

SfV

New Beginnings, New Directions



ST VINCENT'S HOSPITAL (MELBOURNE) LIMITED
ABN 22 052 110 755

2008/09 REPORT OF OPERATIONS
2008/09 FINANCIAL STATEMENTS



SfVincent's

*Continuing the Mission of
the Sisters of Charity*

Contents

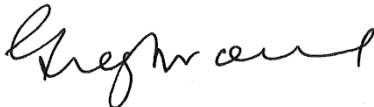
Report of Operations 2009	3
Company Directory	18
Directors' Report	19
Accountable Officer's and Directors' Declaration	26
Auditor General's Independent Audit Report	27
Auditor General's Independence Declaration	29
Income Statement for the Year Ended 30 June 2009	30
Balance Sheet as at 30 June 2009	31
Statement of Recognised Income and Expense for the Year Ended 30 June 2009	32
Cash Flow Statement for the Year Ended 30 June 2009	33
Notes To and Forming Part of the Financial Statements	34

St Vincent's Hospital (Melbourne) Limited
ACN 052 110 755
ABN 22 052 110 755
41 Victoria Parade
Fitzroy Victoria 3065
Telephone 03 9288 2211
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Report of Operations 2009

Responsible Bodies Declaration

In accordance with the *Financial Management Act 1994*, we are pleased to present the Report of Operations for St Vincent's Hospital (Melbourne) Limited for the year ending 30 June 2009.



Mr Greg Sword

Chair of the Board

Dated 24 September 2009

Melbourne



Ms Patricia O'Rourke

Chief Executive Officer

Dated 24 September 2009

Melbourne

Report of Operations 2009

Service Description

St Vincent's Hospital (Melbourne) Limited (St Vincent's) provides medical and surgical services, sub acute care, aged care, correctional health, mental health services and a range of community and outreach services. St Vincent's operates at 17 sites across greater Melbourne, including a major teaching, research and tertiary referral centre situated in Fitzroy, sub acute care at St George's Kew and palliative care at Caritas Christi Hospice, as well as pathology collection centres, general practice services and dialysis satellite centres

In 2008-09 St Vincent's treated 51,859 in-patients that equated to 45,994 WIES (Weighted Inlier Equivalent Separations). The hospital also recorded 95,827 VACS (Victorian Ambulatory Classification System) encounters.

As at 30 June 2009, St Vincent's had 846 beds in daily use across all of its services.

Mission

For 116 years, under the leadership of the Sisters of Charity, St Vincent's has been providing the highest standards of care driven by our concern for others, especially those in need.

This focus permeates every aspect of our work, guided by the values of compassion, justice, human dignity, excellence and unity.

St Vincent's works with collaborative partners to deliver high quality treatment, teaching, education and research. Our partners include the University of Melbourne, St Vincent's Institute, the Bernard O'Brien Institute of Microsurgery, the Bionic Ear Institute, Step Ahead Australia, the University of Wollongong, Eastern Palliative Care,

the Australian Centre for Evidence Based Aged Care and the Australian Catholic University.

Values

The values of the Sisters of Charity are the foundation of our mission. We will be guided by these values in our relationships with the people we serve and our partners. In all our activities we strive to demonstrate:

Compassion – accepting people as they are, bringing to each the love and tenderness of Christ

Justice – acting with integrity and respecting the rights of all

Human dignity – respecting the uniqueness of each person created in the image and likeness of God

Excellence – excelling in all aspects of our healing ministry

Unity – creating a community characterised by harmony and collaboration

Our community

St Vincent's serves a diverse community.

Geographically, our primary catchment takes in the municipalities of Yarra, Boroondara, Darebin and Moreland, yet only 43 per cent of patients live in these municipalities. A further 40 per cent are from other parts of Melbourne, 12.5 per cent are from rural and regional Victoria and 3 per cent from interstate or overseas.

Report of Operations 2009

Workforce Data

St Vincent's is an equal opportunity workplace. All staff can expect to be treated fairly on the basis of ability and merit. The hospital has an Equal Opportunity (EEO) policy and program designed to reinforce workplace practices and behaviour that are consistent with this principle.

Labour Category	JUNE Current Month FTE*	JUNE Year to Date** FTE*	JUNE Current Month Number of Employees
Nursing	1,381	1,329	1,873
Administration and Clerical	557	552	778
Medical Support	488	484	682
Hotel and Allied Services	394	399	563
Medical Officers	80	83	116
Hospital Medical Officers	259	255	360
Sessional Clinicians	95	98	137
Ancillary Staff (Allied Health)	321	315	445
Total All Category	3,575	3,515	4,954

* FTE – Full Time Equivalents

** Year to Date represents the average number of FTE throughout the year

Freedom of Information

St Vincent's complies with the Freedom of Information Act. Written requests for information are classified as an application once the relevant officer receives either a \$22.70 application fee or a copy of the patient's Health Care or Pension Card. There is a 20c per page photocopying charge for any request in excess of 25 pages.

	2009	2008
Applications	676	602
Released in full	622	578
Partially released	6	16
Cancelled applications	5	8
Percentage requests fulfilled within 45 days	99.85%	100%
Application fees collected	\$12,416	\$9,284
Application fees waived	\$2,928	\$3,894
Charges collected	\$6,893	\$7,547
Charges waived	\$1,948	\$1,316

Report of Operations 2009

Summary Financial Results

	2009 \$'000s	2008* \$'000s	2007** \$' 000s	2006 \$' 000s	2005*** \$' 000s
Total Revenue ^	505,598	439,216	379,268	351,462	319,868
Total Expenses ^	495,507	434,628	379,266	349,709	322,877
Net Result Surplus/(Deficit)	10,091	4,588	2	1,753	(3,009)
Retained Surplus/ (Accumulated Deficit)	42,040	31,949	1,511	1,509	2,831
Total Assets	317,081	313,913	264,421	266,495	260,493
Total Liabilities	244,946	251,869	232,810	234,886	227,562
Net Assets	72,135	62,044	31,611	31,609	32,931
Total Equity	72,135	62,044	31,611	31,609	32,931

^ For further detail, refer to Total Revenue and Total Expenses in the detailed Income Statement

* 2008 revenue and expenses incorporate the consolidation of Caritas Christi Hospice Limited, St Georges Health Service Limited and Prague House Limited into St Vincent's from 1 January 2008. Financial performance up to 31 December 2007 for the above entities has been transferred to St Vincent's equity on 1 January 2008.

** 2007 revenues and expenses by category have been reclassified to accord with the government's requirements for reporting under the Australian Health Care Agreement with the Commonwealth government.

*** 2005 accounts have been restated for the introduction of A-IFRS.

Summary of Significant Change in Financial Position 2009

There have been no significant changes in the company's state of affairs during the financial year.

Operational & Budget Performance 2009

St Vincent's Hospital (Melbourne) Limited delivered a surplus net entity result of \$10.091 million after capital income and expenses at 30 June 2009.

Subsequent Events

Mary Aikenhead Ministries was established by the Sisters of Charity of Australia to succeed to, and to carry on and expand, various health and aged care, education and welfare ministries conducted by the Sisters of Charity of Australia. Trustees of Mary Aikenhead Ministries (TMAM) was created as a body corporate under the Roman Catholic Church Communities' Lands Act 1942 NSW by a proclamation of the Governor of NSW on 22 April 2009.

Report of Operations 2009

On 1 July 2009 the Sisters of Charity and the Trustees of the Sisters of Charity in Australia transferred the incorporated Health Ministry, which comprises of SVHA and both its wholly owned subsidiaries and interests in two joint ventures to the Trustees of Mary Aikenhead Ministries. The transfer will have no impact on the delivery of health and aged care services to patients and residents.

The following effects on the Health Ministry arise as a result of this transfer:

1. The membership of SVHA has changed from the 5 Sisters of Charity who are Congregational Leader and her Councillors to a sole member being TMAM. Accordingly the ultimate beneficial owner of SVHA and its wholly owned subsidiaries (including St Vincent's Hospital (Melbourne) Limited) is now TMAM.

Other than the matter disclosed above, no circumstances have arisen since the end of the financial year which may significantly affected or may significantly affect the operations of the company, the result of those operations, or the state of affairs of S. Vincent's Hospital (Melbourne) Limited in future financial years.

Consultancies

St Vincent's engaged the following consultancies during 2008/09:

- Wyndarra Consulting for the provision of business, audit, compliance and risk management services of \$164,000
- There were five other consultancies undertaken during the year at a cost of \$176,600

Occupational Health & Safety (OHS) Compliance

OHS at St Vincent's is characterised by a commitment to the *Occupational Health and Safety Act (2004)* and *Accident Compensation Act 1985* and other related legislation to ensure that a safe and healthy workplace is provided to patients, staff and visitors and anyone else who enters our facilities and grounds.

In 2009, as part of a service-wide commitment to OHS, St Vincent's utilised the comprehensive Occupational Health and Safety Management System to ensure legislative and standard compliance is linked to our risk management framework.

St Vincent's compliance with the above legislation is further demonstrated by:

1. Emergency response arrangements including a weekly emergency exercise schedule across St Vincent's to test staff preparedness to an emergency condition.
2. Incident reporting and investigation focuses on prevention.
3. A schedule of Work Place Safety Inspections to identify and address OHS issues.
4. WorkSafe claims management focus on early return to work of injured employees.
5. Training in OHS of all staff at general orientation and as part of local induction. There is specialised training delivered under the 'Move Smart' Program covering patient transfer.

Report of Operations 2009

6. Other mandatory training for all staff including manual handling, hazard identification and on-line emergency awareness.
7. Consultation with staff is a major focus of our OHS system to inform employees of new OHS initiatives and to ensure issues arising are addressed at the lowest possible level in the organisation.

St Vincent's has participated in a number of WorkSafe projects and reviews in relation to manual handling and return to work legislation and has been found compliant. St Vincent's approach to OHS is one of continuous improvement that saw the following initiatives taking place during 2008/09:

- Implementation of the OHS Management System with a focus on the analysis, planning and training including physical audits of all areas and sites.
- Implementation and development of CHEMGOLD as St Vincent's chemical management system utilising electronic stores to enable computer based management activities to replace the current system of individual manual chemical registers and enable an overall St Vincent's chemical register.

Building and Maintenance Compliance

St Vincent's complies with mandatory requirements under the Building Code of Australia (BCA). Philip Chun and Associates, Building Surveyors, are engaged and have conducted quarterly assessments and an annual Audit on Essential Safety Measures during the last 12 months. After detailed inspections this audit confirmed the following in accordance with section 227E of the *Building Act 1993*:

- Each Essential Safety measure is operating at the required level of performance to fulfil its purpose
- Where applicable each Essential Safety measure has been maintained in accordance with the occupancy permit or maintenance determination and generally fulfils its purpose
- Since the last Annual Essential Safety measure report there have been no penetrations to required fire resistant construction, smoke curtains and the like, in buildings inspected other than those for which a building permit has been issued.

Buildings

Buildings certified for approval in accordance with BCA:	Yes
Works under construction and the subject of mandatory inspection:	Yes
Certificate of final inspection:	Yes

Maintenance

Notices issued for rectification of substandard buildings requiring urgent attention:	See note below
Involving major expenditure or urgent attention:	See note below

All renovations to existing buildings comply with regulations in force at the time of construction. There are no orders to cease occupancy.

Report of Operations 2009

St Vincent's has committed to address the issues raised in an independent comprehensive report into the state of buildings, infrastructure and services on the Fitzroy site, including our compliance with OHS, environmental services and other legislative requirements. St Vincent's plans to spend in excess of \$30 million over five years to address the issues raised.

During the last 12 months St Vincent's has achieved:

- Completion of the St Georges Rehabilitation Centre at \$4.3 million
- Upgrade of the Fitzroy multi-storey car park at \$2.6 million
- Replacement of the central fire panel and integration of all fire panels across the Fitzroy campus including expansion of the central fire control room at \$2.2 million
- Replacement of the water plant chillers for the Bolte Wing
- Renovation of the Daly Wing 7th floor research laboratory
- Replacement of water plant chillers at the St George's Kew campus
- Upgrade and renovation of the digital subtraction angiography suite in the IPS
- Completion of façade structural repairs and maintenance for the Aikenhead, Daly and Druids Buildings.

Key projects commenced during 2008–09 and work in progress at 30 June 2009 include:

- Construction of two new orthopaedic theatres in the IPS at \$8.1 million
- Construction of stage 1 of a new cancer centre at Fitzroy at \$9.1 million
- Upgrade of the Aikenhead building for fire, OHS and air conditioning at \$5.3 million
- Commencement of the HESP Cogeneration emergency backup power across the Fitzroy campus at \$8.6 million
- Upgrade works to improve the hydraulic and water services across the Fitzroy campus.

Separate to the above St Vincent's has committed to a program of works to complete phase 3 and 4 of the Fitzroy Campus Asset Condition Review. The balance of the rectification works are planned to be addressed over the next one to three years.

St Vincent's will be taking all reasonably practicable steps to ensure any identifiable risks and potential hazards are appropriately managed to mitigate any risk to its employees, patients and visitors at these sites.

St Vincent's will continue to invest in other works in addressing any identifiable risks and potential hazards in order to mitigate any risks to its employees, patients and visitors to the site.

Report of Operations 2009

Service performance

WIES activity performance	2008-09 Actual
WIES performance to target (%)	98.8%
Elective Surgery	
Elective surgery admissions	4,891
Critical Care	
ICU minimum operating capacity	11
NICU standard and flex operating capacity	-
Quality and Safety	
Accreditation status (%)	FULL
Cleaning standards (%)	93.5%
Submission of data to VICNISS (%)	100%
VICNISS Infection Surveillance Indicators	No Outlier
Participation in the Hand Hygiene Program	Yes
Maternity	
Postnatal home care	-
Mental Health	
28 day readmission rate (%)	14.0%

Figures correct as of 31 August 2009

Report of Operations 2009

Access performance

	2009	2008
1. Elective Surgery Performance		
Percentage of Category 1 elective surgery patients admitted within 30 days	100%	100%
Percentage of Category 2 elective surgery patients waiting less than 90 days	*66.2%	63%
Percentage of Category 3 elective surgery patients waiting less than 365 days	*89.9%	86%
Number of patients on the elective surgery waiting list	*1358	1382
Number of Hospital Initiated Postponements (HiPs) per 100 scheduled admissions	8.2%	8.5%
2. Emergency Department Performance		
Percentage of operating time on hospital bypass	3.9%	**5.2%
Percentage of emergency patients admitted to an inpatient bed within 8 hours	65.8%	66%
Percentage of non-admitted emergency patients with LOS less than 4 hours	65.7%	66%
Number of patients with length of stay in the emergency department greater than 24 hours	6	**48
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of Triage Category 2 emergency patients seen within 10 minutes	84.6%	**86%
Percentage of Triage Category 3 emergency patients seen within 30 minutes	71.9%	**76%

Figures correct as of 31 August 2009

* *Patients waiting as at 30 June 2009*

** *The access performance figures for 2008 quoted above includes periods of industrial action that impacted on performance (16–31 October and 6–21 December 2007). The access figures included in the previous St Vincent's Hospital (Melbourne) Report of Operations for 2007/08 excluded activity performance during the periods of industrial action.*

Report of Operations 2009

Activity and funding

Activity and Funding Type Weighted Inlier Equivalent Separations (WIES)	2008-09 Activity Achievement
WIES Public	40,292
WIES Private	4,230
WIES Renal	705
Total WIES (Public, Private and Renal)	45,227
WIES DVA	631
WIES TAC	137
WIES TOTAL	45,994
<hr/>	
Acute Non-Inpatient	
Emergency Services - Non-Admitted	40,600
VACS - Allied Health	23,382
VACS - Variable	96,225
VACS - Other	-
Non VACS Outpatients	16,686
VACS Allied Health - DVA	56
VACS Variable - DVA	371
<hr/>	
Non-Acute Inpatient	
CRAFT	625
Rehab L1 (non DVA)	1,743
Rehab L1 (DVA)	122
Rehab L2 (non DVA)	532
GEM (non DVA)	19,338
Palliative Care - Inpatient	11,918
Palliative Care - Other	-
Rehab 2 - DVA	1,703
GEM -DVA	2,224
Palliative Care - DVA	611
NHT - DVA	-

Figures correct as of 31 August 2009

Report of Operations 2009

Activity and funding

	2008-09 Activity Achievement
<hr/> Non-Acute Ambulatory <hr/>	
Hospital Admission Risk Program (HARP)	1,133
SACS - Non DVA	21,321
SACS - Paediatric	-
Post Acute Care	-
Transition Care (Non DVA) - Bed day	9,242
Transition Care (Non DVA) - Home day	4,807
SACS - DVA	1,054
Post Acute Care - DVA	-
<hr/> Aged Care <hr/>	
Aged Care Assessment Service	3,230
Other Aged Care	-
Residential Aged Care	10,785
<hr/> Community Health/Primary Care <hr/>	
Community Health - Direct Care	-
CHC - Health Promotion & Workforce Development	-
Specified Grants	-
Mental Health	-
Disability	-
Other DHS Programs	-
Transplants - Pancreas	-

Figures correct as of 31 August 2009

Report of Operations 2009

Admitted Patient Activity 2009

	Acute	Sub-Acute	Mental Health	Other	Total
Separations					
Same Day	28,487	17	15	-	28,519
Multi day	19,576	2,846	918	-	23,340
Total Separations	48,063	2,863	933	-	51,859
Emergency	16,382	2	406	-	16,790
Elective	5,671	1,202	102	-	6,975
Other	26,010	1,659	425	-	28,094
Total Separations	48,063	2,863	933	-	51,859
Total WIES	45,994				
Total Bed Days	145,659	83,226	22,016	-	250,901

Note: All service, activity and efficiency measures reflect the consolidated St Vincent's Hospital.

