.

Launched in April 2022, the Cancer Nursing Discovery program supports registered nurses without cancer nursing experience with supportive and structured experience and training. This program has continued to grow with two further nurse intakes in 2022-2023 at six-month intervals. The nurses complete up to three rotations in Peter Mac's Haematology, Medical Oncology and Chemotherapy Day units. The program's aim to broaden the scope of nurse recruitment and facilitate retention has been supported by evidence with 100 per cent retention of the staff recruited into the first group in this program. In December 2022, strategic communications work to support this program won gold at the Public Relations Institute of Australia's national public relations awards, taking out the Best Small Budget Campaign category.

Research education continues as an education strength, with Peter Mac hosting more than 200 students undertaking postgraduate and honours research projects, and additional undergraduate students undertaking short-term research placements. During COVID-19, there was a growth in the number of clinicians undertaking postgraduate research degrees, resulting in clinicians forming approximately 50 per cent of our postgraduate research student cohort. COVID-19 restrictions also resulted in lengthening of research programs due to restrictions on some research activities. Since 2022, the number of science and international students are returning to pre-COVID levels.

### **Staff communication skills supporting the patient experience**

Peter Mac has partnered with the *Centre for Organisational Change in Person-Centred Healthcare* at Deakin University to deliver the *Your Thoughts Matter* program. The program has support from Safer Care Victoria and the Department of Health's Cancer Support Treatment and Research Unit and is the first metropolitan health service to deliver this program.

Your Thoughts Matter is an evidence-based, sustainable program designed to build education capacity and embed core communication skills within health services. All staff members, both clinical and non-clinical will complete the training. Coordination of this program is a partnership between the Office of Cancer Education and the Prevention and Wellbeing team to support both the staff and patient aspects of this program. Peter Mac staff have been trained as faculty to support sustainability of the program and commenced delivery of the program from August 2022. Peter Mac is the first organisation to also include consumers as part of the faculty. More than 900 Peter Mac team members have completed the initial SKINDEEP training, and over 300 have completed the REPECTS training for patient-facing staff.

Peter Mac's commitment to implement the Your Thoughts Matter program organisation-wide is a key development in the support of patients as partners in their care, aiming to make a truly innovative change to the experiences of our patients, families and carers. The program aims to empower patients to share their thoughts on "what matters to them" and shift the focus away from "what is the matter with them", and to achieve measurable improvement in staff communication skills and the patient experience at Peter Mac.

### **Mental health workshops for nurses**

Peter Mac is continuously working and striving for the best not only for our patients but also our staff. Open to all nursing staff Compassion, Fatigue and Resilience Education (C.A.R.E) program is specially designed to help nurses learn more about mental health and self-care strategies. Throughout the year of 2023 we provide multiple full day workshops for individuals to attend. The sessions are delivered by a senior nurse alongside a People and Culture team member. In small groups, topics of discussion will include the mental health landscape for health professionals in Australia, the role of resilience in workplace wellbeing, identifying mental health risks in yourself and others, identifying key areas and strategies for self-care, using the C.A.R.E model in everyday practice and understanding the available supports, escalation channels and critical incident response at Peter Mac.

### **Statewide cancer nursing leadership forum**

Peter Mac's Chief Nursing Officer hosted the first post pandemic statewide cancer nursing leadership forum at the Parkville campus supported by the Victorian

Oncology Nursing Expert Group, Cancer Nursing Society of Australia and Cancer Council Victoria. Cancer nurse leaders from across the state discussed nursing workforce, home based care models, patient access and symptom and urgent review clinic models of care.

## 5. Our People

### *Disability Action Plan*

We continued to progress the actions of our Disability Action Plan (DAP) in 2022-2023. The Disability Action Plan seeks to reduce barriers, promote inclusion, and change attitudes to improve the quality of care and employment opportunities for people with a disability at Peter Mac.

This year, outcomes include the installation of BindiMaps GPS wayfinding system in Peter Mac's Melbourne facilities, the development of the Pathways to Home program to assist patients with a disability in finding supported or accessible accommodation following their admission, and the People with a Disability Identifier Project, which involves upgrades to the Electronic Medical Record to collect data on patients with a disability at intake. This will help us better understand and cater to each person's unique needs. The questionnaire was co-produced with consumers, the Parkville Precinct Disability Liaison Officers, an expert advisory group, and disability working groups across the precinct.

Peter Mac's recent website and intranet redevelopment also involved aligning the way we share information with the Web Content Accessibility Guidelines 2.1 standard, to promote accessibility for our staff and community.

### *People Matter Survey*

Peter Mac participated in the 2022 Victorian Public sector People Matter survey in October 2022 and had a high participation rate of 58 per cent. The survey allows people to respond to a range of questions, and complete free text responses to several questions. Peter Mac is then able to compare results for the organisation and areas within Peter Mac to previous survey results as well as benchmarking ourselves against other health services and the entire public sector.

For several key areas, when compared to the 2021 results, we noted favourable results:

- Engagement – 75% (2021 result, 75%)
- Satisfaction – 64% (2021 result, 62%)
- Recommend a friend to be treated here – 90% (2021 result 89%)

- Safe to challenge inappropriate behaviour – 70% (2021 result 65%)
- Physically safe work environment – 89% (2021 result 87%)
- Proud to tell people I work here – 90% (2021 result 92%)

Against the VPSC public sector values, Peter Mac's results compared to the health sector overall were:

- Responsiveness – 83% (79%)
- Respect – 83% (79%)
- Human Rights – 79% (78%)
- Leadership – 79% (72%)
- Accountability – 78% (77%)
- Integrity – 76% (70%)
- Impartiality 74% (70%)

Peter Mac has extensively shared the overall and group results with staff members, including all reports being made available on our intranet. Action plans for the organisation and all work groups are well advanced and Peter Mac will participate in the 2023 survey in October.

### *Speaking Up for Safety*

A key factor in establishing a high trust and high performance culture for our people and patients is the freedom, permission and safety to have important conversations related to patient safety and staff wellbeing. An environment where speaking up is encouraged, expected and welcomed provides a working culture that delivers high levels of patient care, innovation in research, successful commercial partnerships and attracts and retains talented people.

In 2022-2023, Peter Mac continued with the implementation of the world-renowned Speaking up for Safety program. Championed at several Australian health services, the program seeks to create a safe environment where patient concerns can be raised and acknowledged between clinical colleagues in real time. A key component of the program is training role models in partnership with The Cognitive Institute and after their accreditation, delivering this training across the organisation. Peter Mac has successfully trained a number of key people to start this training in early 2023-2024.

Whilst primarily a patient safety orientated program, further iterations of the program seek to create a safe environment where our people can raise any issue safely, including those related to behavioural interactions with, or between, their colleagues.

### Family violence support

Peter Mac acknowledges that family violence is a major health and welfare concern. This can affect any individual across all ages, demographics and socioeconomic groups but is unfortunately more prevalent in women and children. Peter Mac has a detailed support framework in place outlined in the Family Violence Workplace policy and procedure, in summary this framework of support includes:

- **Family Violence Leave (FV Leave):** Available to all employees who are experiencing family violence. FV leave is separate leave to annual and sick leave and includes 20 days (per calendar year) for full time staff (pro rata for part time). To protect the privacy and safety of the individual FV leave is recorded as 'ordinary hours' on the payslip.
- **Workplace Safety Planning:** This ensures all reasonable steps are put in place to help an individual be free from fear, abuse and harassment from the perpetrator during working hours including when entering and leaving Peter Mac.
- **Supporting Workplace Performance:** Identifies that employees and volunteers are protected against adverse action or discrimination on the basis of their disclosure of family violence in accordance with the Equal Employment Opportunity legislation.

### Gender equality

The *Gender Equality Act 2020 (Vic)* (the Act) mandates Peter Mac to actively facilitate gender equality by implementing a Gender Equality Action Plan. Peter Mac's Action Plan is an evidence-based document created by undertaking a gap analysis of workforce statistics and consultation with key stakeholders. The Gender Equality Action Plan aligns with the seven indicators under the Act:

- Board Composition
- Workforce Composition
- Workforce Segregation
- Pay Equity
- Recruitment and Promotion
- Flexible Work and Leave
- Sexual Harassment

The Gender Equity Action Plan was developed by engaging our people, informed by their diverse experiences and perspectives for change. The implementation of the Action Plan requires the commitment of the entire community to succeed, and the Peter Mac's leadership have established key

performance indicators to create accountability in advancing gender equity. Peter Mac cannot provide the best cancer care for patients without a workforce where every person feels safe and included.

Equity is a community responsibility. Peter Mac is committed to making meaningful progress toward gender equity by consistently evaluating workforce and employee experience data captured within the People Matter Survey.

### People systems

In September 2022, Peter Mac launched a new Human Resources Information System, called People Hub. This People and Culture and Finance project brings together several of Peter Mac's disparate systems, creating a more centralised and accessible approach to recruitment, variations, approvals and payroll processing. People Hub has allowed Peter Mac to improve our onboarding process for new employees and enabled greater reporting of key employee information. The next phase of this project is the recently commenced Rostering and Timesheet enhancement program of work.

### Recognition and awards

In early October 2022 all departments of Peter Mac came together to celebrate and acknowledge the great achievements made throughout the year at the Peter Mac Awards. Judged by Peter Mac's Executive Team, the seven Peter Mac Award categories reflect Peter Mac's Strategic Pillars and recognise the recipient's continued commitment and contribution.

- *The Chief Executive's Award:* Peter Mac's Day Therapy team
- *World's Best Cancer Care:* Radiation Oncologist Dr Tsien Fua & The Anatomical Pathology Department
- *World's Best Cancer Discovery and Translation:* Research Program Head Dr Kylie Gorringer & The Molecular Genomics Core Facility
- *Networks, Partnerships and Enterprise:* Business and Contracts Manager Ling Na Yan & The Zanubritinib Clinical Development Team
- *Leading Our People:* Procurement Manager Paul Smith & Database Managers Trista Koproski and Iris Liu
- *World-class Cancer Education:* Urologist Dr Brian Kelly & The Cancer Nursing Discovery Program Team
- *Exceptional Patient Experience:* Senior Pharmacist Allan Shum & The Peter Mac @ Home team

## Strategic enablers:

### 1. High-trust, high performance culture

#### *Patient Experience Strategic Plan*

The newly developed Patient Experience Strategic Plan 2023-2025 includes a high-level action plan endorsed by Peter Mac's Executive Committee and the Community Advisory Committee, and formally launched on 14 December 2022.

A best practice in patient experience literature review 2021 found that embedding programs promoting patient experience results in significant benefits to patients, carers, and families.

The Patient Experience Strategic Plan 2023-2025 is informed by results from the Patient Parliament Report 2022.

The Peter Mac Patient Parliament consultation involved consumers in five co-design workshops, a 'check back' meeting to advise on preliminary findings and discuss any final consumer feedback on the findings. The Strategic Plan is also informed by patient experience survey data, and consultation with both the Community Advisory Committee and staff.

The Strategic Plan also builds on Peter Mac's former patient experience plan, the Community Engagement Compass 2019-2022, and aligns with Peter Mac's Strategic Directions 2020-2025, the World's Best Cancer Care Framework, and the National Safety and Quality Health Service Standards, specifically Standard 2.

The Strategic Plan includes four top consumer priorities with specific improvement areas listed (as per the diagram below) and includes a high-level action plan.

#### *Carer Support Program*

Patients, families and carers have told us that better information, communication and support for families and carers is needed. In 2022 Peter Mac launched a Supporting Carers Strategy 2022-2026, to recognise and acknowledge the important role of carers and facilitate a coordinated approach to guide how we support carers across Peter Mac. This is Peter Mac's first Supporting Carers Strategy, it includes five priorities, which are aligned to the Victorian Carer Strategy:

- Carers have better health and wellbeing
- Carers are supported in school, study, and work environments
- Carers can access support and services that meet their needs
- Carers have less financial stress
- Carers are recognised, acknowledged, and respected

The implementation of the Supporting Carers Strategy includes several new initiatives to support carers. In 2022, the Carer Support Program was expanded with funding received from the Department of Families Fairness and Housing (2022-2026). A Carer Support Officer provides tailored, one-on-one support for carers of cancer patients and helps them to access appropriate support services and facilitates a monthly carer support group. In February 2023, Peter Mac launched its first ever clinical psychology service for carers, enabling carers to access timely psychological support. These services are run by the Wellbeing Centre.

#### *Wellbeing*

Peter Mac continued their strong focus on employee wellbeing through 2022-2023. Funding provided by the Department of Health in December 2021 saw investment in team related initiatives and offerings continue in this financial year. In addition, in response to high rates of stress being experienced in all health services, we confirmed the appointment of an in-house psychologist, reintroduced regular all staff wellbeing seminars and introduced a new experienced Employee Assistance provider in February 2023.

A revised Wellbeing Strategy 2023-2025 is at the final consultation stage and will be launched in mid-2023. In addition, expert assistance internally and externally is being provided to address fatigue management in identified high-needs areas and we have engaged an expert consultancy to ensure we have appropriate critical incident response plans across the organisation.

### **Flexible work**

Peter Mac continued to offer a range of flexible work options and opportunities in 2022-23. In part through obligations of pandemic related work restrictions but also to attract and retain talent, Peter Mac implemented revised and improved Flexible Work policies and procedures. Coupled with significant enhancements to our IT capability, programs and resources, these initiatives have made options like remote work far more accessible and efficient for our people. In many directorates, our people formalised Home Based Agreements and managers were provided with additional development and education to enable them to effectively manage their team remotely.

In addition to remote work, Peter Mac continued to provide other forms of flexibility, such as transition toolkits for those approaching retirement or taking parental leave, family violence workplace support, as well as providing OH&S support for those working from home.

### **Management development**

In 2022, the range and scope of our leadership development expanded significantly. Drawing on the already successful Manager Fundamentals course, we introduced three different forms of Leadership Fundamentals opportunities, all which were heavily subscribed. These revamped programs specifically target the emerging, new or established leader. In addition, a specific Nurse Manager leadership course has been designed and delivered.

For the established leader, People Leadership Fundamentals is the flagship leadership development program, designed to equip managers with the fundamental skills and knowledge required to lead people and build a high-trust, high-performance team culture. The program is delivered using a blend of formal learning sessions and on-the-job application.

With regard to our newly appointed leaders, Manager Essentials develops the practical skills managers need to perform their role. The program comprises a flexible suite of stand-alone workshops that managers can sign-up for as needed.

For those identified as leaders of the future through succession planning and performance reviews, the Emerging Leader program prepares these high-

potential employees for the transition from individual contributor to leading through others. The program is delivered over three months, incorporating a blend of:

- EQi2.0 assessment
- E-learning
- Formal workshops
- Group projects

Participants emerge from the program with increased self-awareness, a deeper understanding of leadership and their own leadership style, enhanced communication skills to influence others and collaborative problem-solving skills.

### **Mentoring**

The 2023 Mentoring Program has been extremely successful with 97 participants, including 52 mentor and mentee pairings. For the first time Peter Mac have included consumers in the program who have offered to mentor Peter Mac employees. The program includes information sessions for all parties, networking events and regular assistance from the Organisational Development team.

As part of the Board Assurance Framework, the Peter Mac Business Ventures team have been supporting the delivery of an Enterprise and Commercial Skills training series. The training series are aimed to help Peter Mac staff build commercial capability and capacity to maximise our relationships with industry, government and healthcare partners. The training also assists Peter Mac staff to develop entrepreneurial and commercial skills that complement their outstanding clinical capabilities.

## **2. Sustainability**

### **Environmental sustainability**

Peter Mac recognises the inextricable link between individual health and wellbeing and environmental sustainability.

Our corporate Environmental Sustainability Policy includes targets for minimising water and energy consumption, and waste generation, a preference for procurement of sustainable products, services and the integration of environmental assessment into key decision-making processes.

### ***Governance and oversight of environmental sustainability***

Peter Mac has increased its organisational focus on environmental sustainability in 2022-2023. An Environmental Sustainability Board Subcommittee was established and is chaired by Board Director Ms Louise Davidson AM.

Staff at every level are highly conscious of the importance of reducing our environmental footprint. An Environmental Sustainability Working Group meets regularly to oversee initiatives across Peter Mac, bringing together the work of divisional groups including the Green Labs Working Group, the Theatre Sustainability Group, Inpatient Ward Groups, and the Pathology Sustainability Working Group. Peter Mac is also represented at several Precinct, State and International sustainability groups that are working together to create healthcare systems, hospitals and research institutes that are more environmentally sustainable.

In addition to these organisation-wide initiatives, there are several environmental sustainability initiatives across Peter Mac, with a focus on improving procurement, energy use and waste practices.

### ***Reusing warming blankets***

Following a successful trial, Peter Mac has transitioned to using a fully recyclable warming blanket. Best practice healthcare requires patients to be warmed pre and during surgery. This is achieved via a warming machine that is used with a disposable blanket with micro perforations to blow warm air onto the patient. Previously 3655 blankets would be disposed of per year, in landfill waste. These weigh in at 190 grams per blanket, with a total waste weight of 694.4 kilograms per year at a disposal cost between \$2.90 and \$2.95 per kilogram, equating to more than \$2000 per year. The new blankets are placed into kimguard (polypropylene) recycling which is already in place at Peter Mac theatres for drape recycling. These blankets are cheaper to purchase, saving about \$4000 per year, and come in a box size of 30 rather than 10, reducing packaging waste. The supplier is a Geelong-based company, the hardware is manufactured in Geelong and within 18 months the blankets will also be manufactured in Geelong, further reducing the items' carbon footprint.

### ***Green Labs at Peter Mac***

Peter Mac's research laboratories currently have 53 Green Labs volunteers of which 14 were trained as Laboratory Efficiency Assessment Framework (LEAF) Champions during 2022-2023, bringing their laboratories into the LEAF certification program. The LEAF is an internationally recognised online benchmarking toolkit that aims to improve environmental outcomes and build a culture of sustainable practice in laboratories around the world. During the year, the Green Labs administrative team supported the auditing of two laboratory groups, which successfully met bronze certification standards.

The Cheng Lab was the first laboratory group at Peter Mac to successfully reach bronze LEAF certification. The team (Dr Louise Cheng, Qian Dong, Dr Callum Dark, Daniel Bakopoulos, Sofya Golenkina, Kellie Veen, Khanh Nguyen, Nashia Ali) and their LEAF Champion, Edel Alvarez Ochoa worked together to make environmental improvements by saving resources and reducing their energy and waste consumption. Through LEAF the Cheng lab was able to create a culture where all team members were able to contribute towards making their research more sustainable. An additional two Peter Mac laboratory groups have recently submitted for bronze certification.

Green Labs are a proactive voice for environmental sustainability within Peter Mac and the broader Parkville Biomedical Precinct and are part of the Global Green and Healthy Hospitals Network, Australian Association of Medical Research Institutes (AAMRI) – Environmental Sustainability Working Group and the Victorian Greenhouse Roundtable. The team presented at the annual AAMRI conference in Canberra in late 2022, presenting on waste management and sustainable practices within medical research institutes.

### ***Energy and greenhouse gases reduction initiatives***

Several energy and greenhouse gas reduction initiatives have been put in place at Peter Mac, alongside initiatives to promote recycling and reduce waste, during 2022-2023.

### ***Optimising heat rejection and chiller operations***

Changes were identified to strike a balance between efficient chiller operation at lower condenser water temperatures and the power consumed by the spray pumps and fans associated with the fluid coolers. The implementation of this change, in collaboration with

Victorian Comprehensive Cancer Centre operator Honeywell is estimated to result in energy savings of about \$30,000 per year, based on a conservative energy cost of \$0.17/kWh, equating to emission reductions of 172,941kg CO<sub>2</sub>e.

### **Biosafety cabinet UV sterilisation timer adjustments**

Researchers use biosafety cabinets to conduct some of their experiments. Once finished they activate a UV bulb which aims to sterilise the space, making it safe and clean for the next user. But many of these bulbs are automatically programmed to run overnight, using energy unnecessarily. A total of 33 units were reprogrammed to sterilise to the safe minimum time of 30 minutes, meaning units do not run overnight. This equates to an estimated 99.6 per cent decrease in power usage of UV bulbs, a \$650 power consumption saving per financial year and emission reduction of 4.27 tonnes of CO<sub>2</sub>e.

### **Reduction of dry ice usage**

Peter Mac researchers use dry ice (solid carbon dioxide) for some experiments to preserve sample integrity. It was identified that the storage containers for this dry ice would leak air in, meaning dry ice would evaporate too quickly. CoreGas was contracted in November 2022, providing new containers that would house dry ice more optimally. This initiative has led to an estimated decrease of 33 per cent of dry ice delivered, a cost saving of \$16,000, and emission reduction of 7.28 tonnes of CO<sub>2</sub>e.

### **Be good in the hood campaign**

Through the 'Be good in the hood' campaign, researchers have lowered the sash of their fume hoods, which are highly energy intensive units. By educating users of Peter Mac's 22 units, it is estimated the majority of these units are now utilising 67 MWh less energy, reducing emissions relating to fume hoods by 55 per cent and generated a cost saving of \$11,000.

### **Reducing, reusing, recycling**

Peter Mac's inpatient wards undertake PVC recycling of transfusion products, with staff volunteering to hand cut these to ensure they can be regularly collected. This is estimated to reduce Peter Mac's overall waste by more than 140 kilograms a month.

Researchers have set up a lab swap forum, with members able to opt in to advertise consumables or equipment that are usable, but they do not require. During 2022-2023 the lab swap forum facilitated the successful exchange of 102 internal donations. Expired first aid kits were donated to a local veterinary clinic, and with partner WEHI, empty 10L carboys were repurposed to house waste taking with a total 213 items donated.

### **Waste segregation challenge**

By improving waste segregation through an annual waste segregation competition, it is estimated that Peter Mac reduces its purchase of hard plastic by two tonnes annually, with a resulting saving of \$16,000. Improved segregation means less waste is incinerated, resulting in lower emissions.

## **3. Digital and connected health**

Peter Mac is strengthening its commitment to evolving our reach in terms of digital and connected health. Our dedicated teams aim to deliver translational healthcare empowering both clinicians and patients. As medicine and science continues to progress, we at Peter Mac must change as well to continue striving towards our strategic enabler.

### ***Da Vinci robot***

Peter Mac installed its first da Vinci robot in an operating theatre in 2010. Since then, the robotic surgery program has grown and has been recognised as the highest volume robotic surgery centre in Australia's public health system. Peter Mac has partnered with Device Technologies to install a second da Vinci robot in another operating theatre in October 2022. The additional equipment has expanded capacity for cancer surgery to be done in a way that reduces post-operative recovery time and enables patients to be discharged from hospital much sooner than alternative surgical methods. Whilst this strategy has focussed on urology patients, the equipment can also be used for gynaecological and upper gastro-intestinal surgery.

### ***Improving medication adherence via digital technology***

A challenge faced by many is medication adherence which in turn can be as low as 16 per cent and often becomes worse overtime. In terms of amending this challenge there is little evidence for interventional

approaches one could take. Health Services Research and the Implementation Science team at Peter Mac are partnering with Swinburne University to combat this issue. Associate Professor and Digital Health Cooperative Research Centre (DHCR) Peter Mac lead Kate Burbury explained all people could benefit from a digital technology platform that will help address some of the cognitive, behavioural and affective aspects of medication adherence but this is especially true for the chronically ill.

