



**LEADING  
COMPASSION  
COMMITMENT**

**CARE**

**ST VINCENT'S  
HOSPITAL MELBOURNE**

**ANNUAL  
REPORT 2015**



**ST VINCENT'S  
HOSPITAL**  
MELBOURNE



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Year in  
Review



## REPORT OF OPERATIONS 2015

### RESPONSIBLE BODIES DECLARATION

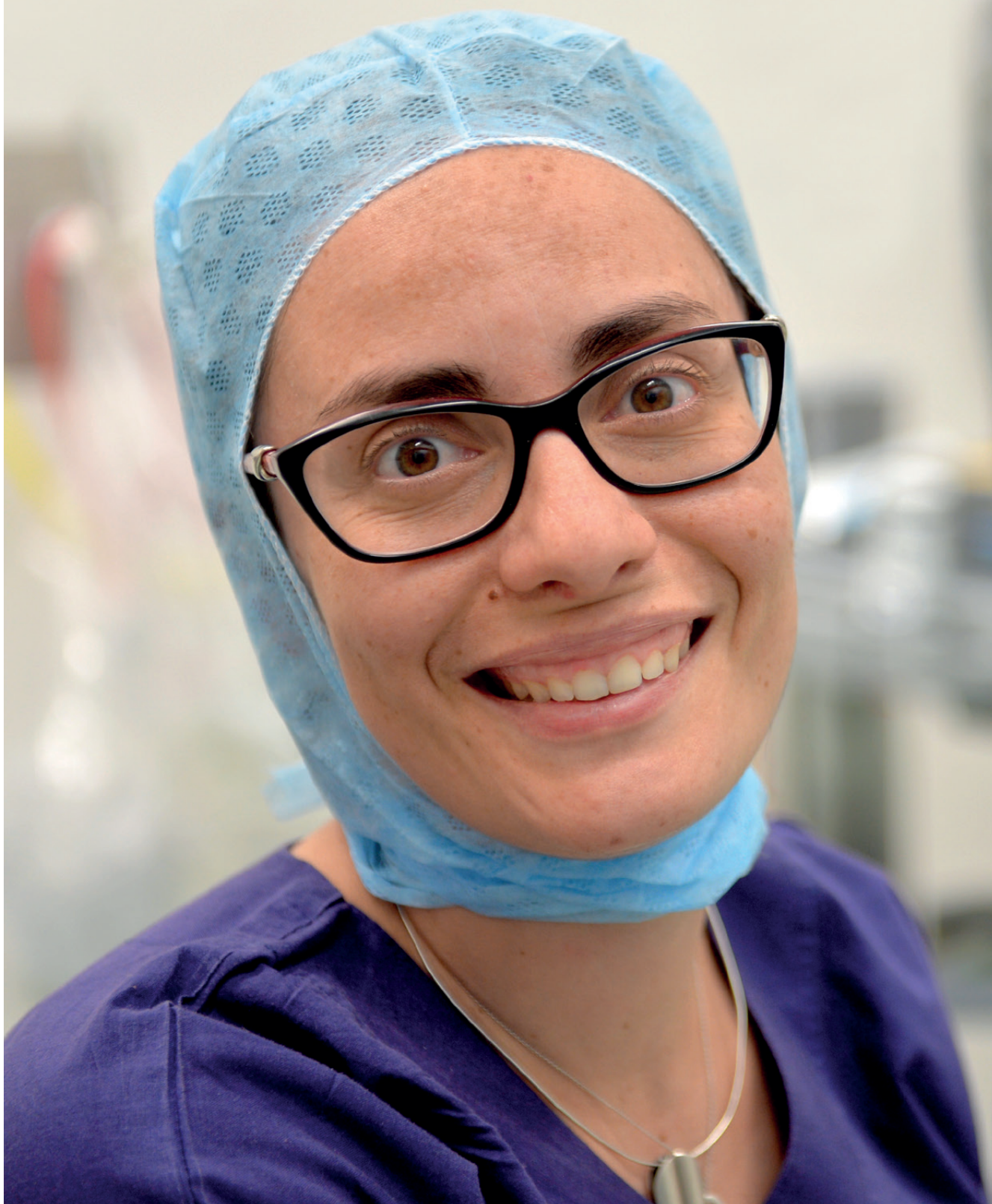
In accordance with the Financial Management Act 1994, we are pleased to present the Report of Operations for St Vincent's Hospital (Melbourne) Limited for the year ending 30 June 2015.

**Mr Paul Robertson AM**  
Board Chair  
Date 24 August 2015  
Canberra

**Mr Ben Fielding**  
Chief Executive Officer  
Dated 24 August 2015  
Canberra



OUR QUEST FOR  
**EXCELLENCE**  
AND INNOVATION  
IS DRIVEN BY  
**COMPASSION**











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## MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

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It is with great pleasure that I present the 2014–15 Annual Report for St Vincent's Hospital Melbourne.

At St Vincent's, the courage of our patients and their willingness to put their health in our hands is the motivator for every member of our 6,000-strong team to aim higher every day, offering compassionate and innovative care across our healthcare ministries.

Over the past year, and building upon the strength and impact of our founding story, St Vincent's has embarked on an ambitious agenda to safeguard our future sustainability, prosperity and leadership in public healthcare. We are investing in the ideas and people who will ensure that St Vincent's continues to lead in healthcare, education and research.

Launched in June, St Vincent's Health Australia's enVision2025 strategy implores us to serve something greater, see something greater and strive for something greater, continuing the pioneering spirit to be found in our Mission which has inspired us to provide exceptional care to the Victorian community for 123 years. It is a confident strategy that matches its impressive vision with a smart roadmap for its achievement and it has a particular focus on providing services to those who are experiencing poverty or vulnerability. The Public Hospitals Division strategy is further distinguished by its focus and clarity, targeting four high impact priorities. The strategy complements our collaboration with the Department of Health and Human Services in 2014–15 to shape a new long-term agreement for St Vincent's to provide public healthcare to the next generation of Victorians.

Our current Health Services Agreement made it possible for St Vincent's to build our inpatient hospital, which turns 20 years old in 2015. It was much more than an important piece of infrastructure, it ushered in a new patient-centred model of care that was widely regarded as ahead of its time. St Vincent's is now turning its attention to ambulatory care, developing proposals for a new approach which will transform the care we offer our community, improving the patient experience and outcomes while helping reduce the costs of healthcare.

The very welcome commitment of \$60 million from Premier Daniel Andrews and the Victorian Government brings us one step closer to realising our vision for the Aikenhead Centre for Medical Discovery. The ACMD will be Australia's first hospital-based biomedical engineering hub. It will connect medical practitioners, scientists, and engineers to fast track life-saving and life-changing treatments for patients. Life-changing innovations like the one that saw Victorian builder Len Chandler make global news in October 2014 when he became the first person in the world to receive a 3D-printed heel to replace bone lost to cancer.

The secret of St Vincent's success has always been the commitment, skill, and experience of the people who choose to work with us, supported by our many volunteers, partners and donors. As we look ahead to 2015–16 we will continue to invest in the talents and dedication of this vibrant community so that it continues to thrive in the years and decades to come.

A stylized, handwritten signature in blue ink, appearing to read 'Ben Fielding'.

**Mr Ben Fielding**  
Chief Executive Officer  
St Vincent's Melbourne



# ABOUT ST VINCENT'S



## ABOUT ST VINCENT'S

St Vincent's Hospital Melbourne provides medical and surgical services, sub-acute care, aged care, correctional health, mental health services and a range of community and outreach services.

We operate from 15 sites across greater Melbourne, including a major teaching, research and tertiary referral centre situated in Fitzroy, sub-acute care at St George's Health Service Kew, palliative care at Caritas Christi Hospice. We also provide aged care, correctional health, pathology collection centres, general practice services and dialysis satellite centres.

In 2014-15 St Vincent's treated 50,030 acute inpatients that equated to 50,945 WIES (Weighted Inlier Equivalent Separations). The hospital also recorded 220,678 non-admitted contacts across acute and HIP programs, and attended to 42,537 presentations to the emergency department. A total of 56,095 bed days of care were provided in rehabilitation and sub-acute services, and 15,546 bed days of palliative care were provided.

As at 30 June 2015, St Vincent's had 781 available beds across all of its services.

## GOVERNANCE

St Vincent's Hospital Melbourne is a not-for-profit provider of public health services. The hospital is part of the St Vincent's Health Australia group of companies and one of the Mary Aikenhead Ministries.

On 1 July 2009 Mary Aikenhead Ministries was established by the Congregation of Religious Sisters of Charity of Australia to succeed, continue and expand a number of the health and aged care, education and welfare ministries in which the Sisters of Charity have been engaged for over 150 years. The name is both a tribute to, and reminder of, the extraordinary work of Mary Aikenhead, the Foundress of the Sisters of Charity who dedicated her life to service of the poor.

St Vincent's Health Australia operates under the direction of Mary Aikenhead Ministries, providing leadership and governance of the health and aged care ministries in Victoria, New South Wales and Queensland.

As a national group, St Vincent's Health Australia is the nation's largest not-for-profit Catholic health and aged care provider encompassing public, private and aged care, research and clinical education. St Vincent's Health Australia has a single national board and Executive leadership team. St Vincent's Melbourne reports to the national St Vincent's Health Australia Board.

St Vincent's Melbourne is led by CEO Ben Fielding and an executive team. The St Vincent's Health Australia (SVHA) Board has established Regional Advisory Councils in New South Wales and Victoria. These councils provide the SVHA Board and the St Vincent's Melbourne CEO with advice, support and insight into the local community and health services, and strategic links to local Church, government and community and inform the SVHA Board in relation to the strategic direction of SVHA and St Vincent's Melbourne.



## MISSION

As a Catholic health and aged care service our mission is to bring God's love to those in need through the healing ministry of Jesus. We are especially committed to people who are poor or vulnerable.

We draw on the talents of our people and collaborate with others who share our vision and values to continue the pioneering spirit of Mary Aikenhead and the Sisters of Charity. We are committed to providing compassionate and innovative care, enabling hope for those we serve.

## OUR CARE IS:

Provided in an environment underpinned by mission and values

- holistic and centred on the needs of each patient and resident
- high-quality, safe, and continuously improving to ensure best practice
- innovative and informed by current research using contemporary techniques and technology
- delivered by a team of dedicated, appropriately qualified people who are supported in a continuing development of their skills and knowledge
- committed to a respect for life in accordance with the Gospel.

## OUR VISION

To lead transformation in health care inspired by the healing ministry of Jesus.

## VALUES

Our values, which are based on the Gospel, act as a point of reference for our decision making, and are fundamental to our Catholic identity. Our values underpin all we do and are demonstrated through our everyday actions, giving our mission life.

In all our activities we strive to demonstrate:

**COMPASSION**  
**INTEGRITY**  
**JUSTICE**  
**EXCELLENCE**

**15**  
**SITES ACROSS**  
**GREATER**  
**MELBOURNE**

**781**  
**BEDS**

**96,000**  
**CLINIC**  
**APPOINTMENTS**

**40,000**  
**VOLUNTEER HOURS**

**42,537**  
**EMERGENCY**  
**PRESENTATIONS**

**6,880**  
**ELECTIVE**  
**SURGERY**  
**ADMISSIONS**

**763,000**  
**MEALS SERVED**





# YEAR IN REVIEW

## ENVISION 2025

In June 2015 St Vincent's Health Australia launched enVision2025, a 10-year strategic plan for the group and its three divisions: Public Hospitals, Private Hospitals, and Aged Care.

The SVHA group is Australia's 12th largest privately held company, with 27 public and private hospitals and aged care facilities along the eastern seaboard. enVision2025 invites all St Vincent's staff to serve something greater, see something greater and strive for something greater. It is an ambitious, achievable and mission-driven strategy which will maximise the potential of the group and position it for long term growth, sustainability and success.

Key priorities for the Public Hospitals Division

- Expand existing sites, particularly through ambulatory care services, expanded referral pathways and increased inpatient capacity.
- Establish partnerships and expand into growth corridors in Victoria and New South Wales through satellite services and polyclinics.
- Increase St Vincent's impact among the poor and vulnerable through funding and service-partnership models, with a focus on people experiencing homelessness, mental illness, or addiction; Aboriginal and Torres Strait Islanders; and prisoners.
- Develop Centres of Excellence to grow impact and referral pathways.
- Strengthen and formalise partnerships with referral partners and state governments through, for example, integration in co-located facilities, technology, and innovative funding models.

## FAREWELL DRUIDS

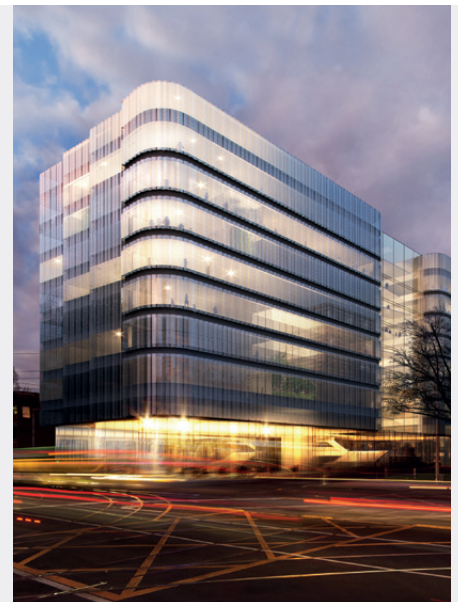
A century ago, amid much pomp and ceremony, Australia's then Governor General, Sir Ronald Munro-Ferguson officially opened the Druids' Wing, St Vincent's first purpose-built outpatients' clinic.

As well as welcoming 19,000 patients through its doors in its first year alone, the Druids' Wing was also a home for nurses-in-training, housing more than 4,000 nurses over the years. This live-in apprenticeship system was an advanced and successful scheme for nursing education at the time.

But the busy clinics have long since moved on, and the sometimes rowdy upstairs nurses' home has fallen silent. The building was increasingly used as office space and was vacated for good around the time that St Vincent's Main Hospital Building opened in 1995.

At the centenary of its opening, St Vincent's farewells the old Wing, which was removed piece by piece in 2015.

The building will be replaced in the short term with a landscaped park to offer staff, patients and visitors access to an open space with trees and timber seating. In the longer term, the site will form part of the proposed ACMD development.



## MIRACLE CENTRE MOVES CLOSER TO REALITY

The Aikenhead Centre for Medical Discovery (ACMD) became one step closer to reality in 2014. The Victorian Labor government pledged \$60m towards the ACMD, and called on the federal government to match it.

The ACMD is an ambitious \$180m project to establish Australia's first research and education centre for biomedical engineering, bringing together doctors, engineers and medical researchers in one purpose built facility.

This project will help to cement Victoria's reputation as a nation-leader in the field of medical research, and make us world competitive in the development of medical technologies to benefit patients.

Reinforcing his pledge one day after being elected, Victorian Premier Daniel Andrews visited St Vincent's, where he was greeted by CEO Ben Fielding, and SVHA Group CEO, Toby Hall.





## HOW LEN'S FOOT WAS SAVED

- 01** Len's right heel (calcaneus) must be removed to stop a cancerous tumour from spreading
- 02** Melbourne company Anatomics reverses CT scans of the left foot to create an imitation 3D image of Len's right foot. CSIRO uses its state-of-the-art Arcam 3D printer to create an exact copy of the heel in titanium
- 03** Prof Choong fits the titanium heel to Len's foot and reattaches the Achilles tendon and muscles
- 04** The heel is designed with holes to help reduce weight and to allow tissue to grow through.

### ST VINCENT'S PATIENT BACK ON HIS FEET THANKS TO WORLD FIRST PROCEDURE

In a world-first procedure, St Vincent's surgeons used a 3D printer to help build a new heel bone for a Victorian grandfather and save him from losing his leg to cancer.

When diagnosed with bone cancer in April 2014, 71-year-old Len Chandler was referred to Professor Peter Choong, who had been developing techniques with 3D printing and is regarded as a world expert in bone cancer.

Prof Choong, with the assistance of Melbourne biotech company Anatomics and the CSIRO, used scans of Len's left heel bone to create a 3D image of his right one. The team then used the 3D version to help construct an exact titanium replica of the bone which had been taken over by cancer.

This pioneering operation not only saved Len's leg, it has placed Melbourne at the forefront of bioengineering. Patients with advanced cancer in the calcaneus often lose their leg below the knee because it is too difficult to replace the highly complex bone, which must move in tandem with the shin and foot bones.

This history creating event was a team effort, with doctors, surgeons, nurses, allied health professionals and, increasingly, our partners in science, engineering and industry all working together to help the patient.

Following the ground-breaking surgery in July, the Rutherglen builder is delighted to still have both of his own feet. 'I'm mobile and that's what I really love,' Len says. 'I can do all of the things I used to do with the grandchildren. I could not be happier.'



Above: A model of the titanium implant which is now in Len's foot.



## GOOD SAMARITANS JOIN FORCES TO SAVE NEW MUM

St Vincent's Hospital Melbourne and the Children First Foundation joined together to save the life of a young mother from the Philippines in April.

In 2013, a lump began growing at an alarming rate on 35 year old Mary Jane Gallon's jaw and by the end of 2014, it had completely overtaken more than half of her mouth.

As it grew, and she became more disfigured, Mary Jane became too ashamed to be seen in public. She withdrew into her home and lived with the pain, the shame, and the worry. Pregnant with her first baby, she was also afraid that the tumour would prove fatal, and she wouldn't see her infant daughter Nicole, grow up.

Although the tumour was benign, micro surgeon Professor Wayne Morrison was afraid it would soon stop Mary Jane from eating and breathing. A marathon 14-hour operation at St Vincent's, involving a team of 16 experts lead by Prof Morrison, removed the tumour.

The tumour removal took just two hours – the rest was the delicate reconstruction work. The surgeons removed the fibula, the thin bone from Mary Jane's lower leg, and reshaped it to make a replacement jaw. They transplanted veins and arteries from her leg and arm to ensure the blood flow resumed in her newly reconstructed face.

The success of the surgery was evident immediately, and just a few weeks after her surgery, Mary Jane's recovery was amazing.

This was made possible in part from St Vincent's 'Good Samaritan Fund', into which staff donate money from each pay, to help marginalised and disadvantaged patients.



Above: Mary Jane Gallon's jaw before surgery.

**'THE SUCCESS OF THE SURGERY WAS EVIDENT IMMEDIATELY, AND JUST A FEW WEEKS AFTER HER SURGERY, MARY JANE'S RECOVERY WAS AMAZING.'**

Below: Microsurgeon Mr Matt Lee, Mary Jane and Prof Wayne Morrison.





## ST VINCENT'S ANNOUNCES PARTNERSHIP TO PROVIDE RADIOTHERAPY SERVICES ONSITE

In May, St Vincent's announced a partnership with GenesisCare, Australia's largest provider of radiotherapy services, to deliver radiation oncology services on the Fitzroy campus.

GenesisCare will build and operate a state of the art private radiation oncology facility on campus providing immediate access to essential radiotherapy treatment.

This will be a great boost to the cancer care currently provided at St Vincent's, making it truly comprehensive, incorporating diagnostic and treatment facilities, allowing patients with multi-disciplinary treatment plans to be treated in a single location.

Development will take less than a year, with radiation oncology services to be operating before June 2016.

## MEMORANDUMS OF UNDERSTANDING WITH GOULBURN VALLEY HEALTH AND NORTHERN HEALTH

St Vincent's is extending its commitment to providing timely and accessible specialist services to all Victorians with the signing of two new inter-hospital agreements.

An agreement with regional hospital Goulburn Valley Health means patients will be referred from the region to St Vincent's for specialised care. St Vincent's will boost the range of services offered locally at Goulburn Valley Health.

An agreement with Northern Health will provide even more support for the rapidly growing community in the outer northern suburbs of Melbourne, with an initial focus on urgent neurosurgery patients.

## STRONG START FOR ST VINCENT'S INNOVATION PROGRAM

In July 2014 St Vincent's launched CATALYST, an innovation program that gives staff the opportunity to turn innovative ideas into practice.

After a tremendous response, with many impressive ideas put forward, CATALYST is now supporting seven outstanding ideas to improve the way we deliver care to our community.

### INITIATIVES TO RECEIVE FUNDING INCLUDE:

- a web-based guide to interventions for consumers with dual diagnosis.
- a translation app to facilitate communication between clinicians and Culturally and Linguistically Diverse residents in our aged care facilities
- a tool to help home dialysis patients self-manage their condition, that also alerts clinicians if intervention is required
- developing new software to accurately measure and record the arm movements of patients after stroke
- using colour contrast in bathrooms and toilets to improve safety for patients with vision or cognitive impairment
- a consumer-led documentary showcasing our work at St Paul's (a ward at Port Phillip Prison)
- virtual reality headsets for creating a calm environment for patients in the ICU and other settings.



## OH WHAT A FEELING; EXPERT GUIDANCE IN CONTINUOUS IMPROVEMENT

In an Australian first, St Vincent's and Toyota Australia have teamed up to find ways to streamline work processes and improve the healthcare experience.

The Toyota Way, which revolutionised manufacturing worldwide, has been successfully applied to many different sectors, including healthcare. It's a highly collaborative process that's based on the world-renowned Toyota Production System, which introduced an approach known as 'lean thinking'.

The first project focused on Correctional Health Pharmacy, which fills and packs thousands of prescriptions each year. By applying concepts from Toyota, the team cut the packing time by a staggering 83 per cent, from 210 minutes to just 34 minutes per pack.

Work has now started in the Chemotherapy Day Unit. There are many steps and clinical decisions that need to be made when a patient comes to hospital for cancer treatment like chemotherapy.

The team is tracking and timing the complete patient journey, from arrival through to treatment. The aim is to cut the time between each step so our patients spend less time in hospital and more time at home with their loved ones.

Training is another key feature of the partnership. So far, 64 staff members, including doctors, nurses and members of the leadership team, have been trained in the Toyota Way.

Above: (From left) Toyota Australia Chair Max Yasuda, SVHM CEO Ben Fielding, SVHA Public Hospitals Division CEO Patricia O'Rourke and Toyota Australia President Dave Buttner.





## **VICTORIAN HEALTH EXPERIENCE SURVEY**

### **ST VINCENT'S NURSES JUDGED THE STATE'S BEST!**

Ninety-nine per cent of patients gave St Vincent's nurses the highest possible ratings in the Victorian Health Experience Survey (VHES) – 10 per cent above the state average and 14 per cent higher than the major metropolitan hospitals in our peer group.

When asked about their overall experience at St Vincent's, 96% of surveyed inpatients rated their care as good or very good, three per cent higher than our peers.



## SURVEY RESULTS

### HOW WOULD YOU RATE THE CARE YOU RECEIVED WHILE IN HOSPITAL?

% WHO SAID GOOD OR VERY GOOD

ST VINCENT'S

96%

PEERS

93%

STATE

92%

### HOW WOULD YOU RATE THE CARE AND TREATMENT YOU RECEIVED FROM YOUR NURSES?

% WHO SAID GOOD OR VERY GOOD

ST VINCENT'S

99%

PEERS

75%

STATE

89%



# 96%

OF SURVEYED INPATIENTS RATED THEIR CARE AS GOOD OR VERY GOOD, THREE PER CENT HIGHER THAN OUR PEERS

# 99%

OF PATIENTS GAVE ST VINCENT'S NURSES THE HIGHEST POSSIBLE RATINGS IN THE VICTORIAN HEALTH EXPERIENCE SURVEY





## CONGRATULATIONS TO OUR AWARD-WINNING INITIATIVES AND TEAMS:

### AN INNOVATIVE APPROACH TO THE IDENTIFICATION AND TREATMENT OF MALNUTRITION

Exceptional care –  
Fostering a culture  
of person centred care

### IMPROVING INPATIENT TRACHEOSTOMY CARE AND OUTCOMES

Exceptional care –  
Excellence in clinical education  
and training and research



### NUTRITION PROJECT WORKING GROUP WINS VICTORIAN PUBLIC HEALTHCARE AWARD

At the 2014 Victorian Public Healthcare Awards, St Vincent's Nutrition Project Working Group won the Premier's Award for Advancing Healthcare – Putting Patients First.

