



# PARTNERING

*to achieve something greater*

ANNUAL REPORT  
2015–2016



ST VINCENT'S  
HOSPITAL  
MELBOURNE

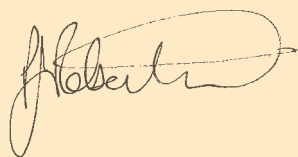


# CONTENTS

## 4 ABOUT ST VINCENT'S

### 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 2016.



**Mr Paul Robertson AM**  
Board Chair  
Date 24 August 2016  
Melbourne



**A/Prof Susan O'Neill**  
Chief Executive Officer  
Dated 24 August 2016  
Melbourne

# 18

## REPORT OF OPERATIONS

### *Serving* SOMETHING GREATER

- 2 Message from the CEO
- 4 About St Vincent's
- 6 Year in Review

### *Seeing* SOMETHING GREATER

- 18 Report of Operations
- 24 Statement of Priorities
- 35 Company Directory

### *Striving for* SOMETHING GREATER

- 44 Organisational Chart
- 51 Financial Statements

NEW ABORIGINAL  
HEALTH UNIT

# 10



# Message from the CHIEF EXECUTIVE OFFICER

It is my great pleasure to present the 2015-16 Annual Report for St Vincent's Hospital Melbourne.

Since joining this outstanding community of care in February I have encountered, across the board, and without exception, devoted professionals committed to their patients, consumers or residents. It is clear that the values of compassion, justice, integrity and excellence are lived by our people. I see evidence of it every day, from deceptively simple acts like taking ventilated patients outside into the courtyard – actions that take thought, care and time in a busy day – to clinicians and researchers spearheading life-saving and life-changing innovations.

Over the past year St Vincent's has forged ahead with new developments to expand the suite of services and quality of care we offer the people of Victoria.

By virtue of the Victorian Government's 2016-17 Budget announcement St Vincent's and the Department of Health and Human Services will build a \$55 million 90-bed public aged care residential facility at our St George's campus in Kew, one which is fully integrated with our tertiary health service.

In 2015-16 St Vincent's signed a new agreement to provide primary and secondary health services at Port Phillip Prison, formed a new Aboriginal Health Unit, and is poised to offer radiotherapy at our Fitzroy campus for the first time.

In early September we will open a Biofabrication Suite, a state of the art centre that will showcase the true potential of the Aikenhead Centre for Medical Discovery, and its unique power to harness collaboration among clinicians, researchers, and university and industry partners.

The Biofabrication Suite will bring platform services together, in the form of molecular and cellular biology, bio-reactor work, tissue engineering, bio-printing and commercial services, into one showroom that will demonstrate the talent, innovation and dedication that makes us so excited and so committed to realising our vision for the ACMD.

The year in review culminated in the finalisation of a new 20 year Health Services Agreement with the Victorian Government. St Vincent's previous Health Services Agreement paved the way for a new acute hospital, the 11-storey building which sits proudly on our Fitzroy campus and celebrates its twenty-first year in 2016. It was considered ahead of its time, with patient-centred care built into the floorplans, creating an environment that put the patient first and restored humanity and warmth to the medical setting.

Today, our commitment to excellence and continuous improvement continues with renewed energy. In 2016 we appointed an Executive Director of Performance Improvement to capitalise on the talents and commitment of our people to being leaders in compassionate, patient-centred care.

St Vincent's has outstanding people, and an enviable reputation. I am now enjoying its distinctive culture, which provides such a strong foundation for delivering exceptional care to the patients who come through our doors and the community we have an influence over. As we look back on 2015-16 we have much to be proud of but more importantly, we have a great deal more to look forward to in the years ahead.



**Adjunct Professor Susan O'Neill**  
Chief Executive Officer  
St Vincent's Melbourne

90

bed public aged care residential facility will be built at the St George's campus in Kew

20

year agreement to provide primary and secondary health services at Port Phillip Prison was signed

21

year anniversary of the Fitzroy campus Acute Hospital building





*The secret of St Vincent's*  
SUCCESS HAS ALWAYS BEEN THE COMMITMENT,  
SKILL AND EXPERIENCE OF THE PEOPLE  
WHO CHOOSE TO WORK WITH US.



# ABOUT ST VINCENT'S

## ABOUT ST VINCENT'S

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

We operate from 16 sites across greater Melbourne, including a major teaching, research and tertiary referral centre situated in Fitzroy, sub-acute care at St George's Health Service Kew, palliative care at Caritas Christi Hospice, as well as aged care, correctional health, mental health and community centres, pathology collection centres, general practice services and dialysis satellite centres.

In 2015-16 St Vincent's treated 53,585 acute inpatients that equated to 51,445 WIES (Weighted Inlier Equivalent Separations). The hospital also recorded 177,710 non-admitted attendances and contacts across specialist clinics and health independence programs, and attended to 43,792 presentations to the emergency department. A total of 54,890 weighted bed days of care were provided in rehabilitation and geriatric services, and 15,890 weighted bed days of palliative care were provided.

As at 30 June 2016, St Vincent's had 781 available beds across all of its services.

## GOVERNANCE

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

The relevant ministers for the reporting period were:

- ▶ The Hon. Daniel Andrews MP, Premier of Victoria
- ▶ The Hon. Jill Hennessy MP, Minister for Health
- ▶ The Hon. Martin Foley MP, Minister for Mental Health

St Vincent's Hospital Melbourne 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.

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

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

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

St Vincent's Melbourne is led by CEO Susan O'Neill and an executive team. The St Vincent's Health Australia (SVHA) Board has established an Advisory Group known as The Friends of St Vincent's (Melbourne). This Group has (from February 2016) replaced the previous Regional Advisory Council in Victoria and provides the SVHA Board with advice, support and insight into the local community and health services, and strategic links to local Church, government and community resources.

## MISSION

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

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

## OUR CARE IS:

- ▶ Provided in an environment underpinned by mission and values
- ▶ Holistic and centred on the needs of each patient and resident
- ▶ High-quality, safe, and continuously improving to ensure best practice
- ▶ Innovative and informed by current research using contemporary techniques and technology
- ▶ Delivered by a team of dedicated, appropriately qualified people who are supported in a continuing development of their skills and knowledge
- ▶ Committed to a respect for life in accordance with the tradition of Mary Aikenhead and the Sisters of Charity.



## *Our values*



COMPASSION



INTEGRITY



JUSTICE



EXCELLENCE

### 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 demonstrate through our everyday actions, giving our mission life.

## *Our vision:*

TO LEAD TRANSFORMATION IN HEALTH CARE  
INSPIRED BY THE HEALING MINISTRY OF JESUS.

# YEAR IN REVIEW

## ST VINCENT'S AND DEPARTMENT AGREE TO 20 YEAR HEALTH SERVICES AGREEMENT

On 30 June 2016, a new Health Services Agreement (HSA) was executed between the Department of Health and Human Services and St Vincent's Hospital Melbourne.

This 20 year agreement provides the security to allow SVHM to grow its services under the direction of SVHA's bold envision 2025 strategic plan and positions the hospital to achieve long term growth, sustainability and success.

## NEW CEO

In February, SVHM welcomed new Chief Executive Officer Adjunct Professor Susan O'Neill.

A/Prof O'Neil joined St Vincent's following her role as CEO of Albury Wodonga Health.

Susan began her clinical career in South Australia, and brings expertise and insights gleaned over more than 12 years' applying lean thinking to healthcare.

## ST GEORGE'S ANNOUNCEMENT

In May, Victorian Minister for Housing, Disability and Ageing The Hon. Martin Foley MP announced a new \$55 million public aged care facility at St George's Hospital in Kew.

This significant capital investment will enable a 90-bed public aged care residential facility to be built at St George's Hospital. It will be designed to deliver best practice person-centred care, and will include aged persons' mental health beds.

For St Vincent's, it is an opportunity to expand the capacity of our aged care residential services and operate within a modern and purpose-built facility. Staff and residents will also benefit significantly from better and safer living and working conditions that will improve care and quality of life.

Pictured below: Susan O'Neill, CEO St Vincent's Hospital Melbourne, Hon. Martin Foley MP and Patricia O'Rourke, CEO, Public Hospitals Division, St Vincent's Health Australia.

## ST VINCENT'S PARTNERSHIP TO ALLOW COMPREHENSIVE CANCER TREATMENT TO PATIENTS

In 2015, St Vincent's announced a partnership with GenesisCare, Australia's largest provider of radiotherapy services, which will operate a state of the art private radiation oncology facility on the Fitzroy campus providing immediate access to essential radiotherapy treatment.

Development of the facility is almost complete, with radiation oncology services scheduled to be operating by August 2016.

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







## VICTORIAN COMPREHENSIVE CANCER CENTRE

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

**\$55M**

public aged care facility announced

**90**

bed public aged care residential facility to be built

## LEADERSHIP IN ACTION

Standout leadership qualities, dedication to patient health, strong, sensitive management of staff with disabilities, and delivering exceptional care in keeping with the Catholic Mission saw Food Services Manager Stephen Tippett honoured as Catholic Health Australia's 'Emerging Leader' for 2015.

Stephen believes the patient meal experience is an essential part of recovery and continued wellbeing.

'It's the little things, the details that really matter. We have to listen to our patients. It's about trust, the patients trust in our ability to provide complete care for each individual.'

Stephen's commitment to patient-centred care is epitomised by the story of a young woman who was soon to lose her tongue – and any ability to eat – to cancer. Asked by her family to provide a cake for her birthday, a few days before surgery, Stephen decided that providing a cake was not enough – he wanted to make her favourite meal, lasagne, as well.

Stephen and his kitchen staff went down to the markets and handpicked quality organic ingredients – fresh tomatoes and meat for the lasagne, top quality chocolate and fresh raspberries for the cake.

'It was all about making this meal as home-like as possible. I wanted to make the best lasagne of my life,' Stephen says. 'It's about providing lasagne when only the cake was asked for.'

Pictured above: Stephen Tippett.

## ST VINCENT'S HEALTH AUSTRALIA INNOVATION AND EXCELLENCE AWARDS

St Vincent's Hospital Melbourne has excelled in the St Vincent's Health Australia Innovation and Excellence Awards, claiming five Awards – with two of our entrants sharing the Chairman's Award for Excellence. The Awards were announced at a gala dinner in October, with representatives from across SVHA's 27 facilities and 17,000 staff. The winning entries are diverse but they share a clear commitment to our patients, to excellence and innovation, and to our mission and values. Teams from St Vincent's Melbourne won five of the six awards on offer, for person-centred care, clinical education and training, clinical governance, workplace safety, and the peer-voted people's choice award.

### SVHA Innovation & Excellence Awards winners

#### LEADERS IN CATHOLIC HEALTHCARE

**Consumer and service outcomes through seven years of integrated placement and support**

Project lead: Dr Melissa Petrakis

#### LEADING REPUTATION

**World-first procedure gets patient back on his feet**

Project lead: Professor Peter Choong

#### BEST PEOPLE IN HEALTH AND AGEING

**Food for safety, for recovery, and for the soul**

Project lead: Stephen Tippett

#### GROWTH AND SUSTAINABILITY

**Oh what a feeling: Correctional Pharmacy services redesign in collaboration with Toyota Australia**

Project lead: Andrew Cording

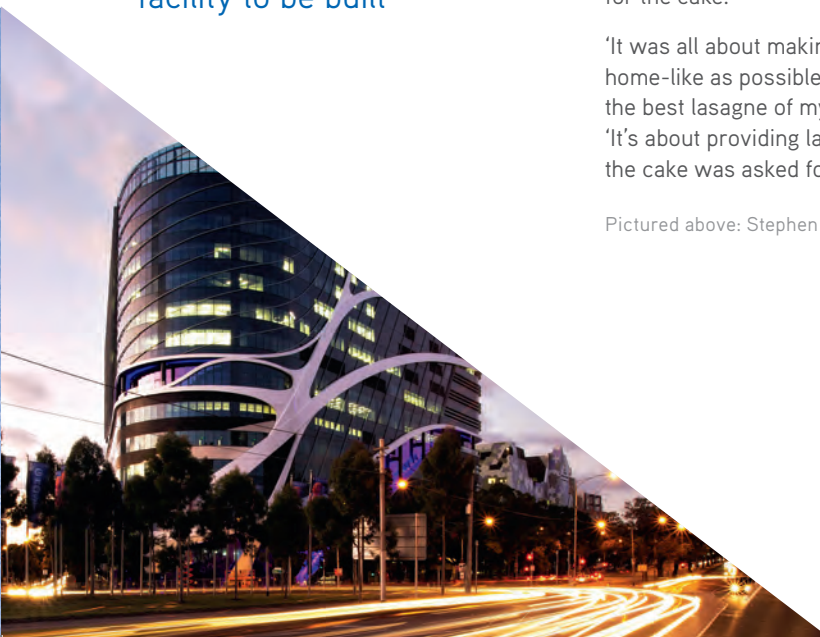
#### CHAIRMAN'S AWARD (JOINT WINNERS)

**Food for safety, for recovery and for the soul**

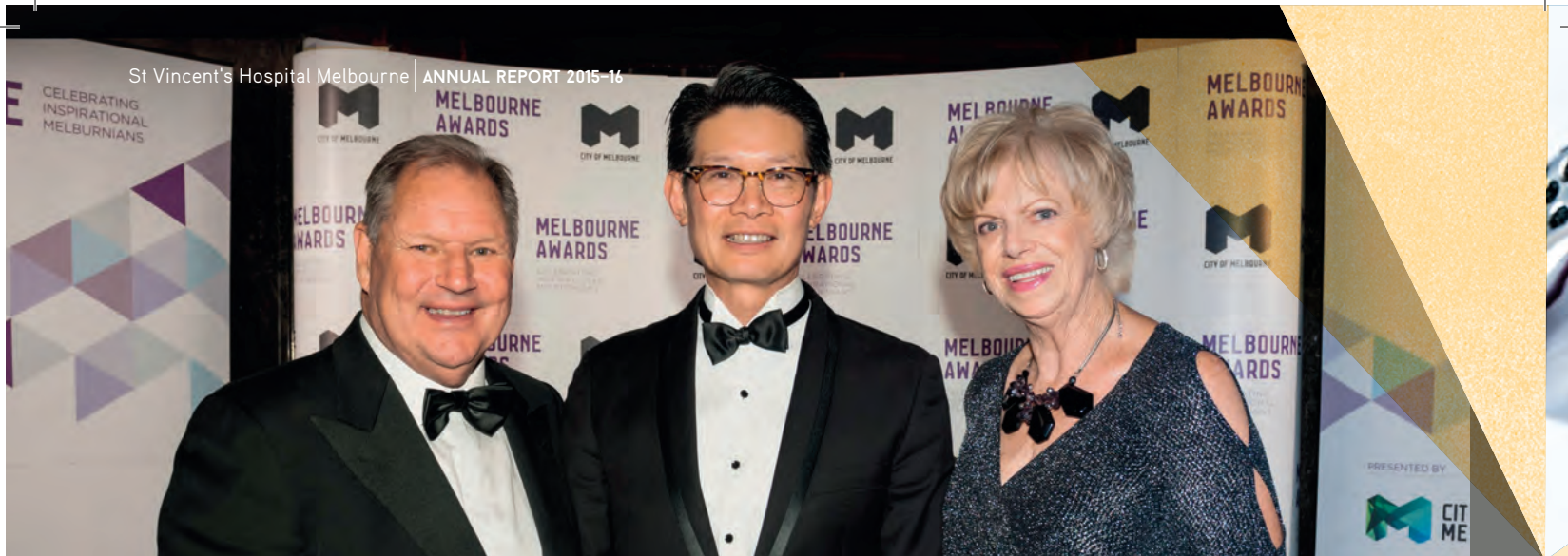
Project lead: Stephen Tippett

**The freeing of Michael**

Project lead: Dr Lauren Sanders







## PROFESSOR PETER CHOONG WINS PRESTIGIOUS MELBOURNE AWARD

Professor Peter Choong, St Vincent's Chair of Surgery, was recognised by the City of Melbourne, winning a prestigious Melbourne Award. In a glittering ceremony at the Melbourne Town Hall, Prof Choong accepted the award on behalf of his colleagues at St Vincent's and described it as recognition of the excellent work done in the health industry in Victoria.

In selecting Prof Choong for the award, the judges said that Melbourne's international reputation as a centre of excellence in biomedical technology, innovation, and research was significantly enhanced last year, when Prof Choong masterminded the world-first 3D heel implant.

A titanium heel invented, developed and implanted in Melbourne with the assistance of Anatomics and CSIRO replaced the cancerous bone of a Victorian builder, who otherwise would have needed amputation.

While the 3D heel has captured the public imagination, Prof Choong's quest for better patient care is ongoing. With a range of research partners, he is pursuing advances in limb robotics, cartilage regeneration, a handheld stem cell printing device, just-in-time patient-specific implants, and tissue engineering for muscle and nerves.

Pictured above: Prof Peter Choong (centre) with Lord Mayor Robert Doyle and Deputy Lord Mayor Susan Riley.

## THE GOOD SAMARITAN FUND

Inspired by countless acts of personal generosity offered by our staff over the history of our hospital and fuelled by a desire to live out our Mission, St Vincent's Hospital Melbourne established the Good Samaritan Fund in late 2014.

The Fund is derived from staff financial contributions and offers direct and immediate aid to patients facing serious hardship and disadvantage in cases where assistance is not possible through any other means.

In its first 15 months, the Good Samaritan Fund has granted over \$50,000 to patients:

- ▶ 44 individual grants, for expenses such as medication costs, utility bills, whitegoods, cleaning costs, childcare and health equipment
- ▶ 351 food and clothing vouchers
- ▶ 500 Christmas gift packs for inpatients facing isolation on Christmas Day. The packs contained Christmas treats, toiletries and warm wishes, seeking to offer hope and happiness.

The Good Samaritan Fund embodies the highest standards of patient-centred care, often addressing the social determinants of health and meeting the holistic needs of patients where other funds cannot. Perhaps most pleasing is that the Fund has encouraged clinicians to have the permission to raise a voice for the needs of the voiceless.

'Susan' was a young woman admitted to the Intensive Care Unit suffering from a large brain haemorrhage. Her elderly parents, who lived in Queensland, were anxious to be by her side but could not afford airfares to Melbourne. Within two hours of Susan's admission, staff used the Good Samaritan Fund to arrange flights for her parents. They were able to spend four precious hours with their daughter before she died.

'David' experienced frequent 'plugging' of the trans-oesophageal valve he desperately needed for verbal communication after his larynx was removed. David's inability to speak was plunging him into frustration, hopelessness, and social isolation. The Fund provided him with an artificial, electronic larynx, giving him a voice and a vital connection to the world.

Picture below right: Good Samaritan Fund Committee.





*While the 3D heel*  
HAS CAPTURED THE PUBLIC IMAGINATION,  
PROF CHOONG'S QUEST FOR BETTER  
PATIENT CARE IS ONGOING.

*Good Samaritan fund - the first year*  
THE GENEROSITY OF ST VINCENT'S STAFF HAS MADE IT POSSIBLE TO SHARE:

**\$50,000**

via 44 individual grants

**351**

food and clothing vouchers

**500**

Christmas gifts

*Each month -*

**\$3,390**

flows into the fund

**249**

staff contribute

**\$1-\$80**

fortnightly contributions range

**\$6.80**

average daily contribution



## NEW ABORIGINAL HEALTH UNIT

In 2016 St Vincent's introduced a new Aboriginal Health Unit that will consolidate the organisation's position as a leader in Aboriginal healthcare and research in a hospital setting.

The Unit brings together the Aboriginal Hospital Liaison Officer (AHLO) program, and quality improvement, cultural awareness, training, and cadetships. The formation of the team reflects community needs but also the success of our AHLO program, which was Victoria's first when it was founded in 1982.

Aboriginal Health Unit Manager Toni Mason says the AHLOs have a deep understanding of community and cultural needs ensure that aboriginal patients' social and emotional wellbeing are considered.

'Our AHLOs are very visible, they're always on the wards and talking to people, they're very friendly and approachable. That is so important for our patients but it has been just as valuable for our non-Aboriginal staff.'

St Vincent's is the largest provider of healthcare to Aboriginal adults in metropolitan Melbourne, providing almost 5,000 occasions of service every year. Toni says many people bypass other hospitals and come to St Vincent's when they're unwell.

'The AHLOs don't work in isolation but very much alongside the treating team. It increases understanding and creates an environment where Aboriginal health is everyone's business, which has laid the foundations for new projects and research in cardiac and cancer care.'

'With the Aboriginal Health Unit we can build on those strong foundations and become more strategic and sustainable – that will help us have an even larger positive impact on the health of Aboriginal patients here and at other hospitals.'

# 1982

was the year that the AHLO program was founded, the first in Victoria

# 5,000

Aboriginal adults are provided healthcare by St Vincent's every year

*The AHLOs*  
DON'T WORK IN ISOLATION BUT VERY  
MUCH ALONGSIDE THE TREATING TEAM.







## MELBOURNE PROFESSOR ENTERS THE SHARK TANK

In an international Shark Tank to fund innovative ideas for anti-epileptic drug or device trials, Professor Mark Cook held off teams of researchers from prestigious American universities such as M.I.T. with just a simple Power Point presentation, and a powerful argument, to win \$200,000.

Run by the Epilepsy Foundation of America, the Shark Tank pitches experts against each other in a public forum, where they argue the merits of their research ideas.

'It was a David and Goliath battle,' Prof Cook said. 'Some of the others had highly produced video graphics. I had a PowerPoint!'