A review of adherence interventions conducted by Peter Mac/Swinburne University PhD candidate, Mrs Thu Ha Dang and published in the Journal of Medical Internet Research Cancer highlighted that the integration of digital solutions with direct clinical contacts was most likely an effective tool for adherence. Mrs Dang is leading a project called 'A Medication Adherence Platform for Reducing the cost of medication errors and non-adherence' which will hopefully benefit Peter Mac patients.

The key aim is to develop a digital health platform, known as SAMSON (Safety and Adherence to Medication and Self-Care advice in Oncology) to foster development of good adherence behaviours that can be maintained long-term in a chronically unwell patient population. SAMSON comprises two parts: a SAMSON mobile app providing individual tailored smart phone alerts and real time, evidence-based advice for side-effect self-management.

### ***New app to help navigate Peter Mac***

Peter Mac's Melbourne campus has become the first hospital in Victoria to make coming into hospital easier for vision impaired patients and visitors by installing a new wayfinding system. The BindiMaps system helps patients who are visually impaired navigate their way through the hospital via audio instructions that describe where they are, what's around them and the best way to get to their desired destination. Although the app was specifically intended for those visually impaired, any patient, family or carer can use the app. The project was driven in part by the Peter Mac Consumer Advisory Committee with input from vision impaired consumers.

### ***Australasian Institute of Digital Health***

Professor Karin Thursky was made a fellow of the Australasian Institute of Digital Health (AIDH) in February 2023. AIDH is Australasia's peak body for digital health, representing a united voice for health informatics and digital health leaders and practitioners. Professor Thursky was recognised for her contribution to extending the reach of digital and connected health.

# Board of Directors

Peter Mac's Board of Directors consists of nine directors appointed by the Victorian Government. The Board leads the 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 three years and may be re-appointed to serve for up to nine years.

## Directors serving during 2022-2023 were:

- Professor Maxine Morand AM (Chair)
- Professor George Braitberg AM OStJ (from 1 October 2022)
- Mr Basil Samios
- Ms Deirdre Blythe
- Associate Professor Kate Cherry
- Ms Louise Davidson AM
- Mr Matthew O'Keefe
- Professor Rosemary McKenzie
- Mr Peter Gray KC (to 13 June 2023)
- Associate Professor Leslie Reti AM (to 30 September 2022)

## Committees

### Audit and Risk Management Committee

- Ms Deirdre Blythe (Chair)
- Mr Peter Gray KC
- Mr Basil Samios

### Finance Committee

- Mr Matthew O'Keefe (Chair)
- Ms Louise Davidson AM
- Mr Basil Samios

### Quality Committee

- Associate Professor Leslie Reti AM (Chair to 30 September 2022)
- Professor George Braitberg AM OStJ (Chair from 1 October 2022)
- Associate Professor Kate Cherry
- Professor Rosemary McKenzie

### Research Committee

- Associate Professor Kate Cherry (Chair)
- Professor Maxine Morand AM
- Mr Peter Gray KC (to 13 June 2023)

### Community Advisory Committee

- Professor Rosemary McKenzie (Chair)
- Associate Professor Kate Cherry (to 30 September 2022)
- Ms Deirdre Blythe (from 1 October 2022)

### Primary Care and Population Health Advisory Committee

- Professor Rosemary McKenzie (Chair)
- Professor Maxine Morand AM (to 30 September 2022)
- Professor George Braitberg AM OStJ (from 1 October 2022)

### People and Culture Committee

- Ms Louise Davidson AM (Chair)
- Professor Maxine Morand AM
- Associate Professor Kate Cherry

### Remuneration Committee

- Professor Maxine Morand AM (Chair)
- Ms Deirdre Blythe
- Mr Matthew O'Keefe

### Environmental Sustainability Committee

- Ms Louise Davidson AM (Chair)
- Professor George Braitberg AM OStJ
- Professor Rosemary McKenzie

### Investment Committee

- Professor Maxine Morand AM (Chair)
- Ms Louise Davidson AM
- Mr Peter Gray KC (to 13 June 2023)

# Organisational structure

**Board Secretary**  
Anne Peters

**BOARD**

## CHIEF OPERATING OFFICER

**Karen Fox**

**Deputy Chief Operating Officer and Operations Director Cancer Imaging**  
Lisa Shaw-Stuart

**Medical Director, Haematology**  
Professor John Seymour AM

**Operations Director, Ambulatory Services**  
Mpilwenhle (MP) Mthunzi

**Head, Internal Medicine**  
Dr Nur-Shirin Harun

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

**Medical Director, Cancer Imaging**  
Professor Stephen Stuckey

**Medical Director, Medical Oncology**  
Professor Linda Mileshkin

**Operations Director, Cancer Surgery**  
Erin Brennan

**Director, Parkville Cancer Clinical Trials Unit**  
Professor Mark Rosenthal

**Director, Pharmacy**  
Senthil Lingaratnam

**Medical Director, Ambulatory Services**  
Associate Professor Vikas Wadhwa

**Medical Director, Radiation Oncology**  
Professor Sandro Porceddu

**Operations Director, Haematology, Medical Oncology & Palliative Care**  
Doris Vella

**Manager, Parkville Cancer Clinical Trials Unit**  
Marian Lieschke

**Medical Director, Cancer Surgery**  
Professor Alexander Heriot

**Director of Anaesthetics**  
Professor Bernhard Reidel

**Operations Director, Radiation Therapy Services**  
Nilgun Touma

**Director, Patient Access & Flow**  
Demi Diaz

## CHIEF MEDICAL OFFICER

**Dr David Speakman OAM**

**Deputy Chief Medical Officer**  
Dr Sonia Fullerton

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

**Director, Australian Cancer Survivorship Centre**  
Professor Michael Jefford

**Manager, OnTrac Associate Professor**  
Kate Thompson

**Manager, Volunteer Services**  
Anna Taylor

**Tumour Stream Directors**

**Director, Prevention & Wellbeing**  
Geraldine McDonald

**Program Manager, WCMICS**  
Kathy Quade

**Voluntary Assisted Dying Care Navigators**

**Clinical Ethicists**

## CHIEF NURSING OFFICER

**Andrew Dimech**

**Associate Director of Nursing – Cancer Surgery & Ambulatory Services**  
Kyra Chapman

**Medical Director, Infection Prevention**  
Associate Professor Leon Worth

**Director, Allied Health**  
Associate Professor Alicia Martin

**Director, Cancer Education**  
Associate Professor Caroline Owen

**Manager & Lead Advisor, Improvement Projects**  
Danielle Murray

**Associate Director of Nursing – Haematology & Medical Oncology**  
Yvonne Panek-Hudson

**Director, Academic Nursing Unit**  
Professor Meinir Krishnasamy

**Director, Psychosocial Oncology**  
Dr Maria Ftanou

**Director, Quality & Safety**  
Kylie Thitchener

**Manager, Nursing Workforce**  
Andrew Pilcher

## EXECUTIVE DIRECTOR, DIGITAL HEALTHCARE INNOVATION

**Associate Professor Kate Burbury**

**Director, IMCT**  
Gerard Gan

**Director, EMR Optimisation**  
Stephanie Chau

**Digital Innovation Program Lead**  
Erminia Schiavone

**Manager, Business Intelligence and Analytics**  
Sebastian Dubrovsky

**Manager, Health Information Services**  
Kathryn Baxter

### Tumour Stream Directors

**Director, Bone & Soft Tissue Sarcoma Tumour Stream**  
Professor Jayesh Desai

**Director, Melanoma & Skin Tumour Stream**  
Associate Professor Chris McCormack

**Director, Lower Gastrointestinal Tumour Stream**  
Professor Alexander Heriot

**Director, Central Nervous System Tumour Stream**  
Professor Kate Drummond

**Director, Gynaecology Tumour Stream**  
Associate Professor Orla McNally

**Director, Lung Tumour Stream**  
Associate Professor Louis Irving

**Director, Paediatric Oncology Tumour Stream**  
Dr Greg Wheeler

**Director, Haematology**  
Professor John Seymour AM

**Director, Upper Gastrointestinal Tumour Stream**  
Associate Professor Benjamin Thomson

**Director, Genitourinary Oncology**  
Professor Declan Murphy

**Director, Breast Tumour Stream**  
Professor Bruce Mann

**Director, Head & Neck Tumour Stream**  
Vacant

## CHIEF EXECUTIVE OFFICER

**Professor Shelley Dolan**

**Director, Communications**  
Vanessa O'Shaughnessy

**General Counsel**  
Melanie Harper

**Executive Director Pathology Network West**  
Jane Ross

## CHIEF EXECUTIVE, FOUNDATION

**Kate Torney OAM**

**Head of Fundraising**  
Julia Cameron

**Head of Philanthropy**  
Sarah Hornby

**Head of Finance and Operations**  
Lucy D'Emanuele

**Communications Manager**  
Melissa Worman

## EXECUTIVE DIRECTOR, CANCER RESEARCH

**Professor Ricky Johnstone**

**Associate Director, Laboratory Research**  
Professor Ben Hogan

**Associate Director, Research Support and Development**  
Dr Carol Ginns

**Associate Director, Clinical Research**  
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

**Operations Director, Pathology**  
Peter Gambell

**Director, Partnerships & Enterprise**  
Dr Udani Reets

**Director, Strategic Initiatives**  
Kirsten Davies

**Director, Commercialisation & Innovation**  
Lucy Pearce

## CHIEF FINANCIAL OFFICER

**Libby Secomb**

**Deputy CFO – Financial Controller**  
Luke Marmo

**Director, Procurement & Support Services**  
Kimberly Davis

**Finance Systems Improvement Manager**  
Suzy Sawiris

**Project Manager**  
Alice Robinson

**Director Capital and Infrastructure**  
Con Kavadias

**Commercial Finance Manager**  
Ben Nuttall

**Project Manager**  
Sharyn Roderick

## EXECUTIVE DIRECTOR, PEOPLE AND CULTURE

**Sean Curtain**

**Director, People and Culture**  
Marco de Marte

**Manager Workplace Relations and Business Partnerships**  
Paula Parry

**Manager, People Systems & Reporting**  
Bianca Widgery

**Manager, Organisational Development**  
Katy Betar

**Manager, People & Culture Operations**  
Robert Curatore

**Manager, Health, Safety and Wellbeing**  
Amber Atkinson

**Manager, Medical Workforce Unit**  
Sonya Steve

**Team Leader, Executive Assistants**  
Sarah Martin

\* As of 30 June 2023

# Purpose, functions, powers and duties

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Peter MacCallum Cancer Institute is a public health service incorporated under the *Health Services Act 1988 (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 Minister for Health.

The responsible Ministers during the reporting period were:

## Minister for Health

The Hon. Mary-Anne Thomas  
From 1 July 2022 to 30 June 2023

## Minister for Ambulance Services

The Hon. Mary-Anne Thomas  
From 1 July 2022 to 5 December 2022

The Hon. Gabrielle Williams  
From 5 December 2022 to 30 June 2023

## Minister for Mental Health

The Hon. Gabrielle Williams  
From 1 July 2022 to 30 June 2023

## Minister for Disability, Ageing and Carers

The Hon. Colin Brooks  
From 1 July 2022 to 5 December 2022

The Hon. Lizzie Blandthorn  
From 5 December 2022 to 30 June 2023

The powers, functions and duties of Peter Mac are 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 those 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 where 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 that 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 and conduct principles

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**Peter Mac is committed to ensuring that we both meet our minimum obligations to our people and that all our practices are contemporary, responsive and reflect best practice.**

Peter Mac is governed by the Victorian Public Sector Commission (VPSC) Code of Conduct and Employment Standards, in addition to our own Peter Mac Code of Conduct highlighting the Peter Mac values and setting out the key standards of behaviour, obligations, expectations and responsibilities for all our people.

Gender Equity, Diversity and Inclusion remains an area of significant focus – Peter Mac continues to progress against the requirements of the *Gender Equality Act 2020* and there is strong commitment across the organisation to the goal of gender equality, especially in areas of pay and leadership opportunities. Opportunities to celebrate our diverse workforce across the year have also been taken, with various events held to mark National Reconciliation Week, International Day Against Homophobia, Transphobia, and Biphobia (IDAHOBIT) and International Women's Day. We have also created two new positions dedicated to Diversity and Inclusion.

Extensive work has been completed to enhance and improve our recruitment and selection processes, including gender balanced interview panels and candidate short-lists to ensure that all decisions are fair, transparent and merit-based and that there is an optimal candidate experience. We have also introduced a reclassification committee that will add a gender review lens to salary increase recommendations. A range of enhancements and improvements to our onboarding and new starter Orientation Program continues to ensure our people begin their career at Peter Mac with an understanding of the patient experience and our expectations.

Strong leadership and cohesive teams are key to a good culture, and several new leadership development options, as well as an expanded mentor program, have been introduced in 2022-2023. To build more psychosocial safety at Peter Mac, training of role models for the Safe to Speak up program has been completed with the program to launch in early 2023-2024.

Paying our people correctly, and on time, is a critical responsibility – Peter Mac continues to give significant attention to this area, both in the day-to-day processing of employment entitlements and creating proactive steps to review processes and systems to ensure accuracy. The implementation of the Peter Mac Human Resources Information System (called People Hub) in 2022 and the Rostering and Timesheet program in 2023-2024 will also enhance accuracy and timeliness.

## Workforce statistics

Labour Category	June Current Month FTE		Average Monthly FTE	
	2022	2023	2022	2023
Nursing	595.10	653.60	581.45	616.02
Administration & Clerical	614.53	658.81	585.76	637.88
Medical Support	920.03	972.47	943.27	975.56
Hotel & Allied Services	150.17	100.82	92.87	101.04
Medical Officers	89.76	90.61	88.37	92.77
Hospital Medical Officers	135.87	141.18	135.06	144.01
Sessional Clinicians	95.01	115.76	99.12	112.33
Ancillary Staff (Allied Health)	75.03	78.54	76.55	79.39

## Occupational health and safety data

Occupational Health and Safety Statistics	2020-2021	2021-2022	2022-2023
The number of reported hazards/incidents for the year per 100 FTE	18.06	14.52	19.09
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	0.68*	0.34	0.33
The average cost per WorkCover claim for the year ('000)	\$94,049	\$29,607	\$8,404

\* Average cost of claims going into each premium calculation period.

Peter Mac continues to perform positively compared to its peers in relation to WorkCover claims and costs. Work hours lost due to a WorkCover claim continues to reduce year on year which is highlighted in the reduction in average cost per WorkCover claim. Manager HSW training on early reporting, intervention has resulted in an increase in of incident and hazard reporting number.

## Occupational violence

Occupational violence statistics	2022-2023
WorkCover accepted claims with an occupational violence cause per 100 FTE	0.02
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	160
Number of occupational violence incidents reported per 100 FTE	3.8
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	1.25%

### 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 2022-2023.

**Standard Work cover claims:** Claims exceeding the specified employer liability for days lost or medical and like expenses, or both.

**Lost time:** Is defined as a day lost from work greater than one day or one shift.

**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 2022-2023, there were seven consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2022-2023 in relation to these consultancies was \$345,000 (excl. GST). Details of these consultancies can be made available on request.

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)
<b>Deloitte Consulting PTY Limited</b>	Strategic advice on Pathology Network West	1 July 2022	30 June 2023	48	48	0
<b>Ernst &amp; Young</b>	Strategic advice for Rights on Private Practice	1 July 2022	30 June 2023	69	69	0
<b>PricewaterCoopers Consulting (Australia) PTY Limited</b>	Strategic advice on Pathology Network West	1 July 2022	30 June 2023	86	86	0
<b>Wise Workplace Solutions PTY LTD</b>	Strategic advice on Cultural Review	1 July 2022	30 June 2023	21	21	0
<b>FTI Consulting (Australia) PTY LTD</b>	Strategic advice on Cell Therapy valuation	1 July 2022	30 June 2023	18	18	0
<b>Johnstaff Projects (VIC) PTY LTD</b>	Strategic advice on capital projects with Rail Projects Victoria	1 July 2022	30 June 2023	63	63	0
<b>Lazard Australia PTY LTD</b>	Strategic advice on company valuation	1 July 2022	30 June 2023	40	40	0

### Consultancies in 2022-2023 costing less than \$10,000

In 2022-2023, there were two consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2022-2023 in relation to these consultancies was \$19,000 (excl. GST).

# Information and Communication Technology expenditure

The total Information and Communication Technology (ICT) expenditure incurred during 2022-2023 was \$18,259,045 (excl. GST) with the details shown below.

<b>Business as Usual ICT expenditure</b>	<b>Non-Business as Usual ICT expenditure</b>		
<b>Total (excl. GST)</b>	<b>Total= Operational expenditure and Capital Expenditure (excl. GST) (a) + (b)</b>	<b>Operational expenditure (excl. GST) (a)</b>	<b>Capital expenditure (excl. GST) (b)</b>
<b>\$(c)</b>	\$(a+b)	\$(a)	\$(b)
<b>\$18,259,045</b>	\$3,322,086	\$2,358,948	\$963,139

# 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, 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 \$30.60 unless it is waived for concession holders or reduced on hardship grounds.

During 2022-2023 Peter Mac received 130 requests. 23 of these requests came from a patient or their next of kin and the other 107 were from legal firms acting for a patient or their next of kin. 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 is the owner of the building and have the responsibility to maintain the building for a period of 25 years. Honeywell has been subcontracted by Plenary Health as facility managers of the building. In June 2016, Peter Mac moved into the Parkville VCCC building.

Plenary Health is responsible, and holds the Certificate of Occupancy, for the Parkville campus building. The company is responsible for ensuring building standards. Condition assessments, fire safety audit and essential safety maintenance must be completed at least annually or as per schedule.

The annual inspection by the Department of Health 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, the responsibility to comply with the Act lies with the host organisation.

## ***Public Interest Disclosures Act 2012***

The Peter MacCallum Cancer Centre supports the objectives of the *Public Interest Disclosures Act 2012 (Vic)*, which forms part of Victoria's anti-corruption laws. Both improper conduct and detrimental action taken against a person who makes a public interest disclosures about improper conduct are unacceptable to Peter Mac and Peter Mac supports the making of disclosures about such conduct directly to the Independent Broad-based Anti-Corruption Commission (IBAC).

Peter Mac has appropriate policies and procedures in place to assist Peter Mac employees and the general public to make public interest disclosures to IBAC.

Peter Mac is not aware of any public interest disclosures related to Peter Mac that were made to IBAC for the year ending 30 June 2023.

## ***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 has complied with its obligations under the Act and has incorporated the principles of section 11 within its internal policies and procedures. In 2022 Peter Mac launched its inaugural Supporting Carers Strategy, which aligns with the principles relating carers under the Act. Peter Mac takes practicable measures to ensure:

- 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 evaluation support and assistance for persons in care relationships.

## Environmental Performance

### Environmental Reporting

As a specialist Victorian health service, Peter MacCallum Cancer Centre understands that we have a special responsibility to promote environmental sustainability. Sustainability, both financial and environmental, is identified as one of three key 'enablers' within Peter Mac's Strategic Directions 2020 to 2025. We strongly support the Victorian Government's Climate Change Strategy and state and federal government's commitments to net-zero greenhouse gas emissions by 2050. We are working to improve Peter Mac's overall environmental sustainability performance, with a focus on reducing consumption, using more reusable or recyclable products and analysing our supply chain to make the best choices. Peter Mac's people are our strongest supporters in this endeavour, urging the organisation to do better.

### Peter Mac's Environmental Management System

Peter Mac's Environmental Management System (EMS) is a structured approach to managing the organisation's environmental impacts and improving its environmental performance. It is based on the national standard *AS/NZS ISO 14001:2016: Environmental Management Systems* and provides a framework for Peter Mac to improve its environmental sustainability.

The EMS objectives include:

- Reducing greenhouse gas emissions resulting from energy, waste, and water audits with our facility partners.
- Reducing the amount of waste and maximising the amount of reused and recycled resources during the procurement process.
- Ensuring new capital works incorporate environmentally sustainable principles in design, construction, and operation.
- Encouraging staff to reduce environmental impacts through behaviour change.
- Communicating environmental performance through regular internal and public reporting.

The Peter MacCallum Cancer Centre has established and maintained procedures to conform with *AS/NZS ISO 14001:2016* standards which included the following:

- Identifying the environmental aspects of its activities and operations.
- Establishing, defining, and documenting roles and responsibilities to facilitate effective environmental management.
- Identifying training needs and establishing a training program to equip personnel with environmental management knowledge
- Monitoring and measuring the key operations and prioritising activities that can have a significant impact on the environment.
- Establishing and maintaining procedures for defining responsibility and authority for handling non-conformance in relation to environmental management.
- Having regular and documented management review over the EMS to ensure its continuing sustainability and effectiveness.

### Reporting boundary for environmental data

Peter Mac's organisational boundary for reporting purposes is defined as the interior and immediate surrounds of the Victorian Comprehensive Cancer Centre, in Melbourne. The majority of operations and activities of Peter Mac are included within this organisational boundary for the reporting period.

However, during 2022-2023 Peter Mac also provided radiation oncology, radiation therapy and consulting services at four additional campuses in Bendigo, Box Hill, Moorabbin and Sunshine. Each of these services is provided from within the premises of another health

service, namely Bendigo Health, Epworth Eastern, Monash Health and Western Health. Environmental data for operations in Bendigo, Moorabbin and Sunshine will be supplied by these partner health services.

The Box Hill campus is treated as leased external property for the purposes of this report.

An office space leased on Elizabeth Street provides desk space for up to 100 full time equivalent employees but falls outside the organisational boundary.

### ***Climate-related risk disclosure statement***

It is widely recognised that climate change is already having consequences for human health. As an organisation dedicated to providing research-informed treatment and care for people with cancer, Peter Mac is working to understand and respond to risks, develop opportunities, and build resilience to climate impacts.

Peter Mac is actively delivering on its Strategic Directions in relation to climate change, by:

- Creating and embedding initiatives that encourage our staff, suppliers, patients and visitors to understand how they can improve their environmental footprint. This includes a focus on initiatives aligned with state government environmental sustainability priorities.
- Reporting on our progress to our stakeholders, including our patients, carers and families, the Department of Health, and other government bodies.
- Reducing the environmental impact of our buildings and optimising physical space within Peter Mac facilities to ensure efficient operations.

### ***Climate-related risk governance***

Peter Mac's Board is acutely aware of its climate-related risk obligations and is the collective owner of the Department's strategic risks. The Board monitors this risk and environmental sustainability activities via the Environmental Sustainability Board Subcommittee, established during 2022-2023.

As outlined in its Terms of Reference, the Environmental Sustainability Board Subcommittee is responsible for:

- Providing strategic leadership and guidance to Peter Mac's Environmental Management Plan, as well as playing an advocacy role where possible.
- Endorsing environmental initiatives developed by internal committees.

- Overseeing the implementation and effectiveness of such initiatives.
- Overseeing Peter Mac's environmental performance against industry benchmarks.
- Providing strategic advice on developing an environmentally literate workforce with the capacity to understand and interpret risks to sustainable healthcare.

The Committee reports to the Peter Mac Board of Directors and receives reports from Peter Mac's Environmental Sustainability Working Group, with members from diverse areas of the organisation, and other key internal stakeholders as required.