Non-Admitted Patient Activity 2009

	Acute	Sub-Acute	Mental Health*	Other	Total
Occasions of Service					
Emergency Department Presentations	40,600	-	-	-	40,600
Outpatients Services – VACS & Non-VACS	112,513	7,839	-	98,271	218,623
Other Services – occasions of service **	115,109	23,752	115,104	-	253,965
Total Occasions of Service	268,222	31,591	115,104	98,271	513,188
Victorian Ambulatory Classification system – Number of Encounters***	95,827	-	-	-	95,827

* Includes Community & Aged Contacts

** Includes Ancillary Services (AIMS s9), community rehabilitation centres, Aged Care Assessment Service, Domiciliary team and Darebin Day Centre

*** Includes Medical, Surgical & Allied Health

Figures correct as of 31 August 2009

Report of Operations 2009

Attestation on Data Accuracy

I, Patricia O'Rourke, certify that St Vincent's Hospital (Melbourne) Limited has put in place appropriate internal controls and processes to ensure that the Department of Human Services is provided with data that reflects actual performance. St Vincent's Hospital (Melbourne) Limited has critically reviewed these controls and processes during the year.



Ms Patricia O'Rourke

Chief Executive Officer

Dated 24 September 2009

Melbourne

Report of Operations 2009

Revenue Indicators

Average Collection Days

	2009	2008
Total average debtor collection days	52	36

Note: Data not available to split collection days by category.

Debtors Outstanding as at 30 June 2009

	Under 30 Days	31-60 Days	61-90 Days	Over 90 Days	Total 2009	Total 2008
	\$	\$	\$	\$	\$	\$
Private	1,130,912	826,987	317,632	663,714	2,939,245	2,867,721
TAC	33,395	8,691	15,165	68,941	126,192	100,298
VMA	169,503	66,141	70,783	149,936	456,363	416,078
Other Compensable	231,190	63,180	54,421	247,410	596,201	533,737
Total	1,565,000	964,999	458,001	1,130,001	4,118,001	3,917,834

Report of Operations 2009

Attestation on Compliance with Australian/New Zealand Risk Management Standard

I, Patricia O'Rourke, certify that St Vincent's Hospital (Melbourne) Limited has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposure. The audit committee verifies this assurance that the risk profile of St Vincent's Hospital (Melbourne) Limited has been critically reviewed within the last 12 months.



Ms Patricia O'Rourke

Chief Executive Officer

Dated 24 September 2009

Melbourne

Report Availability

This report is readily available to Members of Parliament and the public on the internet at www.svhm.org.au or by calling the Office of the CEO on 03 9288 3938 to request a copy.

Company Directory

Directors

The following persons were Directors of St Vincent's Hospital (Melbourne) Limited during the financial year 2008/09:

Mr G Sword (Chair)

Ms B Shanahan (resigned March 2009)

Assoc Prof P O'Rourke (appointed April 2009)

Mr F Cicutto

Sr A Cunliffe RSC (resigned December 2008)

Mrs L Elliott AM

Ms N Feely (resigned December 2008)

Mr I Ferres

Assoc Prof D Green AM (resigned May 2009)

Mr A Myers AO, QC

Mr I Scholes

Dr E Wilkie

Sr L Wittmack RSC

Sr M Walters RSC (appointed February 2009)

Secretary

Ms S Miller

Chief Executive Officer

Assoc Prof P O'Rourke

Registered Office

Ground Floor,
41 Victoria Parade,
Fitzroy, Victoria 3065

Auditor

HLB Mann Judd as agent of the Victorian
Auditor General's Office

Solicitors

Middletons Lawyers

Bankers

Australia and New Zealand Banking Group
Limited

Ultimate Parent

St Vincent's Hospital (Melbourne) Limited (the 'Company') is a public company limited by guarantee. The sole member of the Company is St Vincent's Health Australia Limited. The ultimate controlling entity of the Company is the Trustees of Mary Aikenhead Ministries.

Directors' Report

The Directors present their report on the company for the financial year ended 30 June 2009. The financial report has been prepared pursuant to the provisions of the *Corporations Act 2001* (Cth) and the *Financial Management Act 1994* (Vic) with the exception of the application of FRD103D Non-Current Physical Assets.

Directors

Mr Greg Sword

Mr Sword was one of the pioneers of the development of industry superannuation and is currently the CEO of LUCRF Super. He has previously held the positions of National President of the Australian Labor Party, Vice-President of the Australian Council of Trade Unions (ACTU), and General Secretary of the National Union of Workers. Mr Sword also has significant experience as a Non Executive Board Director. In April 2009 he was appointed as Chair of the St Vincent's Board and a Director of St Vincent's Health Australia Limited.

Appointed a Director in October 2005.

Appointed Chair in April 2009.

Ms Brenda Shanahan

BCom, FAICD, ASIA

Ms Shanahan is a graduate of the University of Melbourne in Commerce and Economics. She is a former member of the Australian Stock Exchange and former Executive Director of a stockbroking firm, a fund management company and an actuarial company. Ms

Shanahan is the Chair of Challenger Listed Investments Ltd, and a board member of

Clinuvel Pharmaceuticals Ltd and JM Financial Group Limited. She was a Director of St Vincent's Health Australia Ltd and is Chair of the Board of St Vincent's Institute and a member of the St Vincent's Institute Foundation.

Appointed April 2000 and resigned March 2009. Chair from April 2003 to March 2009.

Assoc. Professor Patricia O'Rourke

RN, Grad Dip AppSc (Nursing), GAICD

Associate Professor O'Rourke was appointed as the St Vincent's Chief Executive Officer in April 2009. She has more than 20 years experience in the health care industry, including nursing and senior management roles. In her previous role as Chief of Clinical Operations and Chief Nursing Officer at St Vincent's, her duties included leading regional and national projects, representing St Vincent's on a number of DHS Committees and providing strategic and operational advice to the CEO and clinical leadership to the Executive. Until October 2008, she was a member of the Board of Southern Health.

Appointed April 2009.

Directors' Report

Ms Nicole Feely

LLB, BCom, FAICD

Ms Feely was the Chief Executive Officer of St Vincent's from July 2002 to December 2008. She has extensive experience in corporate, legal and government administration. She is a lawyer by training and her past appointments have included Chief of Staff to the Prime Minister, the Hon. John Howard MP, General Manager to SOCOG (Sydney Olympics Organising Committee) in 2000, CEO of Victoria's peak employer body, VECCI (Victorian Employers' Chamber of Commerce and Industry) and a solicitor at Freehill, Hollingdale & Page.

Appointed July 2002. Resigned December 2008.

Mr Frank Cicutto

BCom, AMP (Harvard), SF Fin, FAICD

Mr Cicutto is a company director and corporate advisor. He is a former Managing Director and Chief Executive Officer of the National Australia Bank Group. Mr Cicutto has had a significant career in the financial services industry, holding senior executive positions in Australia, the UK and the USA. He is Chairman of Chord Capital Pty Ltd. Mr Cicutto is a Director of Melbourne Business School.

Appointed July 2004.

Sister Annette Cunliffe RSC

T Cert, BSc, DipEd, MEd (Hons), PhD

Sister Annette is the Congregational Leader of the Sisters of Charity, a position she also held from 1996 to 2002. Until her appointment as

Congregational Leader, Sister Annette was a Senior Lecturer at the Australian Catholic University, based at the Mount St. Mary Campus. She has a background in secondary education, particularly science and mathematics, and has held a number of leadership and governance positions in education.

She was the inaugural Chair of the Stewardship Board of Catholic Health Australia from 1999 to 2001.

Appointed July 2004. Resigned December 2008.

Ms Lorraine Elliott AM

BA, BEd

Ms Elliott started her career as a secondary school teacher and VCE tutor. She was elected to the Victorian Parliament in 1992 for the seat of Mooroolbark, which she held for 10 years. From 1996 to 1999 Ms Elliott was Parliamentary Secretary for the Arts (supporting the Minister – Premier Jeff Kennett) and from 1999 until 2002 she was Shadow Minister for Community Services and Shadow Minister for the Arts. Ms Elliott is a Board member of Melba Support Services Inc. *Appointed July 2003.*

Directors' Report

Mr Ian Ferres

FIAA, FAICD

Mr Ferres is a company director and corporate advisor. He was Managing Director and Chief Executive Officer of the Australian Unity Group from 2002 to 2004 and was employed at National Mutual from 1956 to 1990, where he was an Executive Director from 1983 and managed all their investment activities and various financial services from 1975. He is Chairman of Treasury Corporation of Victoria, a Director of Australian Unity, CEDA and other private-sector companies, and a consultant to TressCox Lawyers. He is a Member of the Australia Day (Vic) Committee. He was previously a Director, Treasurer and President of Monash Medical Centre.
Appointed November 2006.

Assoc. Professor Deborah Green

BSocStud, FCHSE

Associate Professor Green commenced as National Chief Executive Officer of the Sisters of Charity Health Service (now known as the St Vincent's Health Australia) in August 2004 and continued in that role until her retirement in May 2009. She was also on the Board of Directors for St Vincent's Health Australia Limited and St Vincent's Healthcare Limited and Deputy Chair of Catholic Health Australia Stewardship Board. Associate Professor Green has had a broad career in social work, mental health and health services management.

She was previously Chief Executive Officer of South Eastern Sydney Area Health Service and is Past President of the Australian Healthcare

Association and was an Associate Professor within the School of Public Health and Community Medicine, Faculty of Medicine, University of New South Wales.

Appointed August 2004. Resigned May 2009

Mr Allan Myers AO, QC

BA, LLB (Hons), BCL (Oxon)

Mr Myers is a Queen's Counsel who has practised in commercial law for over 30 years and appeared as leading counsel in many large and complex commercial matters in the Courts and before arbitrators. Mr Myers has been involved in a number of foundations and committees over the years and continues to be involved with a number of organisations. Currently he is the President of the Council of Trustees of the National Gallery of Victoria and is a Director of the Florey Neurosciences Institute. In January 2001 he was awarded the Centenary Medal, and in June 2007 was made an Officer of the Order of Australia.

Appointed February 2008.

Directors' Report

Mr Ian Scholes

BCom

Mr Scholes has had a significant career in the banking and finance industries, including senior roles at Merrill Lynch and the National Australia Bank. He is currently the Chief Executive Officer of Chord Capital, which invests capital in small listed companies and small to medium enterprises requiring expansion capital or debt. He is also a consultant to Merrill Lynch and a board member of Halcyon Ltd.

Appointed October 2005.

Dr Elizabeth Wilkie

MBBS, FRACGP

Dr Wilkie is a general practitioner in Ballarat, in both family medicine and student health. She has had experience as the General Practitioner Liaison Officer at Ballarat Health Services and served on the committee of management in the local division of general practice. She is a past Board member of Ballarat and Clarendon College and a present Board member of Ormond College at the University of Melbourne.

Appointed May 2007.

Sister Leone Wittmack RSC

RN, Dip Theological Studies, Grad Dip Theology (Mission Spirituality), Dip App Sc (Nursing Administration), Certificate in Cardiothoracic Nursing, Certificate in Human Development, Dip App Sc (Counselling), Grad Dip Experiential and Creative Arts Therapy

Sister Leone is the National Director of Mission of St Vincent's Health Australia. From 1996 to 2002 she was a Congregational Councillor of the Sisters of Charity. In her role on the Congregational Council, she was particularly involved in the outreach service, community care and social welfare, prisons, overseas missions and Aboriginal ministry. Sister Leone is a registered nurse and is a previous Director of Mission at St Vincent's Hospital Toowoomba. She has held a number of nursing administration roles across SVHA, especially at St Vincent's Hospital Melbourne, and was the Director of Nursing at the Sacred Heart Hospice. Sister Leone is a Director of St Vincent's Health Australia Limited.

Appointed July 2003.

Sister Maureen Walters RSC

Bachelor of Health Administration University of New South Wales, Diploma Nursing Administration, Diploma Theology.

Sr Maureen is a graduate in nursing and health administration and held Fellowships of the Royal College of Nursing Australia and the New South Wales College of Nursing. She is a former Chief Executive Officer of the Sisters of Charity Health Service, Launceston, Sister Administrator of St Vincent's Hospital Melbourne 1972 – 1986 and has served on a number of boards in the health sector including that of the national St Vincent's Health Australia Limited, St Vincent's and St Vincent's & Mercy Private Hospital.

Appointed February 2009.

Directors' Report

Principal Activities

St Vincent's Hospital (Melbourne) Limited provides medical, surgical and mental health services and a range of community and outreach services. The Hospital is a major teaching, research and tertiary referral centre.

Trading Result

The result of the company for the financial year was a surplus of \$10,091,000 (2008: \$4,588,000).

Review of Operations

A review of the operations of St Vincent's Hospital (Melbourne) Limited during the financial year and the result of those operations are set out below:

	2009	2008
	\$'000	\$'000
Total Revenue for the year	505,598	439,216
Net Result for the year	10,091	4,588

Revenue for the year increased, reflecting additional Department of Human Services (DHS) funding driven by indexation and growth in both government and non-government funded activities. The comparative revenue for 2008 is impacted by the consolidation of Caritas Christi Hospice Limited, St George's Health Service Limited and Prague House Limited for the period 1 January 2008 to 30 June 2008.

Comparative increases in expenditure for the year were, in the main, related to increases in pay awards and other costs in line with activity increases and the full year impact of the consolidation of the entities on 1 January 2008.

Members' Guarantee

The company is limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute a maximum of \$100 each towards meeting any outstanding obligations of the company. At 30 June 2009 the company had 1 member (2008: 1 member).

Significant Changes in the State of Affairs

There have been no significant changes in the company's state of affairs during the financial year.

Subsequent Events

Mary Aikenhead Ministries was established by the Sisters of Charity of Australia to succeed to, and to carry on and expand, various health and aged care, education and welfare ministries conducted by the Sisters of Charity of Australia. Trustees of Mary Aikenhead Ministries (TMAM) was created as a body corporate under the Roman Catholic Church Communities' Lands Act 1942 NSW by a proclamation of the Governor of NSW on 22 April 2009.

Directors' Report

On 1 July 2009 the Sisters of Charity and the Trustees of the Sisters of Charity in Australia transferred the incorporated Health Ministry, which comprises of SVHA and both its wholly owned subsidiaries and interests in two joint ventures to the Trustees of Mary Aikenhead Ministries. The transfer will have no impact on the delivery of health and aged care services to patients and residents.

The following effects on the Health Ministry arise as a result of this transfer:

1. The membership of SVHA has changed from the 5 Sisters of Charity who are Congregational Leader and her Councillors to a sole member being TMAM. Accordingly the ultimate beneficial owner of SVHA and its wholly owned subsidiaries (including St Vincent's Hospital (Melbourne) Limited) is now TMAM

Likely Developments and Result

No information is included on the likely developments in the operations of the entity and the expected result of those operations in future financial years as it is the opinion of the directors that this information would prejudice the interests of the entity if included in this report.

Legislative & Environmental Compliance

St Vincent's is committed to promoting a culture of legislative compliance (including environmental legislation) throughout its service. It is a core component of the organisation's overall risk management strategy and is reported to the Board on a quarterly basis. Any serious or non-compliant issues are

managed in a proactive and transparent manner and at an appropriate level of seniority.

Indemnifying Officer or Auditor

St Vincent's Hospital (Melbourne) Limited has not, during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the company or a related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the cost or expenses to defend legal proceedings;

With the exception of the following matter:

- During or since the end of the financial year the company has paid premiums to insure directors and officers against liabilities for costs or expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of a director or officer of the company, other than conduct involving a wilful breach of duty in relation to the company. The amount of the premium was paid as part of an overall insurance charge

Rounding of Amounts

St Vincent's Hospital (Melbourne) Limited is an entity of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' reports and the financial reports are rounded off to the nearest thousand dollars.

Directors' Report

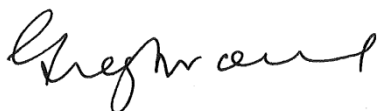
Meetings of Directors

The numbers of meetings of the company's Board of Directors and of each Board committee held during the year ended 30 June 2009, and the number of meetings attended by each director were:

	Board	Finance	Audit	Clinical Governance	Ethics	Community Advisory Committee	Remuneration Committee
Number of meetings held:	11	11	5	4	4	6	3
Number of meetings eligible to attend:							
Mr G Sword	8/11	1/1	4/5	4/4	-	-	3/3
Ms B Shanahan	7/8	2/2	-	-	-	-	-
Assoc. Prof P O'Rourke	2/2	2/3	1/1	1/1	1/2	-	-
Mr F Cicutto	9/11	10/11	5/5	-	-	-	2/3
Sr A Cunliffe RSC	6/6	-	-	-	-	-	-
Mrs L Elliott AM	9/11	-	-	-	4/4	-	3/3
Ms N Feely	2/5	3/6	2/3	-	1/2	-	-
Mr I Ferres	10/11	11/11	5/5	-	-	-	-
Assoc Prof D Green	8/9	-	-	-	-	-	3/3
Mr A Myers AO	6/11	-	-	-	-	-	-
Mr I Scholes	9/11	-	-	-	-	-	-
Dr E Wilkie	10/11	-	-	-	-	6/6	-
Sr. L Wittmack RSC	10/11	-	-	3/4	-	-	2/3
Sr M Walters RSC	5/5	-	-	-	-	-	-

Auditors' Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is attached. Dated at Melbourne on 24 September 2009 in accordance with a resolution of the Board.