In winning the award, the team was formally recognised for their important work to identify, prevent and treat malnutrition in our patients. A 2014 audit showed an 86 per cent increase in patients being screened for malnutrition risk.

With evidence showing that more than a third of elderly patients can be malnourished when first admitted to hospital, the Nutrition Project Working Group has had a profound impact on nutrition practice and the quality of care we offer our patients.

## A 2014 AUDIT SHOWED AN 86 PERCENT INCREASE IN PATIENTS BEING SCREENED FOR MALNUTRITION RISK

Above: (From left) Stephen Tippet, Fiona McKinnon, Stephen Vale, Dr Sally Bell, Alison Bowie, Patricia Faulkner and Ben Fielding.

### IN THE WINNERS' CIRCLE AT THE 2014 SVHA QUALITY AWARDS

St Vincent's Hospital Melbourne took home five of the 11 prizes at the 2014 St Vincent's Health Australia Quality Awards. The awards, which were announced at a gala dinner in October, recognise quality, excellence, and innovation in healthcare.

Teams from St Vincent's Melbourne won the awards for person-centred care, clinical education and training, clinical governance, workplace safety and the peer-voted people's choice award.

St Vincent's Melbourne CEO Ben Fielding congratulated our local winners and finalists: 'I'm tremendously proud of our entrants and thankful that they took the opportunity to celebrate, share and promote the great work they do every day. What particularly impresses me about the winning initiatives is the spirit of collaboration they display. Each boasts strong multidisciplinary teams working together to deliver positive change to benefit patients, staff and the organisation as a whole.'



## SAFEGUARDING VULNERABLE OLDER PEOPLE: BUILDING CAPACITY

Exceptional care –  
Effective clinical governance

## MOVE SMART: PROVIDING INNOVATIVE EDUCATION, RESOURCES AND SUPPORT FOR SAFE PATIENT MANUAL HANDLING

Remarkable people –  
Fostering a workplace  
culture of no harm

## THE ELECTRONIC PATIENT JOURNEY BOARD: HARNESSING TECHNOLOGY FOR MORE COORDINATED, PATIENT-CENTRED CARE

People's Choice Award



## NEW RHEUMATOLOGY CLINIC BLESSED AND OPEN FOR BUSINESS

In September 2014 the Victorian Premier the Hon Dr Denis Napthine joined Monsignor Anthony Ireland to officially bless and open St Vincent's new state-of-the-art Department of Rheumatology Clinic. Staff and supporters came together to see first-hand the difference the fabulous new facilities will make to patients, researchers and clinicians alike.

The new 'one-stop shop' clinic is a bright, light and modern space designed to foster and facilitate expert clinical diagnosis, collaborative research and the very best in patient care.

This fantastic development has been made possible by the longstanding support and ongoing generosity of patient David Mackintosh and his wife Kathy. The contributions they have made to the Department will make a significant difference to patients in the immediate term and long into the future.

The Rheumatology department's main focus is rheumatoid arthritis, a severe autoimmune/inflammatory condition affecting nearly 100,000 Victorians. The condition is characterised by progressive joint inflammation and culminates in joint destruction, deformity, functional loss and reduced quality of life. It's also associated with increased cardiovascular disease and mortality rates. In a truly collaborative approach, the new clinic will enable the team to assess and treat patients and use the information gathered to inform onsite research projects.

Above: Current and former Rheumatology Directors A/Prof Evange Romas, Dr John Webb and A/Prof Laurie Clemens at the opening of the new Rheumatology Clinic.

Below: Director of Rheumatology A/Prof Evange Romas (left) and Premier Dr Denis Napthine officially open the new Rheumatology department in September 2014.





# THANK YOU TO OUR COMMUNITY OF SUPPORTERS

SINCERE  
APPRECIATION  
FROM ST VINCENT'S  
FOUNDATION  
TO ALL WHO HAVE  
CONTRIBUTED  
OVER THE PAST  
TWELVE MONTHS.  
WE WOULD LIKE  
TO PARTICULARLY  
ACKNOWLEDGE  
THE FOLLOWING  
GENEROUS DONORS:

## IN MEMORIAM GIFTS \$5,000+

Gregory Chambers  
June Loong  
Robin Foote

## CORPORATE, BUSINESS, SPONSORSHIP

13CABS  
Kestral Computing Pty Ltd  
LUCRF Super  
Zouki Catering



## MAJOR DONORS

### \$200,000+

Barbara Trauer  
David and Kathy Mackintosh  
The Pratt Foundation

### \$100,000+

Leslie and Judy Glick

### \$20,000+

Denise de Gruchy  
Peter de Rauch  
Doreen Mules

### \$10,000+

Brenda Shanahan  
Christopher Thien  
Joe Buckley  
Karin MacNab  
Robert Naughton

### \$5,000+

Alice Vaughan  
Dinah Krongold  
Frank and Rhonda Walker  
Joseph Cappadona  
Noel & Carmel O'Brien  
Family Foundation  
Peter Wood & Family  
The Teo Chew Chinese  
Association of Victoria

## TRUSTS AND FOUNDATIONS

### \$50,000+

ANZ Trustees:  
F & E Bauer Foundation  
The Diana Browne Trust  
Irene Phelps Charitable Trust  
Monash University

### \$25,000+

Collier Charitable Fund  
Mazda Foundation

### \$10,000+

The Andrews Foundation  
The Eirene Lucas Foundation

Equity Trustees:  
The Arthur A Thomas Trust

Equity Trustees:  
Grosvenor Foundation

The Eric & Elizabeth  
Gross Foundation

National Australia Trustees:  
The Angior Family Foundation

Perpetual Trustees:  
D & W Keath Family Trust

Perpetual Trustees:  
The Ethel Herman  
Charitable Trust

Shepherd Foundation

State Trustees:  
Australia Foundation

### \$5,000+

Perpetual Trustees:  
The Isobel Hill Brown Trust

## BEQUESTS AND ESTATES

### \$300,000+

Estate of Gwendoline  
Freda La Torre  
Estate of Thomas Patrick Wogan  
Estate of Beryl Waldron

### \$100,000+

Estate of Leslie William Dobson  
Estate of Molly Dick  
Estate of Sheila Margaret  
Bernadette Maguire  
Estate of Stella Conway  
Estate of Zoltan Charles Fodor

### \$50,000+

Estate of George Lacanale  
Estate of Roger Andre Pautremat  
Estate of Ronald William Wheeler

### \$20,000+

Estate of Patricia Carmel  
Stewart Kennedy  
Estate of Peter Francis Reynolds  
Estate of Susan Louise O'Brien

### \$10,000+

Estate of Agnes Ferguson Clark  
Estate of Alfred Dehnert  
Estate of Carmel Sheahan  
Estate of Henry Herbert Yoffa  
Estate of Margaret Ann Ryan  
Estate of Nina Margaret Kaylock

### \$5,000+

Estate of Horatio R C McWilliams  
Edith Jean Elizabeth Beggs  
Charitable Trust  
Estate of Joan Mary Gorman  
Estate of Lawrence H Diaper  
Estate of Leo Byrne Halpin  
The Mary Macgregor Trust  
Estate of Muriel Bradley  
The William & Eileen Walsh Trust



## EVENTS



### PEDAL POWER PROVES EFFECTIVE

In March a team of 60 hardy pedal pushers and their supporters spent a weekend in country Victoria to raise money for important research which could help thousands of Australians.

They rode from Hamilton to Port Fairy, a 90 kilometre challenge which was part of the Murray to Moyne fundraising event.

The dedicated bunch, who'd been training for months, gathered in the pre-dawn darkness at Hamilton Showgrounds, ready for the challenge.

It was still dark when they set off, on an undulating country course passing through picturesque Penshurst, where many succumbed to the temptation to stop for a cuppa and some food. They were particularly blessed with fabulous conditions – a brisk start to the day, a pink tinge to the paddocks as dawn was ushered in, then clear blue skies and no wind to speak of!

The St Vincent's pedal pushers raised more than \$65,000 for a research project looking to grow human cartilage using adult stem cells.

Lack of cartilage is an issue for people who have hip or knee replacements. There were 700,000 of them in Australia last year but artificial cartilage breaks down, causing pain and reducing mobility.



### QUEEN VICTORIA GOES UPMARKET

The historic Queen Victoria Market was once again transformed from busy shopping hub to glittering opera house, as 2,000 guests gathered for one of Melbourne's most anticipated philanthropic events of the year, Opera in the Market.

At centre stage were two of the nation's leading Opera singers, tenor David Hobson and soprano Greta Bradman, accompanied by Opera Scholars Australia, Alpha Sinfonia and a spectacular 100-voice choir conducted by ABC presenter, Guy Noble.

Funds were directed to St Vincent's Hospital's Clinical Research Centre, the second stage of our Cancer Centre development.

The Clinical Research Centre will bring cancer researchers and clinicians together, over dedicated cutting edge research, to change and revitalise the way the disease is diagnosed and treated. St Vincent's would like to extend a warm thank you to LUCRF Super, the Queen Victoria Market, Australian Music Events and caterers Fred & Ginger for their invaluable support.

The Clinical Research Centre will help to reduce the burden of cancer on people and their families and ultimately increase the number of people cured from this disease.





## ST VINCENT'S SCRUBS RUN, WALK AND FAMILY FUN DAY

Over 600 participants enjoyed a great day out on a crisp May morning at the 2015 St Vincent's Scrubs Run and Walk.

There were 56 teams, 34 of which raised funds for their nominated hospital departments or research projects.

---

**600**  
PARTICIPANTS

---

**\$80,000**  
RAISED

---

**50**  
VOLUNTEERS



# REPORT OF OPERATIONS 2014–2015

## SUMMARY FINANCIAL RESULTS

	2015* \$'000s	2014 \$'000s	2013 \$'000s	2012 \$'000s	2011 \$'000s
Total Revenue <sup>^</sup>	641,512	622,091	587,814	576,809	556,532
Total Expenses <sup>^</sup>	643,385	619,483	588,662	575,371	550,443
Net Surplus/(Deficit)	(1,873)	2,608	(848)	1,438	6,089
Retained Surplus and Capital	57,317	62,161	63,580	64,428	62,990
Total Assets	323,870	326,893	320,209	323,157	321,547
Total Liabilities	228,966	230,167	226,102	228,286	228,344
Net Assets	94,904	96,726	94,107	94,871	93,203
<b>Total Equity</b>	<b>94,904</b>	<b>96,726</b>	<b>94,107</b>	<b>94,871</b>	<b>93,203</b>

<sup>^</sup> For further detail, refer to Total Revenue and Total Expenses in the Comprehensive Operating Statement

\* Incorporates share of Victorian Comprehensive Cancer Centre joint venture

## SUMMARY OF SIGNIFICANT CHANGE IN FINANCIAL POSITION 2015

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

## OPERATIONAL AND FINANCIAL PERFORMANCE 2015

St Vincent's Hospital Melbourne delivered an annual operating surplus result of \$96,000 before capital income and expenses. After including Capital income and expenses, the net entity result was a deficit of \$1,873,000. Movement in total equity includes the net equity result and a revaluation adjustment for cultural assets of \$72,000.

## SUBSEQUENT EVENTS

There has been no matter or circumstance which has arisen since 30 June 2015 that has significantly affected, or may affect:

- (a) The operations, in financial years subsequent to 30 June 2015, of St Vincent's Hospital, Melbourne, or
- (b) The results of those operations, or
- (c) The state of affairs, in financial years subsequent to 30 June 2015, of St Vincent's Hospital Melbourne



## CONSULTANCIES

St Vincent's engaged the following\* consultancies during 2014-15.

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee	Expenditure 2014-15 (Ex GST)	Future expenditure
Pricewaterhouse Coopers	Financial & Efficiency Review	March 15	July 15	398,240	298,680	99,560
Paxton Partners	Performance Improvement	May 15	August 15	83,545	27,865	55,680
RogenSi	Leadership Training	September 13	June 15	165,200	99,940	0
Leading Health Care	Review of Primary Medical Centres	January 15	September 15	20,000	10,300	9,700
DLA Piper Consulting	Cardiology Review	October 14	September 15	50,000	0	50,000
Bishop Fleet Optimisation	Motor vehicle optimisation	February 15	June 15	52,668	0	52,668

\* There were two other consultancies under \$10,000 during the year at a total cost of \$12,100



## WORKFORCE DATA

St Vincent's Hospital 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 and in line with St Vincent's Code of Conduct. The table below specifically outlines our staff labour categories over the reporting period.

Labour Category	JUNE Current Month FTE*		JUNE YTD FTE**	
	2015	2014	2015	2014
Nursing Services	1,466	1,455	1,450	1,415
Administration and Clerical	334	343	336	327
Medical Support Services	238	240	238	235
Health and Allied Services	917	906	916	895
Hospital Medical Officer	119	118	123	123
Specialist Full Time	73	77	77	76
Specialist Sessional	123	117	118	112
Registrar	192	188	186	180
Allied Health	456	459	452	439
<b>Total</b>	<b>3,918</b>	<b>3,903</b>	<b>3,896</b>	<b>3,802</b>

\*FTE – Full Time Equivalents

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

† 2014 data has been restated based on updated labour categorisations



## OCCUPATIONAL HEALTH AND SAFETY (OHS) ACHIEVEMENT

St Vincent's Hospital Melbourne is serious about health, safety and wellbeing with a range of initiatives and programs in place.

The Move Smart Program won the SVHA Quality Award for the category "Remarkable People – Fostering a Workplace Culture of No Harm". This Program, targeting clinical manual handling, has expanded beyond the training room and now provides assistance to staff managing patients with complex manual handling requirements. Managing the bariatric patient has been a common theme and refresher Move Smart training has a focus on practicing the manual handling skills required for bariatric patients.

A review of the Code Grey Program (unarmed patient aggression) was undertaken in 2014. This external review examined resourcing as well as procedures and record keeping against best practice and compliance with changes in laws and Department of Health standards. Additional resources have been allocated for increased training and incident investigation. As aggression in the community increases, this will remain an ongoing focus.

In addition to these key initiatives, SVHM has ensured safety is integrated into business decisions through consultation with OHS experts when new work systems and equipment are considered. Examples include the selection of new dialysis machines, the introduction of microfibre cleaning and the planning of various construction projects across the campus.

In addition, other initiatives have focused on more effectively managing risks, including:

- installation of ceiling mounted patient lifting systems;
- workstation assessment and equipment trials; and
- implementation of an on-line chemical risk assessment tool.

The STAR peer support program, now in its 16th year, and the Employee Assistance Program are well utilised by staff. 263 individual and 61 group contacts were recorded for STAR in 2014.

The Early Intervention Program that supports injured staff to seek the right medical assistance early and make a speedy recovery, was utilised by 59% of injured workers. The Program has been enhanced this year by engaging a group of occupational health specialists, to provide priority medical assistance in the first few hours and immediate days following an injury.

Incident investigation findings have resulted in controls to prevent further injuries, including storage system upgrades and repairs to pedestrian paths.

The OHS, Emergency Management and WorkCover claims management initiatives across the organisation have led to a significant premium reduction for 2015-16.

Key focus areas for 2015-16 include:

- a safety culture change program, including intensive leadership training;
- formal review of the STAR Program; and
- focus on non-clinical manual handling.



## BUILDING AND MAINTENANCE COMPLIANCE

### ESSENTIAL SERVICES MAINTENANCE

Essential services are maintained in accordance with AS 1851-2005 by All Essential Fire & Security Pty Ltd as required by the building regulations. Essential service records audits are completed on a quarterly basis by Philip Chun & Associates and an Annual Essential Safety Measures Report is issued.

The Hospital uses the Department of Health and Human Services publication Maintenance standards for critical areas in Victorian health as a guide.

- 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, to the best of our knowledge, there have been no penetrations to required fire resistant constructions, smoke curtains and the like, in buildings inspected other than those for which a building permit has been issued.

### BUILDINGS

St Vincent's Hospital certifies the following compliance with its buildings:

- Buildings are certified for approval in accordance with the Building Code Australia
- Works under construction are subject to mandatory inspection
- All buildings receive a certificate of final inspection.

### GENERAL MAINTENANCE

St Vincent's Hospital certifies that there have been no notices issued or orders to cease occupancy in relation to:

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

BEIMS facilities management software is used by the Engineering Department to manage preventative and reactive maintenance activities. Maintenance schedules are based on DA19 and Australian Standards where applicable.

During the last 12 months St Vincent's Hospital has undertaken rectification projects including progressing the works identified in the Fire and OH&S reports for:

- Fitzroy (\$1.0m)
- St Georges Hospital (\$0.35m)
- Caritas Christi (\$0.12m).

St Vincent's is undertaking an independent review of its physical building and plant assets during 2015-16 to assess current asset condition and works required over the next three year period.

### NEW PROJECTS COMPLETED INCLUDE:

- Mental Health PARC – 10 bed Prevention and Recovery Care Unit at \$4.8m
- Security access control system replacement at \$1.80m
- Clinical Science Building fire upgrade at \$0.55m
- Implementation of the electrical body protection upgrade for Inpatient Services at \$0.70m
- St Georges Hospital western stair pressurisation at \$0.25m
- Ongoing plant and equipment upgrades across all of our sites at \$0.70m.
- Caritas Christi bulk oxygen tank installation at \$0.10m.

### KEY PROJECTS COMMENCED DURING 2014-15 AND WORKS IN PROGRESS AT 30 JUNE 2015 INCLUDE:

- Demolition of Druids Building at \$2.0m
- Upgrade to sub-acute services Bolte Wing at \$0.75m
- St George's Hospital switchboard upgrade at \$0.15m
- Installation of a new PET scanner unit in Medical Imaging at Fitzroy
- Radiotherapy treatment facility at our Fitzroy site
- Fire upgrade of \$0.50m at our Healy and Daly Wings, Fitzroy.

## SUSTAINABILITY

St Vincent's Hospital is striving to minimise our environmental footprint by encouraging environmentally aware practice, developing energy efficient buildings and infrastructure and setting targets for improved environmental sustainability.

St Vincent's Hospital met its goal of diverting at least 29 per cent of its waste to recycling for the 2014-15 financial year through its reduction, reuse and recycle program.

As part of the reduction initiative; companies have been approached about reducing the amount of packaging brought onto site as well as the continued donation of hospital equipment (serviceable) to Rotary Australia for distribution overseas.

St Vincent's has also enhanced our waste auditing program to identify further recycling opportunities resulting in the implementation of a program to recycle vinyl and an enhanced range of plastics within the hospital.

Electricity is used in St Vincent's Hospital for space cooling, ventilation, lighting, medical equipment and many other processes. Natural gas and steam is used for space heating, sterilisation of medical equipment, cooking and domestic hot water.

A number of improvements have been made to buildings and infrastructure throughout the year to reduce energy consumption and increase efficiency, including:

- LED lighting program introduced last year is still in progress, and we are already seeing a reduction in energy consumption
- Installation of variable speed drives (VSD) on electric motors to reduce energy consumption
- Time scheduling of air-conditioning systems in non-patient areas, most air conditioning systems are set on economy mode
- 55 Victoria Parade water cooled chiller was replaced with a more efficient air cool chiller, reducing our water consumption
- Garden sprinkler system at Caritas Christi Hospice has been connected to rain water tanks.

## 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 \$25.10 application fee or a copy of the patient's Health Care or Pension Card.

Consultant	2014-15	2013-14
Applications	864	886
Released in full	784	824
Partially released	41	49
Denied in Full	Nil	Nil
Cancelled applications	8	5
Percentage requests fulfilled within 45 days	100%	100%
Application fees collected	\$16,721.50	\$17,039.10
Application fees waived	\$6,095.00	\$5,551.20
Charges collected	\$15,918.00	\$16,840.20
Charges waived	\$6,159.40	\$6,334.40

At the end of the financial year there are requests received for access under the Freedom of Information (FOI) Act 1982 which are in the process of being processed in accordance with the provisions of the Act, and accordingly the total results of the requests are not the same as the number of applications.



# STATEMENT OF PRIORITIES

## STATEMENT OF PRIORITIES AND THE MINISTER FOR HEALTH

St Vincent's Melbourne is also accountable to the Minister for Health.

The Statement of Priorities (SOP) is the key document of accountability between the Department and St Vincent's. St Vincent's is pleased to publish its outcomes achieved during 2014-15.

### PART A: STRATEGIC PRIORITIES FOR 2014-15

Victorian Health Priority Framework	Health Service Strategy	Deliverable	Outcome
Developing a system that is responsive to people's needs.	Develop an organisational policy for the provision of safe, high quality end of life care in acute and subacute settings, with clear guidance about the role of, and access to, specialist palliative care.	Consistent with the SVHM Palliative Care Consultation Service Referral Policy, implement a new communication plan to increase the number of early referrals to specialist Palliative Care.	<b>Completed.</b> Palliative Care physicians have increased attendance at Multi-Disciplinary Meetings (MDMs) to increase awareness, profile and referrals.
	Develop opportunities for greater private sector collaboration, coordination and integration.	Continue the re-negotiation of St Vincent's 25-year Health Service Agreement with the Department of Health inclusive of a new long-term lease to operate St George's Health Service.	<b>On track.</b> A 25-year term has been agreed with the DHHS Secretary and a draft agreement incorporating St George's Health Service is under discussion with the Department.
		Together with the SVHA Private Hospitals Division, update the Rapid Care Centre business case to consider public and private service opportunities.	<b>On track.</b> A Project Lead has been appointed to develop a Final Business Case by December 2015. Model of care workshops with clinicians were completed in May-June 2015 to develop the Rapid Care Centre model of care. Service demand analysis and forecasting is underway.
		Complete a feasibility study for the development of a radiotherapy service at SVHM Fitzroy.	<b>Completed.</b> In partnership with Genesis Care, a new radiotherapy service will be developed at SVHM by June 2016. Facility development commenced in June 2015.
		Support St Vincent's Health Australia to grow aged care services in Victoria.	<b>Completed.</b> SVHA Aged Care has acquired 200 new bed licences in Victoria including 80 new beds in Werribee and 120 new beds at Caritas Christi.

Victorian Health Priority Framework	Health Service Strategy	Deliverable	Outcome
	Progress partnerships with other services to improve outcomes for regional and rural patients.	Build on SVHM's statewide referral role by formalising relationships with two key referring health services to streamline access to specialised tertiary health care services including cardiac and cancer services.	<b>Completed.</b> SVHM and Goulburn Valley Health have signed a Memorandum of Understanding (MoU) with a focus on cardiology and palliative care service support and referrals. SVHM and Northern Health have signed a MoU to strengthen and streamline their relationship and assist with referral and treatment of patients from the rapidly growing outer northern corridor, especially neurosurgery patients.
	Optimise timely access to specialist care through the implementation of the Access Policy for Specialist Clinics in Victorian Public Hospitals.	Update the SVHM operating model consistent with the specialist clinics access policy and achieve full implementation by June 2015	<b>Completed.</b> A waiting list audit has been undertaken across all clinics and an improvement action plan consistent with the new policy developed.
	Implement an organisation-wide policy for responding to clinical and non-clinical violence and aggression by patients, staff and visitors (including code grey) that aligns with department guidance (2014).	Complete a review of SVHM's aggression management and implement identified enhancements to improve patient and staff safety	<b>Completed.</b> SVHM has developed a strong response to aggression across Melbourne Metro hospitals. A number of policies are in place (including code grey) with a multi-tiered education program across all sites. Further improvements have been committed in 2015-16.