Peter Mac is also represented in the following forums to build its understanding of climate-related risks and opportunities and assess and monitor their relative potential impacts:

- Global Green and Healthy Hospitals Networks, Pacific Chapter
- Doctors for the Environment Australia (Victoria)
- Melbourne Academic Centre for Health Environmental Sustainability Community of Practice
- Victorian Greener Hospitals Round Table (VGHRT)
- Australian Association of Medical Research Institutes (AAMRI) Environmental Sustainability Working Group
- University of Melbourne Department of Surgery, Environmentally Sustainable Surgery Group
- MRI Environmental Sustainability Working Group
- Parkville Precinct Sustainability Group

### ***Climate-related metrics and targets***

Peter Mac reports climate-related metrics in line with requirements under Financial Reporting Direction 24 *Reporting of environmental data by government entities*. The environmental data captured in 2022-2023 will form a baseline for reporting of these indicators.

Environmental data is reported to the Environmental Sustainability Working Group on a monthly basis, and through to the Environmental Sustainability Board Subcommittee on a quarterly basis, to support the evaluation of environmental performance initiatives.

Peter Mac is exploring further initiatives to drive improvements to its understanding and management of climate-related risks and support better environmental performance.

## Greenhouse gas emissions

Peter Mac reports its greenhouse gas emissions broken down into emissions 'scopes' consistent with national and international reporting standards.

Scope 1 emissions are from sources that Peter Mac owns or controls, such as burning fossil fuels in its vehicles or machinery.

Scope 2 emissions are indirect emissions from Peter Mac's use of electricity from the grid, which still uses coal and gas-fired power generation.

Scope 3 emissions are indirect emissions from sources Peter Mac does not control but does influence. Peter Mac reports only Scope 3 emissions from corporate air travel and waste disposal.

Peter Mac's Scope 1 greenhouse gas emissions increased by 3.53 per cent from 2021-2022 to 2022-2023.

Peter Mac's Scope 2 greenhouse gas emissions decreased by 8.2 per cent from 2021-2022 to 2022-2023. This decrease may have been driven by the lower greenhouse content in Victorian grid energy.

No information is available for scope 3 greenhouse gas emissions other than air travel depicted below.

Peter Mac is aiming to reduce greenhouse gas emissions through several energy efficiency projects. These include investigating the potential for LED lights and solar panels and waste reduction and recycling programs.

Indicator	2022-2023	2021-2022	2020-2021
<b>Total Scope 1 greenhouse gas emissions (Tonnes CO<sub>2</sub>e)</b>	4,472	4,320	4,579
<b>Total Scope 2 greenhouse gas emissions (Tonnes CO<sub>2</sub>e)</b>	26,681	29,063	28,957
<b>Total Scope 3 greenhouse gas emissions from commercial air travel and waste disposal (Tonnes CO<sub>2</sub>e)</b>	n/a	n/a	n/a

## Electricity consumption

Total electricity use within the Victorian Comprehensive Cancer Centre has been monitored and reported to Peter Mac's Environmental Sustainability Working Group on a monthly basis. Building operators Honeywell also produce a comprehensive report annually outlining electricity consumption.

Electricity use is reported across use groups, including building partners. Assessed splits of electricity usage across the site for 2022-2023 were:

Electricity Consumption (kWh)	2022-2023	2021-2022	2020-2021
<b>AGRF</b>	260,546	477,436	513,379
<b>Cell Therapies Pty Ltd</b>	536,549	778,171	1,085,712
<b>Cyclotek</b>	220,959	470,453	518,356
<b>DCA</b>	171,860	384,410	435,725
<b>Peter Mac</b>	28,740,627	25,549,732	24,461,429
<b>Peter Mac carpark</b>	567,625	966,432	922,723
<b>Royal Melbourne Hospital</b>	190,506	312,283	311,823
<b>The University of Melbourne</b>	675,922	1,245,158	1,205,551
<b>VCCC Alliance</b>	91,961	89,556	92,886

## Stationary fuel use

Sources of emissions from stationary fuel include natural gas used in some building heating systems, as well as diesel back-up generators for critical facilities. Peter Mac collected data primarily through billing information from fuel suppliers.

Stationary fuel use increased by 3.14 per cent from 2021-2022 to 2022-2023. Changes in fuel use were due to fluctuations in the number of employees working on-site and resultant heating demand, and because of variation in the need for backup diesel generation.

Facility	2022-2023			2021-2022			2020-2021		
	Gas	Diesel	Petrol	Gas	Diesel	Petrol	Gas	Diesel	Petrol
	Equivalent Energy (TJ)	Equivalent Energy (TJ)	Equivalent Energy (TJ)	Equivalent Energy (TJ)	Equivalent Energy (TJ)	Equivalent Energy (TJ)	Equivalent Energy (TJ)	Equivalent Energy (TJ)	Equivalent Energy (TJ)
VCCC	82.66	1.99		81.04	1.24		85.43	1.81	
Vehicles Pool			1.09			0.85			0.75

## Transportation

Peter Mac's fleet comprised of 19 vehicles essential to the provision of Peter Mac essential services.

Energy used in transport fuels increased by 28.3 per cent from 2021-2022 to 2022-2023. This increase was a direct result of the Victorian Government's investment in the Better at Home program, and a resultant increase in home-based healthcare services provided by Peter Mac in 2022-2023.

As Australia's only public hospital dedicated to caring for people with cancer, Peter Mac clinical and research experts regularly take part in international conferences and events, so they can remain at the forefront of new discoveries and treatments.

Estimated total distance travelled by commercial air travel, in passenger kms, for 2022-2023 was 9,400,484 km flown, equating to approximately 3,022 CO<sub>2</sub>-e tonnes of carbon emissions

## Total energy use

Total energy used by Peter Mac has increased by 3 per cent from reporting year 2021-2022 to 2022-2023. However, this increase in energy consumption is less than the percentage increase in total patient numbers or inpatient separations over the same reporting year.

Year	2022-2023	2021-2022	2020-2021
Total Gas	82,664	81,045	85,425
Retail Electricity (kWhr)	31,389,383	30,273,631	29,547,585
Fuel (GJ)	3,078	2,083	2,564
Equivalent Energy (TJ)	198.7	192.1	194.4
CO <sub>2</sub> e (kT)	31.2	33.4	33.5

## Sustainable buildings and infrastructure

Peter Mac is committed to improving the sustainability performance of its buildings, including the Victorian Comprehensive Cancer Centre. We work in collaboration with building partners Plenary Health and Honeywell Pty Ltd to achieve these aims, with annual reviews of potential improvement activities.

Peter Mac reviews potential leasing arrangements with a preference for buildings with higher energy efficiency ratings, consistent with commitments in the Whole of Victorian Government emissions reduction pledge 2021-2025.

For example, Peter Mac leases the fourth floor of the headquarters of the Australian Nursing and Midwifery Federation at 535 Elizabeth Street Melbourne. This building was built in 2018 and has a 5-star Green Star rating and a 6-star NABERS Energy rating. The building includes 120 roof solar panels (49kWh) and generates approximately 177 kWh per day. Additionally, the site has water tanks, smart lifts and improved waste and recycle sorting and an in-house compost system.

### **Sustainable procurement**

The Victorian Government considers sustainable procurement objectives through its implementation of the Social Procurement Framework, which establishes requirements that apply to Victorian Government departments and agencies when they procure goods, services and construction.

Peter Mac is committed to supporting the Victorian Governments Social Procurement Framework. This is being achieved by adopting Social Procurement Policies and Procedures into the organisation's Procurement strategies, as well as by integrating and increasing an awareness across the organisation of the potential benefits and upside to the business that Social Procurement can deliver.

While Peter Mac's Procurement team leads the implementation of Social Procurement Strategies across the business, strategic business projects led from within will greatly assist in delivering incremental outcomes. More details of Peter Mac's Social Procurement Framework are contained elsewhere in this Annual Report.

### **Water consumption**

Peter Mac's water usage decreased by 5 per cent from 2021-2022 to 2022-2023. This was a result of natural usage variation and does not yet present a trend in usage.

### **Waste and recycling**

Waste management and recycling are key priorities for Peter Mac. Focus areas include efforts to eliminate single-use plastics, as well as maximise recycling and minimise waste sent to landfill. Peter Mac collected waste data through facility operator Honeywell Pty Ltd, along with invoices and reports from waste management and recycling providers.

The following trade waste production volumes have been tracked at the Victorian Comprehensive Cancer Centre building.

<b>Water Consumption kL</b>			
<b>Month</b>	<b>2022-2023</b>	<b>2021-2022</b>	<b>2020-2021</b>
<b>July</b>	9,871	11,099	9,478
<b>August</b>	9,053	11,177	9,947
<b>September</b>	9,331	12,107	9,774
<b>October</b>	10,473	11,919	9,679
<b>November</b>	10,944	12,212	17,837
<b>December</b>	14,740	16,027	15,360
<b>January</b>	14,997	16,367	15,284
<b>February</b>	14,545	13,569	15,620
<b>March</b>	16,080	16,142	18,127
<b>April</b>	11,801	12,268	12,778
<b>May</b>	11,116	10,640	11,000
<b>June</b>	11,153	8,107	11,761
<b>Total</b>	144,104	151,634	156,645

<b>Waste Stream - KG</b>	<b>2022-2023 Total Cumulative</b>	<b>2021-2022 Total Cumulative</b>	<b>2020-2021 Total Cumulative</b>
<b>Anatomical</b>	12,042	6,517	2,553
<b>Clinical</b>	81,191	91,189	86,151
<b>Confidential</b>	15,657	10,537	10,472
<b>Cytotoxic</b>	15,615	13,294	12,589
<b>General Waste</b>	379,520	352,050	387,450
<b>GMO</b>	47,438	55,164	58,728
<b>Pharmaceutical</b>	4,752	5,468	1,659
<b>Recycling (Co-Ming + PT + Polystyrene)</b>	124,628	100,306	111,719
<b>Battery &amp; E-Waste Recycling</b>	872	1,205	1,184
<b>Total Kg</b>	681,714	635,730	672,504

### **Local Jobs First Act 2023**

The *Victorian Industry Participate Policy Act 2003* requires Peter MacCallum Cancer Centre to consider competitive local suppliers, including small to medium enterprises, when awarding contracts valued at \$3m or more in metropolitan Melbourne or for state-wide activities. This is factored into any tender evaluation conducted by Peter Mac.

There were three contracts awarded in 2022-2023 and ranged from a total contract value of \$4m to \$4.6m. All three contracts were led by Peter Mac procurement team. All three projects involved procurement of IMCT equipment. All applicable contracts were lodged with Industry Capability Network Victoria (ICN). There were no local jobs created with 7.8 to 9.3 per cent 'local content' admitted. There were 16 smaller and medium sized businesses engaged as either the principal contractor or as part of the supply chain. There was no apprenticeships, trainees or cadetships created or retained.

### **Gender Equality Act 2020**

In 2021, the *Victorian Gender Equality Act (2020)* came into effect, with new obligations that cover organisations including Peter Mac. The objective of the Act is to actively promote gender equality in the workplace. A key component of the Act is the preparation and submission of each organisations' Gender Equality Action Plan (GEAP). Peter Mac submitted its GEAP in accordance with legislative timelines and was advised in August 2022 that our GEAP met the requirements of the Act. The criterion against which our GEAP was assessed to be compliant included:

- Baseline audit analysis
- Meaningful consultation
- Case for Change
- Strategies and Measures
- Leadership and Resourcing

During the 2022-2023 financial year, Peter Mac continued to hold its Gender Equality Committee meeting regularly, chaired by the CEO and with a cross-functional representation. Peter Mac also appointed two dedicated positions as Diversity and Inclusion Consultants, who have within their portfolio various gender equality initiatives. Initiatives, achievements and programs of work have included:

- Review and analysis of the 2022 People Matter survey results based on diversity responses
- A range of gender orientated policy and procedure changes to recruitment processes and approvals, gender balanced interview panels and shortlists and assessment processes for remuneration recommendations
- Break the Bias communication programs and profiles of key female leaders within Peter Mac
- Ensuring Peter Mac's preparation for Respect at Work legislative requirements
- An increase in the number of Peter Mac's successful Research grant submissions that were female led
- Continued relationship with the Women in Science Parkville Precinct Committee
- Further enhancement of our Flexible Work policies and procedures

Peter Mac continues to be committed to making meaningful and significant progress toward gender equity and will continue to analyse People Matter survey responses, hold forums with our people and invest in Diversity and Inclusion resources and initiatives to ensure we meet both legislative obligations and uphold our values to enable us to have a high performing and high trust culture to meet the strategic pillar of Our People.

### **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 Department of Health, hospital circular on car parking fees and details of car parking fees and concession benefits can be viewed at: <https://www.petermac.org/about-us/locations/melbourne-campus>.

# Attestations

**Peter MacCallum Cancer Institute is a public health service incorporated under the *Health Services Act 1988 (Vic)* (the Act), and uses as its trading name, Peter MacCallum Cancer Centre. Peter Mac, through its Board of Directors, reports to the Victorian Minister for Health.**

The responsible Ministers during the reporting period were:

## From 1 July 2022 to 30 June 2023

- Minister for Health: The Hon. Mary-Anne Thomas
- Minister for Mental Health: The Hon. Gabrielle Williams

From 1 July 2022 to 5 December 2022

- Minister for Ambulance Services: The Hon. Mary-Anne Thomas
- Minister for Disability, Ageing and Carers: The Hon. Colin Brooks

## From 5 December 2022 to 30 June 2023

- Minister for Ambulance Services: The Hon. Gabrielle Williams
- Minister for Disability, Ageing and Carers: The Hon. Lizzie Blandthom

## 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.

### Professor Maxine Morand AM

Chair, Board of Directors  
Peter MacCallum Cancer Centre  
20 July 2023

## Data Integrity Declaration

I, Professor Shelley Dolan, certify that Peter MacCallum Cancer Centre has worked to strengthen internal controls and processes to ensure that data reported to the Department of Health reasonably reflects actual performance. Peter MacCallum Cancer Centre has critically reviewed these controls and processes during the 2022-2023 year and has not identified any material inconsistencies that would significantly impact the accuracy and completeness of the performance data.

### Professor Shelley Dolan

Chief Executive  
Peter MacCallum Cancer Centre  
20 July 2023

## 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 Board meeting.

### Professor Shelley Dolan

Chief Executive  
Peter MacCallum Cancer Centre  
20 July 2023

### **Integrity, Fraud and Corruption Declaration**

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

**Professor Shelley Dolan**

Chief Executive  
Peter MacCallum Cancer Centre  
20 July 2023

### **Health Share Victoria Procurement Governance**

I, Professor Shelley Dolan, certify that Peter MacCallum Cancer Centre has put in place appropriate internal control and processes to ensure that it has materially complied with all the requirements set out in the Health Share Victoria (HSV) Purchasing Policies (including mandatory HSV collective agreements) as required by the *Health Services Act 1988 (Vic)* and has critically reviewed these controls and processes during the year.

**Professor Shelley Dolan**

Chief Executive  
Peter MacCallum Cancer Centre  
20 July 2023

## Additional information available on request

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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):

- a. Declarations of pecuniary interests have been duly completed by all relevant officers
- b. Details of shares held by senior officers as nominee or held beneficially
- c. Details of publications produced by Peter Mac about itself, and how these can be obtained
- d. Details of changes in prices, fees, charges, rates and levies charged by Peter Mac
- e. Details of any major external reviews carried out on Peter Mac
- f. 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
- g. Details of overseas visits undertaken including a summary of the objectives and each visit
- h. Details of major promotional, public relations and marketing activities undertaken by Peter Mac to develop community awareness of Peter Mac and its services
- i. Details of assessments and measures undertaken to improve the occupational health and safety of employees
- j. A general statement on industrial relations within Peter Mac and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the report of operations
- k. A list of major committees sponsored by Peter Mac, the purposes of each committee and the extent to which those purposes have been achieved
- l. Details of all consultancies and contractors including consultants/ contractors engaged, services provided

# Reporting of outcomes – Statement of Priorities 2022-2023

## Part A: Reporting against Statement of Priorities – Strategic Priorities

GOAL	ACHIEVEMENTS 2022-2023
<p><b>Maintain a robust COVID-19 readiness and response, working with the department, Health Service Partnership and Local Public Health Unit (LPHU) to ensure effective responses to changes in demand and community pandemic orders. This includes, but is not limited to, participation in the COVID-19 Streaming Model, the Health Service Winter Response framework and continued support of the COVID-19 vaccine immunisation program and community testing.</b></p> <p>✓ <b>ACHIEVED</b></p>	<p>The COVID-19 pandemic continued to impact Peter Mac throughout 2022-2023, with three new variant 'waves' occurring in July/August 2022, November/December 2022 and May/June 2023.</p> <p>Peter Mac responded with agility to ensure that cancer services continued with as little disruption as possible, however due to some instances of severe staff shortages, some elective surgeries were postponed, and other services were temporarily interrupted. To help keep patients and staff safe, Peter Mac staff received booster vaccinations against COVID-19 in record numbers and influenza vaccination was a high priority for all patient facing staff. The Peter Mac COVID-19 Response Team continued to meet regularly, and members of the Executive attended daily Department of Health COVID-19 Streaming meetings to ensure that our practices aligned with the Department of Health's Winter Health Service Response, which escalated to "Stage 3" in July 2022. Peter Mac continued to demonstrate the highest of standards with respect to wearing of facemasks and other infection prevention controls such as limiting visitors during pandemic waves and working from home where practicable.</p> <p>Peter Mac has maintained a Symptom Urgent Response Clinic (SURC) throughout 2022-2023, which has enabled hundreds of cancer patients to receive urgent care at the Parkville campus of Peter Mac for complications that would otherwise have needed an Emergency Department attendances or admissions across Melbourne. This helped patients to avoid potential exposure to COVID-19 whilst being cared for in very busy, crowded Emergency Departments across Melbourne.</p> <p>Peter Mac has also scaled-up its Evusheld pre-exposure prophylactic treatment with the expansion of patient eligibility criteria by the Department of Health. Peter Mac administered this treatment to the most Victorians of any clinic in the state to keep as many people with cancer as safe as possible through the COVID-19 pandemic. Telehealth consultations continued for thousands of Specialist Clinic and Allied Health appointments. Despite the challenges presented by the COVID-19 pandemic, Peter Mac achieved 100% of its elective surgery target and in addition managed to complete additional surgeries for over 160 more cancer patients over the course of the year. This was achieved through additional weekend operating lists at Parkville and through partnerships with several private hospitals in Melbourne, where Peter Mac surgeons performed surgery on public patients in private hospital theatres.</p> <p>Through all the efforts of its people, Peter Mac is proud that it has avoided outbreaks of COVID-19 in its hospital settings and ensured the safest standard of care for its patients through the pandemic.</p>

GOAL	ACHIEVEMENTS 2022-2023
<p><b>Delivering more care in the home or virtually. Increase the provision of home-based or virtual care, where appropriate and preferred by the patient, including via the Better at Home Program.</b></p> <p>✓ <b>ACHIEVED</b></p>	<p>Home based (HITH) services as a percentage of all bed days has been achieved for 2022-2023 as an annualised measure. The target set by Better at Home was 7.22 per cent of all bed days to be HITH bed days. Recent Better at Home initiatives at Peter Mac have been established in Plastics and with percutaneous endoscopic gastrostomies (PEG) where earlier discharge from hospital is also being supported by support and care at home. Telehealth comprises 30-40 per cent of all Specialist Clinic consultations and has remained high and sustained which is consistent with Peter Mac providing more care virtually and as per patient's preferences. This has been extended to Telehealth provision through HITH and our Symptom and Urgent Review Clinic (SURC) which also makes part of the Better at Home strategy for Peter Mac.</p>
<p><b>Improve quality and safety of care. Work with Safer Care Victoria (SCV) in areas of clinical improvement to ensure the Victorian health system is safe and delivers best care, including working together on hospital acquired complications, low value care and targeting preventable harm to ensure that limited resources are optimised without clinical care and outcomes.</b></p> <p>✓ <b>ACHIEVED</b></p>	<p>Peter Mac is committed to improving the quality and safety of all patients accessing our services and for those receiving care in Victoria. As a leading cancer centre Peter Mac is working with SCV to support the development of cancer specific metrics to enable benchmarking with similar patient populations including surgical site infections (SSI) and staphylococcus bacteraemia's.</p>
<p><b>Progress with forming shared public pathology entities as Companies Limited by Guarantee under Joint Venture Agreements that will meet the statutory obligations of the Public Administration Act 2004. Implement the new integrated Laboratory Information Systems and participate in the adoption of a Health Information Exchange as a priority for the newly formed pathology entity over the next four years.</b></p> <p>✓ <b>ACHIEVED</b></p>	<p>The formation of the new pathology network, of which Peter Mac, Royal Children's, the Women's and Royal Melbourne hospitals would be equal members, as a new not-for-profit joint venture company, is progressing through the planning and preparation phase. The Department of Health is providing guidance on the overarching structures for the set-up of the network, through a Policy Framework that will detail the legal and technical components. The Program has been focused on due diligence activities in readiness. In parallel, a public tender is underway for the procurement of an integrated <i>Laboratory Information System</i> that will support the amalgamation of the pathology laboratories and is expected to be implemented in early 2026. The Department of Health led <i>Health Information Exchange</i> platform that will provide clinical information sharing capabilities, has identified the vendor for the platform and detailed project planning is now ready to commence.</p> <p>A particular focus over 2023 has been to increase the collaboration between the network laboratories to help pave the way for future integration of systems, pathology staff and everyday work. Later in the preparation phase there will be a focus on the risks and opportunities that will help define the strategic direction of the network to continue to support the health services with world-class high quality pathology and research and beyond.</p>
<p><b>Plan update to nutrition and food quality standards. Develop a plan to implement nutrition and quality of food standards in 2022-2023, implemented by December of 2023.</b></p> <p>✓ <b>ACHIEVED</b></p>	<p>The Nutrition department are using the new nutrition and food quality standards to complete a gap analysis of the standards compared to current practice. An implementation plan will be developed by December 2023. Part of this plan will include a menu review, which will be conducted in consultation with our Kitchen services and consumers.</p>

GOAL	ACHIEVEMENTS 2022-2023
<p><b>Contribute to enhancing health system resilience by improving the environmental sustainability, including identifying and implementing projects and/or processes that will contribute to emissions reduction targets through reducing or avoiding carbon emissions and/or implementing initiatives that will help the health system to adapt to the impacts of climate change.</b></p> <p>✓ <b>ACHIEVED</b></p>	<p>Peter Mac has sped up efforts to improve environmental sustainability, implementing stronger governance systems with a Board Subcommittee and reinvigorated Environmental Sustainability Working Group, and network. Clinical waste reduction initiatives include the expansion of a pilot using recyclable theatre warming blankets, with efforts to introduce more reusable gowns and drapes. Energy reduction initiatives have been implemented across the health service and research facilities. Additional research laboratories have joined the Laboratory Efficiency Assessment Framework, an internationally recognised environmental sustainability certification program, with two labs successfully achieving bronze standard certification in 2022-2023.</p>
<p><b>Improve health service and Department Asset Management Accountability Framework (AMAF) compliance by collaborating with Health Infrastructure to develop policy and processes to review the effectiveness of asset maintenance and its impact on service delivery.</b></p> <p>✓ <b>ACHIEVED</b></p>	<p>Peter Mac was involved in the Maintenance Review Project Control Group initiated by the Department of Health and Asset Management Health Service Partnership meetings across 2021 and 2022. The project and meetings have been put on hold since the November 2022 election.</p>
<p><b>Strengthen commitments to Aboriginal Victorians by addressing the gap in health outcomes by delivering culturally safe and responsive health care. Establish meaningful partnerships with Aboriginal Community-Controlled Health Organisations. Implement strategies and processes to actively increase Aboriginal employment. Improve patient identification of Aboriginal people presenting for health care, and to address variances in health care and provide equitable access to culturally safe care pathways and environments. Develop discharge plans for every Aboriginal patient.</b></p> <p>✓ <b>ACHIEVED</b></p>	<p>Peter Mac has proactively led on cultural safety for First Nations patients. Actions have been implemented to affect change in our conscious understanding of First Nations Peoples, their culture and needs. Endorsed by Reconciliation Action Plan (RAP) 2021-2023 is embedding cultural safety into everyday practice. This work was developed in partnership and consultation with the Aboriginal and Torres Strait Islander Advisory Committee which facilitated consultation with Victorian Aboriginal communities. The committee has ensured the continued progression and improvement of Aboriginal Health.</p> <p>There are many aspects to patient identification, one of the most important factors being the feelings of being culturally safe. Peter Mac is working on cultural safety from many angles. These include the provision of training around how and when to ask the question of identity and importantly, how to respond when asked why the question is being asked. Other aspects of this work include training staff in ad-hoc sessions about the services provided by the Aboriginal Hospital Liaison Officers (AHLOs) and practical tips to ensure patients feel safe. These sessions include information on how to interact with patients and the Peter Mac Aboriginal Visual Identity artwork, that is used on scrubs, lanyards and other items, adding to feelings of cultural safety. Another project that has been completed to aid cultural safety is the installation of Acknowledgement of Country plaques/decals at all Peter Mac campuses.</p> <p>As part of discharge processes, the AHLO is usually consulted to ensure that patients feel safe to leave and that they have community supports in place, such as links to local Aboriginal Community Controlled Health Services and other community supports, for example Integrated Team Care Program. There is work being done to embed the AHLO into discharge processes within the EMR.</p>

**GOAL**

**Strengthen cross-service collaboration, including through active participation in health service partnerships (HSP). Work together with other HSP members on strategic system priorities where there are opportunities to achieve better and more consistent outcomes through collaboration, including the pandemic response, elective surgery recovery and reform, implementation of the Better at Home program and mental health reform.**

✓ **ACHIEVED**

**ACHIEVEMENTS 2022-2023**

The Better@Home program has grown in volume and complexity over 2022-2023, delivering a record number of services in people's homes in the clinical specialties of Medical Oncology, Haematology and Cancer Surgery. Peter Mac has exceeded all activity targets associated with this program, delivering care in the home for up to 325 patients per month. A new system of direct referral by Clinical Nurse Consultants has allowed hundreds more patients to receive care at home. This year, a further 20 chemotherapy protocols were successfully converted from hospital-based care to Peter Mac @ Home care, essentially doubling the eligibility criteria for home-based chemotherapy for Peter Mac patients. A further 47 chemotherapy protocols are well developed and will be implemented next year. Peter Mac is leading the way and key Peter Mac @ Home staff have presented this work at international and national conferences.