Mr G Sword
Chair of the Board



Ms P O'Rourke
Chief Executive Officer

Accountable Officer's and Directors' Declaration

We declare that:

The financial report comprising the income statement, balance sheet, statement of recognised income and expense, cash flow statement and the notes to the financial statements of St Vincent's Hospital (Melbourne) Limited are in accordance with the Corporations Act 2001, including

- (a) Giving a true and fair view of St Vincent's Hospital (Melbourne) Limited's financial position as at 30 June 2009 and of its performance for the year ended on that date: and
- (b) Complying with Accounting Standards, Corporation Regulations 2001 and other mandatory professional reporting requirements.

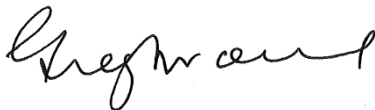
There are reasonable grounds to believe that St Vincent's Hospital (Melbourne) Limited will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required under section 295A of the Corporations Act 2001.

We certify that the attached financial report for St Vincent's Hospital (Melbourne) Limited have been prepared in accordance with Part 4.2 of the *Standing Directions* of the Minister for Finance under the Financial Management Act 1994, applicable Financial Reporting Directions (with the exception of FRD103D Physical Non-Current Assets), Australian Accounting Standards and other mandatory professional reporting requirements.

We are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

This declaration is made in accordance with a resolution of the Directors and the Accountable Officer.



Mr G Sword

Chair of the Board

Dated 24 September 2009

Melbourne



Ms P O'Rourke

Chief Executive Officer

Dated 24 September 2009

Melbourne

Auditor General's Independent Audit Report

VAGO

Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board, St. Vincent's Hospital (Melbourne) Limited

The Financial Report

The accompanying financial report for the year ended 30 June 2009 of St. Vincent's Hospital (Melbourne) Limited which comprises the income statement, balance sheet, cash flow statement, statement of recognised income and expense, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the accountable officer's and director's declaration has been audited.

The Director's Responsibility for the Financial Report

The Directors of St. Vincent's Hospital (Melbourne) Limited are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the financial reporting requirements of the *Corporations Act 2001*. This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

As required by the *Audit Act 1994* and *Corporations Act 2001*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. These Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used, and the reasonableness of accounting estimates made by the Directors of the company, as well as evaluating the overall presentation of the financial report.

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

VAGO

Victorian Auditor-General's Office

Independent Auditor's Report (continued)

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report published in both the annual report and on the website of St. Vincent's Hospital (Melbourne) Limited for the year ended 30 June 2009. The Directors of the company are responsible for the integrity of the website. I have not been engaged to report on the integrity of the website. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the company's website.

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all the applicable independence requirements of the Australian accounting profession and the *Corporations Act 2001*. I confirm that I have given to the Directors of the company a written independence declaration, a copy of which is included in the Directors' Report.

Auditor's Opinion

In my opinion, the financial report of St. Vincent's Hospital (Melbourne) Limited is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Company's financial position as at 30 June 2009 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

MELBOURNE
25 September 2009



D D R Pearson
Auditor-General

Auditor General's Independence Declaration

VAGO

Victorian Auditor-General's Office

AUDITOR-GENERAL'S INDEPENDENCE DECLARATION

To the Directors of St. Vincent's Hospital (Melbourne) Limited

The Auditor-General's independence is established by the *Constitution Act* 1975. The Auditor-General, an independent officer of parliament, is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised.

Under the *Audit Act* 1994, the Auditor-General is the auditor of each public authority and for the purposes of conducting an audit has access to all documents and property, and may report to parliament any matters which the Auditor-General considers appropriate.

Independence Declaration

As auditor for St. Vincent's Hospital (Melbourne) Limited for the year ended 30 June 2009, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of auditor independence requirements of the *Corporations Act* 2001 in relation to the audit
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

MELBOURNE
25 September 2009



D D R Pearson
Auditor-General

Income Statement for the Year Ended 30 June 2009

	Note	2009 \$ '000	2008 \$ '000
Continuing Operations			
Revenue from Operating Activities	2	462,892	400,230
Revenue from Non-Operating Activities	2	5,562	4,346
Employee Benefits	3	(314,011)	(273,140)
Non-Salary Labour Costs	3	(8,184)	(7,206)
Supplies & Consumables	3	(79,612)	(72,282)
Other Expenses from Continuing Operations	3	(62,238)	(52,667)
Net Result from Continuing Operations Before Capital & Specific Items		4,409	(719)
Capital Purpose Income	2	36,989	34,047
Specific Income	2,2f	60	593
Assets Received Free of Charge	2,2e	95	-
Depreciation and Amortisation	3,4	(9,127)	(8,379)
Specific Expense	3,3c	(101)	-
Leasehold expense	3	(2,606)	(2,171)
Finance Costs	3,5	(6,592)	(6,285)
Other Capital Expenses	3	(13,036)	(12,498)
Net Result for the Year		10,091	4,588

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

Balance Sheet as at 30 June 2009

	Note	2009 \$ '000	2008 \$ '000
Assets			
Current Assets			
Cash and Cash Equivalents	6	28,675	17,357
Receivables	7	34,051	33,248
Other Financial Assets at fair value through profit or loss	8	30,501	53,652
Inventories	9	3,002	2,539
Prepayments	10	1,374	1,075
Total Current Assets		97,603	107,871
Non-Current Assets			
Receivables	7	49,890	54,645
Other Financial Assets at fair value through profit or loss	8	18,978	6,668
Investment Property	13	1,890	1,830
Property, Plant & Equipment	11	97,731	86,590
Intangible Assets	12	5,628	6,877
Debtor - Department of Human Services	29	45,361	49,432
Total Non-Current Assets		219,478	206,042
Total Assets		317,081	313,913
Liabilities			
Current Liabilities			
Payables	14	38,676	38,741
Interest Bearing Liabilities	15	10,224	9,347
Provisions	16	67,342	62,799
Other Liabilities	17	4,458	4,113
Total Current Liabilities		120,700	115,000
Non-Current Liabilities			
Interest Bearing Liabilities	15,29	66,383	75,367
Provisions	16	12,502	12,070
Obligation to provide Public Hospital Services	29	45,361	49,432
Total Non-Current Liabilities		124,246	136,869
Total Liabilities		244,946	251,869
Net Assets		72,135	62,044
Equity			
Funds Held in Perpetuity	19(a)	250	250
Restricted Specific Purpose Reserve	19(a)	15,619	16,327
AIB Reserve	19(a)	14,021	13,323
General Purpose Reserve	19(a)	205	195
Contributed Equity	19(c)	25,850	25,850
Accumulated Surpluses/(Deficits)	19(b)	16,190	6,099
Total Equity		72,135	62,044

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

Statement of Recognised Income and Expense for the Year Ended 30 June 2009

		2009	2008
	Note	\$ '000	\$ '000
Net result for the year	19 (b)	10,091	4,588
Total Recognised Income and Expense for the Year		10,091	4,588

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

Cash Flow Statement for the Year Ended 30 June 2009

	2009	2008
	\$ '000	\$ '000
	Inflows/ (Outflows)	Inflows/ (Outflows)
Note		
Cash Flows From Operating Activities		
Operating Grants from Government	386,224	336,920
Patient and Resident Fees Received	26,865	14,586
Private Practice Fees Received	12,857	11,519
Donations & Bequests Received	6,550	2,918
GST Recovered from ATO	15,840	11,307
Interest Received	5,594	4,359
Other Receipts	80,598	83,724
Employee Benefits Paid	(293,393)	(280,565)
Non-Salary Labour Costs Paid	(23,910)	(7,205)
Payments for Supplies & Consumables	(96,291)	(86,832)
Finance Costs	(5,669)	(5,916)
Other Expenses Paid	(78,360)	(37,549)
GST Paid to ATO	(46,771)	(35,009)
Cash Generated (used in) / from Operations	(9,866)	12,257
Capital Grants from Government	16,817	11,820
Capital Donations and Bequests Received	-	-
Interest - St Vincent's Healthcare Limited	4,770	4,685
Other Capital Receipts	9,095	5,045
	30,682	21,550
Net Cash Inflow from Operating Activities	20	33,807
Cash Flows From Investing Activities		
Purchase of Property Plant & Equipment	(17,806)	(31,219)
Proceeds from Sale of Property Plant & Equipment	430	392
Payment for Intangible Assets	(385)	(1,494)
Purchases of Investments	(23,216)	(1,349)
Proceeds from Sale of Investments	34,115	-
Cash acquired from contribution of net assets from common controlled entities	24	7,075
Net Cash (Outflow) from Investing Activities	(6,862)	(26,595)
Cash Flows From Financing Activities		
Proceeds from Borrowings	5,473	2,468
Repayment of Borrowings	(8,109)	(826)
Net Cash Inflow / (Outflow) from Financing Activities	(2,636)	1,642
Net Increase/(Decrease) in Cash and Cash Equivalents Held	11,318	8,854
Cash and Cash Equivalents at Beginning of Year	17,357	8,503
Cash and Cash Equivalents at End of Year	6	17,357

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

Notes to and forming part of the financial statements

Note 1: Summary of Significant Accounting Policies

This general-purpose financial report has been prepared on an accrual basis in accordance with the *Corporations Act 2001*, the *Financial Management Act 1994* (with the exception of FRD103D – Non-Current Physical Assets) and Accounting Standards issued by the Australian Accounting Standards Board. Accounting standards include Australian Accounting Standards (AAS's) and Interpretations.

The financial statements were authorised for issue by Chris Doidge, Chief Financial Officer on 24 September 2009.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. The financial report includes separate statements for St Vincent's Hospital (Melbourne) Limited as an individual entity.

Basis of preparation

The financial report is prepared on an accrual basis and in accordance with the historical cost convention, except for the revaluation of certain non-current assets and financial instruments, as noted. Cost is based on the fair values of the consideration given in exchange for assets.

In the application of Australian Accounting Standards management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

Notes to and forming part of the financial statements

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2009 and the comparative information presented in these financial statements for the year ended 30 June 2008.

a) Reporting Entity

The financial statements include all the controlled activities of the St Vincent's Hospital (Melbourne) Limited. St Vincent's Hospital (Melbourne) Limited is a not-for profit company and therefore applies the additional Australian paragraphs applicable to "not-for-profit" entities under the accounting standards.

b) Rounding Off

All amounts shown in the financial statements are expressed to the nearest \$1,000.

c) Cash & Cash Equivalents

Cash & cash equivalents comprise cash on hand and in the banks and investments in money market instruments, with differing maturities.

d) Receivables

Trade receivables are initially recognised at fair value and are due for settlement within 30 days from the date of recognition. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. Bad debts are written off when identified.

e) Inventories

Inventories include goods held for distribution at no or nominal cost in the ordinary course of business operations. It excludes depreciable assets. Inventories held for distribution are measured at the lower of cost and current replacement cost. Cost for all inventories is measured on the basis of weighted average cost.

Notes to and forming part of the financial statements

f) Other Financial Assets

Other financial assets are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned and are initially measured at fair value, net of transaction costs. Other financial assets are classified between current and non-current assets based on the St Vincent's intention at balance date with respect to the timing of disposal of each asset. St Vincent's classifies its other investments as financial assets at fair value through the profit or loss.

Dividend revenue is recognised on a receivable basis. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

g) Intangible Assets

Intangible assets represent identifiable non-monetary assets without physical substance such as Aged Care bed licences, computer software and development costs (where applicable). Intangible assets are recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the company.

Amortisation is allocated to intangible assets with finite useful lives 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. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each annual reporting period. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount.

Intangible assets with indefinite useful lives are not amortised. The useful lives of intangible assets that are not being amortised are reviewed each period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. In addition, the company tests all intangible assets with indefinite useful lives for impairment by comparing their recoverable amounts with their carrying amounts:

- annually, and
- whenever there is an indication that the intangible asset may be impaired.

Any excess of the carrying amount over the recoverable amount is recognised as an impairment loss.

Notes to and forming part of the financial statements

h) Property, Plant and Equipment

Plant, equipment and vehicles are measured at cost less accumulated depreciation and impairment losses. Cultural assets are initially measured at cost and subsequently valued at fair value with increments and decrements being reflected through a reserve where decrements have not previously been recognised through the profit and loss. Decrements that offset previous increments in the same class of asset are charged against an asset revaluation reserve directly in equity and other decreases are charged to the profit and loss.

i) Depreciation and amortisation

Assets with a cost in excess of \$1,000 are capitalised and depreciation or amortisation has been provided on depreciable assets so as to allocate their cost (or valuation) over their estimated useful lives using the straight-line method. Estimates of the remaining useful lives and depreciation method for all assets are reviewed at least annually. This depreciation charge is not funded by the Department of Human Services of Victoria.

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

Asset Class	2009	2008
Leasehold Improvements	10 to 40 years	10 to 40 years
Plant & Equipment	4 to 10 years	4 to 10 years
Medical Equipment	4 to 8 years	4 to 8 years
Computers & Communications	4 to 10 years	4 to 10 years
Motor Vehicles	6.6 years	6.6 years
Furniture and Fittings	6 to 18 years	6 to 18 years
Leased assets	4 to 8 years	4 to 8 years
Computer Software	4 to 10 years	4 to 10 years

Receipt of letters from

- (a) the parent company advising of proposed extension of the ground lease and
- (b) DHS advising of the proposed usage of St Vincent's Hospital (Melbourne) Limited for in patient services beyond 2017

Have allowed continuing usage of the above expected useful lives of non current assets.

j) Impairment of Assets

Intangible assets that have indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they may be impaired. All other assets are reviewed for indications of impairment except for:

- inventories; and
- financial instrument assets.

Notes to and forming part of the financial statements

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written-off by a charge to the operating statement except to the extent that the write-down can be debited to an asset revaluation reserve amount applicable to that class of asset.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is measured at the higher of an asset's fair value less costs to sell and depreciated replacement cost. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Where an asset's carrying value exceeds its recoverable amount, the difference is written-off by a charge to the operating statement except to the extent that the write-down can be debited to an asset revaluation reserve amount applicable to that class of asset.

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell. It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made.

k) Investment properties

Investment properties represent properties held to earn rentals or for capital appreciation or both. Investment properties exclude properties held to meet service delivery objectives of the State of Victoria.

Investment properties are initially recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the company.

Subsequent to initial recognition at cost, investment properties are re-valued to fair value with changes in the fair value recognised as revenue or expenses in the period that they arise. The properties are not depreciated.

The Gertrude Street Investment property is held for long-term yield and is not occupied by the company.

Notes to and forming part of the financial statements

Rental revenue from the leasing of Gertrude Street is recognised in the Income Statement in the periods in which it is receivable, as this represents the pattern of service rendered through the provision of the property.

l) Payables

These amounts represent liabilities for goods and services provided prior to the end of the financial year and which were unpaid at that date. The amounts are unsecured and normal credit terms are within 30 days of recognition.

m) Provisions

Provisions are recognised when the company has a present obligation, the future sacrifice of economic benefits is probable and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

n) Resources Provided and Received Free of Charge or Nominal Consideration

Resources provided or received free of charge or for nominal consideration are recognised at their fair value. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

o) Interest Bearing Liabilities

Interest bearing liabilities in the balance sheet are recognised at fair value upon initial recognition. Subsequent to initial recognition, all financial liabilities are recognised at amortised cost using the effective interest method.

Notes to and forming part of the financial statements

p) Functional and Presentation Currency

The presentation currency of the company is the Australian dollar, which has also been identified as the functional currency of the company.

q) Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

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

r) Employee Benefits

Wages and Salaries, Annual Leave, Sick Leave and Accrued Days Off

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accrued days off expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee's services up to the reporting date, classified as current liabilities and measured at nominal values.

Those liabilities that the company does not expect to settle within 12 months are recognised in the provision for employee benefits as current liabilities, measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

Long Service Leave

Current Liability — unconditional LSL (representing 10 or more years of continuous service) is disclosed as a current liability regardless whether or not the company expects to settle the liability within 12 months, as it does not have the unconditional right to defer the settlement of the entitlement should an employee take leave.

Notes to and forming part of the financial statements

The components of this current LSL liability are measured at:

present value — component that the company does not expect to settle within 12 months; and

nominal value — component that the company expects to settle within 12 months.

Non-Current Liability — conditional LSL (representing less than 10 years of continuous service) is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until 10 years of service has been completed by an employee. Conditional LSL is required to be measured at present value.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates of Federal Government guaranteed securities in Australia.

