ST VINCENT'S HOSPITAL
MELBOURNE

# Innovation through the pandemic

**Annual Report** 2021–2022

# Contents



Cover image: A state-of-the art Mental Health and Other Drugs Hub has been launched at St Vincent's Hospital Melbourne's Emergency Department.


**Report of operations 2022**

**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 2022.

**Paul McClintock AO**
Chair
29 August 2022, Sydney

**Martin Smith**
**Interim Chief Executive Officer**
29 August 2022, Melbourne

# Leading innovation through the pandemic

## A research-rich health service with

**1,400+**
clinical studies

**570**
interventional clinical trials

**1,100+**
research publications each year

**2,210%** increase in delivery of ambulatory care – **83,183** episodes via phone and video

**2,000+** COVID vaccinations for homeless and marginalised communities through Mobile Immunisation Health Service

**95%**
increase in acute and sub-acute bed days delivered at home

**Administered**
**200k+**
tests at Fever Clinic set up at Fitzroy

**Delivered**
**3,000+**
vacccines daily at Royal Exhibition Building and **2,000+** at Campbellfield

# Taking care of people is our business

## Message from the CEO

As days rolled into months and then years of uncertainty, the score of challenges we have had to face during the COVID-19 pandemic is something none of us will ever forget.

However, it can be in the darkest of times that we find incredible strength within us to keep pushing through.

As healthcare professionals, we stepped up to protect our community as the pandemic unfolded; casting aside our own fears and concerns to be there for others when they needed us most.

There have been many lessons learned and new pathways created to navigate COVID-19. Apart from playing a key role assisting with the state's community vaccination rollout, we also reopened the Sumner House facility to provide essential accommodation for patients experiencing homelessness, creating a place to isolate and recover as the pandemic surges continued.

In particular, we grew more aware of the power of innovation in helping to sustain and advance our delivery of care.

Throughout the past year, innovative thought and action have guided the valuable work being done at St Vincent's, from establishing a state-of-the-art Mental Health and Alcohol and Other Drugs Hub within our Emergency Department that offers urgent on-site care, to raising the bar with our Better@Home program that takes care beyond our Hospital walls.

Drawing on new technology and medical device development, as well as utilising novel methods and treatments, has enabled our researchers to pursue medical discoveries that will make a difference and change lives.

With more than 1,400 clinical studies currently under way at St Vincent's, it's clear new solutions to improve the quality of life for those who are sick and vulnerable remain a high priority.

We are proud to be leading several world-first research projects in a wide variety of areas including investigating the use of an artificial pancreas to significantly improve health outcomes for people living with diabetes and advanced kidney disease, and trialling artificial intelligence to both improve breast cancer detection and ultimately provide a more effective and personalised breast screening service.

The new Aikenhead Centre for Medical Discovery (ACMD) is another strong example of the role we play in headlining change through innovation. This new biomedical engineering research centre being built at our Fitzroy campus will harness the collaborative strengths of researchers, clinicians, engineers, scientists and industry to problem-solve with a future-focused approach to care.

Without the dedication to providing better-than-the-best care, medical innovation would be just thoughts on a drawing board. It takes passionate people with unfailing commitment to bring these ideas to life – a vision that resonates throughout St Vincent's.

Innovation has also been core to the launch of new services for targeted care. Among the programs we recently introduced is an onco-geriatric service that provides specialised care to older people with cancer – a first of its kind in Victoria that offers face-to-face and telehealth consultations.

Another important move saw the expansion of our Aboriginal Hospital Liaison Officer Service to offer seven-day-a-week support for First Nations patients with dedicated staff.

After more than a decade at SVHM, CEO Angela Nolan has decided to take the next step in her career and has finished her time at St Vincent's. Angela has overseen many key strategic developments that have helped St Vincent's to grow and run more efficiently. Notably, Angela led our response to COVID-19, involving the rapid reform of our services, adaption of new operating and workforce models, and our vaccination program rollout. We sincerely thank Angela for her invaluable contribution and wish her all the best for the future.

Although the COVID-19 pandemic has forced us to live life a little differently in many ways, it hasn't slowed our desire to think beyond at St Vincent's. This mindset allows us to keep delivering the best and most compassionate healthcare possible – something that is, and always will be, at the heart of all we do.

**Martin Smith**
Interim Chief Executive Officer
St Vincent's Hospital (Melbourne)

# Delivering innovative care with heart

## About St Vincent's

Founded by the Sisters of Charity at a time when Fitzroy was one of the poorest parts of Melbourne, the Sisters instilled a culture to care for the most vulnerable in an increasingly challenging public health sphere.

For more than 128 years, St Vincent's Hospital Melbourne (SVHM) has carried out this mission. Today, it provides a range of services across Melbourne, including acute medical and surgical services, emergency and critical care, aged care, diagnostics, rehabilitation, allied health, mental health, palliative and residential care.

The Sisters of Charity and their pioneering work has had a profound effect on the health service we are today. They have instilled in our culture a Mission which has guided our work in the years since and has attracted a workforce of people deeply committed to the dignity and betterment of the human person through exceptional healthcare.

**Administered**

**550k+**

COVID-19 vaccines across the state

Today, SVHM has more than 7,000 staff and 880 beds in daily use and continues to be at the forefront of care for Victoria's vulnerable communities. Operating from 18 sites across greater Melbourne, it includes a major teaching, research and tertiary referral centre situated in Fitzroy, a soon to be established Rapid Access Hub at St Vincent's Hospital on The Park, St George's Health Service Kew, palliative care at Caritas Christi Hospice, as well as aged care, correctional health, mental health and community centres, pathology collection centres, general practice services and dialysis satellite centres.

In 2021–22, SVHM treated more than 68,000 inpatients and saw 198,000 outpatients through specialist clinics. The Hospital attended to 49,798 emergency department presentations and 13,730 fever clinic presentations.

In 2021-22, with an expenditure of $939M, SVHM delivered a $0.456M operating surplus. During a time of immense pressure on health services due to COVID-19, SVHM helped transform the system to ensure it could adapt and be set up for future success. Throughout the past 12 months, major community initiatives resulted in SVHM becoming the fastest growing health service for bed-based substitution initiatives thanks to out-of-hospital care through Better@Home, and administering almost 550,000 COVID-19 vaccines across the state.

### Governance

St Vincent's Hospital (Melbourne) Limited was incorporated as a company limited by guarantee on 19 June 1991. St Vincent's Hospital (Melbourne) Limited is a Denominational Hospital under Schedule 2 of the Health Services Act 1988 (Vic).

**The responsible Ministers for Health for the reporting period were:**

From 1 July 2021 to 27 June 2022

- **The Hon Martin Foley MP**
  - Minister for Health
  - Minister for Ambulance Services
  - Minister for Equality

From 27 June 2022 to 30 June 2022

- **The Hon Mary-Anne Thomas MP**
  - Minister for Health
  - Minister for Ambulance Services

**The responsible Ministers for Mental Health for the reporting period were:**

From 1 July 2021 to 27 June 2022

- **The Hon James Merlino MP**
  - Minister for Mental Health

From 27 June 2022 to 30 June 2022

- **The Hon Gabrielle Williams MP**
  - Minister for Mental Health
  - Minister for Treaty and First Peoples

St Vincent's Hospital (Melbourne) Limited is a private 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.

## Today, St Vincent's Hospital Melbourne has more than:

**7,000+**
staff

**880**
beds in daily use

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. Mary Aikenhead Ministries is both a tribute to, and reminder of, the extraordinary work of Mary Aikenhead, the Founder 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 Hospital (Melbourne) Limited reports to the national St Vincent's Health Australia Board through the St Vincent's Hospitals Chief Executive Officer, SVHA, Patricia O'Rourke.

SVHM is led by the current interim CEO Martin Smith and an executive team.

## Our vision

# Outstanding care from outstanding people

St Vincent's Hospital Melbourne is a research-rich health service with more than 1,400 clinical studies, 570 interventional clinical trials underway in the past year, and more than 1,100 research publications produced. Multidisciplinary research includes drugs, devices, digital and diagnostic solutions, plus innovative health services research redesigning how care is delivered. This research gives the community access to the latest treatment options, with research embedded in the Hospital's clinical care processes.

## 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 continuing development of their skills and knowledge.
- Committed to a respect for life in accordance with the tradition of Mary Aikenhead and the Sisters of Charity.


## 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

## Year in Review

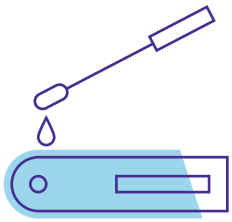
# Testing times for Fever Clinic

## Ready to respond

The COVID-19 Fever Clinic at St Vincent's Fitzroy campus played a critical role in testing for COVID-19. In the two years the Clinic was open, it tested more than 200,000 people, with peaks of around 500 people per day during the 2021 Christmas period.

Nursing staff consistently delivered a high standard of care, and quickly became experts in managing and swabbing large numbers of patients. Nurses worked tirelessly alongside infectious disease consultants, GPs, and administrators to ensure the community had access to a seven-day-a-week service.

As part of this, a COVID-19 Advice Line was established, staffed by senior nurses who provided patients with advice and reassurance.



**500**

Testing peaked at around 500 people per day during the 2021 Christmas period

## Offering continued support

St Vincent's Hospital on the Park (SVHOP) remained operational this year, as part of SVHM's broader organisational response to the COVID-19 pandemic. The Rehabilitation and Geriatric Evaluation and Management (GEM) wards, palliative care services and the Ambulatory Treatment centre all continued to operate from this site, allowing ongoing increased capacity at SVHM Fitzroy campus to manage COVID-19-related admissions.

## Caring for our aging population

To further support the COVID-19 Surge Plan, in October SVHM launched a Care of the Older Person (Co-OP) Unit to assist with moving patients out of the acute inpatient units.

The Co-OP Unit catered to non-COVID patients whose medical trajectory, clinical needs and goals of care could be met at SVHOP. Care was delivered by geriatricians, attending seven days per week alongside the multidisciplinary team and bolstered by junior medical staffing on site 24 hours a day.

## Year in Review

# COVID-19 Debrief

**37**

aged care facilities supported across Victoria

**460**

elective procedures completed as part of the Department of Health's deferred care plan

**5,735**

staff enquiries to Contact Tracing Team

**3,000+**

vaccinations by mobile vaccination van

**61%**

of appointments via telehealth

**2,000**

frozen meals for emergencies

# Year in Review

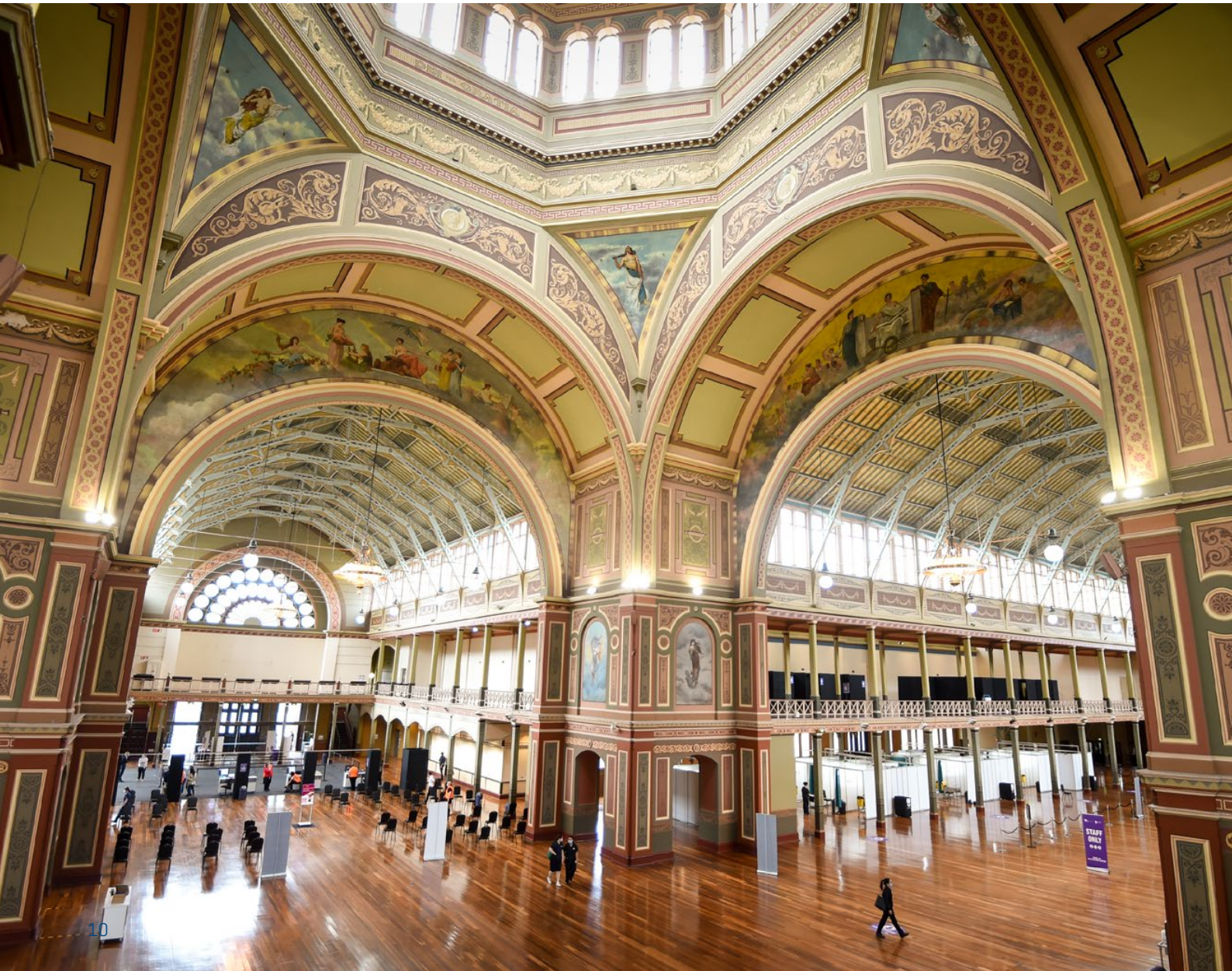
## Royal Exhibition Building Vaccination Centre

After 366 days and more than 400,000 vaccinations, Victoria's flagship vaccination centre at the Royal Exhibition Buildings closed its doors for the final time, after making vaccination history.

SVHM began delivering COVID-19 vaccinations at the Royal Exhibition Building on Monday 22 March 2021. The facility opened within two weeks in collaboration with the Department of Health, the North East Public Health Unit and Museums Victoria. By May, it operated seven days a week, 12 hours a day, with appointments available to eligible members of the public.

In October 2021, Museums Victoria was forced to close this vaccination site to accommodate urgent building repairs. In the midst of rising cases, the SVHM team relocated to the Melbourne Museum for four weeks. Despite significant operational and logistical challenges, service provision was not interrupted. In December 2021, the Royal Exhibition Building site closed again with the expectation that primary care providers would provide vaccinations. However, as the Omicron variant threat increased, the Department of Health requested the Royal Exhibition Building site stay open. In the six crucial days leading to Christmas, an additional 9,500 vaccinations were administered.

Staff members from the hospitality and retail sectors joined the team, having previously lost their jobs during the pandemic. Some came out of retirement to bolster the initiative, driven by a shared purpose of supporting the community. Many of these staff members will remain employed through SVHM and help to support other ongoing vaccination initiatives.



## Campbellfield drive-through

Vaccination programs ramped up quickly and were critically important in protecting the community. This was seen in Campbellfield, where the Department of Health requested SVHM expand its service to the Hume City Local Government Area (LGA). Case numbers were significant, and the SVHM team had one week to design and implement a drive-through site, with five days to prepare to open. Despite the earlier surge in cases, LGA vaccination rates climbed by at least 5 per cent per week, resulting in Hume receiving the highest dose 1 and 2 vaccination rates in the state; having been the least vaccinated only a matter of months earlier.

## Strengthening the capacity of individuals, families and communities through effective prevention and health promotion

The SVHM contact tracing team continued to respond to overwhelming demand through 2021–22. The team's primary purpose was to manage contract tracing of staff and patients, households and close contacts to reduce the burden of disease and prevent further infections.

Multidisciplinary staff were redeployed from clinical areas to assist with the surge of COVID-19 cases. This team consisted of more than 30 consultants, educators, nurses, scientists, researchers, medical students and administrative staff. In addition to managing multiple cases, it developed a range of tools including phone scripts, interview and training documents, and standard operating procedures.

The intensity and duration of the pandemic required managing capacity to meet fluctuating levels of patient demand. When existing processes in contact tracing were identified as unsustainable, SVHM created a web-based workflow to notify staff of infections, test results and close contacts. The form pulled all data into a live dashboard for the team to triage its work. This provided patients with relevant instructions and information that would otherwise be conveyed via a phone conversation, ensuring more effective health promotion and prevention.

Since the program's inception, SVHM has responded to 5,735 staff enquiries and managed 176 COVID-positive patients. Data collected from staff using the system indicated that 88 per cent of respondents had their query addressed through the deployment of the form.

## Helping Melbourne's homeless stay safe during the pandemic

SVHM continues to lead a mobile outreach initiative to ensure that vulnerable Melburnians are able to overcome barriers to vaccination and healthcare during the pandemic.

In July 2020, SVHM launched a partnership with The Salvation Army and Burnet Institute, the COVID-19 Mobile Immunisation, Health and Harm Reduction Service. The initiative sees nurses travel with a drug and alcohol harm-minimisation worker in a COVID-safe van to sites across metropolitan Melbourne to bring healthcare directly to at-risk groups, including people experiencing homelessness and people seeking asylum.

More than 3,000 vaccinations have been administered as part of the initiative, with the van now also providing flu vaccinations and hepatitis treatment options with The Salvation Army as part of its aim to provide immunisation and treatment options during the winter months.

Research has shown that those with the lowest socioeconomic status are more than twice as likely to be hospitalised due to vaccine-preventable diseases compared to those in higher socioeconomic areas.

## Year in Review

# Innovation in health

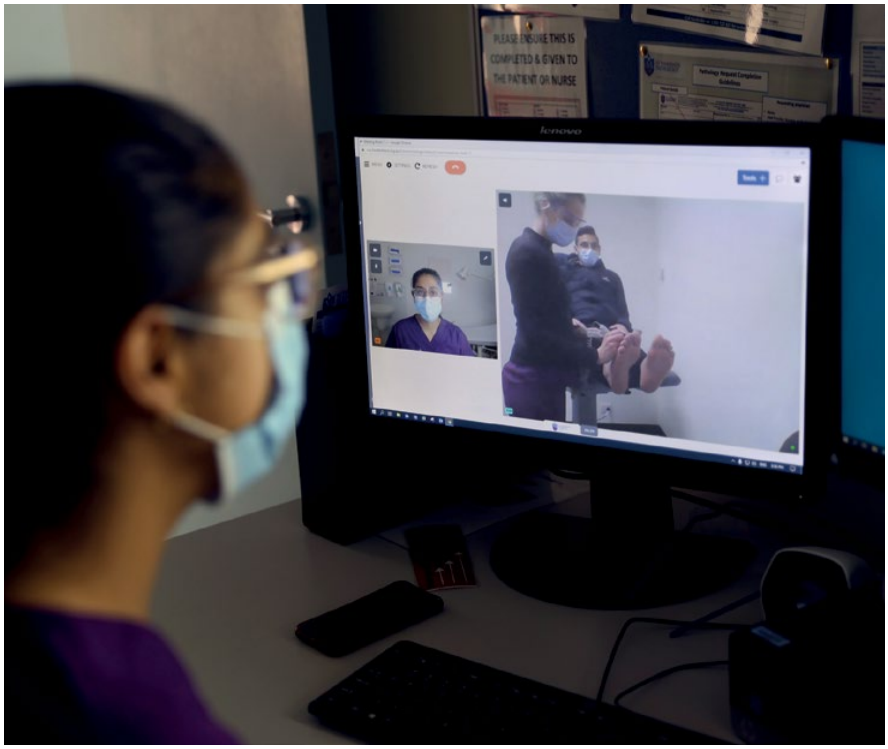
### Promoting least intrusive and earliest effective care

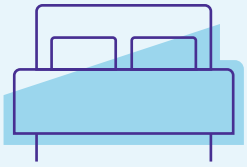
With the dual pressures of rising chronic disease and an ageing population, new approaches to models of care are a significant organisation-wide focus.

Equally important has been preventing avoidable hospital admissions by keeping at-risk patients at home when otherwise well, diverting admissions to a care setting more appropriate for the patient's needs, and substituting admissions for innovative forms of home-based care.

Ahead of 2021, St Vincent's Health Australia outlined a bold vision for the organisation, designed to transform the way healthcare is delivered nationally. The Care Beyond the Hospital Walls strategy represents the Group's work to become a leader in home and community-based care, producing better outcomes and experiences for the community – particularly those most vulnerable.

In the past year, SVHM has accelerated the operationalisation of key initiatives through the Department of Health's Better@Home Program. Currently the fastest-growing health service for bed-based substitution initiatives, SVHM has experienced 95 per cent growth in acute and sub-acute admitted bed days delivered at home for 2021-22, compared to 2020-21.





**95%**

growth in acute and sub-acute admitted bed days delivered at home


## The Better@Home initiative responds to significant levels of need from the community. Key achievements include:

- Hospital in the Home (HITH) has tripled the average daily number of patients receiving HITH care in the past 12 months, delivering home-based care for COVID-positive consumers and an expanded range of higher acuity medical and surgical conditions.
- Geriatric Evaluation and Management (GEM)@Home is a seven-day-a-week service that allows patients to receive sub-acute GEM care in their homes. Almost one-third of SVHM's admitted GEM care is now delivered in home settings, supported by an interdisciplinary team of geriatricians, nursing and allied health.
- SVHM's Residential In-Reach service recorded rapid expansion to provide COVID-19 outbreak support to aged care facilities, while maintaining best-practice outreach care to reduce avoidable emergency presentations.
- Home-based cancer care is being expanded to include the implementation of a hybrid model to deliver admitted and non-admitted cancer care in consumers' homes.
- A hospital avoidance service has been implemented. HealthMonitor, a telephone-based, short-term coordination program targeted at those deemed high risk of hospital re-presentation, represents a 'lighter touch' service compared to traditional home-visits and enables a high volume of consumers to be supported with unlimited geographic reach.
- A new Rehab@Home service was established in July 2021, providing a 12-bed home-based multidisciplinary rehabilitation program.
- SVHM was one of the first health services to implement the COVID-19 Monitor virtual monitoring platform in 2020. The Hospital is now working to develop a disease-agnostic virtual monitoring platform to transform the HealthMonitor model of care, with a vision to expand virtual care across the breadth of home and community services.
- SVHM is running a 100-Day Digital Challenge to develop real-time analytics to identify Emergency Department patients and inpatients who are eligible for @home care. This project is designed to assist treating teams in quickly identifying patients who could be suitable for @home care and assist them in determining the most appropriate home-based service.

## Caring for our most vulnerable

The pandemic posed increased risk to people experiencing homelessness, due to higher risk of virus transmission in crisis accommodation and support centres, with cramped conditions, limited access to hygiene facilities, and inability to self-isolate.

High rates of complex chronic health conditions increased the risk of severe illness due to COVID-19, along with barriers to accessing mainstream health services potentially leading to delayed diagnosis and isolation.

In response to the further COVID-19 surge, SVHM and key partners rapidly stood up the COVID-19 Isolation and Recovery Facility (CIRF) to provide healthcare and supported accommodation to people experiencing homelessness who needed to isolate and were unable to do so safely. The CIRF target population was people experiencing primary and secondary homelessness; sleeping rough or in squats, temporary/crisis accommodation, or 'couch surfing'.

Sumner House re-opened in late September 2021, delivered by a strong consortium of SVHM, Brotherhood of St Laurence and Launch Housing in partnership with multiple government agencies.

A core CIRF objective was ensuring people experiencing homelessness had a safe place to isolate, had access to appropriate healthcare, felt safe and comfortable, and were supported to manage co-morbidities including addiction, mental health issues, chronic conditions and COVID-19-related acute needs.

Sumner House continues operating as a CIRF while Victoria manages the peak winter demand period. The pandemic has highlighted the importance of safe housing to achieve health and wellbeing and has increased awareness of the number of people experiencing insecure housing or homelessness. The CIRF work aligns strongly with SVHM planned expansion for housing-led healthcare for homeless people. The goodwill developed between agencies will be valuable in future partnership approaches.

## Sumner House data

(27 September 2021 – 30 June 2022)

**323**

Admissions (308 COVID +) with 75% + successfully completing isolation

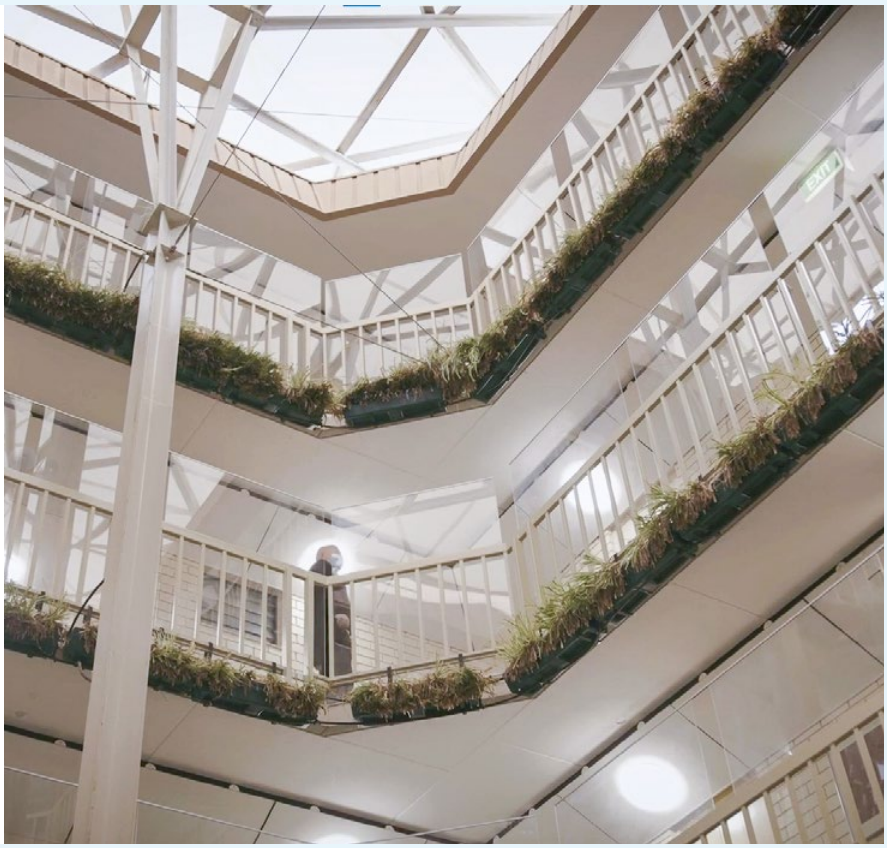
**11.5%**

Aboriginal or Torres Strait Islander background

**66%**

male

> "The pandemic has highlighted the importance of safe housing to achieve health and wellbeing and has increased awareness of the number of people experiencing insecure housing or homelessness."



## Year in Review

# An inclusive approach

## Breaking down barriers

Talk to Me is designed to help culturally and linguistically diverse patients and residents communicate with healthcare workers about their daily routine care.

Initiated and led by SVHM, the project has been developed by health professionals in collaboration with medical interpreters, cultural diversity trainers and other experts. With its first iteration in 2017, the app has now been upgraded to a Progressive Web App, funded by a City of Melbourne Connected Communities grant.

Talk to Me includes a health professional and patient-user interface, audio component, and large, easy-to-read script.

The app facilitates brief, sentence-based conversations in Arabic, Cantonese, Croatian, Greek, Hakka, Italian, Macedonian, Mandarin, Serbian, Spanish, Turkish, and Vietnamese.

It is now formally part of the patient and resident services offered at SVHM, where about 38.6 per cent of patients are born overseas.

**38.6%**

of SVHM patients are born overseas

## Working with consumers, carers and the community

SVHM involves consumers and community members in overseeing consumer engagement through the Community Advisory Committee (CAC).

This Committee is chaired by a consumer and comprises consumer and community members appointed by the CEO, along with SVHM management representatives.

The role of the CAC is to increase consumer, carer and community participation while promoting a culture within SVHM that recognises the importance of consumer, carer and community involvement in the planning, delivery and evaluation of SVHM's services. The overall aim of the Committee is centred on improving the patient experience and healthcare outcomes through enhanced consumer engagement.

## A new hub delivers urgent mental health care in ED

SVHM has opened a new state-of-the-art Mental Health and Alcohol and Other Drugs Hub located in the Emergency Department at its Fitzroy campus.

The Hub is one of six to be delivered across the State. It is a part of the Victorian Government's $32 million investment to better support Victorians experiencing urgent mental health, alcohol and other drug issues. The Hub Model integrates existing mental health and alcohol and other drug expertise with a new Emergency Medicine team in a six-bed, short-stay unit. It aims to enhance existing services, providing a safe and supportive space for around 8,000 people who attend the St Vincent's Emergency Department each year with urgent mental health, alcohol and other drug issues.

To complement the new Hub and improve workflows, the Emergency Department has also received funding to redesign the existing Behaviour Assessment Room (BAR) and Ambulance Bay.

The Hub will create an optimised model of care for the increasing number of Victorians requiring emergency care.

It is supported by an Emergency Medicine Hub Team, comprising multi-disciplinary clinicians and a specialist Mental Health and Lived Experience Team. The team provides a patients-first, trauma-informed approach for patients who present to the Emergency Department.

In addition to delivering the Hub, SVHM is committed to building on the work of the Victorian Royal Commission to transform mental health support. SVHM is working with internal and external partners to grow and expand its mental health and wellbeing services to ensure more specialist care when, and where it is needed.

This includes expanding its Hospital Outreach Post Suicide Engagement (HOPE) and Community programs and commencing an Addiction Psychiatry Service and a Personality Disorder specialist service.

## Action and inclusion for people with a disability

Improved disability awareness education and training for healthcare providers promotes inclusion, access and respect of diversity. SVHM is developing a patient-centred care learning package for new and emerging leaders which includes recognising and responding to diversity within ourselves, our community and our staff. Online learning modules, delivered in early 2022, have been successfully transitioned into face-to-face education, and are receiving extremely positive staff feedback.

**119**

vaccinations were delivered to socially isolated and vulnerable persons in their own homes

### Accessible services

To better meet the needs of people with disability, and provide them with timely access to COVID-19 vaccinations, the SVHM Disability Liaison Officer Program, in collaboration with the SVHM Mobile COVID-19 Immunisation Service, ran an In Home COVID-19 Vaccination Service between October 2021 and March 2022. This service was rapidly stood up when there were minimal alternative in-home options and 119 vaccinations were delivered to socially isolated and vulnerable persons in their own homes.

### Accessible facilities

More than 1.3 million Australian males experience incontinence and many men's public toilets do not have appropriate bins for disposal of used continence products. This often generates stress and can lead to withdrawal from community and adverse impacts on quality of life. In late 2021 the SVHM Continence service identified areas of high need within St Vincent's Fitzroy and St Georges. Sanitary disposal bins were installed in five men's toilets across the two campuses. Information on where to find these facilities, and other accessible toilets, is now available on the SVHM website.

## Improving workforce wellbeing and safety

An in-depth analysis of occupational violence and aggression in the acute mental health inpatient services has led to a cultural change in how the team manages patient care. The Systems Thinking Incident Review (STIR) tool draws on the problem-solving approach of SVHM, resulting in positive outcomes for staff and patient safety.

Since the implementation of the 35-point improvement plan staff injuries have reduced significantly. SVHM will now be a participant site in the Monash University trial transitioning the STIR tool to a mobile app that simplifies the STIR toolkit for use across industry workplace incident investigation.

## A shared understanding

SVHM's Lived Experience Workforce (LEW) is a growing but established workforce that includes roles across the Hospital, from addiction medicine and mental health to care coordination for those experiencing homelessness. SVHM now has 43 LEW positions across the organisation.

Most of the LEW is employed in the Hospital's mental health service, bringing the expertise of people with a lived experience to the delivery of recovery-based mental health care, a highly valued and core function. The LEW strengthens SVHM's ability to assist consumers and carers in achieving better outcomes in accordance with the Hospital's mission and values.