New surgical pathways have been implemented, which have led to overnight admissions being avoided for patients who undergo percutaneous endoscopic gastrostomy (PEG), allowing them to be cared for at home post-operatively. In plastic surgery, breast cancer patients now have early supported discharge for ongoing care through Peter Mac @ Home. This process change has been associated with significant reductions in costs and length of stay for both major and minor breast surgeries.

Five dedicated Peter Mac subacute beds were opened through the RMH @ Home subacute services in 2022-2023. A smoother process for referral, review and transfer to RMH @ Home has been implemented to ensure that cancer patients benefit from full utilisation of these additional beds.

Peter Mac also worked collaboratively within the West Metro HSP (WMHSP) on elective surgery demand and supply. The program has had demonstrable success in reducing the average length of stay for surgical patients and avoiding unplanned readmission following surgery, whilst improving access to surgery through a shared theatre project with the Royal Women's Hospital in gynaecological cancer. Through the WMHSP, opportunities have been identified to share underutilised theatre capacity for endoscopy and minor surgical procedures. This workstream will commence implementation in the next year, further contributing to our priority around maximising use of our available theatre capacity. Peter Mac's anaesthetic team have also led the scaling up of the Enhanced Recovery After Surgery (ERAS) program across the WMHSP and expanded this to head and neck surgical patients at Peter Mac too.

Peter Mac has also established healthcare partnerships with Epworth Health, Monash Health and Barwon Health. After completion of the Cellular Immunotherapy Establishment Project with Epworth Health, Peter Mac continues to support interim Cryopreservation services. The completion of the Cellular Immunotherapy Establishment Project has seen two Monash Health myeloma patients receive stem cell transplants and continue to work collaboratively together including the provision of ongoing cryopreservation services and follow-up care of patients. Peter Mac is supporting the delivery of Barwon Health's regional CAR-T cell therapy services by providing ongoing cryopreservation and/or manufacturing services conducting a positive regard in gap analysis of Baron Health's CAR-T infrastructure, services and current operations.

GOAL	ACHIEVEMENTS 2022-2023
<p><b>Maintain commitment to deliver goals and objectives of the Planned Surgery Recovery and Reform Program, including initiatives as outlined, agreed and funded through the HSP workplan. Health services are expected to work closely with HSP members and the department throughout the implementation of this strategy, and to collaboratively develop and implement future reform initiatives to improve the long-term sustainability of safe and high quality planned surgical services to Victorians.</b></p> <p>✓ <b>ACHIEVED</b></p>	<p>Peter Mac have been working with the West Metro Health Service Partnership to deliver the goals and objectives of the Planned Surgery Recovery and Reform Program. As part of the Recovery Program, Peter Mac have met or seen an improvement in the majority of performance measures for our Surgery Program. For example, Peter Mac has treated 8.7 per cent more surgical admissions in 2022-2023 compared to the prior year. The Reform Program has seen collaboration on projects and partnerships across the West Metro Health Service Partnership. This includes the expansion of the Enhanced Recovery After Surgery (with prehab) (ERAS+) to our major head and neck free flaps patient cohort and supporting the Royal Women's Hospital through commencing the treatment of some of their surgical oncology patients at Peter Mac. Locally, there are a series of projects that are currently underway to improve waitlist management, improve theatre management, reduce length of stay and strengthen non-surgical pathways.</p>
<p><b>Participate in the Occupational Violence and Aggression (OVA) training that will be implemented across the sector in 2022-2023. Support the implementation of the Strengthening Hospital Responses to Family Violence (SHRFV) initiative deliverables including health service alignment to MARAM, the Family Violence Multi-Agency Risk Assessment and Management framework. Prioritise wellbeing of healthcare workers and implement local strategies to address key issues.</b></p> <p>✓ <b>ACHIEVED</b></p>	<p>Code grey, code black and planned code grey procedures have been processed, mapped, reviewed, and updated with key stakeholders/ building partners as a part of the Peter Mac Emergency Management framework review project. The recruitment of a full time OVA/ peer support/ health promotion coordinator with a clinical background has led to the development of a comprehensive suite of training support for both clinical and non-clinical staff and updates to all the OVA policies and procedures. It is anticipated that with an increase in staff awareness on the importance of reporting, incident report numbers will increase into the next reporting period.</p> <p>MARAM is underpinned by four pillars:</p> <ul style="list-style-type: none"> <li>• Shared understanding of family violence</li> <li>• Consistent and collaborative practice</li> <li>• Responsibilities for risk assessment and management</li> <li>• Systems, outcomes and continuous improvement</li> </ul> <p>Alignment to pillar one has been achieved through actions including a family violence focus in Peter Mac's strategic directions and organisational policies that articulate a whole-of-hospital approach to having a shared understanding of family violence for both consumers and staff impacted by family violence. Family violence (MARAM) staff training, and education is offered to all clinical, non-clinical and managerial staff via eLearn or face-to-face modules. In 2023 active training drives have seen an increased delivery of tailored training materials relevant to workforce groups as well as a permanent slot in the nursing orientation program where a brief overview of the legislation and expectations are delivered to encourage further learning. The practice, knowledge and capability of staff to identify and respond to family violence has been built through the development of procedures, practice guides and tools that provide guidance on how to respond effectively. Implementation of the MARAM framework is regularly reviewed and improved using both internal systems for continuous improvement, and collaboration with other metropolitan hospitals for best practice benchmarking. An established Family Violence Workplace Support Program sets out for staff members what internal and external supports they can access if they are experiencing family violence, and staff that have utilised these supports have been able to ensure the safety of themselves and their children whilst maintaining their confidentiality and continuing their employment at Peter Mac.</p>

## Part B: Reporting against Statement of Priorities – Key Performance Measures

### High quality and safe care

Key Performance Measure	Target	Result
<b>Infection prevention and control</b>		
Compliance with the Hand Hygiene Australia Program	85%	84.5%
Percentage of healthcare workers immunised for influenza	92%	87%
<b>Healthcare associated infections (HAI'S)</b>		
Rate of surgical site infections for selected procedures (aggregate)	No outliers	Not met*
Rate of healthcare associated S.aureus bloodstream infections per 10,000 bed days	<0.7	1.35**
<b>Patient experience</b>		
Percentage of patients who reported positive experiences of their hospital stay	95%	100%
<b>Unplanned re-admissions</b>		
Unplanned re-admissions to any hospital following a hip replacement	<6%	Not applicable at Peter Mac

\* Surgical Site Infection (SSI) events are noted within complex and high risk procedures. These procedures are highly specialised and generally not performed by other Victorian healthcare services.

\*\* Staphylococcus aureus bacteremia data has been presented to Quality and Safety Signals committee at Safer Care Victoria, with future plans to work with Peter Mac to develop specific reporting for cancer cohorts and reporting of preventable events, noting the case mix of patients in a cancer center may not be appropriately benchmarked with general hospital populations.

### Strong governance, leadership and culture

Key Performance Measure	Target	Result
<b>Organisational Culture</b>		
People Matter survey – Percentage of staff with an overall positive response to safety culture survey questions	62%	81%

## Timely Access to Care

Key Performance Measure	Target	Result
<b>Elective Surgery</b>		
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%	90.2%
Number of patients on the elective surgery waiting list	630	597
Number of patients admitted from the elective surgery waiting list	3,353	3,547
Number of patients (in addition to base) admitted from the elective surgery waiting list	495	194
Percentage of patients on the waiting list who have waited longer than clinically recommended time for their respective triage category	26.5% target 5% or 15% proportional improvement from prior year	29.3%
Number of hospital-initiated postponements per 100 scheduled elective surgery admissions	7.0%	6.4%
<b>Specialist Clinics:</b>		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	88%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	97.6%

\* One category 1 elective surgery breach that was completed at 32 days with no clinical issues.

## Effective Financial Management

Key Performance Measure	Target	Result
<b>Operating result (\$m)</b>	0.00	\$0.28
<b>Average number of days to paying trade creditors</b>	60 days	47
<b>Average number of days to receiving patient fee debtors</b>	60 days	37
<b>Adjusted current asset ratio</b>	0.7 or 3% improvement from health service base target	1.09
<b>Variance between forecast and actual NET result from transactions (NRFT) for the current financial year ending 30 June (\$m)</b>	Variance < \$250,000	\$45.72
<b>Actual number of days available cash, measure on the last day of each month</b>	14 days	6.5

## Part C: Reporting against Statement of Priorities

Funding Type	Achieved Activity 2022-2023
<b>Consolidated Activity Funding</b>	
Acute admitted, subacute admitted, emergency services, non-admitted NWAU	34,093
<b>Acute Admitted</b>	
Acute admitted DVA	107
<b>Acute Non-Admitted</b>	
Radiotherapy WAUs DVA	557
Radiotherapy WAUs Public	334,395
Home Enteral Nutrition NWAU	149

# Disclosure index

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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 Departments compliance with statutory disclosure requirements.

# Summary of financial results (Parent entity)

## Five year financial summary

The key financial performance measure monitored by the Department of Health and Peter Mac's management is the operating result. Peter Mac recorded a surplus operating result of \$0.3m in 2022-23 which is in line with the Statement of Priorities breakeven target (please note the reconciliation of the net operating result to the net result on the following page). The COVID-19 public health response were scaled down during the year ended 30 June 2023 and revenue recognised to fund the delivery of Peter Mac's services during the financial year was not materially impacted by the COVID-19 pandemic.

Revenue increased from prior year, predominantly driven by: State government activity-based funding, with both NWAU and WAU meeting Statement of Priorities targets; commercial activity revenue, largely due to research grants and commercial sponsorships; and Commonwealth grants mainly related to CAR-T treatment. There was a corresponding increase in expenses to meet the increased patient activity levels and commercial activities, predominantly in employee expenses, supplies and consumables and other administrative expenses.

	2022-2023 \$000s	2021-2022 \$000s	2020-2021 \$000s	2019-2020 \$000s	2018-2019 \$000s
<b>Operating result</b>					
<b>Total revenue</b>	941,764	819,541	813,373	726,330	666,413
<b>Total expenses</b>	(881,806)	(783,561)	(769,697)	(697,412)	(666,306)
<b>Net result from transaction</b>	59,958	35,980	43,676	28,918	107
<b>Total other economic flows</b>	(10,676)	3,607	7,617	(4,785)	(10,092)
<b>Net Result</b>	49,282	39,587	51,293	24,133	(9,985)
<b>Total assets</b>	1,857,892	1,664,045	1,695,019	1,689,736	1,648,687
<b>Total liabilities</b>	(1,065,748)	(1,093,506)	(1,289,107)	(1,370,883)	(1,314,108)
<b>Net assets / Total equity</b>	792,144	570,539	405,912	318,853	334,579

\* The Operating result is the result for which the health service is monitored in its Statement of Priorities

## Significant changes in the balance sheet (Parent entity only)

Net assets have increased \$221.6m over the financial year. This is driven predominantly by an increase in assets due to a fair value revaluation of owned and right-of-use leased buildings and an increase in cash and cash equivalents before restricted and committed funds, together with 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.

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

	<b>2022-2023 (\$000)</b>
<b>Operating result</b>	278
<b>Capital purpose income</b>	115,838
<b>Specific income</b>	9,911
<b>Assets received free of charge</b>	110
<b>Expenditure for capital purpose</b>	(3,441)
<b>Depreciation and amortisation</b>	(62,606)
<b>Finance costs (other)</b>	(331)
<b>Capital interest income</b>	199
<b>Other Economic flows</b>	(10,676)
<b>Net result from transactions</b>	49,282

## Operational and budgetary objectives for 2022-23

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 2022-23 Statement of Priorities. There are no events occurring after the Balance Sheet date. Refer to [Note 8.7](#) in the 2022-23 Financial Statements. Peter Mac's net result from transactions has increased from \$36.0m to \$60.0m compared to last year due to an increase in capital purpose income. The increase was predominantly related to the upgrade of the East Melbourne site to accommodate patients and clinical equipment during the build of the Metro Rail Project.

# Financial statements

## Board Members, Accountable Officers, Chief Finance and Accounting Officer's declarations

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The attached consolidated 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 2023 and the financial position of Peter MacCallum Cancer Centre and the Consolidated Entity at 30 June 2023.

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 authorised the attached financial statements for issue on the 5 September 2023.

**Professor Maxine Morand AM**  
Chair, Board of Directors,  
Peter MacCallum Cancer Centre



5 September 2023

**Karen Fox**  
Acting Chief Executive Officer  
Peter MacCallum Cancer Centre



5 September 2023

**Libby Secomb**  
Chief Financial Officer  
Peter MacCallum Cancer Centre



5 September 2023

## Independent Auditor's Report

### To the Board of the Peter MacCallum Cancer Centre

<b>Opinion</b>	<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"> <li>• consolidated entity and health service balance sheets as at 30 June 2023</li> <li>• consolidated entity and health service comprehensive operating statements for the year then ended</li> <li>• consolidated entity and health service statements of changes in equity for the year then ended</li> <li>• consolidated entity and health service cash flow statements for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• Board member's, accountable officer's, and chief finance &amp; accounting officer's declaration.</li> </ul> <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 2023 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>
<b>Basis for Opinion</b>	<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>
<b>Other information</b>	<p>My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.</p>
<b>Board's responsibilities for the financial report</b>	<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 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**

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the health service 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 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  
25 September 2023



Dominika Ryan  
*As delegate for the Auditor-General of Victoria*

## Comprehensive Operating Statement for the financial year ended 30 June 2023

	Note	Parent 2023 \$000s	Parent 2022 \$000s	Consolidated 2023 \$000s	Consolidated 2022 \$000s
<b>Revenue and income from transactions</b>					
Operating activities	2.1	934,996	816,061	963,544	871,354
Non-operating activities	2.1	5,567	2,250	7,511	3,163
Share of revenue from joint operations	8.9	1,201	1,230	1,201	1,230
<b>Total revenue and income from transactions</b>		<b>941,764</b>	<b>819,541</b>	<b>972,256</b>	<b>875,747</b>
<b>Expenses from transactions</b>					
Employee expenses	3.1	(455,406)	(395,119)	(466,459)	(408,284)
Supplies and consumables	3.1	(192,226)	(160,461)	(193,430)	(168,494)
Finance costs	3.1	(66,507)	(71,935)	(66,520)	(71,949)
Depreciation and amortisation	4.6	(62,606)	(61,472)	(62,828)	(61,626)
Public/private partnership operating expenses	3.1	(28,266)	(24,158)	(28,266)	(24,158)
Share of expenditure from joint operations	8.9	(1,226)	(893)	(1,226)	(893)
Other administrative expenses	3.1	(42,906)	(32,731)	(59,542)	(47,216)
Other operating expenses	3.1	(32,663)	(36,792)	(32,857)	(36,975)
<b>Total expenses from transactions</b>		<b>(881,806)</b>	<b>(783,561)</b>	<b>(911,128)</b>	<b>(819,595)</b>
<b>Net result from transactions - net operating balance</b>		<b>59,958</b>	<b>35,980</b>	<b>61,128</b>	<b>56,152</b>
<b>Other economic flows included in net result</b>					
Net gain/(loss) on non-financial assets	3.2	(2,126)	(2,285)	(2,126)	(2,285)
Net gain/(loss) on financial instruments at fair value	3.2	(635)	(409)	5,388	(7,891)
Other gain/(loss) from other economic flows	3.2	(7,915)	6,301	(7,913)	6,309
<b>Total other economic flows included in net result</b>		<b>(10,676)</b>	<b>3,607</b>	<b>(4,651)</b>	<b>(3,867)</b>
<b>Net result before tax</b>		<b>49,282</b>	<b>39,587</b>	<b>56,477</b>	<b>52,285</b>
Income tax benefit/(expense)	3.5	-	-	336	(5,609)
<b>Net result after tax</b>		<b>49,282</b>	<b>39,587</b>	<b>56,813</b>	<b>46,676</b>
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to net result</b>					
Changes to property, plant and equipment revaluation	4.4	141,228	1,255	141,228	1,255
<b>Items that may be reclassified subsequently to net result</b>					
Changes to cash flow hedging reserve		31,061	130,290	31,061	130,290
<b>Total other comprehensive income</b>		<b>172,289</b>	<b>131,545</b>	<b>172,289</b>	<b>131,545</b>
<b>Comprehensive result for the year</b>		<b>221,571</b>	<b>171,132</b>	<b>229,102</b>	<b>178,221</b>
<b>Net result is attributable to:</b>					
Equity holders of Peter MacCallum Cancer Centre		49,282	39,587	56,834	46,324
Non-controlling interest		-	-	(21)	352
		<b>49,282</b>	<b>39,587</b>	<b>56,813</b>	<b>46,676</b>
<b>Comprehensive result is attributable to:</b>					
Equity holders of Peter MacCallum Cancer Centre		221,571	171,132	229,123	177,869
Non-controlling interest		-	-	(21)	352
		<b>221,571</b>	<b>171,132</b>	<b>229,102</b>	<b>178,221</b>

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

## Balance sheet as at 30 June 2023

	Note	Parent 2023 \$000s	Parent 2022 \$000s	Consolidated 2023 \$000s	Consolidated 2022 \$000s
<b>Current assets</b>					
Cash and cash equivalents	6.2	152,098	86,655	175,021	93,354
Receivables	5.1	39,045	42,271	37,507	62,294
Investments and other financial assets	4.1	-	-	77,567	74,210
Inventories	4.7	6,038	5,178	6,044	5,178
Share of assets in joint operations	8.9	949	962	949	962
Prepayments		4,403	3,538	4,828	3,146
<b>Total current assets</b>		<b>202,533</b>	<b>138,604</b>	<b>301,916</b>	<b>239,144</b>
<b>Non-current assets</b>					
Receivables	5.1	35,637	30,878	35,637	30,878
Property, plant and equipment	4.2.1	336,273	300,014	338,225	301,675
Right-of-use assets	4.3.1	1,235,105	1,141,822	1,235,057	1,141,822
Intangible assets	4.5.1	46,192	50,971	47,897	52,699
Deferred tax assets	5.5	-	-	711	443
Investments in subsidiaries	8.8	2,097	1,712	-	-
Share of assets in joint operations	8.9	55	44	55	44
<b>Total non-current assets</b>		<b>1,655,359</b>	<b>1,525,441</b>	<b>1,657,582</b>	<b>1,527,561</b>
<b>Total assets</b>		<b>1,857,892</b>	<b>1,664,045</b>	<b>1,959,498</b>	<b>1,766,705</b>
<b>Current liabilities</b>					
Payables	5.2	120,729	63,726	119,915	66,572
Contract liabilities	5.3	28,969	30,793	29,563	30,818
Borrowings	6.1	75,978	71,986	75,946	71,986
Current tax liabilities		-	-	-	4,941
Employee benefits	3.3	116,816	109,576	118,009	110,930
Share of liabilities in joint operations	8.9	150	158	150	158
Other liabilities	5.4	75	108	75	108
<b>Total current liabilities</b>		<b>342,717</b>	<b>276,347</b>	<b>343,658</b>	<b>285,513</b>
<b>Non-current liabilities</b>					
Payables	5.2	-	298	-	298
Borrowings	6.1	663,517	738,227	663,517	738,227
Employee benefits	3.3	18,163	6,243	18,314	6,370
Share of liabilities in joint operations	8.9	36	15	36	15
Other liabilities	5.3	41,315	72,376	41,315	72,376
<b>Total non-current liabilities</b>		<b>723,031</b>	<b>817,159</b>	<b>723,182</b>	<b>817,286</b>
<b>Total liabilities</b>		<b>1,065,748</b>	<b>1,093,506</b>	<b>1,066,840</b>	<b>1,102,799</b>
<b>Net assets</b>		<b>792,144</b>	<b>570,539</b>	<b>892,658</b>	<b>663,906</b>
<b>Equity</b>					
Property, plant & equipment revaluation surplus	4.4	312,755	171,527	312,755	171,527
Financial assets at fair value through other comprehensive income revaluation reserve	SCE	(41,315)	(72,376)	(41,315)	(72,376)
Restricted specific purpose reserve	SCE	31,562	27,678	111,053	106,995
Contributed capital	SCE	258,433	258,433	259,671	259,650
Accumulated surpluses/ (deficits)	SCE	230,709	185,277	250,154	197,749
		<b>792,144</b>	<b>570,539</b>	<b>892,318</b>	<b>663,545</b>
Non-controlling interest		-	-	340	361
<b>Total equity</b>		<b>792,144</b>	<b>570,539</b>	<b>892,658</b>	<b>663,906</b>