Superannuation

Defined contribution plans

Contributions to defined contribution superannuation plans are expenses when incurred.

Defined benefit plans

The amount charged to the Income Statement in respect of defined benefit superannuation plans represents the contributions made by the company to the superannuation plan in respect of the services of current company staff. Superannuation contributions are made to the plans based on the relevant rules of each plan.

Employees of the company are entitled to receive superannuation benefits and the company contributes to both the defined benefit and defined contribution plans. The defined benefit plan(s) provide benefits based on years of service and final average salary.

The company made contributions to the following major superannuation plans during the year:

Defined contribution plans:

Health Super Fund

Hesta

Vic Super Pty Limited

Government Superannuation Office

Unisuper

The company does not recognise any defined benefit liability in respect of the superannuation plans because the company has no legal or constructive obligation to pay future benefits relating to its

Notes to and forming part of the financial statements

employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance administers and discloses the State's defined benefit liabilities in its financial report.

Termination Benefits

Liabilities for termination benefits are recognised when a detailed plan for the termination has been developed and a valid expectation has been raised with those employees affected that the terminations will be carried out. The liabilities for termination benefits are recognised in other creditors unless the amount or timing of the payments is uncertain, in which case they are recognised as a provision.

Sabbatical Leave

Generally, an entitlement for sabbatical leave becomes payable under various awards upon the completion of six years service. The company makes a provision for sabbatical leave estimated to be payable within the next financial year as a current liability. In addition the company estimates the present value of sabbatical leave likely to be taken during the balance of this six year cycle. This amount is disclosed as a non-current liability.

On-Costs

Employee benefit on-costs are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

s) Finance Costs

Finance costs are recognised as expenses in the period in which they are incurred.

Finance costs include:

- Interest on bank overdrafts and short-term and long-term borrowings;
- 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 recognised in accordance with *AASB 117 Leases*.

t) Leases

Leases of property, plant and equipment are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Notes to and forming part of the financial statements

Operating lease payments, including any contingent rentals, are recognised as an expense in the operating statement on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

u) Revenue Recognition

Revenue is recognised in accordance with AASB 118 Revenue and is recognised as revenue to the extent it is earned. Unearned income at reporting dates is reported as income received in advance. Amounts disclosed as revenue are, where applicable, net of returns, allowances and duties and taxes.

Government Grants

Grants are recognised as revenue when the company gains control of the underlying assets. Where grants are reciprocal, revenue is recognised as performance occurs under the grant. Non-reciprocal grants are recognised as revenue when the grant is received or receivable. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

Indirect Contributions

- Insurance is recognised as revenue following advice from the Department of Human Services.
- Long Service Leave (LSL) - Revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Acute Health Division Hospital Circular 34/2008.

Patient Fees

Patient fees are recognised as revenue at the time invoices are raised.

Private Practice Fees

Private practice fees are recognised as revenue at the time invoices are raised.

Donations & Bequests

Donations and Bequests are recognised as revenue when received. If donations are for a special purpose they may be appropriated to a reserve, such as specific restricted purpose reserve.

Notes to and forming part of the financial statements

v) Fund Accounting

The company operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds. The company's Capital and Specific Purpose Funds include unspent capital donations and receipts from fund-raising activities conducted solely in respect of these funds. Funds held in Perpetuity reflect the initial investment into the Health Service by St Vincent's Health Australia Limited upon establishment of St Vincent's Hospital (Melbourne) Limited.

w) Services Supported by Health Services Agreement and Services Supported by Hospital and Community Initiatives

Activities classified as *Services Supported by Health Services Agreement (HSA)* are substantially funded by the Department of Human Services for the provision of Public Hospital Services and includes Residential Aged Care Services (RACS), while *Services Supported by Hospital and Community Initiatives (Non HSA)* are funded by the company's own activities or commercial/business unit activities and/or the Commonwealth.

x) Comparative Information

There have been minor presentation and classification changes to previous year's figures from those reported in the 2007/08 financial report in order to address classification inconsistencies in reporting Revenue from Operating Activities and Revenue from Non-Operating Activities in the 2007/08 financial statements.

There has been no change to the reported revenue or result from this reclassification.

Revenue from Non-Operating Activities for 2007/08 in the 2007/08 financial statements included \$4,685,000 of Capital Interest that should have been disclosed in Capital Purpose Income and \$238,000 of Property Income that was disclosed in Revenue from Non-Operating Activities. The presentation of these two items has been reclassified in the respective income categories in the comparative amounts noted for 2007/08.

Notes to and forming part of the financial statements

The tables below have been prepared to disclose the impact of this reclassification.

	Total 2008 \$ '000
2007/08 Revenue from Non-Operating Activities reported in the 2007/08 financial statements	9,269
Less – Capital Interest reported in both in Non-Operating Activities and Capital	(4,685)
Property income reported in Non-Operating Activities	(238)
2007/08 Revenue from Non-Operating Activities reported in the 2008/09 financial statements	4,346

	Total 2008 \$ '000
2007/08 Revenue from Operating Activities reported in the 2007/08 financial statements	395,307
Add – Capital Interest reported in both in Non-Operating Activities and Capital	4,685
Property income reported in Non-Operating Activities	238
2007/08 Revenue from Operating Activities reported in the 2008/09 financial statements	400,230

y) Specific Restricted Purpose Reserve

A specific restricted purpose reserve is established where the company has possession or title to the funds but has no discretion to amend or vary the restriction and/or condition underlying the funds received.

z) Net result from Continuing Operations before Capital & Specific Items

The subtotal entitled 'Net result Before Capital & Specific Items' is included in the operating statement to enhance the understanding of the financial performance of St Vincent's Hospital (Melbourne) Limited. This subtotal reports the result excluding items such as capital grants, assets received or provided free of charge, depreciation, and items of unusual nature and amount such as specific income (Note 2(f)) and expenses (Note 3(c)). The exclusion of these items is made to enhance matching of income and expenses so as to facilitate the comparability and consistency of results between years and Victorian Public Health Services. The Net result Before Capital & Specific

Items is used by the management of St Vincent's Hospital (Melbourne) Limited, the Department of Human Services and the Victorian Government to measure the ongoing result of health services in operating hospital services.

Notes to and forming part of the financial statements

Capital and specific items, which are excluded from this sub-total, comprise:

- Capital purpose income, which comprises all tied grants, donations and bequests received for the purpose of acquiring non-current assets, such as capital works, plant and equipment. It also includes donations of plant and equipment (refer Note 1(n)). Consequently the recognition of revenue as capital purpose income is based on the intention of the provider of the revenue at the time the revenue is provided.
- Specific income/expenses comprise the following items, where material:
- St Vincent's Healthcare Ltd leasehold amortisation, as described in note 26(e)
- Depreciation and amortisation, as described in Note 1(i)
- Assets provided free of charge, as described in Note 1(n)

aa) Category Groups

St Vincent's Hospital (Melbourne) Limited has used the following category groups for reporting purposes for the current and previous financial years. However it should be noted that allocations across category groups are limited by both the company's common chart of account coverage and the inclusion of the activities of St George's Health Service, Caritas Christ Hospice and Prague House from 1 January 2008 in the comparative year.

Admitted Patient Services (Admitted Patients) comprises all recurrent health revenue/expenditure on admitted patient services, where services are delivered in public hospitals, or free standing day hospital facilities, or palliative care facilities, or rehabilitation facilities, or alcohol and drug treatment units.

Mental Health Services (Mental Health) comprises all recurrent health revenue/expenditure on specialised mental health services (child and adolescent, general and adult, community) managed or funded by the state or territory health administrations, and includes: Admitted patient services, outpatient services, emergency department services (where it is possible to separate emergency department mental health services), community-based services, residential and ambulatory services.

Outpatient Services (Outpatients) comprises all recurrent health revenue/expenditure on public hospital type outpatient services, where services are delivered in public hospital outpatient clinics, or free standing day hospital facilities, or rehabilitation facilities, or alcohol and drug treatment units, or outpatient clinics specialising in ophthalmic aids or palliative care.

Notes to and forming part of the financial statements

Emergency Department Services (EDS) comprises all recurrent health revenue/expenditure on emergency department services that are available free of charge to public patients.

Ambulatory comprises all recurrent health revenue/expenditure on public hospital type services, provided the following are delivered/received outside a hospital campus, services which have moved from a hospital to a community setting since June 1998, services which fall within the agreed scope of inclusions under the new system, which have been delivered with hospitals, i.e. in rural/remote areas.

Aged Care comprises revenue/expenditure from Home and Community Care (HACC) programs, allied Health, Aged Care Assessment and support services.

Primary Health comprises revenue/expenditure for Community Health Services including health promotion and counseling, physiotherapy, speech therapy, podiatry and occupational therapy.

(ab) Going concern

Notwithstanding the deficit between current assets and current liabilities of \$23,097,000 (2008: \$7,129,000) the financial report has been prepared on a going concern. Directors are satisfied the organisation can meet its cash operating costs and its debts as and when due for the foreseeable future.

Notes to and forming part of the financial statements

(ac) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 reporting period. As at 30 June 2009, the following standards and interpretations had been issued but were not mandatory for financial years ending 30 June 2009. The Company has not and does not intend to adopt these standards early.

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Health Service's financial statements
AASB 101R Presentation of Financial Statements	Disclosure changes ranging from changes in presentation, introduction of the total comprehensive income concept.	Beginning 1 Jan 2009	Disclosure issues and re-formatting of the entity's future financial statements
AASB 2009-2 Amendments to Australian Accounting Standards - Improving Disclosures about Financial Instruments [AASB 4, 7, 1023 & 1038]	Requires enhanced disclosures about fair value and measurement and liquidity risk.	Beginning 1 Jan 2009	Impact expected to be insignificant.
AASB 2009-5 Further amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5,8,101,107,117,118,136 &139]	The amendment to some standards results in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting.	Beginning 1 Jan 2010	Impact expected to be insignificant.
AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, 101, 107, 111, 116 & 138 and Interpretations 1 & 12]	Option to expense borrowing cost related to a qualifying asset had been removed. Entities are now required to capitalise borrowing costs relevant to qualifying assets.	Beginning 1 Jan 2009	No impact due to AASB 2009-1 providing not-for-profit entities the option to expense borrowing costs.

Notes to and forming part of the financial statements

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Health Service's financial statements
AASB 2007-8 <i>Amendments to Australian Accounting Standards arising from AASB 101</i>	Editorial amendments to Australian Accounting Standards to align with IFRS terminology.	Beginning 1 Jan 2009	Impact expected to be insignificant.
AASB 123 <i>Borrowing Costs</i>	Option to expense borrowing cost related to a qualifying asset had been removed. Entities are now required to capitalise borrowing costs relevant to qualifying assets. In February 2009, the AASB decided that not-for-profit public sector entities could continue to expense borrowing costs attributable to qualifying assets pending the outcome of various IPSASB/AASB projects.	Beginning 1 Jan 2009	Impact expected to be insignificant.
AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, 101, 107, 111, 116 & 138 and Interpretations 1 & 12]	An accompanying amending standard, also introduced consequential amendments into other Standards.	Beginning 1 Jan 2009	Impact expected to be insignificant.
AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASBs 5, 7 101, 102, 107, 108, 110, 116, 118, 119, 120, 123, 127, 128, 129, 131, 132, 134, 136, 138, 139, 140, 141, 1023 & 1038]	A suite of amendments to existing standards following issuance of IASB Standard Improvements to IFRSs in May 2008. Some amendments result in accounting changes for presentation, recognition and measurement purposes.	Beginning 1 Jan 2009	Impact is being evaluated.
AASB 2009-2 Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments [AASB 4, 7 & 1038]	Requires enhanced disclosures about fair value and measurement and liquidity risk.	Beginning 1 Jan 2009	Impact expected to be insignificant.

Notes to and forming part of the financial statements

(ad) Segment Note

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. Under the Commonwealth's conditional adjustment payment requirements, approved providers must treat residential aged care (RACS) as a reportable segment within the meaning of the relevant AASB Accounting Standard 114 on segment reporting (note 25)

Notes to and forming part of the financial statements

NOTE 2: REVENUE

	HSA *	HSA	Non HSA**	Non HSA	Total	Total
	2009	2008	2009	2008	2009	2008
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Revenue from Operating Activities						
Government Grants						
- Department of Human Services	322,771	281,002	-	-	322,771	281,002
Commonwealth Government						
-Residential & Aged Care Subsidy	4,002	2,082	-	-	4,002	2,082
-Other	2,216	235	-	-	2,216	235
Total Government Grants	328,989	283,319	-	-	328,989	283,319
Indirect contributions by Department of Human Services						
-Insurance	5,885	5,566	-	-	5,885	5,566
-Long Service Leave	1,120	2,744	-	-	1,120	2,744
Total Indirect Contributions by Department of Human Services	7,005	8,310	-	-	7,005	8,310
Patient and Resident Fees						
-Patient and Resident Fees (refer Note 2c)	19,240	14,331	-	-	19,240	14,331
-Residential Aged Care	1,364	588	-	-	1,364	588
Total Patient & Resident Fees	20,604	14,919	-	-	20,604	14,919
Business Units & Specific Purpose Funds						
-Diagnostic Imaging	1,218	1,301	6,402	6,690	7,620	7,991
-Pathology	17,414	15,812	-	-	17,414	15,812
-Cafeteria	-	-	353	420	353	420
-Car Park	-	-	3,192	2,051	3,192	2,051
-Property Income	-	-	953	238	953	238
-Correctional Health Services	-	-	16,635	14,351	16,635	14,351
-Green Shop	-	-	323	325	323	325
-Breastscreen Clinic	-	-	3,390	3,142	3,390	3,142
-Commercial Training Programs	-	-	49	11	49	11
-Community Medical Centre	-	-	2,709	2,537	2,709	2,537
-Patient Television System	-	-	210	202	210	202
-Research Trust Funds	-	-	8,389	7,902	8,389	7,902
-Other Business Units	-	-	1,204	1,219	1,204	1,219
-Special Purpose Trust Funds	-	-	6,283	7,260	6,283	7,260
Total Business Units & Specific Purpose Funds	18,632	17,113	50,092	46,348	68,724	63,461
Donations & Bequests	-	-	6,550	5,317	6,550	5,317
Other Revenue from Operating Activities	23,633	23,307	7,387	1,597	31,020	24,904
Sub-Total Revenue from Operating Activities	398,863	346,968	64,029	53,262	462,892	400,230
Revenue from Non-Operating Activities						
Interest & Dividends	-	-	5,562	4,346	5,562	4,346
Other Revenue from Non-Operating Activities	-	-	-	-	-	-
Sub-Total Revenue from Non-Operating Activities	-	-	5,562	4,346	5,562	4,346

Notes to and forming part of the financial statements

NOTE 2: REVENUE (continued)

	HSA *	HSA	Non HSA**	Non HSA	Total	Total
	2009	2008	2009	2008	2009	2008
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Revenue from Capital Purpose Income						
State Government Grants						
- Capital Adjustment Factor	16,817	11,820	-	-	16,817	11,820
- Business & Occupancy	13,036	12,498	-	-	13,036	12,498
- Other	2,437	4,787	-	-	2,437	4,787
Net Gain/(loss) on Disposal of Non-Current Assets (refer Note 2d)	-	-	(65)	258	(65)	258
Capital Interest - Sisters of Charity Healthcare Australia Ltd	-	-	4,764	4,684	4,764	4,684
Sub-Total Revenue from Capital Purpose Income	32,290	29,105	4,699	4,942	36,989	34,047
Assets Received Free of Charge (refer Note 2(e))	-	-	95	-	95	-
Specific Income (refer Note 2(f))	-	-	60	593	60	593
Total Revenue from Continuing Operations - (refer Note 2a)	431,153	376,073	74,445	63,143	505,598	439,216

* HSA – Health Service Agreement between the Department of Human Services and St Vincent's

** Non HSA – All other services outside the Health Services Agreement

NOTE 2(a): ANALYSIS OF REVENUE BY SOURCE – 2009

(Based on the consolidated view of Note 2)

	Admitted Patients 2009 \$ '000	Outpatients 2009 \$ '000	EDS 2009 \$ '000	Ambulatory 2009 \$ '000	Mental Health 2009 \$ '000	Aged Care 2009 \$ '000	Primary Health 2009 \$ '000	RAC 2009 \$ '000	Other 2009 \$ '000	Total 2009 \$ '000
Revenue from Services Supported by Health Service Agreement (HSA)										
Government Grants										
- Department of Human Services	191,932	25,618	11,794	49,084	36,472	542	2	6,964	6,581	328,989
Indirect contributions by Dept. Human Services*	7,005	-	-	-	-	-	-	-	-	7,005
Patient and Resident Fees (refer Note 2c)	11,317	94	28	5,526	919	-	-	1,363	1,357	20,604
Business Units and Specific Purpose Funds	-	-	-	-	-	-	-	-	18,632	18,632
Other	4,053	378	363	282	692	3	17	156	17,689	23,633
Capital Purpose	-	-	-	-	-	-	-	-	32,290	32,290
Sub-Total Revenue from Services Supported by HSA	214,307	26,090	12,185	54,892	38,083	545	19	8,483	76,549	431,153
* Indirect contributions by Department of Human Services The Department of Human Services makes certain payments on behalf of the entity. These amounts have been brought to account in determining the operating result for the year.										
Revenue From Services Supported By Hospital And Community Initiatives										
Donations & Bequests (Non Capital)	-	-	-	-	-	-	-	-	6,550	6,550
Business Units & Specific Income Funds	-	-	-	-	-	-	-	-	50,092	50,092
Other	-	-	-	-	-	-	-	-	7,387	7,387
Interest & Dividends	-	-	-	-	-	-	-	-	5,562	5,562
Capital Purpose Income (refer note 2)	-	-	-	-	-	-	-	-	4,699	4,699
Assets Received Free of Charge	-	-	-	-	-	-	-	-	95	95
Specific Income	-	-	-	-	-	-	-	-	60	60
Sub-Total Revenue from Services Supported by Hospital and Community Initiatives	-	-	-	-	-	-	-	-	74,445	74,445
Total Revenue from Operations	214,307	26,090	12,185	54,892	38,083	545	19	8,483	150,994	505,598