The competition ran in two rounds – each team had five minutes to present their research idea to the forum, another five minutes to answer questions, and were then invited back to give a one-sentence pitch.

Professor Cook, the Director of Neurology at St Vincent's Hospital Melbourne, and the Chair of Medicine at Melbourne University, is one of Australia's most eminent neurologists, with an international reputation for epilepsy research.

'Two-hundred thousand dollars was up for grabs' he said, 'I am pretty sure I sealed it with my final sentence.'

Prof Cook's pitch was sharp and pithy: 'Our project can do everything these others can, but we really need the money.'

Prof Cook heads a team of 10 which has developed a device which can be inserted under the skin behind the ear, to detect and potentially prevent epileptic seizures. The pitch was to fund clinical trials of the device.

More than 60 million people world-wide have epilepsy, 400,000 of them in Australia.

# \$200,000

was up for grabs for the competition winner

# 60M

people world-wide have epilepsy

# 400,000

epilepsy sufferers reside in Australia

## NEW WEBSITE

St Vincent's Hospital Melbourne has a new website, dedicated to giving patients, visitors and staff a new user experience.

Our new website introduces a new web brand to guide users to their online destination. The site makes it easy for visitors to find frequently viewed pages such as: Patients and Visitors, Our Services, Careers, Health Professionals, Research and Education.

The biggest improvement of the website is the ability to view the site on any device, whether it be a computer, tablet or smart phone. Consumers today rely heavily on being mobile and website information needs to adapt and be responsive to be displayed on a smart phone or tablet.

The website also draws on being content smart with more videos and social media feeds from all SVHM channels.

## NEW PRISONS AGREEMENT

In a major achievement, SVHM signed a new contract in January to continue to provide primary and secondary health services to prisoners at Port Philip Prison for up to 20 years.

The new contract with G4S will see St Vincent's provide Primary Health, Primary Mental Health, At Risk, Admissions and Secondary Health Services at the prison up to 2037. The new contract takes effect from September 2017.

## PARC – A NEW SERVICE FOR MENTAL HEALTH IN NORTH FITZROY

Victorian Minister for Mental Health, The Hon. Martin Foley MP, officially launched the North Fitzroy Prevention and Recovery Care (PARC) at a blessing and ribbon cutting ceremony in September.

PARC, a joint service of St Vincent's Hospital and MI Fellowship, is a 10-bedroom facility that provides short-term residential support up to 28 days for people with a mental illness.

The service provides 'step-up or step-down' mental health care for people who need live-in short-term support to get them through a difficult patch or to assist with getting back to living independently in their home. The service can help prevent people from requiring a hospital admission or offer some additional support for people discharged from hospital.

The St Vincent's Manager of Mental Health, Bridget Organ, said the PARC provides an important window of opportunity to connect people to supports in the community.

'PARC not only offers excellent healthcare, but also provides people with a warm and welcoming environment in which to grow a stronger sense of understanding and empowerment about their health and wellbeing,' Bridget said.

'In the big picture of their lives, our role is perhaps small, but we hope that it is powerful — that the understanding, compassion and care they receive at PARC gives them a chance at a different future.'

## ST VINCENT'S AND UNIVERSITY OF MELBOURNE RESTATE RELATIONSHIP AGREEMENT

In June, Susan O'Neill, CEO of SVHM and Prof Mark Hargreaves, Dean of Faculty of Medicine, Dentistry and Health Sciences at University of Melbourne signed a restated Relationship Agreement that will ensure a continued partnership to strive for the world's best research, teaching and clinical outcomes.

Pictured right: Front Row (L-R): Susan O'Neill, CEO, St Vincent's Hospital Melbourne; Prof Mark Hargreaves, Dean, Faculty of Medicine, Dentistry and Health Sciences, University of Melbourne.

Back Row (L-R): Aaron Mentha, University of Melbourne; Prof Mark Cook, Director of Neurology and University of Melbourne Chair of Medicine; Rebecca Roberts, St Vincent's Hospital; Prof Patricia O'Rourke, CEO, Public Hospitals Division, St Vincent's Health Australia; A/Prof Justin Tse, Director of Medical Education and Clinical School Dean, University of Melbourne.





*PARC*

NOT ONLY OFFERS  
EXCELLENT HEALTHCARE,  
BUT ALSO PROVIDES  
PEOPLE WITH A WARM  
AND WELCOMING  
ENVIRONMENT IN  
WHICH TO GROW A  
STRONGER SENSE OF  
UNDERSTANDING AND  
EMPOWERMENT.





# THANK YOU TO ALL OF OUR SUPPORTERS

Thank you to all of our supporters for enabling us to achieve another amazing year of fundraising at St Vincent's Hospital, Melbourne.

Many of our achievements have been made possible thanks to the kindness and generosity of our supporters. All contributions are special and significantly help to improve the care we provide.

On behalf of all our staff and patients, we thank all of our donors for supporting our appeals this year. It's thanks to our community that we have reached our goals with these life-saving and life-changing appeals.

THANK YOU  
FOR YOUR ONGOING CARE  
OF MY FATHER.  
YOUR PATIENCE, COMMITMENT  
AND EXPERTISE ARE  
VERY MUCH APPRECIATED  
FAMILY





### OUR 'HEALING HANDS APPEAL' RAISED AN AMAZING \$112,000

These funds have aided further research into the new pioneering bone regeneration project, led by Professor Peter Choong.

### OUR APPEAL FOR 'CARDIAC HEART MONITORS' RAISED OVER \$90,000

Heart monitoring and early detection is the key to identifying a silent killer. The support from our donors has provided our world leading Cardiovascular medical staff with the very latest holter monitoring equipment.

### OUR APPEAL FOR A 'LYMPH NODE NAVIGATOR' FOR BREAST CANCER PATIENTS RAISED OVER \$85,000

This important piece of equipment will provide better technology and better outcomes for our breast cancer patients.

We are truly grateful for all the support we have received. The new Lymph probe will provide us with the most up-to-date equipment and our patients with the best surgical approach for the treatment of their breast cancer.

### WE'D LIKE TO THANK EVERYONE WHO HAS SUPPORTED ST VINCENT'S BY FUNDRAISING AND PARTICIPATING IN OUR EVENTS.

St Vincent's has been blessed by the support we have received from people fundraising or participating in our various events.

From fun runs, bike rides, marathons and morning teas, we truly appreciate the effort and dedication that goes into the participation of these events.

Through our events and the work of our dedicated community of fundraisers we have raised much needed funds for a variety of causes at the hospital, including cardiovascular treatment, research and care, and our cancer centre.

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

Over 500 of our staff and their colleagues, families and friends, enjoyed a beautiful morning of exercise and entertainment at the hospital's annual Scrubs Run – it really drives home how strong and vibrant the St Vincent's community is.

44 teams from both the public and private hospitals took part raising \$60,000 and this achievement will directly help the nominated hospital departments.

### BEQUESTS

St Vincent's is grateful to those who have left a gift to us in their Will. These are from grateful patients and family members or those touched by our commitment to patient care.

This year we received a number of bequests and tribute gifts that have benefited Caritas Christi Hospice, the Research and Treatment of Meningioma, Anaesthesia Research Fund and the soon to be completed Advanced Biofabrication Centre.

### WE'D LIKE TO ACKNOWLEDGE THE CHARITABLE TRUSTS & FOUNDATIONS FOR THEIR OVERWHELMING SUPPORT DURING THE YEAR.

We have received grants for a number of vital Research and Capital projects, along with equipment that will have translated directly into the best possible care and facilities for our patients.

Some of these include the Advanced Biofabrication Centre, a Digital Breast Tomosynthesis Unit, research into The Development of Artificial Skin and Diabetic Kidney and Vascular Disease and an Endocrinology Plasma Freezer which enables research into people with Type 1 Diabetes.

### THANK YOU TO OUR MAJOR DONORS WHO HAVE CONTRIBUTED SIGNIFICANT FUNDS

We have many generous donors and we are overwhelmed by the support that we receive. There are some individuals that we must thank as their contributions create considerable impact to the Hospital. We have been fortunate to have donors who have supported the Dysphagia Clinic, Cancer Centre, Rheumatology, Aikenhead Centre for Medical Discovery and more.



## THANK YOU TO OUR COMMUNITY OF SUPPORTERS

Sincere appreciation from St Vincent's Foundation to all who have contributed over the past twelve months, and we would like to particularly acknowledge the following generous donors:

### Trusts and Foundations

#### \$50,000+

Australian Diabetes Society –  
Servier Diabetes Research Grants  
in memory of Barry Young  
The CASS Foundation  
The Diana Browne Trust  
The Ian Potter Foundation

#### \$10,000+

The Andrews Foundation  
Collier Charitable Fund  
Danks Trust  
Edgar Foundation  
The Eirene Lucas Foundation  
Ethel Herman Charitable Trust  
The Gross Foundation  
Harold and Cora Brennen  
Benevolent Trust  
The Killen Family Foundation,  
managed by Equity Trustees  
The Oliver-Affleck Trust

#### \$5,000+

Aged Persons Welfare Foundation  
LG & EJ Brown Charitable Trust Fund  
Robert Croft Fund (a charitable  
fund account of Lord Mayor's  
Charitable Foundation)  
The William Angliss (Victoria)  
Charitable Fund  
Hazel Peat Perpetual Charitable Trust

### Major Donors

#### \$1,000,000+

Elgin Gordon

#### \$100,000+

David & Kathy Mackintosh  
Brenda Shanahan

#### \$10,000+

Woi Cheen Lew  
Karin MacNab  
Robert Naughton  
Christopher Thien

#### \$5,000+

Nicole Coughlin  
John Gurry  
Dinah Krongold  
Richard MacIsaac  
Harshal Nandurkar  
Sanjay Nandurkar  
Bruno Pilotto  
Kevin Ruddell  
Mary Jo Waters  
Peter Wood & Family  
The Teo Chew Chinese Assoc. of Vic.  
Inc. Australia  
Ross Wilkie

### Corporate, Business, Sponsorship

Brookfield Multiplex Constructions  
Australian Jewellery Liquidators  
Zouki Group of Companies  
13CABS

*On behalf of all our staff and patients,*  
**WE THANK ALL OF OUR DONORS FOR SUPPORTING  
OUR APPEALS THIS YEAR.**





## Bequests and Estates

### \$300,000+

Estate of Gwendoline Freda La Torre  
Estate of Marga Lorenze Kinnell  
Estate of Beryl Elizabeth Waldron

### \$100,000+

Estate of Sheila Margaret Bernadette Maguire  
Estate of the late John Patrick McNally  
Estate of Nancy Downie  
Estate of the late Barbara Catharine Eltringham  
Estate of Spencer Tempest-Warman

### \$50,000+

Estate of Stella Conway  
Estate of Miroslav Erben

### \$20,000+

Estate of Mary Eileen Maguire

### \$10,000+

Edith Jean Elizabeth Beggs Charitable Trust  
Estate of Henry Herbert Yoffa  
Estate of the late Doreen Georgina Sienkiewicz  
The Mary McGregor Trust  
Estate of Antonietta Lila Zampolli

### \$5,000+

Estate of Horatio R C McWilliams  
Estate of Muriel Bradley  
Estate of Ruth Buhmann Kobelt  
Estate of the late Jane Goodwyn  
Estate of the late Anton Lenscak  
Estate of late Frances Monica McCormack

## In Memoriam Gifts

### \$5,000+

Mr John & Mrs Julia Morkham  
Ms Sue Keable & Family  
Ms Lisa Lam  
Mr Kha Truong  
Mrs Helen Maher



# REPORT OF OPERATIONS

## SUMMARY FINANCIAL RESULTS

	2016 <sup>^</sup> \$'000s	2015* \$'000s	2014* \$'000s	2013 \$'000s	2012 \$'000s
Total Revenue <sup>^</sup>	688,597	641,512	622,091	587,814	576,809
Total Expenses <sup>^</sup>	692,479	643,385	619,483	588,662	575,371
Net Result for the Year (including Capital and Specific Items)	(3,882)	(1,873)	2,608	(848)	1,438
Retained Surplus	27,147	31,046**	36,311	37,730	48,578
Total Assets	331,693	323,449**	326,893	320,209	323,157
Total Liabilities	241,009	228,966	230,167	226,102	228,286
Net Assets	90,684	94,483**	96,726	94,107	94,871
<b>Total Equity</b>	<b>90,684</b>	<b>94,483**</b>	<b>96,726</b>	<b>94,107</b>	<b>94,871</b>

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

\* Incorporates share of Victorian Comprehensive Cancer Centre joint venture

\*\* Adjusted for prior year's accounting error

## Summary of Significant Change in Financial Position 2016

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

## Operational and Financial Performance 2016

St Vincent's Hospital, Melbourne delivered an annual operating surplus result of \$2,044,000 before capital income and expenses. After including capital income and expenses, the net entity result was a deficit of \$3,799,000. Movement in total equity includes the net equity result and a revaluation adjustment for cultural assets of \$188,000.

## Subsequent Events

There has been no matter or circumstance which has arisen since 30 June 2016 that has significantly affected, or may affect:

- (a) The operations, in financial years subsequent to 30 June 2016, 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 2016, of St Vincent's Hospital, Melbourne

## CONSULTANCIES

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

In 2015-16, there were two consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2015-16 in relation to these consultancies is \$21,000 (excluding GST).

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

In 2015-16 there were eight consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2015-16 in relation to these consultancies is \$777,831 (excluding GST). Details of individual consultancies are listed below.



## CONSULTANCIES (CONTINUED)

Consultant	Purpose of Consultancy	Start Date	End Date	Total Approved Project Fee	Expenditure 2015/16	Future Expenditure
PWC	Financial & Efficiency Review	March 15	September 15	398,240	165,231	Nil
Paxton	Performance Improvement	May 15	September 15	83,545	55,733	Nil
DLA Piper	Cardiology Review	October 15	September 15	50,000	58,375	Nil
Bishop Fleet Consulting	Fleet Optimisation Review	February 15	August 15	52,668	52,668	Nil
PWC	Project Management Office	August 15	October 15	158,747	158,747	Nil
PWC	Imaging Review	September 15	November 15	96,045	95,627	Nil
Du Pont	Safety Culture & Training	July 15	December 16	165,000	140,000	25,000
Peter Flett	Performance Improvement	February 15	May 15	20,000	20,000	Nil
K Bakos	Aboriginal Mental Health	May 16	June 16	20,600	20,600	Nil
Nexa Group	Optimise Patient Flow	December 14	September 15	21,700	10,850	Nil

## WORKFORCE DATA

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

Labour Category	JUNE Current Month FTE*		JUNE YTD FTE**	
	2016	2015	2016	2015
Nursing Services	1,558	1,466	1,498	1,450
Administration and Clerical	321	334	323	336
Medical Support Services	234	238	216	238
Health and Allied Services	901	917	872	916
Hospital Medical Officer	131	119	131	123
Specialist Full Time	74	73	70	77
Specialist Sessional	129	123	124	118
Registrar	194	192	186	186
Allied Health	448	456	440	452
<b>Total</b>	<b>3,990</b>	<b>3,918</b>	<b>3,860</b>	<b>3,896</b>

\* FTE – Full Time Equivalents

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

## OCCUPATIONAL HEALTH AND SAFETY (OHS) ACHIEVEMENT

St Vincent's Hospital Melbourne commenced a safety culture change program in 2015-16 which included stronger governance, intensive leadership training and an OHS communication strategy.

SVHM participated in Wave 3 of the combined DHHS/WorkSafe WorkHealth Improvement Network. This project was undertaken with the Support Services staff at St George's Hospital, focusing on manual handling risk. The outcomes included a new fleet of lighter weight meal trolleys.

Other initiatives during the year have focused on more effectively managing risks. These include:

- ▶ practical manual handling training for 'retrieval of a patient from a chair during a medical emergency'
- ▶ security improvements to infrastructure and service provision.

The STAR peer support program was formally evaluated and was found to be beneficial to staff. It provides assistance following a critical incident with staff able to remain at work and develop coping skills to assist with future incidents. The Employee Assistance Program continues to be well utilised by staff.

Bullying and Harassment training has been rolled out to managers and supervisors.

The Early Intervention Program, that supports staff to seek the medical and workplace assistance to manage an injury in its early stages, was utilised by 78% of injured workers. The introduction of priority medical assistance in the first few hours following an injury has also been effective.

With the combination of safety culture, risk management and injury management strategies we have seen a 40% reduction in lost time injuries this year.

A simulated emergency exercise was conducted in conjunction with DHHS. This exercise tested the ability of SVHM to manage a mass casualty event, including casualty groups not typically admitted to the hospital. The successful exercise has led to some changes that will further enhance our emergency preparedness.

Chemical management has been improved through an update of our management system and a review of dangerous goods across our sites.

Key focus areas for 2016-17 include:

- ▶ continuing with the safety culture change program, including middle management training;
- ▶ continuing to focus on risk management strategies to decrease workplace hazards.

## OCCUPATIONAL VIOLENCE

Occupational violence statistics	2015-16
Workcover accepted claims with an occupational violence cause per 100 FTE	0
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	0
Number of occupational violence incidents reported	314
Number of occupational violence incidents reported per 100 FTE	8.14 (Using FTE of 3,860)
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	18%

### Definitions

For the purposes of the above statistics the following definitions apply.

**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** – occupational health and safety incidents reported in the health service incident reporting system. Code Grey reporting is not included.

**Accepted Workcover claims** – Accepted Workcover claims that were lodged in 2015-16.

**Lost time** – is defined as greater than one day.



## BUILDING AND MAINTENANCE COMPLIANCE

### Essential Services Maintenance

Essential services are maintained in accordance with AS 1851-2005 by All Essential Fire & Security Pty Ltd as required by the building regulations. 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 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 has been no penetrations to required fire resistant constructions, smoke curtains and the like, in buildings inspected other than those for which a building permit has been issued.

### Buildings

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

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

### General Maintenance

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

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

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

During the last 12 months St Vincent's Hospital has undertaken an independent Asset Condition and Fabric Condition Review and is currently programming the recommendations of the audit.

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

New projects completed include:

- ▶ Demolition of Druids Building at \$2m
- ▶ SGH switchboard upgrade at \$0.15m
- ▶ Installation of a new PET scanner unit in the Medical Imaging suite in the basement of Building C
- ▶ Ongoing plant and equipment upgrades across all of our sites at \$1.0m
- ▶ Phase three and four of the Fitzroy Campus Review of 2009
- ▶ Building F upgrade (staged) \$0.5Mm
- ▶ Building C and D fire upgrade \$1m
- ▶ Mental health PARC project \$3.3m
- ▶ New signage \$0.6m

Key projects commenced during 2015-16 and works in progress at 30 June 2016 include:

- ▶ Building F upgrade (staged) are ongoing current stage at \$0.30m
- ▶ Radiotherapy treatment facility in a 795sqm area of the basement under the central courtyard between Main Hospital and Building C
- ▶ Clinical Information system \$2.1m
- ▶ Business Intelligence system \$0.4m
- ▶ Pathology information system \$0.3m
- ▶ ACMD \$2.9m

## SUSTAINABILITY PERFORMANCE

SVHM is 'striving for something greater' across the organisation, including in environmental performance. SVHM is working to improve environmental sustainability by encouraging environmentally aware practice, investing in energy efficient infrastructure and setting targets for improved sustainability.

Our Environmental Sustainability Program has continued to gain momentum over the past 12 months, supported by an emerging staff culture of embracing sustainable activities and behaviour.

SVHM has adopted the SVHA group'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.

SVHM has seen the following improvement in environmental performance over the past 12 months:

- ▶ Waste diversion program is seeing over 34% of waste now diverted from landfill to recycling. An extra 69 tonnes of waste is now being recycled due to improved recycling in laboratories, implementation of public recycling bins and posters and the expansion of vinyl recycling program.
- ▶ The SVHM Waste Auditing Program, which focusses on educating and reducing packaging from clinical waste, has assisted to reduce bagged clinical waste by 16 tonnes.
- ▶ The implementation of an office equipment trading intranet site has successfully traded over 200 items of office equipment, reducing the need to recycle and reducing purchasing costs.
- ▶ The successful implementation of a new microfibre and steam cleaning program across the health service has enabled a 70% reduction in use of cleaning chemicals and 50% reduction in water use for cleaning.
- ▶ A strategic reduction in the SVHM car fleet of 16.7% has contributed to a 21 tonne reduction in Carbon emissions.

>34%

of waste now diverted from landfill to recycling

69

tonnes of waste is being recycled due to improved recycling in laboratories

16

tonnes of bagged clinical waste has been reduced by the SVHM Waste Auditing Program

200

office equipment items have been successfully traded over an office equipment trading intranet site

70%

reduction in use of cleaning chemicals

50%

reduction in water use for cleaning

16.7%

decrease in the SVHM car fleet has contributed to:

21

tonne reduction in carbon emissions



## FREEDOM OF INFORMATION

St Vincent's complies with the Freedom of Information Act. Written requests for information are classified as an application once the relevant officer receives either a \$25.10 application fee or a copy of the patient's Health Care or Pension Card.

	2015-16	2014-15
Applications	865	864
Released in full	800	784
Partially released	36	41
Denied in Full	Nil	Nil
Cancelled applications	4	8
Percentage requests fulfilled within 45 days	100%	100%
Application fees collected	\$17,707.20	\$16,721.50
Application fees waived	\$5,603.00	\$6,095.00
Charges collected	\$6,201.80	\$15,918.00
Charges waived	\$4,375.80	\$6,159.40

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

## CAR PARKING FEES

St Vincent's Hospital, Melbourne complies with the DHHS hospital circular on car parking fees effective 1 February 2016 and details of car parking fees and concession benefits can be viewed at [www.svhm.org.au/home/patients-and-visitors/campus-information/st-vincent-hospital-melbourne](http://www.svhm.org.au/home/patients-and-visitors/campus-information/st-vincent-hospital-melbourne).