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

## Statement of changes in equity for the financial year ended 30 June 2023

Parent	Property, plant & equipment revaluation surplus \$000s	Financial assets at fair value through other comprehensive income revaluation reserve \$000s	Restricted specific purpose reserve \$000s	Contributed capital \$000s	Accumulated surpluses/ (deficits) \$000s	Non- controlling interest \$000s	Total \$000s
<b>Balance at 30 June 2021</b>	<b>170,272</b>	<b>(202,666)</b>	<b>20,714</b>	<b>258,433</b>	<b>159,159</b>	<b>-</b>	<b>405,912</b>
<b>Impact of change in accounting policy</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,221)</b>	<b>-</b>	<b>(4,221)</b>
<b>Restated balance at 1 July 2021</b>	<b>170,272</b>	<b>(202,666)</b>	<b>20,714</b>	<b>258,433</b>	<b>154,938</b>	<b>-</b>	<b>401,691</b>
Net result for the year	-	-	-	-	39,587	-	39,587
Other comprehensive income for the year	1,255	130,290	-	-	(2,284)	-	129,261
Transfer from accumulated surplus	-	-	6,964	-	(6,964)	-	-
Contributed capital received from Victorian Government	-	-	-	-	-	-	-
<b>Balance at 30 June 2022</b>	<b>171,527</b>	<b>(72,376)</b>	<b>27,678</b>	<b>258,433</b>	<b>185,277</b>	<b>-</b>	<b>570,539</b>
Net result for the year	-	-	-	-	49,282	-	49,282
Other comprehensive income for the year	141,228	31,061	-	-	34	-	172,323
Transfer from accumulated surplus	-	-	3,884	-	(3,884)	-	-
<b>Balance at 30 June 2023</b>	<b>312,755</b>	<b>(41,315)</b>	<b>31,562</b>	<b>258,433</b>	<b>230,709</b>	<b>-</b>	<b>792,144</b>

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

## Statement of changes in equity for the financial year ended 30 June 2023

Consolidated	Property, plant & equipment revaluation surplus \$000s	Financial assets at fair value through other comprehensive income revaluation reserve \$000s	Restricted specific purpose reserve \$000s	Contributed capital \$000s	Accumulated surpluses/ (deficits) \$000s	Non- controlling interest \$000s	Total \$000s
<b>Balance at 30 June 2021</b>	<b>170,272</b>	<b>(202,666)</b>	<b>77,186</b>	<b>260,002</b>	<b>187,349</b>	<b>9</b>	<b>492,152</b>
<b>Impact of change in accounting policy</b>	-	-	-	-	<b>(4,221)</b>	-	<b>(4,221)</b>
<b>Restated balance at 1 July 2021</b>	<b>170,272</b>	<b>(202,666)</b>	<b>77,186</b>	<b>260,002</b>	<b>183,128</b>	<b>9</b>	<b>487,931</b>
Net result for the year	-	-	-	-	46,324	352	46,676
Other comprehensive income for the year	1,255	130,290	-	-	(2,246)	-	129,299
Transfer from accumulated surplus	-	-	29,809	(352)	(29,457)	-	-
Reallocation from non-controlling interest to contributed capital	-	-	-	-	-	-	-
<b>Balance at 30 June 2022</b>	<b>171,527</b>	<b>(72,376)</b>	<b>106,995</b>	<b>259,650</b>	<b>197,749</b>	<b>361</b>	<b>663,906</b>
Net result for the year	-	-	-	-	56,834	(21)	56,813
Other comprehensive income for the year	141,228	31,061	-	-	(350)	-	171,939
Transfer from accumulated surplus	-	-	4,058	21	(4,079)	-	-
<b>Balance at 30 June 2023</b>	<b>312,755</b>	<b>(41,315)</b>	<b>111,053</b>	<b>259,671</b>	<b>250,154</b>	<b>340</b>	<b>892,658</b>

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

## Cash flow statement for the financial year ended 30 June 2023

	Note	Parent 2023 \$000s	Parent 2022 \$000s	Consolidated 2023 \$000s	Consolidated 2022 \$000s
<b>Cash flows from operating activities</b>					
Operating grants from State Government		342,115	299,988	342,115	299,988
Operating grants from Commonwealth Government		102,784	96,854	102,784	96,854
Capital grants from State Government		17,514	551	17,514	551
Capital grants from Commonwealth Government		19,379	4,382	19,379	4,382
Patient Fees received		14,470	13,098	14,470	13,098
Private practice fees received		76,848	72,067	76,848	72,067
Donations and bequests received		41,912	38,342	62,129	52,615
GST received from the ATO		10,092	11,373	11,924	12,149
Interest and dividends received		4,009	289	4,414	346
Research and program grants		128,224	134,302	161,687	147,973
Car park income received		3,373	2,807	3,373	2,807
Other receipts		24,253	11,210	24,548	11,215
<b>Total receipts</b>		<b>784,973</b>	<b>685,263</b>	<b>841,185</b>	<b>714,045</b>
Employee expenses paid		(437,511)	(379,179)	(446,590)	(387,491)
Non salary labour costs		(12,924)	(11,591)	(12,924)	(11,591)
Payments for supplies and consumables		(283,184)	(259,221)	(317,704)	(282,870)
Finance costs		(1,177)	(1,017)	(1,177)	(1,017)
<b>Total payments</b>		<b>(734,796)</b>	<b>(651,008)</b>	<b>(778,395)</b>	<b>(682,969)</b>
<b>Net cash flows from / (used in) operating activities</b>	<b>8.1</b>	<b>50,177</b>	<b>34,255</b>	<b>62,790</b>	<b>31,076</b>
<b>Cash flows from investing activities</b>					
Capital donations and bequests received		1,944	1,235	1,944	1,235
Other capital receipts		60,382	3,605	60,382	3,605
Purchase of investments		-	-	(866)	(388)
Purchase for non-financial assets		(42,594)	(31,524)	(43,040)	(31,800)
Proceeds from sale of investments		2	-	5,279	1,410
<b>Net cash flows from / (used in) investing activities</b>		<b>19,734</b>	<b>(26,684)</b>	<b>23,699</b>	<b>(25,938)</b>
<b>Cash flows from financing activities</b>					
Repayment of borrowings (DH)		(1,565)	(1,739)	(1,565)	(1,739)
Cash outflow for leases		(2,903)	(2,841)	(3,257)	(3,131)
<b>Net cash flows from / (used in) financing activities</b>		<b>(4,468)</b>	<b>(4,580)</b>	<b>(4,822)</b>	<b>(4,870)</b>
<b>Net increase/(decrease) in cash and cash equivalents held</b>		<b>65,443</b>	<b>2,991</b>	<b>81,667</b>	<b>268</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>86,655</b>	<b>83,664</b>	<b>93,354</b>	<b>93,086</b>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>6.2</b>	<b>152,098</b>	<b>86,655</b>	<b>175,021</b>	<b>93,354</b>

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 2023

### 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 2023. 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 5 September 2023.

#### Note 1.2: Impact of COVID-19 pandemic

The Pandemic (Public Safety) Order 2022 (No. 5) which commenced on 22 September 2022 ended on 12 October 2022 when it was allowed to lapse and was revoked. Long-term outcomes from COVID-19 infection are currently unknown and while the pandemic response continues, a transition plan towards recovery and reform in 2022/23 was implemented. Victoria's COVID-19 Catch-Up Plan is aimed at addressing Victoria's COVID-19 case load and restoring surgical activity.

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### 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
<b>AASB</b>	Australian Accounting Standards Board
<b>AASs</b>	Australian Accounting Standards, which include Interpretations
<b>ABF</b>	Activity based funding
<b>BBSY</b>	Bank bill swap rate
<b>CSO</b>	Community Service Obligation
<b>DH</b>	Department of Health
<b>DTF</b>	Department of Treasury and Finance
<b>FMA</b>	Financial Management Act 1994
<b>FRC</b>	Floating Rate Component
<b>FRD</b>	Financial Reporting Direction
<b>IRS</b>	Interest rate swap
<b>LSL</b>	Long service leave
<b>NWAU</b>	National Weighted Activity Unit
<b>Peter Mac</b>	Peter MacCallum Cancer Centre
<b>PPE</b>	Property, plant and equipment
<b>PPP</b>	Public private partnership
<b>SCE</b>	Statement of Changes in Equity
<b>SD</b>	Standing Direction
<b>TCV</b>	Treasury Corporation of Victoria
<b>UOM</b>	The University of Melbourne
<b>VAGO</b>	Victorian Auditor-General's Office
<b>WAU</b>	Weighted Activity Unit
<b>CTPL</b>	Cell Therapies Pty Ltd
<b>SaaS</b>	Software-as-a-Service
<b>VCCC</b>	Victorian Comprehensive Cancer Centre
<b>DRG</b>	Diagnostic-Related Group

### 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 Trust
- Cell Therapies Pty Ltd.
- Peter MacCallum Cancer Foundation Ltd
- Cellularity Pty Ltd.

Details of the controlled entities are set out in [Note 8.8](#).

The transactions and balances of the parent entity are 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 operation 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 2023

### 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 relate to the following disclosures:

- [Note 2.1: Revenue and income from transactions](#)
- [Note 3.3: Employee benefits in the balance sheet](#)
- [Note 4.2: Property, plant and equipment](#)
- [Note 4.3: Right-of-use assets](#)
- [Note 4.5: Intangible assets](#)
- [Note 4.6: Depreciation and amortisation](#)
- [Note 4.8: Impairment of assets](#)
- [Note 5.1: Receivables](#)
- [Note 5.2: Payables](#)
- [Note 5.3: Contract liabilities](#)
- [Note 5.4: Other liabilities](#)
- [Note 5.5: Deferred tax assets](#)
- [Note 6.1.1: Lease liabilities](#)
- [Note 6.1.2: PPP lease liabilities](#)
- [Note 7.4: Fair value determination](#)

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### 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
<b>AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</b>	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
<b>AASB 2022-5: Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback</b>	Reporting periods on or after 1 January 2024.	Adoption of this standard is not expected to have a material impact.
<b>AASB 2022-6: Amendments to Australian Accounting Standards – Non-Current Liabilities with Covenants</b>	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
<b>AASB 2021-5: Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction</b>	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
<b>AASB 2022-10: Amendments to Australian Accounting standards – Fair Value Measurement of Non- Financial Assets of Not-for-Profit Public Sector Entities</b>	Reporting periods on or after 1 January 2024.	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, assets and liabilities 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 2023

### 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.

#### *Telling the COVID-19 story*

Peter Mac continued to deliver its essential health services throughout the COVID-19 pandemic with covid safe practices implemented.

Revenue recognised to fund the delivery of our services during the financial year was not materially impacted by the COVID-19 pandemic. The COVID-19 public health response were scaled down during the year ended 30 June 2023.

#### Structure:

<b>2.1</b>	<b>Revenue and income from transactions</b>	<a href="#">page 80</a>
<b>2.1.1</b>	<b>Timing of revenue from contracts with customers</b>	<a href="#">page 81</a>
<b>2.2</b>	<b>Fair value of assets and services received free of charge or for nominal consideration</b>	<a href="#">page 85</a>

#### *Key judgements and estimates*

This section contains the following key judgements and estimates:

<b>Key judgements and estimates</b>	<b>Description</b>
<b>Identifying performance obligations</b>	<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>
<b>Determining timing of revenue recognition</b>	<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>
<b>Determining time of capital grant income recognition</b>	<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>
<b>Assets and services received free of charge or for nominal consideration</b>	<p>Peter Mac applies significant judgement to determine the fair value of assets and services provided free of charge or for nominal value. An independent valuer is used for Cultural Assets received free of charge.</p>

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### Note 2.1: Revenue and income from transactions

	Note	Consolidated 2023 \$000s	Consolidated 2022 \$000s
<b>Operating activities</b>			
<b>Revenue from contracts with customers</b>			
Government grants (State) - Operating		340,392	331,977
Government grants (Commonwealth) - Operating		102,805	113,590
Patient and resident fees		14,470	12,964
Private practice fees		73,647	70,177
Commercial activities <sup>i</sup>		52,457	36,780
<b>Total revenue from contracts with customers</b>	<b>2.1.1</b>	<b>583,771</b>	<b>565,488</b>
<b>Other sources of income</b>			
Government grants (State) - Operating		58,920	39,930
Government grants (Commonwealth) - Operating		58,548	-
Government grants (State) - Capital		111,327	68,437
Government grants (Commonwealth) - Capital		4,511	25,465
Commercial activities <sup>i</sup>		114,662	143,185
Other capital purpose income		4,495	6,046
Capital donations		5,442	2,256
Assets received free of charge or for nominal consideration	<b>2.2</b>	951	1,627
Other income from operating activities (including non-capital donations)		20,917	18,920
<b>Total other sources of income</b>		<b>379,773</b>	<b>305,866</b>
<b>Total revenue and income from operating activities</b>		<b>963,544</b>	<b>871,354</b>
<b>Non-operating activities</b>			
<b>Income from other sources</b>			
Capital interest		199	19
Other interest		3,915	304
Dividends		1,941	1,637
Other income from non-operating activities		1,456	1,203
<b>Total revenue and income from non-operating activities</b>		<b>7,511</b>	<b>3,163</b>
<b>Total revenue and income from transactions</b>		<b>971,055</b>	<b>874,517</b>

i 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 2023

### Note 2.1.1: Timing of revenue from contracts with customers

Note	Consolidated 2023 \$000s	Consolidated 2022 \$000s
<b>Peter Mac disaggregates revenue by the timing of revenue recognition.</b>		
<b>Goods and services transferred to customers:</b>		
At a point in time	355,757	346,135
Over time	228,014	219,353
<b>Total revenue from contracts with customers</b>	<b>583,771</b>	<b>565,488</b>

#### **How we recognise revenue from contracts with customers**

##### **Government grants (State & Commonwealth) - Operating**

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 satisfies its performance obligations, at a point in time or over time as and when services are rendered.

If a contract liability is recognised, Peter Mac recognises revenue in profit or loss as and when it satisfies its obligations under the contract.

Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, 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 in accordance with AASB 1058.

In contracts with customers, the 'customer' is typically a funding body, who is the party that promises funding in exchange for Peter Mac's goods or services. Peter Mac's funding bodies often direct that goods or services are to be provided to third party beneficiaries, including individuals or the community at large. In such instances, the customer remains the funding body that has funded the program or activity, however the delivery of goods or services to third party beneficiaries is a characteristic of the promised good or service being transferred to the funding body.

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

This policy applies to each of Peter Mac's revenue streams, with information detailed below relating to Peter Mac's significant revenue streams:

<b>Government grant</b>	<b>Performance obligation</b>
<b>Activity Based Funding (ABF) paid as National Weighted Activity Unit (NWAU)</b>	<p>NWAU is a measure of health service activity expressed as a common unit against which the national efficient price (NEP) is paid.</p> <p>The performance obligations for NWAU are the number and mix of admissions, emergency department presentations and outpatient episodes, and is weighted for clinical complexity.</p> <p>Revenue is recognised at point in time, which is when a patient is discharged.</p>
<b>Commonwealth Pharmaceutical Benefits Scheme (PBS)</b>	<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>
<b>Centre of Excellence Funding</b>	<p>The Federal and State Government have 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 receives funding from the Commonwealth for clinical trials. The performance obligations are satisfied on completion of each aim.</p>

### **Patient and resident fees**

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

### **Private practice fees**

Private practice fees include 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.

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### 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 income through other sources of income for PPP operating and capital income, DH specified grants, operating and capital grants income for the Commonwealth Centre of Excellence and Radiation Oncology Health Program Grant (ROHPG) income from the Linac replacement program.

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.

### Non-cash contributions from the Department of Health

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

Supplier	Description
<b>Victorian Managed Insurance Authority</b>	The Department of Health purchases non-medical insurance on behalf of 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. 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.
<b>Department of Health</b>	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.
<b>Public Private Partnership (PPP) Consortium (State of Victoria and Plenary Health (CCC) Pty Ltd)</b>	<p>The Department of Health enters into lease arrangements and services which are paid directly to Plenary Health (CCC) Pty Ltd. To record this contribution, Peter Mac as agent for the Department of Health, recognises such payments 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. The private operation is not providing a public service using these assets.</p>

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### 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 private practice reallocation.

### 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 the installation of the MRI scanner and the research lab notebook refresh.

### Other income from operating activities (including non-capital donations)

Other income 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.

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

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

Note	Consolidated 2023 \$000s	Consolidated 2022 \$000s
Artworks	110	104
Other goods	841	1,523
<b>Total fair value of assets and services received free of charge or for nominal consideration</b>	<b>951</b>	<b>1,627</b>

#### *How we recognise the fair value of assets and services 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, arrangements were put in place to centralise the purchasing of essential personal protective equipment (PPE) and other essential plant and equipment.

The general principles of the State Supply Arrangement were that Health Share Victoria sourced, secured and agreed terms for the purchase of the PPE products, funded by the Department of Health, while Monash Health took delivery, and distributed an allocation of the products to Peter Mac as resources provided free of charge. Health Share Victoria and Monash Health were acting as an agent of the Department of Health under this arrangement.

##### **Voluntary Services**

Peter Mac receives volunteer services from members of the community in the following areas:

- providing wigs and headwear
- service trolley system
- wayfinding for our patients
- administrative tasks

Peter Mac recognises contributions by volunteers in its financial statements, if the fair value can be reliably measured and the services would have been purchased had they not been donated.

Peter Mac greatly values the services contributed by volunteers but it 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 2023

### 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:

<b>3.1</b>	<b>Expenses from transactions</b>	<a href="#">page 87</a>
<b>3.2</b>	<b>Other economic flows included in net result</b>	<a href="#">page 89</a>
<b>3.3</b>	<b>Employee benefits in the balance sheet</b>	<a href="#">page 90</a>
<b>3.3.1</b>	<b>Employee benefits and related on-costs</b>	<a href="#">page 90</a>
<b>3.3.2</b>	<b>Movement in on-costs provision</b>	<a href="#">page 91</a>
<b>3.4</b>	<b>Superannuation</b>	<a href="#">page 92</a>
<b>3.5</b>	<b>Income tax (benefit)/expense</b>	<a href="#">page 93</a>

#### Telling the COVID-19 story

Expenses incurred to deliver services during the financial year were not materially impacted by the COVID-19 pandemic and scaling down of the COVID-19 public health response during the year ended 30 June 2023.

#### Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
<b>Classifying employee benefit liabilities</b>	<p>Peter Mac applies significant judgment when 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>
<b>Measuring employee benefit liabilities</b>	<p>Peter Mac applies significant judgment when measuring its employee benefit liabilities.</p> <p>Peter Mac 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, being the expected future payments to employees.</p> <p>Expected future payments incorporate:</p> <ul style="list-style-type: none"> <li>• an inflation rate of 4.35%, reflecting the future wage and salary levels</li> <li>• durations of service and employee departures, which are used to determine the estimated value of long service leave that will be taken in the future, for employees who have not yet reached the vesting period. The estimated rates are between 30.58% and 88.83%</li> <li>• discounting at the rate of 4.063%, as determined with reference to market yields on government bonds at the end of the reporting period.</li> </ul> <p>All other entitlements are measured at their nominal value.</p>

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### Note 3.1: Expenses from transactions

	Consolidated 2023 \$000s	Consolidated 2022 \$000s
Salary and wages	395,697	349,261
On-costs	56,724	46,263
Agency expenses	13,041	11,660
Workcover premium	997	1,100
<b>Total employee expenses</b>	<b>466,459</b>	<b>408,284</b>
Drug supplies	122,653	101,332
Medical and surgical supplies	23,177	21,171
Diagnostic and radiology services	35,608	36,253
Other supplies and consumables	11,992	9,738
<b>Total supplies and consumables</b>	<b>193,430</b>	<b>168,494</b>
Finance costs	1,177	1,235
Finance costs - PPP arrangements	65,343	70,714
<b>Total finance costs</b>	<b>66,520</b>	<b>71,949</b>
Public private partnership operating expenses	28,266	24,158
<b>Total PPP operating expenses</b>	<b>28,266</b>	<b>24,158</b>
Other administrative expenses	59,542	48,625
<b>Total other administrative expenses</b>	<b>59,542</b>	<b>48,625</b>
Fuel, light, power and water	7,089	6,940
Repairs and maintenance	2,661	3,243
Maintenance contracts	17,583	18,365
Medical indemnity insurance	2,061	1,829
Expenses related to leases of low value assets	22	19
Expenditure for capital purposes	3,441	5,170
<b>Total other operating expenses</b>	<b>32,857</b>	<b>35,566</b>
<b>Total operating expenses</b>	<b>847,074</b>	<b>757,076</b>
Depreciation and amortisation (refer <a href="#">Note 4.6</a> )	62,828	61,626
<b>Total depreciation and amortisation</b>	<b>62,828</b>	<b>61,626</b>
<b>Total non-operating expenses</b>	<b>62,828</b>	<b>61,626</b>
<b>Total expenses from transactions</b>	<b>909,902</b>	<b>818,702</b>

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### *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; and
- 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;
- finance charges in respect of finance leases which are recognised in accordance with AASB 16 *Leases*; and interest under the PPP quarterly interest rate service payment adjustment (QIRSPA) mechanism and associated offsetting interest rate swap settlement (see [Note 5.3](#)).

#### **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; and
- 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 income 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.

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### Note 3.2: Other economic flows included in net result

	Consolidated 2023 \$000s	Consolidated 2022 \$000s
<b>Net gain/(loss) on non-financial assets</b>		
Amortisation of non-produced intangible asset	(2,053)	(2,053)
Net gain/(loss) on disposal of property plant and equipment	(73)	(232)
<b>Total net gain/(loss) on non-financial assets</b>	<b>(2,126)</b>	<b>(2,285)</b>
<b>Net gain/(loss) on financial instruments at fair value</b>		
Allowance for impairment losses of contractual receivables	(1,020)	(409)
Net gain/(loss) on disposal of financial instruments	1,804	200
Net gain/(loss) arising from revaluation of financial assets at fair value through profit or loss	4,219	(7,682)
Other gains/(losses) from other economic flows	385	-
<b>Total net gain/(loss) on financial instruments at fair value</b>	<b>5,388</b>	<b>(7,891)</b>
<b>Other gains/(losses) from other economic flows</b>		
Net gain/(loss) arising from revaluation of long service liability	(7,913)	6,309
<b>Total other gains/(losses) from other economic flows</b>	<b>(7,913)</b>	<b>6,309</b>
<b>Total gains/(losses) from other economic flows</b>	<b>(4,651)</b>	<b>(3,867)</b>

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

#### Net gain/ (loss) on financial instruments 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; and
- disposals of financial assets and derecognition of financial liabilities.