Victorian Health Priority Framework	Health Service Strategy	Deliverable	Outcome
Improving every Victorian's health status and experiences.	Use consumer feedback to improve person and family centred care, health service practice and patient experience.	With consumer involvement, develop a new SVHM staff and patient engagement strategy and commence implementation in April 2015.	<b>In progress.</b> The SVHM staff and patient engagement strategy will be absorbed into a national SVHA strategy to be developed in 2015-16, consistent with the new SVHA Strategic Plan that was launched in June 2015.
	Identify service users who are marginalised or vulnerable to poor health, and develop interventions that improve their outcomes relative to other groups, for example, Aboriginal people, people affected by mental illness, people at risk of elder abuse, people with disability, homeless people, refugees and asylum seekers.	Commission and commence services at the new Prevention and Recovery Care Service (PARC) by March 2015.	<b>Completed.</b> The new PARC facility has been commissioned and is in operation.
		Develop an Aboriginal Health Strategy across the SVHA Public Hospital Division by May 2015.	<b>In progress.</b> Aboriginal and Torres Strait Islander health is a key commitment in the new SVHA strategy. Detailed Aboriginal Health planning will be undertaken in 2015-16.
		Complete a feasibility study with Department of Justice to expand the secure prison ward St Augustine's.	<b>Completed.</b> The feasibility study is under review by Department of Justice.
		Develop a plan with our stakeholders to improve availability of health care for vulnerable and disadvantaged community members.	<b>Completed.</b> The SVHA Strategic Plan commits to growing our service provision, research, and advocacy in Mental Health; Drug and Alcohol; Homeless Health; Aboriginal and Torres Strait Islander health; and Prison Ministry
Expanding service, workforce and system capacity.	Develop and implement a workforce immunisation plan that includes pre-employment screening and immunisation assessment for existing staff that work in high risk areas in order to align with Australian infection control and immunisation guidelines.	Design and commence implementation of Phase 2 of the SVHM immunisation plan by June 2015 to increase immunisation rates of vaccine-preventable diseases.	<b>Completed.</b> All staff including those in working in high risk areas now have access to pre-employment screening after additional resources were added.

Victorian Health Priority Framework	Health Service Strategy	Deliverable	Outcome
	Optimise workforce productivity through identification and implementation of workforce models that enhance individual and team capacity and support flexibility.	Build productivity and workforce capability through SVHM Leadership Programs at all levels, deliver a new recruitment methodology by December 2015 and implement succession planning to management level 3 by June 2015.	<b>On track.</b> SVHM Leadership Development Program is fully completed. Deployment of the Productive Series continues across the organisation. Executive have also completed leadership training in behavioural interview techniques and the prevention and management of bullying and harassment. Succession planning to level 2 has been completed and level 3 is programed for delivery in 2015/16. The new recruitment methodology and tools have been released and will be followed with management training.
Increasing the system's financial sustainability and productivity.	Reduce health service administrative costs.	Work with SVHA and Health Purchasing Victoria to increase the efficiency and productivity of procurement functions by \$500,000.	<b>Completed.</b> SVHM entered into a new 'Access Deed' with HPV during the year and is leveraging significant procurement savings in excess of target amount.
Implementing continuous improvements and innovation.	Develop a focus on 'systems thinking' to drive improved integration and networking across health care settings.	Continue to harness clinical, engineering, education and industry partnerships as part of the Aikenhead Centre for Medical Discovery to advance service delivery innovation.	<b>Completed.</b> The ACMD partnership has expanded to include RMIT University and Swinburne University. In addition, SVHM has joined as a partner in Swinburne's ARC Centre for Biodevices, which will deploy PhD students into SVHM to assist solving problems to deliver patient and health system benefits. ACMD has also strengthened its focus on industry partners with plans to co-locate industry within the new Centre.



Victorian Health Priority Framework	Health Service Strategy	Deliverable	Outcome
	Drive improved health outcomes through a strong focus on patient-centred care in the planning, delivery and evaluation of services, and the development of new models for putting patients first.	Complete the first application round of the SVHM innovation fund (Catalyst) by November 2014 and evaluate project outcomes by June 2015.	<b>Completed.</b> Two rounds of Catalyst have been offered to date, receiving 25 applications. Of these, 7 projects have been supported to the value of \$125,000. Projects are in various stages of implementation. The Catalyst process and objectives have been reviewed and improvements will be included in Round 3 that will occur in 2015/16.
		Commence the implementation of Productive Series across all SVHM inpatient wards and theatres by March 2015 to increase direct patient care time, improve quality and increase clinical efficiency.	<b>On track.</b> Roll out to all Phase 2 wards has been completed (six wards) and planning has started for Phase 3 wards. Phase 2 of Productive Theatre in Orthopaedics has been completed.
		Work with industry partners to enhance the way we work to improve patient flow and experience in the Chemotherapy Day Unit.	<b>On track.</b> SVHM and Toyota continue to work together on the Chemotherapy Day Unit redesign. The team has completed detailed diagnostics, patient experience data and completed "Patient Journey Information Flow" workshops to map current processes and issues. Implementation of ideas and innovations from the first two "jishuken" (3-day rapid improvement) events is nearing completion. Planning for the third event for August 2015 is underway.
		Continue to work with Medicare Locals and Primary Health Care Organisations on service integration opportunities and to lead the development of four new clinical pathways.	<b>On track.</b> SVHM has continued to collaborate in the development of Health Pathways with the previous Medicare Locals.  In addition, SVHM will formally be part of two of the three newly appointed Melbourne metropolitan Primary Health Networks – Melbourne Primary Care Network (MPCN) and Eastern Melbourne Primary Health Network.

Victorian Health Priority Framework	Health Service Strategy	Deliverable	Outcome
Increasing accountability & transparency.	Undertake an annual board assessment to identify and develop board capability to ensure all board members are well equipped to effectively discharge their responsibilities.	Complete a Board assessment and respond to any recommendations by December 2015.	<b>Completed.</b> The SVHA Board conducts a formal evaluation of its performance every two years with the next review due in 2016. Development needs are assessed both at individual Director and full Board levels.  The Board as a group undergoes a development activity on the day prior to each Board meeting. Individual Directors attend development opportunities specific to their identified needs.
	Demonstrate a strategic focus and commitment to aged care by responding to community need as well as the Commonwealth Living Longer Living Better reforms.	Pursue aged care opportunities as part of the Public Sector Residential Aged Care Services reallocation project.	<b>In progress.</b> SVHM is planning to co-locate the 90 public sector beds on the St George's Health Service site.
		Continue masterplanning St George's Health Service (with Department of Health) and complete a new masterplan for Caritas Christi.	<b>Deferred.</b> Caritas Christi masterplan will commence in 2015-16 consistent with the SVHA Aged Care development. St George's Health Service planning will occur in Q3 of 2015/16 following an update of the service plan for the site.
Improving utilisation of e-health and communications technology.	Trial, implement and evaluate strategies that use e-health as an enabler of better patient care.	Complete the roll-out of the SVHM-developed Electronic Patient Journey Board and evaluate benefits.	<b>Completed.</b> Software development for the roll-out has been completed, final hardware installation and staff training in progress for final two wards.
		Complete a Business Intelligence reporting capability business case by April 2015 and commence implementation.	<b>Completed.</b> Business Intelligence capability will be available from July 2016.
	Utilise telehealth to better connect service providers and consumers to appropriate and timely services.	Establish point to point video conferencing to increase access to patient consultations at Victorian prisons.	<b>Completed.</b> Videoconferencing of patient consultations at Victorian prisons is now underway. Further expansion of the service is being explored.



## PART B: PERFORMANCE PRIORITIES

### FINANCIAL PERFORMANCE

Key Performance Indicator	Target	2014-15 actuals
<b>Operating Result</b>		
Annual Operating result (\$m)	0	0.1
<b>Cash management</b>		
Creditors	< 60 days	59
Debtors	< 60 days	39
<b>WIES* activity performance</b>		
WIES (public and private) performance to target (%)	100	101.4
<b>Asset Management</b>		
Basic asset management plan	Full compliance	Full compliance

### ACCESS PERFORMANCE

Key performance indicator	Target	2014-15 actuals
<b>Emergency care</b>		
Percentage of operating time on hospital bypass	3	2.1
Percentage of ambulance transfers within 40 minutes	90	75.7
NEAT – Percentage of emergency presentations to physically leave the emergency department for admissions to hospital, be referred to another hospital for treatment, or be discharged within four hours	81	59.8
Number of patients with length of stay in the emergency department greater than 24 hours	0	1
Percentage of Triage Category 1 emergency patients seen immediately	100	100
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended times	80	68.8
<b>Elective surgery</b>		
Percentage of Urgency Category 1 elective patients treated within 30 days	100	100
NEST – Percentage of Urgency Category 2 elective surgery patients treated within 90 days	88	79.9
NEST – Percentage of Urgency Category 3 elective surgery patients treated within 365 days	97	98
Number of patients on the elective surgery waiting list at 30 June 2015	1,206	1,400
Number of Hospital Initiated Postponements per 100 scheduled admissions	8	7.1

## SERVICE PERFORMANCE

Key performance indicator	Target	2014-15 actuals
<b>Elective Surgery</b>		
Number of patients admitted from the elective surgery waiting list - quarter 1	1,877	1,963
Number of patients admitted from the elective surgery waiting list - quarter 2	1,486	1,751
Number of patients admitted from the elective surgery waiting list - quarter 3	1,365	1,507
Number of patients admitted from the elective surgery waiting list - quarter 4	1,494	1,655
<b>Total</b>	<b>6,222</b>	<b>6,876</b>
<b>Critical Care</b>		
Number of days operating below agreed Adult ICU minimum operating capacity	0	2
<b>Quality and Safety</b>		
Health service accreditation	Full compliance	Achieved
Residential aged care accreditation	Full compliance	Achieved
Cleaning standards (Overall)	Full compliance	Achieved
Cleaning standards (AQL-A)	90	Achieved
Cleaning standards (AQL-B)	85	Achieved
Cleaning standards (AQL-C)	85	Achieved
Hand Hygiene (rate)-quarter 2	75	82
Hand Hygiene (rate)-quarter 3	77	82
Hand Hygiene (rate)-quarter 4	80	81
Healthcare worker immunisation – influenza (%)	75	65
Hospital acquired infection surveillance	No outliers	No outliers
SAB rate per occupied bed days*	<2/10,000	0.91/10,000
ICU central line associated blood stream infections (ICU CLABSI)	No outliers	2
Victorian Healthcare Experience Survey	Full compliance	Full compliance
<b>Mental Health</b>		
Mental Health 28 day readmission rate - percentage	14	12
Adult Mental Health Post-discharge follow-up rate - percentage	75	89
Adult Mental Health Seclusion rate per occupied bed days	<15/1,000	6/1,000
Aged Mental Health Post-discharge follow-up rate-percentage	75	84
<b>Critical Care</b>		
Adult ICU number of days operating below the agreed minimum operating capacity	0	2

\* SAB is Staphylococcus aureus bacteraemia



## PART C: ACTIVITY AND FUNDING

Funding type	2014-15
<b>Acute Admitted</b>	
WIES Public	43,218
WIES Private	6,716
<b>WIES (Public and Private)</b>	<b>49,934</b>
WIES DVA	307
WIES TAC	110
WIES Total	50,351
<b>Subacute Admitted</b>	
GEM DVA	1,012
GEM Public	18,848
GEM Private	7,956
Palliative Care DVA	558
Palliative Care Public	7,788
Palliative Care Private	7,200
Rehab DVA	285
Rehab Public	21,626
Rehab Private	6,164
Transition Care – Bed days	10,518
Transition Care – Home days	11,551

Funding type	2014-15
<b>Subacute non-admitted</b>	
Health Independence Program	63,561
<b>Aged Care</b>	
Aged Care Assessment Service	3,383
Residential Aged Care	10,240
HACC	41,191
<b>Mental Health and Drug Services</b>	
Mental Health Inpatient	21,504
Mental Health Ambulatory	52,817
Mental Health Residential	20,160
Mental Health Subacute	7,350
Drug Services	586



## ATTESTATION ON DATA INTEGRITY

I, Ben Fielding, Chief Executive Officer certify that St Vincent's (Melbourne) Limited has put in place appropriate internal controls and processes to ensure that reported data reasonably reflects actual performance. St Vincent's Hospital (Melbourne) Limited has critically reviewed these controls and processes during the year.

## ATTESTATION FOR COMPLIANCE WITH MINISTERIAL STANDING DIRECTION 4.5.5 – RISK MANAGEMENT FRAMEWORK AND PROCESSES

I, Ben Fielding, Chief Executive Officer certify that St Vincent's (Melbourne) Limited has complied with Ministerial Direction 4.5.5 – Risk Management Framework and Processes. The St Vincent's Hospital (Melbourne) Limited Audit Committee verifies this.

## ATTESTATION ON COMPLIANCE WITH AUSTRALIAN/ NEW ZEALAND RISK MANAGEMENT STANDARD

I, Ben Fielding, 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.



**Ben Fielding**  
Chief Executive Officer  
Dated 24 August 2015  
Canberra

## REPORT AVAILABILITY

This report is readily available to Members of Parliament and the public on the St Vincent's internet at [www.svhm.org.au](http://www.svhm.org.au) or by calling the Office of the CEO on 03 9288 3938 to request a copy.

## COMPLIANCE WITH DATAVIC ACCESS POLICY

Consistent with the DataVic Access policy issued by the Victorian Government in 2012, all data tables included in this annual report will be available at <http://www.data.vic.gov.au/> in machine readable format.

# COMPANY DIRECTORY



## Directors

St Vincent's Melbourne is part of the St Vincent's Health Australia group (SVHA).

SVHA is Australia's largest not-for-profit, nongovernment healthcare provider and is led by Board Chair Paul Robertson and SVHA Chief Executive Officer Toby Hall. As well as St Vincent's Melbourne, SVHA comprises a number of health entities that are either operated solely by SVHA or in partnership with other Congregations.

During the period 1 July 2014 to 30 June 2015, the Trustees of Mary Aikenhead Ministries made all appointments and reappointments to the St Vincent's Health Australia Board. The following persons were Directors of SVHA during the period 1 July 2014 to 30 June 2015:

**Mr Paul Robertson AM Chair**

**Ms Melissa Babbage**

**Prof Maryanne Confoy RSC**

**Prof Suzanne Crowe AM**

**Mr Brendan Earle**

**Ms Patricia Faulkner AO**

**Mr Gary Humphrys**

**Mr Paul McClintock AO**

**Prof Peter Smith**

**Sr Mary Wright IBVM**

## Secretary

Mr R Beetson

## Chief Executive Officer

Mr Ben Fielding

## Registered office

Level 1  
75 Grafton Street  
Bondi Junction NSW 2022

## Auditor

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

## Solicitors

K and L Gates

## Bankers

National Australia Bank

## Ultimate Parent

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

Above: (From left) Mr David Robinson, Chair, Trustees of Mary Aikenhead Ministries, Mr Paul Robertson AM, Chair, St Vincent's Health Australia and Mr Toby Hall, Chief Executive Officer, St Vincent's Health Australia.



## FINANCIALS DIRECTORS' REPORT

The Directors present their report on the Hospital for the financial year ended 30 June 2015. The financial statements have been prepared pursuant to the provisions of the *Australian Charities and Not-for-Profits Commission Act 2012 (Cth)* and the *Financial Management Act 1994 (Vic)* with the exception of the application of FRD 103F Non-Financial Physical Assets and FRD114A Financial Instruments.



### CHAIR MR PAUL ROBERTSON AM

#### Qualifications

Bachelor of Commerce,  
Fellow CPA Australia.

#### Experience

Paul was appointed to the Board on 1 October 2009 and was appointed as Chairman on 5 October 2012. Paul is a former Executive Director of Macquarie Bank with extensive experience in banking, finance and risk management. Paul is Chair of Social Ventures Australia, Chair of the Trustees of St Vincent's Hospital Sydney and holds several private company directorships.

#### Special responsibilities

Paul is Chair of the People & Culture Committee.



### MS PATRICIA FAULKNER AO

#### Qualifications

BA, Dip. Education, MBA; Fellow of Public Administration Australia, Fellow of Public Administration (Victoria) and Fellow of the College of Health Service Executives.

#### Experience

Patricia was appointed to the Board on 1 October 2010. Patricia was a previous National Partner-in-Charge, Health Sector at KPMG and a previous Secretary of the Victorian Government of Human Services. She has held a number of roles with the Victorian Government over a period of almost 20 years in the Department of Labour and Department of Community Welfare Services. Patricia is Chair of The CRC on Sleep & Alertness, Jesuit Social Services and the National Health Performance Authority. She is a Member of the Commonwealth Grants Commission, and the Board of CEDA. Patricia was recently appointed as a Deputy Commissioner to the Victorian Government's Royal Commission into Family Violence.

#### Special responsibilities

Patricia is deputy chair of the Board, a member of the Quality and Safety Committee and a member of the Mission, Ethics & Advocacy Committee.



## MS MELISSA BABBAGE

### Qualifications

Bachelor of Applied Science (Physiotherapy) University of Sydney, Master of Commerce (Finance & Economics) University of NSW and a Graduate of the Australian Institute of Company Directors.

### Experience

Melissa was appointed to the Board on 1 October 2013. Melissa is a highly experienced financial services professional with a 19 year Investment Banking career spanning both International and Domestic Financial Markets. As a managing director at Deutsche Bank for 10 years, she had responsibility for growing several different business lines across both Australia/New Zealand and Asia, as Head of Commodities, Foreign Exchange and Global Finance. Melissa is a Non-Executive Director of Swiss Re Life and Health Australia Ltd and Athletics Australia, a Trustee of Q Super and a Non-Executive Director of Q Super Ltd. Melissa was recently appointed to the Board of Mercer Investments (Aust) Ltd.

### Special responsibilities

Melissa is a member of the Finance & Investment Committee and the Audit & Risk Committee.



## PROF. MARYANNE CONFOY RSC

### Qualifications

Bachelor of Arts from the University of Melbourne, postgraduate studies at both Boston College and Harvard Graduate School of Education, and a Doctor of Philosophy at Boston College.

### Experience

Maryanne was appointed to the Board on 6 February 2012. Maryanne is a Religious Sister of Charity and Professor of Pastoral Theology at Pilgrim College, Melbourne University of Divinity, and a member of the Jesuit Theological Consortium. She is a Fellow of the Melbourne University of Divinity. Her governance roles have included member of the Australian Catholic University Senate and Chair of MCD Board of Postgraduate Studies. She is a Council member of Edmund Rice Education Australia, a member of the St Vincent's Foundation Board, of the Board of LUCRF, and of The Way Community for Homeless Men.

### Special responsibilities

Maryanne is a member of the Mission, Ethics & Advocacy Committee and the People & Culture Committee.



## PROF. SUZANNE CROWE AM

### Qualifications

MBBS (Honours IIA) - Monash University/Alfred Hospital Medical School Fellow, Royal Australasian College of Physicians, (Speciality: Infectious Diseases); and, MD Thesis "Role of Macrophages in HIV Pathogenesis", Monash University.

### Experience

Suzanne was appointed to the Board on 1 January 2013. Suzanne is a consultant physician in infectious diseases and general medicine at The Alfred since 1994. She has authored over 200 published papers, five books and 68 book chapters in the field. She is also an Associate Director of the Burnet Institute, Principal Research Fellow with the National Health Medical Research Council, Principal Specialist in Infectious Diseases at The Alfred Hospital and Adjunct Professor of Medicine and Infectious Diseases at Monash University, Melbourne.

Suzanne is Head of the international Clinical Research Laboratory at the Burnet Institute and the World Health Organization (WHO) Regional Reference Laboratory for HIV Resistance Testing and an adviser and consultant to the WHO Global Program on AIDS. She has served as Deputy Chair of the Board of the Australian India Council (Department of Foreign Affairs and Trade), as a member of the Prime Minister's Science, Engineering and Innovation Council Asia Working Group and as President of the Australasian Society for HIV Medicine.

### Special responsibilities

Suzanne was a previous member of the Audit & Risk Committee and is a member of the Quality and Safety Committee & a member of the Mission, Ethics & Advocacy Committee.



## MR BRENDAN EARLE

### Qualifications

Bachelor of Laws (Hons); Bachelor of Arts; Barrister and Solicitor, Supreme Court of Victoria.

### Experience

Brendan was appointed to the Board on 1 October 2010. Brendan is a partner with the international law firm, Herbert Smith Freehills. He has over 20 years' experience providing commercial legal advice across a range of industries and specialises in large or strategically important negotiated transactions including acquisitions, sales, joint ventures and corporate restructuring and acts as a relationship partner for several clients of the firm. Brendan has a long-standing interest in the Australian healthcare industry and has advised the Commonwealth Government, private insurers, aged care providers, private consulting practices and pharmaceutical manufacturers on a diverse range of projects.

### Special responsibilities

Brendan is a member of the Finance & Investment Committee and the Audit & Risk Committee.



## MR GARY HUMPHRYS

### Qualifications

Graduate Diploma Business Administration; Graduate of the Australian Institute of Company Directors; and, Member of the Institute of Chartered Accountants in Australia.

### Experience

Gary was appointed to the Board on 1 October 2010. Gary has 40 years of experience in senior executive roles covering a number of disciplines including finance and accounting, treasury, taxation, IT, procurement and audit in the energy and mining industries in both the public and private sector. Gary is Chairman of Ergon Energy Corporation Limited, The Holy Spirit Northside Private Hospital Limited, Electricity Supply Industry Superannuation (Qld).

### Special responsibilities

Gary is Chair of the Audit and Risk Committee, a member of the Mission, Ethics and Advocacy Committee and a member of the Finance & Investment Committee.



## MR PAUL MCCLINTOCK AO

### Qualifications

Graduated in Arts and Law from the University of Sydney and is an honorary fellow of the Faculty of Medicine of that University, and a Life Governor of the Woolcock Institute of Medical Research.

### Experience

Paul was appointed to the Board on 1 January 2013. Paul was previously Chairman of Medibank Private Limited and is currently Chair of Myer Holdings Limited, I-MED Network, the Institute of Virology and NSW Ports. He is a Director of the George Institute for Global Health.

His former positions include Chairman of the COAG Reform Council, Thales Australia, Symbion Health, Affinity Health and the Woolcock Institute of Medical Research and directorships with the Australian Strategic Policy Institute. He has also served as Commissioner of the Health Insurance Commission.

### Special responsibilities

Paul is Chair of the Finance & Investment Committee.





## PROF. PETER SMITH

### Qualifications

Bachelor of Science, Bachelor of Medicine /Bachelor of Surgery, Doctor of Medicine. Fellow of the Royal Australasian College of Physicians, Fellow of the Royal College of Pathologists Australasia and fellow of the Australian Institute of Company Directors.

### Experience

Peter was appointed to the Board on 1 October 2010. Peter is Dean of the Faculty of Medicine at the University of New South Wales. Peter is a Director of the Garvan Institute of Medical Research (Chair, Kinghorn Centre for Clinical Genomics Committee), Neuroscience Research Australia, The Sax Institute of Health Research (Chair, Research Governance Committee) and Ingham Health Research Institute. He is President, Medical Deans, Australia and New Zealand and a Group Captain, RAAF Specialist Reserve.

### Special responsibilities

Peter is Chair of the Quality and Safety Committee and a member of the People and Culture Committee.