Lived experience work is recognised as a separate discipline within SVHM, one that has parity in value, respect, and resources with other disciplines. Lived experience expertise is drawn on at various levels, including service provision for consumers and carers and in clinical governance relating to service planning and development.

SVHM's Mental Health LEW Practice Framework & Development Strategy ensures consumers and carers can access the unique and necessary benefits of peer support and mental and physical health advocacy provided by this workforce.

## Year in Review

# Pride in our people


## ED doctors training Ukrainians to save lives

Two SVHM Emergency physicians have played a leading role in developing instructional videos that could save lives in the war in Ukraine.

Doctors Philip Ward and David McAroe (pictured above) scripted and helped produce a series of vignettes that guide Ukrainians on how to immediately treat war injuries such as gunshot wounds, amputation, shrapnel or stabbing bleeds and severe burns.

The videos, narrated by high-profile Ukrainian and British TV presenters Timur Miroshnychenko and Dan Snow, feature doctors and paramedics who demonstrate lifesaving first-aid techniques using readily available materials, including belts and plastic bags.

Shared widely across social media platforms including Instagram, Facebook, Twitter, YouTube and Telegram, the episodes are available in Ukrainian, Russian and English. The use of social media and digital technologies in this way is truly innovative, delivering vital information to those in need at the most critical moments with a global reach that will save lives.

The videos, an initiative of individual doctors and organisations, including Civilian Aid and Street Doctors, show how much impact the medical community can have when it works together.

## Update from St Vincent's Clinical School

With the support of SVHM, St Vincent's Clinical School saw minimal disruption in placements. Further work was undertaken to streamline course materials online and optimise placement time for years 2 to 4.

Particularly for the final years, the program has been redesigned for work-based training, and students have been embedded into the units for trainee intern clerkships. The Hospital has welcomed many of its students who have returned as interns.

In 2022, MD1 placements will restart, resulting in all four year levels on campus. The Hospital will also mark the commencement of the redesigned University of Melbourne MD course to ensure students are work-ready and have sound clinical research skills.

In 2024, the Clinical School will move from its current site on Regent St to the new Aikenhead Centre for Medical Discovery (ACMD) building. The students and staff will be based on the teaching floors, and the design of the spaces will allow students to learn, collaborate, and develop clinical skills in a state-of-the-art learning environment.

## Government backs SVHM student nurse model

The Registered Undergraduate Student of Nursing (RUSON) workforce has become integral to service provision throughout the pandemic in supporting SVHM nurses to deliver patient care. SVHM led the health sector with RUSON recruitment, enhancement of the RUSON role and scope, and the deployment of RUSONs within inpatient settings, including acute, sub-acute, residential aged care and the Emergency Department. SVHM's RUSON model has influenced the way in which RUSONs are utilised across the public sector, helping to ease existing workforce pressures.


# Pet therapy gain

Three-year-old Yorkshire terrier Macca is a long-standing member of SVHM's Pet Therapy Program, visiting wards around the Fitzroy campus each week to lift spirits. Macca's work was nationally recognised when he won the Top Dog in a Job category out of more than 500 nominees vying for the title at the OZ Top Dog 2021 competition.

## Year in Review

# Innovation in health

### Delivering care to the regions

Specialised care for older Victorians with cancer is now being provided through SVHM's newly established onco-geriatric service.

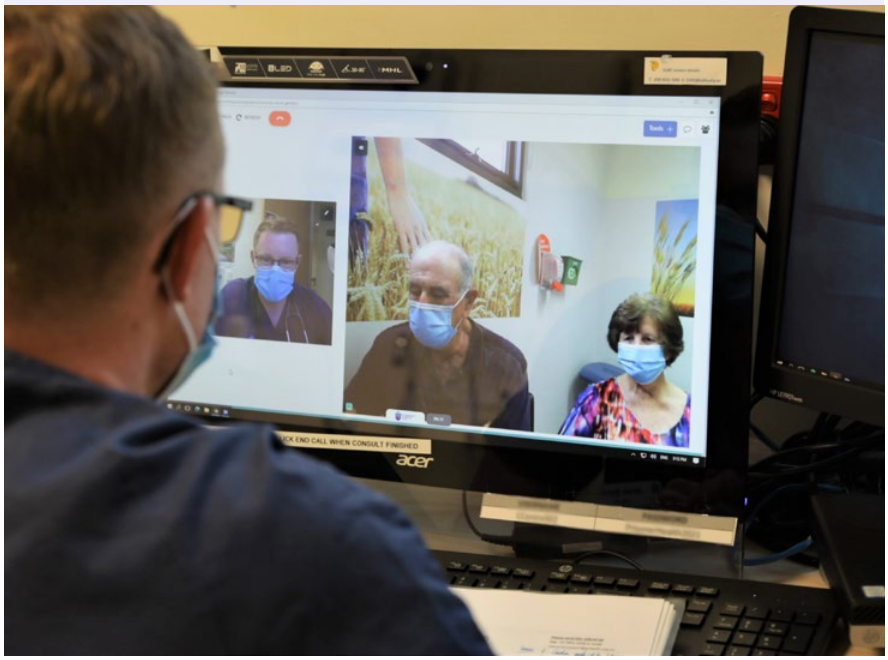
The service is one of the first of its kind in Victoria, delivering comprehensive assessments directly to patients in the Goulburn Valley.

Previously, Goulburn Valley residents had no access to this service locally and would either need to travel long distances or miss treatment altogether. Through telehealth appointments, they can access critical care much closer to home.

Operating from St Vincent's Cancer Centre, the clinic also offers face-to-face and telehealth consults for patients in Melbourne.

The team aims to improve outcomes by optimising patients' general health and assisting the patient and their oncologist with decisions about their cancer treatment.

This model of care is now recognised as best practice internationally, with research showing many improvements in patient care, including better prediction of treatment side-effects and the detection and management of problems that may not previously have been identified in routine cancer care.



### Elective surgery benefits from collaboration

SVHM worked closely with St Vincent's Private Hospital Melbourne to ensure ongoing care to elective surgery patients.

1,300 patients were treated over 18 months when regular theatre sessions were relocated across the three Private Hospital locations with many surgeons and anaesthetists able to continue operating during peak pandemic times.

**1,300**

elective surgery patients were treated over 18 months

## Transforming community-based care for arthritis patients

In most healthcare settings in Victoria and beyond, management of hip and knee osteoarthritis (OA) is based in the acute hospital setting with little integration of care with the community.

SVHM established the CARE (Community Arthritis Rehabilitation and Evaluation) project to develop and implement a transformative community-based model aimed at delivering timely, appropriate and integrated care for people with hip or knee OA, with a focus on reducing demand on clinics and potentially delaying or avoiding the need for surgery.

Key elements of the project included the development of multidisciplinary programs to provide integrated, comprehensive, non-surgical options for patients, all in a single location. The recognised four key domains of non-surgical management of hip and knee OA are exercise, education, weight management and pain management. Consumer representatives involved in the project assisted with all aspects of planning, as well as with the ongoing evaluation.

The project clinic was conducted over 16 months and demonstrated a 29-month decrease in wait times to be seen in orthopaedic outpatient clinics.

More than one-third of new patients took up the opportunity to plan their non-surgical management with a physiotherapist. Patient-based evaluation revealed that patients were highly satisfied with their care.

The CARE solution aligns strongly to SVHM's strategy and to our ongoing work to look outside the hospital walls to provide better access and care to all patients, ultimately decreasing the burden on the healthcare network. The CARE project was supported by the Department of Health Services Allied Health Innovation Grant 2019–2021.

## Integrated Respiratory and Palliative Care Service for patients with advanced lung disease

Chronic respiratory disease affects almost one-third of Australians, with chronic obstructive pulmonary disease (COPD) responsible for the majority of the disease burden.

Australia has one of the world's highest rates of hospitalisations for COPD, although approximately half are considered potentially preventable, with timely access to outpatient care (OPC). Patients with advanced COPD have an impaired quality of life due to heavy symptoms burden and frequent, but possibly preventable, hospital admissions. They also continue to face barriers to accessing specialist care, which could otherwise address these issues in the community.

In response, SVHM developed an integrated respiratory and palliative care service for patients with advanced lung disease. It provides disease-orientated care until the end-of-life, with seamless integration of early palliative care concepts such as symptom control and future care discussion, with both OPC and home visit (HV) capacity, particularly to those who face barriers accessing the clinic.

An evaluation revealed a significant decrease in acute hospitalisations – 46 per cent in OPC participants and 51 per cent of HV participants, with associated cost savings.

Consumer interviews further demonstrated the service's value. Through ongoing evaluation, the service continues to evolve, ensuring it meets the needs of those facing advanced disease. Alongside the integrated respiratory supportive care clinic, SVHM also provides integrated palliative care clinics for those with advanced cardiac, renal and liver disease. Short-term home visit capacity has expanded with the development of SVHM Palliative Care's Community Connect Service for patients with palliative needs specific to their condition, both at home and in residential aged care.

## The vital role played by our non-clinical responders during the pandemic

Since the beginning of COVID-19, SVHM's non-clinical teams have continued to provide behind-the-scenes support, acting as a backbone to the organisation through the most challenging times.

Staff have been introduced to new buildings, workforces and workflows to support the pandemic response across the Hospital's various sites.

SVHM's Food Services department provided part of this vital contribution, which produces more than 55,000 meals for St Vincent's patients each month. The demand of COVID-19 meant Food Services needed to introduce various initiatives throughout some of the hardest periods, including changing rosters to allow for COVID-safe spacing between staff as they worked, creation of 2,000 frozen meals to ensure continued meal supply for each site during times of emergency, and adapting to global food shortages.

**55,000**

meals for St Vincent's patients each month

## Year in Review

# The importance of research

## Closing the loop

A new clinical research trial led by Professor David O'Neal, Senior Endocrinologist at SVHM, has been awarded the highly sought-after Diabetes Australia Millennium Award – Type 1 Diabetes to help support the project.

This prestigious national award comes with $150,000 funding that will assist Professor O'Neal (above) and his team in progressing this vital research led by SVHM. The project hopes to show that an artificial pancreas can significantly improve health outcomes in people living with diabetes and advanced kidney disease.

Managing glucose levels in people with advanced kidney disease can be challenging and progression to dialysis can present further challenges.

A Closed Loop system, sometimes called an artificial pancreas, continuously monitors a person's glucose levels and then provides rapid-acting insulin to keep those levels within the target range.

Should this exciting new technology prove beneficial for people living with insulin-requiring diabetes and advanced renal disease, the new information generated could then be used to advocate for resources to reduce the burden imposed upon these vulnerable people who have some of the poorest quality of life.

Kidney disease is a common and debilitating diabetes-related complication. More than 270,000 Australians currently live with diabetes and kidney disease, some of whom will progress to advanced stages of the disease, including those requiring dialysis.

## Using AI to improve breast cancer screening

A research study exploring the use of artificial intelligence (AI) to analyse mammograms has earned the Clinical Director of St Vincent's BreastScreen this year's top accolade as Innovator of the Year at the Women in AI Awards Australia and New Zealand.

Adjunct Associate Professor Helen Frazer (above) received the prestigious award, along with winning the Health Category, for globally unique research she is leading that aims to improve the accuracy of breast cancer screening.

The project, known as BRAIx, is being jointly developed by St Vincent's Hospital Melbourne, St Vincent's Institute of Medical Research, BreastScreen Victoria, University of Melbourne and the Australian Institute of Machine Learning at the University of Adelaide, in partnership with the Aikenhead Centre for Medical Discovery (ACMD).

The new AI-based models being investigated aim to better detect cancer, lower unnecessary recalls to assessment, and improve timeliness, efficiency and participation. Ultimately, it is hoped this can provide a more effective and personalised breast screening service to women.

Through this research, the team hopes to demonstrate that using AI models will help reduce the occurrence of interval cancers that were not able to be detected at the time of screening. The research also aims to reduce the number of women recalled for assessment who are subsequently determined to not have cancer.

## Year in Review

# First Nations commitment

SVHM is deeply committed to promoting the health, wellbeing, and cultural safety of First Nations patients, staff, and visitors.

SVHM's annual investment in the Department of Health's Cultural Safety Grant funding is guided by domains set out in the Department's Cultural Safety Grant Guidelines, the improvement priorities identified by First Nations staff, and the commitments set out in St Vincent's Health Australia's (SVHA) Reconciliation Action Plan 2020–2023, and the SVHA Go Beyond Strategic Plan.

### AHLO service expansion

A reimagined seven-day service at SVHM with better referral pathways is improving cultural safety and access to healthcare for our First Nations patients.

The Aboriginal Hospital Liaison Service offers advocacy and cultural support to First Nations patients and their families as they navigate the health and social services they need.

St Vincent's clinical staff now have a new digital prioritisation pathway tool, which supports referrals to the Aboriginal Hospital Liaison Service by setting out the scope and target timeframes for care.

### Embedding cultural safety in our processes

SVHM works with Indigenous organisations, the Victorian Aboriginal Community Controlled Health Organisation, and Karabena Consulting to improve cultural safety. The collaborative project aims to understand what processes could be improved or done differently to integrate cultural safety throughout the Hospital.

The work has included reviews of policies and procedures, staff and patient experiences, past complaints, the physical environment, and patient admission data. SVHM has already received some recommendations from both organisations and has started work on implementation.

### Self-determination in action

Our First Nations staff are the experts in First Nations healthcare, bringing professional and personal experiences to the table. This expertise has been recognised through an inaugural planning day, where First Nations staff in identified positions had the opportunity to recommend organisational priorities for improvement. The 2022 planning day was held in a Yarning Circle format so that everyone had an equal chance to contribute and discuss key topics such as leadership, governance, co-design, and consultation with communities.

The design of the new Indigenous print on SVHM's hospital scrubs is a modern interpretation of traditional Dreaming stories created by Waripiri artist Theo (Faye) Nangala Hudson.

Theo, from the remote Northern Territory community of Nyirripi, has painted with the Aboriginal-owned art centre, Warlukurlangu Aboriginal Corporation at Yuendumu, since she was 13. The scrub design is of Pikilyi Jukurrpa (Vaughan Springs Dreaming) and tells the story of two rainbow serpents who live together as man and wife.

## Employment statistics

(as of 30 June 2022)

**92**
Indigenous staff members at St Vincent's Hospital Melbourne

**3**
Indigenous staff members at St Vincent's Private Hospital Melbourne

**3**
Indigenous scholarship recipients at St Vincent's Private Hospital Melbourne

### Accurate identification matters

The accurate identification of First Nations patients is important to ensure culturally safe and clinically appropriate care can be provided. Feedback showed many staff didn't understand why identification was important, which led to inconsistent and incorrect practice. To address this, SVHM led a continuous improvement project to ensure clerical staff ask every patient, every visit, whether they are of Aboriginal or Torres Strait Islander origin.

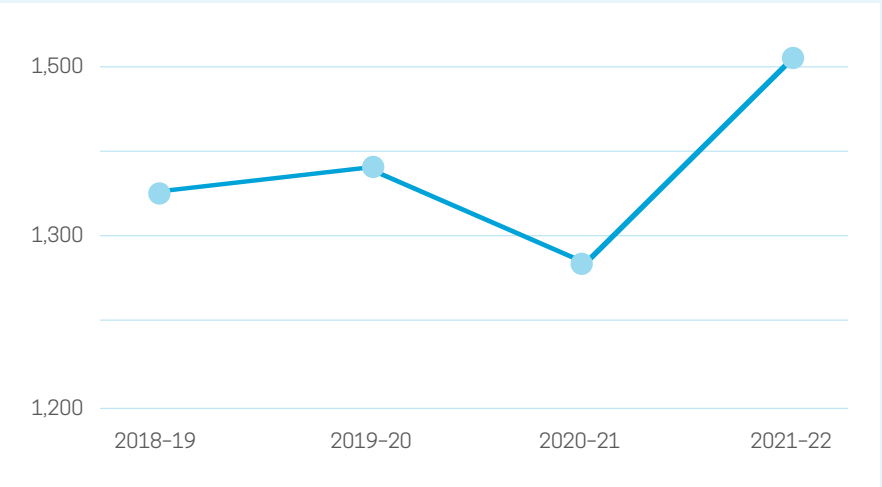
A staff working group amended relevant policies and produced an educational video to address the knowledge gaps identified by clerical staff. The education resources were piloted in the Emergency Department, Day Procedures Unit, and specialist clinics. Audits in these areas show that staff are now asking the question 100 per cent of the time. The education resources will now be introduced to more clinical areas.

| Identification question asked | Before education | After education |
|---|---|---|
| Emergency Department | 86% | 100% |
| Day Procedures Unit | 100% | 100% |
| Specialist Clinics | 0% | 100% |

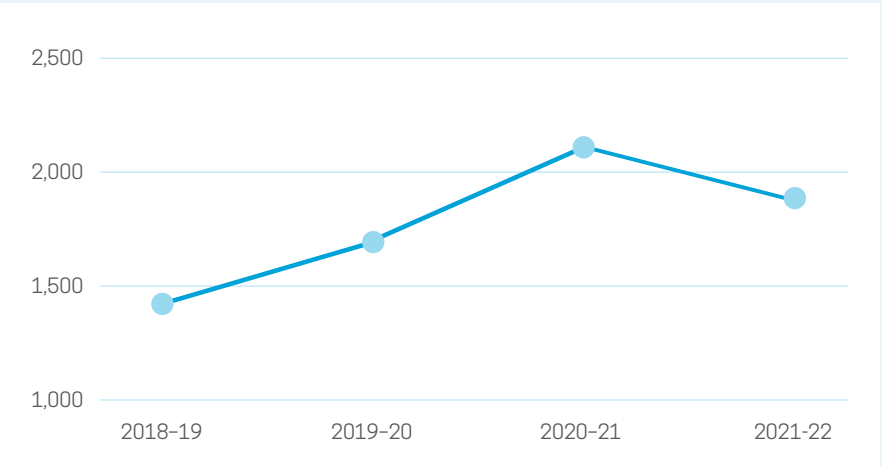
| Correct wording used | Before education | After education |
|---|---|---|
| Emergency Department | 61% | 80% |
| Day Procedures Unit | 0% | 100% |
| Specialist Clinics | Question not asked | 100% |

### Presentations of Aboriginal and Torres Strait Islander Patients

Inpatient admissions




Emergency Department presentations



## Year in Review

# Aikenhead Centre for Medical Discovery

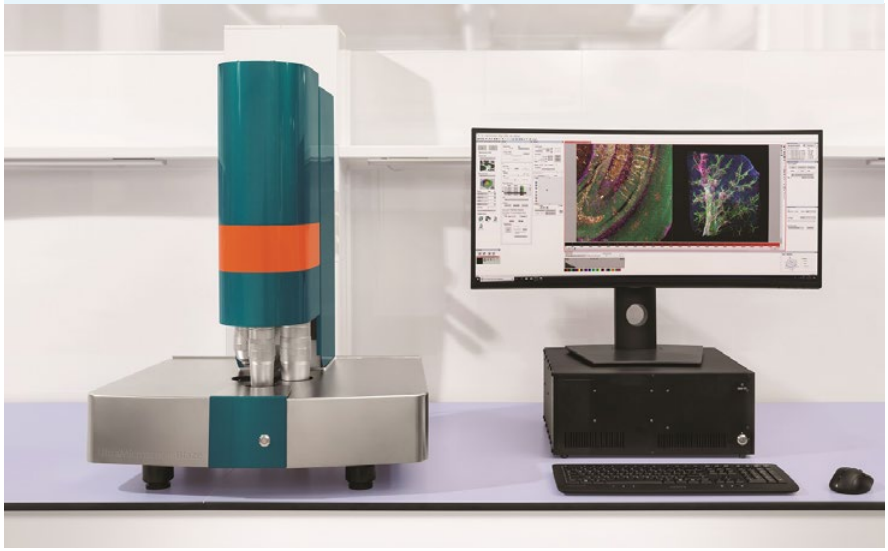
### The Ian Potter Foundation supports vital research

Charitable trusts and foundations play a vital role at SVHM by providing funding for equipment, life-changing medical research, and improved healthcare. This year, funding from trusts and foundations has exceeded $615,000.

A recent generous grant of $100,000 from The Ian Potter Foundation will enable the purchase of a microscope that will be the first of its kind in Australia.

The Ultramicroscope Blaze Light Sheet Microscope is a revolutionary 3D microscope that will equip research teams at the Aikenhead Centre for Medical Discovery (ACMD) to conduct world-leading microscopy research. It will enable researchers to visualise 3D engineered tissue such as nerves, cartilage and muscle without cutting tissue into thin sections, as required with standard microscopes. It will also allow the 3D tracking of cancer cells in large models to understand the interaction of drugs within a tumour. It will enable researchers to visualise 3D engineered tissue such as nerves, cartilage and muscle without needing to cut tissue into thin sections, which is required with standard microscopes. It will also allow the 3D tracking of cancer cells in large models to understand the interaction of drugs within a tumour.

By giving researchers access to high-resolution, 3D visual information from implants and tissues, this state-of-the-art microscope and analysis software will place the ACMD at the forefront of Australian biomedical engineering research.



### National Assembly gathers momentum

A group of high-profile Australians has thrown its support behind the Aikenhead Centre for Medical Discovery (ACMD), as the future of medicine.

Former Governors-General Sir Peter Cosgrove and Dame Quentin Bryce, and two-time Paralympian gold medallist and former soldier Curtis McGrath (pictured above) are among the ACMD National Assembly's founding members.

Their focused efforts will highlight the centre's strengths as a global medical innovator that fuses engineering and medicine to bring viable health solutions to life for patients suffering from chronic illness.

# Demolition underway to prepare for ACMD

Demolition of the Aikenhead Wing at SVHM is now underway in preparation for construction of the new Aikenhead Centre for Medical Discovery (ACMD).

Used for more than three decades as live-in accommodation for the Hospital's trainee nurses, the Aikenhead building will be reimagined as a home for medical innovation when the site is transformed for the new ACMD building – Australia's first, hospital-based biomedical engineering research centre.

A working model of ACMD has been operating on a modified scale at St Vincent's Fitzroy campus since 2016. The new building opens up significant opportunities to broaden ACMD's scope in device innovation and chronic disease management.

Specialised research, development and engineering areas with advanced capabilities will form part of the new ACMD building. The design will include 3D printing laboratories, a human kinetics lab, special insulated rooms that enable the development of sensitive hearing and vision technologies, engineering workshops to produce medical device prototypes and robotics, as well as collaborative spaces for students and researchers.

Another unique highlight is the education centre that will be embedded within ACMD. The new purpose-built Centre will allow the translational research done through ACMD to grow rapidly. It will extend the valuable work already underway to fast-track vital medical research, so it can be used to help patients sooner.

The Centre brings together leading universities, research institutes, a tertiary hospital and major industry partners to collaborate on medical research. In a premier position on the northern edge of the CBD, the new $206 million building will overlook the Carlton Gardens and Royal Exhibition Building.

## Year in Review

# Built on a strong Foundation

## Supporting our nurses

When the influx of COVID-19 cases started to put pressure on SVHM's teams back in August 2021, the St Vincent's Foundation reached out to its donor community, seeking help to purchase vital equipment to support the Hospital's nurses.

The response was overwhelming. Thanks to generous donors, more than $387,000 was raised for the Emergency Appeal. Corporate partners also contributed $85,000 in gifts and cash to the campaign.

This collective support has been used to purchase essential equipment, including computers on wheels for the nursing teams, iPads, automated defibrillators, and vital-signs monitors.

The Hospital is hugely grateful for the outpouring of support received from SVHM's family of donors. It validates the exceptional and compassionate care that the Hospital's nurses provide to their patients daily.

**$387k**

was raised for the Emergency Appeal

## New team members join The Foundation

In December 2021, the St Vincent's Foundation team said a fond farewell to Chief Executive Officer (CEO) Lyn Amy. Lyn brought passion, commitment, and exceptional leadership to the Foundation, especially during the incredibly challenging times throughout the height of the COVID-19 pandemic.

Sue Parkes joined the team in May 2022 as the new Foundation CEO. Sue has a wealth of fundraising experience in the health and community services sectors. Her impressive career includes seven years as Director of Cabrini Foundation. In this role, she led a major capital-raising campaign, which raised more than $40 million for Cabrini Health.

The Foundation has also welcomed a new Deputy Director, Rebecca MacFarling, and Capital Campaign Director for the St Vincent's Private Hospital Fitzroy redevelopment project, Cameron Smith. Rebecca has worked as a marketer and fundraiser in the corporate, arts and culture, and international development sectors. Cameron has more than 25 years of experience in the non-profit sector across healthcare, corporate and government relations, and social justice.

## A genuinely lasting legacy

A former patient of SVHM, Monica Ryan, has left an exceptionally generous gift in her will, donating the proceeds from the sale of her home and estate of more than $1.5 million.

Monica (pictured above) owned, ran and lived above an antiques and record store on Smith Street, Fitzroy, until the 1990s. She was known for being strong-willed with a dry, quick and clever sense of humour. Monica's greatest loves were her animals and the Collingwood Football Club.

In her early nineties, Monica became unwell. She was cared for by her neighbourhood friends, SVHM, and Melbourne City Mission Palliative Care. On 16 March 2020, aged 92, Monica died in her home with music, friends and her cat beside her.

The inspiration behind her generous gift to SVHM was that her values aligned with the Hospital's mission to care for everyone, especially the poor and vulnerable.

By including St Vincent's Hospital Melbourne in your will, you play an essential part in contributing to the Hospital's future.

## Life-saving breast screening equipment

Breast cancer can affect all women: wives, mothers, sisters and friends. It is the most common cancer in Australian women and the second most common cause of cancer death.

A brand-new 3D mammography and advanced ultrasound machine provide patients of St Vincent's Breast Cancer Services with improved and enhanced breast assessment. These machines increase the ability of the breast care team to detect breast cancer earlier.

The equipment was able to be purchased thanks to an outpouring of support from generous donors when it was found the existing 2D mammography unit was nearing the end of its life.

The support from SVHM's generous donors has enabled Breast Cancer Services to provide state-of-the-art diagnostic equipment to all its patients.

# Year in Review

## The 2022 Sisterhood event raises $60,000 for mental health

The Sisterhood of St Vincent's is a network of dedicated women supporting women's health issues and women in health, science, and engineering.

After a two-year hiatus, the Foundation was thrilled to welcome back the Sisterhood of St Vincent's Lunchtime Gala. It was a spectacular event filled with so many incredibly glamorous supporters.

Special mentions include the fabulous event MC, Amber Petty, and genuinely inspirational Guest Speaker, Jelena Dokic, who wowed the audience.

The event raised $60,000 for the St Vincent's Addiction Medicine and Mental Health's Extending Community Healthcare Outcomes (ECHO) program.

## Bank First supports St Vincent's nurses

Through its Community Fund, Bank First has supported SVHM's nurses by providing five scholarships valued at $3,000 each. The staff scholarships program helps St Vincent's post-graduate nursing staff by creating opportunities for future healthcare leaders.

Simone Van Veen, Bank First Chief Member Officer, said, "Bank First was born 50 years ago out of a desire to support those who support others in our community. I am delighted that we can partner with St Vincent's Hospital Melbourne in this wonderful program. We look forward to seeing this program flourish in the years ahead. Thank you to the many applicants and congratulations to our inaugural recipients."

## The new Caritas Christi facility opens its doors with renewed strength

St Vincent's Caritas Christi Palliative Care Service has returned to Kew in a new purpose-built facility that will provide palliative and end-of-life support for patients and their families.

Founded in 1938 by the Sisters of Charity, Caritas Christi has offered palliative care to the Victorian community for more than 80 years and is the largest and best-known provider of palliative and supportive care in the state.

Increased demand for this service and the ageing infrastructure saw a pressing need to rebuild the existing facility.

Co-located with the St Vincent's Care Services Residential Aged Care facility, the new and expanded 26-bed inpatient palliative care unit was opened in September 2021 and offers 24-hour specialist palliative care, consultancy services, an ambulatory care hub, as well as education, training and research areas.

The facility is staffed by a dedicated team of doctors, nurses, pharmacists, dieticians, music and art therapists, psychologists, psychiatrists, social workers, physiotherapists, occupational therapists, speech pathologists, pastoral care workers and a strong network of volunteers.

This redevelopment project has been generously funded by families of past patients and the community.

# Dry July

For the past nine years, staff, supporters, family members and friends have opted to give up alcohol throughout July to raise funds for people affected by cancer who are treated at SVHM. More than $530,000 has been raised through the Dry July campaign.

Dry July helps patients like 39-year-old Nick Capper (right), whose life was irreversibly changed by testicular cancer. Since being diagnosed, he has undergone treatment at SVHM.

Dry July participants and donors help ensure SVHM's cancer patients and their families have access to practical, tangible support.