NOTE 2(a): ANALYSIS OF REVENUE BY SOURCE – 2008

	Admitted Patients 2008 \$ '000	Outpatients 2008 \$ '000	EDS 2008 \$ '000	Ambulatory 2008 \$ '000	Mental Health 2008 \$ '000	Aged Care 2008 \$ '000	Primary Health 2008 \$ '000	RAC 2008 \$ '000	Other 2008 \$ '000	Total 2008 \$ '000
Revenue from Services Supported by Health Service Agreement (HSA)										
Government Grants										
- Department of Human Services	178,271	24,176	10,689	29,510	29,135	662	-	3,422	7,454	283,319
Indirect contributions by Dept. Human Services*	8,310	-	-	-	-	-	-	-	-	8,310
Patient and Resident Fees (refer Note 2c)	10,494	81	69	2,572	59	-	-	588	1,056	14,919
Business Units and Specific Purpose Funds	-	-	-	-	-	-	-	-	17,113	17,113
Other	4,249	392	147	208	984	37	9	61	17,220	23,307
Capital Purpose	-	-	-	-	-	-	-	-	29,105	29,105
Sub-Total Revenue from Services Supported by HSA	201,324	24,649	10,905	32,290	30,178	699	9	4,071	71,948	376,073
* Indirect contributions by Department of Human Services The Department of Human Services makes certain payments on behalf of the entity. These amounts have been brought to account in determining the operating result for the year.										
Revenue From Services Supported By Hospital And Community Initiatives										
Donations & Bequests (Non Capital)	-	-	-	-	-	-	-	-	5,317	5,317
Business Units & Specific Income Funds	-	-	-	-	-	-	-	-	46,348	46,348
Other	-	-	-	-	-	-	-	-	1,597	1,597
Interest & Dividends	-	-	-	-	-	-	-	-	4,346	4,346
Capital Purpose Income (refer note 2)	-	-	-	-	-	-	-	-	4,942	4,942
Assets Received Free of Charge	-	-	-	-	-	-	-	-	-	-
Specific Income	-	-	-	-	-	-	-	-	593	593
Sub-Total Revenue from Services Supported by Hospital and Community Initiatives	-	-	-	-	-	-	-	-	63,143	63,143
Total Revenue from Operations	201,324	24,649	10,905	32,290	30,178	699	9	4,071	135,091	439,216

Notes to and forming part of the financial statements

NOTE 2(c): PATIENT AND RESIDENT FEES

	2009	2008
	\$ '000	\$ '000
Patient and Resident Fees Raised		
Recurrent:		
Acute		
- Inpatients	5,835	5,586
- Outpatients	6,544	5,936
- Other	1,368	263
Residential Aged Care	1,364	588
Palliative Care and Geriatric Evaluation Management	5,425	2,489
Mental Health	68	57
Total Recurrent	20,604	14,919

Patient and Residential fees exclude recoupment from Private Practice. Recoupment from Private Practice must be reported separately.

NOTE 2(d): NET GAIN / (LOSS) ON DISPOSAL OF NON-CURRENT ASSETS

	Total 2009	Total 2008
	\$ '000	\$ '000
Proceeds from Disposal of Non-Current Assets		
- Plant and Equipment	-	-
- Medical Equipment	-	-
- Computers and Communication	-	-
- Furniture and Fittings	-	-
- Motor Vehicles	430	392
Total Proceeds from Disposal of Non-Current Assets	430	392
Less: Written Down Value of Non-Current Assets Disposed		
- Plant and Equipment	29	-
- Medical Equipment	41	28
- Computers and Communication	4	-
- Furniture and Fittings	-	-
- Motor Vehicles	421	106
Total Written Down Value of Non-Current Assets Disposed	495	134
Net gains (losses) on Disposal of Non-Current Assets	(65)	258

Notes to and forming part of the financial statements

NOTE 2(e): ASSETS RECEIVED FREE OF CHARGE OR FOR NOMINAL CONSIDERATION

	Total 2009 \$ '000	Total 2008 \$ '000
During the reporting period, the fair value of assets received free of charge, was as follows:		
Cultural Assets	95	-
Total	95	-

NOTE 2(f): SPECIFIC INCOME

	Total 2009 \$ '000	Total 2008 \$ '000
Revaluation Increment on Non-Current Assets		
- Investment Properties	60	-
- Cultural Assets	-	593
Total	60	593

NOTE 3: Expenses

	HSA 2009	HSA 2008	Non HSA 2009	Non HSA 2008	Total 2009	Total 2008
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Employee Benefits						
- Salaries & Wages	248,704	216,179	29,845	27,143	278,549	243,322
- WorkCover Premiums	2,117	2,013	233	250	2,350	2,263
- Departure Packages	668	462	322	35	990	497
- Long Service Leave	7,651	5,393	561	656	8,212	6,049
- Superannuation	21,743	18,981	2,167	2,028	23,910	21,009
Total Employee Benefits	280,883	243,028	33,128	30,112	314,011	273,140
Non-Salary Labour Costs						
- Fees for Visiting Medical Officers*	-	-	-	-	-	-
- Agency Costs - Nursing	6,652	5,435	389	413	7,041	5,848
- Agency Costs - Other	1,012	1,158	131	200	1,143	1,358
Total Non-Salary Labour Costs	7,664	6,593	520	613	8,184	7,206
Supplies & Consumables						
- Drug Supplies	21,796	21,685	1,937	1,629	23,733	23,314
- Medical, Surgical Supplies and Prostheses	48,398	43,500	3,768	2,474	52,166	45,974
- Pathology Supplies	-	-	-	-	-	-
- Food Supplies	3,451	2,800	262	194	3,713	2,994
Total Supplies & Consumables	73,645	67,985	5,967	4,297	79,612	72,282
Expenditure using Capital Purpose Income						
- Campus Lease	8,742	8,457	-	-	8,742	8,457
- Business & Occupancy Excess	4,294	4,041	-	-	4,294	4,041
Total Expenditure Using Capital Purpose Income	13,036	12,498	-	-	13,036	12,498
Other Expenses from Continuing Operations						
- Domestic Services & Supplies	4,923	4,219	135	147	5,058	4,366
- Fuel, Light, Power and Water	4,172	3,589	189	170	4,361	3,759
- Insurance costs funded by DHS	5,885	5,566	-	-	5,885	5,566
- Motor Vehicle Expenses	738	717	67	60	805	777
- Repairs and Maintenance	6,421	5,141	724	394	7,145	5,535
- Maintenance Contracts	4,657	4,055	424	515	5,081	4,570
- Patient Transport	1,064	1,159	230	46	1,294	1,205
- Bad and Doubtful Debts	391	623	61	25	452	648
- Lease Expenses	3,519	3,067	1,164	925	4,683	3,992
- Other Administrative Expenses	19,450	15,136	7,840	6,899	27,290	22,035
- Other	-	-	-	-	-	-
- Audit Fees (VAGO audit of Financial Statements)	85	119	-	-	85	119
- Audit Fees (other)	99	95	-	-	99	95
Total Other Expenses from Continuing Operations	51,404	43,486	10,834	9,181	62,238	52,667

NOTE 3: Expenses (Continued)

	HSA 2009 \$ '000	HSA 2008 \$ '000	Non HSA 2009 \$ '000	Non HSA 2008 \$ '000	Total 2009 \$ '000	Total 2008 \$ '000
Depreciation & Amortisation	-	-	9,127	8,379	9,127	8,379
Specific Expense	-	-	101	-	101	-
Finance Costs	-	-	6,592	6,285	6,592	6,285
Lease Expense - St Vincent's Healthcare Limited	-	-	2,606	2,171	2,606	2,171
Total	-	-	18,426	16,835	18,426	16,835
Total Expenses	426,632	373,589	68,875	61,040	495,507	434,628

NOTE 3a (1): ANALYSIS OF EXPENSE BY SOURCE – 2009

	Admitted Patients 2009 \$ '000	Outpatients 2009 \$ '000	EDS 2009 \$ '000	Ambulatory 2009 \$ '000	Mental Health 2009 \$ '000	Aged Care 2009 \$ '000	Primary Health 2009 \$ '000	RAC 2009 \$ '000	Other 2009 \$ '000	Total 2009 \$ '000
Services Supported by Health Service Agreement										
Employee Benefits	156,385	11,663	17,594	43,530	39,969	634	65	8,919	2,125	280,883
Non-Salary Labour Costs	4,079	94	799	893	1,032	2	-	745	20	7,664
Supplies & Consumables	56,406	4,676	1,625	5,899	4,058	26	4	644	307	73,645
Other Expenses from Continuing Operations	27,013	3,410	1,926	8,527	8,039	99	8	1,662	720	51,404
Sub-Total of Expenses from Services Supported by Health Services Agreement	243,883	19,843	21,944	58,849	53,098	761	77	11,970	3,172	413,596
Services Supported by Hospital and Community Initiatives										
Employee Benefits	-	-	-	-	-	-	-	-	33,128	33,128
Non-Salary Labour Costs	-	-	-	-	-	-	-	-	520	520
Supplies & Consumables	-	-	-	-	-	-	-	-	5,967	5,967
Other Expenses from Continuing Operations	-	-	-	-	-	-	-	-	10,834	10,834
Sub-Total of Services Supported by Hospital and Community Initiatives (Note 3b)	-	-	-	-	-	-	-	-	50,449	50,449
Services Supported by Capital Resources										
Depreciation and Amortisation	-	-	-	-	-	-	-	-	9,127	9,127
Specific Expense	-	-	-	-	-	-	-	-	101	101
Finance Costs	-	-	-	-	-	-	-	-	6,592	6,592
Lease Expense – Sisters of Charity Healthcare Australia Ltd	-	-	-	-	-	-	-	-	2,606	2,606
Campus Lease	-	-	-	-	-	-	-	-	8,742	8,742
Business & Occupancy Excess	-	-	-	-	-	-	-	-	4,294	4,294
Sub-Total Expenses from Services Support by Capital Resources	-	-	-	-	-	-	-	-	31,462	31,462
Total Expenses	243,883	19,843	21,945	58,848	53,098	760	77	11,970	85,083	495,507

NOTE 3a (1): ANALYSIS OF EXPENSE BY SOURCE – 2008

	Admitted Patients 2008 \$ '000	Outpatients 2008 \$ '000	EDS 2008 \$ '000	Ambulatory 2008 \$ '000	Mental Health 2008 \$ '000	Aged Care 2008 \$ '000	Primary Health 2008 \$ '000	RAC 2008 \$ '000	Other 2008 \$ '000	Total 2008 \$ '000
Services Supported by Health Service Agreement										
Employee Benefits	141,970	9,370	16,238	25,179	31,787	714	66	4,272	13,432	243,028
Non-Salary Labour Costs	3,827	87	751	504	870	2	-	419	133	6,593
Supplies & Consumables	53,319	4,692	1,470	4,040	2,102	23	3	292	2,044	67,985
Other Expenses	23,626	2,648	1,499	4,615	5,569	253	12	742	4,522	43,486
Sub-Total of Expenses from Services Supported by Health Services Agreement	222,742	16,797	19,958	34,338	40,328	992	81	5,725	20,131	361,092
Services Supported by Hospital and Community Initiatives										
Employee Benefits	-	-	-	-	-	-	-	-	30,112	30,112
Non-Salary Labour Costs	-	-	-	-	-	-	-	-	613	613
Supplies & Consumables	-	-	-	-	-	-	-	-	4,297	4,297
Other Expenses from Continuing Operations	-	-	-	-	-	-	-	-	9,181	9,181
Sub-Total of Services Supported by Hospital and Community Initiatives (Note 3b)	-	-	-	-	-	-	-	-	44,203	44,203
Services Supported by Capital Resources										
Depreciation and Amortisation	-	-	-	-	-	-	-	-	8,379	8,379
Finance Costs	-	-	-	-	-	-	-	-	6,285	6,285
Lease Expenses – Sisters of Charity Healthcare Australia Ltd	-	-	-	-	-	-	-	-	2,171	2,171
Campus Lease	-	-	-	-	-	-	-	-	8,457	8,457
Business & Occupancy Excess	-	-	-	-	-	-	-	-	4,041	4,041
Sub-Total Expenses from Services Support by Capital Resources	-	-	-	-	-	-	-	-	29,333	29,333
Total Expenses	222,742	16,797	19,958	34,338	40,328	992	81	5,725	93,667	434,628

Notes to and forming part of the financial statements

NOTE 3(b): ANALYSIS OF EXPENSES BY INTERNAL AND RESTRICTED SPECIFIC PURPOSE FUNDS FOR SERVICES SUPPORTED BY HOSPITAL AND COMMUNITY INITIATIVES

	Total 2009 \$ '000	Total 2008 \$ '000
Diagnostic Imaging	6,283	5,923
Cafeteria	152	172
Car Park	1,085	546
Property Expenses	43	(41)
Other Business Units	585	460
Correctional Health Services	14,922	13,497
Green Shop	317	299
Child Care	-	6
Commercial Training Programs	21	15
Community Medical Centre	2,460	2,389
Patient Television System	164	164
Breastscreen Clinic	3,368	3,029
Specific Purpose Trust Funds	9,346	8,329
Research and Scholarship	9,671	7,820
Other	2,032	1,595
Total	50,449	44,203

NOTE 3(c): SPECIFIC EXPENSE

	Total 2009 \$ '000	Total 2008 \$ '000
Revaluation Decrement on Non-Current Assets		
- Investment Properties	-	-
- Cultural Assets	101	-
Total	101	-

Notes to and forming part of the financial statements

NOTE 4: DEPRECIATION AND AMORTISATION

	Total 2009 \$ '000	Total 2008 \$ '000
Depreciation		
Plant and Equipment	751	723
Medical Equipment	4,153	3,772
Computers and Communication	753	693
Furniture and Fittings	171	160
Motor Vehicles	621	383
Leasehold Improvements	1,961	1,382
Leased Assets - Plant & Equipment	283	993
Total Depreciation – Property, Plant & Equipment	8,693	8,106
Amortisation		
Intangible Assets – Computer Software & Development costs	434	273
Total Amortisation – Intangible Assets	434	273
Total Depreciation & Amortisation	9,127	8,379

NOTE 5: FINANCE COSTS

	Total 2009 \$ '000	Total 2008 \$ '000
Sisters of Charity Healthcare Australia Limited Interest	4,640	4,606
Treasury Corporation of Victoria Loan	1,029	1,310
Car Park Loan Interest	798	272
Finance leases	125	97
Total	6,592	6,285

Notes to and forming part of the financial statements

NOTE 6: CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and short-term deposits which are readily convertible to cash on hand, and are subject to an insignificant risk of change in value, net of outstanding bank overdrafts

	Total 2009 \$ '000	Total 2008 \$ '000
Cash at Bank and on Hand		
Cash on Hand	126	110
Cash at bank	28,549	17,247
Cash at 30 June	28,675	17,357
Represented by:		
Cash for Operations (as per Cash Flow Statement)	28,675	17,357
Cash at 30 June	28,675	17,357

Notes to and forming part of the financial statements

NOTE 7: RECEIVABLES

	Total 2009 \$ '000	Total 2008 \$ '000
Current - Contractual		
Trade Debtors	7,907	8,524
Patient Fees	3,694	3,504
Doctors' Fee Revenue	6,084	5,299
Accrued Investment Income	2	32
Accrued Revenue - Other	3,983	4,510
Franking Credits	57	40
Loans		
- St Vincent's Healthcare Limited (refer Note 26 (e))	9,741	9,181
Less: Allowance for Doubtful Debts		
Trade Debtors	(433)	(582)
Patient Fees	(468)	(387)
Doctors' Fee Revenue	(98)	(186)
Current - Statutory		
Accrued Revenue		
- Department of Human Services	3,582	3,313
Total Current Receivables	34,051	33,248
Non Current – Contractual		
Loans		
- Sisters of Charity Healthcare Australia Ltd (refer note 26(e))	44,405	51,077
Non Current – Statutory		
Department of Human Services - Long Service Leave	5,485	3,568
Total Non Current Receivables	49,890	54,645
Total Receivables	83,941	87,893

(a) Movement in the Allowance for Doubtful Debts

	Total 2009 \$ '000	Total 2008 \$ '000
Balance at beginning of the year	1,155	566
Amounts written off during the year	(452)	(319)
Increase in Allowance recognised in Profit or Loss	296	908
Balance at end of the year	999	1,155