## DETAILS OF INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

The total ICT expenditure incurred during 2015-16 is \$12,400,000 (excluding GST) with the details shown below.

Business As Usual (BAU) ICT expenditure (Total excluding GST) \$'000s	NonBusiness As Usual (nonBAU) ICT expenditure  (Total = Operational expenditure and Capital Expenditure excluding GST) \$'000s	Operational expenditure (excluding GST) \$'000s	Capital expenditure (excluding GST) \$' 000s
9,600	2,800	0	2,800

## STATEMENT OF PRIORITIES AND THE MINISTER FOR HEALTH

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

The Statement of Priorities (SOP) is the key document of accountability between the Department and St Vincent's.

St Vincent's is pleased to publish its outcomes achieved during 2015-16

### Part A: Strategic Priorities for 2015-16

Victorian Health Priority Framework	Health Service Strategy	Deliverable	Outcome
Patient experience and outcomes	Drive improved health outcomes through a strong focus on patient-centred care in the planning, delivery and evaluation of services, and the development of new models for putting patients first.	Develop an ambulatory care services framework and supporting business cases.	<b>Achieved.</b> An ambulatory services framework has been completed. The priority focus from the framework is the development of Rapid Care Centre models and supporting business case (see Action – identify opportunities for efficiency and better value service delivery).
		Develop a framework for the establishment of the proposed SVHA Centres of Excellence.	<b>Achieved.</b> A Centres of Excellence selection framework has been developed and is being tested with clinicians as part of the SVHM Clinical Services Plan.
	Identify service users who are marginalised or vulnerable to poor health, and develop interventions that improve their outcomes relative to other groups, for example, women, Aboriginal people, people affected by mental illness, people at risk of elder abuse, people with disability, homeless people, refugees and asylum seekers, people whose alcohol and other drug use is damaging their health or impacting on their recovery.	Participate in the peer worker pilot project to assist discharges to the community and reduce unplanned readmission rates.	<b>Achieved.</b> The pilot phase was completed and recurrent funding has been provided by DHHS to continue the program. The mental health service has submitted the implementation plan to DHHS outlining the program at St Vincent's Mental Health.
		Improve links with community Aboriginal services to reduce recidivism of Aboriginal and Torres Strait Islander prisoners.	<b>Achieved.</b> St Vincent's has recently appointed an Aboriginal Health clinician to work with our Health services team at Port Philip prison. This role will assist with identifying appropriate community connections for prisoners post-release.
		Conduct an inaugural SVHA Homeless Forum with our partners to set a homelessness policy, research and advocacy agenda for the next five years.	<b>Achieved.</b> The homeless forum was conducted by SVHA Mission Development and Social Justice Manager in September 2015.
	Strengthen the response of health services to family violence. This includes implementing interventions, processes and systems to prevent, identify and respond appropriately to family violence at an individual and community level.	Strengthen family violence advocacy and support responses including the introduction of the SVHA White Ribbon program to provide enhanced support to employees suffering domestic violence.	<b>Achieved.</b> SVHM are participating in the SVHA White Ribbon program. HR, OHS and STAR (staff peer support) members completed a training program with Lifeline. White Ribbon day events held as well as a Wellbeing Series session on Family Violence to support the release of the SVHA Family and Domestic Violence Work Support policy in September 2015.



Victorian Health Priority Framework	Health Service Strategy	Deliverable	Outcome
	Improve the health outcomes of Aboriginal and Torres Strait Islanders by increasing accessibility and cultural responsiveness of the Victorian health system.	Strengthen the SVHM Aboriginal Health Unit in collaboration with our partners to strengthen service access and responsiveness.	<b>Achieved.</b> Aboriginal Health Manager has commenced employment at SVHM and is implementing strategies to improve collaboration with our partners.
	Demonstrate an organisational commitment to quality cancer services through engagement with the local Integrated Cancer Service and implementation of the Optimal Care Pathways.	Work with WCMICS partners to progress the implementation of the Optimal Care Pathways to improve patient care coordination.	<b>In progress.</b> SVHM continues to support this WCMICS project. SVHM's Executive Director Planning & Government Relations has been appointed to the Steering Group to oversee the project. Work will continue in 2016-17.
Governance, leadership and culture	Demonstrate an organisational commitment to Occupational Health and Safety, including mental health and wellbeing in the workplace. Ensure accessible and affordable support services are available for employees experiencing mental ill health. Work collaboratively with the Department of Health and Human Services and professional bodies to identify and address systemic issues of mental ill health amongst the medical professions.	Conduct a major safety culture review and develop an action plan to improve staff safety and wellbeing.	<b>Achieved.</b> OHS Plan work continues. Quarterly review of plan tabled at June Executive Safety Council. Completed
		Enhance the suite of wellbeing services including the peer support program for medical staff, the wellbeing series and stress management planning framework.	<b>Achieved.</b> External STAR Program (staff peer support) review was conducted and recommendations integrated into STAR program. Two additional medical staff have been trained as STAR Peer Support.  The SVHM staff Wellbeing Series was completed.
	Monitor and publically report incidents of occupational violence. Work collaboratively with the Department of Health and Human Services to develop systems to prevent the occurrence of occupational violence.	Continue to monitor incidents and trends of occupation violence and include data in the OHS report in the 2015-16 annual report.	<b>Achieved.</b> Data requirements for reporting to DHHS finalised. SVHM to report this information in the 2015-16 annual report.
		Continuously enhance the Aggression Prevention Program including how we conduct incident investigations and training, processes for 'out of hours' responses and reviewing the composition of the Code Grey response team.	<b>Achieved.</b> Code Grey team training has been updated to include relevant material from the ICE Training package for frontline workers.

Victorian Health Priority Framework	Health Service Strategy	Deliverable	Outcome
	Promote a positive workplace culture and implement strategies to prevent bullying and harassment in the workplace. Monitor trends of complaints of bullying and harassment and identify and address organisational units exhibiting poor workplace culture and morale.	Introduce an enhanced education program to strengthen SVHM's existing bullying and harassment framework of training, policy, procedure and consulting support services.	<b>Achieved.</b> An enhanced program is in place and participation by the end of June was 62% of all managers and supervisors across SVHM.
	Work collaboratively with the Department of Health and Human Services on service and capital planning to develop service and system capacity to deliver ambulance services where they are needed.	Work with DHHS on the relocation of the ambulance station at St George's Health Service.	<b>In progress.</b> DHHS is leading the ambulance station relocation project and planning work is now underway. SVHM and DHHS are also jointly developing a site masterplan and capital plans to expand public residential aged care services at SGHS.
		Work with DHHS to complete the refresh of SVHM's long-term agreement with the State Government.	<b>Achieved.</b> A new 20-year Health Services Agreement was executed on 30 June 2016.
	Apply existing capability frameworks and clinical guidelines to inform service system planning, giving consideration to the capability of neighbouring services and how best to allocate available resources so as to deliver the maximum benefit to the local community.	Work with Northern Health to improve access to specialist neurosurgical services.	<b>Achieved.</b> A neurosurgical support service has been established providing remote advice and streamlined referrals for complex neurosurgical patients. Based on the success of the neurosurgical arrangement, Northern has requested the partnership be extended to cardiac and ENT services.
	Build workforce capability and sustainability by supporting formal and informal clinical education and training for staff and health students, in particular inter-professional learning.	Continue the development and integration of the Best Practice Clinical Learning Environments (BPCLE) program to clinical education services provided to undergraduate, post graduate and continuing education	<b>In progress.</b> All contracts signed with sub-contracted sites for use of the BPCLE tool. Data collection has begun at subcontracted sites which will inform the final report due October 2016.
	Support excellence in clinical training through productive engagement in clinical training networks and developing health education partnerships across the continuum of learning.	Lead the Simulation Learning Environments group of the Metropolitan North Clinical Training Network to achieve better access to simulation-based training environments for undergraduates and postgraduates.	<b>In progress.</b> This initiative has been extended to Quarter 1 to complete the review of remaining manuals for clinical update.



Victorian Health Priority Framework	Health Service Strategy	Deliverable	Outcome
Safety and quality	Ensure management plans are in place to prevent, detect and contain Carbapenem Resistant Enterobacteriaceae as outlined in Hospital Circular 02/15 (issued 16 June 2015).	Continue to implement the agreed management plan for the prevention, detection and containment of Carbapenem Resistant Enterobacteriaceae.	<b>Achieved.</b> Implementation of the management plan has been achieved as planned.
	Implement effective antimicrobial stewardship practices and increase awareness of antimicrobial resistance, its implications and actions to combat it, through effective communication, education, and training.	Complete the staff education and training program on antimicrobial stewardship.	<b>Achieved.</b> The education and training program was achieved as scheduled.
	Ensure that emergency response management plans are in place, regularly exercised and updated, including trigger activation and communication arrangements.	Review emergency management readiness as part of an Incident Management Code Brown exercise.	<b>Achieved.</b> A Code Brown exercise was undertaken and action for improvement implemented in relevant areas.
Financial sustainability	Improve cash management processes to ensure that financial obligations are met as they are due.	Consolidate all billing and credit management functions into one department to improve cash and working capital performance.	<b>In progress.</b> Review has been completed, implementation will occur over time as new IT systems are put into place. A Revenue Services Manager position has been approved with the aim of optimising billing and credit management processes.
	Identify opportunities for efficiency and better value service delivery.	Continue to refine the model of care for the Rapid Care Centre to provide services that don't require hospital admission.	<b>Achieved.</b> SVHM's EOI to Better Care Victoria to pilot a new model of care for osteoarthritis of the knee was shortlisted to the Business Case phase. If successful, this will support the pilot of a new RCC-style model in the community in 2016-17.
	Work with Health Purchasing Victoria to implement procurement savings initiatives.	Work with SVHA and Health Purchasing Victoria to maximise 'supply chain' effectiveness and achieve 'best pricing' for goods & services \$1.2m.	<b>Achieved.</b> SVHM has seven contracts with HPV driving procurement savings on top of the SVHA procurement opportunities. The saving target for year was achieved.

Victorian Health Priority Framework	Health Service Strategy	Deliverable	Outcome
	Invest in revenue optimisation initiatives to ensure maximisation of revenue from both public and private sources.	Implement a new operational model for SVHM GP services to improve productivity and patient access.	<b>Achieved.</b> The new operational model has been developed and implemented at SVHM's GP services.
	Undertake cost benchmarking and develop partnerships with peers to improve operating efficiency.	Finalise the SVHM hospital performance efficiency review and implement recommendations to improve cost effectiveness.	<b>Achieved.</b> Project Liberty completed by PWC in August 2015. Strategies to the value of \$3.6M were identified for the financial year, and 100% achievement of the savings target was realised.
Access	Implement integrated care approaches across health and community support services to improve access and responses for disadvantaged Victorians.	Partner with community organisations to respond more effectively to homeless people with complex needs.	<b>In progress.</b> Significant foundation work has been undertaken with our partners to enhance research and focus on homelessness: <ul style="list-style-type: none"> <li>- Scope increased to also include Clarendon Homeless Outreach Psychiatric Service (CHOPs).</li> <li>- Letter of Agreement has been signed between SVHM and UWA</li> <li>- Research protocol completed and ethics approval granted</li> <li>- Data collection has commenced.</li> </ul>
	Progress partnerships with other health services to ensure patients can access treatments as close to where they live when it is safe and effective to so, making the most efficient use of available resources across the system.	Continue to support service enhancements in Goulburn Valley including cardiology, nocturnal dialysis, and palliative care.	<b>Achieved.</b> SVHM continues to provide tertiary support for Goulburn Valley Health. SVHM Cardiology commenced the provision of regular on site visits to provide specialist consultation for the community of the Goulburn Valley. SVHM Haematology also provides a weekly local clinic. In addition to the two agreements already formalised in 2015-16 with Goulburn Valley Health and Northern Health, an agreement with Albury-Wodonga Health for cardiology services has been agreed in-principle.
		Work with Genesis Care to construct the new radiotherapy service at SVHM to increase cancer patients' access, experience and convenience.	<b>Achieved.</b> The construction work for the Radiotherapy project will be completed by the end of July 2016. The Service Level Agreement and interfacing plan are being finalised.
		Continue to work with Primary Health Networks on the development of Health Pathways to improve care coordination.	<b>Achieved.</b> Eastern Melbourne and North West Melbourne Primary Health Networks have completed the consolidation of the two HealthPathways websites with referral information updated. To date, 301 pathways have been localised.



Victorian Health Priority Framework	Health Service Strategy	Deliverable	Outcome
	Optimise system capacity by ensuring that allocated points of care are implemented as per the Travis review recommendations.	Implement the four funded acute beds to improve access for general medicine patients.	<b>Achieved.</b> The four funded acute beds have been opened and are being utilised to provide a more responsive service to general medicine patients in the Emergency Department.
	Ensure that policies, procedures and service models are in place to manage and monitor colonoscopy referrals and ensure timely access for patients with an urgent clinical need.	Complete the Colonoscopy Service Redesign and Equipment project to improve the capacity and quality of colonoscopy services.	<b>In progress.</b> The endoscopy project continues on track with a range of improvements to capacity and access including: <ul style="list-style-type: none"> <li>– Endosoft “autofax” and IT e-courier functionality is currently being tested to allow for the immediate communication of the completed endoscopy procedure to be reported directly to the patients General Practitioner (GP)</li> <li>– Improved communication of pathology results to the patient’s GP</li> <li>– Extension of the current Gastroenterology Rapid Access Clinic to accommodate the new model of care process for surveillance patient reviews</li> <li>– Enhanced information provision on the SVHM website.</li> </ul>
	Review acute (including specialist clinics) data collection and reporting practices to facilitate greater transparency and timely public reporting of data.	Implement Business Intelligence reporting to enhance access to and availability of data	<b>Achieved.</b> The project is progressing as planned with a range of datasets available in the new system, improving access to real time information.
	Develop telehealth service models to facilitate the delivery of high quality and equitable specialist services to patients across regional Victoria.	Expand the reach of telehealth services across SVHM	<b>In progress.</b> Telehealth pilots and solutions are running in the areas of Endocrinology, Physiotherapy, Outpatients, FEMO, Neurosciences and DBMAS.

## Part B: Performance Priorities

## SAFETY AND QUALITY PERFORMANCE

Key Performance Indicator	Target	2015-16 actuals
<b>Operating Result</b>		
Compliance with NSQHS Standards accreditation	Full compliance	Achieved
<b>Compliance with the Commonwealth's Aged Care Accreditation Standards</b>	Full compliance	Achieved
Cleaning standards	Full compliance	Achieved
Cleaning standards (AQL-A)	90%	Achieved
Cleaning standards (AQL-B)	85%	Achieved
Cleaning standards (AQL-C)	85%	Achieved
Compliance with the Hand Hygiene Australia program	80%	82%
<b>Percentage of healthcare workers immunised for influenza</b>	75%	78%

## PATIENT EXPERIENCE AND OUTCOMES PERFORMANCE

Key Performance Indicator	Target	2015-16 actuals
Victorian Healthcare Experience Survey – Data Submission	Full compliance	Achieved
Victorian Healthcare Experience Survey – patient experience Q1	95% positive experience	94.0%
Victorian Healthcare Experience Survey – patient experience Q2	95% positive experience	93.0%
Victorian Healthcare Experience Survey – patient experience Q3	95% positive experience	95.4%
Number of patients with surgical site infection	No outliers	No outliers
ICU central line associated blood stream infection	No outliers	No outliers
SAB rate per occupied bed days*	<2/10,000	Achieved
Mental Health – Percentage of seclusion events related to an acute admission – composite seclusion rate	15%	16%
Mental Health – Percentage of adult inpatients who are readmitted within 28 days of discharge	14%	16%
Mental Health –Percentage of adult inpatients who have post discharge follow-up within seven days	75%	77%**
Mental Health – Rate of seclusion events relating to an adult acute admission	<15/1,000	21.7/1,000***
Mental Health – Percentage of aged inpatients who have post discharge follow-up within seven days	75%	83%
Mental health – Rate of seclusion events relating to an aged acute admission	<15/1,000	<2.9/1,000

\* SAB is Staphylococcus aureus bacteraemia

\*\* Data collection impacted by industrial action in May/June

\*\*\* July-Jan saw seclusion rates over target due to high clinical acuity and aggression this trend reversed and incidents were within target from Feb-June



## FINANCIAL SUSTAINABILITY PERFORMANCE

Key Performance Indicator	Target	2015-16 actuals
<b>Finance</b>		
Operating result	0.08	2.0
Trade Creditors	< 60 days	65 days
Patient fee Debtors	< 60 days	42 days
Public & Private WIES* performance to target	100%	100%
<b>Asset Management</b>		
Asset management plan	Full compliance	Achieved
Adjusted Current Asset Ratio	0.7	0.67
Days available cash	14 days	13.2

## ACCESS PERFORMANCE

Key Performance Indicator	Target	2015-16 actuals
<b>Emergency care</b>		
Percentage of ambulance transfers within 40 minutes	90%	74%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended times	80%	69%
Percentage of emergency patients with a length of stay of less than four hours	81%	65%
Number of patients with length of stay in the emergency department greater than 24 hours	0%	0%
<b>Elective surgery</b>		
Percentage of elective patients removed within clinically recommended timeframes	94%	84%
Percentage of Urgency Category 1 elective patients removed within 30 days	100%	100%
10% longest waiting Category 2 and 3 removals from the elective surgery waiting list	100%	100%
Number of patients on the elective surgery waiting list**	1,050	1,156
Number of Hospital Initiated Postponements per 100 scheduled admissions	≤8/100	≤6.2/100
Number of patients admitted from the elective surgery waiting list-annual total	7,447	7,113
<b>Critical care</b>		
Adult ICU number of days operating below the agreed minimum operating capacity***	0	4

\* WIES is a weighted Inlier Equivalent Separation

\*\* The target shown is the number of patients on the elective surgery waiting list as at 30 June 2016

\*\*\* The agreed minimum operating capacity is 15 ICU equivalents

## Part C: Activity and Funding

Funding type	2015-16 Activity Achievement
<b>Acute Admitted</b>	
WIES Public	44,217
WIES Private	6,824
<b>WIES (Public and Private)</b>	<b>51,041</b>
WIES DVA	289
WIES TAC	115
<b>WIES Total</b>	<b>51,445</b>
<b>Acute Non-admitted</b>	
Renal Dialysis – Home ABF	88
<b>Subacute Admitted</b>	
Rehab Public	19,004
Rehab Private	8,300
Rehab DVA	281
GEM Public	17,626
GEM Private	8,099
GEM DVA	1,295
Palliative Care Public	9,162
Palliative Care Private	6,070
Palliative Care DVA	658
Transition Care – Bed days	10,426
Transition Care – Home days	11,364



Funding type	2015-16 Activity Achievement
<b>Subacute non-admitted</b>	
Health Independence Program	63,885
<b>Aged Care</b>	
Residential Aged Care	10,489
HACC	34,968
<b>Mental Health and Drug Services</b>	
Mental Health WOt	23,424
Mental Health Ambulatory	49,559*
Mental Health Residential	21,960
Mental Health Subacute	10,980
Drug Services	518

\* Data collection impacted by industrial action in May/June

## Attestation on Data Integrity

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

## Attestation for compliance with Ministerial Standing Direction 4.5.5.

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



**A/Prof Susan O'Neill**  
Chief Executive Officer  
Dated 24 August 2016  
Melbourne

## Report Availability

This report is readily available to Members of Parliament and the public on the St Vincent's internet at [www.svhm.org.au](http://www.svhm.org.au) or by calling the Office of the CEO on 03 9231 3938 to request a copy.

## Additional information (FRD 22G)

In compliance with the requirements of FRD 22G 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) a statement of pecuniary interests of all relevant officers;
- (b) details of shares held by senior officers as nominee or held beneficially;
- (c) details of publications produced by St Vincent's Hospital (Melbourne) Limited about the activities of the Health Service and where they can be obtained;
- (d) details of changes in prices, fees, charges, rates and levies charged by the Health Service;
- (e) details of any major external reviews carried out on the Health Service;
- (f) details of major research and development activities undertaken by the Health Service that are not otherwise covered either in the Report of Operations or in a document that contains the financial statements and Report of Operations;

- (g) details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- (h) details of major promotional, public relations and marketing activities undertaken by the Health Service to develop community awareness of the Health Service and its services;
- (i) details of assessments and measures undertaken to improve the occupational health and safety of employees;
- (j) general statement on industrial relations within the Health Service and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the Report of Operations;
- (k) a list of major committees sponsored by the Health Service, the purposes of each committee and the extent to which those purposes have been achieved;
- (l) details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

## Compliance with DataVic Access Policy

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



## COMPANY DIRECTORY

### Directors

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

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

During the period 1 July 2015 to 30 June 2016, the Trustees of Mary Aikenhead Ministries made all appointments and reappointments to the SVHA Board.