## Our Supporters

# Thank you to our supporters

We are so grateful for the support we receive from individuals, community groups and organisations. St Vincent's Foundation, staff, patients, and volunteers sincerely appreciate everyone who has contributed over the past 12 months. We would like to particularly acknowledge the following significant contributors:

## Donors

- 13cabs
- Ms Ronda Acquaro
- Alfred Noel Curphey Bequest
- Mr Ben Allsop
- Mr Nils Anderson
- Mr Marino Angelini
- Animade
- Australian Unity Trustees Foundation: Joyce Katherine Granger Sub-Fund
- Mr Milan Bajic
- Bank First
- Dr Anthony and Mrs Meg Bartel
- Beverly Cartlidge Estate
- Mr Colin Bourke
- Mr Edward Brasser
- Brookfield Properties Pty Ltd
- Mr Joe Buckley
- Mr Kevin P Burke
- Ms Judi Byrne
- Mr Andrew and Mrs Therese Case
- Mrs Rose-Mary Cassin
- Mrs Domenica Cavaliere
- Mrs Suan Chan
- Mrs Joan Chappell
- Miss Rita Charchar
- Ms Patti Charlton
- Mr Alan and Mrs Thai Chuy
- Mrs Maureen Coomber
- Mr Robert Croft
- Cue Clothing Co.
- Ms Gael Danaher
- Mrs Lis de Groot
- Mr Peter de Rauch OAM and Mrs Patricia de Rauch
- Mrs Blandine Dent
- Ms Suwanee Dharmalingam
- Mrs Sandra Di Francesco
- Diabetes Australia
- Dr Matthew Digby
- Mr Adrian and Ms Shanesse Doria
- Dry July Foundation
- Mrs Barbara Earls
- Edith Jean Elizabeth Beggs Charitable Trust
- Ernest and Letitia Wears Memorial Trust
- Estate of Alfred Dehnert
- Estate of Donald George Shepherd
- Estate of Elgin Mary Gordon
- Estate of Henry Herbert Yoffa
- Estate of Herbert William Hampton
- Estate of Horatio R C McWilliams
- Estate of Irene Chryssanthou
- Estate of James McConnell Kerr Trust
- Estate of John Mackie
- Estate of Leo Byrne Halpin
- Estate of Margaret Pamela Pralle
- Estate of Margaret Rose Soper
- Estate of Mary Javornik
- Estate of Monica Irene Ryan
- Estate of Muriel Bradley
- Estate of Patrick Aloysius Foley Trust
- Estate of Raymond Andreola
- Estate of Raymond Walter Patrick Barry
- Estate of Ronald Laurence White
- Estate of Sarah Catherine Foster
- Estate of Stanko Milos
- Estate of Stella Conway
- Estate of Valenia Frances Green
- F & J Ryan Foundation
- Father Kevin Broderick Memorial Trust
- Mr Bruce and Mrs Sue Fletcher
- Ms Christine Forsey
- Mr Richard Freyer
- Mr Nicholas and Mrs Kerry Galante
- Mr Vincent Gawne
- Mr Rene Gehrig
- Gilead Sciences
- Mr Rob Gould
- Ms Geraldine Grimmett
- Mr Hamish Guthrie
- Harold and Cora Brennen Benevolent Trust, managed by Equity Trustees
- Mr Michael Hartnett
- Mr Clinton Hayes
- Mr Geoffrey Heeley
- Henry & Cecilia Foundation
- HESTA Australia
- Dr Ian Hewson OAM

- Mrs Karen and Mr Keith Hitchen
- Alfred Henry Hughes
- Mr Peter and Mrs Mandy Hui
- A Hutchinson
- Ms Kathleen Johnston AM
- Ms Edwina Kearney
- Mr Andrew Keov
- Ms Kathy Kha & Mrs Ngan To Trinh
- Mr Boo Khoo
- Ms Maria Kirkwood
- Mr Michael Kotsanis and Ms Marika Hammarstrom
- Mrs Dinah Krongold
- Mr Pat La Manna OAM and Mrs Helen La Manna
- Ms Pam Lamaro
- Mrs Diana Lay
- Ms Duoc Le
- Mr Minh Le
- Mrs Ellen and Mr James Lew
- Mrs Margaret Lightfoot
- Mr Paul Lightfoot
- Ms Chelsea Loerand and Mr Brock McAvaney
- Mr Seng Kit Loo
- Lord Mayor's Charitable Foundation
- Mrs Karin MacNab
- Magistrates Court of Victoria – Broadmeadows
- Mr Cat Xuan Mai
- Mr Garry Manning and Ms Diane Brocklesby
- Mr Jamis March
- Dr Penelope Martin
- Mazda Foundation
- Mrs Grazia McKinnon
- Medical Research Future Fund
- Melbourne Academic Centre for Health
- Dr James Mitchell and Mr Jason Bright
- Ms Teresa Molella
- Mrs Julie and Mr Mark Morrison
- Muriel M Batten Foundation and Leslie T Batten Foundation
- Mr Vincent Murphy
- Mr Malcolm Nagorcka
- Professor Harshal and Mrs Dee Nandurkar
- Nelson Alexander Real Estate
- Ms Lois Neumann
- Ms Kim Ngo
- Ms Claudia Nguyen
- Mr Daniel Nguyen
- Miss Jenny Nguyen
- Mrs Ma Thi Nguyen
- Mr Nam and Mrs Kim Cuc Nguyen
- Mr Phuong Nguyen
- Mr Michael and Mrs Wilhelmina O'Callaghan
- One Ethos
- Mr Denis O'Neill
- Dr Jonathan Orelowitz
- Ms Georgia Papadopoulos
- Patricia Spry-Bailey Charitable Foundation
- Dr Thomas S Peat and Dr Janet Newman
- Professor David Penington AC
- Pepe-Gurry Foundation
- Percy Baxter Charitable Trust
- Mr Russell Peters
- Mr Leon Pettifer
- Ms Pavla Pilcova and Mr Martin Simons
- Mr Bruno Pilotto
- Miss Teresa Plazzer
- Richmond Trading
- Robert Croft Fund (a Charitable Fund Account of Lord Mayor's Charitable Foundation)
- Mr Tony Roberts and Ms Joanne Benney
- Mr Neil Robertson
- Mr Peter and Mrs Susan Rogan
- Mr Tim Rolfe
- Mr Robert Ross
- Royal Australasian College of Surgeons
- Mr Peter Russell
- Mrs Lois Saleeba
- Schiavello Charitable Foundation
- Mr Michael Sinclair
- SmartSalary
- Mrs Jenny Son
- Ms Wendy Sowler
- Mr Neil Spitzer
- Mr Philip Spry-Bailey AO and Mrs Carolyn Spry-Bailey
- Mr Ray and Mrs Lelia Stella
- Syd & Ann Wellard Perpetual Trust, managed by Equity Trustees
- Ms Jenny Tatchell
- Mr Colin Teese
- The CASS Foundation
- The Doris & Rupert Joseph Charitable Trust
- The Eirene Lucas Foundation
- The Gross Foundation
- The Ian Potter Foundation
- The Killen Family Foundation, managed by Equity Trustees
- The Mary McGregor Trust
- The Mary Thelma Simpson Charitable Trust
- The Varney Foundation
- The William & Aileen Walsh Trust
- The William and Mary Ievers and Sons Maintenance Fund
- The William Angliss (Victoria) Charitable Fund
- Mr Nick Toll
- Ms Joanna Toomey
- Dr Kathy Traianedes and Dr Stephen Livesey
- Mr Tuan and Mrs Dianne Tran
- Mr Van Duc Tran
- Mrs Dianne and Mr Tuan Tran
- Tyrrell Family
- Ms Leanne Vassallo
- Mr Cornelis Versteden
- W.E. & M.E. Flanagan Trust
- Mrs Colleen Walker
- Mr Martin Ward
- Mr Tim Ward
- Dr Amanda Watson
- Alpha Magnetics
- West Coburg Bowls Club
- Mr Denis Wheelahan
- Ms Karen Wilde
- William Joseph Payne Trust, managed by Equity Trustees
- Ms Barbara Williams
- Mrs Maxine and Mr Ken Williams
- Windermere Foundation Ltd
- Mr Ning-Po Yeung
- Mr Dennis Young

## Gift in Kind Supporters

- Almitas Group
- Barre Body
- Cygnett Australia
- Ego Pharmaceuticals Pty Ltd
- GAMA Healthcare Australia
- Gorman Clothing
- Iconic Food Distribution Pty Ltd
- Kez's Kitchen
- McCain Foods
- Nandos Retail Store
- Remedy Drinks
- Rotary Club of Elsternwick
- SoulFresh
- The Handmade Food Co.
- Tilnak Photographic Fine Art & Education
- UNIQLO (Australia) Pty Ltd
- Winners Sports Nutrition

# Report of Operations

# Summary Financial Results

| | 2022* $'000s | 2021* $'000s | 2020* $'000s | 2019* $'000s | 2018* $'000s |
|---|---|---|---|---|---|
| Total revenue ^ | 1,001,436 | 924,452 | 851,125 | 790,084 | 771,242 |
| Total expenses ^ | 980,157 | 904,800 | 835,202 | 787,863 | 771,165 |
| Net result from transactions | 21,279 | 19,652 | 15,923 | 2,221 | 77 |
| Total other economic flows | (2,459) | 12,280 | (4,047) | (3,392) | (736) |
| Net result | 18,820 | 31,932 | 11,876 | (1,171) | (659) |
| Total assets | 548,810 | 474,694 | 428,244 | 336,070 | 329,980 |
| Total liabilities | 397,736 | 342,900 | 328,440 | 248,486 | 241,209 |
| **Net assets/Total equity** | **151,074** | **131,794** | **99,804** | **87,584** | **88,771** |

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

* Incorporates share of Victorian Comprehensive Cancer Centre joint venture

| | 2022 $'000s |
|---|---|
| Net operating result | 793 |
| Capital and specific items | |
| Capital purpose income | 59,180 |
| COVID-19 state supply arrangements | |
| ▪ Assets received free of charge or for nil consideration under the State Supply Arrangements | 7,081 |
| State supply items consumed up to 30 June 2022 | (7,074) |
| Assets provided free of charge | - |
| Assets received free of charge | 207 |
| Expenditure for capital purpose | (2,398) |
| Depreciation and amortisation | (35,587) |
| Impairment of non-financial assets | - |
| Finance costs (other) | (922) |
| **Net result from transactions** | **21,279** |

## Summary of Significant Change in Financial Position

There have been no significant changes in the Hospital's state of affairs during the financial year, with exception of the COVID-19 response.

## Operational and Financial Performance

St Vincent's Hospital Melbourne delivered an operational gain of $793,000 before capital income and expenses. After including capital income and expenses and other economic flows, the net entity result was a gain of $18,820,000. Movement in total equity includes the net equity result and a revaluation adjustment for cultural assets of $460,000.

## Subsequent Events

There has been no matter or circumstance which has arisen since 30 June 2022 that has significantly affected, or may affect:

**a.** The operations, in financial years subsequent to 30 June 2022, 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 2022, of St Vincent's Hospital Melbourne.

## Consultancies

### Details of consultancies (valued under $10,000)

In 2021-22, there were 19 consultancies where the total fees payable to the consultants were less than $10,000. The total expenditure incurred during 2021-22 in relation to these consultancies is $94,330 (excluding GST).

### Details of consultancies (valued at $10,000 or greater)

In 2021-22 there were 10 consultancies where the total fees payable to the consultants were $10,000 or greater. The total expenditure incurred during 2021-22 in relation to these consultancies is $1,258,320 (excluding GST). Details of individual consultancies are listed below.

| Consultant | Purpose of consultancy | Start date | End date | Total approved project fee $ | Expenditure 2021-2022 (Ex GST) $ | Future expenditure $ |
|---|---|---|---|---|---|---|
| Deloitte | Laboratory Pathology Automation | Apr-22 | May-22 | 38,443 | 38,443 | Nil |
| Matthew Grant | Primary Care at the end of life project | Jul-21 | Jul-21 | 13,440 | 13,440 | Nil |
| Karabena Consulting | Aboriginal Cultural Safety Project | Jul-21 | Jun-22 | 656,791 | 656,791 | Nil |
| Kinnect Pty Ltd | Respirator Fit Testing | Jul-21 | Dec-21 | 288,743 | 288,743 | Nil |
| Linda Espie | Staff Counselling sessions Workforce Wellbeing Program | Jun-22 | Jun-22 | 46,996 | 46,996 | Nil |
| Paula Mitchell | Fatigue management and solutions | May-22 | Jun-22 | 23,200 | 23,200 | Nil |
| Property & Strata Group | Laboratory Pathology Automation | Apr-22 | May-22 | 53,000 | 53,000 | Nil |
| PWC | ED and DCCM model of care development project | Mar-22 | May-22 | 65,000 | 65,000 | Nil |
| Sarah Stevens-Jones | St Vincent's Foundation marketing strategy and design | Nov-21 | Nov-21 | 17,000 | 17,000 | Nil |
| Six O'clock Advisory | Various communication plans | May-22 | Jun-22 | 42,208 | 42,208 | Nil |
| SK consulting | VTMH service development work | Jul-21 | Jul-21 | 13,500 | 13,500 | Nil |

# Information and Communication Technology (ICT) Expenditure

The total Information and communication technology (ICT) expenditure incurred during 2021-2022 is [BAU plus non-BAU] million (excluding GST) with the details shown below:

| Business as Usual ICT expenditure | Non-Business as Usual ICT expenditure | | |
|---|---|---|---|
| Total (excluding GST) | Total = Operational expenditure and Capital expenditure (excluding GST) | Operational expenditure (excluding GST) | Capital expenditure (excluding GST) |
| **$9.1 million** | **$4.3 million** | **$0.9 million** | **$3.4 million** |

# Workforce Data

SVHM 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.

| | June Current Month FTE* | | June YTD FTE** | |
|---|---|---|---|---|
| **Labour Category** | **2022** | **2021** | **2022** | **2021** |
| Nursing | 1,842 | 1,796 | 1,848 | 1,696 |
| Administration and Clerical | 738 | 744 | 771 | 684 |
| Medical Support | 292 | 305 | 301 | 291 |
| Hotel and Allied Services | 657 | 643 | 653 | 637 |
| Medical Officers | 78 | 78 | 79 | 83 |
| Hospital Medical Officers | 476 | 431 | 461 | 428 |
| Sessional Clinicians | 187 | 177 | 183 | 162 |
| Ancillary Staff (Allied Health) | 508 | 511 | 506 | 502 |
| **Total** | **4,778** | **4,685** | **4,802** | **4,483** |

* FTE – full-time equivalent positions

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

Employees have been correctly classified in workforce data collections.

# Occupational Health and Safety (OHS) Achievement

Actions to prevent the spread of COVID-19 in the workplace continued to evolve as information about the virus became available. The Hospital focused on five key factors during 2021-2022 to prevent the transmission to staff. The Wellbeing Strategy to provide support for infected, quarantined, frontline and home-based workers continued. As the numbers of staff requiring this support dropped towards the end of the year a greater focus was placed on psychological recovery for staff.

2021-2022 has seen a shift in staff safety issues. Psychological injuries have increased. Fatigue is being reported by staff. There was decreased reporting of safety incidents where there was no harm.

The actions from the OHS Management System Audit against AS45001 undertaken in May 2021 have been completed.

Manual Handling injuries were the highest injury reported. These have not increased, rather, injuries reported from occupational violence have decreased. A substantial project was commenced identifying systemic problems leading to occupational violence injuries in our mental health unit.

| Incident and WorkCover statistics | 2021-22 | 2020-21 | 2019-20 | Comments on variance |
|---|---|---|---|---|
| Reported Hazards/ Incidents per 100 FTE | 34.39 | 46.13 | 39.91 | A decrease in reporting due to reduced reporting of incidents without harm and hazards. |
| 'Lost Time' Standard Claims per 100 FTE | 0.82 | 0.89 | 0.68 | The rate of LTIs has been higher during the COVID pandemic. |
| Average Cost of WorkCover Claims for the year | $111,914 | $57,900 | $82,610 | There has been an increase in psychological claims that carry a higher statistical claims estimate and therefore claims costs. |

## Occupational Violence

| Occupational violence statistics | 2021-22 |
|---|---|
| Workcover accepted claims with an occupational violence cause per 100 FTE | 0.08 |
| Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked | 0.4 |
| Number of occupational violence incidents reported | 458 |
| Number of occupational violence incidents reported per 100 FTE | 9.59 |
| Percentage of occupational violence incidents resulting in a staff injury, illness or condition | 16.15% |

### Definitions of occupational violence

- **Occupational violence** – any incident where an employee is abused, threatened or assaulted in circumstances arising out of, or in the course of their employment.
- **Incident** – an event or circumstance that could result in, or did result in, harm to an employee. Incidents of all severity rating must be included. Code Grey reporting is not included, however, if an incident occurs during the course of a planned or unplanned Code Grey, the incident is included.
- **Accepted WorkCover claims** – accepted WorkCover claims that were lodged in 2021-22.
- **Lost time** – is defined as greater than one day.
- **Injury, illness or condition** – this includes all reported harm as a result of the incident, regardless of whether the employee required time off or submitted a claim.

# Building and Maintenance Compliance

## Essential Services Maintenance

Essential services are maintained in accordance with AS 1851-2005 by ARA Fire Protection Pty Ltd, as required by building regulations. Annual 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 & 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

- SVHM certifies the following compliance with its buildings:
- All existing buildings have valid approvals and certifications to operate based on their intended purposes;
- Works under planning and construction are subject to the standards, compliance and approvals of statutory authorities;
- The Hospital has an up-to-date management plan to address pre-existing asbestos and hazardous materials found within buildings;
- The Hospital is working with DoH to risk assess and cost the implications of non-compliant cladding materials on the main Hospital building. In the interim, the Hospital has ensured that all major risks are mitigated, and;
- St Vincent's has undertaken a five-yearly fire audit under DoH Capital Guidelines and is implementing recommendations to achieve required fire safety standards.

## General Maintenance

SVHM 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.

SVHM, through the Engineering Department, uses *Pulse* (formerly known as BEIMS) facilities management software to manage preventative and reactive maintenance activities. As far as practicable, all maintenance schedules and regimes are based on DA 19 and pertinent Australian Standards and Department guidelines.

An independent review and update of Asset Condition and Building and Fabric 2016 report commenced in May 2022. The findings will identify and prioritise Asset, Building and Fabric elements and assist with the ongoing management of the Asset Renewal program.

SVHM has a periodic regime in place to inspect the condition of the external building facades and to address any pressing issues that are subsequently found.

## New and Current Projects:

- Aikenhead Building demolition and ACMD preconstruction planning works $160M
- New Alcohol and Other Drugs (AOD) and Mental Health Hub at IPS $3.7M
- New Behavioural Assessment Room and Triage Renovations at Emergency Department $0.6M
- Replacement of Aluminium Composite Panel (ACP) cladding at IPS Stage 2 works $1.8M
- Chiller optimisation and AHU motor/fan replacement works at IPS $0.25M
- Upgrade of back of house lift car doors, flooring and lighting $0.3M
- Replacement of fire panels at Devonshire House and Microsurgery buildings $0.3M
- Renovations of IPS patient en suites at $0.15M
- Renovations at Cardiac Intervention Unit Lab 1 at IPS $0.15M
- Façade repair works at Healy $0.1M
- IPS pan washer replacement strategy at $0.2M
- Renovations and replacement of MRI 3 at Healy at $0.1M
- Covid Triage marquees for Emergency Department and Ambulance Victoria $0.2M
- Other building and renovation works in response to Covid19 $0.2M
- Residential Aged Care Riverside House $1.05M
- Residential Aged Care Cambridge House $0.81M
- Residential Aged Care Auburn House $0.98M
- 5 Yearly Fire Audit $0.7M
- IPS, GF Stem Cell $0.4M
- IPS, GF, Breast Screen Mammo room $0.1M
- Mental Health Sexual Safety Program $0.4M
- Daly, L4/7 Flooring $0.1M

## Key Projects Commenced during 2021-22 and Works in Progress at 30 June 2022 include:

- Cogeneration Decommissioning VHSBA/DHHS initiative $2M
- Additional Diesel Generator Installation Concept and Feasibility $0.6M
- COVID Response ISOPOD level 9 $0.2M
- COVID Response Isolation installation of glass partitions $0.2M
- Mechanical switchboard replacement program
- Mental Health VHSBA/DHHS funded program; Doors replacement $0.36M Nurses base $0.3M
- Cambridge and Riverside – decommissioning of aged care sites VHSBA/DHHS
- Bolte Wing Level 2 refurbishment and Relocation Rehab and GEM into Bolte Wing from SVoP $0.65M
- MRI installation no 2

# Sustainability and Environmental Performance

SVHM maintains its commitment to improving environmental sustainability by encouraging environmentally aware practice, investing in energy efficient infrastructure and maintaining targets for improved sustainability. An Environmental Sustainability Plan is in place to support this work.

SVHM has adopted St Vincent's Health Australia's National Energy Action Plan (NEAP) to drive a cohesive and coordinated approach to delivering major reductions in our total electricity use, through selective application of energy efficiency technologies.

The installation of solar cells provides additional energy, and the chiller optimisation continues to provide ongoing energy savings.

The COVID-19 pandemic has led to an increase in clinical waste across the sector, as well as the need for SVHM to operate additional sites in order to meet the needs of the community. This has limited the ability of SVHM to progress some of its environmental and sustainability initiatives this year.

# Environmental Report

## Greenhouse Gas Emissions

| Total greenhouse gas emissions (tonnes $CO^2e$) | 2021-2022 | 2020-2021 | 2019-2020 |
|---|---|---|---|
| Scope 1 | 11,758 | 3,753 | 2,026 |
| Scope 2 | 29,313 | 37,165 | 30,771 |
| **Total** | **41,071** | **40,919** | **32,797** |

| Normalised greenhouse gas emissions | 2021-2022 | 2020-2021 | 2019-2020 |
|---|---|---|---|
| Emissions per unit of floor space ($kgCO^2e/m^2$) | 192 | 192 | 186 |
| Emissions per unit of Separations ($kgCO^2e$/Separations) | 619 | 654 | 523 |
| Emissions per unit of bed-day (LOS+Aged Care OBD) ($kgCO^2e$/OBD) | 172 | 175 | 138 |

## Stationary Energy

| Total stationary energy purchased by energy type (GJ) | 2021-2022 | 2020-2021 | 2019-2020 |
|---|---|---|---|
| Cogen Electricity | 8,100 | 22,808 | 18,200 |
| Diesel Oil in Buildings | 58 | 120 | N/A |
| Electricity | 103,489 | 99,468 | 77,848 |
| Natural Gas | 222,101 | 66,627 | 31,918 |
| Steam | 28,945 | 93,800 | 93,787 |
| **Total** | **362,693** | **282,823** | **221,753** |

| Normalised stationary energy consumption | 2021-2022 | 2020-2021 | 2019-2020 |
|---|---|---|---|
| Energy per unit of floor space ($GJ/m^2$) | 1.70 | 1.33 | 1.26 |
| Energy per unit of Separations (GJ/Separations) | 5.46 | 4.52 | 3.54 |
| Energy per unit of bed-day (LOS+Aged Care OBD) (GJ/OBD) | 1.52 | 1.21 | 0.93 |

## Embedded Generation

| Total embedded stationary energy generated by energy type (GJ) | 2021-2022 | 2020-2021 | 2019-2020 |
|---|---|---|---|
| Cogen Electricity (Embedded) | 11,586 | N/A | N/A |
| Steam (Embedded) | 68,523 | N/A | N/A |
| **Total** | **80,109** | **N/A** | **N/A** |

| Normalised embedded generation | 2021-2022 | 2020-2021 | 2019-2020 |
|---|---|---|---|
| Embedded generation per unit of floor space ($GJ/m^2$) | 0.38 | N/A | N/A |
| Embedded generation per unit of Separations (GJ/Separations) | 1.21 | N/A | N/A |
| Embedded generation per unit of bed-day (LOS+Aged Care OBD) (GJ/OBD) | 0.34 | N/A | N/A |

## Water

| Total water consumption by type (kL) | 2021-2022 | 2020-2021 | 2019-2020 |
|---|---|---|---|
| Potable Water | 133,687 | 138,868 | 160,835 |
| **Total** | **133,687** | **138,868** | **160,835** |

| Normalised water consumption (Potable + Class A) | 2021-2022 | 2020-2021 | 2019-2020 |
|---|---|---|---|
| Water per unit of floor space (kL/m2) | 0.63 | 0.65 | 0.91 |
| Water per unit of Separations (kL/Separations) | 2.01 | 2.22 | 2.57 |
| Water per unit of bed-day (LOS+Aged Care OBD) (kL/OBD) | 0.56 | 0.59 | 0.67 |

## Waste And Recycling

| Waste | 2021-2022 | 2020-2021 | 2019-2020 |
|---|---|---|---|
| Total waste generated (kg clinical waste+kg general waste+kg recycling waste) | 1,641,774 | 1,629,278 | 1,555,196 |
| Total waste to landfill generated (kg clinical waste+kg general waste) | 1,298,099 | 1,225,264 | 1,171,354 |
| Total waste to landfill per patient treated ((kg clinical waste+kg general waste)/PPT) | 3.7 | 3.4 | 3.3 |
| Recycling rate % (kg recycling / (kg general waste+kg recycling)) | 25.6 | 30.7 | 30.2 |

# Freedom of Information

SVHM complies with the Victorian *Freedom of Information Act 1982*. Members of the public can apply for access to information held by St Vincent's that is not publicly available by making a Freedom of Information request. A request must be in writing and sufficiently clear to enable a thorough search for documents. Applications become valid once the relevant officer receives either a $30.10 application fee or a copy of the patient's Health Care or Pension Card.

During 2021-22, the majority of requests were from law firms and insurance companies, followed by patients and relatives. The outcomes of the applications are listed below, with 920 of 996 requests released in full.

| | 2021-22 | 2020-21 |
|---|---|---|
| Applications | 996 | 912 |
| Access granted in full (no exempt material) | 920 | 837 |
| Access granted in part (some exempt material) | 28 | 22 |
| Access denied in full (all material exempt) | 0 | 2 |
| Applications withdrawn | 8 | 6 |
| Not proceeded with | 0 | 6 |
| Not processed | 40 | 39 |
| Percentage requests fulfilled within 30 days | 100% | 100% |
| Application fees collected | $24,080.00 | $21,637.00 |
| Application fees waived | $5,929.70 | $5,564.80 |
| Charges collected | $30,842.42 | $6,400.00 |
| Charges waived | $9,129.70 | $2,850.00 |

For more information please contact the Freedom of Information Officer on (03) 9231 6918. Additional information can also be found on the Hospital's website www.svhm.org.au or the Office of the Victorian Information Commissioner www.ovic.vic.gov.au

# Car Parking Fees

St Vincent's Hospital Melbourne complies with the Department of Health Hospital circular on car parking fees and details of car parking fees and concession benefits can be viewed at www.svhm.org.au/home/patients-and- visitors/campus-information/st-vincents-Hospital-melbourne.

# Statement of Priorities

The Statement of Priorities (SOP) is the key document of accountability between the Department of Health and St Vincent's Hospital (Melbourne) Limited (SVHM). St Vincent's Hospital Melbourne is pleased to publish its outcomes achieved during 2021-22.

## Part A: Strategic Priorities

| Priorities | Response |
|---|---|
| Maintain robust COVID-19 readiness and response, working with the Department to ensure the health services rapidly respond to outbreaks, if and when they occur, which includes providing testing for the community and staff, where necessary and if required. This includes preparing to participate in, and assist with, the implementation of the COVID-19 vaccine immunisation program rollout, ensuring the local community's confidence in the program. | Throughout the COVID-19 pandemic, SVHM has maintained a Pandemic Incident Response Team (PIRT) that has provided executive oversight of our COVID-19 response. This organisational response structure includes Operations, Infection Prevention & Control, Workforce, Supply & Logistics and Communications work streams, each with an Executive sponsor, allowing us to respond in an agile manner to the emerging and changing needs of the pandemic. A contact tracing function is also in place and provides important seven-day-a-week service for both staff and patient exposures. Staff vaccination and COVID-19 testing programs, including both PCR and rapid antigen testing, remain in place across the health service.<br><br>Community vaccination programs, including the Royal Exhibition Building and Campbellfield hubs and various community outreach programs, have successfully delivered more than half a million vaccine doses in support of the Victorian State immunisation program rollout. |
| Drive improvements in access to emergency services by reducing emergency department four-hour wait times, improving ambulance to health service handover times, and implementing strategies to reduce bed-blockage to enable improved whole of hospital system flow. | St Vincent's received additional funding in 2021 to invest in strategies to reduce emergency four-hour waiting times and improve ambulance handovers. This has supported the addition of a second Rapid Assessment Team and extended the hours of the Fast Track team. These have helped the Emergency Department to continue as one of the best performers on NEAT targets in metro Melbourne. We continue to use a daily management system to manage whole of hospital patient flow. This system ensures good communication of current issues requiring escalation, high visibility of patient flow challenges, and empowers the team to resolve local issues.<br><br>Our health service has also led the health sector with Registered Undergraduate Student of Nursing (RUSON) recruitment, enhancing the RUSON role and scope, and the deployment of RUSONs within inpatient settings including acute, sub-acute, residential aged care and the Emergency Department. Our RUSON model has influenced the way in which RUSONs are utilised across the public sector, helping to ease existing workforce pressures.<br><br>Combined these various measures have helped us to reduce bed-blockage and improve hospital system flow. |
| Actively collaborate on the development and delivery of priorities within the North-East Metro Health Service Partnership, contribute to inclusive and consensus-based decision-making, support optimum utilisation of services, facilities and resources within the Partnership, and be collectively accountable for delivering against Partnership accountabilities as set out in the *Health Service Partnership Policy and Guidelines*. | SVHM is currently the lead health service for the Better @ Home initiative, on behalf of the North-East Metro Health Service Partnership (HSP) and we have been fostering active collaboration, sharing models of care and joint planning in the delivery of home-based services.<br><br>Currently, through our collaborative efforts, we are the leading metropolitan HSP in delivering performance against targets, including achieving 76 per cent of the NWAU target, ahead of other health services. |

| Priorities | Response |
|---|---|
| Engage with the local community to address the needs of patients, especially vulnerable Victorians whose care has been delayed due to the pandemic and provide the necessary "catch-up" care to support them to get back on track. Work collaboratively with the North-East Metro Health Service Partnership to:<br>▪ implement the Better at Home initiative to enhance in-home and virtual models of patient care when it is safe, appropriate and consistent with patient preference.<br>▪ improve elective surgery performance and ensure that patients who have waited longer than clinically recommended for treatment have their needs addressed as a priority. | SVHM is currently the fastest growing health service for bed-based substitution initiatives, experiencing 95 per cent growth in acute and sub-acute admitted bed days delivered at home for 2021-22, compared to 2020-21. Through the Better @ Home initiative our Hospital in the Home (HITH) program has tripled the average daily number of patients receiving HITH care in the past 12 months, delivering home-based care for COVID-positive consumers and an expanded range of higher acuity medical and surgical conditions. These services are providing alternative and appropriate treatments for patients, consistent with their preferences, while helping to reduce strain on the hospital system.<br>St Vincent's is currently establishing one of the new Victorian Rapid Access Hubs. This Rapid Access Hub will provide treatment to patients who have had procedures postponed due to the impact of the COVID-19 pandemic. Our Hospital is collaborating with our Health Service Partnership to establish this new model of care at St Vincent's Hospital on the Park. Once operational, St Vincent's will be able to provide endoscopy procedures and day case surgery for both our own patients, as well as those from our health service partners who have been waiting for treatment. |
| Address critical mental health demand pressures and support the implementation of mental health system reforms to embed integrated mental health and suicide prevention pathways for people with, or at risk of, mental illness or suicide through a whole-of-system approach as an active participant in the North-East Metro Health Service Partnership and through the Partnership's engagement with Regional Mental Health and Wellbeing Boards. | SVHM has commenced our reform planning with reference to the initial eight priorities identified by Government, following on from the Mental Health Royal Commission. St Vincent's is continuing to engage through its Health Services Partnership in relation to the ongoing implementation of the Mental Health Reform.<br>SVHM has also recently opened a new purpose-built Mental Health and Alcohol and Other Drug Hub in our Emergency Department in Fitzroy. The six-bed Hub will provide a safe and supportive space for patients who will also benefit from the redesigned Behavioural Assessment Room and Ambulance Bay. |
| Embed the Aboriginal and Torres Strait Islander Cultural Safety Framework into the organisation and build a continuous quality improvement approach to improving cultural safety, underpinned by Aboriginal self-determination, to ensure delivery of culturally safe care to Aboriginal patients and families, and to provide a culturally safe workplace for Aboriginal employees. | SVHM is committed to delivering culturally safe care to Aboriginal patients and families and to providing a culturally safe workplace for our Aboriginal employees. We are determined to embed improved cultural safety within our organisation in tangible ways, including these recent initiatives:<br>▪ Redesign of our emergency waiting room to improve welcome and cultural safety for First Nations patients.<br>▪ Implementation of a dedicated resource to conduct 24-hour follow up of 'did not wait' or 'left not seen' First Nations patients.<br>▪ Acknowledging the First Nations call for self-determination by restructuring governance and First Nations leadership across the organisation.<br>▪ Person-centred, trauma informed quality projects and research to build capability in culturally safe care leading to better health outcomes for First Nations patients. |

# Part B: Performance Priorities

## High quality and safe care

| Key Performance Measure | Target | 2021-22 Actuals |
|---|---|---|
| **Infection prevention and control** | | |
| Compliance with the Hand Hygiene Australia program | 85% | 94% |
| Percentage of healthcare workers immunised for influenza | 92% | 92% |
| **Patient experience** | | |
| Victorian Healthcare Experience Survey – percentage of positive patient experience responses | 95% | 97% |
| Percentage of mental health consumers reporting a 'very good' or 'excellent' experience of care in the last 3 months or less | 80% | 72% |
| Percentage of mental health consumers reporting they 'usually' or 'always' felt safe using this service | 90% | 91% |
| **Healthcare associated infections (HAIs)** | | |
| Rate of patients with surgical site infection | No outliers | No outliers |
| Rate of patients with ICU central-line-associated bloodstream infection (CLABSI) | Nil | Nil |
| Rate of patients with SAB* per 10,000 occupied bed day | ≤ 1 | 0.8 |
| **Unplanned readmissions** | | |
| Unplanned readmissions to any hospital following a hip replacement | ≤ 6% | 9% |
| **Mental health** | | |
| Percentage of closed community cases re-referred within six months: adults and aged persons | <25% | 30% |
| Rate of seclusion events relating to an adult acute mental health admission per 1,000 occupied bed days | ≤ 10 | 4 |
| Rate of seclusion per 1,000 occupied bed days events relating to an aged acute mental health admission | ≤ 5 | 0 |
| Percentage of adult patients who have post-discharge follow-up within seven days | 88% | 95% |
| Percentage of aged patients who have post-discharge follow-up within seven days | 88% | 94% |
| Percentage of adult acute mental health inpatients who are readmitted within 28 days of discharge | ≤ 14% | 17% |
| **Continuing care** | | |
| Functional independence gain from an episode of rehabilitation admission to discharge relative to length of stay | ≥ 0.645 | 0.851 |

* SAB is Staphylococcus aureus bacteraemia

## Strong governance, leadership and culture

| Key Performance Indicator | Target | 2021-22 Actuals |
|---|---|---|
| **Organisational culture** | | |
| People matter survey – Percentage of staff with an overall positive response to safety culture survey questions | 62% | 76%* |

* SVHM does not conduct the People matter survey. This result is from the question "this organisation cares about employee safety" from the 2022 SVHA staff survey.