## SR MARY WRIGHT IBVM

### Qualifications

Master of Science (University of Melbourne), Dip. of Education (Monash Univ.), Bachelor of Divinity (Melb. College of Divinity), Ph. D. (JCD) in Canon Law (University Saint Paul, Ottawa, Canada).

### Experience

Sr Mary was appointed to the Board on 1 October 2013. Sr Mary has extensive experience in leadership in Catholic Church institutions including the positions of School Principal Loreto College Ballarat and Loreto College, Kirribilli, Australian Province Leader (Loreto Sisters) and 8 years in Rome as International Leader (Loreto Sisters). She has practiced in the area of Church law in Australia (including lecturing at Yarra Theological Union) and most recently in the Vatican (in the Congregation for Institutes of Consecrated Life and Societies of Apostolic Life). Her specialty is in the area of institutional governance. Sr Mary is also a Trustee of Catholic Healthcare.

### Special responsibilities

Sr Mary is Chair of the Mission, Ethics & Advocacy Committee, a member of the Audit and Risk Committee and a member of the People and Culture Committee.

## MR ROBERT BEETSON

Company secretary

### Qualifications

Bachelor of Laws/Bachelor of Arts (Macquarie), Grad Dip in Legal Practice, Master of Laws (UNSW) (Human Rights & Social Justice), Grad Dip in Humanities (Italian) (UNE).

### Experience

Rob has over 30 years experience in the health industry in clinical, education and administrative roles. Admitted as a Solicitor to the Supreme Court of NSW, Member of the Law Society of NSW, Associate Member of the Governance Institute of Australia, Member Australian Corporate Lawyers Association, Member Australian Lawyers for Human Rights and previously Manager of Investigations, Health Care Complaints Commission (NSW).

## PRINCIPAL ACTIVITIES

St Vincent's Hospital Melbourne 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 is a major teaching, research and tertiary referral centre.

## KEY OBJECTIVES

St Vincent's has enunciated a number of key short and long term objectives in the St Vincent's Strategic Plan 2010–2015. Some of the core objectives are to:

- Build relationships with strategic partners
- Strengthen surgery, medicine and interventional care
- Deliver services of significance and value
- Continue to innovate to grow a smarter business focused on the future.

The manner in which these objectives are to be achieved is set in detail in the Strategic Plan 2010–2015.

St Vincent's measures its performance in detailed monthly Finance and Activity reports that are issued to the Senior Executive, SVHA Board and Department of Health and Human Services (DHHS).

## TRADING RESULT

The result of the company for the financial year was deficit of \$1,873,000.

## 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:

	2015 \$'000	2014 \$'000
Total Revenue for the year	641,512	622,091
Results for the year	(1,873)	2,608

Revenue for the year increased, reflecting additional Department of Health and Human Services (DHHS) funding driven by indexation and growth in both government and non-government funded activities.

Comparative increases in revenue and expenditure for the year were, in the main, related to increases in revenue indexation to support increases in pay awards and other costs in line with activity increases and increases in the treatment of complex patients requiring additional medical and surgical inputs. The capital result for the year is a loss because depreciation has risen to exceed capital purpose income as a result of the prior years' substantial investment program.

## 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 towards meeting any outstanding obligations of the company. At 30 June 2015 the company had 1 member (2014: 1 member).

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the State of Affairs of St Vincent's Hospital (Melbourne) Limited.

## SUBSEQUENT EVENTS

There has been no matter or circumstance, which has arisen since 30 June 2015 that has significantly affected, or may affect:

- (a) The operations, in financial years subsequent to 30 June 2015, of St Vincent's, or
- (b) The results of those operations, or
- (c) The state of affairs, in financial years subsequent to 30 June 2015, of St Vincent's

## LEGISLATIVE COMPLIANCE

St Vincent's is committed to promoting a culture of legislative compliance as a core component of the organisation's overall risk management strategy. Legislative Compliance is reported to the SVHA Board annually. Any serious or non-compliant issues are managed in a proactive and transparent manner and at an appropriate level of seniority. In particular, St Vincent's notes its compliance with the following legislation:

### **Financial Management Act 1994.**

#### **Protected Disclosure Act 2012.**

The purpose of the Act is to encourage and facilitate the making of disclosures of corrupt or improper conduct by public officers and public bodies, its employees and members, without the fear of reprisal. Disclosures under the Act about improper conduct of, or detrimental action taken in reprisal for a protected disclosure by, St Vincent's or its employees and directors, must be made to the Victorian Independent Broad-based Anti-corruption Commission (IBAC). St Vincent's is not aware of any disclosures under the Act during the reporting period.

#### **Carers Recognition Act 2012.**

The purpose of the Act is to recognise people in care relationships and the role of carers in our community. The Act sets out principles that recognise and support people in care relationships and includes obligations for organisations such as St Vincent's that are funded by the State Government to develop and provide policies, programs or services that affect people in care relationships,

#### **Freedom of Information Act 1982.**

The purpose of the Act is to give members of the public rights of access to official documents of the Government of Victoria and its agencies. See page 20 of this report for details of St Vincent's compliance.

The building and maintenance provisions of the **Building Act 1993 and Minister for Finance Guideline Building Act 1993/Standards for Publicly Owned Buildings/ November (1994)** to the extent that these provisions are applicable noting that not all St Vincent's Buildings are publicly owned. See page 19 of this report.

#### **The Victorian Industry Participation Policy Act 2003 and Guidelines.**

The purpose of the Act is to require agencies to consider opportunities for competitive local suppliers when awarding certain contracts. St Vincent's complies with this policy in its policy, processes and practices that govern its procurement activities.

Under the Department's Policy and Funding Guidelines, St Vincent's is also required to have an **Environmental Management Plan (EMP)** and to report on environmental performance – St Vincent's Hospital Melbourne and SVHA have an EMP, as reported on page 20.

#### **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' Report and the financial statements are rounded to the nearest thousand dollars.

The Directors present their report on the Hospital for the financial year ended 30 June 2015. The financial statements have been prepared pursuant to the provisions of the **Australian Charities and Not-for- Profits Commission Act 2012 (Cth)**, and the **Financial Management Act 1994 (Vic)** with the exception of the application of FRD103F Non-Financial Physical Assets and FRD114A Financial Instruments.

## BOARD COMMITTEES

There are five committees of the St Vincent's Health Australia Board:

### **Audit and Risk**

### **Finance and Investment**

### **Quality and Safety**

### **Mission, Ethics and Advocacy**

### **People and Culture**

### **Remuneration**

SVHA directors receive payment for their roles as Directors.

### **In attendance**

The following members of the SVHA Group Executive attended Board meetings for that part of the agenda agreed by the Board:

**Mr Robert Beetson,**  
as Company Secretary

**Mr Toby Hall,**  
as Chief Executive Officer

**Mr Peter Forsberg,**  
as Chief Financial Officer

**Mr Jack de Groot,**  
as Group Mission Leader

**Mr Martin Day,** as Chief Executive  
Officer of St Vincent's Health Australia  
Private Hospital Division

**Mr John Leahy,** as Chief Executive  
Officer of St Vincent's Health Australia  
Aged Care and Shared Services Division

**Prof Patricia O'Rourke,** as Chief  
Executive Officer of St Vincent's Health  
Australia Public Hospital Division

**Dr Victoria Atkinson,** as Group General  
Manager Clinical Governance and  
Chief Medical Officer

**Mr David Bryant,** as Group General  
Manager People, Culture and  
Communication

**Mr Geoff Deakin,** Group General  
Manager, Public Relations

### **Committees**

The St Vincent's Health Australia (SVHA) Board has established Regional Advisory Councils in New South Wales and Victoria. These councils provide the SVHA Board with advice, support and insight into the local community and health services, and strategic links to local Church, government and community resources so as to inform the SVHA Board in relation to the strategic direction of SVHA.

In Victoria, the Regional Advisory Council is known as the St Vincent's Advisory Council. The members of the St Vincent's Advisory Council who have been appointed by the SVHA Board are:

**Ms Patricia Faulkner AO,**  
Chair of the Council

**Ms Megs Alston**

**Mr David Coogan**

**Prof. Suzanne Crowe AM**

**Sr Teresita Marcelo RSC**

**Ms Kerry Smith**

**Mr Greg Sword AM**

The Council meets at least quarterly. The Chief Executive Officer of St Vincent's Melbourne and the Chief Executive Officer of St Vincent's Private Hospital Melbourne attend the Council's meeting along with members of their Executive teams, as required. The SVHA Chief Executive Officers of the Public Hospitals Division and Private Hospitals Division have attended meetings since October 2013.

## MEETINGS OF DIRECTORS

The numbers of meetings of the company's Board of Directors and of each Board committee held from 1 July 2014 to 30 June 2015, and the number of meetings attended by each director were:

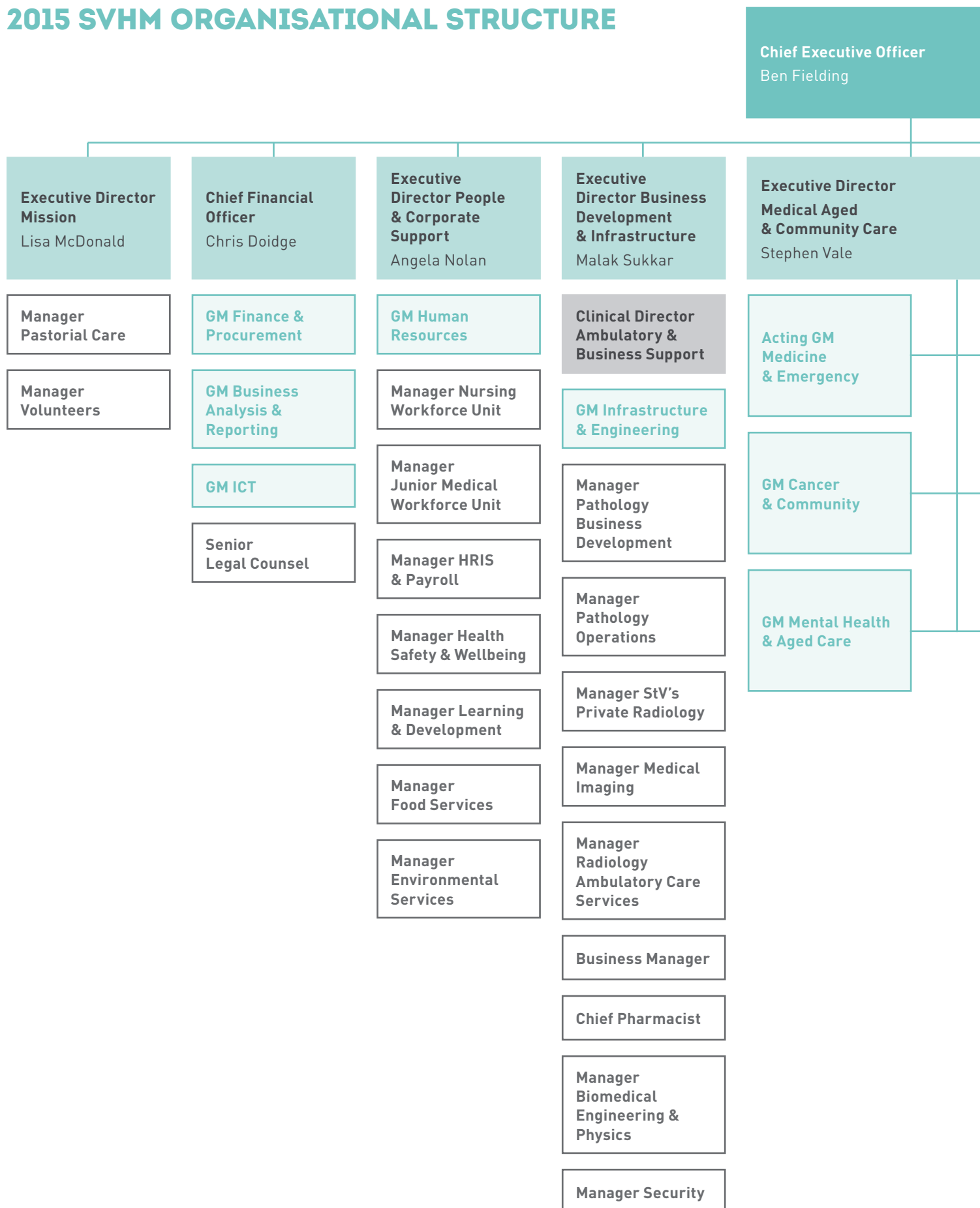
	Board	Finance & Investment	Audit & Risk	Quality & Safety	MEA*	People & Culture
Number of meetings held	7	7	5	5	4	4
Mr P Robertson AM	7/7			1/1**		4/4
Ms P Faulkner AO	7/7			4/5	3/4	
Ms M Babbage	7/7	6/7	4/5			
Sr M Confoy RSC	7/7				4/4	1/1
Prof S Crowe AM	5/7		1/1	4/5	3/4	
Mr B Earle	6/7	6/7	5/5			
Mr G Humphrys	7/7	7/7	5/5		4/4	
Mr P McClintock	6/7	6/7				
Prof P Smith	7/7			4/5		4/4
Sr Mary Wright IBVM	4/7		3/5		3/4	2/4

Note: Format is 'number of meetings attended/numbers of meetings eligible to attend'

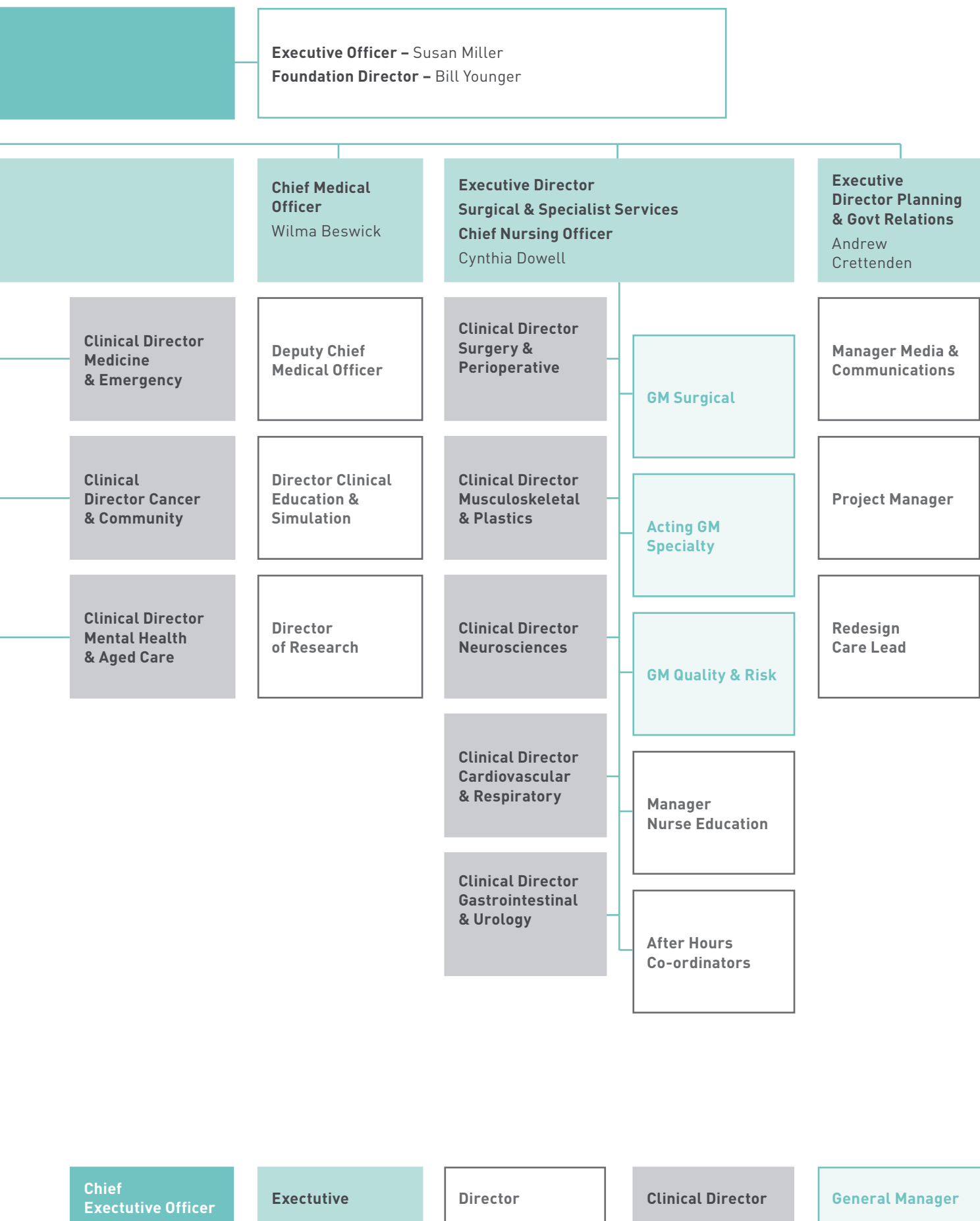
\* Mission, Ethics and Advocacy

\*\* Appointed as a substitute for Prof Peter Smith for the purpose of the 25/09/2014 meeting only.

## 2015 SVHM ORGANISATIONAL STRUCTURE







## AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under *Australian Charities and Not-for-profits Commission Act 2012 (Cth)* is attached. Dated at Canberra on 24 August 2015 in accordance with a resolution of the Board.



**Mr Paul Robertson AM**  
Chair of the Board



**Mr Ben Fielding**  
Chief Executive Officer

## ACCOUNTABLE OFFICER'S AND DIRECTORS' DECLARATION

We declare that:

The Financial Report comprising the Comprehensive Operating Statement, Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement and notes to and forming part of the financial statements are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012 (Cth)*, including;

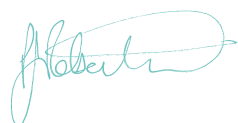
- (a) Giving a true and fair view of St Vincent's Hospital (Melbourne) Limited's financial position as at 30 June 2015 and of its performance for the year ended on that date: and
- (b) Complying with Accounting Standards, Australian Charities and Not-for-Profits Regulation 2013 and other mandatory professional 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.

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 FRD103F Non-Financial Physical Assets and FRD114A Financial Instruments), 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 Paul Robertson AM**  
Chair of the Board  
Dated 24 August 2015  
Canberra



**Mr Ben Fielding**  
Chief Executive Officer  
Dated 24 August 2015  
Canberra



## INDEPENDENT AUDITOR'S REPORT

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

#### *The Financial Report*

The accompanying financial report for the year ended 30 June 2015 of St Vincent's Hospital (Melbourne) Limited which comprises comprehensive operating statement, statement of financial position, statement of changes in equity, cash flow statement, notes comprising a summary of the significant accounting policies and other explanatory information, and the Accountable Officer's and Directors' Declaration has been audited.

#### *The Directors' Responsibility for the Financial Report and Standard Statements*

The Directors of St Vincent's Hospital (Melbourne) Limited are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the *Australian Charities and Not-for-profits Commission Act 2012*, the *Financial Management Act 1994* (with the exception of FRD103F Non-Financial Physical Assets and FRD114A Financial Instruments) and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on my audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about 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 company's preparation of the financial report that gives a true and fair view 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 company'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, 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.

## Independent Auditor's Report (continued)

### *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 applicable independence requirements of the Australian accounting profession and the *Australian Charities and Not-for-profits Commission Act 2012*. 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.

### *Opinion*

In my opinion, the financial report of St Vincent's Hospital (Melbourne) Limited is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, and the *Financial Management Act 1994* (with the exception of FRD103F Non-Financial Physical Assets and FRD114A Financial Instruments) including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2015 and of its financial performance for the year ended on that date
- (b) complying with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

MELBOURNE  
28 August 2015

  
John Doyle  
Auditor-General



## AUDITOR-GENERAL'S INDEPENDENCE DECLARATION

### To the Directors, 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 body and for the purposes of conducting an audit has access to all documents and property, and may report to parliament matters which the Auditor-General considers appropriate.

#### *Independence Declaration*

As auditor for St Vincent's Hospital (Melbourne) Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit
- no contraventions of any applicable code of professional conduct in relation to the audit.

MELBOURNE  
28 August 2015

  
John Doyle  
Auditor-General



# FINANCIAL

## STATEMENTS 2014–2015

### COMPREHENSIVE OPERATING STATEMENT YEAR ENDED 30 JUNE 2015

Continuing Operations	Note	2015 \$'000	2014 \$'000
Revenue From Operating Activities	2	595,823	573,744
Revenue From Non-Operating Activities	2	3,463	4,349
Employee Expenses	3	(434,764)	(413,287)
Non Salary Labour Costs	3	(6,595)	(5,759)
Supplies and Consumables	3	(85,341)	(85,481)
Maintenance Contracts	3	(8,851)	(10,495)
Other Expenses	3	(63,639)	(62,893)
<b>Net Result Before Capital and Specific Items</b>		<b>96</b>	<b>178</b>
Capital Purpose Income	2	42,174	43,946
Assets Provided Free of Charge	2(b)	52	52
Depreciation and Amortisation	3,4	(19,697)	(17,723)
Leasehold Expense	3	(107)	(278)
Finance Costs	5	(6,495)	(6,656)
Other Capital Expenses	3	(17,896)	(16,911)
<b>Net result for the year</b>		<b>(1,873)</b>	<b>2,608</b>
<b>Other Comprehensive Income</b>			
Revaluation on Non-Current Assets (Cultural Assets)		72	11
<b>Comprehensive result for the year</b>		<b>(1,801)</b>	<b>2,619</b>

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

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

Assets	Note	2015 \$'000	2014 \$'000
<b>Current Assets</b>			
Cash and Cash Equivalents	6	13,776	11,469
Receivables	7	29,096	26,668
Other Financial Assets	8	6,436	12,304
Inventories	9	5,616	5,397
Other Assets	10	1,357	1,822
<b>Total Current Assets</b>		<b>56,281</b>	<b>57,660</b>
<b>Non-Current Assets</b>			
Receivables	7	25,538	29,763
Other Financial Assets	8	58,837	49,686
Property, Plant and Equipment	11	152,082	152,400
Intangible Assets	12	13,230	13,882
Investment Property	13	2,260	2,260
Debtor – Department of Health and Human Services	31	15,642	21,242
<b>Total Non-Current Assets</b>		<b>267,589</b>	<b>269,233</b>
<b>Total Assets</b>		<b>323,870</b>	<b>326,893</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables	14	38,804	34,245
Interest Bearing Liabilities	15	13,221	10,907
Provisions	16	106,109	98,587
Other Liabilities	18	10,008	10,034
<b>Total Current Liabilities</b>		<b>168,142</b>	<b>153,773</b>
<b>Non-Current Liabilities</b>			
Interest Bearing Liabilities	15	33,381	44,070
Provisions	16	11,801	11,082
Obligation to provide Public Hospital Services	31	15,642	21,242
<b>Total Non-Current Liabilities</b>		<b>60,824</b>	<b>76,394</b>
<b>Total Liabilities</b>		<b>228,966</b>	<b>230,167</b>
<b>Net Assets</b>		<b>94,904</b>	<b>96,726</b>

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

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015 CONT.