(b) Ageing analysis of receivables

Please refer to Note 21(d) for the analysis on receivables

(c) Nature and extent of risk arising from receivables

Please refer to Note 21(e) for the nature and extent of credit risk arising from receivables

NOTE 8: OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Operating Fund		Specific Purpose Fund		Capital Fund		AIB Reserve Fund		Total	Total
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Current										
Guaranteed Bill Index Deposit in Escrow	-	-	-	-	-	-	14,021	13,323	14,021	13,323
Mortgage and Asset Backed Securities	3,099	5,285	-	2,406	-	-	-	-	3,099	7,691
Bank Bills and Short Term Investments	6,240	17,715	7,141	4,232	-	-	-	-	13,381	21,947
Shares and other Managed Investments	-	8,239	-	2,452	-	-	-	-	-	10,691
Floating Rate Notes	-	-	-	-	-	-	-	-	-	-
Current Other Financial Assets Held in Trust										
Cash and Cash Equivalents	-	-	-	-	-	-	-	-	-	-
Total Current Other Financial Assets	9,339	31,239	7,141	9,090	-	-	14,021	13,323	30,501	53,652
Non-Current										
Bank Bills	-	-	-	-	-	-	-	-	-	-
Shares and other Managed Investments	2,352	1,969	-	-	-	-	-	-	2,352	1,969
Mortgage and Asset Backed Securities	1,302	4,699	-	-	-	-	-	-	1,302	4,699
Fixed Interest Securities	9,960	-	5,364	-	-	-	-	-	15,324	-
Total Non-Current Other Financial Assets	13,614	6,668	5,364	-	-	-	-	-	18,978	6,668
Total Other Financial Assets	22,953	37,907	12,505	9,090	-	-	14,021	13,323	49,479	60,320
Represented by:										
Health Service Investments	19,279	34,895	12,505	9,090	-	-	14,021	13,323	45,805	57,308
Monies held in Trust										
- Patient Monies	68	51	-	-	-	-	-	-	68	51
- Other	3,606	2,961	-	-	-	-	-	-	3,606	2,961
Total	22,953	37,907	12,505	9,090	-	-	14,021	13,323	49,479	60,320

Notes to and forming part
of the financial statements

NOTE 9: INVENTORIES

	Total	Total
	2009	2008
	\$ '000	\$ '000
Current		
Drug Supplies (at cost)	1,475	1,373
Medical and Surgical Lines (at cost)	1,527	1,166
Total	3,002	2,539

NOTE 10: OTHER ASSETS

	Total	Total
	2009	2008
	\$ '000	\$ '000
Current		
Prepayments	1,374	1,075
Total	1,374	1,075

Notes to and forming part of the financial statements

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

	Total 2009 \$ '000	Total 2008 \$ '000
Leasehold Improvements at Cost		
- Leasehold Improvements	60,177	50,517
Less Accumulated Depreciation and Impairment	(5,965)	(4,004)
Total Leasehold Improvements	54,212	46,513
Plant and Equipment at Cost		
- Plant and Equipment	11,149	9,747
Less Accumulated Depreciation and Impairment	(6,413)	(5,931)
Total Plant and Equipment	4,736	3,816
Medical Equipment at Cost		
- Major Medical	48,755	50,450
Less Accumulated Depreciation and Impairment	(29,675)	(31,818)
Total Medical Equipment	19,080	18,632
Computers and Communication at Cost		
- Computers and Communication	8,306	9,073
Less Accumulated Depreciation and Impairment	(6,265)	(6,742)
Total Computers and Communications	2,041	2,331
Furniture and Fittings at Cost		
- Furniture and Fittings	2,368	2,223
Less Accumulated Depreciation and Impairment	(1,065)	(895)
Total Furniture and Fittings	1,303	1,328
Motor Vehicles at Cost		
- Motor Vehicles	3,735	4,082
Less Accumulated Depreciation and Impairment	(1,386)	(1,583)
Total Motor Vehicles	2,349	2,499
Cultural Assets at Fair Value[^]		
- Cultural Assets	1,785	1,788
Less Accumulated Depreciation and Impairment	-	-
Total Cultural Assets	1,785	1,788
Leased Assets at Cost		
- Cost Leasehold improvements	38,722	38,722
- Cost Plant & Equipment	2,642	1,342
Less Accumulated Depreciation	(39,379)	(39,096)
Total Leased Assets	1,985	968
Works in Progress at Cost[*]	10,240	8,715
Total	97,731	86,590

[^] Cultural Assets were re valued at 30 June in both years by Warren E Joel of Joel's Australia.

^{*} Long term capital projects of leasehold improvements and plant & equipment are initially costed to "Works in Progress". When the project is completed and the new asset commissioned for use the cost of the project is re-classified as the appropriate class of asset.

Notes to and forming part of the financial statements

NOTE 11: PROPERTY, PLANT AND EQUIPMENT (Continued)

Reconciliations of the carrying amounts of each class of asset at the beginning and end of previous and current financial year are set out below.

	Leasehold \$ '000	Plant & Equipment \$ '000	Medical Equipment \$ '000	Computers & Comms \$ '000	Furniture & Fittings \$ '000	Motor Vehicles \$ '000	Cultural Assets \$ '000	Works in Progress \$ '000	Leased Assets \$ '000	Total \$ '000
Balance at 1 July 2007	10,438	2,988	17,889	1,693	695	2,093	1,195	28,768	1,961	67,720
Additions	36,669	955	3,777	1,208	150	479	593	15,565	-	59,396
Transfers [^]	788	596	775	123	643	462	-	(35,618)	-	(32,231)
Disposals	-	-	(37)	-	-	(152)	-	-	-	(189)
Depreciation	(1,382)	(723)	(3,772)	(693)	(160)	(383)	-	-	(993)	(8,106)
Balance at 1 July 2008	46,513	3,816	18,632	2,331	1,328	2,499	1,788	8,715	968	86,590
Additions	8,417	1,701	4,641	467	144	905	98	1534	1,300	19,207
Transfers	1,244	16	1	-	1	56	-	(9)	-	1,309
Revaluation	-	-	-	-	-	-	(101)	-	-	(101)
Disposals	-	(46)	(41)	(4)	-	(490)	-	-	-	(581)
Depreciation	(1,961)	(751)	(4,153)	(753)	(171)	(621)	-	-	(283)	(8,693)
Balance as at 30 June 2009	54,213	4,736	19,080	2,041	1,302	2,349	1,785	10,240	1,985	97,731

[^] Transfers include Property Plant and Equipment from St George's, Caritas Christi and Prague House on 31/12/2007

Notes to and forming part of the financial statements

NOTE 12: INTANGIBLE ASSETS

	Total 2009 \$ '000	Total 2008 \$ '000
Computer Software and Development	7,700	10,461
Less Accumulated Amortisation and Impairment	(5,565)	(7,077)
	2,135	3,384
Bed Licences at (deemed) cost	3,493	3,493
Less Accumulated Amortisation and Impairment	-	-
	3,493	3,493
Total Written Down Value	5,628	6,877

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

	Computer Software & Development \$ '000	Bed Licences \$'000	Total \$ '000
Balance at 1 July 2007	2,163	-	2,163
Additions	1,494	3,493	4,987
Amortisation	(273)	-	(273)
Balance at 1 July 2008	3,384	3,493	6,877
Additions	385	-	385
Transfers	(746)	-	(746)
Disposals	(454)	-	(454)
Depreciation/Amortisation	(434)	-	(434)
Balance as at 30 June 2009	2,135	3,493	5,628

Notes to and forming part of the financial statements

NOTE 13: INVESTMENT PROPERTIES

	Total 2009 \$ '000	Total 2008 \$ '000
Balance at Beginning of Period	1,830	1,830
Net Gain / (Loss) from Fair Value Adjustments	60	-
Balance at End of Period	1,890	1,830

An independent market valuation was undertaken by Egan National Valuers (Vic) of the property at 26-28 Gertrude Street as at 30 June 2009. The Investment Property is held for the purposes of long term capital gain and earns a nominal rent (\$1 p.a.) received from an unrelated entity to 31 December 2017. At balance date there is no commitment for expenditure relating to this property.

NOTE 14: PAYABLES

	Total 2009 \$ '000	Total 2008 \$ '000
Current - Contractual		
Trade Creditors	15,310	15,487
Accrued Expenses	15,163	15,089
	30,473	30,576
Current - Statutory		
Deferred Grants - Department of Human Services	7,991	6,362
GST Payable	212	1,803
	8,203	8,165
Total Current Payables	38,676	38,741

(a) Maturity analysis of payable

Please refer to Note 21(d) for ageing analysis of payables

(b) Nature and extent of risk arising from payables

Please refer to Notes 21(d) and 21(e) for the nature and extent of risks arising from payables

Notes to and forming part of the financial statements

NOTE 15: INTEREST BEARING LIABILITIES

	Total	Total
	2009	2008
	\$ '000	\$ '000
Current		
- AIB Bond Holders	4,319	4,066
- Treasury Corporation Victoria Loan	5,422	5,114
- Car Park Loan	201	-
- Finance Leases	282	167
Total Current	10,224	9,347
Non-Current		
- AIB Bond Holders	41,043	45,366
- Treasury Corporation Victoria Loan	8,751	14,174
- Car park Loan	14,799	14,975
- Finance Leases	1,790	852
Total Non-Current	66,383	75,367
Total Interest Bearing Liabilities	76,607	84,714

AIB Bond Holders and Treasury Corporation Victoria Loan are secured (refer to Note 29 for nature of security and repayment terms thereon).

The CBA loan facility is secured by the mortgage over the borrower's interest in the Victoria Parade car park and its operating agreement. On 1 April 2008 the loan facility converted from the construction facility to the long term facility capped at 7.05%. This is interest only for the first 2 years after conversion from the construction facility.

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

- Amount of finance costs recognised as expenses \$6,592,000 (2008:\$6,285,000).

NOTE 16: PROVISIONS

	Total	Total
	2009	2009
	\$ '000	\$ '000
Current		
Employee Benefits (refer Note 16a)	67,342	62,799
Total	67,342	62,799
Non-Current		
Employee Benefits (Note 16a)	12,502	12,070
Total	12,502	12,070

Notes to and forming part of the financial statements

NOTE 16a: EMPLOYEE BENEFITS

	2009	2008
	\$'000	\$'000
Current Provisions		
Unconditional Long Service Leave Entitlements	35,363	31,236
Annual Leave Entitlements	22,085	19,754
Accrued Wages & Salaries	7,881	9,691
Accrued Days Off	1,140	1,050
Sabbatical Leave	873	1,068
Total *	67,342	62,799
* Current Employee benefits that:		
Expected to be utilised within 12 months (nominal value)	32,087	27,961
Expected to be utilised after 12 months (nominal value)	35,255	34,838
Total *	67,342	62,799
Non-Current (refer Note 1 (r))		
Conditional Long Service Leave Entitlements (present value)	8,472	7,080
Sabbatical Leave	4,030	4,990
Total	12,502	12,070
Movement in Long Service Leave:		
Balance at start of year	38,316	30,804
Provisions made during the year	8,986	11,348
Settlement made during the year	(3,467)	(3,836)
Balance at End of Year	43,835	38,316

NOTE 17: OTHER LIABILITIES

	Total	Total
	2009	2008
	\$ '000	\$ '000
Current		
Monies held in Trust		
- Refundable Library Fees	4	3
- Refundable Car Park Fees	1	1
- Security Deposits	250	250
- Salary Packaging Employees	3,351	2,706
- Other (FBT and Usage Fees)	784	1,102
Patient Monies held in Trust	68	51
Total Current	4,458	4,113
Represented by the following Assets		
Cash and Cash Equivalents	4,458	4,113
Total	4,458	4,113

Notes to and forming part of the financial statements

NOTE 18: COMMITMENTS

	Total 2009 \$ '000	Total 2008 \$ '000
Capital Expenditure Commitments		
Payable		
Leasehold Improvements	14,145	4,944
Total Capital Commitments	14,145	4,944
Not later than one year	14,145	4,944
Later than 1 year but not later than 2 years	-	-
Later than 2 years but not later than 5 years	-	-
Later than 5 years	-	-
Total	14,145	4,944
Operating Commitments		
Orders placed for goods and services	170	1,100
Total Operating Commitments	170	1,100
Not later than one year	170	1,100
Later than 1 year but not later than 2 years	-	-
Later than 2 years but not later than 5 years	-	-
Later than 5 years	-	-
Total	170	1,100
Lease Commitments		
Commitments in relation to leases contracted for at the reporting date:		
Operating Leases	8,950	10,363
Finance Leases	2,072	1,019
Total Lease Commitments	11,022	11,382
Operating Leases		
Cancellable		
Not later than 1 year	3,123	3,506
Later than 1 year but not later than 2 years	2,225	2,270
Later than 2 years but not later than 5 years	3,480	3,972
Later than 5 years	122	615
Total	8,950	10,363
Finance Leases		
Non Cancellable		
Not later than 1 year	282	167
Later than 1 year but not later than 2 years	268	149
Later than 2 years but not later than 5 years	939	419
Later than 5 years	583	284
Sub Total	2,072	1,019
Total	11,022	11,382

Notes to and forming part of the financial statements

NOTE 19: EQUITY

	Notes	Total 2009 \$ '000	Total 2008 \$ '000
a) Reserves			
Funds Held for Restricted Purposes			
Balance at the beginning of the reporting period		16,327	17,255
Transfer to and from Restricted Purpose Reserves		(708)	(928)
Balance at the end of the reporting period		15,619	16,327
AIB Reserve			
Balance at the beginning of the reporting period		13,323	12,288
Transfer to and from AIB Reserve		698	1,035
Balance at the end of the reporting period		14,021	13,323
General Purpose Reserve			
Balance at the beginning of the reporting period		195	307
Transfer to and from General Purpose Reserve		10	(112)
Balance at the end of the reporting period		205	195
Funds Held in Perpetuity			
Balance at the beginning of the reporting period		250	250
Transfer to and from Funds held in Perpetuity		-	-
Balance at the end of the reporting period		250	250
Total Reserves		30,095	30,095
b) Accumulated Surpluses (Deficits)			
Balance at the beginning of the reporting period		6,099	1,511
Net Result for the Year		10,091	4,588
Balance at the end of the reporting period		16,190	6,099
c) Contributed Equity			
Balance at the beginning of the reporting period		25,850	-
Contribution of net assets from common controlled entities for \$nil consideration	e, 24	-	25,850
Balance at the end of the year		25,850	25,850
d) Equity			
Total Equity at the beginning of the reporting period		62,044	31,611
Contribution of net assets from associated entities for \$nil consideration	e, 24	-	25,850
Total changes in Equity Recognised in the Operating Statement		10,091	4,588
Loss on translation of balance sheets upon the take up of the net assets from associated entities		-	(5)
Total Equity at the Reporting Date		72,135	62,044

e) At 1 January 2008, St Vincent's Hospital (Melbourne) Limited acquired the net assets of Caritas Christi Hospice Limited, St George's Health Service Limited and Prague House Limited for \$nil consideration upon the consolidation of the operations into one single legal entity. These entities ceased operations from that date and all assets and liabilities were contributed to St Vincent's Hospital (Melbourne) Limited.

Notes to and forming part of the financial statements

NOTE 20: RECONCILIATION OF NET RESULT FOR THE YEAR TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Total	Total
	2009	2008
	\$ '000	\$ '000
Net Result for the Year	10,091	4,588
Depreciation & Amortisation	9,127	8,379
Provision for Doubtful Debts	(156)	588
Assets Received Free of Charge	95	-
Net (Gain)/Loss on Sale of Plant & Equipment net of assumption of net assets	65	(258)
Change in Operating Assets & Liabilities		
Change in Inventories	(463)	(272)
Increase/(Decrease) in Creditors	(1,541)	1,339
Increase/(Decrease) in Employee Entitlements	4,975	13,351
Increase/(Decrease) in Accrued Expenses	(337)	3,957
Increase/(Decrease) in Prepaid Revenue	1,205	3,230
Decrease/(Increase) in Patient Fees Receivable	(190)	(2,415)
Decrease/(Increase) in Receivables	(1,756)	1,438
Decrease/(Increase) in Prepaid Expenses	(299)	(118)
Net Cash Inflow/Outflow from Operating Activities	20,816	33,807

(a) Refer to Note 21(d) for details of loan facilities

Notes to and forming part of the financial statements

NOTE 21: FINANCIAL INSTRUMENTS

Risk management policies

This note presents information about the company's financial instrument risk management objectives, policies and processes for measuring and managing risk and the management of capital.

The Board of Directors has responsibility for the establishment and oversight of the risk management framework to assist in identifying and analysing the risks faced by the company.

St Vincent's principal financial instruments comprise cash and short-term deposits, a balanced portfolio of equities, other financial assets at fair value through profit or loss, accounts receivable and accounts payable.

St Vincent's activities expose it primarily to the financial risks of changes in interest rates (price risk), liquidity risk and credit risk. The company does not enter into or trade financial instruments including derivative financial instruments for speculative purposes. The Board reviews and agrees policies for managing each of these risks and undertakes regular monitoring of the performance of its financial assets and liabilities.