## Timely access to care*

| Key Performance Indicator | Target | 2021-22 Actuals |
|---|---|---|
| **Emergency care** | | |
| Percentage of patients transferred from ambulance to emergency department within 40 minutes | 90% | 55% |
| Percentage of Triage Category 1 emergency patients seen immediately | 100% | 100% |
| Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended time | 80% | 45% |
| Percentage of emergency patients with a length of stay in the emergency department of less than four hours | 81% | 64% |
| Number of patients with a length of stay in the emergency department greater than 24 hours | 0 | 0 |
| **Mental health** | | |
| Percentage of 'crisis' category C mental health triage episodes with a face-to-face contact received within 8 hours | 80% | 90% |
| Percentage of mental health-related emergency department presentations with a length of stay of less than 4 hours | 81% | 66% |
| **Elective surgery** | | |
| Number of patients on the elective surgery waiting list as at 30 June 2022 | 3,499 | 3,402 |
| Number of patients admitted from the elective surgery waiting list | 5,870 | 5,869<br>Public in Private: 970<br>Public: 4,899 |
| Percentage of urgency category 1 elective surgery patients admitted within 30 days | 100% | 100% |
| Percentage of urgency category 1,2 and 3 elective surgery patients admitted within clinically recommended time | 94% | 73% |
| Percentage of patients on the waiting list who have waited longer than clinically recommended time for their respective triage category | 5% or 15% proportional improvement from prior year | 44% |
| Number of hospital-initiated postponements per 100 scheduled admissions | ⩽ 7 | 5.8 |
| **Specialist clinics** | | |
| Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days | 100% | 85% |
| Percentage of routine patients referred by a GP or external specialist who attended a first appointment within 365 days | 90% | 83% |

* Timely access to care: The performances against some emergency, mental health and elective surgery timely access to care indicators were significantly impacted by COVID throughout the financial year. COVID-19 led to a significant number of inpatient beds being occupied by COVID patients, thus decreasing access for other non-COVID activity. Additionally, many staff were unavailable to work throughout the period due to the pandemic which led to significant workforce shortages across the hospital.

## Effective financial management

| Key Performance Indicator | Target | 2021-22 Actuals |
|---|---|---|
| **Finance** | | |
| Operating result ($m) | $0.00 | $0.46 |
| Average number of days to paying trade creditors | 60 days | 63 days |
| Average number of days to receiving patient fee debtors | 60 days | 46 days |
| Adjusted current asset ratio | 0.7 or 3% improvement from health service base target | 1.01 |
| Actual number of days available cash, measured on the last day of each month | 14 days | 10.5 days |
| Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June | Variance ⩽ $250,000 | Not achieved* |

* The SVHM forecast was prepared in accordance with Department of Health requirements to exclude both COVID and sustainability funding that was expected to be received in June 2022. The Department of Health was aware that when expected COVID funding was provided, and taken up by SVHM, the previous forecast was redundant, and would not be achieved.

# Part C: State funding

| Funding Type | 2021-22 Activity |
|---|---|
| **Consolidated Activity Funding** | |
| Acute admitted, subacute admitted, emergency services, non-admitted NWAU | 72,262 |
| **Acute Admitted** | |
| National Bowel Cancer Screening Program NWAU | 57 |
| Acute admitted DVA | 196 |
| Acute admitted TAC | 102 |
| **Acute Non-Admitted** | |
| Home Enteral Nutrition NWAU | 134 |
| Home Renal Dialysis NWAU | 909 |
| Specialist Clinics | 4,728 |
| Total Parenteral Nutrition NWAU | 158 |
| **Subacute/Non-Acute, Admitted & Non-admitted** | |
| Subacute NWAU – DVA | 91 |
| Transition Care – Bed days | 8,826 |
| Transition Care – Home days | 16,212 |
| **Aged Care** | |
| Residential Aged Care | 18,356 |
| HACC | 2,481 |
| **Mental Health and Drug Services** | |
| Mental Health Ambulatory | 56,830 |
| Mental Health Inpatient – Available bed days | 23,375 |
| Mental Health Residential | 19,781 |
| Mental Health Service System Capacity | 1 |
| Mental Health Subacute | 7,939 |
| Drug Services | 2,494 |
| **Other** | |
| NFC – Islet Cell Transplantation | 3 |

## Attestation on Data Integrity

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

## Conflict of Interest

I, Martin Smith, Interim Chief Executive Officer certify that St Vincent's Hospital (Melbourne) Limited (SVHM) has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of Hospital circular 07/2017 Compliance reporting in health portfolio entities (Revised) and has implemented a 'Conflict of Interest' policy consistent with the minimum accountabilities required by the VPSC. SVHM has in place the SVHA Code of Conduct, as well as the SVHA Gifts and Benefit Policy and SVHA Whistleblower Policy. Declaration of private interest forms have been completed by all executive staff within SVHM and members of the Board, and all declared conflicts have been addressed and are being managed. Conflict of interest is a standard agenda item for declaration and documenting at each Board meeting.

## Integrity, Fraud and Corruption

I, Martin Smith, certify that St Vincent's Hospital (Melbourne) Limited (SVHM) has put in place appropriate internal controls and processes to ensure that integrity, fraud and corruption risks have been reviewed and are addressed at SVHM during the year.

**Martin Smith**
Interim Chief Executive Officer
Dated 29 August 2022 Melbourne

## Additional Information

In compliance with the requirements of FRD 22H Standard Disclosures in the Report of Operations, details in respect of the items listed below have been retained by St Vincent's Hospital (Melbourne) Limited and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the Freedom of Information requirements, if applicable):

- a statement that declarations of pecuniary interests have been duly completed by all relevant officers;
- details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary;
- details of publications produced by the entity about itself, and how these can be obtained;
- details of changes in prices, fees, charges, rates and levies charged by the entity;
- details of any major external reviews carried out on the entity;
- details of major research and development activities undertaken by the entity;
- details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the entity and its services;
- details of assessments and measures undertaken to improve the occupational health and safety of employees;
- a general statement on industrial relations within the entity and details of time lost through industrial accidents and disputes;
- a list of major committees sponsored by the entity, the purposes of each committee and the extent to which the purposes have been achieved; and
- details of all consultancies and contractors including:
  - **i.** consultants/contractors engaged;
  - **ii.** services provided; and
  - **iii.** expenditure committed to for each engagement

## Report Availability

This report is readily available to Members of Parliament and the public at svhm.org.au or by calling the Office of the CEO on 03 9231 3938 to request a copy.

# Disclosure Index

The annual report of St Vincent's Hospital (Melbourne) Limited is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the Department's compliance with statutory disclosure requirements.

| Legislation | Requirement | Page Reference |
|---|---|---|
| **Ministerial Directions** | | |
| **Report of Operations** | | |
| **Charter and purpose** | | |
| FRD 22 | Manner of establishment and the relevant Ministers | 4 |
| FRD 22 | Purpose, functions, powers and duties | 4 |
| FRD 22 | Nature and range of services provided | 4 |
| FRD 22 | Activities, programs and achievements for the reporting period | 3 |
| FRD 22 | Significant changes in key initiatives and expectations for the future | 43 |
| **Management and structure** | | |
| FRD 22 | Organisational structure | 60 |
| FRD 22 | Workforce data/employment and conduct principles | 37 |
| FRD 22 | Occupational Health and Safety | 38 |
| **Financial information** | | |
| FRD 22 | Summary of the financial results for the year | 35 |
| FRD 22 | Significant changes in financial position during the year | 36 |
| FRD 22 | Operational and budgetary objectives and performance against objectives | 36 |
| FRD 22 | Subsequent events | 36 |
| FRD 22 | Details of consultancies under $10,000 | 36 |
| FRD 22 | Details of consultancies over $10,000 | 36 |
| FRD 22 | Disclosure of ICT expenditure | 37 |
| **Legislation** | | |
| FRD 22 | Application and operation of *Freedom of Information Act 1982* | 42 |
| FRD 22 | Compliance with building and maintenance provisions of *Building Act 1993* | 39 |
| FRD 22 | Application and operation of *Public Interest Disclosure Act (Updated 2020-2021)* | 58 |
| FRD 22 | Statement on National Competition Policy | 58 |
| FRD 22 | Application and operation of *Carers Recognition Act 2012* | 58 |
| FRD 22 | Summary of the entity's environmental performance | 40 |
| FRD 22 | Additional information available on request | 48 |
| **Other relevant reporting directives** | | |
| FRD 25 | Local Jobs First Act disclosures | 58 |
| SD 5.1.4 | Financial Management Compliance attestation | 63 |
| SD 5.2.3 | Declaration in report of operations | (i) |
| **Attestations** | | |
| Attestation on Data Integrity | | 48 |
| Attestation on managing Conflicts of Interest | | 48 |
| Attestation on Integrity, Fraud and Corruption | | 48 |
| **Other reporting requirements** | | |
| Reporting of outcomes from Statement of Priorities 2020-2021 | | 43 |
| Occupational Violence reporting | | 38 |
| Reporting obligations under the *Safe Patient Care Act 2015* | | 58 |
| Reporting of compliance regarding Car Parking Fees | | 42 |

# Company Directory

## Directors

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

SVHA is a group of not-for-profit non-listed entities. SVHA Limited is a public company limited by guarantee and is registered with the Australian Charities and Not-for-profits Commission.

SVHA is governed by a Board of Directors chaired by Paul McClintock. The Board exists to ensure there is effective integration and growth of the mission of Mary Aikenhead Ministries throughout the health and aged care services and to govern the SVHA Group of companies pursuant to the Australian Charities and Not-for-profits Commission Act 2012 (Cth), Canon law and all other relevant civil legislation. The Board must at all times operate within the Mary Aikenhead Ministries Ethical Framework and the Catholic Health Australia Code of Ethical Standards of Health and Aged Care Services in Australia (2001).

The day-to-day running of SVHA is the responsibility of the Executive Leadership Team led by Ruth Martin, the Interim Group Chief Executive Officer. Chris Blake will commence as Group Chief Executive Officer on 4 October 2022.

The following persons were Directors of SVHA during the period 1 July 2021 to 30 June 2022.

- Paul McClintock AO Chair
- Dr Michael Coote
- Ms Anne Cross
- Prof Suzanne Crowe AO*
- Ms Anne McDonald
- Ms Sheila McGregor
- Ms Sandra McPhee AM
- Mr Damien O'Brien
- Mr Paul O'Sullivan
- Ms Jill Watts
- Prof. Vlado Perkovic**

* Resigned 14 October 2021

** Appointed 1 October 2021

## Secretary

Mr R Beetson
Mr P Fennessy

## Chief Executive Officer, St Vincent's Hospital (Melbourne) Limited

Ms Angela Nolan*

## Registered office

Level 22, 100 William Street
Woolloomooloo NSW 2011

## Auditor

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

## Bankers

National Australia Bank

## Ultimate Parent

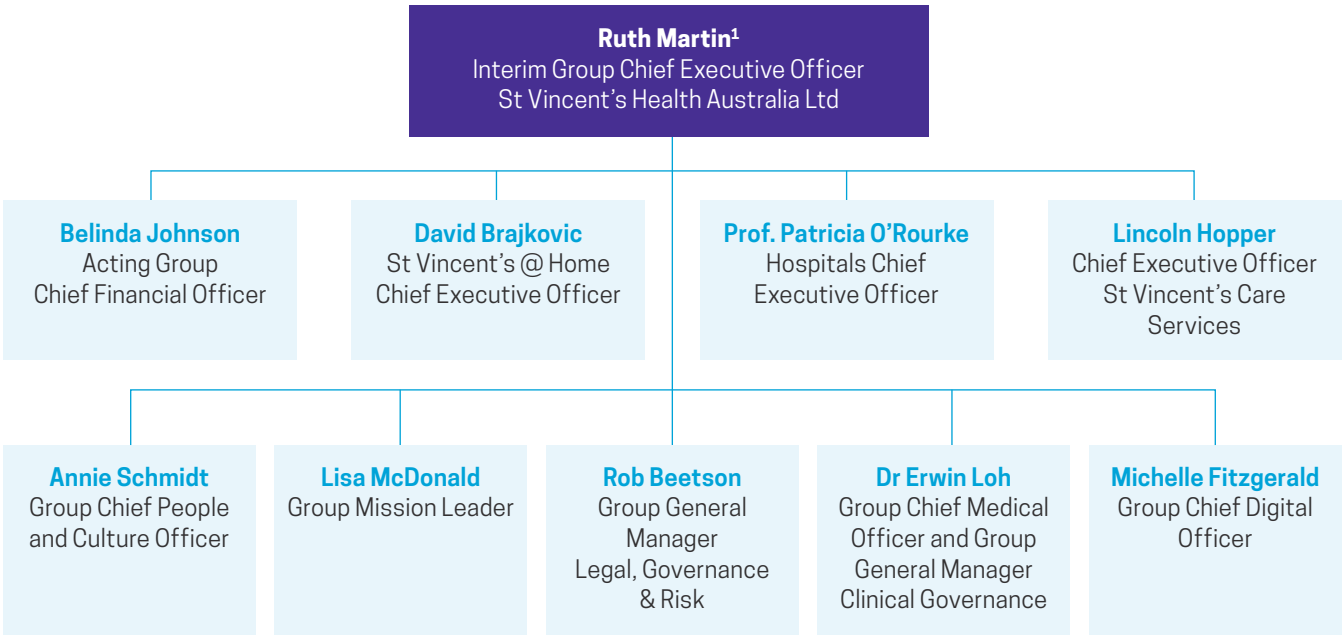
St Vincent's Hospital (Melbourne) Limited (the 'Company') is a public company limited by guarantee. The sole member of the Hospital is St Vincent's Health Australia Limited. The ultimate controlling entity of the Hospital is the Trustees of Mary Aikenhead Ministries.

* as at 30 June 2022

# SVHA Board and Management

As at 30 June 2022


[1] Resigned 14 October 2021
[2] Appointed 1 October 2021




[1] Appointed 29 March 2022

# SVHA Board of Directors

The Board is accountable for its key purpose to The Trustees of Mary Aikenhead Ministries ('TMAM'). Mary Aikenhead Ministries builds on the charism and traditions of the Sisters of Charity and Mary Aikenhead, founder of the Sisters of Charity. The Trustees are the canon law and civil stewards of SVHA. All Directors serve as independent non-Executive Directors and are appointed by TMAM.

## Board Committees

The Board is supported by six standing Committees and one ad hoc Committee:

- Audit & Risk
- Finance & Investment
- Mission, Ethics & Advocacy
- People & Culture Committee
- Clinical Governance & Experience
- Research & Education Committee
- Aged Care Committee
- Ad hoc Aged Care Royal Commissions Committee – disbanded February 2022

# Directors' Report

The Directors present their report on the Hospital for the financial year ended 30 June 2022.

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.

**Chair**

## 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

Life Governor of the Woolcock Institute of Medical Research

### Experience

Paul was appointed to the Board of SVHA and its subsidiary Boards on 1 January 2013 and was appointed Chair on 18 October 2019.

Paul is Chair of Icon Group and also Chair of Metcalfe Limited in New Zealand. He is on the Board of Catholic Health Australia.

Paul served as the Secretary to Cabinet and Head of the Cabinet Policy Unit reporting directly to the Prime Minister as Chairman of Cabinet with responsibility for supervising Cabinet processes and acting as the Prime Minister's most senior personal adviser on strategic directions in policy formulation.

His former positions include Chairman of I-MED Network, Medibank Private, the COAG Reform Council, the Committee for the Economic Development of Australia, Symbion Health, Sydney Health Partners, Affinity Health and the Woolcock Institute of Medical Research. He has also served as Commissioner of the Health Insurance Commission.

## Dr. Michael Coote

### Qualifications

MB BS FRANZCO GAICD, Clinical Associate Professor University of Melbourne

Senior Consultant RVEEH

Lead Investigator Glaucoma Surgery Unit Centre for Eye Research Australia

Member of Australian Medical Association

Graduate of Australian Institute of Company Directors

Member of Royal Australian New Zealand College of Ophthalmology

### Experience

Michael was appointed to the Board of SVHA and its subsidiary Boards on 4 August 2016.

Michael is an Associate Professor and senior glaucoma consultant at the Royal Victorian Eye and Ear Hospital Melbourne and is the previous Clinical Director of Ophthalmology. He is the managing partner of Melbourne Eye Specialists – an academic private practice in Melbourne specialising in Glaucoma management.

Michael is an active researcher, mainly in glaucoma surgery research. He developed the CERA model of bleb porosity testing and has published 50 peer reviewed manuscripts, authored eight book chapters and has given over 50 international lectures. He is currently on the Executive Board of the International Society for Glaucoma Surgery and was the program chair for the September 2018 International Congress in Glaucoma Surgery in Montreal.

### Special Responsibilities

Michael is Chair of the Research and Education Committee and is a member of the Clinical Governance & Experience Committee.

## Ms. Anne Cross AM

### Qualifications

Master of Social Work (Research) University of Queensland

Bachelor of Social Work University of Queensland

Fellow of Australian Institute of Company Directors

Member of Chief Executive Women

### Experience

Anne was appointed to the Board of SVHA and its subsidiary Boards on 1 January 2019.

Anne concluded her executive career as Chief Executive of Uniting Care Queensland, one of Australia's largest not for profit health, aged care and community service organisations late in 2017. Currently she is a Director of the Australian Institute of Company Directors, a member of the Senate of the University of Queensland, Chair of Uniting Church in Australia Redress Ltd and Deputy Chair of Opera Queensland. Anne is an Adjunct Professor in the Faculty of Health and Behavioural Sciences University of Queensland.

She received recognition in the Queen's Birthday 2018 Honours List for significant service to the community and to women. She was named Telstra's National Businesswoman of the Year in 2014 and awarded the University of Queensland's Alumni Excellence Award in 2016.

### Special Responsibilities

Anne is a member of the Clinical Governance & Experience Committee, the Audit & Risk Committee and Chair of the Aged Care Committee.

## Ms. Anne McDonald

### Qualifications

Bachelor of Economics

Chartered Accountant, Fellow of the Institute of Chartered Accountants Australia and New Zealand

Graduate and Member of the Australian Institute of Company Directors

### Experience

Anne was appointed to the Board of SVHA and its subsidiary Boards on 1 June 2017. Anne had previously served on the boards of several St Vincent's entities prior to 2010.

Anne is an experienced Non-Executive Director (NED) with a solid understanding of corporate governance. She has pursued a full-time career as a NED since 2006. She is currently a director of ASX-listed companies Link Administration Group and Smartgroup, and is a Director of Transport Assets Holding Entity of NSW.

Anne has previously served as a Non-Executive Director or Chair on a range of public and private companies and state government Boards including The GPT Group, Spark Infrastructure, Specialty Fashion Group, Sydney Water and Water NSW. Prior to her NED career she spent 15 years as a partner of EY.

### Special Responsibilities

Anne is Chair of the Audit and Risk Committee and a member of the Finance and Investment Committee.

## Ms. Sandra McPhee AM

### Qualifications

Diploma in Education

Fellow of the Australian Institute of Company Directors

Member of Chief Executive Women

Member of Women Corporate Directors

### Experience

Sandra was appointed to the Board of SVHA and its subsidiary Boards on 1 October 2017. She has a long history with SVHA having served on the Sydney regional Boards prior to 2010 and as Chair of the Sydney Regional Advisory Committee.

Sandra is Chair of the NSW Public Service Commission, Chancellor of Southern Cross University and a member of the Advisory Council of JP Morgan. In 2018 she was appointed by the Commonwealth Government to Chair the Employment Services Expert Advisory Panel Review resulting in the "'I Want to Work' Employment Services 2020 Report".

Sandra has previously served as a Non-Executive Director on a diverse number of public companies, state, federal government and not for profit Boards including Scentre Group, Westfield Retail Trust, AGL Energy, Fairfax Media, Coles Group, Kathmandu Holdings, Perpetual, Australia Post, Tourism Australia, South Australia Water, Care Australia and the Starlight Foundation.

Sandra has extensive global leadership experience in the airline and tourism industries in Australia, UK, Europe, SE Asia, the Indian sub-Continent and Africa.

### Special Responsibilities

Sandra is Chair of the People & Culture Committee and a Member of the Mission, Ethics & Advocacy Committee.

## Mr. Damien O'Brien

### Qualifications

Bachelor of Economics (UNSW)

MBA (Columbia University)

Diploma in Theology & Philosophy (St Columban's College)

### Experience

Damien was appointed to the Board of SVHA and its subsidiary Boards on 1 November 2019.

Damien is the former Chair and CEO of Egon Zehnder, a leading global advisory firm specialising in Board advisory services and executive recruitment. During his career with Egon Zehnder he was based in Hong Kong, Sydney, Paris, London and Zurich. He served as Chairman between 2010 and 2018. Prior to that he was engaged by McKinsey & Company as an Associate Consultant.

He is currently a Non-Executive Director at Ardagh Group, a New York Stock Exchange listed company, and he is a Member of the Supervisory Board of IMD Business School, Lausanne, Switzerland. In 2021 he was appointed to the Advisory Board of Conduit Capital – a private funds management group. He previously served on the Board of St Vincent's Private Hospital Sydney from 2002 to 2008 and the Advisory Board of Jesuits Australia from 2004 to 2007.

### Special Responsibilities

Damien is the Chair of the Mission, Ethics & Advocacy Committee and a Member of the Audit & Risk Committee.

## Mr. Paul O'Sullivan

### Qualifications

B.A. Economics, (First Class), Trinity College Dublin

Advanced Management Program, Harvard Business School.

### Experience

Paul was appointed to the Board of SVHA and its subsidiary Boards on 1 August 2019.

Paul is an experienced chief executive with extensive domestic and international experience in ASX and SGX companies driving business transformation, growth and managing mergers and acquisitions as well as working with Board Remuneration and Audit Committees. Previous roles include Chief Executive Optus Australia and CEO Group Consumer Singel (SGP).

Paul is Chairman of Singtel Optus, Chair of the Western Sydney Airport Company, Chair of ANZ bank and a Non-Executive Director of Australian Tower Network Pty Ltd.

### Special Responsibilities

Paul is the Chair of the Finance & Investment Committee and a member of the People & Culture Committee.

## Ms. Jill Watts

### Qualifications

Wharton Fellow, MBA

Grad Dip Health Admin & Information Systems; RM; RN

### Experience

Jill was appointed to the Board of SVHA and its subsidiary Boards on 1 August 2019.

Jill has over 40 years international business experience achieved through high profile executive and non-executive Board roles in Australia, UK, France, South Africa and South-East Asia .

Jill is currently a Non-Executive Director on Icon Group Board and Lendlease Retirement Villages. She is also a Director on the IHH Healthcare Berhad Board (dual listed in Singapore and Malaysia), a top 50 Asia company and one of the world's largest healthcare networks.

Prior to establishing a non-executive Board portfolio, Jill was an advisor to Macquarie Capital and spent 10 years in the United Kingdom as Group CEO of two of the largest hospital Groups, BMI Healthcare and Ramsay UK.

Jill has previously served on several high-profile Boards including the Australian Chamber of Commerce and the Royal Flying Doctor Service in the UK, Ramsay Santé in France and the Netcare Group in South Africa. Between 2008 and 2012 Jill was Chair of NHS Partners Network and in 2010 she was voted as the most influential leader in UK Private Health Care, and in 2013 as one of healthcare's most inspirational women.

Jill has a strong business, leadership, and financial acumen, honed through executive roles where she actively led a number of major business transformations. In combination with over 12 years as a surveyor with the Australian College of Healthcare Standards, Jill has facilitated a unique knowledge base in managing both corporate and clinical risk.

### Special Responsibilities

Jill is a member of the People & Culture Committee, the Finance & Investment Committee and Aged Care Committee.

## Ms. Sheila McGregor

### Qualifications

BA (Hons), LLB (Sydney University)

Graduate Australian Institute of Company Directors

Member of Chief Executive Women

### Experience

Sheila was appointed a director of SVHA and its subsidiary Boards on 1 December 2019.

Sheila is a partner at Gilbert + Tobin Lawyers and before that was a partner at Herbert Smith Freehills (then Freehills), and in those roles has advised private and public sector organisations on a range of complex legal and governance issues focused on information technology and data.

Sheila is on the Board of IAG Limited, and a member of each of the Audit, Risk & Nominations Committees. She is also on the Boards of Crestone Holdings Limited and of the Sydney Writers' Festival. She is Chair of Sydney girls' school Loreto Kirribilli.

### Special Responsibilities

Sheila is a member of the Research & Education Committee, the Mission, Ethics & Advocacy Committee and the Aged Care Committee.

## Prof. Vlado Perkovic

### Qualifications

MBBS, PhD (University of Melbourne)

Appointed 1 October 2021

### Experience

Vlado was appointed a director of SVHA and its subsidiary Boards on 1 October 2021.

Professor Vlado Perkovic is Dean of Medicine & Health, and Scientia Professor at UNSW, a Professorial Fellow at The George Institute, Australia, a Non-Executive Director at several independent Medical Research Institutes as well as George Clinical, and a Staff Specialist in Nephrology at the Royal North Shore Hospital.

He is a distinguished clinical researcher and has led several major international clinical trials that have identified new treatments to prevent kidney failure.

Vlado holds a Doctor of Philosophy from the University of Melbourne and completed his undergraduate training at The Royal Melbourne Hospital. He is a Fellow of the Royal Australasian College of Physicians, the Australian Academy of Health and Medical Sciences, and the American Society of Nephrology. He serves on the Editorial Board of a number of leading journals, including the New England Journal of Medicine.

### Special Responsibilities

Vlado is the Chair of the Clinical Governance and Experience Committee, and a member of the Research & Education Committee.

**Company Secretary**

## Mr. Robert Beetson

### 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 worked for over 40 years in the health industry. He is admitted as a Solicitor to the Supreme Court of NSW, Member of the Law Society of NSW, Member of the Governance Institute of Australia, Member Australian Lawyers for Human Rights and a Member Australian Corporate Lawyers Association. Rob is also a graduate of the Australian Institute of Company Directors. He serves as an Executive in St Vincent's Health Australia in the position of Group General Manager Legal, Governance & Risk.

## Mr. Paul Fennessy

### Qualifications

Bachelor of Engineering (Civil) (Hons)/ Bachelor of Laws (Monash)

### Experience

Paul was appointed as alternate Company Secretary on 11 February 2016 and has over 20 years' experience as a lawyer. He is admitted as a Solicitor to both the Supreme Court of NSW and the Supreme Court of Victoria and holds an unrestricted NSW Practicing Certificate. Paul is the Group General Counsel for St Vincent's Health Australia.

## Principal Activities

SVHM provides medical and surgical services, sub-acute care, aged care, correctional health, mental health services and a range of community and outreach services. The Hospital is a major teaching, research and tertiary referral centre.

SVHM is part of the St Vincent's Health Australia Limited Group (SVHA) of not for profit companies. SVHA is the nation's largest not for profit health and aged care provider.

## Key Objectives

SVHM key short and long term objectives are outlined in the SVHA enVision 2025 strategic plan.

These core objectives include:

- Expanding existing sites and services, including delivering more care beyond the hospital walls;
- Establishing and strengthening partnerships, while expanding the SVMH footprint in growth corridors;
- Extending St Vincent's impact with poor and vulnerable populations to address social determinants of health;
- Developing Centres of Excellence to ensure SVHM is recognised for its excellence, innovation and focus on achieving the best patient outcomes.

SVHM measures its performance in detailed monthly Finance and Activity reports that are issued to the Senior Executive, SVHA Board and Department of Health.

## Trading Result

The result of the company for the financial year was a gain of $18,820,000.

## Review of Operations

A review of the operations of SVHM during the financial year and the result of those operations are set out below:

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Total Revenue for the year | 1,001,436 | 924,452 |
| Results for the year | 18,820 | 31,932 |

Revenue for the year increased, reflecting additional Department of Health funding driven by indexation, additional grants, COVID-19 grants and growth in both government and non-government funded activities.

Overall expenditure increased for the year in line with revenue. Employee related expenditure increased due to pay award increases and service growth. Consumables expenditure increased due to COVID-19 impact.

## 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 2022, the company had one member (2021: one member).

## Significant Changes in the State of Affairs

There were no significant changes in the State of Affairs of SVHM.

## Legislative Compliance

SVHM 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, SVHM notes its compliance with the following legislation:

*Financial Management Act 1994* (Vic). This Act legislates the financial administration, accountability and annual reporting requirements for the public sector and publicly funded entities. St Vincent's has complied with all relevant sections of the Act.

*Public Interest Disclosures Act 2012* (Vic). 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. A disclosure or allegation of improper conduct, or detrimental action taken in reprisal for a protected disclosure by SVHM or its employees and directors, may be made directly by the complainant to the Victorian Independent Broad-based Anti-corruption Commission (IBAC). SVHM is not an entity capable under the Act of receiving or notifying IBAC of such a disclosure or allegation.

*Carers Recognition Act 2012* (Vic). 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 SVHM that are funded by the State Government to develop and provide policies, programs or services that affect people in care relationships.

*National Competition Policy*. In accordance with the Competition Principles Agreement (CPA) the State of Victoria is obliged to apply competitive neutrality policy and principals to all significant business activities undertaken by government agencies. SVHM has regard to this policy in relevant significant business activities.

*Freedom of Information Act 1982* (Vic). 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 42 of this report for details of SVHM compliance.

The building and maintenance provisions of the *Building Act 1993* (Vic) *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 SVHM buildings are publicly owned. See page 39 of this report.

The *Local Jobs First Act 2003 and Guidelines*. The purpose of the Act is to require agencies to consider opportunities for competitive local suppliers when awarding certain contracts. SVHM complies with this policy. SVHM however had no contract that fell within the ambit of the Act in 2021-22.

In 2021-22 there were no contracts requiring disclosure under the *Local Jobs First Policy* (Vic).

### Safe Patient Care Act 2015 (Vic)

SVHM has nil reports in relation to its obligations under clause 40 of the *Safe Patient Care Act 2015* (Vic).

## Indemnifying Officer or Auditor

SVHM 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

SVHM is an entity of the kind referred to in Legislative Instrument 2016/191 issued by ASIC, dated 24 March 2016, and in accordance with that Legislative Instrument amounts in the Directors' Report and the financial statements are rounded to the nearest thousand dollars.

## Remuneration

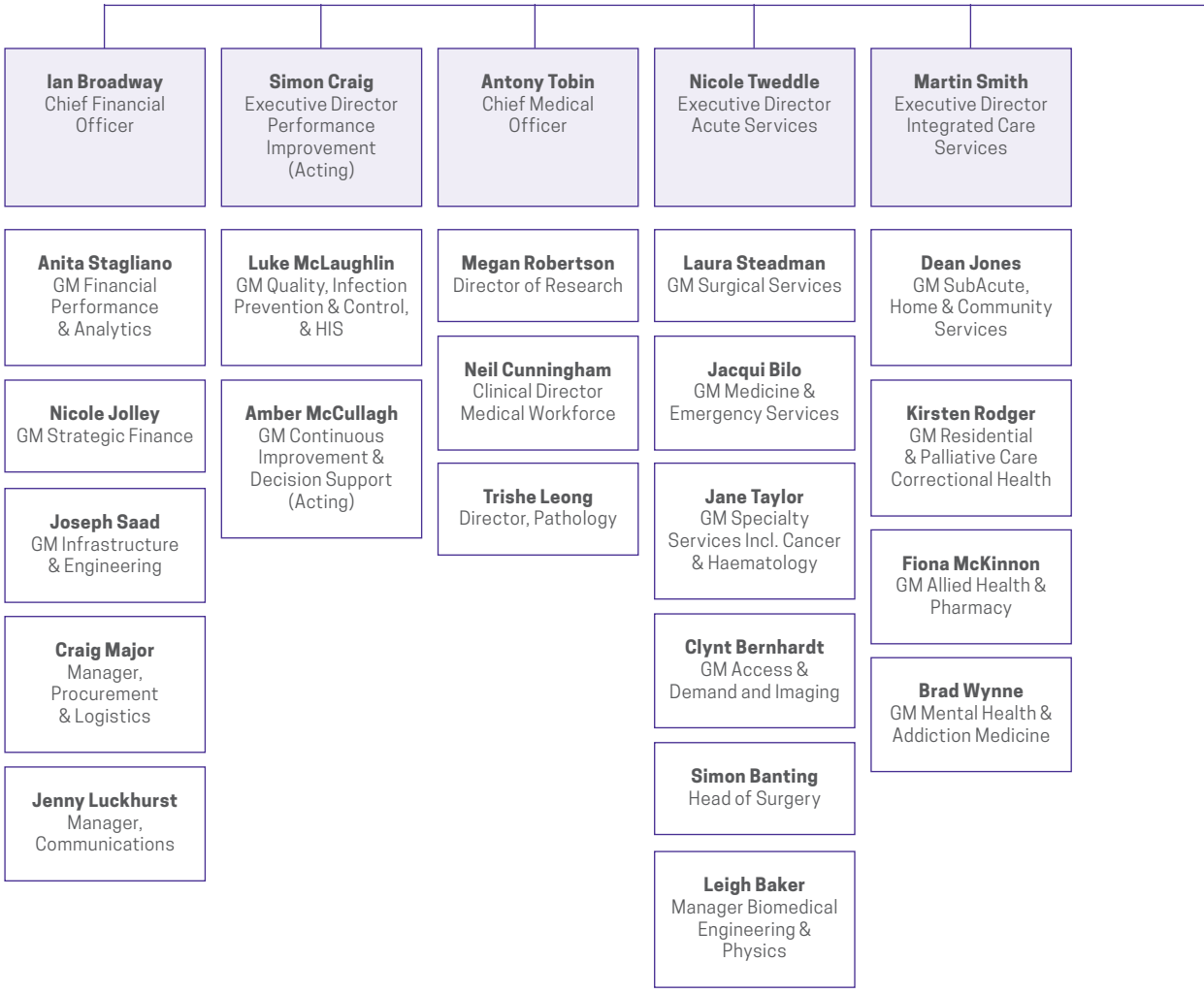
SVHA directors receive payment for their roles as Directors.