#### 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.

#### 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](#)).

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### Note 3.3: Employee benefits in the balance sheet

	Consolidated 2023 \$000s	Consolidated 2022 \$000s
<b>Current</b>		
<b>Employee Benefits<sup>i</sup></b>		
Accrued days off		
Unconditional and expected to be settled within 12 months <sup>ii</sup>	2,400	1,667
Annual leave entitlements		
Unconditional and expected to be settled within 12 months <sup>ii</sup>	34,129	31,577
Unconditional and expected to be settled after 12 months <sup>iii</sup>	5,343	5,109
Long service leave		
Unconditional and expected to be settled within 12 months <sup>ii</sup>	5,640	5,224
Unconditional and expected to be settled after 12 months <sup>iii</sup>	58,403	55,652
<b>Total</b>	<b>105,915</b>	<b>99,229</b>
<b>Provisions related to employee benefit on-costs</b>		
Unconditional and expected to be settled within 12 months <sup>ii</sup>	4,283	4,027
Unconditional and expected to be settled after 12 months <sup>iii</sup>	7,811	7,674
<b>Total</b>	<b>12,094</b>	<b>11,701</b>
<b>Total current provisions</b>	<b>118,009</b>	<b>110,930</b>
<b>Non-current provisions</b>		
Conditional long service leave <sup>iii</sup>	16,291	5,645
Provisions related to employee benefit on-costs <sup>iii</sup>	2,023	725
<b>Total non-current provisions</b>	<b>18,314</b>	<b>6,370</b>
<b>Total provisions</b>	<b>136,323</b>	<b>117,300</b>

i Employee benefits consist of amounts for accrued days off, annual leave and long service leave accrued by employees, not including on-costs.

ii The amounts disclosed are nominal amounts.

iii The amounts disclosed are discounted to present values.

#### Note 3.3.1: Employee benefits and related on-costs

	Consolidated 2023 \$000s	Consolidated 2022 \$000s
<b>Current employee benefits and related on-costs</b>		
Unconditional long service leave entitlements	71,888	68,593
Annual leave entitlements	43,721	40,670
Accrued days off	2,400	1,667
<b>Total current employee benefits and related on-costs</b>	<b>118,009</b>	<b>110,930</b>
<b>Non-current employee benefits and related on-costs</b>		
Conditional long service leave entitlements	18,314	6,370
<b>Total non-current employee benefits and related on-costs</b>	<b>18,314</b>	<b>6,370</b>
<b>Total employee benefits and related on-costs</b>	<b>136,323</b>	<b>117,300</b>

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### Note 3.3.2: Movement in on-costs provision

	Consolidated 2023 \$000s	Consolidated 2022 \$000s
<b>Balance at the start of the year</b>	12,427	10,855
Additional provision recognised	22,468	17,868
Unwinding of discount and effect of changes in the discount rate	(1,729)	(1,553)
Reduction due to transfer out	(19,049)	(14,743)
<b>Balance at the end of the year</b>	<b>14,117</b>	<b>12,427</b>

### How we recognise employee benefits

#### Employee Benefit Recognition

Employee benefits are accrued for 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.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the Statement of Comprehensive Income as it is taken.

#### 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 and 7 years prorated for staff on the Nurses and Midwives Enterprise Agreement and Health and Allied Services Manager and Admin Agreement.

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.

#### Provision for 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.

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### Note 3.4: Superannuation

	Paid Contributions for the Year		Contributions Outstanding at Year End	
	Consolidated 2023 \$000s	Consolidated 2022 \$000s	Consolidated 2023 \$000s	Consolidated 2022 \$000s
<b>Defined benefit plans<sup>i</sup></b>				
Aware Superannuation Fund	100	117	-	4
UniSuper Fund	399	482	-	4
<b>Defined contribution plans</b>				
Aware Superannuation Fund	16,434	12,893	532	478
HESTA Superannuation Fund	9,045	8,242	892	873
UniSuper Fund	3,866	2,724	-	117
Other	6,794	5,256	-	102
<b>Total</b>	<b>36,638</b>	<b>29,714</b>	<b>1,424</b>	<b>1,578</b>

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

#### 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

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

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

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### Note 3.5: Income tax (benefit)/expense

As a public hospital, Peter Mac is not liable for income tax however one of Peter Mac's controlled entities is a taxable entity (Cell Therapies Pty Ltd).

	Consolidated 2023 \$000s	Consolidated 2022 \$000s
<b>The components of income tax (benefit)/expense comprises:</b>		
Current tax	(68)	5,609
Deferred tax	(268)	-
<b>Income tax (benefit) / expense</b>	<b>(336)</b>	<b>5,609</b>
<b>The prima facie tax on profit/(loss) before income tax is reconciled to the Income tax expense/(benefit) as follows:</b>		
Prima facie tax payable/(benefit) on profit/(loss) before income tax @ 30% (2022: 30%)	(336)	5,590
Add: tax effect on non-allowable items	4	5
Deferred tax assets previously not recognised	(4)	14
<b>Income tax (benefit) / expense</b>	<b>(336)</b>	<b>5,609</b>
<b>Franking credits available</b>		
The balance of the franking account at year end available for subsequent years	658	658
The applicable weighted average effective tax rates are as follows:	30%	30%

#### 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.

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### 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:

4.1	Investments and other financial assets	<a href="#">page 96</a>
4.2	Property, plant and equipment	<a href="#">page 97</a>
4.2.1	Property, plant and equipment - Gross carrying amount and accumulated depreciation	<a href="#">page 97</a>
4.2.2	Property, plant and equipment - Reconciliations of the carrying amounts of each class of asset	<a href="#">page 98</a>
4.3	Right-of-use assets	<a href="#">page 100</a>
4.4	Property, plant and equipment revaluation surplus	<a href="#">page 102</a>
4.5	Intangible assets	<a href="#">page 103</a>
4.5.1	Intangible assets - Gross carrying amount and accumulated amortisation	<a href="#">page 103</a>
4.5.2	Intangible assets - Reconciliation of the carrying amount by class of asset	<a href="#">page 103</a>
4.6	Depreciation and amortisation	<a href="#">page 105</a>
4.7	Inventories	<a href="#">page 106</a>
4.8	Impairment of assets	<a href="#">page 107</a>

#### 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 pandemic.

#### 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 2023

### Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
<b>Measuring fair value of property, plant and equipment</b>	<p>Peter Mac obtains independent valuations for its non-current assets at least once every five years. If an independent valuation has not been undertaken at balance date, the health service estimates possible changes in fair value since the date of the last independent valuation with reference to Valuer-General of Victoria indices.</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>
<b>Estimating useful life of property, plant and equipment</b>	<p>Peter Mac assigns an estimated useful life to each item of property, plant and equipment. This is used to calculate depreciation of the asset. The health service reviews the useful life and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.</p>
<b>Estimating useful life of right-of-use assets</b>	<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>
<b>Estimating the useful life of intangible assets</b>	<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>
<b>Identifying indicators of impairment</b>	<p>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.</p> <p>Peter Mac considers a range of information when performing its assessment, including considering:</p> <ul style="list-style-type: none"> <li>• If an asset's value has declined more than expected based on normal use</li> <li>• If a significant change in technological, market, economic or legal environment which adversely impacts the way the health service uses an asset</li> <li>• If an asset is obsolete or damaged</li> <li>• 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</li> <li>• If the performance of the asset is or will be worse than initially expected.</li> </ul> <p>Where an impairment trigger exists, Peter Mac applies significant judgement and estimate to determine the recoverable amount of the asset.</p>

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### Note 4.1: Investments and other financial assets

	Consolidated 2023 \$000s	Consolidated 2022 \$000s
<b>Current</b>		
<b>Financial assets at fair value through net result</b>		
Equities and managed investment funds		
Cash investments	2,881	8,496
Managed investment schemes	74,686	65,714
<b>Total current</b>	<b>77,567</b>	<b>74,210</b>
<b>Total</b>	<b>77,567</b>	<b>74,210</b>
<b>Represented by:</b>		
Foundation investments	77,567	74,210
<b>Total</b>	<b>77,567</b>	<b>74,210</b>

#### *How we recognise investments and other financial assets*

##### Investment Recognition

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

Peter Mac manages its investments and other financial assets in accordance with an investment policy approved by the Board.

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

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

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. Term deposits with original maturity dates of three to twelve months are classified as current, whilst term deposits with original maturity dates in excess of 12 months are classified as non-current.

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

##### Derecognition of Financial Assets

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

- the rights to receive cash flows from the asset have expired; or
- 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.

Notes to and forming part of the financial statements  
for the financial year ended 30 June 2023

Note 4.2: Property, plant and equipment

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

	Consolidated 2023 \$000s	Consolidated 2022 \$000s
Land at fair value	153,800	153,800
<b>Total land at fair value</b>	<b>153,800</b>	<b>153,800</b>
Buildings at fair value	45,975	47,299
Less accumulated depreciation	(168)	(5,196)
<b>Total buildings</b>	<b>45,807</b>	<b>42,103</b>
Plant and equipment at fair value	19,849	15,400
Less accumulated depreciation	(5,055)	(3,260)
<b>Total plant and equipment</b>	<b>14,794</b>	<b>12,140</b>
Motor vehicles at fair value	19	19
Less accumulated depreciation	(19)	(19)
<b>Total motor vehicles</b>	<b>-</b>	<b>-</b>
Medical equipment at fair value	152,897	132,780
Less accumulated depreciation	(99,945)	(78,572)
<b>Total medical equipment</b>	<b>52,952</b>	<b>54,208</b>
Computers and communications at fair value	33,889	32,505
Less accumulated depreciation	(32,085)	(30,788)
<b>Total computers and communications</b>	<b>1,804</b>	<b>1,717</b>
Cultural assets at fair value	4,008	3,898
<b>Total cultural assets</b>	<b>4,008</b>	<b>3,898</b>
<b>Other assets under construction at cost</b>	<b>65,060</b>	<b>33,809</b>
<b>Total property, plant and equipment</b>	<b>338,225</b>	<b>301,675</b>

Notes to and forming part of the financial statements  
for the financial year ended 30 June 2023

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

Consolidated	Note	Land \$000s	Buildings \$000s	Plant and equipment \$000s	Motor vehicles \$000s	Medical equipment \$000s	Computers and communications \$000s	Cultural assets \$000s	Assets under construction \$000s	Total \$000s
<b>Balance as at 1 July 2021</b>		<b>153,800</b>	<b>43,576</b>	<b>9,125</b>	-	<b>56,397</b>	<b>1,558</b>	<b>2,538</b>	<b>11,363</b>	<b>278,357</b>
Additions		-	-	-	-	-	50	105	36,979	37,134
Disposals		-	-	-	-	(232)	-	-	-	(232)
Net transfer between classes		-	277	4,388	-	8,558	1,275	-	(14,498)	-
Net transfer to intangible assets		-	-	-	-	-	-	-	(35)	(35)
Revaluation increment recognised in reserve		-	-	-	-	-	-	1,255	-	1,255
Depreciation	<b>4.6</b>	-	(1,750)	(1,373)	-	(10,515)	(1,166)	-	-	(14,804)
<b>Balance as at 30 June 2022</b>		<b>153,800</b>	<b>42,103</b>	<b>12,140</b>	-	<b>54,208</b>	<b>1,717</b>	<b>3,898</b>	<b>33,809</b>	<b>301,675</b>
Additions		-	-	101	-	70	66	110	46,092	46,439
Disposals		-	-	-	-	(66)	(8)	-	-	(74)
Net transfer between classes		-	-	4,317	-	9,474	1,167	-	(14,958)	-
Net transfer to intangible assets		-	-	-	-	-	-	-	117	117
Revaluation increment/ (decrements) recognised in reserve		-	5,462	-	-	-	-	-	-	5,462
Depreciation	<b>4.6</b>	-	(1,758)	(1,764)	-	(10,734)	(1,138)	-	-	(15,394)
<b>Balance as at 30 June 2023</b>		<b>153,800</b>	<b>45,807</b>	<b>14,794</b>	-	<b>52,952</b>	<b>1,804</b>	<b>4,008</b>	<b>65,060</b>	<b>338,225</b>

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### *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 in [Note 7.4](#).

#### **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 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) 103 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 2023 indicated an overall:

- decrease in fair value of land of 5.53% (\$8.5M)
- increase in fair value of buildings of 12.84% (\$5.5M).
- increase in fair value of right-of-use (PPP) leased buildings of 12.84% (\$135.8M). Refer to [Note 4.3.2](#).

As the cumulative movement was less than 10% for land since the last revaluation a managerial revaluation, adjustment was not required as at 30 June 2023. A managerial revaluation was taken up for buildings, as at 30 June 2023, as the cumulative movement was greater than 10%.

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

The cultural assets revaluation took place on 30 June 2022 by Philippa Kelly who is a Commonwealth Government approved valuer for Cultural Gifts Program. The valuation methodology was based on prices paid for comparable works of art sold on the secondary market, including sales at art auction, and both primary and secondary market gallery sales. The valuation also considered the quality, appeal and date of the work plus the market profile and cultural significance of the artist.

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.

### Note 4.3: Right-of-use assets

#### Note 4.3.1: Gross carrying amount and accumulated depreciation

	Consolidated 2023 \$000s	Consolidated 2022 \$000s
Right-of-use buildings at fair value	11,486	10,225
Less accumulated depreciation	(3,076)	(2,079)
<b>Total right-of-use buildings at fair value</b>	<b>8,410</b>	<b>8,146</b>
Right-of-use plant, equipment, furniture and fittings and vehicles	8,969	8,969
Less accumulated depreciation	(6,794)	(4,879)
<b>Total right-of-use Plant, equipment, furniture and fittings and vehicles</b>	<b>2,175</b>	<b>4,090</b>
Right-of-use PPP - leased buildings at fair value	1,217,880	1,238,762
Less accumulated depreciation	(3,713)	(119,931)
<b>Total right-of-use PPP - Leased buildings at fair value</b>	<b>1,214,167</b>	<b>1,118,831</b>
<b>Leased furniture &amp; fittings</b>		
Right-of-use PPP - furniture and fittings at fair value	13,490	13,490
Less accumulated depreciation	(3,185)	(2,735)
<b>Total right-of-use PPP - furniture and fittings at fair value</b>	<b>10,305</b>	<b>10,755</b>
<b>Total right-of-use PPP assets</b>	<b>1,224,472</b>	<b>1,129,586</b>
<b>Total right-of-use assets</b>	<b>1,235,057</b>	<b>1,141,822</b>

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### Note 4.3.2: Right-of-use assets - Reconciliations of the carrying amounts of each class of asset

Consolidated	Note	Right-of-use- Buildings \$000s	Right-of-use- Plant, equipment, F&F and vehicles \$000s	Right-of-use- (PPP) leased buildings \$000s	Right-of-use- (PPP) leased equipment \$000s	Total \$000s
<b>Balance as at 1 July 2021</b>		<b>8,515</b>	<b>3,598</b>	<b>1,158,835</b>	<b>11,205</b>	<b>1,182,153</b>
Additions		551	2,195	-	-	2,746
Depreciation	<b>4.6</b>	(920)	(1,703)	(40,004)	(450)	(43,077)
<b>Balance as at 30 June 2022</b>		<b>8,146</b>	<b>4,090</b>	<b>1,118,831</b>	<b>10,755</b>	<b>1,141,822</b>
Additions		1,262	-	-	-	1,262
Revaluation increment/ (decrements) recognised in reserve		-	-	135,765	-	135,765
Depreciation	<b>4.6</b>	(998)	(1,915)	(40,429)	(450)	(43,792)
<b>Balance as at 30 June 2023</b>		<b>8,410</b>	<b>2,175</b>	<b>1,214,167</b>	<b>10,305</b>	<b>1,235,057</b>

#### Right-of-use assets carried at valuation

The Valuer-General Victoria undertook to re-value all of Peter Mac's right-of-use assets to determine their fair value. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation was 30 June 2019. A managerial revaluation was taken up for 30 June 2023 resulting in an increase in the leased building value of \$135.8M.

#### 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

#### 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](#).

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.

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

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 assets 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 fair value, with the exception of right-of-use assets arising from leases with significantly below-market terms and conditions, which 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).

Further information regarding fair value measurement is disclosed in [Note 7.4](#).

### Note 4.4: Property, plant and equipment revaluation surplus

	Consolidated 2023 \$000s	Consolidated 2022 \$000s
<b>Property, plant and equipment revaluation surplus</b>		
Balance at the beginning of the reporting period	171,527	170,272
- Buildings	5,462	-
- Right-of-use PPP leased building	135,766	-
- Revaluation increment - cultural assets	-	1,255
<b>Balance at the end of the reporting period *</b>	<b>312,755</b>	<b>171,527</b>
<b>* Represented by:</b>		
- Land	115,985	115,985
- Buildings	5,462	-
- Right-of-use leased building	190,053	54,287
- Cultural Assets	1,255	1,255
	<b>312,755</b>	<b>171,527</b>

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### Note 4.5: Intangible assets

#### Note 4.5.1: Intangible assets - Gross carrying amount and accumulated amortisation

	Consolidated 2023 \$000s	Consolidated 2022 \$000s
<b>Intangible Produced Assets - Software</b>	33,766	32,757
Less Accumulated Amortisation	(14,214)	(10,573)
	<b>19,552</b>	<b>22,184</b>
<b>Intangible Non-Produced Assets - Revenue Rights</b>		
Car Park	41,060	41,060
Less Accumulated Amortisation	(14,371)	(12,318)
	<b>26,689</b>	<b>28,742</b>
Goodwill on consolidation	1,656	1,656
Intangible work in progress	-	117
<b>Total intangible assets</b>	<b>47,897</b>	<b>52,699</b>

The revenue rights represent the right of the health service to receive future payments for car parking fees generated by the car park. The value of the physical, tangible car park is included in the right-of-use PPP - Leased buildings at fair value (Note 4.3).

#### Note 4.5.2: 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
<b>Balance as at 1 July 2021</b>	<b>30,115</b>	<b>30,795</b>	<b>1,656</b>	-	<b>62,566</b>
Change in accounting policy	(4,221)				(4,221)
<b>Restated balance at 1 July 2021</b>	<b>25,894</b>	<b>30,795</b>	<b>1,656</b>	-	<b>58,345</b>
Additions	-	-	-	117	117
Disposals	-	-	-	-	-
Net transfer to property, plant and equipment	35	-	-	-	35
Amortisation of non-produced intangible asset (refer to Note 3.2)	-	(2,053)	-	-	(2,053)
Amortisation of produced intangible asset (refer Note 4.6)	(3,745)	-	-	-	(3,745)
<b>Balance as at 30 June 2022</b>	<b>22,184</b>	<b>28,742</b>	<b>1,656</b>	<b>117</b>	<b>52,699</b>
Additions	1,010	-	-	-	1,010
Net transfer to property, plant and equipment	-	-	-	(117)	(117)
Amortisation of non-produced intangible asset (refer to Note 3.2)	-	(2,053)	-	-	(2,053)
Amortisation of produced intangible asset (refer Note 4.6)	(3,642)	-	-	-	(3,642)
<b>Balance as at 30 June 2023</b>	<b>19,552</b>	<b>26,689</b>	<b>1,656</b>	-	<b>47,897</b>

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### **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.

#### **Subsequent measurement**

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

### **Change in accounting policy**

#### **Software as a Service (SaaS)**

Pursuant to the International Financial Reporting Standards Interpretation Committee (IFRIC) publication on its final decision for Software as a Service (SaaS) arrangements, Intangible Assets have been reassessed. Previously SaaS implementation configuration and customisation costs were recognised as intangible assets. Peter Mac conducted an assessment of material intangible assets against the criteria of the IFRIC decision and concluded that some intangible assets should be expensed on the basis that there is no asset independent of the Software service from the external parties.

In accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* this change has been applied retrospectively.

The impact of this change was immaterial. The net decrease in the carrying value of Intangible assets for 30 June 2022 was \$6.0M which reduced equity and increased expenses in the prior year.

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### Note 4.6: Depreciation and amortisation

	Consolidated 2023 \$000s	Consolidated 2022 \$000s
<b>Depreciation</b>		
Buildings	1,758	1,750
Plant and equipment	1,764	1,373
Medical equipment	10,734	10,515
Computers and communications	1,138	1,166
<b>Total depreciation- property, plant and equipment</b>	<b>15,394</b>	<b>14,804</b>
<b>Right-of-use assets</b>		
Right-of-use buildings	998	920
Right-of-use leased assets	1,915	1,703
Right-of-use PPP assets		
- Right-of-use buildings	40,429	40,004
- Right-of-use PPP plant and equipment	450	450
<b>Total depreciation- right-of-use assets</b>	<b>43,792</b>	<b>43,077</b>
<b>Total depreciation</b>	<b>59,186</b>	<b>57,881</b>
<b>Amortisation</b>		
Intangible assets	3,642	3,745
<b>Total amortisation</b>	<b>3,642</b>	<b>3,745</b>
<b>Total depreciation and amortisation</b>	<b>62,828</b>	<b>61,626</b>

#### 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.

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

	2023	2022
<b>Buildings</b>		
- Structure, shell building fabric	Up to 60 years	Up to 60 years
- Site engineering service	Up to 40 years	Up to 40 years
<b>Central Plant</b>		
- Fit out	Up to 25 years	Up to 25 years
- Trunk reticulated building system	Up to 30 years	Up to 30 years
<b>Other site improvements</b>	Up to 25 years	Up to 25 years
<b>Plant and equipment</b>	Up to 10 years	Up to 10 years
<b>Medical equipment</b>	Up to 10 years	Up to 10 years
<b>Computers and communications</b>	Up to 3 years	Up to 3 years
<b>Motor vehicles</b>	Up to 3 years	Up to 3 years
<b>Intangible assets - Software</b>	Up to 10 years	Up to 10 years
<b>Intangible assets - Car park revenue rights</b>	20 years	20 years
<b>Buildings PPP</b>	30 years	30 years
<b>Furniture and fittings PPP</b>	Up to 30 years	Up to 30 years

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

### Note 4.7: Inventories

	Consolidated 2023 \$000s	Consolidated 2022 \$000s
Medical and surgical consumables at cost	64	171
Pharmacy supplies at cost	4,106	4,180
Pathology supplies at cost	1,874	827
<b>Total inventories</b>	<b>6,044</b>	<b>5,178</b>

#### *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 2023

### Note 4.8: Impairment of assets

#### *How we recognise impairment*

At the end of each reporting period, Peter Mac reviews the carrying amount of its tangible and intangible assets that have a finite useful life, to determine whether there is any indication that an asset may be impaired.

The assessment will include consideration of external sources of information and internal sources of information.

External sources of information include but are not limited to observable indications that an asset's value has declined during the period by significantly more than would be expected as a result of the passage of time or normal use. Internal sources of information include but are not limited to evidence of obsolescence or physical damage of an asset and significant changes with an adverse effect on Peter Mac which changes the way in which an asset is used or expected to be used.

If such an indication exists, an impairment test is carried out. Assets with indefinite useful lives (and assets not yet available for use) are tested annually for impairment, in addition to where there is an indication that the asset may be impaired.

When performing an impairment test, Peter Mac compares the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in net result, unless the asset is carried at a revalued amount.

Where an impairment loss on a revalued asset is identified, this is recognised against the asset revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the cumulative balance recorded in the asset revaluation surplus for that class of asset.

Where it is not possible to estimate the recoverable amount of an individual asset, Peter Mac estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Peter Mac did not record any impairment losses for the year ended 30 June 2023.