The following persons were Directors of SVHA during the period 1 July 2015 to 30 June 2016:

**Mr Paul Robertson AM** Chair

**Ms Patricia Faulkner AO** Deputy Chair

**Ms Melissa Babbage\***  
until 31 December 2015

**Prof. Maryanne Confoy RSC**

**Prof. Suzanne Crowe AM**

**Mr Brendan Earle\***

**Mr Gary Humphrys\***

**Mr Paul McClintock AO**

**Prof. Peter Smith**

**Sr Mary Wright IBVM**

**Dr Michael Coote**  
appointed 4 August 2016

\*Member of the Board Audit  
& Risk Committee, in addition  
to Mr David Coogan

### Secretary

**Mr R Beetson**

**Mr P Fennessy**  
appointed 11 February 2016

### Chief Executive Officer

**Mr Ben Fielding**  
(1 July 2015 – 13 September 2015)

**Ms Angela Nolan**  
(14 September 2015 – 14 February 2016)

**A/Prof Susan O'Neill**  
(15 February 2016 – present)

### Registered office

Level 22, 100 William Street  
Woolloomooloo NSW 2011

### Auditor

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

### Solicitors

K and L Gates

### Bankers

National Australia Bank

### Ultimate Parent

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





## DIRECTORS' REPORT

The Directors present their report on the Hospital for the financial year ended 30 June 2016. 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 Robertson AM

#### EXPERIENCE

Bachelor of Commerce,  
Fellow CPA Australia.

#### QUALIFICATIONS

Paul was appointed to the Board on 1 October 2010 and was appointed as Chair on 5 October 2012. Paul is a former Executive Director of Macquarie Bank with extensive experience in banking, finance and risk management. Paul is Chair of Social Ventures Australia, Chair of the Trustees of St Vincent's Hospital Sydney and holds several private company directorships. Paul was recently appointed as Chair of Alzheimer's Australia NSW.

#### SPECIAL RESPONSIBILITIES

Paul is Chair of the People and Culture Committee.

### Deputy Chair Ms Patricia Faulkner AO

#### QUALIFICATIONS

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

#### EXPERIENCE

Patricia was appointed to the Board on 1 October 2010. Patricia is a company director and business consultant with extensive senior executive experience across a range of sectors including health, welfare, telecommunications, government, superannuation, and professional services.

Patricia currently chairs the Boards of Public Transport Victoria, Jesuit Social Services, Telecommunications Industry Ombudsman. In 2016 she accepted chairmanship of the Ministerial Advisory Council for the Statewide Services and Infrastructure Plan. She sits on the Commonwealth Grants Commission, the Committee for Economic Development in Australia Board, the Melbourne Theatre Company Board and the Melbourne Racing Club Committee.

In 2015, she was appointed Deputy Commissioner to the Victorian Royal Commission into Family Violence.



### Ms Melissa Babbage

#### QUALIFICATIONS

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

#### EXPERIENCE

Melissa was appointed to the Board on 1 October 2013 and resigned on 31 December 2015. Melissa is a highly experienced financial services professional with a 19 year Investment Banking career spanning both International and Domestic Financial Markets. As a managing director at Deutsche Bank for 10 years, she had responsibility for growing several different business lines across both Australia/New Zealand and Asia, as Head of Commodities, Foreign Exchange and Global Finance. Melissa was a Non-Executive Director of Swiss Re Life and Health Australia Ltd and Athletics Australia, a Trustee of Q Super and a Non-Executive Director of Q Super Ltd. Melissa was recently appointed to the Board of Mercer Investments (Aust) Ltd.

#### SPECIAL RESPONSIBILITIES

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



### Prof. Maryanne Confoy RSC

#### QUALIFICATIONS

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

#### EXPERIENCE

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

#### SPECIAL RESPONSIBILITIES

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

Patricia was a previous National Partner-in-Charge, Health Sector at KPMG and a previous Secretary of the Victorian Government Department of Human Services.

Patricia was made an Officer of the Order of Australia in 2008 for service to the community through the development and implementation of public policy relating to health, aged care, children's services, disability services and housing. In 2013 Patricia was recognised with an Honorary Doctorate from Monash University.

#### SPECIAL RESPONSIBILITIES

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





## 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 on 4 August 2016. Michael has recently been on the Board of Mercy Health for the past nine years and Chair of the Board Quality Committee for four years. During this time, Mercy Health has grown in four states and expanded significantly into aged care. Michael is a clinician with research commitments and recently retired from the Clinical Director of Ophthalmology role at the Royal Victorian Eye and Ear Hospital.

### SPECIAL RESPONSIBILITIES

Michael is a Member of the Board Quality and Safety Committee.



## Prof. Suzanne Crowe AM

### QUALIFICATIONS

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

### EXPERIENCE

Suzanne was appointed to the Board on 1 January 2013. Suzanne is Principal Specialist in Infectious Diseases at The Alfred Hospital at The Alfred where she has worked since 1988. She is also Associate Director of the Burnet Institute, Principal Research Fellow with the National Health Medical Research Council, and Adjunct Professor of Medicine and Infectious Diseases at Monash University, Melbourne. She has authored over 250 published papers, five books and 78 book chapters and is a Fellow of the Australian Academy of Health and Medical Sciences.

Suzanne is Head of the international Clinical Research Laboratory at the Burnet Institute. She was recently appointed to the Merck Global Total Patient Care Advisory Board, as a non-executive director of Avita Medical Limited and to the Maddie Riewoldt Scientific Advisory Board. She has served as Deputy Chair of the Board of the Australian India Council (Department of Foreign Affairs and Trade), member of the Prime Minister's Science, Engineering and Innovation

Council Asia Working Group, President of the Australasian Society for HIV Medicine, Head of the World Health Organization (WHO) Regional Reference Laboratory for HIV Resistance Testing and adviser and consultant to the WHO Global Program on AIDS.

### SPECIAL RESPONSIBILITIES

Suzanne is a member of the Quality and Safety Committee and a member of the Mission, Ethics and Advocacy Committee.



### Mr Brendan Earle

#### QUALIFICATIONS

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

#### EXPERIENCE

Brendan was appointed to the Board on 21 April 2010. Brendan is a partner with the international law firm, Herbert Smith Freehills. He has over 25 years' experience providing commercial legal advice across a range of industries and specialises in large or strategically important negotiated transactions including acquisitions, sales, joint ventures and corporate restructuring and acts as a relationship partner for several clients of the firm. Brendan has a long-standing interest in the Australian healthcare industry and has advised the Commonwealth Government, private insurers, aged care providers, private consulting practices and pharmaceutical manufacturers on a diverse range of projects.

#### SPECIAL RESPONSIBILITIES

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



### Mr Gary Humphrys

#### QUALIFICATIONS

A member of the Institute of Chartered Accountants in Australia. Holds a Diploma of Commerce; Post Graduate Diploma in Business Administration; Graduate of the Australian Institute of Company Directors.

#### EXPERIENCE

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

#### SPECIAL RESPONSIBILITIES

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



### Mr Paul McClintock AO

#### QUALIFICATIONS

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

#### EXPERIENCE

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

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

#### SPECIAL RESPONSIBILITIES

Paul is Chair of the Finance and Investment Committee.



### Prof. Peter Smith

#### QUALIFICATIONS

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

#### EXPERIENCE

Peter was appointed to the Board on 1 October 2010. Peter was previously Dean of the Faculty of Medicine at the University of New South Wales. Peter is a Director of the Sax Institute of Health Research (Chair, Research Governance Committee) and a member of the Board of the Association of Academic Health Centres International, Washington DC. He is a Group Captain, RAAF Specialist Reserve.

#### SPECIAL RESPONSIBILITIES

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



### Sr Mary Wright IBVM

#### QUALIFICATIONS

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

#### EXPERIENCE

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

#### SPECIAL RESPONSIBILITIES

Sr Mary is Chair of the Mission, Ethics and Advocacy Committee, a member of the Audit and Risk Committee and a member of the People and Culture 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 35 years in the health industry. He is admitted as a Solicitor to the Supreme Court of NSW, Member of the Law Society of NSW, Associate Member of the Governance Institute of Australia, and Member Australian Corporate Lawyers Association. He was previously Manager of Investigations at the Health Care Complaints Commission (NSW).

### Alternate Company Secretary 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 Practising Certificate.



## PRINCIPAL ACTIVITIES

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

## KEY OBJECTIVES

St Vincent's Hospital (Melbourne) Limited has enunciated a number of key short and long term objectives in the SVHA enVision 2025 strategic plan.

Some of the core objectives are to:

- ▶ Expand existing sites
- ▶ Establish partnerships and expand into growth corridors
- ▶ Increase St Vincent's impact among the poor and vulnerable through funding and service-partnership models
- ▶ Develop Centres of Excellence to grow referral pathways.

The manner in which these objectives are to be achieved is set in detail in the SVHA enVision 2025 strategic plan.

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

## TRADING RESULT

The result of the company for the financial year was a deficit of \$3,882,000.

## REVIEW OF OPERATIONS

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

	2016 \$'000	2015 \$'000
Total Revenue for the year	688,597	641,512
Results for the year	(3,882)	(1,873)

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

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

## MEMBERS' GUARANTEE

The company is limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute a maximum of \$100 towards meeting any outstanding obligations of the company. At 30 June 2016, the company had one member (2015: one member).

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

## SUBSEQUENT EVENTS

There has been no matter or circumstance, which has arisen since 30 June 2016 that has significantly affected, or may affect:

- (a) The operations, in financial years subsequent to 30 June 2016, of St Vincent's Hospital (Melbourne) Limited, or
- (b) The results of those operations, or
- (c) The state of affairs, in financial years subsequent to 30 June 2016, of St Vincent's Hospital (Melbourne) Limited

## LEGISLATIVE COMPLIANCE

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

### Financial Management Act 1994

*Protected Disclosure Act 2012.* The purpose of the Act is to encourage and facilitate the making of disclosures of corrupt or improper conduct by public officers and public bodies, its employees and members, without the fear of reprisal. Disclosures under the Act about improper conduct of, or detrimental action taken in reprisal for a protected disclosure by, St Vincent's Hospital (Melbourne) Limited or its employees and directors, must be made to the Victorian Independent Broad-based Anti-corruption Commission (IBAC). St Vincent's Hospital (Melbourne) Limited is not aware of any disclosures under the Act during the reporting period.

*Carers Recognition Act 2012.* The purpose of the Act is to recognise people in care relationships and the role of carers in our community. The Act sets out principles that recognise and support people in care relationships and includes obligations for organisations such as St Vincent's Hospital (Melbourne) Limited 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.

St Vincent's Hospital (Melbourne) Limited has regard to this policy in relevant significant business activities.

*Freedom of Information Act 1982.* The purpose of the Act is to give members of the public rights of access to official documents of the Government of Victoria and its agencies. See page 24 of this report for details of St Vincent's Hospital (Melbourne) Limited compliance.

The building and maintenance provisions of the *Building Act 1993 and Minister for Finance Guideline Building Act 1993/ Standards for Publicly Owned Buildings/ November 1994* to the extent that these provisions are applicable noting that not all St Vincent's Hospital (Melbourne) Limited Buildings are publicly owned. See page 23 of this report.

*The Victorian Industry Participation Policy Act 2003 and Guidelines.* The purpose of the Act is to require agencies to consider opportunities for competitive local suppliers when awarding certain contracts. St Vincent's Hospital (Melbourne) Limited complies with this policy in its policy, processes and practices that govern its procurement activities.

Under the Departments Policy and Funding Guidelines, St Vincent's Hospital (Melbourne) Limited is also required to have an *Environmental Management Plan* (EMP) and to report on environmental performance – St Vincent's Hospital (Melbourne) Limited and SVHA have an EMP, as reported on page 22.

## INDEMNIFYING OFFICER OR AUDITOR

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

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

With the exception of the following matter:

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

## ROUNDING OF AMOUNTS

St Vincent's Hospital (Melbourne) Limited is an entity of the kind referred to in 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.

## BOARD COMMITTEES

There are five committees of the SVHA:

- ▶ Audit and Risk
- ▶ Finance and Investment
- ▶ Quality and Safety
- ▶ Mission, Ethics and Advocacy
- ▶ People and Culture

### Remuneration

SVHA directors receive payment for their roles as Directors.

### In attendance

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

**Mr Robert Beetson,**  
as Company Secretary

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

**Ms Ruth Martin,**  
Group Chief Financial Officer

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

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

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

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

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

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

**Ms Abbie Clark,**  
Group Manager, Public Relations

## Committees

The SVHA Board has established an Advisory Group known as The Friends of St Vincent's (Melbourne). This Group has (from February 2016) replaced the previous Regional Advisory Council in Victoria. These councils provide the SVHA Board with advice, support and insight into the local community and health services, and strategic links to local Church, government and community resources.

The members of the St Vincent's Advisory Council (Melbourne) between 1 July 2015 and 31 December 2015 who were appointed by the SVHA Board were:

- ▶ Ms Patricia Faulkner AO  
Chair of the Council
- ▶ Ms Megs Alston
- ▶ Mr David Coogan
- ▶ Prof. Suzanne Crowe AM
- ▶ Sr Teresita Marcelo RSC
- ▶ Ms Kerry Smith
- ▶ Mr Greg Sword AM

## MEETINGS OF DIRECTORS

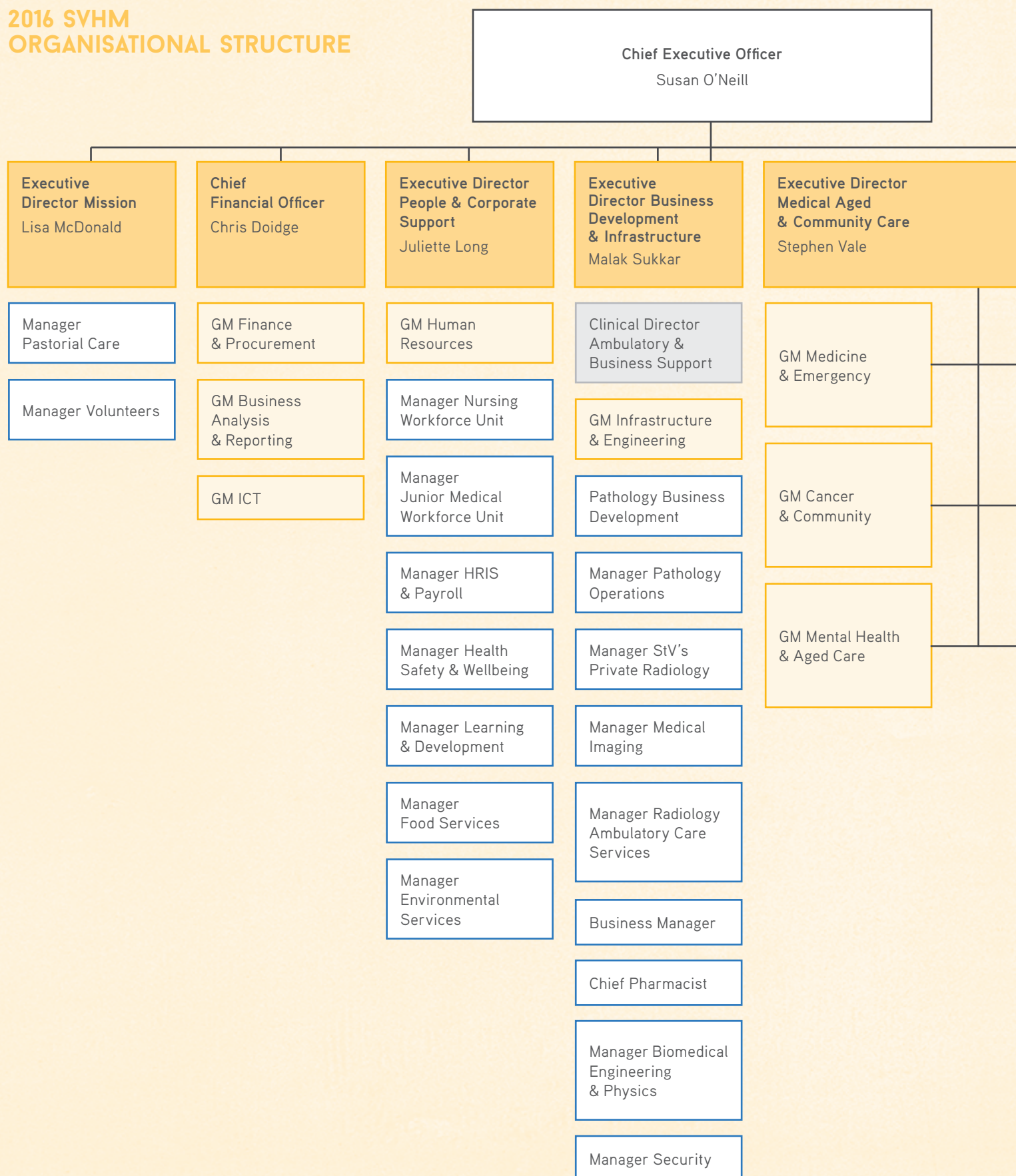
The numbers of meetings of the company's Board of Directors and of each Board committee held from 1 July 2015 to 30 June 2016, and the number of meetings attended by each director were:

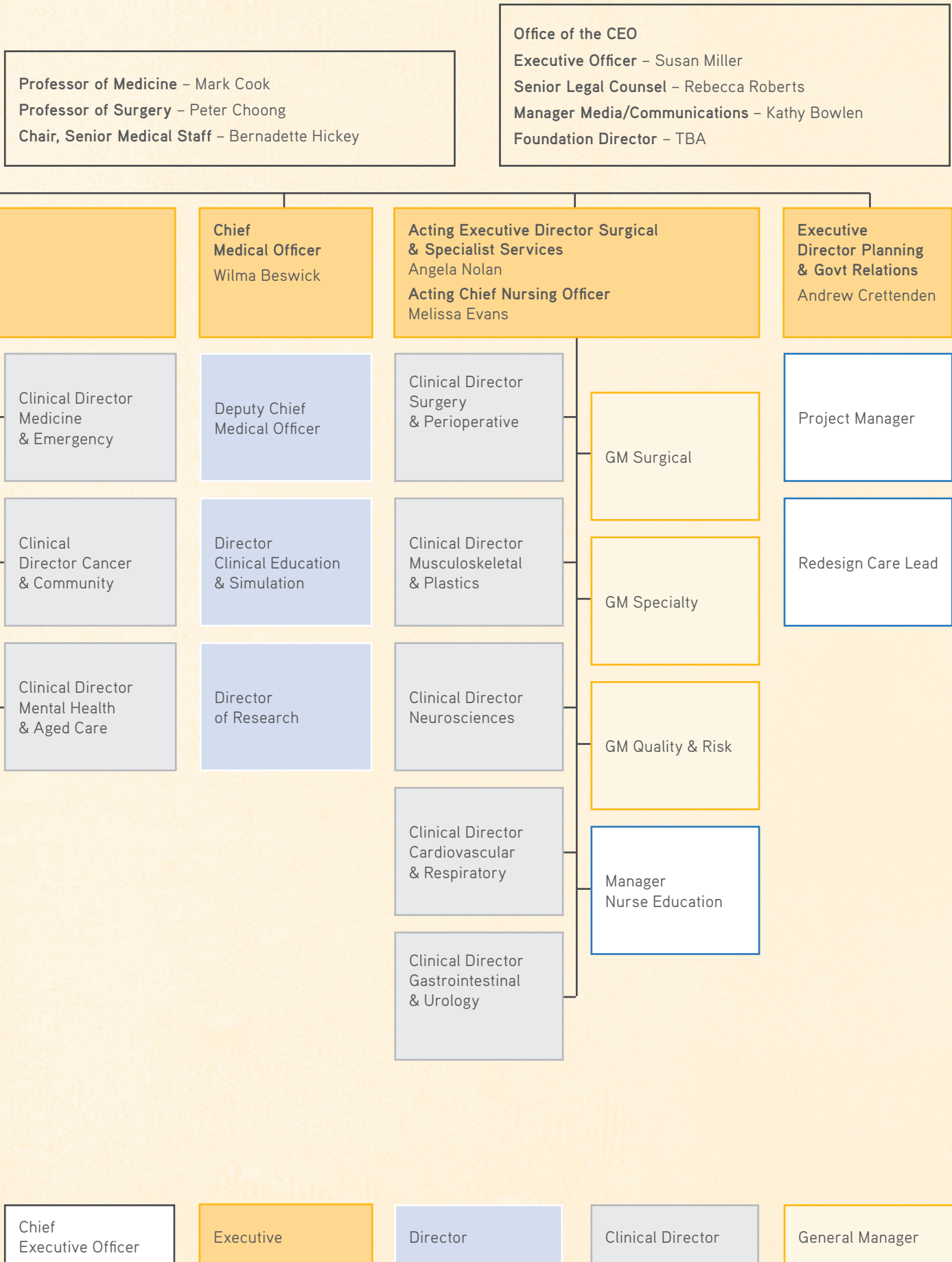
	Board	Finance & Investment	Audit & Risk	Quality & Safety	Mission, Ethics & Advocacy	People & Culture
Number of meetings held:	7	7	4	8	4	4
Mr P Robertson AM	7/7					4/4
Ms P Faulkner AO	6/7			6/8	3/4	
Ms M Babbage	4/4	4/4	3/3			
Sr M Confoy RSC	7/7				4/4	4/4
Prof. S Crowe AM	7/7			6/8	3/4	
Mr B Earle	7/7	6/7	4/4			
Mr G Humphrys	7/7	6/7	4/4		3/4	
Mr P McClintock AO	6/7	7/7				
Prof. P Smith	6/7			8/8		4/4
Sr Mary Wright IBVM	6/7		3/4		4/4	3/4

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



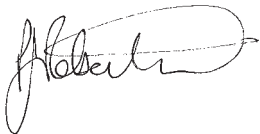
## 2016 SVHM ORGANISATIONAL STRUCTURE





## 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 24 August 2016 in accordance with a resolution of the Board.



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



**A/Prof Susan O'Neill**  
Chief Executive Officer



## BOARD MEMBERS AND ACCOUNTABLE OFFICER'S AND DIRECTOR'S DECLARATION

We declare that:

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

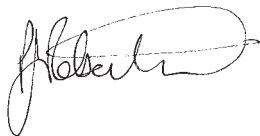
- (a) Giving a true and fair view of St Vincent's Hospital (Melbourne) Limited's financial position as at 30 June 2016 and of its performance for the year ended on that date: and
- (b) Complying with Accounting Standards, Australian Charities and Not-for-Profits Regulation 2013 and other mandatory professional reporting requirements.