	Note	2015 \$'000	2014 \$'000
<b>Equity</b>			
General Purpose Reserve	20(a)	1,785	5,220
Asset Revaluation Reserve	20(a)	514	442
Restricted Specific Purpose Reserve	20(a)	29,259	23,006
AIB Reserve	20(a)	5,779	5,647
Funds Held in Perpetuity	20(a)	250	250
Contributed Capital	20(c)	25,850	25,850
Accumulated Surpluses	20(b)	31,467	36,311
<b>Total Equity</b>		<b>94,904</b>	<b>96,726</b>

Contingent Assets and Contingent Liabilities 24

Commitments 19

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



## STATEMENT OF CHANGES IN EQUITY YEAR ENDED 30 JUNE 2015

	Note	General Purpose Reserve \$'000	Asset Revaluation Reserve \$'000	Restricted Specific Purpose Reserve \$'000	AIB Reserve \$'000	Funds Held in Perpetuity \$'000	Contrib'tn by Owners \$'000	Accum. Surpluses/ (Deficits) \$'000	Total \$'000
<b>Balance at 30 June 2013</b>	<b>20</b>	<b>128</b>	<b>431</b>	<b>24,209</b>	<b>5,509</b>	<b>250</b>	<b>25,850</b>	<b>37,730</b>	<b>94,107</b>
Net Result For The Year		-	-	-	-	-	-	2,608	2,608
Comprehensive Income		-	11	-	-	-	-	-	11
Transfer To/(From) Surplus		-	-	4,027	-	-	-	(4,027)	-
Transfer (To)/From AIB Reserve		(138)	-	-	138	-	-	-	-
Transfer (To)/From Restricted Specific Purpose Reserve		5,230	-	(5,230)	-	-	-	-	-
<b>Balance at 30 June 2014</b>	<b>20</b>	<b>5,220</b>	<b>442</b>	<b>23,006</b>	<b>5,647</b>	<b>250</b>	<b>25,850</b>	<b>36,311</b>	<b>96,726</b>
Net Result For Year		-	-	-	-	-	-	(1,873)	(1,873)
Comprehensive Income		-	72	-	-	-	-	-	72
Reduction of Entity Equity Upon Admission of New Member to Joint Venture		-	-	-	-	-	-	(21)	(21)
Transfer To/(From) Surplus		-	-	2,950	-	-	-	(2,950)	-
Transfer To/(From) AIB Reserve		(132)	-	-	132	-	-	-	-
Transfer To/(From) Restricted Purpose Reserve		(3,303)	-	3,303	-	-	-	-	-
<b>Balance at 30 June 2015</b>	<b>20</b>	<b>1,785</b>	<b>514</b>	<b>29,259</b>	<b>5,779</b>	<b>250</b>	<b>25,850</b>	<b>31,467</b>	<b>94,904</b>

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

## CASH FLOW STATEMENT YEAR ENDED 30 JUNE 2015

	Note	2015 \$'000 Inflows/ (Outflows)	2014 \$'000 Inflows/ (Outflows)
<b>Cash Flows From Operating Activities</b>			
Operating Grants from Government		479,733	464,413
Patient and Resident Fees Received		21,498	22,431
Private Practice and Pathology Fees Received		40,725	42,010
Donations and Bequests Received		7,465	6,746
Interest Received		507	855
Other Receipts		90,921	88,431
Employee Benefits Paid		(425,020)	(401,066)
Non Salary Labour Costs		(6,595)	(5,759)
Payments for Supplies and Consumables		(102,735)	(102,461)
Finance Costs		(6,495)	(6,656)
Other Expenses		(58,731)	(72,045)
GST Paid to ATO		(37,624)	(35,709)
<b>Net Cash Inflow from Operations</b>		<b>3,649</b>	<b>1,190</b>
Capital Grants from Government		36,345	38,888
Capital Building and Occupancy		(16,031)	(15,533)
Interest received – St Vincent's Healthcare Ltd		4,541	4,597
Other Capital Receipts		152	497
		<b>25,007</b>	<b>28,449</b>
<b>Net Cash Inflow from Operating Activities</b>	<b>21</b>	<b>28,656</b>	<b>29,639</b>
<b>Cash Flows From Investing Activities</b>			
Purchase of Property Plant and Equipment		(22,153)	(18,759)
Proceeds from Sale of Property Plant and Equipment		125	394
Payment for Intangible Assets		(914)	(1,008)
Purchases of Investments		(8,000)	(8,023)
Proceeds from Sale of Investments		7,900	1,058
<b>Net Cash (Outflow) from Investing Activities</b>		<b>(23,042)</b>	<b>(26,338)</b>
<b>Cash Flows From Financing Activities</b>			
Proceeds from Borrowings		4,958	5,282
Repayment of Borrowings		(6,554)	(5,391)
Repayment of Finance Leases		(3,381)	(3,374)
<b>Net Cash (Outflow) From Financing Activities</b>		<b>(4,977)</b>	<b>(3,483)</b>
Net Increase/(Decrease) In Cash Held		637	(182)
Cash and Cash Equivalents at Beginning of the Year		5,721	5,903
<b>Cash and Cash Equivalents at End of the Year</b>	<b>6</b>	<b>6,358</b>	<b>5,721</b>

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

These general-purpose statements have been prepared in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012 (Cth)*, the *Financial Management Act 1994 (with the exception of FRD103F – Non-Financial Physical Assets and FRD114A Financial Instruments)* and Accounting Standards issued by the Australian Accounting Standards Board. Accounting standards include Australian Accounting Standards (AAS's) and Interpretations.

The principal accounting policies adopted in the preparation of the financial statements have been consistently applied to all the years presented unless otherwise stated.

#### a) Basis of preparation

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2015 and the comparative information presented in these financial statements for the year ended 30 June 2014.

The going concern basis was used to prepare the financial statements.

These financial statements are presented in Australian dollars, the functional and presentation currency of St Vincent's Hospital (Melbourne) Limited (the 'Hospital').

The financial statements, except for cash flow information, have been prepared using the accrual basis of accounting. Under the accrual basis, items are recognised as assets, liabilities, equity, income or expenses when they satisfy the definitions and recognition criteria for those items, that is they are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

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

The financial statements are prepared in accordance with the historical cost convention, except for the revaluation of certain non-current assets and financial instruments, as noted.

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 1(j));
- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 1(k)).

Consistent with AASB 13 Fair Value Measurement, the Hospital determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment, investment properties and financial instruments, and for non-recurring fair value measurements such as non-financial physical assets held for sale, in accordance with the requirements of AASB 13 and the relevant FRDs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For the purpose of fair value disclosures, the Hospital has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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



## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

The Hospital has used the following external third party valuers to determine fair values, Egan National Valuers, Knight Frank Health and Aged Care Victoria and Dwyer Fine Arts.

The Hospital, in conjunction with external valuers, monitors the changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

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

### b) Reporting Entity

The financial statements include all the controlled activities of the Hospital. The Hospital is a not-for profit company and therefore applies the additional Australian paragraphs applicable to 'not-for-profit' entities under the accounting standards.

Its principal place of business is:

St Vincent's Hospital  
(Melbourne) Limited  
41 Victoria Parade  
Fitzroy Victoria 3065

### c) Principles of Consolidation

*Jointly controlled assets or operations*

Interests in jointly controlled assets or operations are not consolidated by the Hospital, but are accounted for in accordance with the policy outlined in Note 1(j) Assets.

### d) Scope and presentation of financial statements

#### Fund Accounting

The Hospital operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds. The Hospital'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 Hospital by St Vincent's Health Australia Limited upon establishment of the Hospital.

#### Comprehensive Operating Statement

The comprehensive operating statement includes the subtotal entitled 'net result before capital & specific items' to enhance the understanding of the financial performance of the Hospital. This subtotal reports the result excluding items such as capital grants, assets received or provided free of charge, depreciation, expenditure using capital purpose income and items of an unusual nature and amount such as specific income and expenses. 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 the Hospital, the Department of Health and Human Services (Department) and the Victorian Government to measure the ongoing operating performance of Health Services.

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 or intangible assets. 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.
- depreciation and amortisation, as described in Note 1 (g);
- assets provided or received free of charge (refer to Note 1 (f)); and
- expenditure using capital purpose income, comprises expenditure which either falls below the asset capitalisation threshold or doesn't meet asset recognition criteria and therefore does not result in the recognition of an asset in the balance sheet, where funding for that expenditure is from capital purpose income.

#### Balance Sheet

Assets and liabilities are categorised either as current or non-current (non-current being those assets or liabilities expected to be recovered/settled more than 12 months after reporting period), are disclosed in the notes where relevant.

#### Statement of Changes in Equity

The statement of changes in equity presents reconciliations of each non-owner and owner changes in equity from opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the comprehensive result and amounts recognised in other comprehensive income.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

### Cash Flow Statement

Cash flows are classified according to whether or not they arise from operating activities, investing activities, or financing activities. This classification is consistent with requirements under AASB 107 Statement of Cash Flows.

For the cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts, which are included as current borrowings in the balance sheet.

### Rounding

The Hospital is a company referred to in class order 98/100 issued by the Australian Securities and Investment Commission relating to the 'rounding off' of amounts in financial statements. Amounts in the financial statements have been rounded off in accordance with that class order to the nearest thousand dollars.

### e) Change in accounting policies

#### AASB 10 Consolidated financial statements

AASB 10 provides a new approach to determine whether an entity has control over another entity, and therefore must present consolidated financial statements. The new approach requires the satisfaction of all three criteria for control to exist over an entity for financial reporting purposes:

- (a) The investor has power over the investee;
- (b) The investor has exposure, or rights to variable returns from its involvement with the investee; and
- (c) The investor has the ability to use its power over the investee to affect the amount of investor's returns.

Based on the new criteria prescribed in AASB 10, the Hospital has reviewed and determined that there are no additional entities that need to be consolidated into the group.

#### AASB 11 Joint Arrangements

In accordance with AASB 11, there are two types of joint arrangements, i.e. joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportionate consolidation of joint ventures is no longer permitted.

The Hospital has reviewed its existing contractual arrangements with other entities to ensure they are aligned with the new classifications under AASB 11.

#### AASB 12 Disclosure of Interests in Other Entities

AASB 12 Disclosure of Interests in Other Entities prescribes the disclosure requirements for an entity's interests in subsidiaries, associates and joint arrangements; and extends to the entity's association with unconsolidated structured entities.

The Hospital has disclosed information about its interests in associates and joint ventures, including any significant judgement and assumptions used in determining the type of joint arrangement in which it has an interest.

### f) 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 Hospital gains control of the underlying assets as prescribed in *AASB 1004 Contributions*. 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 from the Department of Health and Human Services

Indirect Contributions from the Department

- Insurance is recognised as revenue following advice from the Department.
- Long Service Leave (LSL) – Revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Metropolitan Health and Aged Care Services Division Hospital Circular 05/2013.

#### Patient Fees

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

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

### Private Practice Fees

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

### Donations and 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.

### Dividends

Dividend revenue is recognised when the right to receive payment is obtained.

### Interest

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

### 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 when the Hospital receives control over them regardless of any restrictions or conditions imposed over their use. 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.

### g) Expense Recognition

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

#### Employee expenses

Employee expenses include:

- wages and salaries;
- annual leave;
- sick leave;
- long service leave; and
- superannuation expenses which are reported differently depending upon whether employees are members of defined benefit or defined contribution plans.

#### Defined contribution superannuation plans

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

### Defined benefit superannuation plans

The amount charged to the comprehensive operating statement in respect of defined benefit superannuation plans represents the contributions made by the Hospital to the superannuation plans in respect of the services of current Hospital staff during the reporting period. Superannuation contributions are made to the plans based on the relevant rules of each plan, and are based upon actuarial advice.

Employees of the Hospital are entitled to receive superannuation benefits and the Hospital 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 name and details of the major employee superannuation funds and contributions made by the Hospital are disclosed in Note 17: Superannuation.



## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

### 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.

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

	2015	2014
Leasehold Improvements	10 to 40 years	10 to 40 years
Plant and Equipment	4 to 15 years	4 to 15 years
Medical Equipment	4 to 10 years	4 to 10 years
Computers and 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 10 years	4 to 10 years
Computer Software	4 to 10 years	4 to 10 years

The basis for leasehold improvements amortisation is determined in accordance with the receipt of letters from:

- i) the parent company advising of extension of the ground lease, and
- ii) The Department advising of the proposed usage of the Hospital for public hospital services beyond 2017 and has allowed continuing application of the above expected useful lives of non-current assets.

### 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*.

### Other Operating Expenses

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

- **Supplies and consumables**  
Supplies and services costs which are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.
- **Bad and doubtful debts**  
Refer to Note 1 (j) Impairment of financial assets.

### h) Other comprehensive income

Other comprehensive income measures the change in volume or value of assets or liabilities that do not result from transactions. Net gain/ (loss) on non-financial assets and liabilities includes realised and unrealised gains and losses from the revaluation gains/ (losses) of non-financial physical assets.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

### i) Other Financial Assets

#### Initial recognition and measurement

Financial assets are recognised when the entity becomes a party to the contractual provisions of the instrument being equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial assets are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

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.

#### Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as: (i) the amount at which the financial asset or financial liability is measured at initial recognition; (ii) less principal repayments; (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

During the year the policy of valuation of financial instruments that were held at amortised cost were changed to fair value which resulted in a gain of \$54,000.

#### Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

#### Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Hospital's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period, which will be classified as current assets.

The Hospital makes limited use of this classification because any sale or reclassification of more than an insignificant amount of held to maturity investments not close to their maturity, would result in the whole category being reclassified as available for sale.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

### Financial liabilities at amortised cost

Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method.

Financial instrument liabilities measured at amortised cost include all of the Hospital's contractual payables, deposits held and advances received, and interest-bearing arrangements other than those designated at fair value through profit or loss.

### Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

### Impairment

At the end of each reporting period, the Hospital assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

### Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

### j) Assets

#### Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and in the banks and investments in money market instruments, which can be readily converted to cash.

#### Receivables

Receivables consist of:

- contractual receivables, which includes mainly debtors in relation to goods and services, loans to third parties and accrued investment income; and
- statutory receivables, which includes predominantly amounts owing from the Victorian Government and Goods and Services Tax ("GST") input tax credits recoverable.

Receivables that are contractual are classified as financial instruments and categorised as loans and receivables. Statutory receivables are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract.

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 Hospital will not be able to collect all amounts due according to the original terms of receivables. Bad debts are written off when identified.

#### 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 net realisable value. Cost for all inventories is measured on the basis of weighted average cost.



## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

### 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.

More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 11 Property, plant and equipment.

### Intangible Assets

Intangible assets represent identifiable non-monetary assets without physical substance such as Aged Care bed licences, computer software and development costs. 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 Hospital.

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 Hospital 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.

### 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 Hospital.

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 capital gain and is not occupied by the Hospital.

Rental revenue from the leasing of Gertrude Street is recognised in the Statement of Comprehensive Income in the periods in which it is receivable, as this represents the pattern of service rendered through the provision of the property. Refer to Note 13.

### Prepayments

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

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

### 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.

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 there are indicators of impairment and 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.

### Investments in jointly controlled assets and operations

In respect of any interest in jointly controlled assets, the Hospital recognises in the financial statements:

- its share of jointly controlled assets;
- any liabilities that it has incurred;
- its share of liabilities incurred jointly by the joint venture;
- any income earned from the selling or using of its share of the output from the joint venture; and
- any expenses incurred in relation to being an investor in the joint venture.

The hospital holds a one ninth interest in the Victorian Comprehensive Cancer Centre joint venture (VCCC). The VCCC has been established to bring together experts in cancer to build on and strengthen collaborations in cancer research, cancer education and training and cancer treatment and care to ensure the best possible outcomes for the benefit of people affected by cancer. Refer to Note 26 Jointly Controlled Assets and Operations.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

### k) Liabilities

#### Payables

Payables consist of:

- contractual payables which consist predominantly of accounts payable representing liabilities for goods and services provided to the Hospital prior to the end of the financial year that are unpaid, and arise when the Hospital becomes obliged to make future payments in respect of the purchase of those goods and services. The normal credit terms for accounts payable are usually Nett 30 days.
- statutory payables, such as goods and services tax and fringe benefits tax payables.

Contractual payables are classified as financial instruments and are initially recognised at fair value, and then subsequently carried at amortised cost. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract. 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.

#### Borrowings

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs (refer also to note 1(l) Leases) The measurement basis subsequent to initial recognition depends on whether the Hospital has categorised its borrowings as either, financial liabilities designated at fair value through profit or loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowings using the effective interest method.

The classification depends on the nature and purpose of the borrowing. The Hospital determines the classification of its borrowing at initial recognition.

#### Employee Benefits Wages and Salaries, Annual Leave, and Accrued Days Off

Liabilities for wages and salaries, including non-monetary benefits and annual leave, are all recognised in the provision for employee benefits as 'current liabilities' because the Hospital does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for wages and salaries and annual leave are measured at:

- Undiscounted value – if the Hospital expects to wholly settle within 12 months; or
- Present value – if the Hospital does not expect to wholly settle within 12 months discounted using interest rates of Commonwealth Government guaranteed securities in Australia.

#### 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 Hospital 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 decide to take leave.

The components of this current LSL liability are measured at:

- present value — component that the Hospital does not expect to settle within 12 months; and
- nominal value — component that the Hospital 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 Commonwealth Government guaranteed securities in Australia.



## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

### Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these 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.

### 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.

### l) 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.

Operating lease payments, including any contingent rentals, are recognised as an expense in the Statement of Comprehensive Income 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.

### m) Equity

#### Contributed capital

Consistent with Australian Accounting Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities and FRD 119A Contributions by Owners, appropriations for additions to the net asset base have been designated as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners that have been designated as contributed capital are also treated as contributed capital.

#### Specific Restricted Purpose Reserve

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

#### Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current physical assets.

#### Escrow Account/AIB reserve

The balance of AIB reserve Accounts is held in Escrow pending release to the Hospital for repayment of debt or future capital projects. Refer to Note 31.

### n) Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to note 19) at their nominal value and are inclusive of the GST payable.

### o) 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 Statement of Financial Position.

Cash flows in the Cashflow Statement 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.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

### p) 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 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 Hospital's own activities or commercial/business unit activities and/or the Commonwealth.

### q) Category Groups

The Hospital 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 Hospital's common chart of account coverage and the inclusion of the activities of St George's Health Service, Caritas Christ Hospice and Prague House.

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).

### 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.

### Non Admitted Services

**(Non-Admitted)** 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.

### Emergency Department Services (EDS)

comprises all recurrent health revenue/expenditure on emergency department services that are available free of charge to public patients.

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

### Residential Aged Care (RAC)

**including Mental Health** referred to in the past as psychogeriatric residential services, comprises those Commonwealth-licensed residential aged care services in receipt of supplementary funding from DoH under the mental health program. It excludes all other residential services funded under the mental health program, such as mental health funded community care units (CCUs) and secure extended care units (SECs).

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

### Other Services not reported elsewhere (Other)

comprises services not separately classified above, including: Public Health Services including diagnostic imaging, cafeteria, car park, property, correctional health, breastscreen clinic and community medical centre.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

### r) New Accounting Standards and Interpretations

#### New standards issued and adopted from 1 July 2014

All new and amended Australian Accounting Standards and Interpretations mandatory at 1 July 2014 to the Hospital have been adopted, including:

Reference	Description
AASB 11 Joint Arrangements	AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. There was no material change to the Hospital's financial statements arising from initial application of this standard.
AASB 12 Disclosure of Interests in Other Entities	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarized information about joint arrangements, associates, structured entities and subsidiaries with non-controlling interests. The Hospital's financial statements include disclosure of its interest in other entities.
AASB 1031 Materiality	The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework (issued December 2013) that contain guidance on materiality. AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed. There was no material change to the Hospital's financial statements arising from initial application of this standard.
AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities	AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. There was no change to the Hospital's financial statements arising from initial application of this standard.
AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	AASB 2013-3 amends the disclosure requirements in AASB 136 Impairment of Assets. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. There was no change to the Hospital's financial statements arising from initial application of this standard.
AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	The Standard contains three main parts and makes amendments to a number Standards and Interpretations. There was no change to the Hospital's financial statements arising from initial application of this standard.

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONT.

Certain new accounting standards and interpretations have been published that are not mandatory for the year ended 30 June 2015. The Hospital's assessment of the impact of those new standards and interpretations which are applicable to the Hospital is set out below.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on the Hospital's financial statements
AASB 9 Financial instruments	AASB 9 (December 2014) is a new Principal standard which replaces AASB 139. This new Principal version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.	1 Jan 2018	Subject to AASB's further modifications to AASB 9, together with the anticipated changes resulting from the staged projects on impairments and hedge accounting, details of impacts will be assessed.  No material change to the Hospital's financial statements is expected to arise from initial application of this standard.
AASB 15 Revenue from Contracts with Customers	In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations (IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue—Barter Transactions Involving Advertising Services).  The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.	1 Jan 2017	No Material change to the Hospital's financial statements is expected to arise from initial application of this standard.



## NOTE 2: ANALYSIS OF REVENUE BY SOURCE – 2015

	Admitted Patients 2015 \$'000	Non-Admitted 2015 \$'000	EDS 2015 \$'000	Mental Health 2015 \$'000	RAC incl Mental Health 2015 \$'000	Aged Care 2015 \$'000	Primary Health 2015 \$'000	Other 2015 \$'000	Total 2015 \$'000
Government Grant	314,264	27,972	21,230	47,368	8,394	2,822	-	13,748	435,798
Indirect Contributions by Department of Health and Human Services*	2,338	-	-	-	-	-	-	-	2,338
Patient and Resident Fees	16,082	166	293	839	1,917	-	-	1,657	20,954
Commercial Activities	-	-	-	-	-	-	-	72,535	72,535
Pathology	-	-	-	-	-	-	-	32,282	32,282
Diagnostic Imaging	-	-	-	-	-	-	-	10,171	10,171
Other Revenue from Operating Activities	7,717	123	267	1,318	204	7	36	12,073	21,745
<b>Total Revenue from Operating Activities</b>	<b>340,401</b>	<b>28,261</b>	<b>21,790</b>	<b>49,525</b>	<b>10,515</b>	<b>2,829</b>	<b>36</b>	<b>142,466</b>	<b>595,823</b>
Interest	-	-	-	-	-	-	-	3,398	3,398
Dividends	-	-	-	-	-	-	-	65	65
<b>Total Revenue from Non-Operating Activities</b>								<b>3,463</b>	<b>3,463</b>
Capital Purpose Income								37,632	37,632
Capital Interest – St Vincent's Healthcare Ltd								4,542	4,542
<b>Total Capital Purpose Income</b>								<b>42,174</b>	<b>42,174</b>
Assets Provided Free of Charge (Note 2b)								52	52
<b>Total Revenue</b>	<b>340,401</b>	<b>28,261</b>	<b>21,790</b>	<b>49,525</b>	<b>10,515</b>	<b>2,829</b>	<b>36</b>	<b>188,155</b>	<b>641,512</b>

\*Indirect contributions by Department of Health (1 July 2014 – 31 Dec 2014) / Department of Health and Human Services (1 Jan 2015 – 30 June 2015)  
Department of Health / Department of Health and Human Services makes certain payments on behalf of the Hospital. These amounts have been brought to account in determining the operating result for the year by recording them as revenue and expenses.