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### Note 5: Other assets and liabilities

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

#### Structure:

<b>5.1</b>	<b>Receivables</b>	<a href="#">page 109</a>
<b>5.1.1</b>	<b>Movement in allowance for impairment losses of contractual receivables</b>	<a href="#">page 109</a>
<b>5.2</b>	<b>Payables</b>	<a href="#">page 111</a>
<b>5.2.1</b>	<b>Deferred capital grant income</b>	<a href="#">page 112</a>
<b>5.3</b>	<b>Contract liabilities</b>	<a href="#">page 112</a>
<b>5.4</b>	<b>Other liabilities</b>	<a href="#">page 113</a>
<b>5.5</b>	<b>Deferred tax assets</b>	<a href="#">page 115</a>

#### Telling the COVID-19 story

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

#### Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
<b>Estimating the provision for expected credit losses</b>	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.
<b>Measuring deferred capital grant income</b>	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.  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.
<b>Measuring contract liabilities</b>	Peter Mac applies significant judgement to measure its progress towards satisfying a performance obligation as detailed in <a href="#">Note 2</a> . 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.

Notes to and forming part of the financial statements  
for the financial year ended 30 June 2023

**Note 5.1: Receivables**

	<b>Consolidated 2023 \$000s</b>	<b>Consolidated 2022 \$000s</b>
<b>Current</b>		
<b>Contractual</b>		
Inter hospital debtors	403	166
Trade debtors	23,561	41,397
Patient fees	1,696	1,490
Provision for impairment	(2,068)	(1,515)
Accrued revenue	12,453	20,725
Amounts receivable from governments and agencies	56	31
<b>Total contractual receivables</b>	<b>36,101</b>	<b>62,294</b>
<b>Statutory</b>		
Gst receivable	1,406	-
<b>Total current receivables</b>	<b>37,507</b>	<b>62,294</b>
<b>Contractual</b>		
Long service leave - Department of Health	35,637	30,878
<b>Total non-current receivables</b>	<b>35,637</b>	<b>30,878</b>
<b>Total receivables</b>	<b>73,144</b>	<b>93,172</b>
<b>Financial assets classified as receivables and contract assets (Note 7.1.1)</b>		
Total receivables	73,144	93,172
Provision for impairment	2,068	1,515
GST receivable	(1,406)	-
<b>Total financial assets</b>	<b>73,806</b>	<b>94,687</b>

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

	<b>Consolidated 2023 \$000s</b>	<b>Consolidated 2022 \$000s</b>
Balance at the beginning of the year	1,515	1,356
Increase in allowance recognised in net result	553	159
<b>Balance at the end of the year</b>	<b>2,068</b>	<b>1,515</b>

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### **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 cost'. 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.

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### Note 5.2: Payables

	Note	Consolidated 2023 \$000s	Consolidated 2022 \$000s
<b>Current</b>			
<b>Contractual</b>			
Trade creditors		7,212	1,062
Accrued salaries and wages		12,633	12,388
Accrued expenses		34,516	27,124
Deferred capital grant income	5.2.1	36,670	1,753
Inter- hospital creditors		375	2
Amounts payable to governments and agencies		13,686	10,071
Department of Health		14,823	13,442
<b>Sub-Total</b>		<b>119,915</b>	<b>65,842</b>
<b>Statutory</b>			
GST payable		-	730
<b>Sub-total</b>		<b>-</b>	<b>730</b>
<b>Total current</b>		<b>119,915</b>	<b>66,572</b>
<b>Non-current</b>			
<b>Contractual</b>			
Department of Health		-	298
<b>Sub-Total</b>		<b>-</b>	<b>298</b>
<b>Total non-current</b>		<b>-</b>	<b>298</b>
<b>Total payables</b>		<b>119,915</b>	<b>66,870</b>
Financial liabilities classified as payables (Note 7.1.1)			
Total payables		119,915	66,870
Deferred capital grant revenue		(36,670)	(1,753)
GST payable		-	(730)
<b>Total financial liabilities</b>	<b>7.1.1</b>	<b>83,245</b>	<b>64,387</b>

#### How we recognise payables

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 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.

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### Note 5.2.1: Deferred capital grant income

	Consolidated 2023 \$000s	Consolidated 2022 \$000s
<b>Opening balance of deferred grant income</b>	<b>1,753</b>	<b>22,537</b>
Grant consideration for capital works received during the year	35,779	4,382
Grant income for capital works recognised consistent with the capital works undertaken during the year	(862)	(25,166)
<b>Closing balance of deferred grant consideration received for capital works</b>	<b>36,670</b>	<b>1,753</b>

#### How we recognise deferred capital grant income

Income from capital grants for the Commonwealth Centre of Excellence (CoE), Pathology Network West and the Radiation Oncology Health Program Funds 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 Centre of Excellence (CoE), Commonwealth funded Radiation Oncology Health Program and the Pathology Network West Project. Peter Mac expects to recognise all remaining deferred capital grant revenue by 30 June 2024.

### Note 5.3: Contract liabilities

	Consolidated 2023 \$000s	Consolidated 2022 \$000s
Opening balance of contract liabilities	30,818	12,076
Grant consideration for sufficiently specific performance obligations received during the year	81,425	68,274
Revenue recognised for the completion of a performance obligation	(82,680)	(49,532)
<b>Total contract liabilities</b>	<b>29,563</b>	<b>30,818</b>
<b>Represented by</b>		
Current contract liabilities	29,563	30,818
<b>Closing balance of contract liabilities</b>	<b>29,563</b>	<b>30,818</b>

#### 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 higher than the previous reporting period due to additional DH funding for public patients through the CoE program and recognition of additional AASB 15 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.

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### Note 5.4: Other liabilities

	Consolidated 2023 \$000s	Consolidated 2022 \$000s
<b>Current</b>		
Monies held in trust*: bonds held	75	108
<b>Total current</b>	<b>75</b>	<b>108</b>
<b>Non-current</b>		
Derivatives designated and effective as hedging instruments carried at fair value		
Interest rate swaps	41,315	72,376
<b>Total non-current</b>	<b>41,315</b>	<b>72,376</b>
<b>Total other liabilities</b>	<b>41,390</b>	<b>72,484</b>
<b>*Total monies held in trust represented in the following assets</b>		
Cash assets	75	108
<b>Total</b>	<b>75</b>	<b>108</b>

#### 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 (IRS) contract during the 2011-12 financial year under which it entered into an 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 receive 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 and matures on 03 April 2040. The additional IRS hedge matures on 03 July 2040 with an initial face value of \$26,522,115.

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.

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

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.

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### Note 5.5: Deferred tax assets

	Opening balance \$000s	(Credited)/ debited to Operating Statement \$000s	Charged directly to Equity \$000s	Changes in tax rate \$000s	Closing balance \$000s
<b>Movements</b>					
Employee entitlements	90	140	-	-	230
Accruals	134	(127)	-	-	7
Unutilised tax losses	979	(979)	-	-	-
Other	(128)	334	-	-	206
<b>Balance as at 30 June 2022</b>	<b>1,075</b>	<b>(632)</b>	<b>-</b>	<b>-</b>	<b>443</b>
Employee entitlements	230	5	-	-	235
Accruals	7	6	-	-	13
Unutilised tax losses	-	197	-	-	197
Other	206	60	-	-	266
<b>Balance as at 30 June 2023</b>	<b>443</b>	<b>268</b>	<b>-</b>	<b>-</b>	<b>711</b>

#### How we recognise deferred tax assets

The deferred tax assets are expected to be recovered in the foreseeable future. The taxable entity is Cell Therapies 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. 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; and
- 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.

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### 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.

#### *Telling the COVID-19 story*

Our finance and borrowing arrangements were not materially impacted by the COVID-19 pandemic and scaling down of the COVID-19 public health response during the year ended 30 June 2023.

#### Structure:

<b>6.1</b>	<b>Borrowings</b>	<a href="#">page 117</a>
<b>6.1.1</b>	<b>Lease liabilities</b>	<a href="#">page 118</a>
<b>6.1.2</b>	<b>PPP lease liabilities</b>	<a href="#">page 120</a>
<b>6.2</b>	<b>Cash and cash equivalents</b>	<a href="#">page 121</a>
<b>6.3</b>	<b>Commitments for expenditure</b>	<a href="#">page 122</a>
<b>6.4</b>	<b>Commitments for income</b>	<a href="#">page 123</a>

#### *Key judgements and estimates*

This section contains the following key judgements and estimates:

<b>Key judgements and estimates</b>	<b>Description</b>
<b>Determining if a contract is or contains a lease</b>	<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"> <li>• has the right-to-use an identified asset</li> <li>• has the right to obtain substantially all economic benefits from the use of the leased asset and</li> <li>• can decide how and for what purpose the asset is used throughout the lease.</li> </ul>
<b>Determining if a lease meets the short-term or low value asset lease exemption</b>	<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>

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

Key judgements and estimates	Description
<b>Discount rate applied to future lease payments</b>	<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, which is the amount the health service would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.</p> <p>For leased land and buildings, Peter Mac estimates the incremental borrowing rate to be between 8.33% and 9.90%.</p> <p>For leased plant, equipment, furniture, fittings and vehicles, the implicit interest rate is between 2.22% and 4.40%.</p>
<b>Assessing the lease term</b>	<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"> <li>• If there are significant penalties to terminate (or not extend), the health service is reasonably certain to extend (or not terminate) the lease.</li> <li>• 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.</li> <li>• The health service considers historical lease durations and the costs and business disruption to replace such leased assets.</li> </ul>

### Note 6.1: Borrowings

	Note	Consolidated 2023 \$000s	Consolidated 2022 \$000s
<b>Current</b>			
TCV loan <sup>i</sup>		1,267	1,222
Lease liability <sup>ii</sup>	<b>6.1.1</b>	1,515	3,006
PPP lease liability <sup>i</sup>	<b>6.1.2</b>	73,164	67,758
<b>Total current</b>		<b>75,946</b>	<b>71,986</b>
<b>Non-current</b>			
TCV loan <sup>i</sup>		30,818	32,085
Lease liability <sup>ii</sup>	<b>6.1.1</b>	9,320	9,598
PPP lease liability <sup>i</sup>	<b>6.1.2</b>	623,379	696,544
<b>Total non-current</b>		<b>663,517</b>	<b>738,227</b>
<b>Total borrowings</b>		<b>739,463</b>	<b>810,213</b>

i These are unsecured loans with a weighted average interest rate of 8.13% (8.13% 2022).

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. These are unsecured loans which bear no interest.

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### 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 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 7.2.2](#) 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.

### Note 6.1.1: Lease liabilities

Peter Mac's lease liabilities are summarised below:

	Consolidated 2023 \$000s	Consolidated 2022 \$000s
Total undiscounted lease liabilities	12,601	14,619
Less unexpired finance expenses	(1,766)	(2,015)
<b>Net lease liabilities</b>	<b>10,835</b>	<b>12,604</b>

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

	Consolidated 2023 \$000s	Consolidated 2022 \$000s
Not later than one year	1,821	3,319
Later than 1 year and not later than 5 years	4,956	4,419
Later than 5 years	5,824	6,881
<b>Minimum lease payments</b>	<b>12,601</b>	<b>14,619</b>
Less unexpired finance expenses	(1,766)	(2,015)
<b>Present value of lease liability</b>	<b>10,835</b>	<b>12,604</b>

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### 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 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 low value lease payments are recognised in profit or loss and relate to 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 Mac's incremental borrowing rate. Our lease liability has been discounted by rates of between 1.26% 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; and
- 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.

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### 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 the 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.

### Note 6.1.2: PPP lease liabilities

Peter Mac's PPP lease liabilities are summarised below:

	<b>Consolidated 2023 \$000s</b>	<b>Consolidated 2022 \$000s</b>
Total undiscounted lease liabilities	1,194,166	1,327,538
Less unexpired finance expenses	(497,623)	(563,237)
<b>Net PPP lease liabilities</b>	<b>696,543</b>	<b>764,301</b>

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

	<b>Consolidated 2023 \$000s</b>	<b>Consolidated 2022 \$000s</b>
Not later than one year		
Later than 1 year and not later than 5 years	133,381	133,371
Later than 5 years	467,842	533,552
	592,943	660,615
<b>Minimum lease payments</b>	<b>1,194,166</b>	<b>1,327,538</b>
Less unexpired finance expenses	(497,623)	(563,237)
<b>Present value of PPP lease liability</b>	<b>696,543</b>	<b>764,301</b>

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### 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 required criteria are not satisfied. The private operation is not providing a public service using these assets.

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 6.3](#) for information regarding our commitments.

### Note 6.2: Cash and cash equivalents

	Consolidated 2023 \$000s	Consolidated 2022 \$000s
Cash on Hand (excluding monies held in trust)	4	4
Cash at Bank (excluding monies held in trust)	-	6,325
Cash at Bank (monies held in trust)	75	108
Cash at Bank - CBS (excluding monies held in trust)	174,942	86,917
<b>Total cash and cash equivalents</b>	<b>175,021</b>	<b>93,354</b>

### 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.

### Initial measurement

PPP leases are recognised as right-of-use 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 non-financial physical assets and are 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.

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 and cash equivalents includes Restricted and Committed Funds that can only be used for specific or capital purposes. The total restricted and committed funds have increased to \$137.7M (\$78.3M in 2022).

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### Note 6.3: Commitments for expenditure

	Consolidated 2023 \$000s	Consolidated 2022 \$000s
<b>Capital expenditure commitments</b>		
Not later than 1 year	7,201	5,987
Later than 1 year and not later than 5 years	217	433
Later than 5 years	-	-
<b>Total capital expenditure commitments</b>	<b>7,418</b>	<b>6,420</b>
<b>Operating expenditure commitments</b>		
Not later than 1 year	20,122	16,290
Later than 1 year and not later than 5 years	28,552	32,285
Later than 5 years	2,942	2,755
<b>Total operating expenditure commitments</b>	<b>51,616</b>	<b>51,330</b>
<b>Non-cancellable short term and low value lease commitments</b>		
Not later than 1 year	18	836
Later than 1 year and not later than 5 years	73	73
Later than 5 years	140	158
<b>Total non-cancellable lease commitments</b>	<b>231</b>	<b>1,067</b>
<b>Public private partnership commitments</b>		
Not later than 1 year	29,662	27,323
Later than 1 year and not later than 5 years	166,147	137,529
Later than 5 years	748,322	713,128
<b>Total public private partnership commitments (commissioned)</b>	<b>944,131</b>	<b>877,980</b>
<b>Total commitments for expenditure (inclusive of GST)</b>	<b>1,003,396</b>	<b>936,797</b>
GST recoverable from the Australian Tax Office	(91,217)	(85,163)
<b>Total commitments for expenditure (exclusive of GST)</b>	<b>912,179</b>	<b>851,634</b>

#### 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.

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### Note 6.4: Commitments for income

<b>Commitments Receivable</b>	<b>Consolidated 2023 \$000s</b>	<b>Consolidated 2022 \$000s</b>
<b>Commitments in relation to leases receivable are as follows:</b>		
Not later than one year	1,377	1,352
Later than 1 year and not later than 5 years	3,732	4,014
Later than 5 years	4,353	4,983
<b>Total commitments receivable (inclusive of GST)</b>	<b>9,462</b>	<b>10,349</b>
Less GST payable to the Australian Tax Office	(860)	(941)
<b>Total commitments receivable (exclusive of GST)</b>	<b>8,602</b>	<b>9,408</b>

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.

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### 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:

<b>7.1</b>	<b>Financial instruments</b>	<a href="#">page 125</a>
<b>7.1.1</b>	<b>Financial instruments: categorisation</b>	<a href="#">page 125</a>
<b>7.2</b>	<b>Financial risk management objectives and policies</b>	<a href="#">page 128</a>
<b>7.2.1</b>	<b>Credit risk</b>	<a href="#">page 128</a>
<b>7.2.2</b>	<b>Liquidity risk</b>	<a href="#">page 129</a>
<b>7.2.3</b>	<b>Market risk</b>	<a href="#">page 130</a>
<b>7.3</b>	<b>Contingent assets and contingent liabilities</b>	<a href="#">page 131</a>
<b>7.4</b>	<b>Fair value determination</b>	<a href="#">page 132</a>
<b>7.4.1</b>	<b>Fair value determination of investments and other financial</b>	<a href="#">page 133</a>
<b>7.4.2</b>	<b>Fair value determination of non-financial physical assets</b>	<a href="#">page 134</a>
<b>7.4.3</b>	<b>Reconciliation of Level 3 fair value measurement</b>	<a href="#">page 136</a>

#### Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
<b>Measuring fair value of non-financial assets</b>	<p>Fair value is measured with reference to highest and best use, that is, the use of the asset by a market participant that is physically possible, legally permissible, financially feasible, and which results in the highest value, or to sell it to another market participant that would use the same asset in its highest and best use.</p> <p>In determining the highest and best use, Peter Mac has assumed the current use is its highest and best use. Accordingly, characteristics of the health service's assets are considered, including condition, location and any restrictions on the use and disposal of such assets.</p> <p>Peter Mac uses a range of valuation techniques to estimate fair value, which include the following:</p> <ul style="list-style-type: none"> <li>• Market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The fair value of Peter Mac's specialised land, non-specialised land, non-specialised buildings, investment properties and cultural assets are measured using this approach.</li> <li>• Cost approach, which reflects the amount that would be required to replace the service capacity of the asset (referred to as current replacement cost). The fair value of Peter Mac's specialised buildings, furniture, fittings, plant, equipment and vehicles are measured using this approach.</li> </ul> <p>Peter Mac selects a valuation technique which is considered most appropriate, and for which there is sufficient data available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.</p>

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

Key judgements and estimates	Description
	<p>Subsequently, the health service applies significant judgement to categorise and disclose such assets within a fair value hierarchy, which includes:</p> <ul style="list-style-type: none"> <li>• Level 1, using quoted prices (unadjusted) in active markets for identical assets that the health service can access at measurement date. Peter Mac does not categorise any fair values within this level.</li> <li>• Level 2, inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. Peter Mac categorises non-specialised land and right-of-use concessionary land in this level.</li> <li>• Level 3, where inputs are unobservable. Peter Mac categorises specialised land, non-specialised buildings, specialised buildings, plant, equipment, furniture, fittings, vehicles, right-of-use buildings and right-of-use plant, equipment, furniture and fittings in this level.</li> </ul>

### 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 2023	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
<b>Contractual financial assets</b>						
Cash and cash equivalents	6.2	175,021	-	-	-	175,021
Receivables	5.1	25,660	-	-	-	25,660
Other receivables	5.1	48,146	-	-	-	48,146
Investments and Other Financial Assets -						
Investments and other financial assets - managed investment schemes	4.1	-	77,567	-	-	77,567
<b>Total financial assets<sup>i</sup></b>		<b>248,827</b>	<b>77,567</b>	<b>-</b>	<b>-</b>	<b>326,394</b>
<b>Payables and contract liabilities</b>						
Payables	5.2	-	-	-	83,245	83,245
Borrowings	6.1	-	-	-	739,463	739,463
Other financial liabilities	5.3	-	-	41,315	-	41,315
<b>Total payables and contract liabilities<sup>i</sup></b>		<b>-</b>	<b>-</b>	<b>41,315</b>	<b>822,708</b>	<b>864,023</b>

<sup>i</sup> 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 2023

Consolidated 2022	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
<b>Contractual financial assets</b>						
Cash and cash equivalents	6.2	93,354	-	-	-	93,354
Receivables	5.1	43,053	-	-	-	43,053
Other receivables	5.1	51,634	-	-	-	51,634
Investments and other financial assets - managed investment schemes	4.1	-	74,210	-	-	74,210
<b>Total financial assets<sup>i</sup></b>		<b>188,041</b>	<b>74,210</b>	<b>-</b>	<b>-</b>	<b>262,251</b>
<b>Payables and contract liabilities</b>						
Payables	5.2	-	-	-	64,387	64,387
Borrowings	6.1	-	-	-	810,213	810,213
Other financial liabilities	5.3	-	-	72,376	-	72,376
<b>Total payables and contract liabilities<sup>i</sup></b>		<b>-</b>	<b>-</b>	<b>72,376</b>	<b>874,600</b>	<b>946,976</b>

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).

### 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 cost if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by 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 interest.

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

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.

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### 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 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 2023 in relation to the interest rate swap.

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### 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, including 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 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 2021-22.

#### 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.

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

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

2023	Note	Maturity dates					Total
		Current	Less than 1 month	1– 3 months	3 months – 1 year	1–5 years	
<b>Expected loss rate</b>		<b>3%</b>	<b>5%</b>	<b>9%</b>	<b>22%</b>	<b>39%</b>	<b>8%</b>
Gross carrying amount of contractual receivables	<b>5.1</b>	17,451	1,962	1,434	3,050	1,763	25,660
<b>Loss allowance</b>		<b>(481)</b>	<b>(104)</b>	<b>(127)</b>	<b>(677)</b>	<b>(679)</b>	<b>(2,068)</b>

2022	Note	Maturity dates					Total
		Current	Less than 1 month	1– 3 months	3 months – 1 year	1–5 years	
<b>Expected loss rate</b>		<b>0%</b>	<b>5%</b>	<b>9%</b>	<b>15%</b>	<b>51%</b>	<b>4%</b>
Gross carrying amount of contractual receivables	<b>5.1</b>	35,315	1,764	2,121	2,413	1,440	43,053
<b>Loss allowance</b>		<b>(135)</b>	<b>(82)</b>	<b>(201)</b>	<b>(367)</b>	<b>(730)</b>	<b>(1,515)</b>

### 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. Refer to **Note 8.10** for Economic dependency.

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.

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

Consolidated	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
<b>2023</b>								
Payables	5.2	83,245	83,245	82,453	270	522	-	-
Borrowings	6.1	739,463	739,463	-	18,332	57,613	301,376	362,142
Other Financial Liabilities - Interest rate swaps	5.4	41,315	41,315	-	-	-	-	41,315
<b>Total financial liabilities<sup>i</sup></b>		<b>864,023</b>	<b>864,023</b>	<b>82,453</b>	<b>18,602</b>	<b>58,135</b>	<b>301,376</b>	<b>403,457</b>
<b>2022</b>								
Payables	5.2	64,387	64,387	63,878	68	143	298	-
Borrowings	6.1	810,213	810,213	-	17,357	54,629	339,153	399,074
Other Financial Liabilities - Interest rate swaps	5.4	72,376	72,376	-	-	-	-	72,376
<b>Total financial liabilities<sup>i</sup></b>		<b>946,976</b>	<b>946,976</b>	<b>63,878</b>	<b>17,425</b>	<b>54,772</b>	<b>339,451</b>	<b>471,450</b>

i Ageing analysis of financial liabilities excludes statutory financial liabilities.

### 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 2.75% 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 Peter Mac's investment objectives.

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

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
<b>2023</b>			
Contractual financial assets			
Investments and other contractual financial assets	4.1	77,567	(11,635)
<b>Total impact</b>		<b>77,567</b>	<b>(11,635)</b>
<b>2022</b>			
Contractual financial assets			
Investments and other contractual financial assets	4.1	74,210	(11,132)
<b>Total impact</b>		<b>74,210</b>	<b>(11,132)</b>

### 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 2023 (nil: 2021-22).

#### **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 2023 (nil: 2021-22).

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### Note 7.4: Fair value determination

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.

The following assets and liabilities are carried at fair value:

- Financial assets and liabilities at fair value through net result;
- Financial assets and liabilities at fair value through other comprehensive income;
- Property, plant and equipment; and
- Right-of-use assets.