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

At the time of signing, we certify that the attached financial report for St Vincent's Hospital (Melbourne) Limited have been prepared in accordance with Direction 4.2 of the *Standing Directions* of the Minister for Finance under the *Financial Management Act 1994*, applicable Financial Reporting Directions (with the exception of FRD103F Non-Financial Physical Assets and FRD114A Financial Instruments), Australian Accounting Standards and other mandatory professional reporting requirements.

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

We authorise the attached financial statements for issue on 24 August 2016.



**Mr Paul Robertson AM**  
Chair of the Board  
Dated 24 August 2016  
Melbourne



**A/Prof Susan O'Neill**  
Chief Executive Officer  
Dated 24 August 2016  
Melbourne



Victorian Auditor-General's Office

Level 24, 35 Collins Street  
Melbourne VIC 3000

Telephone 61 3 8601 7000  
Facsimile 61 3 8601 7010

Website [www.audit.vic.gov.au](http://www.audit.vic.gov.au)

## INDEPENDENT AUDITOR'S REPORT

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

#### *The Financial Report*

I have audited the accompanying financial report for the year ended 30 June 2016 of St Vincent's Hospital (Melbourne) Limited which comprises the comprehensive operating statement, statement of financial position, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the and the Board Members and Accountable Officer's Declaration has been audited

#### *The Directors' Responsibility for the Financial Report*

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

#### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

## Independent Auditor's Report (continued)

### *Independence*


The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, I and my staff and delegates have complied with the applicable independence requirements of the Australian Auditing Standards, relevant ethical pronouncements and the *Australian Charities and Not-for-profits Commission Act 2012*. I confirm that I have given to the Directors of the company a written independence declaration, a copy of which is included in the Directors' Report.

### *Opinion*

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

- (a) giving a true and fair view of the company's financial position as at 30 June 2016 and of its financial performance for the year ended on that date
- (b) complying with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Regulation 2013*

MELBOURNE  
25 August 2016

  
Dr Peter Frost  
Acting Auditor-General





Victorian Auditor-General's Office

Level 24, 35 Collins Street  
Melbourne VIC 3000  
Telephone 61 3 8601 7000  
Facsimile 61 3 8601 7010  
Email [comments@audit.vic.gov.au](mailto:comments@audit.vic.gov.au)  
Website [www.audit.vic.gov.au](http://www.audit.vic.gov.au)

## AUDITOR-GENERAL'S INDEPENDENCE DECLARATION

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

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



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

#### *Independence Declaration*

As auditor for St Vincent's Hospital (Melbourne) Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the 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  
25 August 2016

  
 Dr Peter Frost  
Acting Auditor-General

## COMPREHENSIVE OPERATING STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	2016 \$'000	2015 \$'000
Revenue From Operating Activities	2	651,730	595,823
Revenue From Non-Operating Activities	2	2,564	3,463
Employee Expenses	3	(453,897)	(434,764)
Non Salary Labour Costs	3	(6,218)	(6,595)
Supplies and Consumables	3	(114,396)	(85,341)
Maintenance Contracts	3	(10,892)	(8,851)
Other Expenses	3	(66,847)	(63,639)
<b>Net Result Before Capital and Specific Items</b>		<b>2,044</b>	<b>96</b>
Capital Purpose Income	2	34,215	42,174
Assets Provided Free of Charge	2(b)	88	52
Depreciation and Amortisation	3,4	(21,383)	(19,697)
Leasehold Expense		(66)	(107)
Finance Costs	3	(6,611)	(6,495)
Other Capital Expenses	3	(12,169)	(17,896)
<b>NET RESULT FOR THE YEAR</b>		<b>(3,882)</b>	<b>(1,873)</b>
<b>Other Comprehensive Income</b>			
Revaluation on Non-Current Assets (Cultural Assets)		100	72
<b>COMPREHENSIVE RESULT FOR THE YEAR</b>		<b>(3,782)</b>	<b>(1,801)</b>

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

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Note	2016 \$'000	2015 \$'000
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	6	9,071	13,355
Receivables	7	36,852	29,096
Other Financial Assets	8	6,573	6,436
Inventories	9	7,179	5,616
Other Assets	10	1,439	1,357
<b>Total Current Assets</b>		<b>61,114</b>	<b>55,860</b>
<b>Non-Current Assets</b>			
Receivables	7	27,827	25,538
Other Financial Assets	8	60,393	58,837
Property, Plant and Equipment	11	158,793	152,082
Intangible Assets	12	11,504	13,230
Investment Property	13	2,260	2,260
Debtor – Department of Health and Human Services	31	9,802	15,642
<b>Total Non-Current Assets</b>		<b>270,579</b>	<b>267,589</b>
<b>Total Assets</b>		<b>331,693</b>	<b>323,449</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables	14	48,274	38,804
Interest Bearing Liabilities	15	14,594	13,221
Provisions	16	109,596	106,109
Other Liabilities	18	9,822	10,008
<b>Total Current Liabilities</b>		<b>182,286</b>	<b>168,142</b>
<b>Non-Current Liabilities</b>			
Interest Bearing Liabilities	15	30,201	33,381
Provisions	16	18,720	11,801
Obligation to provide Public Hospital Services	31	9,802	15,642
<b>Total Non-Current Liabilities</b>		<b>58,723</b>	<b>60,824</b>
<b>Total Liabilities</b>		<b>241,009</b>	<b>228,966</b>
<b>Net Assets</b>		<b>90,684</b>	<b>94,483</b>



## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016 (CONTINUED)

	Note	2016 \$'000	2015 \$'000
<b>Equity</b>			
General Purpose Reserve	20(a)	1,200	1,785
Asset Revaluation Reserve	20(a)	614	514
Restricted Specific Purpose Reserve	20(a)	29,732	29,259
AIB Reserve	20(a)	5,891	5,779
Funds Held in Perpetuity	20(a)	250	250
Contributed Capital	20(c)	25,850	25,850
Accumulated Surpluses	20(b)	27,147	31,046
<b>Total Equity</b>		<b>90,684</b>	<b>94,483</b>
Contingent Assets and Contingent Liabilities	24		
Commitments	19		

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

## STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	General Purpose Reserve \$'000	Asset Revaluation Reserve \$'000	Restricted Specific Purpose Reserve \$'000	AIB Reserve \$'000	Funds Held in Perpetuity \$'000	Contrib'tn by Owners \$'000	Accum. Surpluses/ (Deficits) \$'000	Total \$'000
<b>Balance at 30 June 2014</b>	<b>20</b>	<b>5,220</b>	<b>442</b>	<b>23,006</b>	<b>5,647</b>	<b>250</b>	<b>25,850</b>	<b>35,890</b>	<b>96,305</b>
Net Result For The Year		-	-	-	-	-	-	(1,873)	(1,873)
Comprehensive Income		-	72	-	-	-	-	-	72
Reduction of Entity Equity Upon Admission of New Member to Joint Venture		-	-	-	-	-	-	(21)	(21)
Transfer To/(From) Surplus		-	-	2,950	-	-	-	(2,950)	-
Transfer (To)/From AIB Reserve		(132)	-	-	132	-	-	-	-
Transfer (To)/From Restricted Specific Purpose Reserve		(3,303)	-	3,303	-	-	-	-	-
<b>Balance at 30 June 2015</b>	<b>20</b>	<b>1,785</b>	<b>514</b>	<b>29,259</b>	<b>5,779</b>	<b>250</b>	<b>25,850</b>	<b>31,046</b>	<b>94,483</b>
Net Result For Year		-	-	-	-	-	-	(3,882)	(3,882)
Comprehensive Income		-	100	-	-	-	-	-	100
Reduction of Entity Equity Upon Admission of New Member to Joint Venture		-	-	-	-	-	-	(17)	(17)
Transfer To/(From) Surplus		-	-	-	-	-	-	-	-
Transfer To/(From) AIB Reserve		(112)	-	-	112	-	-	-	-
Transfer To/(From) Restricted Specific Purpose Reserve		(473)	-	473	-	-	-	-	-
<b>Balance at 30 June 2016</b>	<b>20</b>	<b>1,200</b>	<b>614</b>	<b>29,732</b>	<b>5,891</b>	<b>250</b>	<b>25,850</b>	<b>27,147</b>	<b>90,684</b>

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

## CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	2016 \$'000 Inflows/ (Outflows)	2015 \$'000 Inflows/ (Outflows)
<b>Cash Flows From Operating Activities</b>			
Operating Grants from Government		505,077	479,733
Capital Grants from Government		26,686	36,345
Patient and Resident Fees Received		20,904	21,498
Private Practice and Pathology Fees Received		40,271	40,725
Donations and Bequests Received		7,825	7,465
Interest Received		2,857	507
Other Receipts		109,870	90,921
Interest received – St Vincent's Healthcare Ltd		4,456	4,541
Other Capital Receipts		7,081	152
<b>Total Receipts</b>		<b>725,027</b>	<b>681,887</b>
Employee Benefits Paid		(434,542)	(425,020)
Non Salary Labour Costs		(6,217)	(6,595)
Payments for Supplies and Consumables		(135,373)	(102,735)
Finance Costs		(6,611)	(6,495)
Other Expenses		(69,713)	(58,731)
GST Paid to ATO		(41,775)	(37,624)
Capital Building and Occupancy		(10,287)	(16,031)
<b>Total Payments</b>		<b>(704,518)</b>	<b>(653,231)</b>
<b>Net Cash Inflow from Operating Activities</b>	<b>21</b>	<b>20,509</b>	<b>28,656</b>
<b>Cash Flows From Investing Activities</b>			
Purchase of Property Plant and Equipment		(15,512)	(22,153)
Proceeds from Sale of Property Plant and Equipment		130	125
Payment for Intangible Assets		(84)	(914)
Purchases of Investments		(2,146)	(8,000)
Proceeds from Sale of Investments		-	7,900
<b>Net Cash Outflow from Investing Activities</b>		<b>(17,612)</b>	<b>(23,042)</b>
<b>Cash Flows From Financing Activities</b>			
Proceeds from Borrowings		4,268	4,958
Repayment of Borrowings		(7,138)	(6,554)
Repayment of Finance Leases		(3,857)	(3,381)
<b>Net Cash Inflow/(Outflow) From Financing Activities</b>		<b>(6,727)</b>	<b>(4,977)</b>
Net Increase/(Decrease) In Cash and Cash Equivalents Held		(3,830)	637
Cash and Cash Equivalents at Beginning of the Financial Year		5,937	5,300
<b>Cash and Cash Equivalents at End of the Financial Year</b>	<b>6</b>	<b>2,107</b>	<b>5,937</b>

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



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Note 1: Summary of Significant Accounting Policies

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

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

#### A) BASIS OF ACCOUNTING PREPARATION AND MEASUREMENT

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2016 and the comparative information presented in these financial statements for the year ended 30 June 2015.

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

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

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

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

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

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

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

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

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

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

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

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

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

## Note 1: Summary of Significant Accounting Policies (continued)

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

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

### B) REPORTING ENTITY

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

Its principal place of business is:

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

### C) PRINCIPLES OF CONSOLIDATION

#### *Jointly controlled assets or operations*

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

### D) SCOPE AND PRESENTATION OF FINANCIAL STATEMENTS

#### **Fund Accounting**

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

### **Comprehensive Operating Statement**

The comprehensive operating statement includes the subtotal entitled 'net result before capital & specific items' to enhance the understanding of the financial performance of the Hospital. This subtotal reports the result excluding items such as capital grants, assets received or provided free of charge, depreciation, expenditure using capital purpose income and items of an unusual nature and amount such as specific income and expenses. The exclusion of these items is made to enhance matching of income and expenses so as to facilitate the comparability and consistency of results between years and Victorian Public Health Services. The 'net result before capital & specific items' is used by the management of the Hospital, the Department of Health and Human Services (Department) and the Victorian Government to measure the ongoing operating performance of the Hospital.

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

- ▶ capital purpose income, which comprises all tied grants, donations and bequests received for the purpose of acquiring non-current assets, such as capital works, plant and equipment or intangible assets. Consequently the recognition of revenue as capital purpose income is based on the intention of the provider of the revenue at the time the revenue is provided.
- ▶ depreciation and amortisation, as described in Note 1 (F);
- ▶ assets provided or received free of charge (refer to Note 1 (E)); and
- ▶ expenditure using capital purpose income, comprises expenditure which either falls below the asset capitalisation threshold or doesn't meet asset recognition criteria and therefore does not result in the recognition of an asset in the balance sheet, where funding for that expenditure is from capital purpose income.

### **Balance Sheet**

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

### **Statement of Changes in Equity**

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

### **Cash Flow Statement**

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

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

### **Rounding**

The Hospital is a company referred to in Legislative Instrument 2016/191 issued by the Australian Securities and Investment Commission dated 24 March 2016, relating to the 'rounding off' of amounts in financial statements. Amounts in the financial statements have been rounded off in accordance with that Legislative Instrument to the nearest thousand dollars.

## Note 1: Summary of Significant Accounting Policies (continued)

### E) REVENUE RECOGNITION

Revenue is recognised in accordance with AASB 118 Revenue and is recognised as revenue to the extent it is probable that the economic benefits will flow to the Hospital and the revenue can be reliably measured at fair value. Unearned income at reporting dates is reported as income received in advance. Amounts disclosed as revenue are, where applicable, net of returns, allowances and duties and taxes.

#### Government Grants

Grants are recognised as revenue when the Hospital gains control of the underlying assets as prescribed in *AASB 1004 Contributions*. Where grants are reciprocal, revenue is recognised as performance occurs under the grant. Non-reciprocal grants are recognised as revenue when the grant is received or receivable. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

#### Indirect Contributions from the Department of Health and Human Services

Indirect Contributions from the Department

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

#### Patient Fees

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

#### Private Practice Fees

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

#### Donations and Bequests

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

#### Dividends

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

#### Interest

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.

#### Resources Provided and Received Free of Charge or Nominal Consideration

Resources provided or received free of charge or for nominal consideration are recognised at their fair value when the Hospital receives control over them regardless of any restrictions or conditions imposed over their use. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

### F) EXPENSE RECOGNITION

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

#### Employee expenses

Employee expenses include:

- ▶ wages and salaries;
- ▶ annual leave;
- ▶ sick leave;
- ▶ termination payments;
- ▶ long service leave;

- ▶ superannuation expenses which are reported differently depending upon whether employees are members of defined benefit or defined contribution plans; and
- ▶ workcover premiums.

#### Defined contribution superannuation plans

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

#### Defined benefit superannuation plans

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

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

The name and details of the major employee superannuation funds and contributions made by the Hospital are disclosed in Note 17: Superannuation.



## Note 1: Summary of Significant Accounting Policies (continued)

### Depreciation and Amortisation

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

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

	2016	2015
Leasehold Improvements	10 to 40 years	10 to 40 years
Plant and Equipment	4 to 15 years	4 to 15 years
Medical Equipment	4 to 10 years	4 to 10 years
Computers and Communications	4 to 10 years	4 to 10 years
Motor Vehicles	6.6 years	6.6 years
Furniture and Fittings	6 to 18 years	6 to 18 years
Leased Assets	4 to 10 years	4 to 10 years
Computer Software	4 to 10 years	4 to 10 years

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

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

### Finance Costs

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

- ▶ Interest on bank overdrafts and short-term and long-term borrowings;
- ▶ Amortisation of discounts or premiums relating to borrowings;
- ▶ Amortisation of ancillary costs incurred in connection with the arrangement of borrowings;
- ▶ Finance charges in respect of finance leases recognised in accordance with *AASB 117 Leases*.

### Other Operating Expenses

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

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

### G) OTHER COMPREHENSIVE INCOME

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

## Note 1: Summary of Significant Accounting Policies (continued)

### H) OTHER FINANCIAL ASSETS

#### Initial recognition and measurement

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

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

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

#### Classification and subsequent measurement

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

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

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

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

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

#### Loans and receivables

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

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

#### Held-to-maturity investments

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

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

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

#### Financial liabilities at amortised cost

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

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

## Note 1: Summary of Significant Accounting Policies (continued)

### Fair value

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

### Impairment

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

### Derecognition

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

## I) ASSETS

### Cash and Cash Equivalents

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

### Receivables

Receivables consist of:

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

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

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

### Inventories

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

### Property, Plant and Equipment

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

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

### Intangible Assets

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

Amortisation is allocated to intangible assets with finite useful lives on a systematic basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each annual reporting period. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount.



## Note 1: Summary of Significant Accounting Policies (continued)

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

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

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

### Investment properties

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

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

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

The Gertrude Street Investment property is held for long-term capital gain and is not occupied by the Hospital.

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

### Prepayments

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

### Impairment of Non-Financial Assets

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

- ▶ Inventories, and
- ▶ financial instrument assets.

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

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

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

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

### J) INVESTMENTS IN JOINTLY CONTROLLED ASSETS AND OPERATIONS

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

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

## Note 1: Summary of Significant Accounting Policies (continued)

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

### K) LIABILITIES

#### Payables

Payables consist of:

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

Contractual payables are classified as financial instruments and are initially recognised at fair value, and then subsequently carried at amortised cost. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract. These amounts represent liabilities for goods and services provided prior to the end of the financial year and which were unpaid at that date. The amounts are unsecured and normal credit terms are within 30 days of recognition.

#### Borrowings

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

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

#### Employee Benefits

This provision arises for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

##### *Wages and Salaries, Annual Leave and Accrued Days Off*

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

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

- ▶ Undiscounted value – if the Hospital expects to wholly settle within 12 months; or
- ▶ Present value – if the Hospital does not expect to wholly settle within 12 months.

#### *Long Service Leave*

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

The components of this current LSL liability are measured at:

- ▶ present value – component that the Hospital does not expect to settle within 12 months; and
- ▶ nominal value – component that the Hospital expects to settle within 12 months.

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

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

#### *Termination Benefits*

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

Liabilities for termination benefits are recognised when a detailed plan for the termination has been developed and a valid expectation has been raised with those employees affected that the terminations will be carried out.

## Note 1: Summary of Significant Accounting Policies (continued)

The liabilities for termination benefits are recognised in other creditors unless the amount or timing of the payments is uncertain, in which case they are recognised as a provision.

### *On-Costs related to Employee Expense*

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

### L) LEASES

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

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

### M) EQUITY

#### **Contributed capital**

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

#### **Specific Restricted Purpose Reserve**

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

#### **Asset revaluation reserve**

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

#### **Escrow Account/AIB reserve**

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

### N) COMMITMENTS

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

### O) GOODS AND SERVICES TAX (GST)

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

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

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

### P) SERVICES SUPPORTED BY HEALTH SERVICES AGREEMENT AND SERVICES SUPPORTED BY HOSPITAL AND COMMUNITY INITIATIVES

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

### Q) CATEGORY GROUPS

The Hospital has used the following category groups for reporting purposes for the current and previous financial years. However it should be noted that allocations across category groups are limited by both the Hospital's common chart of account coverage and the inclusion of the activities of St George's Health Service, Caritas Christ Hospice and Prague House.

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

#### **Admitted Patient Services (Admitted Patients)**

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



## Note 1: Summary of Significant Accounting Policies (continued)

### **Mental Health Services (Mental Health)**

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

### **Non Admitted Services (Non-Admitted)**

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

### **Emergency Department Services (EDS)**

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

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

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

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

### **Other Services not reported elsewhere**

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

### **R) ACCOUNTING ERROR**

Comparative financial statement line items for cash and accumulated surpluses have been restated upon the identification of an error dating back to 2001 and prior. (Refer note 32)

### **S) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS**

Certain new accounting standards and interpretations have been published that are not mandatory for the year ended 30 June 2016. The Hospital's assessment of the impact of those new standards and interpretations which are applicable to the Hospital is set out overleaf.

## Note 1: Summary of Significant Accounting Policies (continued)

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on the Hospital's financial statements
AASB 9 Financial instruments	AASB 9 (December 2014) is a new Principal standard which replaces AASB 139. This new Principal version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.	1 Jan 2018	Subject to AASB's further modifications to AASB 9, together with the anticipated changes resulting from the staged projects on impairments and hedge accounting, details of impacts will be assessed.  No material change to the Hospital's financial statements is expected to arise from initial application of this standard.
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 Jan 2018	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements.
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	1 Jan 2019	The assessment has indicated that as most operating leases will come on balance sheet, recognition of lease assets and lease liabilities will cause net debt to increase.  Depreciation of lease assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus.  The amounts of cash paid for the principal portion of the lease liability will be presented within financing activities and the amounts paid for the interest portion will be presented within operating activities in the cash flow statement.
AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities (AASB 10, AASB 124 & AASB 1049)	AASB 2015-6 extends the scope of AASB 124 Related Party Disclosures to not-for-profit public sector entities. Guidance has been included to assist the application of the Standard by not-for-profit sector entities.	1 Jul 2016	The amending standard will result in extended disclosures on the entity's key management personnel (KMP), and the related party transactions.