## NOTE 2: ANALYSIS OF REVENUE BY SOURCE – 2014

	Admitted Patients 2014 \$'000	Non-Admitted 2014 \$'000	EDS 2014 \$'000	Mental Health 2014 \$'000	RAC incl Mental Health 2014 \$'000	Aged Care 2014 \$'000	Primary Health 2014 \$'000	Other 2014 \$'000	Total 2014 \$'000
Government Grant	302,430	27,573	20,929	45,542	8,374	2,831	-	14,000	421,679
Indirect Contributions by Department of Health and Human Services*	2,882	-	-	-	-	-	-	-	2,882
Patient and Resident Fees	17,703	533	223	514	2,085	-	-	1,582	22,640
Commercial Activities	-	-	-	-	-	-	-	65,761	65,761
Pathology	-	-	-	-	-	-	-	35,191	35,191
Diagnostic Imaging	-	-	-	-	-	-	-	8,745	8,745
Other Revenue from Operating Activities	6,591	50	458	958	46	24	-	8,721	16,847
<b>Total Revenue from Operating Activities</b>	<b>329,606</b>	<b>28,155</b>	<b>21,610</b>	<b>47,014</b>	<b>10,504</b>	<b>2,855</b>	<b>-</b>	<b>134,000</b>	<b>573,744</b>
Interest	-	-	-	-	-	-	-	4,349	4,349
Dividends	-	-	-	-	-	-	-	-	-
<b>Total Revenue from Non-Operating Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,349</b>	<b>4,349</b>
Capital Purpose Income								39,318	39,318
Capital Interest – St Vincent's Healthcare Ltd								4,628	4,628
<b>Total Capital Purpose Income</b>								<b>43,946</b>	<b>43,946</b>
Assets Provided Free of Charge (Note 2b)								52	52
<b>Total Revenue</b>	<b>329,606</b>	<b>28,155</b>	<b>21,610</b>	<b>47,014</b>	<b>10,504</b>	<b>2,855</b>	<b>-</b>	<b>182,347</b>	<b>622,091</b>

\* Indirect contributions by Department of Health (1 July 2014 – 31 Dec 2014) / Department of Health and Human Services (1 Jan 2015 – 30 June 2015)  
Department of Health / Department of Health and Human Services makes certain payments on behalf of the Hospital. These amounts have been brought to account in determining the operating result for the year by recording them as revenue and expenses.

## NOTE 2(a): NET LOSSES ON DISPOSAL OF NON-CURRENT ASSETS

	Total 2015 \$'000	Total 2014 \$'000
<b>Proceeds from Disposal of Non-Current Assets</b>		
• Medical Equipment	7	252
• Motor Vehicles	118	142
<b>Total Proceeds from Disposal of Non-Current Assets</b>	<b>125</b>	<b>394</b>
<b>Less: Written Down Value of Assets Sold</b>		
• Plant and Equipment	(33)	(6)
• Medical Equipment	(235)	(315)
• Furniture & Fittings	(3)	(3)
• Motor Vehicles	(146)	(137)
<b>Total Written Down Value of Non-Current Assets Sold</b>	<b>(417)</b>	<b>(461)</b>
<b>Net Losses on Disposal of Non-Current Assets</b>	<b>(292)</b>	<b>(67)</b>

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

	Total 2015 \$'000	Total 2014 \$'000
During the reporting period, the fair value of assets received free of charge, was as follows:		
• Cultural Assets	52	52
<b>Total</b>	<b>52</b>	<b>52</b>

### NOTE 3: ANALYSIS OF EXPENSE BY SOURCE – 2015

	Admitted Patients 2015 \$ '000	Non- Admitted 2015 \$ '000	EDS 2015 \$ '000	Mental Health 2015 \$ '000	RAC incl Mental Health 2015 \$ '000	Aged Care 2015 \$ '000	Primary Health 2015 \$ '000	Other 2015 \$ '000	Total 2015 \$ '000
Employee Expenses	308,333	15,748	28,896	58,844	13,098	3,653	176	6,016	434,764
Non-Salary Labour Costs	4,027	111	886	1,059	456	9	-	47	6,595
Supplies and Consumables	73,736	4,335	2,489	3,126	779	159	-	717	85,341
Maintenance Contracts	6,343	655	570	756	318	38	-	171	8,851
Fuel, Light, Power & Water	4,085	358	272	785	269	36	-	176	5,981
Other Expenses	38,848	3,041	2,258	10,149	1,489	614	3	1,256	57,658
<b>Total Expenses from Operating Activities</b>	<b>435,372</b>	<b>24,248</b>	<b>35,371</b>	<b>74,719</b>	<b>16,409</b>	<b>4,509</b>	<b>179</b>	<b>8,383</b>	<b>599,190</b>
Campus Lease	-	-	-	-	-	-	-	10,113	10,113
Business & Occupancy Excess	-	-	-	-	-	-	-	5,919	5,919
Other Expenditure for Capital Purposes	-	-	-	-	-	-	-	1,971	1,971
Depreciation and Amortisation (Note 4)	-	-	-	-	-	-	-	19,697	19,697
Finance Costs (Note 5)	-	-	-	-	-	-	-	6,495	6,495
<b>Total Other Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44,195</b>	<b>44,195</b>
<b>Total Expenses</b>	<b>435,372</b>	<b>24,248</b>	<b>35,371</b>	<b>74,719</b>	<b>16,409</b>	<b>4,509</b>	<b>179</b>	<b>52,578</b>	<b>643,385</b>



### NOTE 3: ANALYSIS OF EXPENSE BY SOURCE – 2014

	Admitted Patients 2014 \$ '000	Non-Admitted 2014 \$ '000	EDS 2014 \$ '000	Mental Health 2014 \$ '000	RAC incl Mental Health 2014 \$ '000	Aged Care 2014 \$ '000	Primary Health 2014 \$ '000	Other 2014 \$ '000	Total 2014 \$ '000
Employee Expenses	291,073	15,500	28,057	56,675	12,415	3,375	158	6,034	413,287
Non-Salary Labour Costs	3,785	101	619	738	455	10	-	51	5,759
Supplies and Consumables	73,757	4,442	2,509	3,078	787	165	-	743	85,481
Maintenance Contracts	7,580	667	662	951	350	50	-	235	10,495
Fuel, Light, Power & Water	4,351	392	297	801	263	40	-	199	6,343
Other Expenses	38,161	3,029	2,236	9,798	1,343	672	6	1,304	56,549
<b>Total Expenses from Operating Activities</b>	<b>418,707</b>	<b>24,131</b>	<b>34,380</b>	<b>72,042</b>	<b>15,612</b>	<b>4,312</b>	<b>165</b>	<b>8,566</b>	<b>577,915</b>
Campus Lease	-	-	-	-	-	-	-	9,904	9,904
Business & Occupancy Excess	-	-	-	-	-	-	-	5,629	5,629
Other Expenditure for Capital Purposes	-	-	-	-	-	-	-	1,656	1,656
Depreciation and Amortisation (Note 4)	-	-	-	-	-	-	-	17,723	17,723
Finance Costs (Note 5)	-	-	-	-	-	-	-	6,656	6,656
<b>Total Other Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41,568</b>	<b>41,568</b>
<b>Total Expenses</b>	<b>418,707</b>	<b>24,131</b>	<b>34,380</b>	<b>72,042</b>	<b>15,612</b>	<b>4,312</b>	<b>165</b>	<b>50,134</b>	<b>619,483</b>

### NOTE 3(a): ANALYSIS OF EXPENSE AND REVENUE BY INTERNALLY MANAGED AND RESTRICTED SPECIFIC PURPOSE FUNDS

	Expense		Revenue	
	Total 2015 \$'000	Total 2014 \$'000	Total 2015 \$'000	Total 2014 \$'000
<b>Commercial Activities</b>				
Diagnostic Imaging	7,736	7,687	9,129	8,831
Cafeteria	166	173	609	658
Car Park	1,028	1,141	5,361	5,091
Property Expense/Revenue	242	136	2,472	2,329
Correctional Health Services	18,102	15,552	21,972	18,405
Childcare	-	-	250	264
Breastscreen Clinic	4,054	3,955	4,055	3,952
Commercial Training Programs	29	21	37	54
Community Medical Centre	2,472	2,507	2,502	2,626
Patient Television System	-	95	-	47
Specific Purpose Trust Funds	7,569	6,840	8,511	7,587
Other Business Units	1,776	2,214	2,349	2,270
<b>Other Activities</b>				
Fundraising & Donations	1,469	1,898	6,822	6,746
Research & Scholarship	8,372	7,958	7,795	6,581
Other	1,341	253	671	320
<b>Total</b>	<b>54,356</b>	<b>50,430</b>	<b>72,535</b>	<b>65,761</b>

## NOTE 4: DEPRECIATION AND AMORTISATION

	Total 2015 \$'000	Total 2014 \$'000
<b>Depreciation</b>		
Plant and Equipment	1,925	1,671
Medical Equipment	4,434	4,152
Computers and Communication	758	563
Furniture and Fittings	180	190
Motor Vehicles	441	446
Leasehold Improvements	6,939	6,594
Leased Assets – Plant and Equipment	3,283	2,657
<b>Total Depreciation – Property, Plant and Equipment</b>	<b>17,960</b>	<b>16,273</b>
<b>Amortisation</b>		
Intangible Assets		
• Computer Software & Development Costs	1,737	1,450
<b>Total Amortisation – Intangible Assets</b>	<b>1,737</b>	<b>1,450</b>
<b>Total Depreciation and Amortisation</b>	<b>19,697</b>	<b>17,723</b>

## NOTE 5: FINANCE COSTS

	Total 2015 \$'000	Total 2014 \$'000
St Vincent's Healthcare Limited Loan	560	560
AIB Bond Holders	4,512	4,582
Finance Leases	840	861
Commonwealth Bank of Australia	583	653
<b>Total</b>	<b>6,495</b>	<b>6,656</b>

## 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 2015 \$'000	Total 2014 \$'000
<b>Cash at Bank and on Hand</b>		
Cash on Hand	40	32
Cash at Bank	13,736	11,437
<b>Cash at 30 June Represented by:</b>	<b>13,776</b>	<b>11,469</b>
Cash for Operations (as per Cash Flow Statement)	6,358	5,721
Cash for Monies Held in Trust (Note 18)	7,418	5,748
<b>Cash at 30 June</b>	<b>13,776</b>	<b>11,469</b>



## NOTE 7: RECEIVABLES

	Total 2015 \$'000	Total 2014 \$'000
<b>Current - Contractual</b>		
Trade Debtors	5,136	5,781
Patient Fees	2,855	3,505
Doctors' Fee Revenue	5,365	5,367
Accrued Revenue		
• Department of Health and Human Services	3,334	2,268
• Other	7,726	5,050
Loan – St Vincent's Healthcare Ltd (refer note 31)	5,844	5,663
<b>Total Contractual</b>	<b>30,260</b>	<b>27,634</b>
<b>Current - Statutory</b>		
GST Receivable	3	2
<b>Sub-Total</b>	<b>30,263</b>	<b>27,636</b>
<b>Less: Provision for Doubtful Debts</b>		
Trade Debtors	(302)	(314)
Patient Fees	(477)	(352)
Other Debtors	(388)	(302)
<b>Sub-Total</b>	<b>(1,167)</b>	<b>(968)</b>
<b>Total Current</b>	<b>29,096</b>	<b>26,668</b>
<b>Non-Current – Contractual</b>		
Department of Health and Human Services - Long Service Leave	15,236	13,602
Loan – St Vincent's Healthcare Ltd (refer note 31)	10,302	16,161
<b>Total Non-Current</b>	<b>25,538</b>	<b>29,763</b>
<b>Total Receivables</b>	<b>54,634</b>	<b>56,431</b>

### a) Movement in the Allowance for Doubtful Debts

	Total 2015 \$'000	Total 2014 \$'000
Balance at beginning of year	968	1,001
Amounts written off during the year	(412)	(536)
Increase in allowance recognised in profit or loss	611	503
<b>Balance at end of the year</b>	<b>1,167</b>	<b>968</b>

### b) Nature and extent of risk arising from receivables

Refer to note 22(b) for the nature and extent of credit risk arising from receivables.

## NOTE 8: OTHER FINANCIAL ASSETS

	Operating Fund		Specific Purpose Fund		AIB Reserve Fund		Total	Total
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Current Held to Maturity</b>								
Bank Bills and Term Deposits	357	282	300	327	-	-	657	609
<b>Fair Value through Profit and Loss</b>								
Guaranteed Bill Index Deposit in Escrow	-	-	-	-	5,779	5,647	5,779	5,647
Mortgage and AssetBacked Securities	-	279	-	323	-	-	-	602
Fixed Interest Securities and Floating rate notes	-	2,522	-	2,924	-	-	-	5,446
<b>Total Current Other Financial Assets</b>	<b>357</b>	<b>3,083</b>	<b>300</b>	<b>3,574</b>	<b>5,779</b>	<b>5,647</b>	<b>6,436</b>	<b>12,304</b>
<b>Non Current Fair Value through Profit and Loss</b>								
Shares and other Managed Investments	2,192	-	2,000	-	-	-	4,192	-
Fixed Interest Securities and Floating rate notes	6,873	37,926	47,772	11,760	-	-	54,645	49,686
<b>Total Non-Current Other Financial Assets</b>	<b>9,065</b>	<b>37,926</b>	<b>49,772</b>	<b>11,760</b>	<b>-</b>	<b>-</b>	<b>58,837</b>	<b>49,686</b>
<b>Total Other Financial Assets</b>	<b>9,422</b>	<b>41,009</b>	<b>50,072</b>	<b>15,334</b>	<b>5,779</b>	<b>5,647</b>	<b>65,273</b>	<b>61,990</b>
<b>Represented by:</b>								
Health Service Investments	9,422	41,009	50,072	15,334	5,779	5,647	65,273	61,990
<b>Total</b>	<b>9,422</b>	<b>41,009</b>	<b>50,072</b>	<b>15,334</b>	<b>5,779</b>	<b>5,647</b>	<b>65,273</b>	<b>61,990</b>

## NOTE 8: OTHER FINANCIAL ASSETS CONT.

In 2014, Other Financial Assets and classified as Held to Maturity were valued at amortised cost, during 2015 the policy of valuation of financial instruments was changed to fair value through profit and loss.

### a) Ageing Analysis of Other Financial Assets

Please refer to Note 22(b) for the aging analysis of Other Financial Assets.

### b) Nature and extent of risk arising from Other Financial Assets

Refer to Note 22(b) for the nature and extent of credit risk arising from Other Financial Assets

## NOTE 9: INVENTORIES

	Total 2015 \$'000	Total 2014 \$'000
<b>Current</b>		
Drug Supplies	2,294	2,412
Medical and Surgical Lines	3,142	2,802
Food Supplies	96	58
Biomedical Supplies	84	125
<b>Total</b>	<b>5,616</b>	<b>5,397</b>

## NOTE 10: OTHER ASSETS

	Total 2015 \$'000	Total 2014 \$'000
<b>Current</b>		
Prepayments	1,357	1,822
<b>Total</b>	<b>1,357</b>	<b>1,822</b>

## NOTE 11: PROPERTY, PLANT AND EQUIPMENT

### a) Gross carrying amount and accumulated depreciation

	Total 2015 \$'000	Total 2014 \$'000
<b>Leasehold Improvements</b>		
• Leasehold Improvements at Cost	137,835	131,708
Less Accumulated Depreciation	(39,103)	(32,164)
<b>Total Leasehold Improvements</b>	<b>98,732</b>	<b>99,544</b>
<b>Plant and Equipment</b>		
• Plant and Equipment at Cost	23,600	22,120
Less Accumulated Depreciation	(14,094)	(12,233)
<b>Total Plant and Equipment</b>	<b>9,506</b>	<b>9,887</b>
<b>Medical Equipment</b>		
• Major Medical at Cost	62,443	62,042
Less Accumulated Depreciation	(44,755)	(42,660)
<b>Total Medical Equipment</b>	<b>17,688</b>	<b>19,382</b>
<b>Computers and Communication</b>		
• Computers and Communication at Cost	8,822	8,241
Less Accumulated Depreciation	(5,466)	(4,723)
<b>Total Computers and Communications</b>	<b>3,356</b>	<b>3,518</b>
<b>Furniture and Fittings</b>		
• Furniture and Fittings at Cost	2,837	2,755
Less Accumulated Depreciation	(2,123)	(1,967)
<b>Total Furniture and Fittings</b>	<b>714</b>	<b>788</b>



## NOTE 11: PROPERTY, PLANT AND EQUIPMENT CONT.

### a) Gross carrying amount and accumulated depreciation cont.

	Total 2015 \$'000	Total 2014 \$'000
<b>Motor Vehicles</b>		
• Motor Vehicles at Cost	4,217	4,496
Less Accumulated Depreciation	(3,047)	(2,793)
<b>Total Motor Vehicles</b>	<b>1,170</b>	<b>1,703</b>
<b>Cultural Assets</b>		
• Cultural Assets at Fair Value <sup>^</sup>	2,853	2,729
<b>Total Cultural Assets</b>	<b>2,853</b>	<b>2,729</b>
<b>Leased Assets</b>		
• Leasehold improvements at Cost	38,722	38,722
• Plant and Equipment at Cost	21,349	19,165
Less Accumulated Amortisation	(48,645)	(45,362)
<b>Total Leased Assets</b>	<b>11,426</b>	<b>12,525</b>
Works in Progress at Cost *	6,637	2,324
<b>Total</b>	<b>152,082</b>	<b>152,400</b>

<sup>^</sup> Cultural Assets were revalued at 30 June 2015 by Dwyer Fine Arts.

\* Long term capital projects of leasehold improvements and plant and 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 to the appropriate class of asset.

## NOTE 11: PROPERTY, PLANT AND EQUIPMENT CONT.

- b) 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	Leased Assets \$'000	Works in Progress \$'000	Total \$'000
<b>Balance at 1 July 2013</b>	<b>92,761</b>	<b>9,640</b>	<b>20,987</b>	<b>2,785</b>	<b>876</b>	<b>1,872</b>	<b>2,651</b>	<b>9,455</b>	<b>4,551</b>	<b>145,578</b>
Additions	11,263	1,595	2,862	671	105	414	52	5,727	1,855	24,544
Transfers	2,114	330	-	625	-	-	15	-	(4,082)	(998)
Disposals	-	(6)	(315)	-	(3)	(137)	-	-	-	(461)
Revaluation	-	-	-	-	-	-	11	-	-	11
Depreciation	(6,594)	(1,672)	(4,152)	(563)	(190)	(446)	-	(2,657)	-	(16,274)
<b>Balance at 1 July 2014</b>	<b>99,544</b>	<b>9,887</b>	<b>19,382</b>	<b>3,518</b>	<b>788</b>	<b>1,703</b>	<b>2,729</b>	<b>12,525</b>	<b>2,324</b>	<b>152,400</b>
Additions	4,764	1,327	2,991	561	109	57	52	2,184	6,113	18,158
Transfers	1,363	250	(16)	35	-	(3)	-	-	(1,800)	(171)
Disposals	-	(33)	(235)	-	(3)	(146)	-	-	-	(417)
Revaluation	-	-	-	-	-	-	72	-	-	72
Depreciation	(6,939)	(1,925)	(4,434)	(758)	(180)	(441)	-	(3,283)	-	(17,960)
<b>Balance at 30 June 2015</b>	<b>98,732</b>	<b>9,506</b>	<b>17,688</b>	<b>3,356</b>	<b>714</b>	<b>1,170</b>	<b>2,853</b>	<b>11,426</b>	<b>6,637</b>	<b>152,082</b>

## NOTE 11: PROPERTY, PLANT AND EQUIPMENT CONT.

### c) Fair value measurement hierarchy for assets as at 30 June 2015

	Carrying amounts as at 30 June 2015	Fair value measurement at end of reporting period using (i)		
		Level 1	Level 2	Level 3
Cultural Assets at Fair Value	2,853	-	2,853	-
<b>Total</b>	<b>2,853</b>	<b>-</b>	<b>2,853</b>	<b>-</b>

### Fair value measurement hierarchy for assets as at 30 June 2014

	Carrying amounts as at 30 June 2014	Fair value measurement at end of reporting period using (i)		
		Level 1	Level 2	Level 3
Cultural Assets at Fair Value	2,729	-	2,729	-
<b>Total</b>	<b>2,729</b>	<b>-</b>	<b>2,729</b>	<b>-</b>

(i) Classified in accordance with the fair value hierarchy, see Note 1(a)  
There have been no transfers between levels during the period.

## CULTURAL ASSETS

Cultural Assets are valued using the market approach. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value.

For artwork, an independent valuation was performed by independent valuers "Fine Dwyer Arts" to determine the fair value using the market approach. Valuation of the assets is determined by a comparison to similar examples of the artist's work in existence throughout Australia and research on price paid for similar examples offered at auction or through art galleries in recent years.

To the extent that artworks do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market approach.

## NOTE 12: INTANGIBLE ASSETS

### a) Gross carrying amount and accumulated depreciation

	Total 2015 \$'000	Total 2014 \$'000
Computer Software and Development at cost	20,277	19,192
Less Accumulated Amortisation	(10,422)	(8,685)
	<b>9,855</b>	<b>10,507</b>
Bed Licences at Fair Value	3,375	3,375
	<b>3,375</b>	<b>3,375</b>
<b>Total Written Down Value</b>	<b>13,230</b>	<b>13,882</b>

\* Bed Licences were revalued using a market approach as at 30 June 2014 by Knight Frank Health & Aged Care Victoria.  
Bed Licences at deemed cost represent assets received free of charge.

### b) Fair value measurement hierarchy for Intangible Assets as at 30 June 2015

	Carrying amounts as at 30 June 2015	Fair value measurement at end of reporting period using (i)		
		Level 1	Level 2	Level 3
Bed Licences at Fair Value	3,375	-	3,375	-
<b>Total</b>	<b>3,375</b>	<b>-</b>	<b>3,375</b>	<b>-</b>

### Fair value measurement hierarchy for Intangible Assets as at 30 June 2014

	Carrying amounts as at 30 June 2014	Fair value measurement at end of reporting period using (i)		
		Level 1	Level 2	Level 3
Bed Licences at Fair Value	3,375	-	3,375	-
<b>Total</b>	<b>3,375</b>	<b>-</b>	<b>3,375</b>	<b>-</b>

(i) Classified in accordance with the fair value hierarchy, see Note 1(a)  
There have been no transfers between levels during the period.



## NOTE 12: INTANGIBLE ASSETS CONT.

- c) 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
<b>Balance at 1 July 2013</b>	<b>9,952</b>	<b>3,375</b>	<b>13,327</b>
Additions	1,008	-	1,008
Transfers	997	-	997
Disposals	-	-	-
Depreciation/Amortisation	(1,450)	-	(1,450)
<b>Balance at 1 July 2014</b>	<b>10,507</b>	<b>3,375</b>	<b>13,882</b>
Additions	914	-	914
Transfers	171	-	171
Disposals	-	-	-
Depreciation/Amortisation	(1,737)	-	(1,737)
<b>Balance at 30 June 2015</b>	<b>9,855</b>	<b>3,375</b>	<b>13,230</b>

## NOTE 13: INVESTMENT PROPERTIES

- a) Movements in carrying value for investment properties as at 30 June 2015

	Total 2015 \$'000	Total 2014 \$'000
Balance at Beginning of Period	2,260	1,930
Net gain from Fair Value adjustments	-	330
<b>Balance at End of Period</b>	<b>2,260</b>	<b>2,260</b>

- b) Fair value measurement hierarchy for assets as at 30 June 2015

	Carrying amounts as at 30 June 2015	Fair value measurement at end of reporting period using (i)		
		Level 1	Level 2	Level 3
Investment properties	2,260	-	2,260	-
<b>Total</b>	<b>2,260</b>	<b>-</b>	<b>2,260</b>	<b>-</b>

## NOTE 13: INVESTMENT PROPERTIES CONT.

### Fair value measurement hierarchy for assets as at 30 June 2014

	Carrying amounts as at 30 June 2014	Fair value measurement at end of reporting period using (i)		
		Level 1	Level 2	Level 3
Investment properties	2,260	-	2,260	-
<b>Total</b>	<b>2,260</b>	<b>-</b>	<b>2,260</b>	<b>-</b>

(i) Classified in accordance with the fair value hierarchy, see Note 1(a)

There have been no transfers between levels during the period. There were no changes in valuation techniques throughout the period to 30 June 2015.