Significant accounting policies

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, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

(a) Interest Rate Risk Exposure

St Vincent's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities is limited to assets and liabilities bearing variable interest rates. St Vincent's does not enter into interest rate swaps.

(b) Equity Price Risk Management

Equity price risk arises from other financial assets measured at fair value through the income statement which are held to generate income from surplus funds. Management of St Vincent's monitors the equity securities in its investment portfolio based on market indices. Investments are managed externally by fund managers whose performance and proposed investment strategies are reviewed by the Board on a regular basis.

Notes to and forming part of the financial statements

NOTE 21: FINANCIAL INSTRUMENTS (Continued)

(c) Weighted Average Interest Rate Risk

Interest Rate Risk Exposure	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Rate	Non Interest bearing	Total
		\$'000	\$'000	\$'000	\$'000
30 June 2009					
Financial Assets					
Cash	2.90%	28,549	-	126	28,675
Trade and Inter Hospital Receivables	-	-	-	7,474	7,474
Other Receivables	3.51%	45,362	-	31,106	76,468
Other financial assets	4.50%	5,410	41,717	-	47,127
Total	3.53%	79,321	41,717	38,706	159,744
Financial Liabilities					
Trade and other Payables	-	-	-	38,676	38,676
Advances and Other Liabilities	-	-	-	784	784
AIB	6.34%	45,362	-	-	45,362
Treasury Corporation of Victoria loan	5.89%	-	14,173	-	14,173
CBA Loan Facility	7.05%	-	15,000	-	15,000
Finance Leases	4.06%	-	2,072	-	2,072
Total	4.18%	45,362	31,245	39,460	116,067
Net Financial Assets / (Liabilities)		33,959	10,472	(754)	43,677

Interest Rate Risk Exposure	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Rate	Non Interest bearing	Total
		\$'000	\$'000	\$'000	\$'000
30 June 2008					
Financial Assets					
Cash	7.16%	17,247	-	110	17,357
Trade and Inter Hospital Receivables	-	-	-	7,943	7,943
Other Receivables	3.66%	49,432	-	30,517	79,949
Other financial assets	6.98%	-	47,660	-	47,660
Total		66,679	47,660	38,570	152,909
Financial Liabilities					
Trade and other Payables	-	-	-	38,741	38,741
Advances and Other Liabilities	-	-	-	1,101	1,101
AIB	6.34%	49,432	-	-	49,432
Treasury Corporation of Victoria loan	5.89%	-	19,288	-	19,288
CBA Loan Facility	7.05%	-	14,975	-	14,975
Finance Leases	8.26%	-	1,019	-	1,019
Total		49,432	35,282	39,842	124,556
Net Financial Assets / (Liabilities)		17,247	12,378	(1,272)	28,353

Notes to and forming part of the financial statements

NOTE 21: FINANCIAL INSTRUMENTS (Continued)

(d) Maturity Analysis

St Vincent's major long term financial liabilities are effectively protected from interest rate risk as indicated below:

TCV loan - \$46,130,000, Fixed interest facility until maturity in December 2011

CBA car-park loan facility of \$15,000,000 \$10.5m fixed interest at 7.05% and \$4.5m capped at 7.05%

AIB facility for development of hospital building (IPS), Inflation indexed bonds where loan repayments are entirely underwritten by a Government Grant

The company holds a number of term investments with fixed interest rates, which are held to maturity. The maturity profile of the company's financial instruments is as follows:

Maturity of Financial Instruments	1 year or less	Over 1 to 2 years	Over 2 to 5 years	Over 5 years	Total contractual cash flows	Carrying Amounts
30 June 2009	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets						
Cash and Cash Equivalents	28,675	-	-	-	28,675	28,675
Receivables	34,051	1,371	4,114	-	39,535	83,941
Other financial assets	30,440	3,830	12,856	2,352	49,478	49,479
Financial Liabilities						
Trade and other Payables (current)	38,676	-	-	-	36,676	38,676
Payables (non-current)	-	-	-	-	-	-
Bank loans (current and non-current)	1,082	1,856	5,567	6,495	15,000	15,000
Other loans (current and non-current)	9,990	10,567	19,304	21,746	61,607	61,607

Note non-cash generating financial assets and liabilities have been excluded from maturity allocation.

Maturity of Financial Instruments	1 year or less	Over 1 to 2 years	Over 2 to 5 years	Over 5 years	Total contractual cash flows	Carrying Amounts
30 June 2008	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets						
Cash and Cash Equivalents	17,357	-	-	-	17,357	17,357
Receivables	24,068	1,784	1,784	-	27,636	87,893
Other financial assets	53,652	4,699	-	1,969	60,320	60,320
Financial Liabilities						
Trade and other Payables (current)	38,741	-	-	-	38,741	38,741
Payables (non-current)	-	-	-	-	-	-
Bank loans (current and non-current)	-	1,680	7,938	9,700	19,318	14,975
Other loans (current and non-current)	15,148	15,498	39,386	51,941	121,973	69,739

Note non-cash generating financial assets and liabilities have been excluded from maturity allocation.

Notes to and forming part of the financial statements

NOTE 21: FINANCIAL INSTRUMENTS (Continued)

At the reporting date St Vincent's had access to the following undrawn credit facilities.

	2009 \$'000	2008 \$'000
Expiring within one year	-	-
Expiring beyond one year	-	-
	<hr/>	<hr/>
	-	-

(e) Credit Risk Exposures

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company generally deals with creditworthy counter parties as a means of mitigating the risk of financial loss from defaults. Investments are made in accordance with the Regional Investment Strategy for the company which has been developed within the framework of the Group's National Investment Principles (NIP) which provide policy on how the assets of the company should be managed and invested at a local level.

St Vincent's exposure is continuously monitored and a spread of investment types and issuers are held to mitigate risk.

Trade receivables consist of a large variety of customers which are spread across diverse industries. Trade receivables are concentrated in Australia. The company does not have any significant credit risk exposure to any single party or any economic entity of counter parties. An ageing analysis of receivables is undertaken on a monthly basis to measure and assess credit risk.

The credit risk on liquid funds and bank bills is limited because the counter parties are recognised banking institutions in Australia.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for impairment, as disclosed in the balance sheet and notes to the financial report.

(f) Net Fair Values

The directors consider that the carrying amount of financial assets and liabilities recorded in the financial statements approximate their fair value.

Notes to and forming part of the financial statements

NOTE 21: FINANCIAL INSTRUMENTS (Continued)

(g) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has in place a framework to manage the company's short, medium and long term funding and liquidity. The company manages the liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows by matching the maturity profiles of financial assets and liabilities. Given the current surplus cash assets, liquidity risk is considered to be minimal.

(h) Sensitivity analysis

The tables below detail the company's sensitivity to a shift in interest rate, foreign exchange and other price risk. The exposure is based on management's best estimate of the possible effects of changes in interest rate and price risks as at 30 June 2009 and 2008. It is considered that the company's exposure to foreign exchange movements is immaterial and ultimately not-measurable and accordingly a zero impact has been forecast re this type of risk. The company is exposed to equity securities price risk on its equity investments. The potential impact on profit due to movements in equity markets is reflected in the other price risk table below.

Notes to and forming part of the financial statements

NOTE 21: FINANCIAL INSTRUMENTS (Continued)

INTEREST RATE RISK

2009 - Sensitivity of Financial Instruments	Carrying Amounts	Interest Rate Risk			
		-1% Profit	Equity	1% Profit	Equity
30 June 2009	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets					
Cash and cash equivalents	28,675	(230)	-	230	-
Trade and Other Receivables (current)	34,051	-	-	-	-
Receivables (non-current)	49,890	-	-	-	-
Other Financial Assets	49,478	(549)	-	(549)	-
Held to maturity investments	-	-	-	-	-
Financial Liabilities					
Trade and other Payables (current)	38,677	-	-	-	-
Payables (non-current)	-	-	-	-	-
Bank loans (current and non-current)	15,000	-	-	-	-
Other loans (current and non-current)	61,606	-	-	-	-
Total increase/decrease		(779)	-	(779)	-

2008 - Sensitivity of Financial Instruments	Carrying Amounts	Interest Rate Risk			
		-1% Profit	Equity	1% Profit	Equity
30 June 2008	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets					
Cash and cash equivalents	17,357	(129)	-	129	-
Trade and Other Receivables (current)	33,248	-	-	-	-
Receivables (non-current)	54,645	-	-	-	-
Other Financial Assets	60,320	(481)	-	481	-
Held to maturity investments	-	-	-	-	-
Financial Liabilities					
Trade and other Payables (current)	38,741	-	-	-	-
Payables (non-current)	-	-	-	-	-
Bank loans (current and non-current)	14,975	-	-	-	-
Other loans (current and non-current)	69,739	-	-	-	-
Total increase/decrease		(610)	-	610	-

Notes to and forming part of the financial statements

NOTE 21: FINANCIAL INSTRUMENTS (Continued)

EQUITY PRICE RISK

2009 - Sensitivity of Financial Instruments	Equity Price Risk				
	Carrying Amounts	-10%		+10%	
		Profit	Equity	Profit	Equity
30 June 2008	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets					
Cash and cash equivalents	28,675	-	-	-	-
Trade and Other Receivables (current)	34,051	-	-	-	-
Receivables (non-current)	48,890	-	-	-	-
Other financial assets	49,478	(251)	-	251	-
Held to maturity investments	-	-	-	-	-
Financial Liabilities					
Trade and other Payables (current)	38,677	-	-	-	-
Payables (non-current)	-	-	-	-	-
Bank loans (current and non-current)	15,000	-	-	-	-
Other loans (current and non-current)	61,606	-	-	-	-
Total increase/decrease		(251)	-	251	-

2008 - Sensitivity of Financial Instruments	Equity Price Risk				
	Carrying Amounts	-10%		+10%	
		Profit	Equity	Profit	Equity
30 June 2008	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets					
Cash and cash equivalents	17,357	-	-	-	-
Trade and Other Receivables (current)	33,248	-	-	-	-
Receivables (non-current)	54,645	-	-	-	-
Other financial assets	60,320	(197)	-	197	-
Held to maturity investments	-	-	-	-	-
Financial Liabilities					
Trade and other Payables (current)	38,741	-	-	-	-
Payables (non-current)	-	-	-	-	-
Bank loans (current and non-current)	14,975	-	-	-	-
Other loans (current and non-current)	69,739	-	-	-	-
Total increase/decrease		(197)	-	197	-

Notes to and forming part of the financial statements

NOTE 21: FINANCIAL INSTRUMENTS (Continued)

(i) Trade and other receivables

As at 30 June 2009 trade receivables with a nominal value of \$999,000 (2008 \$1,155,000) were impaired. Relevant data is displayed in the tables below. The ageing of these receivables is as follows:

	2009 \$'000	2008 \$'000
0 to 3 months	-	-
3 to 4 months	350	289
Over 4 months	649	866
At 30 June	999	1,155

Movement in the provision for impairment of receivables is as follows:

	2009 \$'000	2008 \$'000
At 1 July	1,155	566
Provision for impairment recognised during the year	296	908
Receivables written off during the year as uncollectible	(452)	(319)
Unused amount reversed	-	-
At 30 June	999	1,155

Past due but not impaired

1 to 3 months	6,916	4,871
3 to 4 months	1,680	1,943
Over 4 months	584	891
At 30 June	9,180	7,705

(j) Significant Terms and Conditions

On 9 December 1992, St Vincent's Hospital (Melbourne) Limited raised an amount of \$80 million (face value) by an issue of Annuity Indexed Bonds which are supported by way of a guarantee approved by the Department of Human Services and the Treasurer of the State of Victoria pursuant to Section 30 of the Health Services Act 1988. The repayments to bondholders under this arrangement are cash-flowed by Department of Human Services on a quarterly basis up to 2017 as part of the 25 year health Services Agreement (Note 27).

Notes to and forming part of the financial statements

NOTE 21: FINANCIAL INSTRUMENTS (Continued)

(k) Fair Value of Financial Assets and Liabilities

The carrying amount of financial assets and liabilities contained within these financial statements is representative of the fair value of each financial asset or liability.

The following table details the fair value of financial assets and financial liabilities.

	2009 Book Value \$ '000	2009 Net Fair Value * \$ '000	2008 Book Value \$ '000	2008 Net Fair Value * \$ '000
Financial Assets				
Cash	28,675	28,675	17,357	17,357
Trade Debtors	7,474	7,474	7,943	7,943
Other Receivables	76,467	76,467	79,950	79,950
Other Financial Assets	47,127	47,127	54,328	54,328
Total	159,743	159,743	159,578	159,578
Financial Liabilities				
Trade Creditors and Accruals	38,676	38,676	38,741	38,741
Advances and Other Liabilities	784	784	1,102	1,102
AIB Bonds	45,362	45,362	49,432	49,432
Treasury Corporation of Victoria Loan	14,173	14,173	19,288	19,288
Car Park	15,000	15,000	14,975	14,975
Finance Leases	2,072	2,072	1,019	1,019
Total	116,067	116,067	124,557	124,557

*Fair values are capital amounts

Fair values of financial instruments are determined on the following basis:

- Cash, deposit investments, cash equivalents and non-interest bearing financial assets and liabilities (trade debtors, other receivables, trade creditors and advances) are valued at cost which approximates fair value.
- Interest bearing liability amounts are based on the present value of expected cash flows, discounted at current market interest rates, quoted for trade (Treasury Corporation of Victoria.)

NOTE 22: NON CASH FINANCING & INVESTING ACTIVITIES

	Total 2009 \$ '000	Total 2008 \$ '000
Acquisition of Plant and Equipment by means of Finance Leases	1,300	-
Total	1,300	-

Notes to and forming part of the financial statements

NOTE 23: CONTINGENT ASSETS / CONTINGENT LIABILITIES

Upon the transfer of the assets and liabilities of St George's Health Service Limited and Caritas Christi Hospice Limited to St Vincent's Hospital (Melbourne) Limited, St Vincent's Hospital (Melbourne) Limited assumed the liability for two patient claims that were outstanding at 31 December 2008 in each of those companies. At 30 June 2009 these claims had not been settled and have been unable to be quantified.

On 19th June 1996 the Hospital commenced occupancy of the Area Mental Health Centre which had been constructed by the Hospital and funded by the Department of Human Services. The building is leased from the Department of Human Services to the Hospital on the condition that an Area Mental Health service is provided from the building for a period of twenty two years. If Area Mental Health services cease to be provided from the centre within the twenty two year period, the Hospital may incur a liability to the Department of Human Services for part of the original cost of the building.

NOTE 24: CONTRIBUTED NET ASSETS AND EQUITY

At 31 December 2007 St Vincent's Hospital (Melbourne) Limited recognised an amount of \$25,850,000 as contributed equity as noted in Note 19(c) due to the restructure of common controlled entities into one single legal entity.

	Notes	Prague House Ltd \$ '000	St George's Health Service Ltd \$ '000	Caritas Christi Ltd \$ '000	Total \$ '000
Current Assets					
Cash and Cash Equivalents		244	4,223	2,608	7,075
Receivables		-	784	852	1,636
Other Financial Assets at fair value at Profit or Loss		-	12,403	8,737	21,140
Inventory		-	64	6	70
Prepayments		-	16	5	21
Total Current Assets		244	17,490	12,208	29,942
Non Current Assets					
Receivables		738	692	1,969	3,399
Property Plant and Equipment	11	209	3,443	437	4,089
Intangible Assets		450	3,046	-	3,496
Total Non Current Assets		1,397	7,181	2,406	10,984
Total Assets		1,641	24,671	14,614	40,926
Current Liabilities					
Payables		317	4,433	2,715	7,465
Provisions		54	5,382	1,632	7,068
Other Liabilities		-	15	-	15
Total Current Liabilities		371	9,830	4,347	14,548
Non Current Liabilities					
Provisions		-	329	199	528
Total Non Current Liabilities		-	329	199	528
Total Liabilities		371	10,159	4,546	15,076
Net Assets contributed to SVHM on group restructure		1,270	14,512	10,068	25,850
Total Equity / Accumulated Surpluses	19 (c)	1,270	14,512	10,068	25,850

Notes to and forming part of the financial statements

NOTE 25: SEGMENT REPORTING

St Vincent's Hospital (Melbourne) Limited operates predominantly in the health sector within Melbourne, Victoria. More than 90% of revenue, net surplus from ordinary activities and segment assets relate to operations in Melbourne, Victoria.

The Company operates solely in the health services industry within Australia. Reference should be made to note 1(ad) for the purpose of this segment note.