## Note 2: Analysis of Revenue by Source – 2016

	Admitted Patients 2016 \$'000	Non-Admitted 2016 \$'000	EDS 2016 \$'000	Mental Health 2016 \$'000	RAC incl Mental Health 2016 \$'000	Aged Care 2016 \$'000	Primary Health 2016 \$'000	Other 2016 \$'000	Total 2016 \$'000
Government Grant	358,905	28,341	17,661	51,375	8,837	2,899	-	14,564	482,582
Indirect Contributions by Department of Health and Human Services	8,742	-	-	-	-	-	-	-	8,742
Patient and Resident Fees	18,053	188	216	371	1,957	-	-	1,709	22,494
Commercial Activities	-	-	-	-	-	-	-	73,252	73,252
Pathology	-	-	-	-	-	-	-	29,497	29,497
Diagnostic Imaging	-	-	-	-	-	-	-	10,778	10,778
Other Revenue from Operating Activities	6,775	4	204	1,547	124	10	-	15,721	24,385
<b>Total Revenue from Operating Activities</b>	<b>392,475</b>	<b>28,533</b>	<b>18,081</b>	<b>53,293</b>	<b>10,918</b>	<b>2,909</b>	<b>-</b>	<b>145,521</b>	<b>651,730</b>
Interest	-	-	-	-	-	-	-	2,376	2,376
Dividends	-	-	-	-	-	-	-	188	188
<b>Total Revenue from Non-Operating Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,564</b>	<b>2,564</b>
Capital Purpose Income	-	-	-	-	-	-	-	29,741	29,741
Capital Interest – St Vincent's Healthcare Ltd	-	-	-	-	-	-	-	4,474	4,474
<b>Total Capital Purpose Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,215</b>	<b>34,215</b>
Assets Provided Free of Charge (Note 2b)	-	-	-	-	-	-	-	88	88
<b>Total Revenue</b>	<b>392,475</b>	<b>28,533</b>	<b>18,081</b>	<b>53,293</b>	<b>10,918</b>	<b>2,909</b>	<b>-</b>	<b>182,388</b>	<b>688,597</b>

Department of Health and Human Services makes certain payments on behalf of the Hospital. These amounts have been brought to account in determining the operating result for the year by recording them as revenue and expenses.

## Note 2: Analysis of Revenue by Source – 2015

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

Department of Health and Human Services makes certain payments on behalf of the Hospital. These amounts have been brought to account in determining the operating result for the year by recording them as revenue and expenses.



## Note 2(A): Net Losses on Disposal of Non-Current Assets

	Total 2016 \$'000	Total 2015 \$'000
<b>Proceeds from Disposal of Non-Current Assets</b>		
▶ Plant & Equipment	3	-
▶ Medical Equipment	-	7
▶ Motor Vehicles	127	118
<b>Total Proceeds from Disposal of Non-Current Assets</b>	<b>130</b>	<b>125</b>
<b>Less: Written Down Value of Assets Sold</b>		
▶ Plant and Equipment	(10)	(33)
▶ Medical Equipment	(50)	(235)
▶ Furniture & Fittings	-	(3)
▶ Motor Vehicles	(7)	(146)
<b>Total Written Down Value of Non-Current Assets Sold</b>	<b>(67)</b>	<b>(417)</b>
<b>Net Gain/(Losses) on Disposal of Non-Current Assets</b>	<b>63</b>	<b>(292)</b>

## Note 2(B): Assets Received Free of Charge or for Nominal Consideration

	Total 2016 \$'000	Total 2015 \$'000
During the reporting period, the fair value of assets received free of charge, was as follows:		
▶ Cultural Assets	88	52
<b>Total</b>	<b>88</b>	<b>52</b>

## Note 3: Analysis of Expense by Source – 2016

	Admitted Patients 2016 \$ '000	Non-Admitted 2016 \$ '000	EDS 2016 \$ '000	Mental Health 2016 \$ '000	RAC incl Mental Health 2016 \$ '000	AgedCare 2016 \$ '000	Primary Health 2016 \$ '000	Other 2016 \$ '000	Total 2016 \$ '000
Employee Expenses	326,139	15,295	28,505	60,835	13,221	3,739	178	5,985	453,897
Non-Salary Labour Costs	3,601	126	662	1,449	309	12	-	59	6,218
Supplies and Consumables	103,498	4,330	2,033	2,934	751	151	-	699	114,396
Maintenance Contracts	8,073	830	490	934	299	45	-	221	10,892
Fuel, Light, Power & Water	4,234	330	205	773	266	34	-	169	6,011
Other Expenses	42,145	2,844	1,840	10,756	1,392	604	2	1,253	60,836
<b>Total Expenses from Operating Activities</b>	<b>487,690</b>	<b>23,755</b>	<b>33,735</b>	<b>77,681</b>	<b>16,238</b>	<b>4,585</b>	<b>180</b>	<b>8,386</b>	<b>652,250</b>
Campus Lease	-	-	-	-	-	-	-	10,287	10,287
Other Expenditure for Capital Purposes	-	-	-	-	-	-	-	1,948	1,948
Depreciation and Amortisation (Note 4)	-	-	-	-	-	-	-	21,383	21,383
Finance Costs (Note 5)	-	-	-	-	-	-	-	6,611	6,611
<b>Total Other Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,229</b>	<b>40,229</b>
<b>Total Expenses</b>	<b>487,690</b>	<b>23,755</b>	<b>33,735</b>	<b>77,681</b>	<b>16,238</b>	<b>4,585</b>	<b>180</b>	<b>48,615</b>	<b>692,479</b>

## Note 3: Analysis of Expense by Source – 2015

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

**Note 3(A): Analysis of Expense and Revenue by Internally Managed and Restricted Specific Purpose Funds**

	Expense		Revenue	
	Total 2016 \$'000	Total 2015 \$'000	Total 2016 \$'000	Total 2015 \$'000
<b>Commercial Activities</b>				
Diagnostic Imaging	8,106	7,736	8,794	9,129
Cafeteria	196	166	578	609
Car Park	1,013	1,028	5,851	5,361
Property Expense/Revenue	163	242	2,578	2,472
Correctional Health Services	18,530	18,102	21,810	21,972
Childcare	-	-	233	250
Breastscreen Clinic	4,237	4,054	4,233	4,055
Commercial Training Programs	2	29	5	37
Community Medical Centre	2,353	2,472	2,358	2,502
Specific Purpose Trust Funds	7,926	7,569	9,756	8,511
Other Business Units	1,930	1,776	2,732	2,349
<b>Other Activities</b>				
Fundraising & Donations	1,409	1,469	5,886	6,822
Research & Scholarship	8,874	8,372	8,272	7,795
Other	1,409	1,341	166	671
<b>Total</b>	<b>56,148</b>	<b>54,356</b>	<b>73,252</b>	<b>72,535</b>



## Note 4: Depreciation and Amortisation

	Total 2016 \$'000	Total 2015 \$'000
<b>Depreciation</b>		
Plant and Equipment	1,916	1,925
Medical Equipment	4,673	4,434
Computers and Communication	834	758
Furniture and Fittings	184	180
Motor Vehicles	391	441
Leasehold Improvements	7,399	6,939
Leased Assets – Plant and Equipment	4,141	3,283
<b>Total Depreciation – Property, Plant and Equipment</b>	<b>19,538</b>	<b>17,960</b>
<b>Amortisation</b>		
Intangible Assets		
▶ Computer Software & Development Costs	1,845	1,737
<b>Total Amortisation – Intangible Assets</b>	<b>1,845</b>	<b>1,737</b>
<b>Total Depreciation and Amortisation</b>	<b>21,383</b>	<b>19,697</b>

## Note 5: Finance Costs

	Total 2016 \$'000	Total 2015 \$'000
St Vincent's Healthcare Ltd Loan	430	560
AIB Bond Holders	4,447	4,512
Finance Leases	1,232	840
Commonwealth Bank of Australia	502	583
<b>Total</b>	<b>6,611</b>	<b>6,495</b>

## Note 6: Cash and Cash Equivalents

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

	Total 2016 \$'000	Total 2015 \$'000
<b>Cash at Bank and on Hand</b>		
Cash on Hand	37	40
Cash at Bank	9,034	13,315
<b>Cash at 30 June</b>	<b>9,071</b>	<b>13,355</b>
<b>Represented by:</b>		
Cash for Operations (as per Cash Flow Statement)	2,107	5,937
Cash for Monies Held in Trust (Note 18)	6,964	7,418
<b>Cash at 30 June</b>	<b>9,071</b>	<b>13,355</b>

## Note 7: Receivables

	Total 2016 \$'000	Total 2015 \$'000
<b>Current – Contractual</b>		
Trade Debtors	7,773	5,136
Patient Fees	5,962	2,855
Doctors' Fee Revenue	6,702	5,365
Accrued Revenue		
▶ Department of Health and Human Services	1,492	3,334
▶ Other	10,092	7,726
Loan – St Vincent's Healthcare Ltd (refer note 31)	6,095	5,844
<b>Sub Total</b>	<b>38,116</b>	<b>30,260</b>
<b>Current – Statutory</b>		
GST Receivable	1	3
<b>Sub-Total</b>	<b>38,117</b>	<b>30,263</b>
<b>Less: Provision for Doubtful Debts</b>		
Trade Debtors	(438)	(302)
Patient Fees	(313)	(477)
Other Debtors	(514)	(388)
<b>Sub-Total</b>	<b>(1,265)</b>	<b>(1,167)</b>
<b>Total Current</b>	<b>36,852</b>	<b>29,096</b>
<b>Non-Current – Contractual</b>		
Department of Health and Human Services – Long Service Leave	23,497	15,236
Loan – St Vincent's Healthcare Ltd (refer note 31)	4,330	10,302
<b>Total Non-Current</b>	<b>27,827</b>	<b>25,538</b>
<b>TOTAL RECEIVABLES</b>	<b>64,679</b>	<b>54,634</b>
<b>a) Movement in the Allowance for Doubtful Debts</b>		
Balance at beginning of year	1,167	968
Amounts written off during the year	(1,014)	(412)
Increase in allowance recognised in net result	1,112	611
<b>Balance at end of the year</b>	<b>1,265</b>	<b>1,167</b>
<b>b) Nature and extent of risk arising from receivables</b>		

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

## Note 8: Other Financial Assets

	Operating Fund		Specific Purpose Fund		AIB Reserve Fund		Total	Total
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Current</b>								
<b>Held to Maturity</b>								
Bank Bills and Term Deposits	212	357	469	300	-	-	681	657
<b>Fair Value through Profit and Loss</b>								
Guaranteed Bill Index Deposit in Escrow	-	-	-	-	5,892	5,779	5,892	5,779
<b>Total Current Other Financial Assets</b>	<b>212</b>	<b>357</b>	<b>469</b>	<b>300</b>	<b>5,892</b>	<b>5,779</b>	<b>6,573</b>	<b>6,436</b>
<b>Non Current</b>								
<b>Fair Value through Profit and Loss</b>								
Shares and other Managed Investments	2,318	2,192	5,115	2,000	-	-	7,433	4,192
Fixed Interest Securities and Floating rate notes	16,513	6,873	36,447	47,772	-	-	52,960	54,645
<b>Total Non-Current Other Financial Assets</b>	<b>18,831</b>	<b>9,065</b>	<b>41,562</b>	<b>49,772</b>	<b>-</b>	<b>-</b>	<b>60,393</b>	<b>58,837</b>
<b>Total Other Financial Assets</b>	<b>19,043</b>	<b>9,422</b>	<b>42,031</b>	<b>50,072</b>	<b>5,892</b>	<b>5,779</b>	<b>66,966</b>	<b>65,273</b>
<b>Represented by:</b>								
Health Service Investments	19,043	9,422	42,031	50,072	5,892	5,779	66,966	65,273
<b>Total</b>	<b>19,043</b>	<b>9,422</b>	<b>42,031</b>	<b>50,072</b>	<b>5,892</b>	<b>5,779</b>	<b>66,966</b>	<b>65,273</b>

## a) Ageing Analysis of Other Financial Assets

Refer to Note 22(B) for the aging analysis of Other Financial Assets

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

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



## Note 9: Inventories

	Total 2016 \$'000	Total 2015 \$'000
<b>Current</b>		
Drug Supplies	3,540	2,294
Medical and Surgical Lines	3,424	3,142
Food Supplies	102	96
Biomedical Supplies	113	84
<b>Total</b>	<b>7,179</b>	<b>5,616</b>

## Note 10: Other Assets

	Total 2016 \$'000	Total 2015 \$'000
<b>Current</b>		
Prepayments	1,439	1,357
<b>Total</b>	<b>1,439</b>	<b>1,357</b>

## Note 11: Property, Plant and Equipment

## (A) GROSS CARRYING AMOUNT AND ACCUMULATED DEPRECIATION

	Total 2016 \$'000	Total 2015 \$'000
<b>Leasehold Improvements</b>		
Leasehold Improvements at Cost	143,000	137,835
Less Accumulated Depreciation	(46,502)	(39,103)
<b>Total Leasehold Improvements</b>	<b>96,498</b>	<b>98,732</b>
<b>Plant and Equipment</b>		
Plant and Equipment at Cost	24,627	23,600
Less Accumulated Depreciation	(15,843)	(14,094)
<b>Total Plant and Equipment</b>	<b>8,784</b>	<b>9,506</b>
<b>Medical Equipment</b>		
Major Medical at Cost	66,885	62,443
Less Accumulated Depreciation	(48,632)	(44,755)
<b>Total Medical Equipment</b>	<b>18,253</b>	<b>17,688</b>
<b>Computers and Communication</b>		
Computers and Communication at Cost	9,647	8,822
Less Accumulated Depreciation	(6,300)	(5,466)
<b>Total Computers and Communications</b>	<b>3,347</b>	<b>3,356</b>
<b>Furniture and Fittings</b>		
Furniture and Fittings at Cost	3,058	2,837
Less Accumulated Depreciation	(2,306)	(2,123)
<b>Total Furniture and Fittings</b>	<b>752</b>	<b>714</b>
<b>Motor Vehicles</b>		
Motor Vehicles at Cost	4,234	4,217
Less Accumulated Depreciation	(3,378)	(3,047)
<b>Total Motor Vehicles</b>	<b>856</b>	<b>1,170</b>
<b>Cultural Assets</b>		
Cultural Assets at Fair Value^	3,041	2,853
<b>Total Cultural Assets</b>	<b>3,041</b>	<b>2,853</b>

## Note 11: Property, Plant and Equipment (continued)

## (A) GROSS CARRYING AMOUNT AND ACCUMULATED DEPRECIATION (CONTINUED)

	Total 2016 \$'000	Total 2015 \$'000
<b>Leased Assets</b>		
Leasehold improvements at Cost	38,722	38,722
Plant and Equipment at Cost	31,997	21,349
Less Accumulated Amortisation	(52,785)	(48,645)
<b>Total Leased Assets</b>	<b>17,934</b>	<b>11,426</b>
<b>Works in Progress at Cost*</b>	<b>9,328</b>	<b>6,637</b>
<b>Total</b>	<b>158,793</b>	<b>152,082</b>

^ Cultural Assets were revalued at 30 June 2016 by Dwyer Fine Arts.

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

## Note 11: Property, Plant and Equipment (continued)

(B) RECONCILIATIONS OF THE CARRYING AMOUNTS OF EACH CLASS OF ASSET AT THE BEGINNING AND END OF PREVIOUS AND CURRENT FINANCIAL YEAR ARE SET OUT BELOW.

	Leasehold \$'000	Plant & Equipment \$'000	Medical Equipment \$'000	Computers & Comms \$'000	Furniture & Fittings \$'000	Motor Vehicles \$'000	Cultural Assets \$'000	Leased Assets \$'000	Works in Progress \$'000	Total \$'000
<b>Balance at 1 July 2014</b>	<b>99,544</b>	<b>9,887</b>	<b>19,382</b>	<b>3,518</b>	<b>788</b>	<b>1,703</b>	<b>2,729</b>	<b>12,525</b>	<b>2,324</b>	<b>152,400</b>
Additions	4,764	1,327	2,991	561	109	57	52	2,184	6,113	18,158
Transfers	1,363	250	(16)	35	-	(3)	-	-	(1,800)	(171)
Disposals	-	(33)	(235)	-	(3)	(146)	-	-	-	(417)
Revaluation	-	-	-	-	-	-	72	-	-	72
Depreciation	(6,939)	(1,925)	(4,434)	(758)	(180)	(441)	-	(3,283)	-	(17,960)
<b>Balance at 1 July 2015</b>	<b>98,732</b>	<b>9,506</b>	<b>17,688</b>	<b>3,356</b>	<b>714</b>	<b>1,170</b>	<b>2,853</b>	<b>11,426</b>	<b>6,637</b>	<b>152,082</b>
Additions	776	1,121	3,387	824	180	85	88	10,651	9,137	26,249
Transfers	4,390	82	1,900	-	41	-	-	-	(6,446)	(33)
Disposals	-	(10)	(50)	-	-	(7)	-	-	-	(67)
Revaluation	-	-	-	-	-	-	100	-	-	100
Depreciation	(7,400)	(1,915)	(4,672)	(833)	(183)	(392)	-	(4,143)	-	(19,538)
<b>Balance at 30 June 2016</b>	<b>96,498</b>	<b>8,784</b>	<b>18,253</b>	<b>3,347</b>	<b>752</b>	<b>856</b>	<b>3,041</b>	<b>17,934</b>	<b>9,328</b>	<b>158,793</b>



### Note 11: Property, Plant and Equipment (continued)

#### (C) FAIR VALUE MEASUREMENT HIERARCHY FOR ASSETS AS AT 30 JUNE 2016

	Carrying amounts as at 30 June 2016	Fair value measurement at end of reporting period using (i)		
		Level 1	Level 2	Level 3
Cultural Assets at Fair Value	3,041		3,041	
<b>Total</b>	<b>3,041</b>		<b>3,041</b>	

#### FAIR VALUE MEASUREMENT HIERARCHY FOR ASSETS AS AT 30 JUNE 2015

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

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

There have been no transfers between levels during the period.

#### Cultural Assets

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

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

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

## Note 12: Intangible Assets

## (A) GROSS CARRYING AMOUNT AND ACCUMULATED DEPRECIATION

	Total 2016 \$'000	Total 2015 \$'000
Computer Software and Development at cost	20,396	20,277
Less Accumulated Amortisation	(12,267)	(10,422)
	<b>8,129</b>	<b>9,855</b>
<b>Bed Licences at Fair Value *</b>	<b>3,375</b>	<b>3,375</b>
<b>Total Written Down Value</b>	<b>11,504</b>	<b>13,230</b>

\* Bed Licences were revalued using a market approach as at 30 June 2015 by Knight Frank Health Aged Care Victoria.

## (B) FAIR VALUE MEASUREMENT HIERARCHY FOR INTANGIBLE ASSETS AS AT 30 JUNE 2016

	Carrying amounts as at 30 June 2016	Fair value measurement at end of reporting period using (i)		
		Level 1	Level 2	Level 3
Bed Licences at Fair Value	3,375		3,375	
<b>Total</b>	<b>3,375</b>		<b>3,375</b>	

## FAIR VALUE MEASUREMENT HIERARCHY FOR INTANGIBLE ASSETS AS AT 30 JUNE 2015

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

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

## Note 12: Intangible Assets (continued)

## (C) RECONCILIATION OF THE CARRYING AMOUNTS OF INTANGIBLE ASSETS AT THE BEGINNING AND END OF THE PREVIOUS AND CURRENT FINANCIAL YEAR

	Computer Software & Development \$'000	Bed Licences \$'000	Total \$'000
<b>Balance at 1 July 2014</b>	<b>10,507</b>	<b>3,375</b>	<b>13,882</b>
Additions	914	-	914
Transfers	171	-	171
Disposals	-	-	-
Depreciation/Amortisation	(1,737)	-	(1,737)
<b>Balance at 1 July 2015</b>	<b>9,855</b>	<b>3,375</b>	<b>13,230</b>
Additions	84	-	84
Transfers	35	-	35
Disposals	-	-	-
Depreciation/Amortisation	(1,845)	-	(1,845)
<b>Balance as at 30 June 2016</b>	<b>8,129</b>	<b>3,375</b>	<b>11,504</b>

## Note 13: Investment Properties

### A) MOVEMENTS IN CARRYING VALUE FOR INVESTMENT PROPERTIES AS AT 30 JUNE 2016

	Total 2016 \$'000	Total 2015 \$'000
Balance at Beginning of Period	2,260	2,260
<b>Balance at End of Period</b>	<b>2,260</b>	<b>2,260</b>

### B) FAIR VALUE MEASUREMENT HIERARCHY FOR INVESTMENT PROPERTIES AS AT 30 JUNE 2016

	Carrying amounts as at 30 June 2016	Fair value measurement at end of reporting period using (i)		
		Level 1	Level 2	Level 3
Investment properties	2,260		2,260	
<b>Total</b>	<b>2,260</b>		<b>2,260</b>	

### FAIR VALUE MEASUREMENT HIERARCHY FOR INVESTMENT PROPERTIES AS AT 30 JUNE 2015

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

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

There have been no transfers between levels during the period. There were no changes in valuation techniques throughout the period to 30 June 2016.

The Directors have assessed the valuation of the Hospital's property 26-28 Gertrude Street, Fitzroy at 30 June 2016 and based on current market analysis do not believe there has been any material change in value.