The Directors have assessed the valuation of the Hospital's property 26-28 Gertrude St at 30 June 2015 and based on current market analysis do not believe there has been any material change in value.

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 2015 \$'000	Total 2014 \$'000
<b>Current – Contractual - Unsecured</b>		
Trade Creditors	24,275	16,206
Accrued Expenses	13,146	13,255
	<b>37,421</b>	<b>29,461</b>
<b>Current – Contractual - Unsecured</b>		
Department of Health and Human Services	-	2,822
	<b>-</b>	<b>2,822</b>
<b>Current – Statutory - Unsecured</b>		
GST Payable	1,383	1,962
	<b>1,383</b>	<b>1,962</b>
<b>Total Current Payables</b>	<b>38,804</b>	<b>34,245</b>

### a) Nature and extent of risk arising from payables

Refer to Notes 22(b) for the nature and extent of risks arising from payables.

## NOTE 15: INTEREST BEARING LIABILITIES

	Total 2015 \$'000	Total 2014 \$'000
<b>Current</b>		
• AIB Bond Holders	5,832	5,579
• Commonwealth Bank of Australia (CBA)	1,140	1,140
• Finance Leases (Refer Note 15a)	3,124	2,938
• St Vincent's Healthcare Ltd (SVHC)	3,125	1,250
<b>Total Current</b>	<b>13,221</b>	<b>10,907</b>
<b>Non-Current</b>		
• AIB Bond Holders	9,810	15,663
• Commonwealth Bank of Australia (CBA)	8,316	9,456
• Finance Leases (Refer Note 15a)	9,005	10,201
• St Vincent's Healthcare Ltd (SVHC)	6,250	8,750
<b>Total Non-Current</b>	<b>33,381</b>	<b>44,070</b>
<b>Total Interest Bearing Liabilities</b>	<b>46,602</b>	<b>54,977</b>

AIB Bond Holders are secured (refer to Note 31 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.

Finance costs of the Hospital incurred during the year are accounted for as finance costs recognised as expenses were \$6,495,000 (2014: \$6,656,000).

**a) Maturity analysis of borrowings**

Refer to Note 22(c) for ageing analysis of Interest bearing liabilities.

**b) Nature and extent of risk arising from borrowings**

Refer to note 22(c) for the nature and extent of risks arising from borrowings.

**c) Defaults and breaches**

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

## NOTE 15(a): FINANCE LEASE LIABILITIES

	Minimum future lease payments (i)		Present value of minimum future lease payments	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<b>Other Finance Lease Liabilities Payable (ii)</b>				
Not longer than one year	3,649	3,738	3,124	2,938
Longer than one year but not longer than five years	9,014	10,722	7,807	9,384
Longer than five years	1,248	850	1,198	817
<b>Minimum future lease payments</b>	<b>13,911</b>	<b>15,310</b>	<b>12,129</b>	<b>13,139</b>
Less future finance charges	(1,782)	(2,171)	-	-
<b>Present value of minimum lease payments</b>	<b>12,129</b>	<b>13,139</b>	<b>12,129</b>	<b>13,139</b>
<b>Included in the Financial Statements as:</b>				
Current Borrowings Lease Liabilities	3,124	2,938	3,124	2,938
Non-Current Borrowings Lease Liabilities	9,005	10,201	9,005	10,201
<b>Total</b>	<b>12,129</b>	<b>13,139</b>	<b>12,129</b>	<b>13,139</b>

(i) Minimum future lease payments include the aggregate of all base payments and any guaranteed residual

(ii) Other finance lease liabilities include obligations that are recognised on the balance sheet; the future payments related to operating and lease commitments are disclosed in Note 19

The weighted average interest rate implicit in leases is 6.46% (2014 – 6.67%)



## NOTE 16: EMPLOYEE BENEFITS/PROVISIONS

	Total 2015 \$'000	Total 2014 \$'000
<b>Current Provisions</b>		
Employee Benefits*		
Annual Leave (Note 16(a))		
• Unconditional and expected to be utilised within 12 months	22,491	21,178
• Unconditional and expected to be utilised after 12 months	3,612	3,350
Long Service Leave (Note 16(a))		
• Unconditional and expected to be utilised within 12 months	5,900	5,901
• Unconditional and expected to be utilised after 12 months	50,723	47,026
Accrued Wages and Salaries (Note 16(a))		
• Unconditional and expected to be utilised within 12 months	12,344	10,883
Accrued Days Off (Note 16(a))		
• Unconditional and expected to be utilised within 12 months	958	942
	<b>96,028</b>	<b>89,280</b>
Provisions related to Employee Benefit On-Costs		
• Unconditional and expected to be utilised within 12 months	4,377	4,065
• Unconditional and expected to be utilised after 12 months	5,704	5,242
	<b>10,081</b>	<b>9,307</b>
<b>Total Current Provisions</b>	<b>106,109</b>	<b>98,587</b>
<b>Non-Current Provisions</b>		
Employee Benefits*	10,679	9,987
Provisions related to Employee Benefit On-Costs	1,122	1,095
<b>Total Non-Current Provisions</b>	<b>11,801</b>	<b>11,082</b>
<b>Total Provisions</b>	<b>117,910</b>	<b>109,669</b>

\* Employee benefits consist of annual leave and long service leave accrued by employees. On-costs are not employee benefits and are reflected as a separate provision.

## NOTE 16 (a): EMPLOYEE BENEFITS AND RELATED ON-COSTS

	Total 2015 \$'000	Total 2014 \$'000
<b>Current Employee Benefits and Related On-Costs</b>		
Unconditional Long Service Leave Entitlements	62,568	58,438
Annual Leave Entitlements	28,843	27,087
Accrued Wages and Salaries	13,640	12,026
Accrued Days Off	1,058	1,036
<b>Total Current</b>	<b>106,109</b>	<b>98,587</b>
<b>Non-Current Employee Benefits and Related On-Costs</b>		
Conditional Long Service Leave Entitlements	11,801	11,082
<b>Total Non-Current</b>	<b>11,801</b>	<b>11,082</b>
<b>Total Employee Benefits and Related On-Costs</b>	<b>117,910</b>	<b>109,669</b>

## NOTE 16 (b): MOVEMENT IN PROVISIONS

	Total 2015 \$'000	Total 2014 \$'000
<b>Movement in Long Service Leave</b>		
Balance at start of year	69,520	63,205
Provisions made during the year	11,050	11,122
Settlement made during the year	(6,201)	(4,807)
<b>Balance at End of Year</b>	<b>74,369</b>	<b>69,520</b>

## NOTE 17: SUPERANNUATION

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

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

However superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of the Hospital. The name, details and amounts expensed in relation to the major employee superannuation funds and contributions made by the Hospital are as follows:

	Paid Contribution for the Year		Contributions Outstanding at Year End	
	Total 2015 \$'000	Total 2014 \$'000	Total 2015 \$'000	Total 2014 \$'000
<b>Defined Benefit Plans:</b>				
Health Super	621	725	-	-
Government State Super Funds	276	304	11	12
<b>Defined Contribution Plans:</b>				
Health Super	20,585	20,425	642	593
HESTA	9,213	8,511	352	304
VicSuper	118	115	3	3
Other	2,620	1,539	94	87
<b>Total</b>	<b>33,433</b>	<b>31,619</b>	<b>1,102</b>	<b>999</b>

## NOTE 18: OTHER LIABILITIES

	Total 2015 \$'000	Total 2014 \$'000
<b>Current</b>		
Monies held in Trust		
• Security Deposits	250	250
• Salary Packaging Employees	5,708	5,336
• Patient Monies held in Trust	96	117
• Accomodation Bonds	1,364	-
• Other Monies Held in Trust	-	45
<b>Total Monies held in Trust</b>	<b>7,418</b>	<b>5,748</b>
<b>Represented by the following Assets</b>		
Cash and Cash Equivalents (Note 6)	7,418	5,748
	<b>7,418</b>	<b>5,748</b>
<b>Deferred Revenue</b>		
• Department of Health and Human Services	1,468	3,067
• Salary Packaging	-	126
• Dementia Behaviour Management Advisory Services	72	106
• Other	931	927
Other Liabilities	119	60
<b>Total Deferred Revenue</b>	<b>2,590</b>	<b>4,286</b>
<b>Total Current</b>	<b>10,008</b>	<b>10,034</b>



## NOTE 19: COMMITMENTS

	Total 2015 \$'000	Total 2014 \$'000
<b>Capital Expenditure Commitments</b>		
Payable		
Leasehold Improvements	6,712	7,789
Intangible assets	6,097	3,637
Other	1,209	-
<b>Total Capital Commitments</b>	<b>14,018</b>	<b>11,426</b>
Not later than 1 year	11,823	9,795
Later than 1 years but not later than 5 years	2,195	1,631
Later than 5 years	-	-
<b>Total</b>	<b>14,018</b>	<b>11,426</b>
<b>Operating Commitments</b>		
Orders placed for goods and services	1,246	1,131
<b>Total Operating Commitments</b>	<b>1,246</b>	<b>1,131</b>
Not later than one year	1,246	1,131
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
<b>Total</b>	<b>1,246</b>	<b>1,131</b>
<b>Lease Commitments</b>		
Commitments in relation to leases contracted for at the reporting date:		
Operating Leases	1,628	2,686
Finance Leases	12,129	16,841
<b>Total Lease Commitments</b>	<b>13,757</b>	<b>19,527</b>
<b>Operating Leases</b>		
<b>Cancellable</b>		
Not later than 1 year	725	1,059
Later than 1 year but not later than 5 years	903	1,514
Later than 5 years	-	113
<b>Total</b>	<b>1,628</b>	<b>2,686</b>
<b>Finance Leases</b>		
<b>Non Cancellable</b>		
Not later than 1 year	2,986	4,112
Later than 1 years but not later than 5 years	7,945	11,794
Later than 5 years	1,198	935
<b>Sub Total</b>	<b>12,129</b>	<b>16,841</b>
<b>Total</b>	<b>13,757</b>	<b>19,527</b>
<b>Total Commitments</b>	<b>29,021</b>	<b>32,084</b>

## NOTE 20: EQUITY

	Total 2015 \$'000	Total 2014 \$'000
<b>a) RESERVES</b>		
<b>Restricted Specific Purpose Reserve</b>		
Balance at the beginning of the reporting period	23,006	24,209
Transfer to and from Restricted Purpose Reserves	6,253	(1,203)
Balance at the end of the reporting period	29,259	23,006
<b>Asset Revaluation Reserve</b>		
Balance at the beginning of the reporting period	442	431
Revaluation during the period	72	11
Balance at the end of the reporting period	514	442
<b>AIB Reserve</b>		
Balance at the beginning of the reporting period	5,647	5,509
Transfer to and from AIB Reserve	132	138
Balance at the end of the reporting period	5,779	5,647
<b>General Purpose Reserve</b>		
Balance at the beginning of the reporting period	5,220	128
Transfer to and from General Purpose Reserve	(3,435)	5,092
Balance at the end of the reporting period	1,785	5,220
<b>Funds Held in Perpetuity</b>		
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
<b>Total Reserves</b>	<b>37,587</b>	<b>34,565</b>

## NOTE 20: EQUITY CONT.

	Total 2015 \$'000	Total 2014 \$'000
<b>b) ACCUMULATED SURPLUSES</b>		
Balance at the beginning of the reporting period	36,311	37,730
Net Result for the Year	(1,801)	2,608
Partial deconsolidation of jointly controlled operation	(21)	-
Transfer to and from Surpluses	(3,022)	(4,027)
Balance at the end of the reporting period	31,467	36,311
<b>c) CONTRIBUTED CAPITAL</b>		
Balance at the beginning of the reporting period	25,850	25,850
Balance at the end of the year	25,850	25,850
<b>d) EQUITY</b>		
Total Equity at the beginning of the reporting period	96,726	94,107
Total changes in Equity Recognised in the Statement of Comprehensive Income	(1,801)	2,619
Reduction of Enity Equity Upon Admission of New Member to Joint Venture	(21)	-
<b>Total Equity</b>	<b>94,904</b>	<b>96,726</b>

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 2015 the company had 1 member (2014: 1 member).

### Capital Management

Management controls the capital of the Hospital in order to maintain a good debt to equity ratio and ensure that it can fund its operations and continue as a going concern. The Hospital's debt and capital includes contributed capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

Management effectively manages the Hospital's capital by assessing its financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels.

## NOTE 21: RECONCILIATION OF NET RESULT FOR THE YEAR TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Total 2015 \$'000	Total 2014 \$'000
<b>Net Result for the Year</b>	<b>(1,801)</b>	<b>2,608</b>
Depreciation and Amortisation	19,697	17,723
Revaluation of Fixed Assets	(72)	(330)
Provision for Doubtful Debts	199	(34)
Assets Received Free of Charge	(52)	(52)
Non Cash Investment distributions	(2,563)	(2,652)
Net (Gain)/Loss on Disposal of Non-Current Assets	292	67
<b>Change in Operating Assets and Liabilities</b>		
(Increase)/Decrease in Inventories	(219)	(469)
Increase/(Decrease) in Creditors	4,116	4,376
Increase/(Decrease) in Employee Entitlements	8,052	9,023
Increase/(Decrease) in Accrued Expenses	(109)	578
Increase/(Decrease) in Prepaid Revenue	(1,146)	(611)
(Increase)/Decrease in Patient Fees Receivable	650	31
(Increase)/Decrease in Receivables	1,147	(425)
(Increase)/Decrease in Prepaid Expenses	465	(194)
<b>Net Cash Inflow from Operating Activities</b>	<b>28,656</b>	<b>29,639</b>

Refer to Note 22(d) for details of loan facilities

## NOTE 22: FINANCIAL INSTRUMENTS

### a) Risk management policies

This note presents information about the Hospital'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 Hospital.

The Hospital's principal financial instruments comprise cash and short-term deposits, a corporate bond portfolio that shall be Designated as Fair Value through Profit or Loss and other financial assets which are intended to be held to maturity, accounts receivable and accounts payable.

Hospital activities expose it primarily to the financial risks of changes in interest rates (price risk), liquidity risk and credit risk. The Hospital 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.

The Hospital's notional interest in assets and liabilities of the VCCC entity as disclosed in note 26 have not been incorporated into this note.

### 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 below.

The Hospital previously held a portfolio of high quality Australian bonds that were classified as held to maturity. In 2014/15 these bonds were largely sold and all bonds are now Designated at Fair Value through Profit or Loss.

### Categorisation of Financial Instruments

	Carrying Amounts 2015 \$'000	Carrying Amounts 2014 \$'000
<b>Financial Assets</b>		
Cash and cash equivalents	13,776	11,246
Held to Maturity Investments	657	61,990
Designated at Fair Value through Profit or Loss	64,616	-
Loans and Receivables	55,801	57,394
<b>Total Financial Assets</b>	<b>134,850</b>	<b>130,630</b>
<b>Financial Liabilities</b>		
At Amortised Cost	70,877	87,213
<b>Total Financial Liabilities</b>	<b>70,877</b>	<b>87,213</b>

Note that financial assets and liabilities exclude statutory receivables and payables



## NOTE 22: FINANCIAL INSTRUMENTS CONT.

### Categorisation of Financial Instruments Cont.

	Net holding gain/(loss) 2015 \$'000	Net holding gain/(loss) 2014 \$'000
<b>Financial Assets</b>		
Cash and cash equivalents (i)	607	275
Designated at Fair Value through Profit or Loss (iii)	3,259	-
Held to Maturity Investments	23	3,930
Loans and Receivables	4,342	4,662
<b>Total Financial Assets</b>	<b>8,231</b>	<b>8,867</b>
<b>Financial Liabilities</b>		
At Amortised Cost (ii)	(6,495)	(6,656)
<b>Total Financial Liabilities</b>	<b>(6,495)</b>	<b>(6,656)</b>

- (i) For cash and cash equivalents, loans or receivables and available-for-sale financial assets, the net gain or loss is calculated by taking the movement in the fair value of the asset, interest revenue, plus or minus foreign exchange gains or losses arising from revaluation of the financial assets, and minus any impairment recognised in the net result;
- (ii) For financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense, plus or minus foreign exchange gains or losses arising from the revaluation of financial liabilities measured at amortised cost; and
- (iii) For financial assets and liabilities that are held-for-trading or designated at fair value through profit or loss, the net gain or loss is calculated by taking the movement in the fair value of the financial asset or liability

### b) Credit Risk Exposures

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Hospital. The Hospital 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 Investment Strategy for the Hospital which has been developed within the framework of the St Vincent's Health Australia Group Investment Policy which provides policy on how the assets of the Hospital should be managed and invested at a local level.

The Hospital'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 Hospital 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 term deposits 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 Statement of Financial Position and notes to the financial statements.

## NOTE 22: FINANCIAL INSTRUMENTS CONT.

Credit quality of contractual financial assets that are neither past due nor impaired

	Carrying Amounts \$'000	Not Past Due and Not Impaired \$'000	Less than 1 Month \$'000	1-3 Months \$'000	3 Months – 1 Year \$'000	1 – 5 Years \$'000	Impaired Financial Assets \$'000
<b>2015 Financial Assets</b>							
Cash and Cash equivalents	13,776	13,776	-	-	-	-	-
Held to Maturity Investments	657	657	-	-	-	-	-
Designated at Fair Value through Profit or Loss	64,616	64,616	-	-	-	-	-
Loans and Receivables							
Department of Health and Human Services	18,570	18,570	-	-	-	-	-
Patient Fees	2,855	892	265	152	1,546	-	(477)
Doctors' Fee Revenue	5,365	3,313	609	246	1,197	-	(388)
St Vincent's Healthcare Australia Ltd	16,146	16,146	-	-	-	-	-
Other Receivables	12,865	11,257	572	502	535	-	(302)
<b>Total</b>	<b>134,850</b>	<b>129,449</b>	<b>1,446</b>	<b>900</b>	<b>3,278</b>	<b>-</b>	<b>(1,167)</b>
<b>2014 Financial Assets</b>							
Cash and Cash equivalents	11,246	11,246	-	-	-	-	-
Held to Maturity Investments	61,990	61,990	-	-	-	-	-
Loans and Receivables							-
Department of Health and Human Services	15,869	15,869	-	-	-	-	-
Patient Fees	3,505	1,603	390	483	1,029	-	(352)
Doctors' Fee Revenue	5,367	3,015	700	413	1,239	-	(314)
St Vincent's Healthcare Australia Ltd	21,823	21,823	-	-	-	-	-
Other Receivables	10,831	9,370	915	204	342	-	(302)
<b>Total</b>	<b>130,631</b>	<b>124,916</b>	<b>2,005</b>	<b>1,100</b>	<b>2,610</b>	<b>-</b>	<b>(968)</b>

## NOTE 22: FINANCIAL INSTRUMENTS CONT.

### (c) Liquidity Risk

Liquidity risk, is the risk that the Hospital would be unable to meet its financial obligations as and when they fall due. The Hospital's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the Statement of Financial Position.

#### Maturity of Financial Instruments

	1 year or less \$'000	Over 1 to 2 years \$'000	Over 2 to 5 years \$'000	Over 5 years \$'000	Total \$'000 contractual cash flows	Carrying Amounts \$'000
<b>2015 Financial Liabilities</b>						
Trade and other Payables (current)	37,421	-	-	-	37,421	37,421
Bank loans (current and non-current)	1,215	1,294	6,947	-	9,456	9,456
Other loans (current and non-current)	11,317	11,391	13,240	1,198	37,146	37,146
<b>Total</b>	<b>49,953</b>	<b>12,685</b>	<b>20,187</b>	<b>1,198</b>	<b>84,023</b>	<b>84,023</b>
<b>2014 Financial Liabilities</b>						
Trade and other Payables (current)	32,236	-	-	-	32,236	32,236
Bank loans (current and non-current)	1,140	1,215	1,294	6,947	10,596	10,596
Other loans (current and non-current)	9,794	11,296	22,473	818	44,381	44,381
<b>Total</b>	<b>43,170</b>	<b>12,511</b>	<b>23,767</b>	<b>7,765</b>	<b>87,213</b>	<b>87,213</b>

Ageing analysis excludes statutory financial instruments

At the reporting date the Hospital has no access to any undrawn credit facilities.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has in place a framework to manage the Hospital's short, medium and long term funding and liquidity. The Hospital 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.

## NOTE 22: FINANCIAL INSTRUMENTS CONT.

### (d) Market Risk

The Hospital's exposures to market risk are primarily through interest rate risk with only insignificant exposure to foreign currency and other price risks. Objectives, policies and processes used to manage each of these risks are disclosed in the paragraph below.

#### Interest Rate Risk Exposure

The Hospital'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 Hospital (Melbourne) Limited does not enter into interest rate swaps.

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

- CBA car-park loan facility of \$15,000,000 (residual as at year end: \$9,456,000) \$10.5m fixed interest at 7.05% and \$4.5m variable facility capped at 7.05%.
- AIB facility for development of hospital building (IPS) effectively relates to Inflation Indexed Bonds where the loan repayments are entirely underwritten by a Government Grant and accordingly no interest rate risk is borne by the Hospital.
- Finance leases on fixed terms totalling \$12,129,000 at year end are currently being amortised.
- A facility with St Vincent's Healthcare Ltd (SVHC) of \$9,375,000 at a variable rate of 4.85% with interest only over the first three years and with principal to be paid off over the following four years.

The Hospital's intention is to maintain a combination of fixed and variable rates for both liabilities and financial assets to ensure that in aggregate interest rate risk is minimised. This is illustrated in the table on the next page.

## NOTE 22: FINANCIAL INSTRUMENTS CONT.

### Interest Rate Exposure of Financial Assets and Liabilities as at 30 June

	Weighted Average Interest Rate	Floating Interest Rate \$'000	Fixed Interest Rate \$'000	Non Interest Bearing \$'000	Carrying Amount \$'000
<b>2015 Financial Assets</b>					
Cash	2.00%	13,736	-	40	13,776
Trade and Inter Hospital Receivables	0.00%	-	-	5,136	5,136
Other Receivables	2.94%	16,146	-	34,519	50,665
Other financial assets	3.75%	49,184	12,108	3,981	65,273
<b>Total</b>		<b>79,066</b>	<b>12,108</b>	<b>43,676</b>	<b>134,850</b>
<b>Financial Liabilities</b>					
Trade and other Payables	0.00%	-	-	37,421	37,421
SVHC	4.85%	9,375	-	-	9,375
AIB Bond Holders	6.34%	15,642	-	-	15,642
CBA Loan Facility - car park	5.81%	-	9,456	-	9,456
Finance Leases	6.46%	-	12,129	-	12,129
<b>Total</b>		<b>25,017</b>	<b>21,585</b>	<b>37,421</b>	<b>84,023</b>
<b>2014 Financial Assets</b>					
Cash	2.45%	11,214	-	32	11,246
Trade and Inter Hospital Receivables	0.00%	-	-	5,780	5,780
Other Receivables	2.94%	21,823	-	29,791	51,614
Other financial assets	5.52%	50,544	11,446	-	61,990
<b>Total</b>		<b>83,581</b>	<b>11,446</b>	<b>35,603</b>	<b>130,630</b>
<b>Financial Liabilities</b>					
Trade and other Payables	0.00%	-	-	32,236	32,236
SVHC	5.22%	10,000	-	-	10,000
AIB Bond Holders	6.34%	21,242	-	-	21,242
CBA Loan Facility - car park	6.60%	-	10,596	-	10,596
Finance Leases	6.67%	-	13,139	-	13,139
<b>Total</b>		<b>31,242</b>	<b>23,735</b>	<b>32,236</b>	<b>87,213</b>



## NOTE 22: FINANCIAL INSTRUMENTS CONT.

### Sensitivity Disclosure Analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Hospital believes the following movements are 'reasonably possible' over the next 12 months.