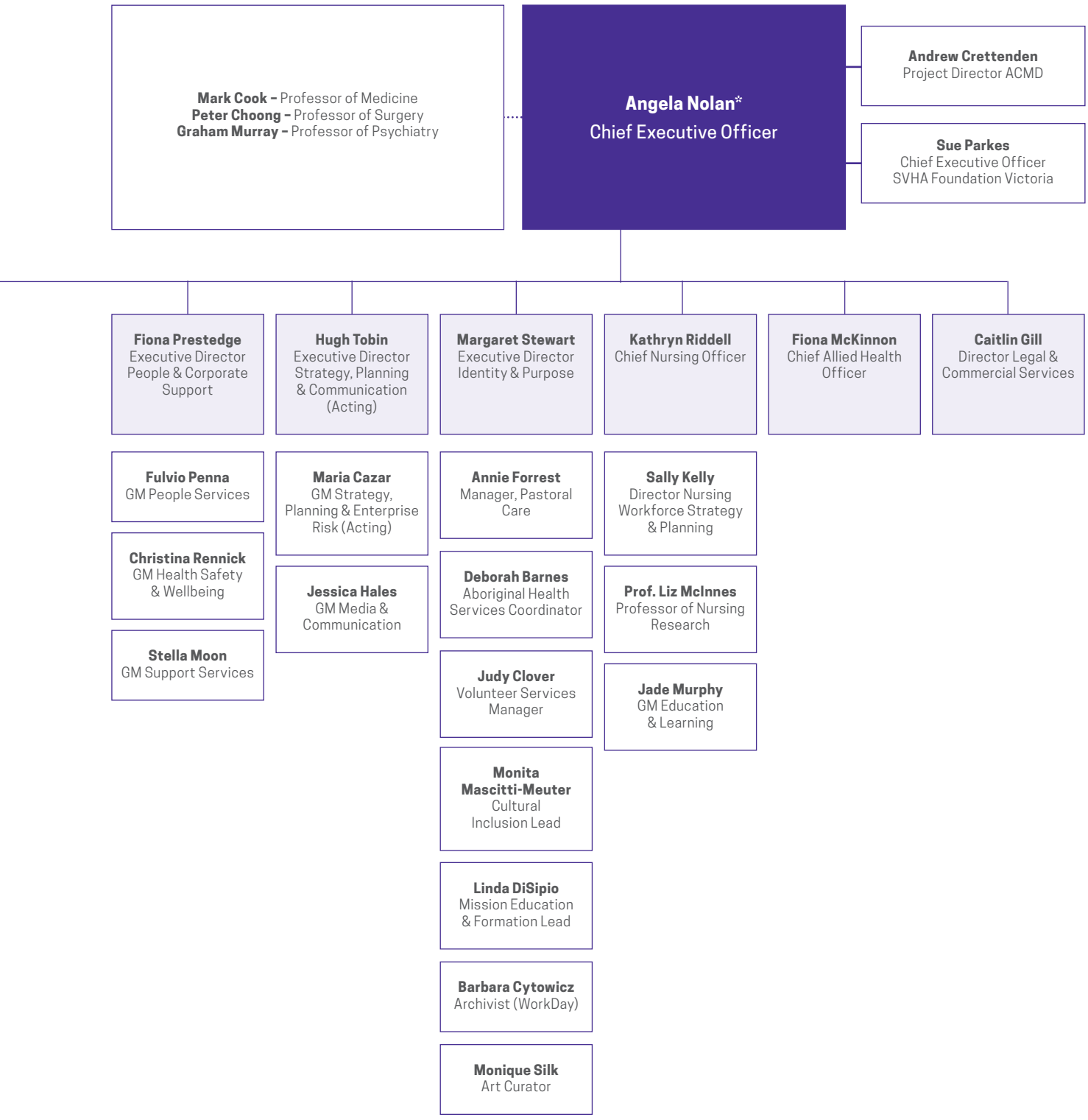
# Meetings of the Board and Committees

| | Board | Audit & Risk | FI* | CGE** | RE*** | PC# | MEV## | RC### | Aged Care |
|---|---|---|---|---|---|---|---|---|---|
| **Number of meetings held** | **9** | **7** | **10** | **7** | **6** | **6** | **5** | **1** | **2** |
| Mr Paul McClintock (AO) Chair | 9/9 | | | | | | | | 2/2 |
| Ms Anne McDonald | 9/9 | 7/7[C] | 10/10 | | | | | | |
| Ms Sandra McPhee (AM) | 9/9 | | | | | 6/6 | 5/5 | | |
| Mr Paul O'Sullivan | 9/9 | | 10/10[C] | | | 5/6 | | | |
| Prof Suzanne Crowe (AO) [1] | 4/4 | | | 3/3[C] | 2/2 | | | 1/1 | |
| Ms Anne Cross (AM) | 9/9 | 7/7 | | 7/7 | | | | 1/1[C] | 2/2[C] |
| Mr Michael Coote | 9/9 | | | 7/7 | 6/6[C] | | | | |
| Ms Jill Watts | 9/9 | | 9/10 | | | 6/6 | | 1/1 | 1/2 |
| Ms Sheila McGregor | 8/9 | | | | 6/6 | | 5/5 | 1/1 | 2/2 |
| Mr Damien O'Brien | 9/9 | 6/7 | | | | | 5/5[C] | | |
| Mr Vlado Perkovic [2] | 6/9 | | | 3/4[C] | 4/4 | | | | |

* Finance & Investment
** Clinical Governance & Experience
*** Research & Education
# People & Culture
## Mission, Ethics & Values
### Royal Commission
[1] resigned 14 Oct 21
[2] appointed 1 Oct 21
[C] committee chair

# SVHM Organisational Chart (as at 30 June 2022)






* Martin Smith, Interim Chief Executive Office from 29 July 2022

# Financial statements

## For the Financial Year ended 30 June 2022

## Auditors' Independence Declaration

A copy of the auditor's independence declaration as required under the *Australian Charities and Not-for-Profits Commission Act 2012 (Cth)* is attached. Dated at Melbourne on 29 August 2022 in accordance with a resolution of the Board.

## Financial Management Compliance

I, Paul McClintock, on behalf of the Responsible Body, certify that St Vincent's Hospital (Melbourne) Limited has no Material Compliance Deficiency with respect to the applicable Standing Directions under the Financial Management Act 1994 and Instructions.

**Paul McClintock AO**
Chair

**Martin Smith**
Interim Chief Executive Officer

VAGO
Victorian Auditor-General's Office

# Auditor-General's Independence Declaration

**To the Board, 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 2022, 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
9 September 2022

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

Level 31 / 35 Collins Street, Melbourne Vic 3000
T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

# Board members', Accountable officers' and Chief Finance Officer's declaration

## We declare that:

The attached financial statements for St Vincent's Hospital (Melbourne) Limited have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the Financial Management Act 1994, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, Australian Charities and Not-for-Profits Regulation 2013 and other mandatory professional reporting requirements.

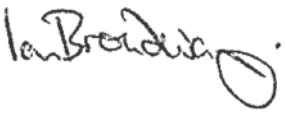
We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2022 and the financial position of St Vincent's Hospital (Melbourne) Limited at 30 June 2022.

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

We authorise the attached financial statements for issue on 29 August 2022.

**Paul McClintock AO**
Chair
Dated 29 August 2022
Sydney

**Martin Smith**
Interim Chief Executive Officer
Dated 29 August 2022
Melbourne



**Ian Broadway**
Chief Finance Officer
Dated 29 August 2022
Melbourne

# Independent Auditor's Report

Victorian Auditor-General's Office

***To the Board of St Vincent's Hospital (Melbourne) Limited***

**Opinion**

I have audited the financial report of St Vincent's Hospital (Melbourne) Limited (the health service) which comprises the:

- Balance Sheet as at 30 June 2022
- Comprehensive Operating Statement for the year then ended
- Statement of Changes in Equity for the year then ended
- Cash Flow Statement for the year then ended
- Notes to the financial statements, including significant accounting policies
- Board members, Accountable officer's and Chief finance officer's declaration.

In my opinion the financial report is in accordance with Part 7 of the *Financial Management Act 1994* and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012,* including:

- giving a true and fair view of the financial position of the health service as at 30 June 2022 and of its financial performance and its cash flows for the year then ended
- complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2013.*

**Basis for Opinion**

I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975*. My staff and I are independent of the health service in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

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

**Other Information**

My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.

**Board's responsibilities for the financial report**

The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the *Financial Management Act 1994* and the *Australian Charities and Not-for-profits Commission Act 2012*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

Level 31 / 35 Collins Street, Melbourne Vic 3000
T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

**Auditor's responsibilities for the audit of the financial report**

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the health service's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the health service's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the health service to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

I also provide the Board with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

MELBOURNE
9 September 2022

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

# Comprehensive Operating Statement
# For the Financial Year Ended 30 June 2022

| | Note | 2022 $'000 | 2021 $'000 |
|---|---|---|---|
| **Revenue and Income from Transactions** | | | |
| Operating Activities | 2.1 | 999,763 | 923,429 |
| Non-Operating Activities | 2.1 | 1,673 | 1,023 |
| **Total Revenue and Income from Transactions** | | **1,001,436** | **924,452** |
| **Expenses from Transactions** | | | |
| Employee Expenses | 3.1 | (719,726) | (644,856) |
| Supplies and Consumables | 3.1 | (120,159) | (120,867) |
| Finance Costs | 3.1 | (922) | (1,109) |
| Depreciation and Amortisation | 4.6 | (35,587) | (38,149) |
| Other Administrative Expenses | 3.1 | (63,852) | (64,207) |
| Other Operating Expenses | 3.1 | (39,911) | (35,612) |
| **Total Expenses from Transactions** | | **(980,157)** | **(904,800)** |
| **Net Result from Transactions – Net Operating Balance** | | **21,279** | **19,652** |
| **Other Economic Flows included in Net Result** | | | |
| Net gain/(loss) on non-financial assets | 3.2 | 172 | 321 |
| Net gain/(loss) on financial instruments | 3.2 | (7,711) | 9,542 |
| Other gains/(losses) from other economic flows | 3.2 | 5,080 | 2,417 |
| **Total Other Economic Flows Included in Net Result** | | **(2,459)** | **12,280** |
| **Net Result for the Year** | | **18,820** | **31,932** |
| **Other Economic Flows – Other Comprehensive Income** | | | |
| **Items that will not be reclassified to Net Result** | | | |
| Changes in PPE Revaluation Surplus | 4.4 | 460 | 58 |
| **Comprehensive result for the year** | | **19,280** | **31,990** |

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

# Balance Sheet as at 30 June 2022

| | Note | 2022 $'000 | 2021 $'000 |
|---|---|---|---|
| **Assets** | | | |
| **Current Assets** | | | |
| Cash and Cash Equivalents | 6.2 | 112,945 | 60,093 |
| Receivables and Contract Assets | 5.1 | 41,933 | 28,622 |
| Investments and Other Financial Assets | 4.1 | 6,872 | 6,861 |
| Inventories | 4.8 | 9,049 | 8,346 |
| Prepaid Expenses | 5.4 | 2,643 | 1,615 |
| **Total Current Assets** | | **173,442** | **105,537** |
| **Non-Current Assets** | | | |
| Receivables and Contract Assets | 5.1 | 65,697 | 64,399 |
| Investments and Other Financial Assets | 4.1 | 75,709 | 81,967 |
| Property, Plant and Equipment | 4.2(a) | 193,039 | 177,158 |
| Right of Use Assets | 4.3(a) | 24,726 | 26,986 |
| Intangible Assets | 4.5(a) | 12,904 | 15,547 |
| Investment Property | 4.7(a) | 3,293 | 3,100 |
| **Total Non-Current Assets** | | **375,368** | **369,157** |
| **Total Assets** | | **548,810** | **474,694** |
| **Liabilities** | | | |
| **Current Liabilities** | | | |
| Payables and Contract Liabilities | 5.2 | 159,394 | 110,775 |
| Borrowings | 6.1 | 9,629 | 9,721 |
| Employee Benefits | 3.3 | 167,251 | 157,012 |
| Other Liabilities | 5.3 | 13,371 | 11,823 |
| **Total Current Liabilities** | | **349,645** | **289,331** |
| **Non-Current Liabilities** | | | |
| Borrowings | 6.1 | 19,657 | 22,564 |
| Employee Benefits | 3.3 | 28,434 | 31,005 |
| **Total Non-Current Liabilities** | | **48,091** | **53,569** |
| **Total Liabilities** | | **397,736** | **342,900** |
| **Net Assets** | | **151,074** | **131,794** |
| **Equity** | | | |
| General Purpose Surplus | SCE | 109 | 113 |
| Property, Plant & Equipment Revaluation Surplus | 4.4 | 1,451 | 991 |
| Restricted Specific Purpose Surplus | SCE | 43,011 | 36,293 |
| AIB Surplus | SCE | 6,108 | 6,104 |
| Funds Held in Perpetuity | SCE | 250 | 250 |
| Contributed Capital | SCE | 25,850 | 25,850 |
| Accumulated Surplus | SCE | 74,295 | 62,193 |
| **Total Equity** | | **151,074** | **131,794** |

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

# Statement of Changes in Equity for the Financial Year Ended 30 June 2022

| | Note | General Purpose Surplus $ '000 | Property, Plant & Equipment Revaluation Surplus $ '000 | Restricted Specific Purpose Surplus $ '000 | AIB Surplus $ '000 | Funds Held in Perpetuity $ '000 | Contributed Capital $ '000 | Accum. Surplus $ '000 | Total $ '000 |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at 1 July 2020** | **8.9** | **120** | **933** | **31,816** | **6,097** | **250** | **25,850** | **34,738** | **99,804** |
| Net result for the Year | | - | - | - | - | - | - | 31,932 | 31,932 |
| Other Comprehensive Income | | - | 58 | - | - | - | - | - | 58 |
| Transfer to/(from) Accum Surplus | | - | - | 4,477 | - | - | - | (4,477) | - |
| Transfer to/(from) AIB Surplus | | (7) | - | - | 7 | - | - | - | - |
| Transfer to/(from) Restricted Specific Purpose Surplus | | - | - | - | - | - | - | - | - |
| **Balance at 30 June 2021** | **8.9** | **113** | **991** | **36,293** | **6,104** | **250** | **25,850** | **62,193** | **131,794** |
| Net result for the Year | | - | - | - | - | - | - | 18,820 | 18,820 |
| Other Comprehensive Income | | - | 460 | - | - | - | - | - | 460 |
| Transfer to/(from) Accum Surplus | | - | - | 6,718 | - | - | - | (6,718) | - |
| Transfer to/(from) AIB Surplus | | (4) | - | - | 4 | - | - | - | - |
| Transfer to/(from) Restricted Specific Purpose Surplus | | - | - | - | - | - | - | - | - |
| **Balance at 30 June 2022** | **8.9** | **109** | **1,451** | **43,011** | **6,108** | **250** | **25,850** | **74,295** | **151,074** |

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

# Cash Flow Statement for the Financial Year Ended 30 June 2022

| | Note | 2022 $'000 Inflows/ (Outflows) | 2021 $'000 Inflows/ (Outflows) |
|---|---|---|---|
| **Cash Flows From Operating Activities** | | | |
| Operating Grants from Government | | 868,923 | 753,242 |
| Capital Grants from Government | | 45,816 | 38,344 |
| Patient and Resident Fees Received | | 19,357 | 18,809 |
| Private Practice and Pathology Fees Received | | 41,368 | 41,728 |
| Donations and Bequests Received | | 5,728 | 5,844 |
| Interest and Investment Income Received | | 1,637 | 419 |
| Other Receipts | | 136,329 | 130,074 |
| **Total Receipts** | | **1,119,158** | **988,460** |
| Employee Expenses Paid | | (708,683) | (622,754) |
| Payments for Supplies and Consumables | | (144,150) | (145,543) |
| Payments for Repairs and Maintenance | | (6,747) | (6,065) |
| Payments for Medical Indemnity Insurance | | (7,168) | (6,801) |
| Finance Costs | | (922) | (1,109) |
| Other Payments | | (91,886) | (70,780) |
| GST Paid to ATO | | (68,727) | (61,880) |
| **Total Payments** | | **(1,028,283)** | **(914,932)** |
| **Net Cash Inflow from Operating Activities** | **8.1** | **90,875** | **73,528** |
| **Cash Flows From Investing Activities** | | | |
| Purchase of Non-Financial Assets | | (33,201) | (45,780) |
| Proceeds from Disposal of Non-Financial Assets | | 13 | 87 |
| Purchase of Intangible Assets | | (4,158) | (2,581) |
| Purchases of Investments | | (912) | (498) |
| Capital Donations and Bequests Received | | 2,050 | 1,765 |
| Other Capital Receipts | | 8,290 | 2,983 |
| **Net Cash Outflow from Investing Activities** | | **(27,918)** | **(44,024)** |
| **Cash Flows From Financing Activities** | | | |
| Proceeds from Borrowings | | - | 712 |
| Repayment of Borrowings | | (879) | (2,394) |
| Repayment of Principal Portion of Lease Liabilities | | (11,114) | (11,891) |
| Receipt of Accommodation Deposits | | 3,702 | 3,851 |
| Repayment of Accommodation Deposits | | (1,814) | (864) |
| **Net Cash Inflow/(Outflow) From Financing Activities** | | **(10,105)** | **(10,586)** |
| Net Increase/(Decrease) In Cash and Cash Equivalents Held | | 52,852 | 18,918 |
| Cash and Cash Equivalents at Beginning of the Financial Year | | 60,093 | 41,175 |
| **Cash and Cash Equivalents at End of the Financial Year** | **6.2** | **112,945** | **60,093** |

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

# Notes to the Financial Statements For the Financial Year Ended 30 June 2022

## Note 1: Basis of preparation

**Structure**



These financial statements represent the audited general purpose financial statements for St Vincent's Hospital (Melbourne) Limited ('Health Service') for the year ended 30 June 2022. The report provides users with information about the Health Services' stewardship of resources entrusted to it.

This section explains the basis of preparing the financial statements.

### Note 1.1 Basis of preparation of the financial statements

These financial statements are general purpose financial statements which have been prepared in accordance with the *Financial Management Act 1994*, *Australian Charities and Not-for-profits Commission Act 2012* and applicable Australian Accounting Standards, which include interpretations issued by the Australian Accounting Standards Board (AASB). They are presented in a manner consistent with the requirements of AASB 101 *Presentation of Financial Statements*.

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

The Health Service is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to a "not-for-profit" health service under the Australian Accounting Standards. Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Apart from the changes in accounting policies, standards and interpretations as noted below, material accounting policies adopted in the preparation of these financial statements are the same as those adopted in the previous period.

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

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

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

The annual financial statements were authorised for issue by the Board of the Health Service on 29 August 2022.

### Note 1.2 Impact of COVID-19 pandemic

In March 2020 a state of emergency was declared in Victoria due to the global coronavirus pandemic, known as COVID-19. On 2 August 2020 a state of disaster was added with both operating concurrently. The state of disaster in Victoria concluded on 28 October 2020 and the state of emergency concluded on 15 December 2021.

The COVID-19 pandemic continues to create economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by the health service at the reporting date. Management recognises that is difficult to reliably estimate with certainty, the potential impact of the pandemic after the reporting date on the health service, its operations, its future results and financial position.

The Pandemic response has been managed by our existing Pandemic Incident Response Team, comprised of the St Vincent's Hospital Melbourne Executives and led by the COVID Commander. This team has continued to reconfigure our services as required to free up more staff, deliver different models of care, or redeploy staff to work in areas of highest clinical priority.

In response to the ongoing COVID-19 pandemic, the Health Service has:

- Responded as both a Tier 1 and Tier 2 streaming hospital, receiving and caring for COVID-19 patients with between 1-4 COVID wards in operation at any time;
- Introduced restrictions on non-essential visitors, with our restrictions often going further than government advice to manage risk;
- Tripled the size of our Hospital in the Home average daily number of patients receiving care in the past 12 months, delivering home-based care for COVID-positive consumers and an expanded range of higher acuity medical and surgical conditions;
- Complied with Government vaccination mandates for all staff;
- Increased utilisation of telehealth services;
- Maintained the COVID-19 information hub on the staff intranet;
- Scaled down elective surgery and reduced activity where required, in particular during the State's Code Brown declaration;
- Partnered with St Vincent's Private Hospital Melbourne to perform surgery on public patients;
- Erected marques in the central courtyard to support COVID-safe staff breaks and provision of vaccination and testing;
- Introduced a staff asymptomatic Rapid Antigen Testing program;
- Operated a fever clinic to perform COVID-19 testing for patients, staff and the community;

- Operated COVID-19 vaccination hubs for both staff, and the public at the Royal Exhibition Building and Campbellfield, with these hubs closing in March 2022 and June 2022 respectively;
- Continued to operate Sumner House, in partnership with the Brotherhood of St Laurence and Launch Housing to accommodate people who are experiencing homelessness and require a safe place to isolate, along with a mobile vaccination clinic for people experiencing homelessness;
- Maintained an in-house contact tracing and outbreak management team;
- Establishment of COVID-19 Simulation Wards and ICU simulation training as well as ongoing in-house PPE donning and doffing training;
- PPE fit tested staff;
- Ongoing online COVID19 specific training packages for staff;
- Redeployed at-risk staff;
- Maintained the HealthMonitor program for people who tested positive to COVID-19 to safely monitor their health while they are self-isolated at home;
- Provided additional support for a number of public and private residential aged-care facilities;
- Introduced different staffing models in various departments to ensure compliance with capacity restrictions whilst maintaining sufficient patient care; and
- Continued operating the Matilda unit at Port Philip Prison to isolate & quarantine COVID19 prisoners/ inmates.

Where financial impacts of the pandemic are material to the Health Service, they are disclosed in the explanatory notes, this includes:

- Note 2: Funding delivery of our services
- Note 3: The cost of delivering our services
- Note 4: Key assets to support service delivery
- Note 6: How we finance our operations.

## Note 1.3 Abbreviations and terminology used in the financial statements

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

| Ref. | Title |
|---|---|
| **AASB** | Australian Accounting Standards Board |
| **AASs** | Australian Accounting Standards, which include Interpretations |
| **DH** | Department of Health |
| **DTF** | Department of Treasury and Finance |
| **FMA** | Financial Management Act 1994 |
| **FRD** | Financial Reporting Direction |
| **NWAU** | National Weighted Activity Unit |
| **SD** | Standing Direction |
| **VAGO** | Victorian Auditor General's Office |
| **WIES** | Weighted Inlier Equivalent Separation |

## Note 1.4 Jointly controlled operations

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

In respect of any interest in joint operations, the Health Service recognises in the financial statements:

- its assets, including its share of any assets held jointly;
- any liabilities including its share of liabilities that it had incurred;
- its revenue from the sale of its share of the output from the joint operation;
- its share of the revenue from the sale of the output by the operation; and
- its expenses, including its share of any expenses incurred jointly.

The Health Service is a member of the Victorian Comprehensive Cancer Centre Joint Venture and retains joint control over the arrangement, which it has classified as a joint operation (refer to Note 8.8 Jointly Controlled Operations).

## Note 1.5 Key accounting estimates and judgements

Management make estimates and judgements when preparing the financial statements.

These estimates and judgements are based on historical knowledge and best available information and assume any reasonable expectation of future events. Actual results may differ.

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

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

## Note 1.6 Accounting standards issued but not yet effective

An assessment of accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to the Health Service and their potential impact when adopted in future periods is outlined below:

| Standard | Adoption Date | Impact |
|---|---|---|
| AASB 17: *Insurance Contracts* | Reporting periods on or after 1 January 2023. | Adoption of this standard is not expected to have a material impact. |
| AASB 2020-1: *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current* | Reporting periods on or after 1 January 2022. | Adoption of this standard is not expected to have a material impact. |
| AASB 2020-3: *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments* | Reporting periods on or after 1 January 2022. | Adoption of this standard is not expected to have a material impact. |
| AASB 2021-2: *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definitions of Accounting Estimates.* | Reporting periods on or after 1 January 2023. | Adoption of this standard is not expected to have a material impact. |
| AASB 2021-5: *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction* | Reporting periods on or after 1 January 2023. | Adoption of this standard is not expected to have a material impact. |
| AASB 2021-6: *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards* | Reporting periods on or after 1 January 2023. | Adoption of this standard is not expected to have a material impact. |
| AASB 2021-7: *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections* | Reporting periods on or after 1 January 2023. | Adoption of this standard is not expected to have a material impact. |

There are no other accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to the Health Service in future periods.

## Note 1.7 Goods and Services Tax (GST)

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

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

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

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

## Note 1.8 Reporting entity

The financial statements include all the controlled activities of the Health Service.

Its principal place of business is:

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

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

## Note 1.9 Going concern

The Health Service has a net asset position of $151.074m at 30 June 2022 (2021: $131.794m).

The Health Service's Balance Sheet shows an excess of current liabilities over current assets of $176.203m (2021: $183.794m). However, included within current liabilities are employee provisions of $167.251m (2021: $157.012m) which are presented as current even though it is probable that amounts will be paid out over several years. The Health Service has estimated in the twelve months following 30 June 2022, $65.855m (2021: $56.583m) may be paid out related to these employee provisions as disclosed in note 3.3. Also related to these provisions, the Health Service has a non-current receivable of $65.578m (2021: $64.239m) from the Department of Health as disclosed in note 5.1 that may be called upon where required.

The Health Service is wholly dependent on the continued financial support of the State Government and in particular, the DH.

The DH has provided confirmation that it will continue to provide the Health Service adequate cash flow support to meet its current and future obligations as and when they fall due for a period up to 31st October 2023. On that basis, the financial statements have been prepared on a going concern basis.

# Note 2: Funding delivery of our services

The Health Service's overall objective is to provide quality health services that support and enhance the wellbeing of all Victorians.

The Health Service is predominantly funded by grant funding for the provision of outputs. The Health Service also receives income from the supply of services.

**Structure**



Revenue recognised to fund the delivery of our services increased during the financial year. During this period, the Health Service has collaborated closely with the Department of Health to reduce the risk of infection to our staff, patients and the community. The Health Service continued to operate St. Vincent's Hospital on the Park (SVHOP) to meet demands of COVID-19 and operated two community vaccination hubs (at the Royal Exhibition Building (REB) and Campbellfield), the Sumner House COVID-19 isolation and recovery facility, and a fever clinic.

Activity Based Funding decreased as the level of activity agreed in the Statement of Priorities was unable to be delivered due to reductions in the number of patients being treated at various times throughout the financial year. This was offset by funding provided by the Department of Health to compensate for reductions in revenue and to cover certain direct and indirect COVID-19 related costs.

Funding provided included:

- COVID-19 grants to fund additional staffing and nonstaffing costs, and to compensate for third party revenue shortfalls;
- State repurposed grants to fund shortfalls against activity based funding as noted above;
- Additional elective surgery funding to enable a catch up of surgery that could not be undertaken during the pandemic;
- Better @ home funding to provide alternative patient pathways and services;
- Mental health capacity funding to address additional mental health demand evident during the pandemic such as, expanded hours clinics, additional acute capacity, secondary consultation liaison, assertive assessment outreach, remaining connected project;
- Capital works funding for the pathology laboratory; and
- Funding to cover additional COVID-19 related services including SVHOP, vaccinations at the REB and Campbellfield, Sumner House, the fever clinic and to support laboratory testing.

## Key judgements and estimates

This section contains the following key judgements and estimates:

| Key judgements and estimates | Description |
|---|---|
| **Identifying performance obligations** | The Health Service applies significant judgment when reviewing the terms and conditions of funding agreements and contracts to determine whether they contain sufficiently specific and enforceable performance obligations.<br><br>If this criteria is met, the contract/funding agreement is treated as a contract with a customer, requiring the Health Service to recognise revenue as or when the Health Service transfers promised goods or services to the beneficiaries.<br><br>If this criteria is not met, funding is recognised immediately in the net result from operations. |
| **Determining timing of revenue recognition** | The Health Service applies significant judgement to determine when a performance obligation has been satisfied and the transaction price that is to be allocated to each performance obligation. A performance obligation is either satisfied at a point in time or over time. |

## Note 2.1: Revenue and Income from Transactions

| | Note | Total 2022 $'000 | Total 2021 $'000 |
|---|---|---|---|
| **Operating Activities** | | | |
| **Revenue from Contracts with Customers** | | | |
| Government Grants (State) – Operating | | 528,692 | 456,450 |
| Government Grants (Commonwealth) – Operating | | 49,085 | 54,889 |
| Patient and Resident Fees | | 18,370 | 18,689 |
| Commercial Activities[1] | | 83,806 | 76,154 |
| Pathology | | 35,066 | 35,434 |
| Diagnostic Imaging | | 12,493 | 12,450 |
| **Total Revenue from Contracts with Customers** | | **727,512** | **654,066** |
| **Other Sources of Income** | | | |
| Government Grants (State) – Operating | | 173,154 | 178,358 |
| Government Grants (State) – Capital | | 48,817 | 38,422 |
| Other Capital Purpose Income | | 8,300 | 16,638 |
| Assets received Free of Charge or for Nominal Consideration | 2.2 | 9,338 | 6,625 |
| Other Revenue from Operating Activities (including Non-Capital Donations) | | 32,642 | 29,320 |
| **Total Other Sources of Income** | | **272,251** | **269,363** |
| **Total Revenue and Income from Operating Activities** | | **999,763** | **923,429** |
| Non-operating Activities | | | |
| Capital Interest | | 12 | 14 |
| Other Interest | | 413 | 279 |
| Dividends | | 1,248 | 730 |
| Other Income | | - | - |
| **Total Income from Non-Operating Activities** | | **1,673** | **1,023** |
| **Total Revenue and Income from Transactions** | | **1,001,436** | **924,452** |

[1] Commercial activities represent business activities which the Health Service enters into to support its operations.

### Note 2.1(a) Timing of revenue from contracts with customers

| | Total 2022 $'000 | Total 2021 $'000 |
|---|---|---|
| **The Health Service disaggregates revenue by the timing of revenue recognition** | | |
| **Goods and services transferred to customer:** | | |
| At a point in time | 709,142 | 635,377 |
| Over time | 18,370 | 18,689 |
| **Total revenue from contracts with customers** | **727,512** | **654,066** |

### How We Recognise Revenue and Income from Transactions

#### Government Operating Grants

To recognise revenue, the Health Service assesses each grant to determine whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with AASB 15: *Revenue from Contracts with Customers*.

When both these conditions are satisfied, the Health Service:

- Identifies each performance obligation relating to the revenue;
- recognises a contract liability for its obligations under the agreement; and
- recognises revenue as it satisfied its performance obligations, at the time or over time when services are rendered.

If a contract liability is recognised, the Health Service recognises revenue in profit or loss as and when it satisfies its obligations under the contract, unless a contract modification is entered into between all parties. A contract modification may be obtained in writing, by oral agreement or implied by customary business practices.

Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, the Health Service:

- recognises the asset received in accordance with the recognition requirements of other applicable Accounting Standards (for example, AASB 9, AASB 16, AASB 116 and AASB 138);
- recognises related amounts (being contributions by owners, lease liabilities, financial instruments, provisions, revenue or contract liabilities from a contract with a customer); and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount in accordance with AASB 1058.