The Investment Property is held for the purposes of long term capital gain and earns a nominal rent (\$1 p.a.) received from an unrelated entity to 31 December 2017. At balance date there is no commitment for expenditure relating to this property.



## Note 14: Payables

	Total 2016 \$'000	Total 2015 \$'000
<b>Current – Contractual – Unsecured</b>		
Trade Creditors	35,927	24,275
Accrued Expenses	9,490	13,146
	<b>45,417</b>	<b>37,421</b>
<b>Current – Contractual – Unsecured</b>		
Department of Health and Human Services	2,040	-
	<b>2,040</b>	<b>-</b>
<b>Current – Statutory – Unsecured</b>		
GST Payable	817	1,383
	<b>817</b>	<b>1,383</b>
<b>Total Current Payables</b>	<b>48,274</b>	<b>38,804</b>

## A) NATURE AND EXTENT OF RISK ARISING FROM PAYABLES

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

## Note 15: Interest Bearing Liabilities

	Total 2016 \$'000	Total 2015 \$'000
<b>Current</b>		
▶ AIB Bond Holders	6,083	5,832
▶ Commonwealth Bank of Australia (CBA)	1,189	1,140
▶ Finance Leases (Refer Note 15a)	4,642	3,124
▶ St Vincent's Healthcare Ltd	2,680	3,125
<b>Total Current</b>	<b>14,594</b>	<b>13,221</b>
<b>Non-Current</b>		
▶ AIB Bond Holders	3,718	9,810
▶ Commonwealth Bank of Australia (CBA)	7,052	8,316
▶ Finance Leases (Refer Note 15a)	14,278	9,005
▶ St Vincent's Healthcare Ltd	5,153	6,250
<b>Total Non-Current</b>	<b>30,201</b>	<b>33,381</b>
<b>Total Interest Bearing Liabilities</b>	<b>44,795</b>	<b>46,602</b>

AIB Bond Holders are secured (refer to Note 31 for nature of security and repayment terms thereon).

The CBA loan facility is secured by the mortgage over the borrower's interest in the Victoria Parade car park and its operating agreement.

Finance costs of the Hospital incurred during the year are accounted for as finance costs recognised as expenses were \$6,611,000 (2015: \$6,495,000).

**(a) Maturity analysis of borrowings**

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

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

Refer to note 22(C) for the nature and extent of risks arising from interest bearing liabilities.

**(c) Defaults and breaches**

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

## Note 15(A): Finance Lease Liabilities

	Minimum future lease payments (i)		Present value of minimum future lease payments	
	Total 2016 \$'000	Total 2015 \$'000	Total 2016 \$'000	Total 2015 \$'000
<b>Other Finance Lease Liabilities Payable (ii)</b>				
Not longer than one year	5,662	3,649	4,642	3,124
Longer than one year but not longer than five years	14,646	9,014	13,026	7,807
Longer than five years	1,310	1,248	1,252	1,198
<b>Minimum future lease payments</b>	<b>21,618</b>	<b>13,911</b>	<b>18,920</b>	<b>12,129</b>
Less future finance charges	(2,698)	(1,782)	-	-
<b>Present value of minimum lease payments</b>	<b>18,920</b>	<b>12,129</b>	<b>18,920</b>	<b>12,129</b>
<b>Included in the Financial Statements as:</b>				
Current Borrowings Lease Liabilities	4,642	3,124	4,642	3,124
Non-Current Borrowings Lease Liabilities	14,278	9,005	14,278	9,005
<b>Total</b>	<b>18,920</b>	<b>12,129</b>	<b>18,920</b>	<b>12,129</b>

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

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

The weighted average interest rate implicit in leases is 5.97% (2015 – 6.46%)

## Note 16: Employee Benefits/Provisions

	Total 2016 \$'000	Total 2015 \$'000
<b>Current Provisions</b>		
Employee Benefits*		
Annual Leave		
▶ Unconditional and expected to be utilised within 12 months	22,940	22,491
▶ Unconditional and expected to be utilised after 12 months	3,826	3,612
Long Service Leave		
▶ Unconditional and expected to be utilised within 12 months	6,396	5,900
▶ Unconditional and expected to be utilised after 12 months	54,088	50,723
Accrued Wages and Salaries		
▶ Unconditional and expected to be utilised within 12 months	10,824	12,344
Accrued Days Off		
▶ Unconditional and expected to be utilised within 12 months	937	958
	<b>99,011</b>	<b>96,028</b>
Provisions related to Employee Benefit On-Costs		
▶ Unconditional and expected to be utilised within 12 months	4,340	4,377
▶ Unconditional and expected to be utilised after 12 months	6,245	5,704
	<b>10,585</b>	<b>10,081</b>
<b>Total Current Provisions (Note 16(A))</b>	<b>109,596</b>	<b>106,109</b>
<b>Non-Current Provisions</b>		
Employee Benefits*	16,877	10,679
Provisions related to Employee Benefit On-Costs	1,843	1,122
<b>Total Non-Current Provisions (Note 16(A))</b>	<b>18,720</b>	<b>11,801</b>
<b>Total Provisions</b>	<b>128,316</b>	<b>117,910</b>

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



## Note 16(A): Employee Benefits and Related On-Costs

	Total 2016 \$'000	Total 2015 \$'000
<b>Current Employee Benefits and Related On-Costs</b>		
Unconditional Long Service Leave Entitlements	67,024	62,568
Annual Leave Entitlements	29,575	28,843
Accrued Wages and Salaries	11,963	13,640
Accrued Days Off	1,034	1,058
<b>Total Current</b>	<b>109,596</b>	<b>106,109</b>
<b>Non-Current Employee Benefits and Related On-Costs</b>		
Conditional Long Service Leave Entitlements	18,720	11,801
<b>Total Non-Current</b>	<b>18,720</b>	<b>11,801</b>
<b>Total Employee Benefits and Related On-Costs</b>	<b>128,316</b>	<b>117,910</b>

## Note 16(B): Movement in Provisions

	Total 2016 \$'000	Total 2015 \$'000
<b>Movement in Long Service Leave</b>		
Balance at start of year	74,369	69,520
Provisions made during the year	18,143	11,050
Settlement made during the year	(6,768)	(6,201)
<b>Balance at End of Year</b>	<b>85,744</b>	<b>74,369</b>

## Note 17: Superannuation

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

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

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

	Paid Contribution for the Year		Contributions Outstanding at Year End	
	Total 2016 \$'000	Total 2015 \$'000	Total 2016 \$'000	Total 2015 \$'000
<b>Defined Benefit Plans:</b>				
Health Super	575	621	-	-
Government State Super Funds	268	276	3	11
<b>Defined Contribution Plans:</b>				
Health Super	21,131	20,585	454	642
HESTA	10,647	9,213	221	352
VicSuper	109	118	3	3
Other	1,954	2,620	50	94
<b>Total</b>	<b>34,684</b>	<b>33,433</b>	<b>731</b>	<b>1,102</b>

## Note 18: Other Liabilities

	Total 2016 \$'000	Total 2015 \$'000
<b>Current</b>		
Monies held in Trust		
▶ Security Deposits	250	250
▶ Salary Packaging Employees	3,253	5,708
▶ Patient Monies held in Trust	144	96
▶ Accommodation Bonds	3,317	1,364
<b>Total Monies held in Trust</b>	<b>6,964</b>	<b>7,418</b>
<b>Represented by the following Assets</b>		
Cash and Cash Equivalents (Note 6)	6,964	7,418
	<b>6,964</b>	<b>7,418</b>
Deferred Revenue		
▶ Department of Health and Human Services	1,814	1,468
▶ Dementia Behaviour Management Advisory Services	-	72
▶ Other	537	931
Other Liabilities	507	119
<b>Total Deferred Revenue</b>	<b>2,858</b>	<b>2,590</b>
<b>Total Current</b>	<b>9,822</b>	<b>10,008</b>

## Note 19: Commitments

	Total 2016 \$'000	Total 2015 \$'000
<b>Capital Expenditure Commitments – Payable</b>		
Leasehold Improvements	5,280	6,712
Intangible assets	4,071	6,097
Other	1,522	1,209
<b>Total Capital Commitments</b>	<b>10,873</b>	<b>14,018</b>
Not later than 1 year	9,275	11,823
Later than 1 years but not later than 5 years	1,598	2,195
Later than 5 years	-	-
<b>Total</b>	<b>10,873</b>	<b>14,018</b>
<b>Operating Commitments</b>		
Orders placed for goods and services	1,891	1,246
<b>Total Operating Commitments</b>	<b>1,891</b>	<b>1,246</b>
Not later than one year	1,891	1,246
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
<b>Total</b>	<b>1,891</b>	<b>1,246</b>
<b>Lease Commitments</b>		
Commitments in relation to leases contracted for at the reporting date:		
Operating Leases	904	1,628
Finance Leases	18,920	12,129
<b>Total Lease Commitments</b>	<b>19,824</b>	<b>13,757</b>
<b>Operating Leases – Cancellable</b>		
Not later than 1 year	466	725
Later than 1 year but not later than 5 years	438	903
Later than 5 years	-	-
<b>Total</b>	<b>904</b>	<b>1,628</b>
<b>Finance Leases – Non Cancellable</b>		
Not later than 1 year	4,642	3,124
Later than 1 years but not later than 5 years	13,026	7,807
Later than 5 years	1,252	1,198
<b>Sub Total</b>	<b>18,920</b>	<b>12,129</b>
<b>Total</b>	<b>19,824</b>	<b>13,757</b>
<b>Total Commitments</b>	<b>32,588</b>	<b>29,021</b>

All amounts shown in the Commitments note are nominal amounts inclusive of GST.

## Note 20: Equity

	Total 2016 \$'000	Total 2015 \$'000
<b>A) RESERVES</b>		
<b>Restricted Specific Purpose Reserve</b>		
Balance at the beginning of the reporting period	29,259	23,006
Transfer to and from Restricted Purpose Reserves	473	6,253
Balance at the end of the reporting period	29,732	29,259
<b>Asset Revaluation Reserve</b>		
Balance at the beginning of the reporting period	514	442
Revaluation during the period	100	72
Balance at the end of the reporting period	614	514
<b>AIB Reserve</b>		
Balance at the beginning of the reporting period	5,779	5,647
Transfer to and from AIB Reserve	112	132
Balance at the end of the reporting period	5,891	5,779
<b>General Purpose Reserve</b>		
Balance at the beginning of the reporting period	1,785	5,220
Transfer to and from General Purpose Reserve	(585)	(3,435)
Balance at the end of the reporting period	1,200	1,785
<b>Funds Held in Perpetuity</b>		
Balance at the beginning of the reporting period	250	250
Transfer to and from Funds held in Perpetuity	-	-
Balance at the end of the reporting period	250	250
<b>Total Reserves</b>	<b>37,775</b>	<b>37,587</b>



## Note 20: Equity (continued)

	Total 2016 \$'000	Total 2015 \$'000
<b>B) ACCUMULATED SURPLUSES</b>		
Balance at the beginning of the reporting period	31,046	35,890
Net Result for the Year	(3,882)	(1,873)
Partial deconsolidation of jointly controlled operation	(17)	(21)
Transfer to and from Surpluses	-	(2,950)
Balance at the end of the reporting period	27,147	31,046
<b>C) CONTRIBUTED CAPITAL</b>		
Balance at the beginning of the reporting period	25,850	25,850
Balance at the end of the year	25,850	25,850
<b>D) EQUITY</b>		
Total Equity at the beginning of the reporting period	94,483	96,305
Total changes in Equity Recognised in the Statement of Comprehensive Income	(3,782)	(1,801)
Reduction of Enity Equity Upon Admission of New Member to Joint Venture	(17)	(21)
<b>Total Equity</b>	<b>90,684</b>	<b>94,483</b>

The company is limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute a maximum of \$100 each towards meeting any outstanding obligations of the company. At 30 June 2016 the company had 1 member (2015: 1 member).

**Capital Management**

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

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

## Note 21: Reconciliation of Net Result for the Year to Net Cash Inflow from Operating Activities

	Total 2016 \$'000	Total 2015 \$'000
<b>Net Result for the Year</b>	<b>(3,882)</b>	<b>(1,873)</b>
Depreciation and Amortisation	21,383	19,697
Provision for Doubtful Debts	98	199
Assets Received Free of Charge	(88)	(52)
Non Cash Investment distributions	(2,312)	(2,563)
Net (Gain)/Loss on Disposal of Non-Current Assets	(63)	292
<b>Change in Operating Assets and Liabilities</b>		
(Increase)/Decrease in Inventories	(1,563)	(219)
Increase/(Decrease) in Creditors	12,399	4,116
Increase/(Decrease) in Employee Entitlements	10,406	8,052
Increase/(Decrease) in Accrued Expenses	(2,906)	(109)
Increase/(Decrease) in Prepaid Revenue	270	(1,146)
(Increase)/Decrease in Patient Fees Receivable	(3,107)	650
(Increase)/Decrease in Receivables	(10,044)	1,147
(Increase)/Decrease in Prepaid Expenses	(82)	465
<b>Net Cash Inflow from Operating Activities</b>	<b>20,509</b>	<b>28,656</b>

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

## Note 22: Financial Instruments

### A) RISK MANAGEMENT POLICIES

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

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

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

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

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

#### Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed below.

#### Categorisation of Financial Instruments

	Carrying Amounts 2016 \$'000	Carrying Amounts 2015 \$'000
<b>Financial Assets</b>		
Cash and cash equivalents	9,071	13,355
Held to Maturity Investments	681	657
Designated at Fair Value through Profit or Loss	66,285	64,616
Loans and Receivables	64,678	54,631
<b>Total Financial Assets</b>	<b>140,715</b>	<b>133,259</b>
<b>Financial Liabilities</b>		
At Amortised Cost	92,252	84,023
<b>Total Financial Liabilities</b>	<b>92,252</b>	<b>84,023</b>

Note that financial assets and liabilities exclude statutory receivables and payables.

## Note 22: Financial Instruments (continued)

	Net holding gain/(loss) 2016 \$'000	Net holding gain/(loss) 2015 \$'000
<b>Financial Assets</b>		
Cash and cash equivalents (i)	561	607
Designated at Fair Value through Profit or Loss (iii)	1,730	3,259
Held to Maturity Investments	24	23
Loans and Receivables	4,376	4,342
<b>Total Financial Assets</b>	<b>6,691</b>	<b>8,231</b>
<b>Financial Liabilities</b>		
At Amortised Cost (ii)	(6,611)	(6,495)
<b>Total Financial Liabilities</b>	<b>(6,611)</b>	<b>(6,495)</b>

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

**B) CREDIT RISK EXPOSURES**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Hospital. The Hospital generally deals with creditworthy counter parties as a means of mitigating the risk of financial loss from defaults. Investments are made in accordance with the Investment Strategy for the Hospital which has been developed within the framework of the St Vincent's Health Australia Group Investment Policy which provides policy on how the assets of the Hospital should be managed and invested at a local level.

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

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

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

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

## Note 22: Financial Instruments (continued)

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

	Carrying Amounts \$'000	Not Past Due and Not Impaired \$'000	Less than 1 Month \$'000	1-3 Months \$'000	3 Months – 1 Year \$'000	1 – 5 Years \$'000	Impaired Financial Assets \$'000
<b>2016</b>							
<b>Financial Assets</b>							
Cash and Cash equivalents	9,071	9,071	-	-	-	-	-
Held to Maturity Investments	681	681	-	-	-	-	-
Designated at Fair Value Through P&L	66,285	66,285	-	-	-	-	-
Department of Health and Human Services	24,989	24,989	-	-	-	-	-
Patient Fees	5,962	2,991	806	236	1,929	-	(313)
Doctors' Fee Revenue	6,702	4,115	752	335	1,500	-	(514)
St Vincent's Healthcare Ltd	10,425	10,425	-	-	-	-	-
Other Receivables	16,600	13,943	1,377	480	800	-	(438)
<b>Total</b>	<b>140,715</b>	<b>132,500</b>	<b>2,935</b>	<b>1,051</b>	<b>4,229</b>	<b>-</b>	<b>(1,265)</b>
<b>2015</b>							
<b>Financial Assets</b>							
Cash and Cash equivalents	13,355	13,355	-	-	-	-	-
Held to Maturity Investments	657	657	-	-	-	-	-
Designated at Fair Value through Profit or Loss	64,616	64,616	-	-	-	-	-
Department of Health and Human Services	18,570	18,570	-	-	-	-	-
Patient Fees	2,855	892	265	152	1,546	-	(477)
Doctors' Fee Revenue	5,365	3,313	609	246	1,197	-	(388)
St Vincent's Healthcare Australia Ltd	16,146	16,146	-	-	-	-	-
Other Receivables	11,695	10,086	572	502	535	-	(302)
<b>Total</b>	<b>133,259</b>	<b>127,635</b>	<b>1,446</b>	<b>900</b>	<b>3,278</b>	<b>-</b>	<b>(1,167)</b>



## Note 22: Financial Instruments (continued)

### (C) LIQUIDITY RISK

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

#### Maturity of Financial Instruments

	1 year or less \$'000	Over 1 to 2 years \$'000	Over 2 to 5 years \$'000	Over 5 years \$'000	Total \$'000 contractual cash flows	Carrying Amounts \$'000
<b>2016</b>						
<b>Financial Liabilities</b>						
Trade and other Payables (current)	47,457	-	-	-	47,457	47,457
Bank loans (current and non-current)	1,294	6,947	-	-	8,241	8,241
Other loans (current and non-current)	13,405	11,005	10,892	1,252	36,554	36,554
<b>Total</b>	<b>62,156</b>	<b>17,952</b>	<b>10,892</b>	<b>1,252</b>	<b>92,252</b>	<b>92,252</b>
<b>2015</b>						
<b>Financial Liabilities</b>						
Trade and other Payables (current)	37,421	-	-	-	37,421	37,421
Bank loans (current and non-current)	1,215	1,294	6,947	-	9,456	9,456
Other loans (current and non-current)	11,317	11,391	13,240	1,198	37,146	37,146
<b>Total</b>	<b>49,953</b>	<b>12,685</b>	<b>20,187</b>	<b>1,198</b>	<b>84,023</b>	<b>84,023</b>

Ageing analysis excludes statutory financial instruments

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

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

## Note 22: Financial Instruments (continued)

### (D) MARKET RISK

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

#### Interest Rate Risk Exposure

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

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

- ▶ CBA loan facility of \$15,000,000 (residual as at year end: \$8,241,000) \$10.5m fixed interest at 7.05% and \$4.5m variable facility capped at 7.05%.
- ▶ AIB facility for development of hospital building (IPS) effectively relates to Inflation Indexed Bonds where the loan repayments are entirely underwritten by a Government Grant and accordingly no interest rate risk is borne by the Hospital.
- ▶ Finance leases on fixed terms totalling \$18,920,000 at year end are currently being amortised.
- ▶ A facility with St Vincent's Healthcare Ltd of \$7,833,000 at a variable rate of 4.85% with interest only over the first three years and with principal to be paid off over the following four years.