	RACS		Inpatient		Other		Consolidated	
	June 2009 \$'000	June 2008 \$'000	June 2009 \$'000	June 2008 \$'000	June 2009 \$'000	June 2008 \$'000	June 2009 \$'000	June 2008 \$'000
Revenue								
Segment Revenue	8,484	4,071	214,307	178,272	277,245	252,528	500,036	434,871
Total Revenue	8,484	4,071	214,307	178,272	277,245	252,528	500,036	434,871
Expenses								
Segment Result	(3,486)	(1,653)	(29,576)	(44,345)	46,789	54,697	13,727	8,699
Unallocated Expenses	-	-	-	-	-	-	-	-
Net Result from ordinary activities	(3,486)	(1,653)	(29,576)	(44,345)	46,789	54,697	13,727	8,699
Interest Expense	-	-	-	-	9,198	8,456	9,198	8,456
Interest Income	-	-	-	-	5,562	4,345	5,562	4,345
Net Result for the Year	(3,486)	(1,653)	(29,576)	(44,345)	43,153	50,586	10,091	4,588
Segment Assets	16,802	11,436	94,431	87,036	205,848	215,440	317,081	313,913
Unallocated Assets	-	-	-	-	-	-	-	-
Total Assets	16,802	11,436	94,431	87,036	205,848	215,440	317,081	313,913
Segment Liabilities	4,101	2,241	82,180	85,167	158,665	164,461	244,946	251,869
Unallocated Liabilities	-	-	-	-	-	-	-	-
Total Liabilities	4,101	2,241	82,180	85,167	158,665	164,461	244,946	251,869
Acquisition of property, plant and equipment and intangible assets	4,479	282	12,944	45,173	2,069	15,511	19,492	60,966
Depreciation and Amortisation Expense	486	305	2,731	2,323	5,952	5,751	9,127	8,379
Non Cash expenses other than depreciation	-	-	-	-	-	-	-	-
Impairment of Inventories	-	-	(361)	117	-	-	(361)	117

Where possible the allocation has been based on actual balances however in some instances pro-rata allocations have been used based on relevant factors.

Notes to and forming part of the financial statements

NOTE 25: SEGMENT REPORTING (Continued)

The major products/services from which the above segment derives revenue are:

Residential Aged Care Services (RACS)

Nursing Homes - Two Residential Aged Care mental health facilities & One Residential Aged Care facility run at the St George's Health facility

Notes to and forming part of the financial statements

NOTE 26: RESPONSIBLE PERSON AND RELATED PARTY DISCLOSURES

a) Responsible Persons

In accordance with the Ministerial Directions issued by the Minister for Finance under the Financial Management Act 1994, the following disclosures are made regarding the responsible persons for the year.

Responsible Minister

The Hon. Daniel Andrews, MLA, Minister for Health, is the responsible minister.

Governing Board

The Directors of the Hospital during the year were:	Period
Mr G Sword (appointed Chair 01/04/09)	01/07/08 – 30/06/09
Ms B Shanahan (former Chair)	01/07/08 – 31/03/09
Assoc Prof P O'Rourke	24/04/09 – 30/06/09
Mr F Cicutto	01/07/08 – 30/06/09
Sr A Cunliffe RSC	01/07/08 – 19/12/08
Mrs L Elliott AM	01/07/08 – 30/06/09
Ms N Feely	01/07/08 – 15/12/08
Mr I Ferres	01/07/08 – 30/06/09
Assoc Prof D Green	01/07/08 – 09/05/09
Mr A Myers AO	01/07/08 - 30/06/09
Mr I Scholes	01/07/08 – 30/06/09
Dr E Wilkie	01/07/08 – 30/06/09
Sr L Wittmack RSC	01/07/08 – 30/06/09
Sr M Walters RSC	27/02/09 – 30/06/09

Accountable Officers

Assoc Prof P O'Rourke

Notes to and forming part of the financial statements

NOTE 26: RESPONSIBLE PERSON AND RELATED PARTY DISCLOSURES (Continued)

The Directors do not receive any remuneration in their role as Directors. Directors may however be remunerated by the Company for their management or professional duties, and this remuneration is shown in their relevant income bands of the Executive Remuneration Report (below).

	Total Remuneration		Base Remuneration	
	2009	2008	2009	2008
	No.	No.	No.	No.
\$0 - \$100,000	-	-	-	-
	-	-	-	-
Total \$	-	-	-	-

The Company provides certain agreed services to members of St Vincent's, at cost to assist their operations. Other related party transactions are outlined in Notes 1 and 23 of the financial statements.

b) Remuneration of Responsible Persons

There was no other remuneration paid in connection with Responsible Persons of St Vincent's Hospital (Melbourne) Limited.

The remuneration of the previous Accountable Officer who was a member of the Board was paid through a related party and recharged in a form of a levy to the company.

c) Retirement Benefits of Responsible Persons

There were no retirement benefits paid by the Hospital in connection with the retirement of Responsible Persons of St Vincent's Hospital (Melbourne) Limited.

d) Other Transactions of Responsible Persons and their Related Parties

Ms B Shanahan is a non-executive director of J.M. Financial Group Limited which provides investment services to the entity and related parties on normal commercial terms and conditions.

Mr I Ferres is the chairman and non-executive director of Treasury Corporation of Victoria which loaned funds to the entity in 2001 on normal commercial terms and conditions. The loan is due to be fully repaid in December 2011.

Notes to and forming part of the financial statements

NOTE 26: RESPONSIBLE PERSON AND RELATED PARTY DISCLOSURES (Continued)

e) Wholly-Owned Group

On the 1 January 2003 the Trustees of the Sisters of Charity of Australia, which is a commonly controlled company, transferred its membership in St Vincent's Hospital (Melbourne) Limited and other Health Service entities to St Vincent's Health Australia Limited. The membership transfer was part of a restructure of the Health Service and has resulted in the formation of a wholly- owned group since that date.

At 30 June 2009 the wholly-owned group consists of St Vincent's Health Australia Limited and the following wholly- owned controlled entities:

St Vincent's Clinic	St Joseph's Village Limited
Mount Olivet Community Services Limited	St Vincent's & Mater Health Sydney Limited
Sacred Heart Hospice Limited	St Vincent's Hospital (Melbourne) Limited
St Vincent's Healthcare Limited	St Vincent's Hospital Sydney Limited
St Vincent's Hospital Toowoomba Limited	St Joseph's Hospital Limited

Transactions between St Vincent's Hospital (Melbourne) Limited and other entities in the wholly owned group during the year ended 30 June 2009 and the year ended 30 June 2008 consist of:

- (a) Recoveries by St Vincent's Hospital (Melbourne) Limited for the provision of management and administrative services
- (b) Recoveries by St Vincent's Hospital (Melbourne) Limited for the provision of other health services at cost
- (c) Payment of St Vincent's Health Australia Limited national levy
- (d) Repayment of loans to St Vincent's Healthcare Limited (SVH)

Notes to and forming part of the financial statements

NOTE 26: RESPONSIBLE PERSON AND RELATED PARTY DISCLOSURES (Continued)

Transactions with entities in the wholly-owned group	2009 \$'000	2008 \$'000
Aggregate amounts included in the determination of operating profit that resulted from transactions with entities in the wholly-owned group:		
Health Service national levy charged by St Vincent's Health Australia Ltd	1,050	588
Recoveries for the provision of management and administrative services from Caritas Christi Hospice Limited and St George's Health Service Limited	-	1,625
Costs charged for the provision of other health services from the St Vincent's Health Australia Ltd	848	448
Recoveries for the provision of other health services at cost from Caritas Christi Hospice Limited, St George's Health Service Limited and Prague House Limited	-	1,833
Donations made to Caritas Christi Hospice Limited	-	-
Campus Lease charge by the St Vincent's Healthcare Limited	8,742	8,457
Interest revenue received from the St Vincent's Healthcare Limited	4,764	4,685
Facility Lease charge by the St Vincent's Healthcare Limited	2,606	2,318
Aggregate amounts receivable from, and payable to, entities in the wholly owned group at balance sheet date:		
Current receivables due from St Vincent's Healthcare Limited, Caritas Christi Hospice Limited, St George's Health Service Limited and Prague House Limited	9,741	9,181
Non Current receivables due from St Vincent's Healthcare Limited	44,406	51,077
Current payables owing to St George's Health Service Limited	-	-
Current payables owing to St Vincent's Healthcare Limited	74	82
Aggregate amounts included in the determination of operating profit that resulted from transactions with each class of other related parties:		
Recoveries for the provision of management and administrative services by St Vincent's & Mercy Private Hospital Limited	1,849	1,890
Costs charged for the provision of other health services at cost by St Vincent's & Mercy Private Hospital Limited	534	504
Aggregate amounts receivable from, and payable to, with each class of other related parties, at balance sheet date:		
Current receivables from St Vincent's & Mercy Private Hospital Limited	240	282
Current Payables to St Vincent's & Mercy Private Hospital Limited	32	61

Notes to and forming part of the financial statements

NOTE 26: RESPONSIBLE PERSON AND RELATED PARTY DISCLOSURES (Continued)

Pursuant to a Loan and Restructure Agreement between the Trustees of the Sisters of Charity and St Vincent's Healthcare Limited (SVH), land and building assets, including leasehold improvements, have been transferred to SVH as at 1 January 2003 at written down value. Accordingly, no profit or loss has been recorded on this transaction and an interest free loan has been established between St Vincent's Hospital (Melbourne) Limited and SVH. Due to the introduction of A-IFRS this transaction had a significant impact on reported assets and the on-going operational result.

This arises because of the requirement to discount the interest free loan to an arms length market value and to treat the non-cash loan repayments from St Vincent's Healthcare Limited as comprising separately identifiable interest and principal components.

The sole member of the company is St Vincent's Health Australia Limited.

The ultimate controlling company of the company is the Trustees of Mary Aikenhead Ministries.

f) Executive Officer Remuneration

The number of Executive Officers, other than the Minister and the Accountable Officer, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands. The base remuneration of Executive Officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits.

	Total Remuneration		Base Remuneration	
	2009	2008	2009	2008
	No.	No.	No.	No.
\$110,000 - \$119,000	1	-	1	-
\$130,000 - \$139,999	-	-	1	-
\$150,000 - \$159,999	1	-	-	-
\$160,000 - \$169,999	-	-	1	-
\$170,000 - \$179,999	1	-	1	-
\$180,000 - \$189,999	1	-	1	1
\$190,000 - \$199,999	-	1	-	-
\$200,000 - \$209,999	-	-	2	3
\$210,000 - \$219,999	1	3	1	-
\$220,000 - \$229,999	1	-	-	1
\$230,000 - \$239,999	1	1	-	-
\$240,000 - \$249,999	-	-	1	1
\$250,000 - \$259,999	1	1	-	-
\$290,000 - \$299,999	1	-	-	-
	9	6	9	6
Total \$	1,856	1,338	1,650	1,255

During the reporting period one Executive occupied two roles, each role for part of the year.

In the opinion of the Directors, remuneration paid to the Executive Officers is reasonable.

Notes to and forming part of the financial statements

NOTE 27: REMUNERATION OF AUDITORS

	2009	2008
	\$ '000	\$ '000
Audit fees paid or payable to the Victorian Auditor-General's Office for audit of the St Vincent's Hospital (Melbourne) Limited's financial report		
Paid as at 30 June	32	80
Payable as at 30 June	59	39
Total Paid and Payable	91	119

NOTE 28: EVENTS OCCURRING AFTER REPORTING DATE

There has been no significant event that has occurred after the reporting date that has any material impact on the results of St Vincent's Hospital (Melbourne) Limited as reported in these financial statements.

NOTE 29: REDEVELOPMENT OF THE HOSPITAL (1996)

Hospital Development Agreement

St Vincent's Hospital (Melbourne) Limited agreed with NBA Leasing Proprietary Limited to develop a minimum 350 bed inpatient facility for the sum of \$146 million in accordance with the agreed plans and specifications. The agreement provided that St Vincent's Hospital (Melbourne) Limited should fund from its own resources any sum by which the Construction Cost exceeded the agreed Redevelopment Cost of \$135.3 million. In June 1996 the development was completed. Total costs for the development were \$144.3 million. The following financial arrangements were entered into to fund the development of the hospital facility.

Borrowings

St Vincent's Hospital (Melbourne) Limited issued Inflation Indexed Annuities of \$80.0 million (face value) on 9 December 1992. Payments are by quarterly instalments over a 25 year period with the first instalment made on 20 February 1993. The annuity has a quarterly base payment of \$1,414,400 which is adjusted quarterly by the movement in the Consumer Price Index. The total payment made to the annuity holders represents a progressive repayment of their loans plus interest. Repayments are secured by a guarantee given by the Treasurer of the State of Victoria under Section 30 of the Health Services Act and are funded by the twenty five year Health Services Agreement. At 30 June 2009, the amount outstanding under this agreement is \$45,361,000 (2008: \$49,432,000) which has a corresponding receivable asset of \$45,361,000 (2008: \$49,432,000).

Notes to and forming part of the financial statements

NOTE 29: REDEVELOPMENT OF THE HOSPITAL (1996) (Continued)

A Finance lease was entered into between the Trustees of the Sisters of Charity of Australia and NBA Leasing Proprietary Limited to fund the building fit out and equipment. The Hospital recognised this Finance Lease obligation in its accounts. Excluded from the Finance Lease obligation is the value of a Zero Coupon Bond purchased on 15 December 1992 by the Trustees of the Sisters of Charity of Australia which was scheduled to mature in December 2008 with a value of \$28 million. The proceeds of the Bond were to be utilised to meet the final borrowing obligations to NBA Leasing Proprietary Limited.

On 24th December 2001 the financial obligations to NBA Leasing Proprietary Limited were extinguished by the payment of the Compensation Amount of \$153,669,755. This amount was funded by the Trustees of the Sisters of Charity of Australia repaying their loan of \$80,082,041, drawing down funds from the AIB Reserve Account of \$7,926,816, sale of the Zero Coupon Bond of \$19,530,840, and a loan from Treasury Corporation of Victoria of \$46,130,058. Under the Health Service Agreement there is no specific arrangement for the funding of the loan obligations to Treasury Corporation of Victoria.

Campus Lease

St Vincent's Hospital (Melbourne) Limited has leased from the Trustees of the Sisters of Charity of Australia the Hospital campus for a period of twenty five years commencing on 11th August, 1992. St Vincent's Hospital (Melbourne) Limited is obliged to pay one hundred quarterly rental payments (Part A rent) for the land commencing on 8 February 1993 and pay rent on building and equipment (Part B rent) from the date of completion of the new hospital building. The Part B rent under the Campus Lease was the sum required to allow the Trustees of the Sisters of Charity of Australia to meet their obligations to NBA Leasing Proprietary Limited under the Lease. The Part B rent ceased on 24 December 2001 with the payment of the compensation amount (refer above), whilst Part A rent continues.

25 Year Health Services Agreement

The Hospital entered into a twenty five year Health Services Agreement with the Department of Human Services on 11 August 1992 which provides for instalments of a Business and Occupancy Allowance to be paid to the Hospital of \$7.0 million per annum (indexed) over that period. The instalments of the Business and Occupancy Allowance are the source of funds for the Part A rent in respect of the Campus Lease. The Department of Human Services also provides an annual operating payment to cover the realistically attainable efficient cost of supplying public hospital services.

Notes to and forming part of the financial statements

NOTE 29: REDEVELOPMENT OF THE HOSPITAL (1996) (Continued)

AIB Reserve Account

The amount transferred to the AIB Reserve for the year ended 30 June 2009 was \$698,000 (2008: \$1,035,000), excluding interest. The AIB Reserve is represented by investments. The balances of investments held are disclosed in Note 7 as 'Guaranteed Bill Index Deposits in Escrow'. On 24 December 2001 an amount of \$7,926,000 representing the net present value of future AIB Reserve claims was transferred from the AIB Reserve Account to partially fund the Compensation Amount paid to NBA Leasing Proprietary Limited. As a consequence of the extinguishment of the obligations under the agreements to NBA Leasing Proprietary Limited (refer above), the excess of the Business and Occupancy Allowance over the payments to Bondholders which was previously transferred to the AIB Reserve Account is now transferred to the Department of Human Services. The balance of the AIB Reserve Account as at 30 June 2009 is held in Escrow pending release to St Vincent's Hospital (Melbourne) Limited for the development of its Cancer Centre.

Charges over Assets

Two separate Fixed and Floating Charges were created on 11 August 1992 over the assets and on the undertaking of St Vincent's Hospital (Melbourne) Limited. A first ranking Fixed and Floating Charge was granted in favour of the Chief General Manager of the Department of Human Services and a second ranking Fixed and Floating Charge was granted in favour of the Treasurer of the State of Victoria. Each charge has been granted to secure St Vincent's Hospital (Melbourne) Limited's obligations to the relevant charge arising out of the financing of the redevelopment.

NOTE 30: CAPITAL MANAGEMENT

Management controls the capital of the Hospital to ensure that adequate cash flows are generated to fund its operations and that returns from investments are aligned with the risks of the investments held. The Finance Committee ensures that the overall risk management strategy is in line with this objective.

The Finance Committee operates under policies approved by the Board of Directors. Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

The Hospital's capital consists of financial liabilities, supported by financial assets.

Notes to and forming part of the financial statements

Management effectively manages the Hospital's capital by assessing the Hospital's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

There have been no changes to the strategy adopted by management to control the capital of the Hospital since the previous year. The gearing ratios for the years ended 30 June 2009 and 30 June 2008 are as follows:

	Notes	Total 2009 \$ '000	Total 2008 \$ '000
Total Borrowings	15	76,607	84,714
Less Cash and Cash Equivalents	6	(28,675)	(17,357)
Net Debt		47,932	67,357
Total Equity		72,135	62,044
Total Capital		120,067	129,401
Gearing Ratio		40%	52%