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

This policy applies to each of the Health Service's revenue streams, with information detailed below relating to the Health Service's significant revenue streams:

| Government grant | Performance obligation |
|---|---|
| **Activity Based Funding (ABF) paid as Weighted Inlier Equivalent Separation (WIES) casemix** | The performance obligations for ABF are the number and mix of patients admitted to hospital (defined as 'casemix') in accordance with the levels of activity agreed to, with the DH in the annual Statement of Priorities.<br>Revenue is recognised at a point in time, which is when a patient is discharged.<br>WIES activity is a cost weight that is adjusted for time spent in hospital, and represents a relative measure of resource use for each episode of care in a diagnosis related group (DRG).<br>WIES was superseded by NWAU from 1 July 2021, for acute, sub-acute and state-wide (which includes specified grants, state-wide services and teaching and training). Services not transitioning at this time include mental health and small rural services. |
| **Activity Based Funding (ABF) paid as National Weighted Activity Unit (NWAU)** | NWAU funding commenced 1 July 2021 and supersedes WIES for acute, sub-acute and state-wide services (which includes specified grants, state-wide services and teaching and training). Services not transitioning at this time include mental health and small rural services.<br>NWAU is a measure of health service activity expressed as a common unit against which the national efficient price (NEP) is paid.<br>The performance obligations for NWAU are the number and mix of admissions, emergency department presentations and outpatient episodes, and is weighted for clinical complexity.<br>Revenue is recognised at point in time, which is when a patient is discharged. |
| **Specific Purpose and One-off Grants** | These are paid for a particular purpose or project and are recognised over time as the specific performance obligations and/or conditions regarding their use are met. Example of specific purpose grants:<br>▪ Mental Health – Adult Continuing Care and Treatment<br>▪ Drug Services – Adult residential drug withdrawal<br>▪ Mental Health – Early Intervention Psychosocial Response<br>▪ COVID-19 Mental Health – Secondary Consultation Liaison |

### Capital Grants

Where the Health Service receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liabilities, financial instruments, provisions, revenue or contract liabilities arising from a contract with a customer) recognised under other Australian Accounting Standards.

Income is recognised progressively as the asset is constructed which aligns with the Health Service's obligation to construct the asset. The progressive percentage of costs incurred is used to recognise income, as this most accurately reflects the stage of completion.

### Patient and Resident Fees

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

### Private Practice Fees

Private practice fees include recoupments from various private practice organisations for the use of Health Service facilities. Private practice fees are recognised over time as the performance obligation, the provision of facilities, is provided to customers.

### Pathology and Diagnostic Imaging

Pathology and Diagnostic Imaging fees are recognised as revenue at a point in time, upon provision of the service to the customer.

### Commercial Activities

Revenue from commercial activities includes items such as car park income, private diagnostic services, correctional health services and Breast screen. Commercial activity revenue is recognised at a point in time, upon provision of the goods or service to the customer.

## Note 2.2: Fair Value of Assets Received Free of Charge or for Nominal Consideration

| | Total 2022 $'000 | Total 2021 $'000 |
|---|---|---|
| **During the reporting period, the fair value of assets received free of charge, was as follows:** | | |
| Capital Cash Donations | 2,050 | 1,766 |
| Cultural Assets | 1 | 339 |
| Plant and Equipment | 206 | 391 |
| Personal Protective Equipment and Other Consumables | 7,081 | 4,129 |
| **Total** | **9,338** | **6,625** |

### How We Recognise the Fair Value of Assets and Services Received Free of Charge or for Nominal Consideration

#### Donations and Bequests

Donations and bequests are generally recognised as income upon receipt (which is when the Health Service usually obtained control of the asset) as they do not contain sufficiently specific and enforceable performance obligations. Where sufficiently specific and enforceable performance obligations exist, revenue is recorded as and when the performance obligation is satisfied.

#### Personal Protective Equipment

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

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

#### Contributions

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

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

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

#### Voluntary Services

The Health Service received volunteer services from members of the community in the following areas:

- Berengarra Residential Care and Auburn House
- Caritas Christi Palliative Unit
- 10 West
- Information desk located in foyer at 55 Victoria Pde and the clinics
- Rehabilitation and GEM Units Bolte Wing and at St Georges
- Briar Terrace
- Varied Admin offices throughout the Fitzroy campus
- Archives and the Art Department

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

The Health Service greatly values the services contributed by volunteers but it does not depend on volunteers to deliver its services.

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

The Department of Health makes some payments on behalf of the Health Service as follows:

| Supplier | Description |
|---|---|
| **Victorian Managed Insurance Authority** | The Department of Health purchases non-medical indemnity insurance for the Health Service which is paid directly to the Victorian Managed Insurance Authority. To record this contribution, such payments are recognised as income with a matching expense in the net result from transactions. |
| **Department of Health** | Long Service Leave (LSL) revenue is recognised upon finalisation of movements in LSL liability in line with the long service leave funding arrangements set out in the relevant Department of Health Hospital Circular. |

### How We Recognise Other Income

#### Interest Revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield of the financial asset, which allocates interest over the relevant period.

#### Dividend Revenue

Dividend revenue is recognised when the right to receive payment is established. Dividends represent the income arising from the Health Service's investments in Financial Assets.

# Note 3: The cost of delivering services

This section provides an account of the expenses incurred by the Health Service in delivering services and outputs. In Note 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are recorded.

**Structure**



Expenses incurred to deliver our services increased during the financial year with $115.4m of additional cost being attributable to the impact of COVID-19 coronavirus pandemic.

Additional costs were incurred to:

- establish facilities within Health Service for the isolation and treatment of suspected and admitted COVID-19 patients including in the emergency department, the intensive care unit and on inpatient wards resulting in an increase in employee costs, additional equipment purchases, and additional pathology testing;
- implement COVID safe practices throughout the Health Service including increased cleaning, increased security, temperature testing of staff and visitors, consumption of personal protective equipment, that was in part provided as resources received free of charge, PPE training, working from home arrangements for staff;
- assist with COVID-19 case management, contact tracing and outbreak management contributing to an increase in employee costs;
- provide surge allowance payments to eligible staff working in patient facing areas;
- operate a fever clinic for staff, patient and community COVID-19 testing;
- manage increased patient acuity, high levels of sick leave and to supplement the nursing workforce which was burdened by the impact of the vaccination program across the sector;
- operate a call centre hotline to provide information to staff and patients;
- process COVID-19 pathology tests;
- backfill staff required to quarantine or isolate;
- provide staffing to support public surgical activity performed at private hospitals;
- operate the COVID positive pathways program;
- establish workforce wellbeing initiatives to provide support for workers to strengthen work/life balance, provide mental health support and to expand availability and quality of spaces that support staff rest and recovery;
- operate vaccination clinics to administer vaccines to staff and the community resulting in an increase in employee costs, additional equipment and consumables purchases; and
- establish infrastructure, i.e. make physical changes to facilities, to enable staff to work while maintaining social- distancing.

## Key judgements and estimates

This section contains the following key judgements and estimates:

| Key judgements and estimates | Description |
|---|---|
| **Classifying employee benefit liabilities** | The Health Service applies significant judgment when classifying its employee benefit liabilities.<br>Employee benefit liabilities are classified as a current liability if the Health Service does not have an unconditional right to defer payment beyond 12 months. Annual leave, accrued days off and long service leave entitlements (for staff who have exceeded the minimum vesting period) fall into this category.<br>Employee benefit liabilities are classified as a non-current liability if the Health Service has a conditional right to defer payment beyond 12 months. Long service leave entitlements (for staff who have not yet exceeded the minimum vesting period) fall into this category. |
| **Measuring employee benefit liabilities** | The Health Service applies significant judgment when measuring its employee benefit liabilities.<br>The Health Service applies judgement to determine when it expects its employee entitlements to be paid.<br>With reference to historical data, if the health service does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value, being the expected future payments to employees.<br>Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields on government bonds at the end of the reporting period.<br>All other entitlements are measured at their nominal value. |

## Note 3.1: Expenses from Transactions

| | Note | Total 2022 $'000 | Total 2021 $'000 |
|---|---|---|---|
| Salaries and Wages | | 648,886 | 587,607 |
| On-costs | | 56,864 | 47,898 |
| Agency Expenses | | 8,998 | 5,493 |
| Workcover Premium | | 4,978 | 3,858 |
| **Total Employee Expenses** | | **719,726** | **644,856** |
| Drug Supplies | | 44,108 | 49,964 |
| Medical and Surgical Supplies | | 51,098 | 50,281 |
| Diagnostic and Radiology Supplies | | 20,017 | 16,281 |
| Other Supplies and Consumables | | 4,936 | 4,341 |
| **Total Supplies and Consumables** | | **120,159** | **120,867** |
| Finance Costs | | 922 | 1,109 |
| **Total Finance Costs** | | **922** | **1,109** |
| Fuel, Light, Power and Water | | 8,039 | 8,325 |
| Repairs and Maintenance | | 6,747 | 6,065 |
| Maintenance Contracts | | 15,497 | 13,320 |
| Medical Indemnity Insurance | | 7,168 | 6,801 |
| Expenses related to Short Term Leases | | 62 | 41 |
| Other Administrative Expenses | | 63,852 | 64,207 |
| Expenditure for Capital Purposes | | 2,398 | 1,060 |
| **Total Other Operating Expenses** | | **103,763** | **99,819** |
| **Total Operating Expense** | | **944,570** | **866,651** |
| Depreciation and Amortisation | 4.6 | 35,587 | 38,149 |
| **Total Depreciation and amortisation** | | **35,587** | **38,149** |
| **Total Expenses from Transactions** | | **980,157** | **904,800** |

### How We Recognise Expenses from Transactions

#### Expense recognition

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

#### Employee expenses

Employee expenses include:

- Salaries and wages (including fringe benefits tax, leave entitlements, termination payments);
- On-costs;
- Agency expenses;
- Fee for service medical officer expenses; and
- Workcover premiums.

#### Supplies and consumables

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

#### Finance costs

Finance costs include:

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

#### Other operating expenses

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

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

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

#### Non-operating expenses

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

## Note 3.2: Other Economic Flows

| | Total 2022 $'000 | Total 2021 $'000 |
|---|---|---|
| **Net gain/(loss) on non-financial assets** | | |
| Revaluation of Investment Property | 193 | 300 |
| Net gain/(loss) on disposal of Property, Plant and Equipment | (21) | 21 |
| **Total net gain/(loss) on non-financial assets** | **172** | **321** |
| **Net gain/(loss) on financial instruments** | | |
| Allowance for impairment losses of contractual receivables | (552) | (1,217) |
| Net gain/(loss) on financial assets at fair value | (7,159) | 10,759 |
| **Total net gain/(loss) on financial instruments** | **(7,711)** | **9,542** |
| **Other gains/(losses) from other economic flows** | | |
| Net gain(loss) arising from revaluation of long service liability | 5,080 | 2,417 |
| **Total other gains/(losses) from other economic flows** | **5,080** | **2,417** |
| **Total gains/(losses) from Other Economic Flows** | **(2,459)** | **12,280** |

### How We Recognise Other Economic Flows

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

#### Net gain/(loss) on non-financial assets

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

- net gain/(loss) on disposal of non-financial assets;
- any gain or loss on the disposal of non-financial assets is recognised at the date of disposal; and
- revaluation gains/(losses) of investment property.

#### Net gain/(loss) on financial instruments:

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

- realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- impairment and reversal of impairment for financial instruments at amortised cost (refer to Note 7.1 Investments and other financial assets); and
- disposals of financial assets and de-recognition of financial liabilities.

### Amortisation of non-produced intangible assets

Intangible non-produced assets with finite lives are amortised as an 'other economic flow' on a systematic basis over the assets useful life. Amortisation begins when the asset is available for use that is when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

### Impairment of non-financial assets

Goodwill and intangible assets with indefinite useful lives (and intangible assets not available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired. Refer to Note 4.5 Intangibles.

### Other gains/(losses) from other economic flows

Other gains/(losses) include:

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates; and
- transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

## Note 3.3: Employee Benefits in the Balance Sheet

| | Total 2022 $'000 | Total 2021 $'000 |
|---|---|---|
| **Current Employee Benefits and Related On-Costs** | | |
| Annual Leave | | |
| ▪ Unconditional and expected to be settled wholly within 12 months[i] | 46,657 | 41,151 |
| ▪ Unconditional and expected to be settled wholly after 12 months[ii] | 7,597 | 6,972 |
| Long Service Leave | | |
| ▪ Unconditional and expected to be settled wholly within 12 months[i] | 10,210 | 7,799 |
| ▪ Unconditional and expected to be settled wholly after 12 months[ii] | 82,768 | 83,882 |
| Accrued Days Off | | |
| ▪ Unconditional and expected to be settled wholly within 12 months[i] | 2,257 | 2,070 |
| | **149,489** | **141,874** |
| **Provisions related to Employee Benefit On-Costs** | | |
| - Unconditional and expected to be settled wholly within 12 months[i] | 6,731 | 5,563 |
| - Unconditional and expected to be settled wholly after 12 months[ii] | 11,031 | 9,575 |
| | **17,762** | **15,138** |
| **Total Current Employee Benefits** | **167,251** | **157,012** |
| **Non-Current Employee Benefits and Related On-Costs** | | |
| Conditional long service leave | 25,299 | 28,059 |
| Provisions related to Employee Benefit On-Costs | 3,135 | 2,946 |
| **Total Non-Current Employee Benefits and Related On-Costs** | **28,434** | **31,005** |
| **Total Employee Benefits and Related On-Costs** | **195,685** | **188,017** |

[i] The amounts disclosed are nominal amounts.

[ii] The amounts disclosed are discounted to present values

### Note 3.3(a) Consolidated employee benefits and related on-costs

| | Total 2022 $'000 | Total 2021 $'000 |
|---|---|---|
| **Current employee benefits and related on-costs** | | |
| Unconditional long service leave entitlements | 104,252 | 101,308 |
| Unconditional annual leave entitlements | 60,493 | 53,416 |
| Unconditional accrued days off | 2,506 | 2,288 |
| **Total current employee benefits and related on-costs** | **167,251** | **157,012** |
| **Non-current employee benefits and related on-costs** | | |
| Conditional long service leave entitlements | 28,434 | 31,005 |
| **Total non-current employee benefits and related on-costs** | **28,434** | **31,005** |
| **Total employee benefits and related on-costs** | **195,685** | **188,017** |
| | | |
| **Attributable to:** | | |
| Employee benefits | 174,788 | 169,933 |
| Provision for related on-costs | 20,897 | 18,084 |
| **Total employee benefits and related on-costs** | **195,685** | **188,017** |

### Note 3.3(b) Provision for related on-costs movement schedule

| | Total 2022 $'000 | Total 2021 $'000 |
|---|---|---|
| **Carrying amount at start of year** | **18,084** | **16,365** |
| Additional provisions recognised | 7,948 | 6,669 |
| Amounts incurred during the year | (5,719) | (5,216) |
| Net gain/(loss) arising from revaluation of long service liability | 584 | 266 |
| **Carrying amount at end of year** | **20,897** | **18,084** |

### How We Recognise Employee Benefits

#### Employee Benefits Recognition

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

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

#### Annual Leave and Accrued Days Off

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

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

- Nominal value – if the Health Service expects to wholly settle within 12 months; or
- Present value – if the Health Service does not expect to wholly settle within 12 months.

#### Long Service Leave

The liability for long service leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability even where the Health Service does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. An unconditional right arises after a qualifying period.

The components of this current LSL liability are measured at:

- Nominal value – if the Health Service expects to wholly settle within 12 months; or

- Present value – if the Health Service does not expect to wholly settle within 12 months.

Conditional LSL is measured at present value and disclosed as a non-current liability. Any gain or loss from revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in estimations e.g. bond rate movements, inflation rate movements and changes in probability factors which are then recognised as other economic flows.

### Termination Benefits

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

### On-Costs related to Employee Benefits

Provision for on-costs such as workers compensation and superannuation are recognised separately from provisions for employee benefits.

## Note 3.4: Superannuation

| | Paid Contribution for the Year | | Contribution Outstanding at Year End | |
|---|---|---|---|---|
| | Total 2022 $'000 | Total 2021 $'000 | Total 2022 $'000 | Total 2021 $'000 |
| **Defined Benefit Plans:** | | | | |
| Aware Super | 264 | 325 | - | - |
| Government State Super Funds | 118 | 140 | 3 | 2 |
| **Defined Contribution Plans:** | | | | |
| Aware Super | 28,992 | 25,979 | 1,160 | 869 |
| HESTA | 16,734 | 14,686 | 696 | 451 |
| Host Plus | 1,323 | 934 | 62 | 35 |
| STA Super | 1,583 | 876 | 80 | 39 |
| UniSuper | 709 | 702 | 30 | 27 |
| Other | 5,807 | 5,586 | 230 | 138 |
| **Total** | **55,530** | **49,228** | **2,261** | **1,561** |

### How We Recognise Superannuation

Employees of the Health Service are entitled to receive superannuation benefits and the Health Service contributes to both defined benefit and 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 defined benefit plan provides benefits based on years of service and final average salary. The amount charged to the comprehensive operating statement in respect of defined benefit superannuation plans represents the contributions made by the Health Service to the superannuation plans in respect of the services of current Health Service 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.

The Health Service does not recognise any unfunded defined benefit liability in respect of the plan because the Health Service 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 Health Service.

The name, details and amounts expensed in relation to the major employee superannuation funds and contributions made by the Health Service are disclosed above.

# Note 4: Key Assets to support service delivery

The Health Service controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to the Health Service to be utilised for delivery of those outputs.

### Structure



The measurement of assets used to support delivery of our services were impacted during the financial year which was partially attributable to the COVID-19 coronavirus pandemic. As a result of the pandemic, majority of the Health Service's assets that were used for a COVID-19 patients' care were received from the Department of Health free of charge or reimbursed by the Department of Health.

The following key assets were impacted that were used predominately at the Intensive care unit, the emergency department and the established COVID-19 wards:

- Ventilators;
- Humidifiers;
- Patient monitors;
- Dialysis Prismaflex

## Key judgements and estimates

This section contains the following key judgements and estimates:

| Key judgements and estimates | Description |
|---|---|
| **Measuring fair value of investment properties** | The Health Service obtains independent valuations for its non-current assets at least once every five years.<br>If an independent valuation has not been undertaken at balance date, the Health Service estimates possible changes in fair value since the date of the last independent valuation with reference to Valuer-General of Victoria indices.<br>Managerial adjustments are recorded if the assessment concludes a material change in fair value has occurred. Where exceptionally large movements are identified, an interim independent valuation is undertaken. |
| **Estimating useful life of property, plant and equipment** | The Health Service assigns an estimated useful life to each item of property, plant and equipment. This is used to calculate depreciation of the asset.<br>The Health Service reviews the useful life and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate. |
| **Estimating useful life of right-of-use assets** | The useful life of each right-of-use asset is typically the respective lease term, except where the Health Service is reasonably certain to exercise a purchase option contained within the lease (if any), in which case the useful life reverts to the estimated useful life of the underlying asset.<br>The Health Service applies significant judgement to determine whether or not it is reasonably certain to exercise such purchase options. |
| **Estimating restoration costs at the end of a lease** | Where a lease agreement requires the Health Service to restore a right-of-use asset to its original condition at the end of a lease, the Health Service estimates the present value of such restoration costs. This cost is included in the measurement of the right-of-use asset, which is depreciated over the relevant lease term. |
| **Estimating the useful life of intangible assets** | The Health Service assigns an estimated useful life to each intangible asset with a finite useful life, which is used to calculate amortisation of the asset. |
| **Identifying indicators of impairment** | At the end of each year, Health Service assesses impairment by evaluating the conditions and events specific to the health service that may be indicative of impairment triggers. Where an indication exists, the Health Service tests the asset for impairment.<br>The Health Service considers a range of information when performing its assessment, including considering:<br>▪ If an asset's value has declined more than expected based on normal use<br>▪ If a significant change in technological, market, economic or legal environment which adversely impacts the way the health service uses an asset<br>▪ If an asset is obsolete or damaged<br>▪ If the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life<br>▪ If the performance of the asset is or will be worse than initially expected.<br>Where an impairment trigger exists, the Health Service applies significant judgement and estimate to determine the recoverable amount of the asset. |

## Note 4.1: Investments and other financial assets

| | Operating Fund | | Specific Purpose Fund | | AIB Reserve Fund | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 |
| **Current** | | | | | | | | |
| **Current financial assets at amortised cost** | | | | | | | | |
| Term Deposits | 266 | 274 | 498 | 483 | - | - | 764 | 757 |
| Guaranteed Bill Index Deposit in Escrow | - | - | - | - | 6,108 | 6,104 | 6,108 | 6,104 |
| **Total Current** | **266** | **274** | **498** | **483** | **6,108** | **6,104** | **6,872** | **6,861** |
| **Non-Current** | | | | | | | | |
| **Non-current financial assets at fair value through net result** | | | | | | | | |
| Managed Investment Schemes | 25,780 | 29,023 | 48,116 | 51,131 | - | - | 73,896 | 80,154 |
| Shares in Epi Minder | 1,813 | 1,813 | - | - | - | - | 1,813 | 1,813 |
| **Total Non-Current** | **27,593** | **30,836** | **48,116** | **51,131** | **-** | **-** | **75,709** | **81,967** |
| **Total Investments and Other Financial Assets** | **27,859** | **31,110** | **48,614** | **51,614** | **6,108** | **6,104** | **82,581** | **88,828** |
| **Represented by:** | | | | | | | | |
| Health Service Investments | 27,859 | 31,110 | 48,614 | 51,614 | 6,108 | 6,104 | 82,581 | 88,828 |
| **Total Investments and Other Financial Assets** | **27,859** | **31,110** | **48,614** | **51,614** | **6,108** | **6,104** | **82,581** | **88,828** |

As a result of current global economic uncertainty due to COVID-19, the current valuation of the Health Service's managed investments and shares could be subject to significant volatility.

### How We Recognise Investments and Other Financial Assets

The Health Service manages its investments and other financial assets in accordance with an investment policy approved by the Board.

Investments held by the Health Service do not fall in the scope of the Standing Directions as they are not public entity funds (i.e. not controlled by the government).

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

The Health Service classifies its other financial assets between current and non-current assets based on the Board's intention at balance date with respect to the timing of disposal of each asset. Term deposits with original maturity dates of three to twelve months are classified as current, whilst term deposits with original maturity dates in excess of 12 months are classified as non-current.

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

## Note 4.2: Property, Plant and Equipment

### 4.2(a) Gross carrying amount and accumulated depreciation

| | Total 2022 $'000 | Total 2021 $'000 |
|---|---|---|
| **Leasehold Improvements** | | |
| Leasehold Improvements at Fair Value | 224,133 | 219,048 |
| Less Accumulated Depreciation | (140,008) | (130,684) |
| **Total Leasehold Improvements** | **84,125** | **88,364** |
| **Plant and Equipment** | | |
| Plant and Equipment at Fair Value | 34,069 | 32,312 |
| Less Accumulated Depreciation | (25,999) | (24,900) |
| **Total Plant and Equipment** | **8,070** | **7,412** |
| **Medical Equipment** | | |
| Medical Equipment at Fair Value | 105,712 | 99,118 |
| Less Accumulated Depreciation | (82,743) | (77,203) |
| **Total Medical Equipment** | **22,969** | **21,915** |
| **Computers and Communication** | | |
| Computers and Communication at Fair Value | 9,359 | 7,591 |
| Less Accumulated Depreciation | (4,948) | (3,248) |
| **Total Computers and Communications** | **4,411** | **4,343** |
| **Furniture and Fittings** | | |
| Furniture and Fittings at Fair Value | 3,877 | 3,879 |
| Less Accumulated Depreciation | (3,285) | (3,205) |
| **Total Furniture and Fittings** | **592** | **674** |
| **Motor Vehicles** | | |
| Motor Vehicles at Fair Value | 4,401 | 3,991 |
| Less Accumulated Depreciation | (3,419) | (3,258) |
| **Total Motor Vehicles** | **982** | **733** |
| **Cultural Assets** | | |
| Cultural Assets at Fair Value | 4,571 | 4,110 |
| **Total Cultural Assets** | **4,571** | **4,110** |
| **Works in Progress at Cost*** | **67,319** | **49,607** |
| **Total Property Plant and Equipment** | **193,039** | **177,158** |

* 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.

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

| | Leasehold Improvement $'000 | Plant & Equipment $'000 | Medical Equipment $'000 | Computers & Comms $'000 | Furniture & Fittings $'000 | Motor Vehicles $'000 | Cultural Assets $'000 | Works in Progress $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at 1 July 2020** | **88,678** | **6,823** | **18,871** | **4,326** | **790** | **819** | **3,713** | **22,896** | **146,916** |
| Additions | 1,553 | 1,292 | 6,382 | 1,516 | 45 | 99 | 339 | 37,778 | **49,004** |
| Transfers | 7,674 | 855 | 1,282 | 24 | 23 | - | - | (11,067) | **(1,209)** |
| Disposals | - | (7) | (49) | (11) | - | - | - | - | **(67)** |
| Revaluation | - | - | - | - | - | - | 58 | - | **58** |
| Depreciation | (9,541) | (1,551) | (4,571) | (1,512) | (184) | (185) | - | - | **(17,544)** |
| **Balance at 1 July 2021** | **88,364** | **7,412** | **21,915** | **4,343** | **674** | **733** | **4,110** | **49,607** | **177,158** |
| Additions | 1,121 | 2,211 | 4,197 | 1,770 | 44 | 437 | 1 | 23,702 | **33,483** |
| Transfers | 4,021 | - | 1,620 | - | 43 | - | - | (5,990) | **(306)** |
| Disposals | - | (27) | (8) | - | - | - | - | - | **(35)** |
| Revaluation | - | - | - | - | - | - | 460 | - | **460** |
| Depreciation | (9,381) | (1,526) | (4,755) | (1,702) | (169) | (188) | - | - | **(17,721)** |
| **Balance at 30 June 2022** | **84,125** | **8,070** | **22,969** | **4,411** | **592** | **982** | **4,571** | **67,319** | **193,039** |

### How We Recognise Property, Plant and Equipment

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

#### Initial Recognition

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

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

#### Subsequent measurement

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

Further information regarding fair value measurement is disclosed in Note 7.4.

#### Revaluation

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

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

An adjustment is recognised if the assessment concludes that the fair value of buildings has changed by 10% or more since the last revaluation (whether that be the most recent independent valuation or managerial valuation). Any estimated change in fair value of less than 10% is deemed immaterial to the financial statements and no adjustment is recorded. Where the assessment indicates there has been an exceptionally material movement in the fair value of buildings since the last independent valuation, being equal to or in excess of 40%, the Health Service would obtain an interim independent valuation prior to the next scheduled independent valuation.

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

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

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

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

There were no changes in valuation techniques throughout the period to 30 June 2022.

## Note 4.3: Right-of-use Assets

### 4.3(a) Gross carrying amount and accumulated depreciation

| | Total 2022 $'000 | Total 2021 $'000 |
|---|---|---|
| Right-of-Use Plant, Equipment and Motor Vehicles at Fair Value | 8,662 | 15,206 |
| Less Accumulated Depreciation | (6,287) | (11,306) |
| **Total Right-of-Use Plant, Equipment and Motor Vehicles at Fair Value** | **2,375** | **3,900** |
| Right-of-Use Buildings at Fair Value | 50,808 | 42,520 |
| Less Accumulated Depreciation | (28,457) | (19,434) |
| **Total Right-of-Use Buildings at Fair Value** | **22,351** | **23,086** |
| **Total Right-Of-Use Assets** | **24,726** | **26,986** |

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

| | Right-of-Use PE & MV $'000 | Right-of-Use Buildings $'000 | Total $'000 |
|---|---|---|---|
| **Balance at 1 July 2020** | **3,680** | **27,655** | **31,335** |
| Additions | 2,345 | 4,434 | 6,779 |
| Transfers | - | - | - |
| Disposals | - | (81) | (81) |
| Revaluation | - | 1,064 | 1,064 |
| Depreciation | (2,125) | (9,986) | (12,111) |
| **Balance at 1 July 2021** | **3,900** | **23,086** | **26,986** |
| Additions | 49 | 9,615 | 9,664 |
| Transfers | - | - | - |
| Disposals | - | (297) | (297) |
| Revaluation | (69) | (344) | (413) |
| Depreciation | (1,505) | (9,709) | (11,214) |
| **Balance at 30 June 2022** | **2,375** | **22,351** | **24,726** |

#### How We Recognise Right-of-use Assets

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

Unless the lease is considered a short-term lease or a lease of a low-value asset (refer to Note 6.1 for further information), the contract gives rise to a right-of-use asset and corresponding lease liability. The Health Service presents its right-of-use assets as part of property, plant and equipment as if the asset was owned by the Health Service.

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

| Class of right-of-use asset | Lease term |
|---|---|
| Leased buildings | 1 to 7 years |
| Leased plant, equipment, furniture, fittings and vehicles | 1 to 5 years |

#### Initial Recognition

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

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

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

The Health Service's medical equipment lease agreements contain purchase options which the Health Service is reasonably certain to exercise at the completion of the lease.

#### Subsequent measurement

Right-of-use assets are subsequently measured at fair value, with the exception of right-of-use asset arising from leases with significantly below-market terms and conditions, which are subsequently measured at cost, less accumulated depreciation and accumulated impairment losses where applicable.

Right-of-use assets are also adjusted for certain remeasurements of the lease liability (for example, when a variable lease payment based on an index or rate becomes effective).

Further information regarding fair value measurement is disclosed in Note 7.4.

## Note 4.4: Revaluation Surplus

| | Note | 2022 $'000 | 2021 $'000 |
|---|---|---|---|
| **Balance at the beginning of the reporting period** | | **991** | **933** |
| Revaluation increment | | | |
| Cultural Assets | 4.2(b) | 460 | 58 |
| **Balance at the end of the Reporting Period** | | **1,451** | **991** |
| ***Represented by:** | | | |
| Cultural Assets | | 1,451 | 991 |
| | | **1,451** | **991** |

## Note 4.5: Intangible Assets

### 4.5(a) Gross carrying amount and accumulated amortisation

| | Total 2022 $'000 | Total 2021 $'000 |
|---|---|---|
| Computer Software and Development at cost | 37,843 | 41,204 |
| Less Accumulated Amortisation | (32,034) | (30,178) |
| | **5,809** | **11,026** |
| Patent at Cost | 11 | 11 |
| Less Accumulated Amortisation | (4) | (3) |
| | **7** | **8** |
| Bed Licences at Cost | 3,375 | 3,375 |
| Less Accumulated Amortisation | (1,125) | - |
| | **2,250** | **3,375** |
| Intangible Work in Progress | 4,838 | 1,138 |
| **Total Intangible Assets** | **12,904** | **15,547** |

### 4.5(b) Reconciliation of the carrying amounts of intangible assets

| | Computer Software & Development $'000 | Intangible WIP $'000 | Patent $'000 | Bed Licences $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Balance at 1 July 2020** | **15,027** | **1,842** | **9** | **3,375** | **20,253** |
| Additions | 367 | 2,213 | - | - | 2,580 |
| Transfers | 4,125 | (2,917) | - | - | 1,208 |
| Disposals | - | - | - | - | - |
| Depreciation/Amortisation | (8,493) | - | (1) | - | (8,494) |
| **Balance at 1 July 2021** | **11,026** | **1,138** | **8** | **3,375** | **15,547** |
| Additions | 276 | 3,883 | - | - | 4,159 |
| Transfers | 488 | (183) | - | - | 305 |
| Disposals | (456) | - | - | - | (456) |
| Depreciation/Amortisation | (5,525) | - | (1) | (1,125) | (6,651) |
| **Balance as at 30 June 2022** | **5,809** | **4,838** | **7** | **2,250** | **12,904** |

### How We Recognise Intangible Assets

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

#### Initial recognition

Purchased intangible assets are initially recognised at cost.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- an intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits;the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

#### Subsequent measurement

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

#### Aged Care bed licences

Bed licences are issued by the Federal Government to Approved Providers and can also be purchased and transferred from third party Approved Providers with approval from the Department of Health. Bed licences are stated at cost at acquisition less any accumulated impairment losses.

In its response to the Royal Commission into Aged Care Quality and Safety ("Royal Commission"), the Federal Government has indicated that it will aim to end the Aged Care Approvals Round ("ACAR") process by July 2024 and remove the system of aged care providers controlling bed licences, instead transferring them to residents-themselves.