In addition, the fair value of other assets and liabilities that are carried at amortised cost, also need to be determined for disclosure.

#### 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.

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.

Peter Mac monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required. The Valuer-General Victoria (VGV) is Peter Mac's independent valuation agency for property, plant and equipment.

#### 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.

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### Note 7.4.1: Fair value determination of investments and other financial assets

	Note	Consolidated 2023 \$000s	Fair value measurement at end of reporting period using:		
			Level 1 \$000s	Level 2 \$000s	Level 3 \$000s
Managed investment schemes	4.1	77,567	-	77,567	-
<b>Total financial assets held at fair value through net result</b>		<b>77,567</b>	-	<b>77,567</b>	-
<b>Total investments and other financial assets at fair value</b>		<b>77,567</b>	-	<b>77,567</b>	-

	Note	Consolidated 2022 \$000s	Fair value measurement at end of reporting period using:		
			Level 1 \$000s	Level 2 \$000s	Level 3 \$000s
Managed investment schemes	4.1	74,210	-	74,210	-
<b>Total financial assets held at fair value through net result</b>		<b>74,210</b>	-	<b>74,210</b>	-
<b>Total investments and other financial assets at fair value</b>		<b>74,210</b>	-	<b>74,210</b>	-

#### *How we measure fair value of investments and other financial assets*

##### Managed investment schemes

The investments of Peter Mac's consolidated entity the Peter MacCallum Cancer Foundation ("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 managed funds at Level 2.

Peter Mac's consolidated entity the Foundation invests in managed funds facilitated by Credit Suisse.

Peter Mac 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. The net asset value of these funds is used as an input into measuring their fair value, and is adjusted as necessary, to reflect restrictions and redemptions, future commitments and other specific factors of the fund.

Peter Mac classifies these funds as Level 2.

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### Note 7.4.2: Fair value determination of non-financial physical assets

	Note	Consolidated Carrying Amount	Fair value measurement at end of reporting period using:		
			Level 1 <sup>i</sup>	Level 2 <sup>i</sup>	Level 3 <sup>i</sup>
<b>Balance at 30 June 2023</b>					
Non-specialised land		86,650	-	86,650	
Specialised land		67,150	-	-	67,150
<b>Total land at fair value</b>	<b>4.2.1</b>	<b>153,800</b>	<b>-</b>	<b>86,650</b>	<b>67,150</b>
Non-specialised buildings		45,807	-	45,807	-
<b>Total buildings at fair value</b>	<b>4.2.1</b>	<b>45,807</b>	<b>-</b>	<b>45,807</b>	<b>-</b>
Plant and equipment at fair value	<b>4.2.1</b>	14,794	-	-	14,794
Medical equipment at fair value	<b>4.2.1</b>	52,952	-	-	52,952
Computers and communications equipment at fair value	<b>4.2.1</b>	1,804	-	-	1,804
Cultural assets at fair value	<b>4.2.1</b>	4,008	-	-	4,008
<b>Total plant and equipment at fair value</b>		<b>73,558</b>	<b>-</b>	<b>-</b>	<b>73,558</b>
Right-of-use buildings	<b>4.3.1</b>	8,410	-	-	8,410
Right of use PPE, furniture & fittings and vehicles	<b>4.3.1</b>	2,175	-	-	2,175
Right-of-use PPP leased buildings	<b>4.3.1</b>	1,214,167	-	-	1,214,167
Right-of-use PPP leased equipment	<b>4.3.1</b>	10,305	-	-	10,305
<b>Total right-of-use assets at fair value</b>		<b>1,235,057</b>	<b>-</b>	<b>-</b>	<b>1,235,057</b>
<b>Total non-financial physical assets at fair value</b>		<b>1,508,222</b>	<b>-</b>	<b>132,457</b>	<b>1,375,765</b>

	Note	Consolidated Carrying Amount	Fair value measurement at end of reporting period using:		
			Level 1 <sup>i</sup>	Level 2 <sup>i</sup>	Level 3 <sup>i</sup>
<b>Balance at 30 June 2022</b>					
Non-specialised land		86,650	-	86,650	
Specialised land		67,150	-	-	67,150
<b>Total land at fair value</b>	<b>4.2.1</b>	<b>153,800</b>	<b>-</b>	<b>86,650</b>	<b>67,150</b>
Non-specialised buildings		42,103	-	42,103	-
<b>Total buildings at fair value</b>	<b>4.2.1</b>	<b>42,103</b>	<b>-</b>	<b>42,103</b>	<b>-</b>
Plant and equipment at fair value	<b>4.2.1</b>	12,140	-	-	12,140
Medical equipment at fair value	<b>4.2.1</b>	54,208	-	-	54,208
Computers and communications equipment at fair value	<b>4.2.1</b>	1,717	-	-	1,717
Cultural assets at fair value	<b>4.2.1</b>	3,898	-	-	3,898
<b>Total plant and equipment at fair value</b>		<b>71,963</b>	<b>-</b>	<b>-</b>	<b>71,963</b>
Right-of-use buildings	<b>4.3.1</b>	8,146	-	-	8,146
Right of use PPE, furniture & fittings and vehicles	<b>4.3.1</b>	4,090	-	-	4,090
Right-of-use PPP leased buildings	<b>4.3.1</b>	1,118,831	-	-	1,118,831
Right-of-use PPP leased equipment	<b>4.3.1</b>	10,755	-	-	10,755
<b>Total right-of-use assets at fair value</b>		<b>1,141,822</b>	<b>-</b>	<b>-</b>	<b>1,141,822</b>
<b>Total non-financial physical assets at fair value</b>		<b>1,409,688</b>	<b>-</b>	<b>128,753</b>	<b>1,280,935</b>

<sup>i</sup> Classified in accordance with the fair value hierarchy.

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### **How we measure fair value of non-financial physical assets**

The fair value measurement of non-financial physical assets takes into account the market participant's ability to use the asset in its highest and best use, or to sell it to another market participant that would use the same asset in its highest and best use.

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 highest and best use 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 was 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 2022 by Philippa Kelly.

### **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.

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

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 was 30 June 2019.

A managerial revaluation of Peter Mac's specialised buildings was taken up 30 June 2023 resulting in an increase in building value.

### Plant and equipment

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.

### Note 7.4.3: Reconciliation of Level 3 fair value measurement

Consolidated	Land \$000s	Plant and equipment \$000s	Medical equipment \$000s	Computers and communications \$000s	Cultural assets \$000s	Total \$000s
<b>Balance as at 1 July 2021</b>	<b>67,150</b>	<b>9,125</b>	<b>56,397</b>	<b>1,558</b>	<b>2,538</b>	<b>136,768</b>
Additions/(disposals)	-	-	(232)	50	105	(77)
Transfer between classes	-	4,388	8,558	1,275	-	14,221
- Depreciation and amortisation	-	(1,373)	(10,515)	(1,166)	-	(13,054)
- Revaluation	-	-	-	-	1,255	1,255
<b>Balance as at 30 June 2022</b>	<b>67,150</b>	<b>12,140</b>	<b>54,208</b>	<b>1,717</b>	<b>3,898</b>	<b>139,113</b>
<b>Additions/(disposals)</b>	<b>-</b>	<b>101</b>	<b>4</b>	<b>58</b>	<b>110</b>	<b>273</b>
Transfer between classes	-	4,317	9,474	1,167	-	14,958
- Depreciation and amortisation	-	(1,764)	(10,734)	(1,138)	-	(13,636)
- Revaluation	-	-	-	-	-	-
<b>Balance as at 30 June 2023</b>	<b>67,150</b>	<b>14,794</b>	<b>52,952</b>	<b>1,804</b>	<b>4,008</b>	<b>140,708</b>

Classified in accordance with the fair value hierarchy. Refer [Note 7.4](#).

Notes to and forming part of the financial statements  
for the financial year ended 30 June 2023

**Fair value determination of Level 3 fair value measurement**

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

i A community Service Obligation (CSO) of 20% was applied to the health services specialised land.

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### Note 8: Other disclosures

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

#### Structure:

<b>8.1</b>	<b>Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities</b>	<a href="#">page 139</a>
<b>8.2</b>	<b>Responsible persons disclosures</b>	<a href="#">page 140</a>
<b>8.3</b>	<b>Remuneration of executives</b>	<a href="#">page 141</a>
<b>8.4</b>	<b>Related parties</b>	<a href="#">page 142</a>
<b>8.5</b>	<b>Remuneration of auditors</b>	<a href="#">page 145</a>
<b>8.6</b>	<b>Ex-gratia expenses</b>	<a href="#">page 145</a>
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## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### Note 8.1: Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities

	Note	Consolidated 2023 \$000s	Consolidated 2022 \$000s
<b>Net Result for the Year</b>	<b>05</b>	<b>56,813</b>	<b>46,676</b>
<b>Non-cash movements</b>			
Depreciation and amortisation	4.6	62,828	61,626
Amortisation of intangible non-produced assets	3.2	2,053	2,053
Allowance for impairment losses of contractual receivables	3.2	1,020	409
Income from managed funds reinvested		(2,143)	(1,642)
Management fees for managed investments		405	441
Assets received free of charge	2.2	(951)	(1,627)
Deferred tax benefits		(268)	669
Insurance -Indirect contributions by Department of Health		(681)	(736)
Government non-cash funding for hospital expansion		(68,352)	(60,988)
Revaluation of Long Service Leave	3.2	7,913	(6,309)
Construction in progress received from Department of Health		-	(224)
Other gains/(losses) from other economic flows	3.2	(385)	-
DH non-cash payments		(10,442)	-
Devaluation of Buildings		-	-
<b>Movements included in Investing and Financing Activities</b>			
Net (gain)/loss from disposal of non-financial physical assets	3.2	73	232
Net (gain)/loss from disposal of financial assets	3.2	(1,804)	(200)
Holding (gain)/loss on financial assets through profit & loss	3.2	(4,219)	7,682
Less cash inflow/outflow from investing and financing activities		(62,389)	(4,953)
<b>Movements in assets and liabilities</b>			
(Increase)/decrease in receivables	5.1	20,028	(22,625)
(Increase)/decrease in prepayments		(1,682)	3,636
(Increase)/decrease in inventories	4.7	(866)	3,652
Increase/(decrease) in payables	5.2	53,045	(1,218)
Increase/(decrease) in contract liabilities	5.3	(1,255)	-
Increase/(decrease) in current tax liabilities		(4,941)	4,941
Increase/(decrease) in provisions	3.3	19,023	(419)
Increase/(decrease) in other liabilities	5.4	(33)	-
<b>Net cash inflow from operating activities</b>		<b>62,790</b>	<b>31,076</b>

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### 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.

A caretaker period was enacted during the year ended 30 June 2023 which spanned the time the Legislative Assembly expired, until the Victorian election results were clear or a new government was commissioned. The caretaker period for the 2022 Victorian election commenced at 6pm on Tuesday the 1st of November and new ministers were sworn in on the 5th of December.

Title	Name	Period
<b>Minister for Health</b>	The Honourable Mary-Anne Thomas MP	27/06/2022 - 30/06/2023
<b>Minister for Health Infrastructure</b>	The Honourable Mary-Anne Thomas MP	05/12/2022 - 30/06/2023
<b>Minister for Medical Research</b>	The Honourable Mary-Anne Thomas MP	05/12/2022 - 30/06/2023
<b>Minister for Ambulance Services</b>	The Honourable Gabrielle Williams MP	05/12/2022 - 30/06/2023
	The Honourable Mary-Anne Thomas MP	27/06/2022 - 05/12/2022
<b>Minister for Disability, Ageing and Carers</b>	The Honourable Lizzy Blandthorn MP	05/12/2022 - 30/06/2023
	The Honourable Colin Brooks MP	27/06/2022 - 05/12/2023
<b>Minister for Mental Health</b>	The Honourable Gabrielle Williams MP	27/06/2022 - 30/06/2023

#### Governing Board

<b>Professor Maxine Morand AM</b>	01/07/2015 - 30/06/2023
<b>Ms Deirdre Blythe</b>	10/10/2017 - 30/06/2023
<b>Associate Professor Kate Cherry</b>	22/08/2017 - 30/06/2023
<b>Ms Louise Davidson AM</b>	01/07/2015 - 30/06/2023
<b>Professor Rosemary McKenzie</b>	01/07/2019 - 30/06/2023
<b>Mr Matthew O'Keefe</b>	02/08/2016 - 30/06/2023
<b>Associate Professor Leslie Reti AM</b>	03/12/2013 - 30/09/2022
<b>Mr Peter Gray KC</b>	01/07/2021 - 13/06/2023
<b>Mr Basil Samios</b>	01/07/2022 - 30/06/2023
<b>Prof George Braitberg AM OStJ</b>	01/10/2022 - 30/06/2023

#### Accountable Officer

<b>Professor Shelley Dolan, Chief Executive</b>	23/09/2019 - 08/11/2022
	07/02/2023 - 30/06/2023
<b>Ms Karen Fox, Chief Executive</b>	09/11/2022 - 06/02/2023

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### Remuneration

Total remuneration of Responsible Persons are shown in their relevant income bands:

Income Band	Consolidated 2023 No.	Consolidated 2022 No.
\$10,000 - \$19,999	1	-
\$30,000 - \$39,999	1	-
\$40,000 - \$49,999	7	8
\$80,000 - \$89,999	-	1
\$90,000 - \$99,999	1	-
\$120,000 - \$129,999	1	-
\$310,000 - \$319,999	1	-
\$500,000 - \$509,999	-	1
	<b>12</b>	<b>10</b>
	Consolidated 2023 \$000s	Consolidated 2022 \$000s
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	965	955

Amounts relating to the Governing Board Members and Accountable Officer of Peter Mac's controlled entities are disclosed in their own financial statements. Amounts relating to Responsible Ministers are reported within the State's Annual 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.

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

	Consolidated 2023 \$000s	Consolidated 2022 \$000s
<b>Remuneration bands</b>		
Short-term Benefits	2,785	2,775
Post employment Benefits	276	290
Other Long-term Benefits	64	57
<b>Total Remuneration<sup>i</sup></b>	<b>3,125</b>	<b>3,122</b>
<b>Total Number of Executives</b>	<b>11</b>	<b>12</b>
<b>Total Annualised Employee Equivalent<sup>ii</sup></b>	<b>7.79</b>	<b>7.93</b>

- 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.

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.

### 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.

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

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
<b>Professor Maxine Morand AM (Chair)</b>	Board Member (Chair)	01/07/2022 - 30/06/2023
<b>Ms Deirdre Blythe</b>	Board Member	01/07/2022 - 30/06/2023
<b>Associate Professor Kate Cherry</b>	Board Member	01/07/2022 - 30/06/2023
<b>Ms Louise Davidson AM</b>	Board Member	01/07/2022 - 30/06/2023
<b>Professor Rosemary McKenzie</b>	Board Member	01/07/2022 - 30/06/2023
<b>Mr Matthew O'Keefe</b>	Board Member	01/07/2022 - 30/06/2023
<b>Associate Professor Leslie Reti AM</b>	Board Member	01/07/2022 - 30/09/2022
<b>Mr Peter Gray KC</b>	Board Member	01/07/2022 - 13/06/2023
<b>Mr Basil Samios</b>	Board Member	01/07/2022 - 30/06/2023
<b>Prof George Braitberg AM OStJ</b>	Board Member	01/10/2022 - 30/06/2023
<b>Professor Shelley Dolan</b>	Chief Executive	01/07/2022 - 08/11/2022
	Chief Executive	07/02/2023 - 30/06/2023
<b>Ms Lisa Dunlop</b>	Executive Director Clinical Governance & Strategic Projects	01/07/2022 - 10/02/2023
<b>Ms Karen Fox</b>	Chief Operating Officer	01/07/2022 - 08/11/2023
	Acting Chief Executive	09/11/2022 - 06/02/2023
	Chief Operating Officer	07/02/2023 - 30/06/2023
<b>Ms Libby Secomb</b>	Chief Finance Officer	01/07/2022 - 30/06/2023
<b>Mr Sean Curtain</b>	Executive Director, People and Culture	01/07/2022 - 30/06/2023
<b>Professor Ricky Johnstone</b>	Executive Director, Research	01/07/2022 - 30/06/2023
<b>Ms Melanie Harper</b>	General Counsel	01/07/2022 - 30/06/2023
<b>Mr Andy Dimech</b>	Chief Nursing Officer	01/07/2022 - 30/06/2023
<b>Dr David Speakman OAM</b>	Chief Medical Officer	01/07/2022 - 30/06/2023
<b>Associate Professor Dominic Wall</b>	Executive Director - Business Ventures	01/07/2022 - 05/03/2023
<b>Associate Professor Alicia Martin</b>	Acting Chief Operating Officer	09/11/2022 - 30/01/2023
	Acting Executive Director Strategic Projects	13/02/2022 - 29/05/2023
<b>Associate Professor Kate Burbury</b>	Executive Director Digital Healthcare Innovation	19/06/2023 - 30/06/2023

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

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 State's Annual Financial Report.

	2023 \$000s	2022 \$000s
<b>Compensation - KMPs</b>		
Short term employee benefits	3,671	3,660
Post-employment benefits	343	348
Other long-term benefits	75	68
<b>Total<sup>i</sup></b>	<b>4,089</b>	<b>4,076</b>

i KMPs are also reported in [Note 8.2: Responsible persons disclosures](#) or [Note 8.3: Remuneration of Executives](#).

### Significant Transactions with Government Related Entities

Peter Mac received funding from the Department of Health of \$500 million (2022: \$437 million) indirect contributions of \$10.4 million (2022: \$2.0 million) and has a net LSL receivable balance of \$35.6 million (2022: \$30.9M).

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 Victorian 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 2023 (2022: nil).

There were no related party transactions required to be disclosed for Peter Mac Board of Directors, Chief Executive Officer and Executive Directors in 2023 (2022: 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 2023 (2022: nil).

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### Controlled Entities Related Party Transactions

Professor Maxine Morand AM is Chair of the Peter MacCallum Cancer Centre Board of Directors and a Director of Peter MacCallum Cancer Foundation.

Associate Professor Leslie Reti was a Director of Peter MacCallum Cancer Centre and a Director of Cell Therapies Pty Ltd. Ms Diedre Blythe 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.

	2023 \$000s	2022 \$000s
<b>Revenue from sale of goods and services</b>		
To Cell Therapies Pty Ltd	1,462	2,303
<b>Revenue from rental of property</b>		
From Cell Therapies Pty Ltd	587	501
<b>Grants and gifts revenue</b>		
From Peter MacCallum Cancer Foundation	34,746	24,931
<b>Debtor receivable at 30 June</b>		
Cell Therapies Pty Ltd	330	205
Peter MacCallum Cancer Foundation	4,619	1,851
<b>Payables at 30 June</b>		
Cell Therapies Pty Ltd	1,458	-

### Note 8.5: Remuneration of auditors

	Consolidated 2023 \$000s	Consolidated 2022 \$000s
<b>Victorian Auditor-General's Office</b>		
Audit of the Financial Statements	234	232
<b>Total remuneration of auditors</b>	<b>234</b>	<b>232</b>

### 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.

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

### Note 8.8: Controlled entities

The Peter Mac's interest in the 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 <sup>i</sup>	Australia	Limited by Guarantee
Peter MacCallum Cancer Foundation <sup>ii</sup> Trust	Australia	n/a
Cell Therapies Pty Ltd	Australia	Ordinary (97.3% ownership)
Cellularity Pty Ltd <sup>iii</sup>	Australia	Ordinary (97.3% ownership)

i Control exists via Peter Mac being the sole member of the Company.

ii Control exists via Peter Mac being the only beneficiary of the Foundation.

iii 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
<b>Balance as at 1 July 2021</b>	<b>1,712</b>
<b>Balance as at 30 June 2022</b>	<b>1,712</b>
Reversal Impairment of investment	385
<b>Balance as at 30 June 2023</b>	<b>2,097</b>

In accordance with AASB 136 Impairment of assets during the year Peter Mac reversed an impairment loss that was initially made in FY2016-17 financial year of \$385,000 associated with its investment in Cell Therapies Pty Ltd ("CTPL") as evidence from internal reporting indicates that the economic performance of the CTPL is better than expected.

The reversal of the impairment loss has been recognised in Peter Mac's separate comprehensive operating statement under other gain/(loss) from other economic flows. Peter Mac has calculated the recoverable amount of its equity stake in CTPL, using the fair value less cost to dispose method.

The fair value less cost to dispose calculation utilised level 3 valuation techniques as defined in AASB13 (i.e. valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable), specifically a discounted cash flow calculation.

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

<b>Controlled entities contribution to the consolidated results</b>	<b>2023 \$000s</b>	<b>2022 \$000s</b>
<b>Net result for the year</b>		
Peter MacCallum Cancer Foundation	41,903	18,836
Cell Therapies Pty Ltd	(783)	13,023

### 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

<b>Name of Entity</b>	<b>Principal Activity</b>	<b>Ownership interest %</b>	
		<b>2023</b>	<b>2022</b>
<b>Victorian Comprehensive Cancer Centre</b>	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%

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:

	<b>2023 \$000s</b>	<b>2022 \$000s</b>
<b>Current assets</b>		
Cash and cash equivalents	845	815
Receivables	104	147
Other assets	-	-
<b>Total current assets</b>	<b>949</b>	<b>962</b>
<b>Non-current assets</b>		
Property, plant and equipment	55	44
<b>Total non-current assets</b>	<b>55</b>	<b>44</b>
<b>Total assets</b>	<b>1,004</b>	<b>1,006</b>
<b>Current liabilities</b>		
Payables	112	127
Provisions	38	31
<b>Total current liabilities</b>	<b>150</b>	<b>158</b>
<b>Non-current liabilities</b>		
Provisions	36	15
<b>Total non-current liabilities</b>	<b>36</b>	<b>15</b>
<b>Total liabilities</b>	<b>186</b>	<b>173</b>
<b>Net assets</b>	<b>818</b>	<b>833</b>
<b>Equity</b>		
Accumulated surpluses / (deficits)	818	833
<b>Total equity</b>	<b>818</b>	<b>833</b>

## Notes to and forming part of the financial statements for the financial year ended 30 June 2023

Peter Mac's interest in revenues and expenses resulting from jointly controlled operations are detailed below:

	2023 \$000s	2022 \$000s
<b>Revenue</b>		
Government grants	780	816
Other revenue from operating activities	388	411
Interest and dividends	33	3
<b>Total revenue</b>	<b>1,201</b>	<b>1,230</b>
<b>Expenses</b>		
Employee expenses	608	520
Other expenses	608	367
Depreciation and amortisation	10	6
<b>Total expenses</b>	<b>1,226</b>	<b>893</b>
<b>Net result from transactions</b>	<b>(25)</b>	<b>337</b>
<b>Other economic flows included in the net result</b>		
Revaluation of long service leave	-	-
<b>Total other economic flows included in the net result</b>	<b>-</b>	<b>-</b>
<b>Comprehensive result for the year</b>	<b>(25)</b>	<b>337</b>

\* 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 31 October 2024. On that basis, the financial statements have been prepared on a going concern basis.

### **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.

#### **Financial assets at fair value through comprehensive income revaluation reserve**

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

#### **Specific restricted purpose reserves**

The specific restricted purpose reserve is established where 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 Mac**

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