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

## Note 22: Financial Instruments (continued)

## INTEREST RATE EXPOSURE OF FINANCIAL ASSETS AND LIABILITIES AS AT 30 JUNE

	Weighted Average Interest Rate	Floating Interest Rate \$'000	Fixed Interest Rate \$'000	Non Interest Bearing \$'000	Carrying Amounts \$'000
<b>2016</b>					
<b>Financial Assets</b>					
Cash	2.40%	9,034	-	37	9,071
Trade and Inter Hospital Receivables	0.00%	-	-	7,335	7,335
Other Receivables	2.94%	10,425	-	46,919	57,343
Other financial assets	3.92%	41,113	18,420	7,433	66,966
<b>Total</b>		<b>60,572</b>	<b>18,420</b>	<b>61,723</b>	<b>140,715</b>
<b>Financial Liabilities</b>					
Trade and other Payables	0.00%	-	-	47,457	47,457
St Vincent's Healthcare Ltd	4.85%	7,833	-	-	7,833
AIB Bond Holders	6.34%	9,802	-	-	9,802
CBA Loan Facility – car park	5.81%	-	8,241	-	8,241
Finance Leases	5.97%	-	18,920	-	18,920
<b>Total</b>		<b>17,635</b>	<b>27,161</b>	<b>47,456</b>	<b>92,252</b>
<b>2015</b>					
<b>Financial Assets</b>					
Cash	2.00%	13,315	-	40	13,355
Trade and Inter Hospital Receivables	0.00%	-	-	4,834	4,834
Other Receivables	2.94%	16,146	-	33,651	49,797
Other financial assets	3.75%	49,184	12,108	3,981	65,273
<b>Total</b>		<b>78,645</b>	<b>12,108</b>	<b>42,506</b>	<b>133,259</b>
<b>Financial Liabilities</b>					
Trade and other Payables	0.00%	-	-	37,421	37,421
St Vincent's Healthcare Ltd	4.85%	9,375	-	-	9,375
AIB Bond Holders	6.34%	15,642	-	-	15,642
CBA Loan Facility – car park	5.81%	-	9,456	-	9,456
Finance Leases	6.46%	-	12,129	-	12,129
<b>Total</b>		<b>25,017</b>	<b>21,585</b>	<b>37,421</b>	<b>84,023</b>

## Note 22: Financial Instruments (continued)

### Sensitivity Disclosure Analysis

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

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

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

	Carrying Amount \$'000	Interest Rate Risk			
		-1%		1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
2016					
Financial Assets					
Cash and cash equivalents	9,071	(90)	(90)	90	90
Trade and Other Receivables (current)	36,851	(61)	(61)	61	61
Receivables (non-current)	27,827	(43)	(43)	43	43
Other financial assets	66,966	(411)	(411)	411	411
Financial Liabilities					
Trade and other Payables (current)	47,457	-	-	-	-
Payables (non-current)	-	-	-	-	-
Bank loans (current and non-current)	8,241	-	-	-	-
Other loans (current and non-current)	36,554	176	176	(176)	(176)
Total increase/(decrease)		(429)	(429)	429	429
2015					
Financial Assets					
Cash and cash equivalents	13,355	(133)	(133)	133	133
Trade and Other Receivables (current)	29,043	(58)	(58)	58	58
Receivables (non-current)	25,538	(103)	(103)	103	103
Other financial assets	65,273	(492)	(492)	492	492
Financial Liabilities					
Trade and other Payable (current)	37,421	-	-	-	-
Payables (non-current)	-	-	-	-	-
Bank loans (current and non-current)	9,456	-	-	-	-
Other loans (current and non-current)	37,146	253	253	(253)	(253)
Total increase/(decrease)		(536)	(536)	536	536

## Note 22: Financial Instruments (continued)

### (E) FAIR VALUE

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

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

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

#### Comparison between Carrying Amount and Fair Value

	2016 Carrying Amount \$'000	2016 Fair Value \$'000	2015 Carrying Amount \$'000	2015 Fair Value \$'000
<b>Financial Assets</b>				
Cash	9,071	9,071	13,355	13,355
Trade Debtors	7,335	7,335	4,834	4,834
Other Receivables	57,343	57,343	49,797	49,797
Other Financial Assets	66,965	66,966	65,273	65,273
<b>Total</b>	<b>140,715</b>	<b>140,715</b>	<b>133,259</b>	<b>133,259</b>
<b>Financial Liabilities</b>				
Trade Creditors and Accruals	47,457	47,457	37,421	37,421
SVHC	7,832	7,832	9,375	9,375
AIB Bond Holders	9,802	9,802	15,642	15,642
CBA Loan Facility – car park	8,241	8,241	9,456	9,456
Finance Leases	18,920	18,920	12,129	12,129
<b>Total</b>	<b>92,252</b>	<b>92,252</b>	<b>84,023</b>	<b>84,023</b>



## Note 22: Financial Instruments (continued)

### Financial Assets Measured at Fair Value

	Carrying Amount \$'000	Fair Value Measurement at End of Reporting		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
2016				
Financial Assets at Fair Value through Profit & Loss				
Other financial assets	66,285	66,285	-	-
Total Financial Assets	66,285	66,285	-	-
2015				
Financial Assets at Fair Value through Profit & Loss				
Other financial assets	64,616	64,616	-	-
Total Financial Assets	64,616	64,616	-	-

### (F) CREDIT RISK EXPOSURES

As at 30 June 2016 the Hospital has determined that it has no impaired financial assets. It should be noted that at year-end Patient Debtors, Trade Debtors and Doctors Fee Revenue totalled \$20,437,000 with \$4,229,000 of this amount in excess of 90 days (past due). In view of this the Hospital has taken up a provision for doubtful debts for an amount of \$1,265,000.

### (G) SIGNIFICANT TERMS AND CONDITIONS

On 9 December 1992, the Hospital raised an amount of \$80 million (face value) by an issue of Annuity Indexed Bonds which are supported by way of a guarantee approved by the Department and the Treasurer of the State of Victoria pursuant to Section 30 of the Health Services Act 1988. The repayments to bondholders under this arrangement are cash-flowed by Department on a quarterly basis up to November 2017 as part of the 25 year Health Services Agreement (Note 31).

## Note 23: Non Cash Financing & Investing Activities

	Total 2016 \$'000	Total 2015 \$'000
Acquisition of Plant and Equipment by means of Finance Leases (Note 11(B))	10,651	2,184
<b>Total</b>	<b>10,651</b>	<b>2,184</b>

## Note 24: Contingent Assets and Contingent Liabilities

The Hospital has no contingent assets but is disclosing the following contingent liabilities as at 30 June 2016.

### Area Mental Health Services

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

## Note 25: Segment Reporting

The Hospital operates predominantly in the health sector within Melbourne, Victoria. More than 90% of revenue, net surplus from ordinary activities and segment assets relate to operations in Melbourne, Victoria.

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

	RACS		Inpatient		Other		Consolidated	
	June 2016 \$'000	June 2015 \$'000	June 2016 \$'000	June 2015 \$'000	June 2016 \$'000	June 2015 \$'000	June 2016 \$'000	June 2015 \$'000
<b>Revenue</b>								
Segment Revenue	10,918	10,515	392,475	340,401	282,827	288,076	686,220	638,114
<b>Total Revenue</b>	<b>10,918</b>	<b>10,515</b>	<b>392,475</b>	<b>340,401</b>	<b>282,827</b>	<b>288,076</b>	<b>686,220</b>	<b>638,114</b>
<b>Expenses</b>	<b>(16,238)</b>	<b>(16,409)</b>	<b>(487,690)</b>	<b>(435,372)</b>	<b>(181,874)</b>	<b>(185,002)</b>	<b>(685,802)</b>	<b>(636,783)</b>
<b>Segment Result</b>	<b>(5,320)</b>	<b>(5,894)</b>	<b>(95,215)</b>	<b>(94,971)</b>	<b>100,953</b>	<b>103,074</b>	<b>419</b>	<b>1,331</b>
Unallocated Expenses	-	-	-	-	-	-	-	-
<b>Net Result from ordinary activities</b>	<b>(5,320)</b>	<b>(5,894)</b>	<b>(95,215)</b>	<b>(94,971)</b>	<b>100,953</b>	<b>103,074</b>	<b>419</b>	<b>1,331</b>
Leasehold Expense	-	-	-	-	(66)	(107)	(66)	(107)
Interest Expense	-	-	-	-	(6,611)	(6,495)	(6,611)	(6,495)
Interest Income	-	-	-	-	2,376	3,398	2,376	3,398
<b>Net Result for the Year</b>	<b>(5,320)</b>	<b>(5,894)</b>	<b>(95,215)</b>	<b>(94,971)</b>	<b>96,652</b>	<b>99,870</b>	<b>(3,882)</b>	<b>(1,873)</b>
Segment Assets	21,003	20,944	145,024	128,361	165,666	174,144	331,693	323,449
Unallocated Assets	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>21,003</b>	<b>20,944</b>	<b>145,024</b>	<b>128,361</b>	<b>165,666</b>	<b>174,144</b>	<b>331,693</b>	<b>323,449</b>
Segment Liabilities	4,575	4,538	133,082	117,855	103,352	106,573	241,009	228,966
Unallocated Liabilities	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>4,575</b>	<b>4,538</b>	<b>133,082</b>	<b>117,855</b>	<b>103,352</b>	<b>106,573</b>	<b>241,009</b>	<b>228,966</b>
Acquisition of property, plant and equipment and intangible assets	1,175	1,662	11,477	7,196	13,110	9,787	26,249	18,158
Depreciation and Amortisation Expense	1,350	1,272	9,323	7,794	10,709	10,631	21,383	19,697
Non Cash expenses – Bed Licences write-down	-	-	-	-	-	-	-	-
Impairment of Inventories	-	-	-	-	-	-	-	-

Where possible the allocation has been based on actual balances however in some instances pro-rata allocations have been used based on relevant factors. The major products/services from which the above segment derives revenue are:

### Residential Aged Care Services (RACS)

Nursing Homes – Two Residential Aged Care mental health facilities and one Residential Aged Care facility run at the St George's Health Service.

### Inpatient

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

## Note 26: Jointly controlled assets and operations

Name of Entity	Principal Activity	Ownership Interest	
		2016	2015
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%	11.1%

The Hospital's interest in assets employed in the above jointly controlled operations and assets is detailed below. The amounts are included in the Hospital's financial statements for the year ended 30 June 2016 under respective asset categories as detailed in Note 1(J).

	Total 2016 \$'000	Total 2015 \$'000
<b>Current Assets</b>		
Cash and Cash Equivalents	257	242
Receivables	4	5
Prepayments	3	3
<b>Total Current Assets</b>	<b>264</b>	<b>250</b>
<b>Non-Current Assets</b>		
Property, Plant and Equipment	4	4
<b>Total Non-Current Assets</b>	<b>4</b>	<b>4</b>
<b>Total Assets</b>	<b>268</b>	<b>254</b>
	10	26
<b>Current Liabilities</b>		
Accrued Expenses		
Payables	5	26
Prepaid Revenue	35	-
Provisions – LSL and Annual Leave	42	37
<b>Total Current Liabilities</b>	<b>92</b>	<b>89</b>
	5	5
<b>Non-Current Liabilities</b>		
Provisions – LSL		
<b>Total Non-Current Liabilities</b>	<b>5</b>	<b>5</b>
<b>Total Liabilities</b>	<b>97</b>	<b>94</b>
<b>Net Assets</b>	<b>171</b>	<b>160</b>

## Note 26: Jointly controlled assets and operations (continued)

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

	Total 2016 \$'000	Total 2015 \$'000
<b>Revenue</b>		
Grants and Other Revenue	166	156
Interest	5	6
<b>Total Revenue</b>	<b>171</b>	<b>162</b>
<b>Expenses</b>		
Employee Benefits	153	151
Other Expenses from Continuing Operations	(8)	(25)
Depreciation and Amortisation	1	1
<b>Total Expenses</b>	<b>146</b>	<b>127</b>
<b>Net Result</b>	<b>25</b>	<b>35</b>

## Note 27: Responsible Person and Related Party Disclosures

### A) RESPONSIBLE PERSONS

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

Responsible Minister	
The Hon Jill Hennessy, Minister for Health, Minister for Ambulance Services	01/07/15 – 30/06/16
The Hon Martin Foley, Minister for Housing, Disability and Ageing, Minister for Mental Health	01/07/15 – 30/06/16
Governing Board	
The Directors of the Hospital during the year were:	
Mr P Robertson AM (Chair)	01/07/15 – 30/06/16
Ms P Faulkner AO (Deputy Chair)	01/07/15 – 30/06/16
Ms M Babbage	01/07/15 – 31/12/15
Prof M Confoy RSC	01/07/15 – 30/06/16
Prof S Crowe AM	01/07/15 – 30/06/16
Mr B Earle	01/07/15 – 30/06/16
Mr G Humphrys	01/07/15 – 30/06/16
Mr P McClintock AO	01/07/15 – 30/06/16
Prof P Smith	01/07/15 – 30/06/16
Sr M Wright IBVM	01/07/15 – 30/06/16
Accountable Officer	
Mr B Fielding	01/07/2015 – 13/09/2015
Ms A Nolan	14/09/2015 – 14/02/2016
Ms S O'Neill	15/02/2016 – 30/06/2016



## Note 27: Responsible Person and Related Party Disclosures (continued)

### 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 Hospital and those directors who received remuneration for their management or professional duties, are shown in the relevant income bands below.

	Total Remuneration		Base Remuneration	
	2016 No.	2015 No.	2016 No.	2015 No.
\$30,000 – \$39,999	1	-	1	-
\$60,000 – \$69,999	3	8	3	8
\$70,000 – \$79,999	4	1	4	1
\$80,000 – \$89,999	1	-	1	-
\$110,000 – \$119,999	1	-	1	-
\$120,000 – \$129,999	1	1	1	1
\$140,000 – \$149,999	1	-	1	-
\$150,000 – \$159,999	1	-	1	-
\$340,000 – \$349,999	-	-	-	1
\$380,000 – \$389,999	-	1	-	-
<b>Total</b>	<b>13</b>	<b>11</b>	<b>13</b>	<b>11</b>
<b>Total Remuneration \$'000</b>	<b>\$1,120</b>	<b>\$1,129</b>	<b>\$1,093</b>	<b>\$1,090</b>

### C) REMUNERATION OF RESPONSIBLE PERSONS

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

### D) RETIREMENT BENEFITS OF RESPONSIBLE PERSONS

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

### E) OTHER TRANSACTIONS OF RESPONSIBLE PERSONS AND THEIR RELATED PARTIES

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

### F) TRANSACTIONS WITH ENTITIES IN THE WHOLLY-OWNED GROUP

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

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

## Note 27: Responsible Person and Related Party Disclosures (continued)

## TRANSACTIONS WITH ENTITIES IN THE WHOLLY-OWNED GROUP

	Total 2016 \$'000	Total 2015 \$'000
<b>Aggregate amounts included in the determination of operating profit that resulted from transactions with entities in the wholly-owned group:</b>		
Health Service carpark, group levy and costs charged by St Vincent's Health Australia Ltd and St Vincent's Healthcare Limited	1,682	2,603
Campus Lease charge by St Vincent's Healthcare Ltd	10,287	10,112
Interest revenue received from St Vincent's Healthcare Ltd	4,456	4,541
Facility Lease charge by St Vincent's Healthcare Ltd	66	106
<b>Aggregate amounts receivable from, and payable to, entities in the wholly owned group at Statement of Financial Position date:</b>		
Current receivables due from St Vincent's Healthcare Ltd and St Vincent's Health Australia Ltd	6,095	5,844
Non Current receivables due from St Vincent's Healthcare Ltd and St Vincent's Health Australia Ltd	4,330	10,301
Current payables owing to St Vincent's Healthcare Ltd and St Vincent's Health Australia Ltd	2,680	3,125
Non-current payable owing to St Vincent's Healthcare Ltd and St Vincent's Health Australia Ltd	5,153	6,250
<b>Aggregate amounts included in the determination of operating profit that resulted from transactions with each class of other related parties:</b>		
Recoveries for the provision of management and administrative services to St Vincent's Private Hospitals Ltd	3,770	3,371
Costs charged for the provision of other health services by St Vincent's Private Hospitals Ltd	506	622
<b>Aggregate amounts receivable from, and payable to, with each class of other related parties, at Statement of Financial Position date:</b>		
Current receivables from St Vincent's Private Hospitals Ltd	365	88
Current Payables to St Vincent's Private Hospitals Ltd	-	161

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. Accordingly, no profit or loss has been recorded on this transaction and an interest free loan has been established between St Vincent's Hospital (Melbourne) Limited and St Vincent's Healthcare Ltd. Due to the introduction of A-IFRS this transaction had a significant impact on reported assets and the on-going operational result.

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

## Note 27: Responsible Person and Related Party Disclosures (continued)

### G) EXECUTIVE OFFICER REMUNERATION

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

A number of executive officers resigned in the past year. This has had a significant impact of total remuneration figures due to the including of annual leave and long service leave payments.

	Total Remuneration		Base Remuneration	
	2016 No.	2015 No.	2016 No.	2015 No.
\$150,000 – \$159,999	1	-	1	-
\$160,000 – \$169,999	1	-	1	-
\$180,000 – \$189,999	1	2	1	2
\$190,000 – \$199,999	1	1	1	1
\$200,000 – \$209,999	1	-	1	-
\$230,000 – \$239,999	1	1	1	1
\$240,000 – \$249,999	1	1	1	1
\$250,000 – \$259,999	-	1	-	1
\$270,000 – \$279,999	-	1	-	1
\$300,000 – \$309,999	-	-	-	1
\$310,000 – \$319,999	-	-	1	-
\$330,000 – \$339,999	-	1	-	-
\$340,000 – \$349,999	1	-	-	-
\$380,000 – \$389,999	1	-	1	-
<b>Total number of Executives</b>	<b>9</b>	<b>8</b>	<b>9</b>	<b>8</b>
<b>Total annualised employee equivalent (AEE)*</b>	<b>9</b>	<b>8</b>	<b>9</b>	<b>8</b>
<b>Total \$'000</b>	<b>2,114</b>	<b>1,906</b>	<b>2,114</b>	<b>1,876</b>

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

## Note 28: Remuneration of Auditors

	Total 2016 \$'000	Total 2015 \$'000
<b>Victorian Auditor-General's Office</b>		
Audit fees paid or payable for audit of the St Vincent's Hospital (Melbourne) Limited's financial statements	96	90
<b>Other Service Providers</b>		
St Vincent's Health Australia Ltd – Internal Audit	152	148
HLB Mann Judd	2	-
UHY Haines Norton	-	2
<b>Total Remuneration</b>	<b>250</b>	<b>240</b>

## Note 29: Ex gratia expenses

	Total 2016 \$'000	Total 2015 \$'000
Payments made to terminated employees	1,085	808
<b>Ex gratia expenses</b>	<b>1,085</b>	<b>808</b>

## Note 30: Events Occurring After Reporting Date

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

## Note 31: Redevelopment of the Hospital (1996)

### HOSPITAL DEVELOPMENT AGREEMENT

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

### BORROWINGS

The Hospital issued Inflation Indexed Annuities of \$80.0 million (face value) on 9 December 1992. Payments are by quarterly instalments over a 25 year period with the first instalment made on 20 February 1993. The annuity has a quarterly base payment of \$1,414,400 which is adjusted quarterly by the movement in the Consumer Price Index. The total payment made to the annuity holders represents a progressive repayment of their loans plus interest. Repayments are secured by a guarantee given by the Treasurer of the State of Victoria under Section 30 of the Health Services Act and are funded by the twenty five year Health Services Agreement. At 30 June 2016, the amount outstanding under this agreement is \$9,802,000 (2015: \$15,642,000) which has a corresponding receivable asset of \$9,802,000 (2015: \$15,642,000).

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

On 24th December 2001 the financial obligations to NBA Leasing Proprietary Limited were extinguished by the payment of the Compensation Amount of \$153,669,755. This amount was funded by the Trustees of the Sisters of Charity of Australia repaying their loan of \$80,082,041, drawing down funds from the AIB Reserve Account of \$7,926,816, sale of the Zero Coupon Bond of \$19,530,840, and a loan from Treasury Corporation of Victoria of \$46,130,058. There is no specific funding stream under the Health Service Agreement to repay this loan to Treasury Corporation of Victoria. Repayments have been sourced from commercial returns and productivity savings achieved on an annual basis. The Treasury Corporation of Victoria loan was fully repaid in December 2011.

### CAMPUS LEASE

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

The Trustees of the Sisters of Charity transferred land and building assets, including leasehold improvements, to the company now known as St Vincent's Healthcare Ltd on 1 January 2003.

### 25 YEAR HEALTH SERVICES AGREEMENT

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

On 30 June 2016, a new 20 year Health Services Agreement (HSA) was executed between the Department of Health and Human Services and St Vincent's Hospital Melbourne.



## Note 31: Redevelopment of the Hospital (1996)

### ESCROW ACCOUNT/AIB RESERVE

The net amount transferred into the Escrow account for the year ended 30 June 2015 was \$112,000 (2015: inflow of \$132,000), including compounding interest that was reinvested in the facility. The AIB Reserve/Escrow account is represented by investments. The balances of investments held are disclosed in Note 8 as 'Guaranteed Bill Index Deposits in Escrow'. On 24 December 2001 an amount of \$7,926,000 representing the net present value of future AIB Reserve claims was transferred from the AIB Reserve Account to partially fund the Compensation Amount paid to NBA Leasing Proprietary Limited. As a consequence of the extinguishment of the obligations under the agreements to NBA Leasing Proprietary Limited (refer above), the excess of the Business and Occupancy Allowance over the payments to Bondholders which was previously transferred to the AIB Reserve Account is now transferred to the Department. The balance of the AIB Reserve Account as at 30 June 2016 is held in Escrow pending release to the Hospital for repayment of debt or future capital projects.

### CHARGES OVER ASSETS

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

## Note 32: Correction of a prior period error

During the 2015-16 financial year the Hospital identified an error dating back to 2001 where cash balances and accumulated surpluses were over stated. This error has been corrected retrospectively by reducing cash balances as at 1 July 2015 and 30 June 2015 by \$421,325 and reducing accumulated surplus by \$421,325.

## Note 33: Glossary of terms and style convention

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

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

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

### Amortisation

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

### Comprehensive result

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

### Commitments

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

### Depreciation

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

### Employee benefits expenses

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

### Note 33: Glossary of terms and style convention (continued)

#### Ex gratia expenses

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

#### Financial asset

A financial asset is any asset that is:

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

#### Financial instrument

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

#### Financial liability

A financial liability is any liability that is:

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

## Note33: Glossary of terms and style convention (continued)

### Financial statements

A complete set of financial statements comprises:

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

### Grants and other transfers

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

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

### Interest expense

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

### Interest income

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

### Joint ventures

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

Net acquisition of non-financial assets (from transactions)

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

### Net result

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

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

### Note33: Glossary of terms and style convention (continued)

#### **Net worth**

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

#### **Non-financial assets**

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

#### **Payables**

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

#### **Receivables**

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

#### **Sales of goods and services**

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

#### **Supplies and services**

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

#### **Transactions**

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

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

#### **Style conventions**

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

The notation used in the tables is as follows:

- zero, or rounded to zero

(xxx.x) negative numbers

200x year period

200x-0x year period

*St Vincent's acknowledges*  
**THE TRADITIONAL OWNERS OF THIS LAND,  
THE WURUNDJERI PEOPLE AND ALL THE  
MEMBERS OF THE KULIN NATIONS.**

We pay our respects to their Elders, past and present. St Vincent's is Victoria's largest metropolitan provider of Aboriginal and Torres Strait Islander healthcare. We continue to develop our relationship with the Koori community and are proud to be acknowledged as a centre of excellence in healthcare for Indigenous Australians.



**ST VINCENT'S  
HOSPITAL**  
MELBOURNE