As a result, the Directors have taken the decision to commence amortisation of the said assets over a period of 3 years commencing 1 July 2021. The impact of the change in accounting treatment has resulted the Health Services recognising an amortisation expense of $1.125 million for the current year and the same amount will be recognised over the ensuing 2 years.

## Note 4.6: Depreciation and Amortisation

| | Total 2022 $'000 | Total 2021 $'000 |
|---|---|---|
| **Depreciation** | | |
| **Property, Plant and Equipment** | | |
| Plant and Equipment | 1,526 | 1,551 |
| Medical Equipment | 4,755 | 4,571 |
| Computers and Communication | 1,702 | 1,512 |
| Furniture and Fittings | 169 | 184 |
| Motor Vehicles | 188 | 185 |
| Leasehold Improvements | 9,381 | 9,541 |
| **Total Depreciation – Plant and Equipment** | **17,721** | **17,544** |
| **Right of Use Assets** | | |
| Right of Use – Plant and Equipment | 1,505 | 2,125 |
| Right of Use – Buildings | 9,709 | 9,986 |
| **Total Depreciation – Right of Use Assets** | **11,214** | **12,111** |
| **Amortisation** | | |
| **Intangible Assets** | | |
| Computer Software, Development Costs & Bed Licences | 6,651 | 8,493 |
| Patent | 1 | 1 |
| **Total Amortisation – Intangible Assets** | **6,652** | **8,494** |
| **Total Depreciation and Amortisation** | **35,587** | **38,149** |

### How We Recognise Depreciation

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

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

### How We Recognise Amortisation

Amortisation is allocated to intangible assets with finite useful lives and is the systematic allocation of the depreciable amount of an asset over its useful life.

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

| | 2022 | 2021 |
|---|---|---|
| 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 |
| Right of Use – Plant and Equipment | 1 to 5 years | 1 to 5 years |
| Right of Use – Buildings | 1 to 9 years | 1 to 9 years |

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

- the parent company advising of extension of the ground lease; and
- The Department of Health advising of the proposed usage of the Health Service for public hospital services beyond 2022 and has allowed continuing application of the above expected useful lives of non- current assets.

## Note 4.7: Investment Property

### a) Gross carrying amount

| | Total 2022 $'000 | Total 2021 $'000 |
|---|---|---|
| Investment property at fair value | 3,293 | 3,100 |
| **Total investment property at fair value** | **3,293** | **3,100** |

### b) Reconciliation of carrying amount

| | Total 2022 $'000 | Total 2021 $'000 |
|---|---|---|
| Balance at Beginning of Period | 3,100 | 2,800 |
| Net gain/(loss) from fair value adjustments | 193 | 300 |
| **Balance at End of Period** | **3,293** | **3,100** |

**How We Recognise 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 Health Service.

**Initial recognition**

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 Health Service.

**Subsequent measurement**

Subsequent to initial recognition at cost, investment properties are revalued to fair value, determined annually by independent valuers. Fair values are determined based on a market comparable approach that reflects recent transaction prices for similar properties. Investment properties are neither depreciated nor tested for impairment.

For investment properties measured at fair value, the current use of the asset is considered the highest and best use.

The fair value of the Health Service's property 26-28 Gertrude St at 30 June 2022 has been arrived on the basis of Managerial Revaluation Assessment based on the Valuer-General Victoria indices.

The Gertrude Street investment property is held for the purposes of long term capital gain. At balance date there is no commitment for expenditure relating to this property.

Rental revenue from leasing of investment properties is recognised in the comprehensive operating statement in the periods in which it is receivable on a straight line basis over the lease term.

Further information regarding fair value measurement is disclosed in Note 7.4.

## Note 4.8: Inventories

| | Total 2022 $'000 | Total 2021 $'000 |
|---|---|---|
| **Current** | | |
| Drug Supplies | 3,428 | 3,188 |
| Medical and Surgical Lines | 5,237 | 4,843 |
| Food Supplies | 93 | 90 |
| Biomedical Supplies | 291 | 225 |
| **Total** | **9,049** | **8,346** |

### How We Recognise Inventories

Inventories include goods and other property held either for sale, consumption or for distribution at no or nominal cost in the ordinary course of business operations. It excludes depreciable assets. Inventories are measured at the lower of cost and net realisable value.

## Note 4.9: Impairment of assets

### How we recognise impairment

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

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

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

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

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

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

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

The Health Service did not record any impairment losses for the year ended 30 June 2022.

# Note 5: Other assets and liabilities

This note sets out those assets and liabilities that arose from the Health Service's operations.

**Structure**



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

## Key judgements and estimates

This section contains the following key judgements and estimates:

| Key judgements and estimates | Description |
|---|---|
| **Estimating the provision for expected credit losses** | The Health Service uses a simplified approach to account for the expected credit loss provision. A provision matrix is used, which considers historical experience, external indicators and forward-looking information to determine expected credit loss rates. |
| **Classifying a sub-lease arrangement as either an operating lease or finance lease** | The Health Service applies significant judgement to determine if a sub-lease arrangement, where the health service is a lessor, meets the definition of an operating lease or finance lease.<br><br>The Health Service considers a range of scenarios when classifying a sub-lease. A sub-lease typically meets the definition of a finance lease if:<br>▪ The lease transfers ownership of the asset to the lessee at the end of the term<br>▪ The lessee has an option to purchase the asset for a price that is significantly below fair value at the end of the lease term<br>▪ The lease term is for the majority of the asset's useful life<br>▪ The present value of lease payments amount to the approximate fair value of the leased asset; and<br>▪ The leased asset is of a specialised nature that only the lessee can use without significant modification.<br><br>All other sub-lease arrangements are classified as an operating lease. |
| **Measuring deferred capital grant income** | Where the Health Service has received funding to construct an identifiable non-financial asset, such funding is recognised as deferred capital grant income until the underlying asset is constructed.<br><br>The Health Service applies significant judgement when measuring the deferred capital grant income balance, which references the estimated stage of completion at the end of each financial year. |
| **Measuring contract liabilities** | The Health Service applies significant judgement to measure its progress towards satisfying a performance obligation as detailed in Note 2. Where a performance obligation is yet to be satisfied, the Health Service assigns funds to the outstanding obligation and records this as a contract liability until the promised good or service is transferred to the customer. |
| **Recognition of other provisions** | Other provisions include the Health Service's obligation to restore leased assets to their original condition at the end of a lease term. The Health Service applies significant judgement and estimate to determine the present value of such restoration costs. |

## Note 5.1: Receivables and Contract Assets

| | Note | Total 2022 $'000 | Total 2021 $'000 |
|---|---|---|---|
| **Current Receivables and Contract Assets** | | | |
| **Contractual** | | | |
| Trade Debtors | | 17,417 | 11,607 |
| Patient Fees | | 5,952 | 4,642 |
| Doctors' Fee Revenue | | 4,130 | 4,667 |
| Allowance for impairment losses | 5.1(a) | (1,555) | (1,725) |
| Contract assets – Accrued Revenue | | | |
| ▪ Department of Health | 5.1(b) | 4,467 | - |
| ▪ Other | 5.1(b) | 11,440 | 9,361 |
| Loan – St Vincent's Healthcare Ltd | 8.4 | 82 | 70 |
| **Total Contractual Receivables** | | **41,933** | **28,622** |
| **Total Current Receivables and Contract Assets** | | **41,933** | **28,622** |
| **Non-Current Receivables and Contract Assets** | | | |
| **Contractual** | | | |
| Department of Health – Long Service Leave | | 65,578 | 64,239 |
| Loan – St Vincent's Healthcare Ltd | 8.4 | 119 | 160 |
| **Total Contractual Receivables** | | **65,697** | **64,399** |
| **Total Non-Current Receivables and Contract Assets** | | **65,697** | **64,399** |
| **Total Receivables and Contract Assets** | | **107,630** | **93,021** |
| *(i) Financial assets classified as receivables and contract assets* | | | |
| Total receivables and contract assets | | 107,630 | 93,021 |
| Contract assets | | (15,907) | (9,361) |
| **Total Financial Assets** | **7.1(a)** | **91,723** | **83,660** |

### Note 5.1 (a) Movement in the allowance of impairment losses of contractual receivables

| | Total 2022 $'000 | Total 2021 $'000 |
|---|---|---|
| Balance at beginning of year | 1,725 | 1,727 |
| Reversal of allowance written off during the year as uncollectable | (722) | (1,219) |
| Increase in allowance recognised in the net result | 552 | 1,217 |
| **Balance at end of the year** | **1,555** | **1,725** |

### How We Recognise Receivables

Receivables consist of:

- Contractual receivables, which mostly includes debtors in relation to goods and services. These receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. The Health Service holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.
- Statutory receivables, includes Goods and Services Tax ("GST") input tax credits that are recoverable. Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. The Health Service applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

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

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

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

### Impairment losses of contractual receivables

Refer to Note 7.2(a) Contractual receivables at amortised costs for the Health Service's contractual impairment losses

### Note 5.1 (b) Contract Assets

| | Total 2022 $'000 | Total 2021 $'000 |
|---|---|---|
| Opening balance | 9,361 | 13,963 |
| Add: Additional costs incurred that are recoverable from the customer | 18,299 | 9,650 |
| Less: Transfer to trade receivable or cash at bank | (11,753) | (14,252) |
| **Total Contract Assets** | **15,907** | **9,361** |

### How We Recognise Contract Assets

Contract assets relate to the Health Service's right to consideration in exchange for goods transferred to customers for works completed, but not yet billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional, at this time an invoice is issued. Contract assets are expected to be recovered early in the 2022/23 financial year.

## Note 5.2: Payables and Contract Liabilities

| | Note | Total 2022 $'000 | Total 2021 $'000 |
|---|---|---|---|
| **Current – Contractual** | | | |
| Trade Creditors | | 11,708 | 11,665 |
| Department of Health | | 33,623 | 13,857 |
| Accrued Expenses | | 33,222 | 26,929 |
| Accrued Salaries and Wages | | 24,181 | 29,741 |
| Deferred Capital Grant Revenue | 5.2(a) | 29,986 | 12,883 |
| Contract Liabilities | 5.2(b) | 21,637 | 12,361 |
| | | **154,357** | **107,436** |
| **Current – Statutory** | | | |
| GST Payable | | 5,037 | 3,339 |
| | | **5,037** | **3,339** |
| **Total Current Payables** | | **159,394** | **110,775** |
| *(i) Financial liabilities classified as payables and contract liabilities* | | | |
| Total payables and contract liabilities | | 159,394 | 110,775 |
| Deferred capital grant revenue | | (29,986) | (12,883) |
| Contract liabilities | | (21,637) | (12,361) |
| GST Payable | | (5,037) | (3,339) |
| **Total Financial Liabilities** | **7.1(a)** | **102,734** | **82,192** |

### How We Recognise Payables and Contract Liabilities

Payables consist of:

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

The normal credit terms for accounts payable are 30 days after end of month.

### Note 5.2 (a) Deferred capital grant revenue

| | Total 2022 $'000 | Total 2021 $'000 |
|---|---|---|
| Opening balance of deferred grant revenue | 12,883 | 3,238 |
| Grant consideration for capital works received during the year | 50,191 | 28,167 |
| Grant revenue for capital works recognised consistent with the capital works undertaken during the year | (33,088) | (18,522) |
| **Closing balance of Deferred Capital Grant Revenue** | **29,986** | **12,883** |

#### How We Recognise Deferred Capital Grant Revenue

Capital grant revenue is recognised progressively as the asset is constructed, since this is the time when the Health Service satisfies its obligations. The progressive percentage costs incurred is used to recognise income because this most closely reflects the percentage of completion of the building works. As a result the Health Service has deferred recognition of a portion of the grant consideration received as a liability for the outstanding obligations.

### b) Contract Liabilities

| | Total 2022 $'000 | Total 2021 $'000 |
|---|---|---|
| Opening balance | 12,361 | 8,457 |
| Add: Payments received for performance obligations yet to be completed during the period | 3,906 | 3,021 |
| Add: Grant consideration for sufficiently specific performance obligations received during the year | 30,909 | 17,564 |
| Less: Revenue recognised in the reporting period for the completion of a performance obligation | (9,949) | (6,130) |
| Less: Grant revenue for sufficiently specific performance obligations recognised consistent with performance obligations met during the year | (15,590) | (10,551) |
| **Total Contract Liabilities** | **21,637** | **12,361** |

#### How We Recognise Contract Liabilities

Contract liabilities include consideration received in advance from customers in respect of clinical research trials and department funded health programs. The balance of contract liabilities was significantly higher than the previous reporting period due to the COVID-19 coronavirus pandemic impacting on the Health Service's ability to fulfil the specific performance obligations associated with this revenue.

Contract liabilities are derecognised and recorded as revenue when promised goods and services are transferred to the customer. Refer to Note 2.1.

#### Maturity analysis of payables

Please refer to Note 7.2(b) for the ageing analysis of payables.

## Note 5.3: Other Liabilities

| | Total 2022 $'000 | Total 2021 $'000 |
|---|---|---|
| **Current** | | |
| ▪ Monies held in Trust | | |
| ▪ Security Deposits | 1,184 | 247 |
| ▪ Salary Packaging Employees | 911 | 2,364 |
| ▪ Patient Monies | 276 | 182 |
| ▪ Refundable Accommodation Deposits | 10,915 | 9,027 |
| ▪ Other Monies | 85 | 3 |
| **Total Current** | **13,371** | **11,823** |
| **Total Monies Held in Trust Represented by the following assets:** | | |
| Cash and Cash Equivalents | 13,371 | 11,823 |
| | **13,371** | **11,823** |

### How We Recognise Other Liabilities

#### Refundable Accommodation Deposit ("RAD")/Accommodation Bond liabilities

RADs/accommodation bonds are non-interest-bearing deposits made by some aged care residents to the Health Service upon admission. These deposits are liabilities which fall due and payable when the resident leaves the home. As there is no unconditional right to defer payment for 12 months, these liabilities are recorded as current liabilities.

RAD/accommodation bond liabilities are recorded at an amount equal to the proceeds received, net of retention and any other amounts deducted from the RAD/accommodation bond in accordance with the Aged Care Act 1997.

## Note 5.4: Other non-financial assets

| | Total 2022 $'000 | Total 2021 $'000 |
|---|---|---|
| Current | | |
| Prepayments | 2,643 | 1,615 |
| **Total** | **2,643** | **1,615** |

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 6: How we finance our operations

This note provides information on the sources of finance utilised by the Health Service during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of the Health Service.

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

**Structure**



The level of cash required to finance our operations was impacted during the financial year which was attributable to the COVID-19 Coronavirus pandemic. This was offset by funding provided by the Department of Health to compensate for reductions in revenue and to cover certain direct and indirect COVID-19 related costs.

## Key judgements and estimates

This section contains the following key judgements and estimates:

| Key judgements and estimates | Description |
|---|---|
| **Determining if a contract is or contains a lease** | The Health Service applies significant judgement to determine if a contract is or contains a lease by considering if the Health Service:<br>▪ has the right-to-use an identified asset<br>▪ has the right to obtain substantially all economic benefits from the use of the leased asset; and<br>▪ can decide how and for what purpose the asset is used throughout the lease. |
| **Determining if a lease meets the short-term or low value asset lease exemption** | The Health Service applies significant judgement when determining if a lease meets the short-term or low value lease exemption criteria.<br>The Health Service estimates the fair value of leased assets when new. Where the estimated fair value is less than $10,000, the Health Service applies the low-value lease exemption.<br>The Health Service also estimates the lease term with reference to remaining lease term and period that the lease remains enforceable. Where the enforceable lease period is less than 12 months the Health Service applies the short-term lease exemption. |
| **Discount rate applied to future lease payments** | The Health Service discounts its lease payments using the interest rate implicit in the lease. If this rate cannot be readily determined, which is generally the case for the Health Service's lease arrangements, the Health Service uses its incremental borrowing rate, which is the amount the Health Service would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. |
| **Assessing the lease term** | The lease term represents the non-cancellable period of a lease, combined with periods covered by an option to extend or terminate the lease if the Health Service is reasonably certain to exercise such options.<br>The Health Service determines the likelihood of exercising such options on a lease-by-lease basis through consideration of various factors including:<br>▪ If there are significant penalties to terminate (or not extend), the Health Service is typically reasonably certain to extend (or not terminate) the lease.<br>▪ If any leasehold improvements are expected to have a significant remaining value, the Health Service is typically reasonably certain to extend (or not terminate) the lease.<br>▪ The Health Service considers historical lease durations and the costs and business disruption to replace such leased assets. |

## Note 6.1: Borrowings

| | Note | Total 2022 $'000 | Total 2021 $'000 |
|---|---|---|---|
| **Current** | | | |
| ▪ Lease Liability[(i)] | 6.1(a) | 9,253 | 8,854 |
| ▪ St Vincent's Healthcare Ltd | | 137 | 131 |
| ▪ St Vincent's Health Australia | | 239 | 736 |
| **Total Current** | | **9,629** | **9,721** |
| **Non-Current** | | | |
| ▪ Lease Liability[(i)] | 6.1(a) | 16,526 | 19,056 |
| ▪ St Vincent's Healthcare Ltd | | 443 | 580 |
| ▪ St Vincent's Health Australia | | 2,688 | 2,928 |
| **Total Non-Current** | | **19,657** | **22,564** |
| **Total Borrowings** | | **29,286** | **32,285** |

(i) Secured by the assets leased.

### How We Recognise Borrowings

Borrowings refer to interest bearing liabilities mainly raised through lease liabilities and other interest bearing arrangements.

The Health Service had one related party loan with St Vincent's Healthcare Ltd for which quarterly principle and interest payments were made on the loan. Interest charged is at arm's length basis at 3.90% and the loan will mature on 4th June 2026.

The Health Service had two related party loans with St Vincent's Health Australia for which interest payments were made in the current financial year. The interest charged is at arm's length basis at 3.08% and 3.50%. During the financial year one loan matured on 30th April 2022, the other will mature on 30th June 2032.

Refer to Note 8.4 for more detail on transactions with related parties.

### Initial Recognition

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether the Health Service has categorised its liability as either 'financial liabilities designated at fair value through profit or loss', or financial liabilities at 'amortised cost'.

### Subsequent measurement

Subsequent to initial recognition, interest bearing borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the net result over the period of the borrowing using the effective interest method. Non-interest bearing borrowings are measured at 'fair value through profit or loss'.

### Maturity analysis

Refer to Note 7.2 (b) for maturity analysis of Interest bearing liabilities.

### Defaults and breaches

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

### a) Lease Liabilities

The Health Service's lease liabilities are summarised below:

| | Minimum future lease payments [i] | | Present value of minimum future lease payments | |
|---|---|---|---|---|
| | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 |
| Not later than one year | 9,716 | 9,379 | 9,253 | 8,854 |
| Later than one year but not later than five years | 16,224 | 17,966 | 15,732 | 17,267 |
| Later than five years | 802 | 1,826 | 794 | 1,789 |
| **Minimum future lease payments** | **26,742** | **29,171** | **25,779** | **27,910** |
| Less future finance charges | (963) | (1,261) | | - |
| **Total** | **25,779** | **27,910** | **25,779** | **27,910** |
| **Included in the Financial Statements as:** | | | | |
| Current Liability | 9,253 | 8,854 | 9,253 | 8,854 |
| Non-Current Liability | 16,526 | 19,056 | 16,526 | 19,056 |
| **Total** | **25,779** | **27,910** | **25,779** | **27,910** |

[i] The weighted average interest rate implicit in leases is 1.94% (2021 – 2.19%)

#### How We Recognise Lease Liabilities

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

To apply this definition, the Health Service ensures the contract meets the following criteria:

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

The Health Service's lease arrangements consist of the following:

| Type of asset leased | Lease term |
|---|---|
| Leased buildings | 1 to 7 years |
| Leased plant, equipment, furniture, fittings and vehicles | 1 to 5 years |

All leases are recognised on the balance sheet, with the exception of low value leases (less than $10,000 AUD) and short term leases of less than 12 months. The following low value, short term and variable lease payments are recognised in profit or loss:

| Type of payment | Description of payment | Type of leases captured |
|---|---|---|
| Low value lease payments | Leases where the underlying asset's fair value, when new, is no more than $10,000 | Medical equipment leases |
| Short-term lease payments | Leases with a term less than 12 months | Medical equipment leases |

### Separation of lease and non-lease components

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

### Initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or the Health Service's incremental borrowing rate. Our lease liability has been discounted by rates of between 0.83% to 4.72%.

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

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

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

- Property leases for pathology collections centres, option to extend leases for further terms
- Property leases for office space, option to extend leases for further terms

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

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

During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of $3.793m.

### Subsequent measurement

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

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

## Note 6.2: Cash and Cash Equivalents

| | Total 2022 $'000 | Total 2021 $'000 |
|---|---|---|
| **Cash at Bank and on Hand** | | |
| Cash on Hand | 38 | 37 |
| Cash at Bank | 112,907 | 60,056 |
| **Total cash and cash equivalents** | **112,945** | **60,093** |
| **Represented by:** | | |
| Cash for Operations | 99,574 | 48,270 |
| Cash for Monies Held in Trust | 13,371 | 11,823 |
| **Total cash and cash equivalents** | **112,945** | **60,093** |

### How We Recognise Cash and Cash Equivalents

Cash and cash equivalents recognised on the Balance Sheet comprise cash on hand and in banks and short-term deposits (with an original maturity date of thee months or less) which are readily convertible to cash on hand, and are subject to an insignificant risk of change in value, net of outstanding bank overdrafts.

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

## Note 6.3: Commitments for expenditure

| | Total 2022 $'000 | Total 2021 $'000 |
|---|---|---|
| **Capital Expenditure Commitments** | | |
| Less than 1 year | 7,906 | 8,557 |
| Longer than 1 year but not longer than 5 years | 3,840 | 4,350 |
| **Total Capital Commitments** | **11,746** | **12,907** |
| **Operating Expenditure Commitments** | | |
| Less than 1 year | 2,216 | 1,997 |
| **Total Operating Commitments** | **2,216** | **1,997** |
| **Total Commitments for Expenditure (inclusive of GST)** | **13,962** | **14,904** |
| **Less GST recoverable from the Australian Taxation Office** | **(1,269)** | **(1,355)** |
| **Total Commitments for Expenditure (exclusive of GST)** | **12,693** | **13,549** |

### How We Disclose Our Commitments

#### Expenditure commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed at their nominal value and are inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the Balance Sheet.

#### Short term and low value leases

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

# Note 7: Risks, contingencies & valuation uncertainties

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

**Structure**



## Key judgements and estimates

This section contains the following key judgements and estimates:

| Key judgements and estimates | Description |
|---|---|
| **Measuring fair value of non-financial assets** | Fair value is measured with reference to highest and best use, that is, the use of the asset by a market participant that is physically possible, legally permissible, financially feasible, and which results in the highest value, or to sell it to another market participant that would use the same asset in its highest and best use.<br><br>In determining the highest and best use, the Health Service has assumed the current use is its highest and best use. Accordingly, characteristics of the Health Service's assets are considered, including condition, location and any restrictions on the use and disposal of such assets.<br><br>The Health Service uses a range of valuation techniques to estimate fair value, which include the following:<br><br>▪ Market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The fair value of the Health Service's investment properties and cultural assets are measured using this approach.<br>▪ Cost approach, which reflects the amount that would be required to replace the service capacity of the asset (referred to as current replacement cost). The fair value of the Health Service's furniture, fittings, plant, equipment and vehicles are measured using this approach.<br>▪ Income approach, which converts future cash flows or income and expenses to a single undiscounted amount. The Health Service does not this use approach to measure fair value.<br><br>The Health Service selects a valuation technique which is considered most appropriate, and for which there is sufficient data available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.<br><br>Subsequently, the Health Service applies significant judgement to categorise and disclose such assets within a fair value hierarchy, which includes:<br><br>▪ Level 1, using quoted prices (unadjusted) in active markets for identical assets that the health service can access at measurement date. The Health Service does not categorise any fair values within this level.<br>▪ Level 2, inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. The Health Service categorises non-specialised land and right-of-use concessionary land in this level.<br>▪ Level 3, where inputs are unobservable. The Health Service categorises specialised land, non-specialised buildings, specialised buildings, plant, equipment, furniture, fittings, vehicles, right-of-use buildings and right-of-use plant, equipment, furniture and fittings in this level. |

## Note 7.1: Financial Instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the Health Service's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 Financial Instruments: Presentation.

### Note 7.1 (a) Categorisation of Financial Instruments

| 2022 | Note | Financial Assets at Amortised Cost $'000 | Financial Assets at Fair Value Through Net Result $'000 | Financial Liabilities at Amortised Cost $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Contractual Financial Assets** | | | | | |
| Cash and Cash Equivalents | 6.2 | 112,945 | - | - | 112,945 |
| Receivables | 5.1 | 91,723 | - | - | 91,723 |
| Investments and other Financial Assets | 4.1 | 6,872 | 75,709 | - | 82,581 |
| **Total Financial Assets**[i] | | **211,540** | **75,709** | **-** | **287,249** |
| **Financial Liabilities** | | | | | |
| Payables | 5.2 | - | - | 102,734 | 102,734 |
| Borrowings | 6.1 | - | - | 29,286 | 29,286 |
| Other financial liabilities | 5.3 | - | - | 13,371 | 13,371 |
| **Total Financial Liabilities** | | **-** | **-** | **145,391** | **145,391** |

| 2021 | Note | Financial Assets at Amortised Cost $'000 | Financial Assets at Fair Value Through Net Result $'000 | Financial Liabilities at Amortised Cost $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Contractual Financial Assets** | | | | | |
| Cash and Cash Equivalents | 6.2 | 60,093 | - | - | 60,093 |
| Receivables | 5.1 | 83,660 | - | - | 83,660 |
| Investments and other Financial Assets | 4.1 | 6,861 | 81,967 | - | 88,828 |
| **Total Financial Assets**[i] | | **150,614** | **81,967** | **-** | **232,581** |
| **Financial Liabilities** | | | | | |
| Payables | 5.2 | - | - | 82,192 | 82,192 |
| Borrowings | 6.1 | - | - | 32,285 | 32,285 |
| Other financial liabilities | 5.3 | - | - | 11,823 | 11,823 |
| **Total Financial Liabilities** | | **-** | **-** | **126,300** | **126,300** |

[i] The carrying amount excludes statutory receivables (i.e. GST receivable) and statutory payables (i.e. Revenue in Advance).

## How We Categorise Financial Instruments

### Categories of Financial Assets

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

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through net result, in which case transaction costs are expensed to profit or loss immediately.

Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted.

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

### Financial assets at amortised cost

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

- the assets are held by the Health Service to collect the contractual cash flows; and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specific dates.

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

The Health Service recognises the following assets in this category:

- cash and deposits;
- receivables (excluding statutory receivables); and
- term deposits.

### Financial assets at fair value through other comprehensive income

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the assets are held by the Health Service to achieve its objective both by collecting the contractual cash flows and by selling the financial assets; and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest.

Equity investments are measured at fair value through other comprehensive income if the assets are not held for trading and the Hospital has irrevocably elected at initial recognition to recognise in this category.

### Financial assets at fair value through net result

The Health Service initially designates a financial instrument as measured at fair value through net result if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an "accounting mismatch") that would otherwise arise from measuring assets or recognising the gains and losses on them, on a different basis;
- it is in accordance with the documented risk management or investment strategy and information about the groupings was documented appropriately, so the performance of the financial asset can be managed and evaluated consistently on a fair value basis; or
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through net result is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

The Health Service recognises listed equity securities as mandatorily measured at fair value through net result and has designated all managed investment schemes as fair value through net result.

### Categories of Financial Liabilities

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

### Financial liabilities at amortised cost

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

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

The Health Service recognises the following liabilities in this category:

- payables (excluding statutory payables and contract liabilities);
- borrowings (including lease liabilities); and
- other liabilities (including monies held in trust).

### Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired; or
- the Health Service retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Health Service has transferred its rights to receive cash flows from the asset and either:
  - has transferred substantially all the risks and rewards of the asset; or

- has neither transferred nor retained substantially all the risks and rewards ohf te asset but has transferred control of the asset.

Where the Health Service has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of Health Service's continuing involvement in the asset.

### Derecognition of financial liabilities

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

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

### Reclassification of financial instruments

Financial assets are required to be reclassified between fair value through net result, fair value through other comprehensive income and amortised cost when and only when the Health Service's business model for managing its financial assets has changes such that its previous model would no longer apply.

A financial liability reclassification is not permitted.

## Note 7.2: Financial Risk Management Objectives and Policies

As a whole, the Health Service's financial risk management program seeks to manage the risks and the associated volatility of its financial performance.

Details of the significant accounting policies and methods adopted, included the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed throughout the financial statements.

The Health Service's main financial risks include credit risk, liquidity risk, interest rate risk and equity price risk. The Health Service manages these financial risks in accordance with its financial risk management policy.

The Health Service uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Accountable Officer.

### Note 7.2(a) Credit risk

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. The Health Service's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the Health Service. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with the Health Service's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than the Government, the Health Service is exposed to credit risk associated with patient and other debtors.

In addition, the Health Service does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash and deposits, which are mainly cash at bank. As with the policy for debtors, the Health Service's policy is to only deal with banks with high credit ratings.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that the Health Service will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debtors that are more than 90 days overdue, and changes in debtor credit ratings.

Contract financial assets are written off against the carrying amount when there is no reasonable expectation of recovery. Bad debt written off by mutual consent is classified as a transaction expense. Bad debt written off following a unilateral decision is recognised as other economic flows in the net result.

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents the Health Service's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There has been no material change to the Health Service's credit risk profile in 2021-22.

### Impairment of financial assets under AASB 9 Financial Instruments

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

Equity instruments are not subject to impairment under AASB 9. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9.

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

### Contractual receivables at amortised cost

The Health Service applies AASB 9's simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. The Health Service has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on the Health Service's past history, existing market conditions, as well as forwardlooking estimates at the end of the financial year.

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

| | | Less than | | 3 months - | | |
|---|---|---|---|---|---|---|
| **30 Jun 22** | **Current** | **1 month** | **1–3 months** | **1 Year** | **1–5 years** | **Total** |
| **Expected loss rate** | 0.69% | 0.88% | 1.30% | 3.49% | 0% | |
| Gross carrying amount of contractual receivables | 34,649 | 18,361 | 11,436 | 28,832 | - | 93,278 |
| **Loss Allowance** | **238** | **162** | **149** | **1,006** | **-** | **1,555** |

| | | Less than | | 3 months - | | |
|---|---|---|---|---|---|---|
| **30 Jun 21** | **Current** | **1 month** | **1–3 months** | **1 Year** | **1–5 years** | **Total** |
| **Expected loss rate** | 0.55% | 1.48% | 4.97% | 4.54% | 0% | |
| Gross carrying amount of contractual receivables | 44,445 | 12,763 | 3,174 | 25,003 | - | 88,385 |
| **Loss Allowance** | **244** | **189** | **158** | **1,134** | **-** | **1,725** |

### Statutory receivables

The Health Service's non-contractual receivables arising from statutory requirements are not financial instruments. However, they are nevertheless recognised and measured in accordance with AASB 9 requirements as if those receivables are financial instruments.

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

### Note 7.2 (b) Liquidity Risk

Liquidity risk arises from being unable to meet financial obligations as they fall due.

The Health Service is exposed to liquidity risk mainly through the financial liabilities as disclosed on the face of the balance sheet. The Health Service manages its liquidity risk by:

- close monitoring of its short-term and long-term borrowings by senior management, including monthly reviews on current and future borrowings levels and requirements;
- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations;
- holding investments and other contractual financial assets that are readily tradeable in the financial markets and;
- careful maturity planning of its financial obligations based on forecasts of future cash flows.

The Health Service's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events is generally sourced from liquidation of investments and other financial assets.