- Movement of 1% in the general level of interest rates

The following tables disclose the impact on net operating result and equity for each category of financial instrument held by the Hospital at year end. It should be noted that no forecast of the impact of a change in the rate of underlying inflation has been made as it is not possible to gauge the impact on Hospital Net Profit or Equity of a change in this index.

	Carrying Amount	Interest Rate Risk			
		-1%		1%	
	\$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
<b>2015 Financial Assets</b>					
Cash and cash equivalents	13,776	-	-	-	-
Trade and Other Receivables (current)	30,263	-	-	-	-
Receivables (non-current)	25,538	-	-	-	-
Other financial assets	65,273	(492)	(492)	492	492
<b>Financial Liabilities</b>					
Trade and other Payables (current)	24,275	-	-	-	-
Payables (non-current)	-	-	-	-	-
Bank loans (current and non-current)	9,456	-	-	-	-
Other loans (current and non-current)	37,146	(94)	(94)	94	94
<b>Total increase/(decrease)</b>		<b>(586)</b>	<b>(586)</b>	<b>586</b>	<b>586</b>
<b>2014 Financial Assets</b>					
Cash and cash equivalents	11,246	(112)	(112)	112	112
Trade and Other Receivables (current)	25,697	-	-	-	-
Receivables (non-current)	29,763	-	-	-	-
Other financial assets	61,990	(505)	(505)	505	505
<b>Financial Liabilities</b>					
Trade and other Payables (current)	34,198	-	-	-	-
Payables (non-current)	-	-	-	-	-
Bank loans (current and non-current)	10,596	-	-	-	-
Other loans (current and non-current)	44,381	(100)	(100)	100	100
<b>Total increase/(decrease)</b>		<b>(718)</b>	<b>(718)</b>	<b>718</b>	<b>718</b>

## NOTE 22: FINANCIAL INSTRUMENTS CONT.

### (e) Fair Value

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Directors consider that the carrying amount of financial assets and liabilities recorded in the financial statements generally approximate their fair value except to the extent indicated below:

	2015 Carrying Amount \$ '000	2015 Fair Value \$ '000	2014 Carrying Amount \$ '000	2014 Fair Value \$ '000
<b>Financial Assets</b>				
Cash	13,776	13,776	11,246	11,246
Trade Debtors	5,136	4,834	5,780	5,466
Other Receivables	50,665	49,800	51,614	50,961
Other Financial Assets	65,273	65,273	61,990	62,778
<b>Total</b>	<b>134,850</b>	<b>133,683</b>	<b>130,630</b>	<b>130,451</b>
<b>Financial Liabilities</b>				
Trade Creditors and Accruals	37,421	37,421	32,236	32,236
SVHC	9,375	9,375	10,000	10,000
AIB Bond Holders	15,642	15,642	21,242	21,242
CBA Loan Facility – car park	9,456	9,456	10,596	10,596
Finance Leases	12,129	12,129	13,139	13,139
<b>Total</b>	<b>84,023</b>	<b>84,023</b>	<b>87,213</b>	<b>87,213</b>

## NOTE 22: FINANCIAL INSTRUMENTS CONT.

	Carrying Amount	Fair Value Measurement at End of Reporting Period		
	\$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>2015 Financial Assets at Fair Value through Profit &amp; Loss</b>				
Cash and cash equivalents	13,776	13,776	-	-
Trade Debtors	5,136	-	-	4,834
Receivables (non-current)	50,665	-	-	49,800
Other financial assets	65,273	65,273	-	-
<b>Total Financial Assets</b>	<b>135,850</b>	<b>79,049</b>	<b>-</b>	<b>54,634</b>
<b>2014 Financial Assets at Fair Value through Profit &amp; Loss</b>				
Cash and cash equivalents	11,246	11,246	-	-
Trade and Other Receivables (current)	5,780	-	-	5,466
Receivables (non-current)	51,614	-	-	50,961
Other financial assets	61,990	62,778	-	-
<b>Total Financial Assets</b>	<b>130,630</b>	<b>74,024</b>	<b>-</b>	<b>56,427</b>

### (f) Credit Risk Exposures

As at 30 June 2015 the Hospital has determined that it has no impaired financial assets. It should be noted that at year-end Patient Debtors, Trade Debtors and Doctors Fee Revenue totalled \$13,355,917 with \$3,277,608 of this amount in excess of 90 days (past due). In view of this the Hospital has taken up a provision for doubtful debts for an amount of \$1,167,474.

### (g) Significant Terms and Conditions

On 9 December 1992, the Hospital 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 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 on a quarterly basis up to November 2017 as part of the 25 year Health Services Agreement (Note 31).

## NOTE 23: NON CASH FINANCING & INVESTING ACTIVITIES

	Total 2015 \$'000	Total 2014 \$'000
Acquisition of Plant and Equipment by means of Finance Leases (Note 11(b))	2,184	5,727
<b>Total</b>	<b>2,184</b>	<b>5,727</b>

## NOTE 24: CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The Hospital has no contingent assets but is disclosing the following contingent liabilities as at 30 June 2015.

### Area Mental Health Services

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 Victorian Department of Health and Human Services. The building is leased from the Department 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 for part of the original cost of the building.

## NOTE 25: SEGMENT REPORTING

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

	RACS		Inpatient		Other		Consolidated	
	June 2015 \$'000	June 2014 \$'000	June 2015 \$'000	June 2014 \$'000	June 2015 \$'000	June 2014 \$'000	June 2015 \$'000	June 2014 \$'000
<b>Revenue</b>								
Segment Revenue	10,515	10,504	339,523	329,606	288,076	277,632	638,114	617,742
<b>Total Revenue</b>	<b>10,515</b>	<b>10,504</b>	<b>339,523</b>	<b>329,606</b>	<b>288,076</b>	<b>277,632</b>	<b>638,114</b>	<b>617,742</b>
<b>Expenses</b>	<b>(16,409)</b>	<b>(15,612)</b>	<b>(435,372)</b>	<b>(418,707)</b>	<b>(185,002)</b>	<b>(178,230)</b>	<b>(636,783)</b>	<b>(612,549)</b>
<b>Segment Result</b>	<b>(5,894)</b>	<b>(5,108)</b>	<b>(95,849)</b>	<b>(89,101)</b>	<b>103,074</b>	<b>99,402</b>	<b>1,331</b>	<b>5,193</b>
Unallocated Expenses	-	-	-	-	-	-	-	-
<b>Net Result from ordinary activities</b>	<b>(5,894)</b>	<b>(5,108)</b>	<b>(95,849)</b>	<b>(89,101)</b>	<b>103,074</b>	<b>99,402</b>	<b>1,331</b>	<b>5,193</b>
Leasehold Expense	-	-	-	-	(107)	(278)	(107)	(278)
Interest Expense	-	-	-	-	(6,495)	(6,656)	(6,495)	(6,656)
Interest Income	-	-	-	-	3,398	4,349	3,398	4,349
<b>Net Result for the Year</b>	<b>(5,894)</b>	<b>(5,108)</b>	<b>(95,849)</b>	<b>(89,101)</b>	<b>99,870</b>	<b>96,817</b>	<b>(1,873)</b>	<b>2,608</b>
Segment Assets	20,944	20,967	128,361	103,140	174,565	202,786	323,870	326,893
Unallocated Assets	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>20,944</b>	<b>20,967</b>	<b>128,361</b>	<b>103,140</b>	<b>174,565</b>	<b>202,786</b>	<b>323,870</b>	<b>326,893</b>
Segment Liabilities	4,538	4,056	117,855	84,022	106,573	142,089	228,966	230,167
Unallocated Liabilities	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>4,538</b>	<b>4,056</b>	<b>117,855</b>	<b>84,022</b>	<b>106,573</b>	<b>142,089</b>	<b>228,966</b>	<b>230,167</b>
Acquisition of property, plant and equipment and intangible assets	-	-	-	-	-	-	-	-
Depreciation and Amortisation Expense	1,272	1,137	7,794	5,596	10,631	10,990	19,697	17,723
Non Cash expenses – Bed Licences write-down	-	-	-	-	-	-	-	-
Impairment of Inventories	-	-	-	-	-	-	-	-

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



## NOTE 25: SEGMENT REPORTING CONT.

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 and one Residential Aged Care facility run at the St George's Health Service.

#### Inpatient

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.

## NOTE 26: JOINTLY CONTROLLED ASSETS AND OPERATIONS

			Ownership Interest
Name of Entity	Principal Activity	2015	2014
Victorian Comprehensive Cancer Centre	The member entities have committed to the establishment of a world leading comprehensive cancer centre in Parkville, Victoria, through the Joint Venture, with a view to saving lives through the integration of cancer research, education and training and patient care.	11.1%	12.5%

The Hospital's interest in assets employed in the above jointly controlled operations and assets is detailed below. The amounts are included in the Hospital's financial statements for the year ended 30 June 2015 under respective asset categories as detailed in Note 1 (j).

## NOTE 26: JOINTLY CONTROLLED ASSETS AND OPERATIONS CONT.

	Total 2015 \$'000	Total 2014 \$'000
<b>Current Assets</b>		
Cash and Cash Equivalents	242	223
Receivables	5	3
Prepayments	3	5
<b>Total Current Assets</b>	<b>250</b>	<b>231</b>
<b>Non-Current Assets</b>		
Property, Plant and Equipment	4	4
<b>Total Non-Current Assets</b>	<b>4</b>	<b>4</b>
<b>Total Assets</b>	<b>254</b>	<b>235</b>
<b>Current Liabilities</b>		
Accrued Expenses	26	31
Payables	26	14
Provisions – LSL and Annual Leave	37	38
<b>Total Current Liabilities</b>	<b>89</b>	<b>83</b>
<b>Non-Current Liabilities</b>		
Provisions - LSL	5	6
<b>Total Non-Current Liabilities</b>	<b>5</b>	<b>6</b>
<b>Total Liabilities</b>	<b>94</b>	<b>89</b>
<b>Net Assets</b>	<b>160</b>	<b>146</b>

The Hospital's interest in revenue and expenses resulting from jointly controlled operations and assets is detailed below:

	Total 2015 \$'000	Total 2014 \$'000
<b>Revenue</b>		
Grants and Other Revenue	156	189
Interest	6	6
<b>Total Revenue</b>	<b>162</b>	<b>195</b>
<b>Expenses</b>		
Employee Benefits	151	169
Other Expenses from Continuing Operations	(25)	10
Depreciation and Amortisation	1	1
<b>Total Expenses</b>	<b>127</b>	<b>181</b>
<b>Net Result</b>	<b>35</b>	<b>15</b>

## NOTE 27: 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 David Davis, MLC Minister for Health & Minister for Ageing	01/07/14 – 03/12/14
The Hon Mary Wooldridge, MP Minister for Mental Health	01/07/14 – 03/12/14
The Hon Jill Hennessy Minister for Health, Minister for Ambulance Services	04/12/14 – 30/06/15
The Hon Martin Foley Minister for Housing, Disability and Ageing, Minister for Mental Health	04/12/14 – 30/06/15
Governing Board	
The Directors of the Hospital during the year were:	
Mr P Robertson AM (Chair)	01/07/14 – 30/06/15
Ms M Babbage	01/07/14 – 30/06/15
Sr M Confoy RSC	01/07/14 – 30/06/15
Professor S Crowe AM	01/07/14 – 30/06/15
Mr B Earle	01/07/14 – 30/06/15
Ms P Faulkner AO	01/07/14 – 30/06/15
Mr G Humphrys	01/07/14 – 30/06/15
Mr P McClintock AO	01/07/14 – 30/06/15
Professor P Smith	01/07/14 – 30/06/15
Sr M Wright IBVM	01/07/14 – 30/06/15
Accountable Officer	
Mr B Fielding	01/07/14 – 30/06/15

## NOTE 27: RESPONSIBLE PERSON AND RELATED PARTY DISCLOSURES CONT.

### b) Remuneration of Responsible Persons

Directors of the St Vincent's Health Australia Board (also sitting as the St Vincent's Hospital (Melbourne) Board), received payment for their roles as Directors. These amounts were paid and accounted for by St Vincent's Health Australia Limited and not St Vincent's Hospital (Melbourne) Limited.

Some directors have generously refused to accept their fee and asked that the amount due to them be retained by the Group for its charitable works, or have requested that part or all of their fees be directed to their religious order or donated to charity.

Those Responsible persons who held Executive positions within the Hospital received remuneration for their management or professional duties, and this remuneration is shown in the relevant income bands below.

	Total Remuneration		Base Remuneration	
	2015 No.	2014 No.	2015 No.	2014 No.
\$0 - \$9,999	10	13	10	13
\$120,000 - \$129,999	-	1	-	1
\$130,000 - \$139,999	-	1	-	1
\$200,000 - \$209,999	-	1	-	1
\$340,000 - \$349,999	-	-	1	-
\$380,000 - \$389,999	1	-	-	-
<b>Total</b>	<b>11</b>	<b>16</b>	<b>11</b>	<b>16</b>
<b>Total Remuneration \$'000</b>	<b>\$385</b>	<b>\$464</b>	<b>\$346</b>	<b>\$433</b>

### c) Remuneration of Responsible Persons

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

### d) 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.

### e) Other Transactions of Responsible Persons and their Related Parties

Mr G Humphrys is a Director of HESTA Superannuation which provides superannuation services to St Vincent's (Hospital) Melbourne Limited (Refer note 17).

### f) Transactions with entities in the wholly-owned group

St Vincent's Hospital (Melbourne) Limited is part of a wholly owned group. Transactions between St Vincent's Hospital (Melbourne) Limited and other entities in the wholly owned group during the year ended 30 June 2015 consist of:

- Recoveries by St Vincent's Hospital (Melbourne) Limited for the provision of management and administrative services
- Recoveries by St Vincent's Hospital (Melbourne) Limited for the provision of other health services at cost
- Payment to St Vincent's Health Australia Limited Group levy and other service costs
- Repayment of loans (including interest) and payment of a car park lease to St Vincent's Healthcare Limited (SVHC)

## NOTE 27: RESPONSIBLE PERSON AND RELATED PARTY DISCLOSURES CONT.

### Transactions with entities in the wholly-owned group

	2015 \$'000	2014 \$'000
<b>Aggregate amounts included in the determination of operating profit that resulted from transactions with entities in the wholly-owned group:</b>		
Health Service carpark, group levy and costs charged by St Vincent's Health Australia Ltd and St Vincent's Healthcare Limited	2,603	2,470
Campus Lease charge by St Vincent's Healthcare Limited	10,112	9,904
Interest revenue received from St Vincent's Healthcare Limited	4,541	4,621
Facility Lease charge by St Vincent's Healthcare Limited	106	276
<b>Aggregate amounts receivable from, and payable to, entities in the wholly owned group at Statement of Financial Position date:</b>		
Current receivables due from St Vincent's Healthcare Limited and St Vincent's Health Australia Ltd	6,045	5,742
Non Current receivables due from St Vincent's Healthcare Limited and St Vincent's Health Australia Ltd	10,281	16,167
Current payables owing to St Vincent's Healthcare Limited and St Vincent's Health Australia Ltd	4,718	2,525
Non-current payable owing to St Vincent's Healthcare Limited and St Vincent's Health Australia Ltd	6,250	8,750
<b>Aggregate amounts included in the determination of operating profit that resulted from transactions with each class of other related parties:</b>		
Recoveries for the provision of management and administrative services to St Vincent's Private Hospital Melbourne Limited	3,371	3,088
Costs charged for the provision of other health services by St Vincent's Private Hospital Melbourne Limited	622	725
<b>Aggregate amounts receivable from, and payable to, with each class of other related parties, at Statement of Financial Position date:</b>		
Current receivables from St Vincent's Private Hospital Melbourne Limited	88	373
Current Payables to St Vincent's Private Hospital Melbourne Limited	161	50

Pursuant to a Loan and Restructure Agreement between the Trustees of the Sisters of Charity and St Vincent's Healthcare Limited (SVHC), land and building assets, including leasehold improvements, have been transferred to SVHC 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 SVHC. 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 arm's 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.



## NOTE 27: RESPONSIBLE PERSON AND RELATED PARTY DISCLOSURES CONT.

### g) 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	
	2015 No.	2014 No.	2015 No.	2014 No.
\$170,000 - \$179,999	-	1	-	1
\$180,000 - \$189,999	2	2	2	2
\$190,000 - \$199,999	1	-	1	-
\$220,000 - \$229,999	-	1	-	1
\$230,000 - \$239,999	1	1	1	1
\$240,000 - \$249,999	1	1	1	1
\$250,000 - \$259,999	1	-	1	-
\$260,000 - \$269,999	-	1	-	1
\$270,000 - \$279,999	1	-	1	-
\$290,000 - \$299,999	-	-	-	1
\$300,000 - \$309,999	-	-	1	-
\$330,000 - \$339,999	1	1	-	-
<b>Total number of Executives</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>
<b>Total annualised employee equivalent (AEE)*</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>
<b>Total \$'000</b>	<b>1,906</b>	<b>1,849</b>	<b>1,876</b>	<b>1,819</b>

\* Annualised employee equivalent (AEE) is calculated by dividing the total number of ordinary hours that an employee worked over the reporting period, by the total number of full-time working hours per annum (this is generally 38 hours per week for 52 weeks per year).

## NOTE 28: REMUNERATION OF AUDITORS

	2015 \$'000	2014 \$'000
<b>Victorian Auditor-General's Office</b>		
Audit fees paid or payable for audit of the St Vincent's Hospital (Melbourne) Limited's financial statements as at 30 June 2015	90	104
<b>Other Service Providers</b>		
St Vincent's Health Australia Ltd – Internal Audit	148	142
UHY Haines Norton	2	3
<b>Total Remuneration</b>	<b>240</b>	<b>249</b>

## NOTE 29: EX GRATIA EXPENSES

	2015 \$'000	2014 \$'000
Payments made to terminated employees	808	556
<b>Ex gratia expenses</b>	<b>808</b>	<b>556</b>

## NOTE 30: EVENTS OCCURRING AFTER REPORTING DATE

There have been no significant events occurring after the reporting date that have any material impact on the results of the Hospital as reported in these financial statements.

## NOTE 31: REDEVELOPMENT OF THE HOSPITAL (1996)

### Hospital Development Agreement

The Hospital 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 the Hospital 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

The Hospital 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 2015, the amount outstanding under this agreement is \$15,642,000 (2014: \$21,242,000) which has a corresponding receivable asset of \$15,642,000 (2014: \$21,242,000).

### Campus Lease

The Hospital 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. The Hospital 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.

Pursuant to a Loan and Restructure Agreement between the Trustees of the Sisters of Charity and St Vincent's Healthcare Limited (SVHC), the land and building assets, including leasehold improvements, were transferred to SVHC 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 SVHC.

### 25 Year Health Services Agreement

The Hospital entered into a twenty five year Health Services Agreement with the Victorian Department of Health 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 also provides an annual operating payment to cover the realistically attainable efficient cost of supplying public hospital services.

### Escrow Account/AIB reserve

The net amount transferred into the Escrow account for the year ended 30 June 2015 was \$132,000 (2014: inflow of \$138,000), including compounding interest that was reinvested in the facility. The AIB Reserve/Escrow account is represented by investments. The balances of investments held are disclosed in Note 8 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. The balance of the AIB Reserve Account as at 30 June 2015 is held in Escrow pending release to the Hospital for repayment of debt or future capital projects.

### Charges over Assets

Two separate Fixed and Floating Charges were created on 11 August 1992 over the assets and on the undertaking of the Hospital. A first ranking Fixed and Floating Charge was granted in favour of the Chief General Manager of the Department 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 the Hospital's obligations to the relevant charge arising out of the financing of the redevelopment.

## NOTE 32: GLOSSARY OF TERMS AND STYLE CONVENTION

### Actuarial gains or losses on superannuation defined benefit plans

Actuarial gains or losses are changes in the present value of the superannuation defined benefit liability resulting from:

- (a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and
- (b) the effects of changes in actuarial assumptions.

### Amortisation

Amortisation is the expense which results from the consumption, extraction or use over time of a non-produced physical or intangible asset.

### Comprehensive result

The net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other comprehensive income.

### Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

### Depreciation

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense reduces the 'net result for the year'.

### Employee benefits expenses

Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments, defined benefits superannuation plans, and defined contribution superannuation plans.

### Ex gratia expenses

Ex-gratia expenses mean the voluntary payment of money or other non-monetary benefit (e.g. a write off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability, or claim against the entity.

### Financial asset

A financial asset is any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual or statutory right:
  - to receive cash or another financial asset from another entity; or
  - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- (d) a contract that will or may be settled in the entity's own equity instruments and is:
  - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
  - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

### Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

### Financial liability

A financial liability is any liability that is:

- (a) A contractual obligation:
  - (i) to deliver cash or another financial asset to another entity; or
  - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- (b) A contract that will or may be settled in the entity's own equity instruments and is:
  - (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
  - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

## NOTE 32: GLOSSARY OF TERMS AND STYLE CONVENTION CONT.

### Financial statements

A complete set of financial statements comprises:

- (a) A statement of financial position as at the end of the period;
- (b) A statement of profit or loss and other comprehensive income for the period;
- (c) A statement of changes in equity for the period;
- (d) A statement of cash flows for the period;
- (e) Notes, comprising a summary of significant accounting policies and other explanatory information;
- (f) Comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 Presentation of Financial Statements; and
- (g) A statement of financial position at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 41 of AASB 101.

### Grants and other transfers

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature.

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes. Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

### Interest expense

Costs incurred in connection with the borrowing of funds includes interest on bank overdrafts and short-term and long-term liabilities, amortisation of discounts or premiums relating to liabilities, interest component of finance leases repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

### Interest income

Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

### Joint ventures

Joint ventures are contractual arrangements between the Hospital and one or more other parties to undertake an economic activity that is subject to joint control. Joint control only exists when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

### Net acquisition of non-financial assets (from transactions)

Purchases (and other acquisitions) of non-financial assets less sales (or disposals) of non-financial assets less depreciation plus changes in inventories and other movements in non-financial assets. It includes only those increases or decreases in non-financial assets resulting from transactions and therefore excludes write-offs, impairment write-downs and revaluations.

### Net result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of income, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other comprehensive income'.

Net result from transactions or net operating balance is a key fiscal aggregate and is income from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets.



## NOTE 32: GLOSSARY OF TERMS AND STYLE CONVENTION CONT.

### Net worth

Assets less liabilities, which is an economic measure of wealth.

### Non-financial assets

Non-financial assets are all assets that are not 'financial assets'. It includes inventories, land, buildings, infrastructure, road networks, land under roads, plant and equipment, investment properties, cultural and heritage assets, intangible and biological assets.

### Payables

Includes short and long term trade debt and accounts payable, grants, taxes and interest payable.

### Receivables

Includes amounts owing from government through appropriation receivable, short and long term trade credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

### Sales of goods and services

Refers to income from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services and work done as an agent for private enterprises. It also includes rental income under operating leases and on produced assets such as buildings and entertainment, but excludes rent income from the use of non-produced assets such as land. User charges includes sale of goods and services income.

### Supplies and services

Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of the Hospital.

### Transactions

Revised Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows in an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset.

Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash.

### Style conventions

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts.

The notation used in the tables is as follows:

- zero, or rounded to zero  
(xxx.x) negative numbers  
200x year period  
200x-0x year period