The following table discloses the contractual maturity analysis for the Health Service's financial liabilities. For interest rates applicable to each class of liability refer to individual notes to the financial statements.

| | Note | Carrying Amount $'000 | Nominal Amount $'000 | Maturity Dates: Less than 1 Month $'000 | 1–3 Months $'000 | 3 Months to 1 Year $'000 | 1–5 Years $'000 | Over 5 Years $'000 |
|---|---|---|---|---|---|---|---|---|
| **2022** | | | | | | | | |
| **Financial Liabilities** | | | | | | | | |
| *At amortised cost* | | | | | | | | |
| Payables | 5.2 | 102,734 | 102,734 | 62,424 | 40,310 | - | - | - |
| Borrowings | 6.1 | 29,286 | 29,286 | 771 | 1,576 | 7,282 | 17,256 | 2,401 |
| Other financial liabilities | | | | | | | | |
| ▪ Accommodation Deposits | 5.3 | 10,915 | 10,915 | 10,915 | - | - | - | - |
| ▪ Other | 5.3 | 2,456 | 2,456 | 2,456 | - | - | - | - |
| **Total Financial Liabilities** | | **145,391** | **145,391** | **76,566** | **41,886** | **7,282** | **17,256** | **2,401** |
| **2021** | | | | | | | | |
| **Financial Liabilities** | | | | | | | | |
| *At amortised cost* | | | | | | | | |
| Payables | 5.2 | 82,192 | 82,192 | 50,353 | 31,839 | - | - | - |
| Borrowings | 6.1 | 32,285 | 32,285 | 738 | 1,508 | 7,475 | 18,880 | 3,684 |
| Other financial liabilities | | | | | | | | |
| ▪ Accommodation Deposits | 5.3 | 9,027 | 9,027 | 9,027 | - | - | - | - |
| ▪ Other | 5.3 | 2,796 | 2,796 | 2,796 | - | - | - | - |
| **Total Financial Liabilities** | | **126,300** | **126,300** | **62,914** | **33,347** | **7,475** | **18,880** | **3,684** |

(i) Maturity analysis excludes statutory financial liabilities (i.e GST payable)

### Note 7.2 (c) Market Risk

The Health Service's exposure to market risk are primarily through interest rate risk and equity price risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

### Sensitivity disclosure analysis and assumptions

The Health Service's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five-year period. The Health Service's fund managers cannot be expected to predict movements in market rates and prices. The following movements are 'reasonably possible' over the next 12 months:

- a change in interest rates of 1% up or down
- a change in the top ASX 200 index of 15% up or down.

### Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Health Service does not hold any interest-bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Health Service has minimal exposure to cash flow interest rate risk through cash and deposits and bank overdrafts that are at floating rate.

### Equity risk

The Health Service is exposed to equity risk through its investments in listed and unlisted shares and managed investment schemes. Such investments are allocated and traded to match the Health Service's investment objectives.

The Health Service's sensitivity to equity price risk is set out below.

| | Carrying Amount | -15% Net result | +15% Net result |
|---|---|---|---|
| **2022** | | | |
| Investments and other contractual financial assets | 73,896 | (11,084) | 11,084 |
| **Total Impact** | **73,896** | **(11,084)** | **11,084** |
| **2021** | | | |
| Investments and other contractual financial assets | 80,154 | (12,023) | 12,023 |
| **Total Impact** | **80,154** | **(12,023)** | **12,023** |

## Note 7.3: Contingent assets and contingent liabilities

The Health Service has no contingent assets as at 30 June 2022 (2021: nil).

However, upon taking into account the Victorian Government policy in identifying non-compliant cladding, the Health Service continues to plan for works to rectify cladding issues related to the main Health Service inpatient building in Fitzroy. As such, the cladding works that have been partially delayed by the COVID-19 pandemic have given rise to a contingent liability as the proposed works remain subject to some uncertainty in relation to the timing of the works required, the nature of cladding product to be utilised, and the ultimate funding source. The contingent liability is estimated to be in the range of $8m – $10m. Discussions are being held with the Department of Health to seek funding for the works.

### How We Measure and Disclose Contingent Assets and Contingent Liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

### Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Health Service.

These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

### Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Health Service or
- present obligations that arise from past events but are not recognised because:
  - It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations or the amount of the obligations cannot be measured with sufficient reliability.

Contingent liabilities are also classified as either quantifiable or non-quantifiable.

## Note 7.4: Fair value determination

### How we measure fair value

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

The following assets and liabilities are carried at fair value:

- Financial assets at fair value through net result
- Property, plant and equipment
- Right-of-use assets
- Investment properties

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

### Valuation hierarchy

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

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

The Health Service determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There have been no transfers between levels during the period.

The Health Service monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

### Identifying unobservable inputs (level 3) fair value measurements

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

Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, i.e., an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs shall reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

### Note 7.4(a) Fair value determination of investments and other financial assets

| | Note | Carrying amount 30 June 2022 | Fair value measurement at end of reporting period using Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|---|
| Shares and Managed Investment Schemes | 4.1 | 73,896 | - | 73,896 | - |
| Unlisted Shares | 4.1 | 1,813 | - | - | 1,813 |
| **Total financial assets held at fair value through net result** | | **75,709** | **-** | **73,896** | **1,813** |
| **Total investments and other financial assets at fair value** | | **75,709** | **-** | **73,896** | **1,813** |

| | Note | Carrying amount 30 June 2021 | Fair value measurement at end of reporting period using Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|---|
| Shares and Managed Investment Schemes | 4.1 | 80,154 | - | 80,154 | - |
| Unlisted Shares | 4.1 | 1,813 | - | - | 1,813 |
| **Total financial assets held at fair value through net result** | | **81,967** | **-** | **80,154** | **1,813** |
| **Total investments and other financial assets at fair value** | | **81,967** | **-** | **80,154** | **1,813** |

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

#### Shares and Managed Investment Schemes

The Health Service invests in managed funds, which are not quoted in an active market and which may be subject to restrictions on redemptions.

The Health Service considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investment, to ensure they are reasonable and appropriate. The net asset value of these funds is used as an input into measuring their fair value, and is adjusted as necessary, to reflect restrictions and redemptions, future commitments and other specific factors of the fund.

The Health Service classifies these funds as Level 2.

#### Unlisted Shares

The fair value of financial assets and liabilities that are not traded in an active market is recorded at cost as the directors did not have access to reliable information to determine the fair value of the said assets.

To the extent that the significant inputs are unobservable, the Health Service categorises these investments as Level 3.

### Reconciliation of level 3 fair value measurement

| | Note | Financial Assets at Fair Value through Net Result Total 2022 $'000 | Total 2021 $'000 |
|---|---|---|---|
| Opening Balance | | 1,813 | 1,313 |
| Total gains/(losses) recognised in net result | | - | - |
| Purchases | | - | 500 |
| Transfers from other categories | | - | - |
| **Closing Balance** | **4.1** | **1,813** | **1,813** |

### Description of level 3 valuation techniques used and key inputs to valuation

The unlisted shares are recorded costs as the directors did not have access to reliable information to determine the fair value of the said assets.

### Note 7.4(b) Fair value determination of non-financial physical assets

| | Note | Consolidated carrying amount 30 June 2021 $ '000 | Fair value measurement at end of reporting period using: Level 1[i] $ '000 | Level 2[i] $ '000 | Level 3[i] $ '000 |
|---|---|---|---|---|---|
| Leasehold improvements at fair value | 4.2(a) | 84,125 | - | - | 84,125 |
| Plant and equipment at fair value | 4.2(a) | 8,070 | - | - | 8,070 |
| Medical Equipment at fair value | 4.2(a) | 22,969 | - | - | 22,969 |
| Computer Equipment at fair value | 4.2(a) | 4,411 | - | - | 4,411 |
| Furniture and fittings at fair value | 4.2(a) | 592 | - | - | 592 |
| Motor Vehicles at fair value | 4.2(a) | 982 | - | - | 982 |
| Cultural assets at fair value | 4.2(a) | 4,571 | - | 4,571 | - |
| **Total plant, equipment, furniture, fittings and vehicles at fair value** | | **125,720** | **-** | **4,571** | **121,149** |
| Right-of-Use buildings at fair value | 4.3(a) | 22,351 | - | - | 22,351 |
| Right-of-Use plant, equipment & vehicles | 4.3(a) | 2,375 | - | - | 2,375 |
| **Total right-of-use assets at fair value** | | **24,726** | **-** | **-** | **24,726** |
| Investment property | 4.7(a) | 3,293 | - | 3,293 | - |
| **Total investment property at fair value** | | **3,293** | **-** | **3,293** | **-** |
| **Total non-financial physical assets at fair value** | | **153,739** | **-** | **7,864** | **145,875** |

| | Note | Consolidated carrying amount 30 June 2021 $ '000 | Fair value measurement at end of reporting period using: Level 1[i] $ '000 | Level 2[i] $ '000 | Level 3[i] $ '000 |
|---|---|---|---|---|---|
| Leasehold improvements at fair value | 4.2(a) | 88,364 | - | - | 88,364 |
| Plant and equipment at fair value | 4.2(a) | 7,412 | - | - | 7,412 |
| Medical Equipment at fair value | 4.2(a) | 21,915 | - | - | 21,915 |
| Computer Equipment at fair value | 4.2(a) | 4,343 | - | - | 4,343 |
| Furniture and fittings at fair value | 4.2(a) | 674 | - | - | 674 |
| Motor Vehicles at fair value | 4.2(a) | 733 | - | - | 733 |
| Cultural assets at fair value | 4.2(a) | 4,110 | - | 4,110 | - |
| **Total plant, equipment, furniture, fittings and vehicles at fair value** | | **127,551** | **-** | **4,110** | **123,441** |
| Right-of-Use buildings at fair value | 4.3(a) | 23,086 | - | - | 23,086 |
| Right-of-Use plant, equipment & vehicles | 4.3(a) | 3,900 | - | - | 3,900 |
| **Total right-of-use assets at fair value** | | **26,986** | **-** | **-** | **26,986** |
| Investment property | 4.7(a) | 3,100 | - | 3,100 | - |
| **Total investment property at fair value** | | **3,100** | **-** | **3,100** | **-** |
| **Total non-financial physical assets at fair value** | | **157,637** | **-** | **7,210** | **150,427** |

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

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

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

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

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

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

### Investment properties and cultural assets

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

For investment properties fair value has been determined by Managerial Revaluation Assessment based on the Valuer-General Victoria indices. The effective date of the valuation is 30 June 2022.

For cultural assets, Dwyer Fine Arts is the Health Service's independent valuer.

### Vehicles

The Health Service acquires new vehicles and at times disposes of them before completion of their economic life. The process of acquisition, use and disposal in the market is managed by the Health Service who set relevant depreciation rates during use to reflect the consumption of the vehicles. As a result, the fair value of vehicles does not differ materially from the carrying amount (depreciated cost).

### Furniture, fittings, plant and equipment and leasehold improvements

Furniture, fittings, plant and equipment (including medical equipment, computers and communication equipment) and leasehold improvements are held at carrying amount (depreciated cost). When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, the current replacement cost is used to estimate the fair value. Unless there is market evidence that replacement costs are significantly different from the original acquisition cost, it is considered unlikely that current replacement cost will be materially different from the existing carrying amount.

There were no changes in valuation techniques throughout the period to 30 June 2022.

### Reconciliation of level 3 fair value measurement

| | Note | Leasehold improvement $'000 | Plant, equipment, furniture, fittings and vehicles $'000 | Right-of-use equipment & vehicles $'000 | Right-of-use buildings $'000 |
|---|---|---|---|---|---|
| **Balance at 1 July 2020** | | **88,678** | **31,629** | **3,680** | **27,655** |
| Additions/(Disposals) | | 1,553 | 8,876 | 2,345 | 4,353 |
| Assets provided free of charge | | - | 391 | - | - |
| Net transfers between classes | | 7,674 | 2,184 | - | - |
| Gains/(Losses) recognised in net result | | | | | |
| ▪ Depreciation and amortisation | 4.6 | (9,541) | (8,003) | (2,125) | (9,986) |
| Items recognised in other comprehensive income | | | | | |
| ▪ Revaluation | | - | - | - | 1,064 |
| **Balance at 30 June 2021** | **7.4(b)** | **88,364** | **35,077** | **3,900** | **23,086** |
| Additions/(Disposals) | | 1,121 | 8,418 | 49 | 9,318 |
| Assets provided free of charge | | - | 206 | - | - |
| Net transfers between classes | | 4,021 | 1,663 | - | - |
| Gains/(Losses) recognised in net result | | - | - | - | - |
| ▪ Depreciation and amortisation | 4.6 | (9,381) | (8,340) | (1,505) | (9,709) |
| Items recognised in other comprehensive income | | - | - | - | - |
| ▪ Revaluation | | - | - | (69) | (344) |
| **Balance at 30 June 2022** | **7.4(b)** | **84,125** | **37,024** | **2,375** | **22,351** |

### Fair value determination of level 3 fair value measurement

| Valuation Hierachy | Asset Class | Likely Valuation Approach | Significant Inputs (Level 3 only) |
|---|---|---|---|
| Level 3 | **Plant and equipment** | Current replacement cost approach | ▪ Cost per unit<br>▪ Useful life |
| Level 3 | **Medical equipment** | Current replacement cost approach | ▪ Cost per unit<br>▪ Useful life |
| Level 3 | **Computers and communication** | Current replacement cost approach | ▪ Cost per unit<br>▪ Useful life |
| Level 3 | **Furniture and fittings** | Current replacement cost approach | ▪ Cost per unit<br>▪ Useful life |
| Level 3 | **Motor Vehicles** | Current replacement cost approach | ▪ Cost per unit<br>▪ Useful life |
| Level 3 | **Leasehold Improvements** | Current replacement cost approach | ▪ Cost per unit<br>▪ Useful life |
| Level 3 | **Right-of-use buildings** | Market approach | ▪ Fair value of similar properties |

# Note 8: Other Disclosures

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

**Structure**



Our other disclosures were not materially impacted by the COVID-19 Coronavirus pandemic.

## Note 8.1: Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities

| | Total 2022 $'000 | Total 2021 $'000 |
|---|---|---|
| **Net Result for the Year** | **18,820** | **31,932** |
| **Non-cash Movements:** | | |
| Depreciation and Amortisation | 35,587 | 38,149 |
| Revaluation of Investment Property | (193) | (300) |
| Allowance for impairment losses of contractual receivables | 552 | 1,217 |
| Revaluation of Long Service Leave | (5,080) | (2,417) |
| Assets Received Free of Charge | (2,258) | (3,343) |
| Net (Gain)/Loss on Financial Assets at Fair Value | 7,159 | (10,759) |
| Non Cash Investment Income | (1,109) | (588) |
| Management Fees for Managed Investments | 181 | 12 |
| **Movements included in Investing and Financing Activities:** | | |
| Net (Gain)/Loss on Disposal of Non-Current Assets | 21 | (21) |
| Capital Donations Received | (2,050) | (4,748) |
| **Movements in Operating Assets and Liabilities:** | | |
| (Increase)/Decrease in Receivables and Contract Assets | (14,609) | 5,023 |
| (Increase)/Decrease in Inventories | (702) | 430 |
| (Increase)/Decrease in Prepaid Expenses | (1,028) | 343 |
| Increase/(Decrease) in Payables and Contract Liabilities | 48,255 | 34,092 |
| Increase/(Decrease) in Employee Entitlements | 7,668 | 15,608 |
| Increase/(Decrease) in Other Liabilities | (339) | (31,102) |
| **Net Cash Inflow from Operating Activities** | **90,875** | **73,528** |

## Note 8.2: Responsible Persons Disclosures

### a) Remuneration of Responsible Persons

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

| Responsible Ministers | Period |
|---|---|
| **The Honourable Martin Foley:** | |
| Minister for Health | 01 Jul 2021 – 27 Jun 2022 |
| Minister for Ambulance Services | 01 Jul 2021 – 27 Jun 2022 |
| **The Honourable Mary-Anne Thomas:** | |
| Minister for Health | 27 Jun 2022 – 30 Jun 2022 |
| Minister for Ambulance Services | 27 Jun 2022 – 30 Jun 2022 |
| **The Honourable Anthony Carbines:** | |
| Minister for Child Protection and Family Services | 01 Jul 2021 – 27 Jun 2022 |
| Minister for Disability, Ageing and Carers | 01 Jul 2021 – 27 Jun 2022 |
| **The Honourable Colin Brooks:** | |
| Minister for Child Protection and Family Services | 27 Jun 2022 – 30 Jun 2022 |
| Minister for Disability, Ageing and Carers | 27 Jun 2022 – 30 Jun 2022 |
| **The Honourable James Merlino:** | |
| Minister for Mental Health | 01 Jul 2021 – 27 Jun 2022 |
| **The Honourable Gabrielle Williams:** | |
| Minister for Mental Health | 27 Jun 2022 – 30 Jun 2022 |

### Governing Board

The Directors of the Health Service during the year were:

| | |
|---|---|
| Mr P McClintock AO | 01/07/21 – 30/06/22 |
| Ms A McDonald | 01/07/21 – 30/06/22 |
| Prof S Crowe AO | 01/07/21 – 14/10/21 |
| Dr M Coote | 01/07/21 – 30/06/22 |
| Ms S McPhee AM | 01/07/21 – 30/06/22 |
| Ms A Cross AM | 01/07/21 – 30/06/22 |
| Mr P O'Sullivan | 01/07/21 – 30/06/22 |
| Ms J Watts | 01/07/21 – 30/06/22 |
| Mr D O'Brien | 01/07/21 – 30/06/22 |
| Ms S McGregor | 01/07/21 – 30/06/22 |
| Prof V Perkovic | 01/10/21 – 30/06/22 |

### Accountable Officer

| | |
|---|---|
| Ms A Nolan (Chief Executive Officer) | 01 Jul 2021 – 30 Jun 2022 |

### 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.

Those Responsible persons who held Executive positions within the Health Service and those directors, who received remuneration for their management or professional duties, are shown in the relevant income bands below.

| | Total Remuneration | |
|---|---|---|
| | 2022 No. | 2021 No. |
| $20,000 – $39,999 | 1 | - |
| $50,000 – $59,999 | 1 | - |
| $60,000 – $69,999 | 1 | 2 |
| $70,000 – $79,999 | - | 1 |
| $80,000 – $89,999 | 6 | 6 |
| $130,000 – $139,000 | 1 | 1 |
| $170,000 – $179,999 | 1 | - |
| $410,000 – $419,999 | - | 1 |
| $450,000 – $459,999 | 1 | - |
| **Total** | **12** | **11** |
| **Total Remuneration $'000** | **1,424** | **1,245** |

Amounts relating to Responsible Ministers are reported within the State's Annual Financial Report.

### c) Retirement Benefits of Responsible Persons

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

## Note 8.3: Remuneration of Executives

### Executive Officer Remuneration

The number of Executive Officers, other than the Ministers and the Accountable Officer, and their total remuneration during the reporting period is shown in the table below.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided in exchange for services rendered, and is disclosed in the following categories:

### Short-term Employee Benefits

Salaries and wages, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

### Post-employment Benefits

Pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

### Other Long-term Benefits

Long service leave, other long-service benefit or deferred compensation.

### Termination Benefits

Termination of employment payments, such as severance packages.

Total remuneration payable to executives during the year included additional executive officers and a number of executives who received bonus payments during the year. These bonus payments depend on the terms of individual employment contracts.

| Compensation | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Short-term employee benefits | 3,144 | 2,653 |
| Post-employment benefits | 258 | 225 |
| Other long-term benefits | 164 | 320 |
| Termination benefits | | 117 |
| **Total** | **3,566** | **3,315** |
| **Total Number of Executives [i]** | **15** | **16** |
| **Total Annualised Employee Equivalent [ii]** | **12.2** | **11.7** |

[i] The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the Health Service under AASB 124 Related Party Disclosures and are also reported within Note 8.4 Related Parties.

[ii] Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period, and provides a measure of full time equivalent executive officers over the reporting period.

## Note 8.4: Related parties

The Health Service is a wholly owned and controlled entity of the St Vincent's Health Australia group. Related parties of the Health Service include:

- all key management personnel and their close family members;
- all cabinet ministers and their close family members;
- all other entities within the wholly-owned group;
- all jointly controlled operations; and
- all hospitals and public sector entities that are controlled and consolidated into the State of Victoria financial statements.

All related party transactions have been entered into on an arm's length basis.

Key management personnel (KMP) are those people with the authority and responsibility for planning, directing and controlling the activities of the Health Servicers, directly or indirectly.

### Key management personnel of the Health Service

| Entity | KMPs | Position Title |
|---|---|---|
| St Vincent's Health Australia | Mr T Hall | Group Chief Executive Officer (Retired 28th March 2022) |
| St Vincent's Health Australia | Ms R Martin | Acting Group Chief Executive Officer (Appointed 29th March 2022 to 3rd October 2022)<br>Group Chief Financial Officer (Until 28th March 2022) |
| St Vincent's Health Australia | Ms B Johnson | Acting Group Chief Financial Officer (Appointed 29th March 2022 to 3rd October 2022) |
| St Vincent's Health Australia | Mr R Beetson | Group General Manager, Legal, Governance & Risk |
| St Vincent's Health Australia | Prof P O'Rourke | Chief Executive Officer, Hospitals Division (Appointed 18th March 2022)<br>Chief Executive Officer, Public Hospitals Division (Until 17th March 2022) |
| St Vincent's Health Australia | Mr P McClintock AO | Chair of the Board |
| St Vincent's Health Australia | Ms A McDonald | Director of the Board |
| St Vincent's Health Australia | Prof S Crowe AO | Director of the Board (Retired 14th October 2021) |
| St Vincent's Health Australia | Ms A Cross AM | Director of the Board |
| St Vincent's Health Australia | Dr M Coote | Director of the Board |
| St Vincent's Health Australia | Ms S McPhee AM | Director of the Board |
| St Vincent's Health Australia | Mr P O'Sullivan | Director of the Board |
| St Vincent's Health Australia | Ms J Watts | Director of the Board |
| St Vincent's Health Australia | Mr D O'Brien | Director of the Board |
| St Vincent's Health Australia | Ms S McGregor | Director of the Board |
| St Vincent's Health Australia | Prof V Perkovic | Director of the Board (Appointed 1st October 2021) |
| St Vincent's Hospital Melbourne | Ms A Nolan | Chief Executive Officer (Retired 29th July 2022) |
| St Vincent's Hospital Melbourne | Mr I Broadway | Chief Financial Officer |
| St Vincent's Hospital Melbourne | Ms N Tweddle | Executive Director Acute Services |
| St Vincent's Hospital Melbourne | Mr M Smith | Executive Director Integrated Care Services |
| St Vincent's Hospital Melbourne | Mr E Harvey | Chief Executive Officer, Aikenhead Centre for Medical Discovery |
| St Vincent's Hospital Melbourne | Mr A Crettenden | Project Director, Aikenhead Centre for Medical Discovery |
| St Vincent's Hospital Melbourne | Ms R Roberts | Executive Director People & Corporate Services (Retired 12th October 2021) |
| St Vincent's Hospital Melbourne | Mr C Cummins | Executive Director Performance Improvement (Retired 19th June 2022) |
| St Vincent's Hospital Melbourne | Ms A Mcfadgen | Executive Director Strategy & Planning (Seconded to St Vincent's Health Australia from 28th March 2022) |
| St Vincent's Hospital Melbourne | Ms M Stewart | Executive Director Identity & Purpose |
| St Vincent's Hospital Melbourne | Mr A Tobin | Chief Medical Officer |
| St Vincent's Hospital Melbourne | Ms K Riddell | Chief Nursing Officer |
| St Vincent's Hospital Melbourne | Ms C Gill | General Manager Legal & Commercial |
| St Vincent's Hospital Melbourne | Ms F Prestedge | Executive Director People & Corporate Support (Appointed 12th October 2021) |
| St Vincent's Hospital Melbourne | Mr H Tobin | Acting Executive Director Strategy, Planning and Communication (Appointed 28th March 2022) |
| St Vincent's Hospital Melbourne | Mr S Craig | Acting Executive Director Performance Improvement (Appointed 11th May 2022) |

The compensation detailed below excludes the salaries and benefits the Portfolio Ministers receive. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968*, and is reported within the State's Annual Financial Report.

| Compensation | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Short-term employee benefits | 7,583 | 6,890 |
| Post-employment benefits | 447 | 407 |
| Other long-term benefits | 179 | 333 |
| Termination benefits | 983 | 117 |
| **Total** | **9,192** | **7,747** |

Total Compensation of $9.19 million (2021: $7.75 million) includes remuneration of St Vincent's Hospital Melbourne's Executives and St Vincent's Health Australia's Executive Leadership Team, Board Members and Directors.

### Transactions with key management personnel and other related parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements. Outside of normal citizen type transactions with the department, there were no related party transactions that involved key management personnel and their close family members. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

### Significant transactions with government-related entities

The Health Service received funding from the Department of Health of $782.69 million (2021: $707.47 million).

Other significant transactions with government related entities were with Victorian Managed Insurance Authority (VMIA) $6.03 million (2021: $5.71 million), WorkSafe Victoria $4.19 million (2021: $3.78 million) and for long service leave debtor adjustment of $0.04 million (2021: $3.35 million).

### 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 2022 consist of:

**a.** Recoveries by St Vincent's Hospital (Melbourne) Limited for the provision of management and administrative services

**b.** Recoveries by St Vincent's Hospital (Melbourne) Limited for the provision of other health services at cost

**c.** Payment to St Vincent's Health Australia Limited Group levy and other service costs; and

**d.** Repayment of loans (including interest) and payment of a car park lease to St Vincent's Healthcare Ltd

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

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| **Aggregate amounts included in the determination of operating profit that resulted from transactions with entities in the wholly-owned group:** | | |
| Health Service carpark, group levy, ICT shared services and costs charged by St Vincent's Health Australia Ltd and St Vincent's Healthcare Limited | 31,701 | 18,855 |
| Campus Lease charge by St Vincent's Healthcare Ltd | 847 | 825 |
| Interest revenue received from St Vincent's Healthcare Ltd | 12 | 14 |
| Facility Lease charge by St Vincent's Healthcare Ltd | 41 | 66 |
| **Aggregate amounts receivable from, and payable to, entities in the wholly owned group at Statement of Financial Position date:** | | |
| Current loan receivables due from St Vincent's Healthcare Ltd | 82 | 70 |
| Current receivables due from St Vincent's Healthcare Ltd and St Vincent's Health Australia Ltd | 1,088 | 330 |
| Non-Current loan receivables due from St Vincent's Healthcare Ltd | 119 | 160 |
| Current borrowings owing to St Vincent's Healthcare Ltd and St Vincent's Health Australia Ltd | 377 | 867 |
| Current payables owing to St Vincent's Healthcare Ltd and St Vincent's Health Australia Ltd | - | 447 |
| Non-current borrowings owing to St Vincent's Healthcare Ltd and St Vincent's Health Australia Ltd | 3,131 | 3,508 |
| **Aggregate amounts included in the determination of operating profit that resulted from transactions with each class of other related parties:** | | |
| Recoveries for the provision of management and administrative services to St Vincent's Private Hospitals Ltd | 5,566 | 4,570 |
| Costs charged for the provision of other health services by St Vincent's Private Hospitals Ltd | 634 | 586 |
| **Aggregate amounts receivable from, and payable to, with each class of other related parties, at Statement of Financial Position date:** | | |
| Current receivables from St Vincent's Private Hospitals Ltd | 387 | 1,125 |
| Current Payables to St Vincent's Private Hospitals Ltd | - | 124 |
| Costs charged for lease of property by St Vincent's Care Services – VIC | 323 | 39 |
| Costs charged for Aged Care account services by St Vincent's Care Services – QLD | 68 | 36 |
| Current Payables to St Vincent's Care Services – QLD | - | 5 |

Pursuant to a Loan and Restructure Agreement between the Trustees of the Sisters of Charity and St Vincent's Healthcare Ltd, land and building assets, including leasehold improvements, have been transferred to St Vincent's Healthcare Ltd as at 1 January 2003 at written down value.

## Note 8.5: Remuneration of Auditors

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| **Victorian Auditor-General's Office** | | |
| Audit fees paid or payable for audit of the St Vincent's Hospital (Melbourne) Limited's financial statements | 95 | 90 |
| **Other Service Providers** | | |
| HLB Mann Judd | 1 | - |
| **Total Remuneration** | **96** | **90** |

## Note 8.6: Ex-gratia expenses

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Payments made to terminated employees | 1,252 | 476 |
| **Ex gratia expenses** | **1,252** | **476** |

## Note 8.7: Events occurring after the balance sheet date

There were no events after balance sheet date which significantly affected or may affect the operations of the Health Service, the results of the operations or the state of affairs of the Health Service in the future financial years.

## Note 8.8: Jointly Controlled Operations

| Name of Entity | Principal Activity | Ownership Interest 2022 | Ownership Interest 2021 |
|---|---|---|---|
| Victorian Comprehensive Cancer Centre | The member entities have committed to the establishment of a world leading comprehensive cancer centre in Parkville, Victoria, through the Joint Venture, with a view to saving lives through the integration of cancer research, education and training and patient care. | 10.0% | 10.0% |

The Health Service's interest in assets employed in the above jointly controlled operations and assets is detailed below. The amounts are included in the Health Service's financial statements under respective asset categories.

| | Total 2022 $'000 | Total 2021 $'000 |
|---|---|---|
| **Current Assets** | | |
| Cash and Cash Equivalents | 815 | 559 |
| Receivables | 60 | 13 |
| Prepayments | 86 | 8 |
| **Total Current Assets** | **961** | **580** |
| **Non-Current Assets** | | |
| Financials Assets | - | - |
| Property, Plant and Equipment | 44 | 17 |
| **Total Non-Current Assets** | **44** | **17** |
| **Total Assets** | **1,005** | **597** |
| **Current Liabilities** | | |
| Accrued Expenses | 29 | 18 |
| Payables | 75 | 25 |
| Prepaid Revenue | 22 | 15 |
| Provisions – LSL and Annual Leave | 32 | 34 |
| **Total Current Liabilities** | **158** | **92** |
| **Non-Current Liabilities** | | |
| Provisions – LSL | 15 | 9 |
| **Total Non-Current Liabilities** | **15** | **9** |
| **Total Liabilities** | **173** | **101** |
| **Net Assets** | **832** | **496** |

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

| | Total 2022 $'000 | Total 2021 $'000 |
|---|---|---|
| **Revenue** | | |
| Grants and Other Revenue | 1,227 | 687 |
| Interest | 3 | 2 |
| **Total Revenue** | **1,230** | **689** |
| **Expenses** | | |
| Employee Benefits | 776 | 537 |
| Other Expenses from Continuing Operations | 111 | 597 |
| Depreciation and Amortisation | 6 | 6 |
| **Total Expenses** | **893** | **1,140** |
| **Net Result** | **337** | **(451)** |

### Contingent liabilities and capital commitments

There are no known contingent liabilities or capital commitments held by the jointly controlled operations at balance date.

## Note 8.9: Equity

### General purpose surplus

The general purpose surplus is established where the Health Service has generated funds internally for a specific purpose for future certain or uncertain obligation that may arise.

### Property, plant and equipment revaluation surplus

The property, plant and equipment revaluation surplus arises on the revaluation of cultural assets. The revaluation surplus is not normally transferred to accumulated surpluses/(deficits) on de-recognition of the relevant asset.

### Restricted specific purpose reserves

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

### AIB surplus

The AIB (Annuity index bonds) surplus is a specific surplus used for deposit made to Treasury Corporation of Victoria. Annually, the Health Service recognises capitalised interest received as a surplus in this account.

### Funds held in perpetuity

Funds held in perpetuity are funds held by the Health Service to cover the cash flow gap between payments made and recovered on behalf of St Vincent's Institute of medical research.

### Contributed capital

Contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Health Service.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

Other transfers that are in the nature of contributions or distributions or that have been designated as contributed capital are also treated as contributed capital.

### Accumulated surpluses/(Deficits)

Accumulated Surplus is where accumulated excess of revenues over expenses from prior years which has not been set aside for specific purposes. Accumulated Deficit arise where accumulated excess of expenses over revenue from prior years which has not been set aside for specific purposes.

ST VINCENT'S
HOSPITAL
MELBOURNE

## Acknowledgement of Traditional Owners

As a facility of St Vincent's Health Australia, St Vincent's Hospital Melbourne acknowledges Aboriginal and Torres Strait Islander peoples as the Traditional Custodians of the lands and waters where we live and work. We respect their historical and continuing spiritual connections to country and community and pay our respects to their Elders past, present and emerging. As a health and aged care ministry, we commit ourselves to the ongoing journey of Reconciliation.

## Contact us:

**St Vincent's Hospital Melbourne**
PO Box 2900
Fitzroy VIC 3065, Australia

(03) 9231 2211

**svhm.org.au**