ST VINCENT'S
HOSPITAL
MELBOURNE

St Vincent's Cares.

ALWAYS HAS.
ALWAYS WILL.

ANNUAL REPORT 2018-2019

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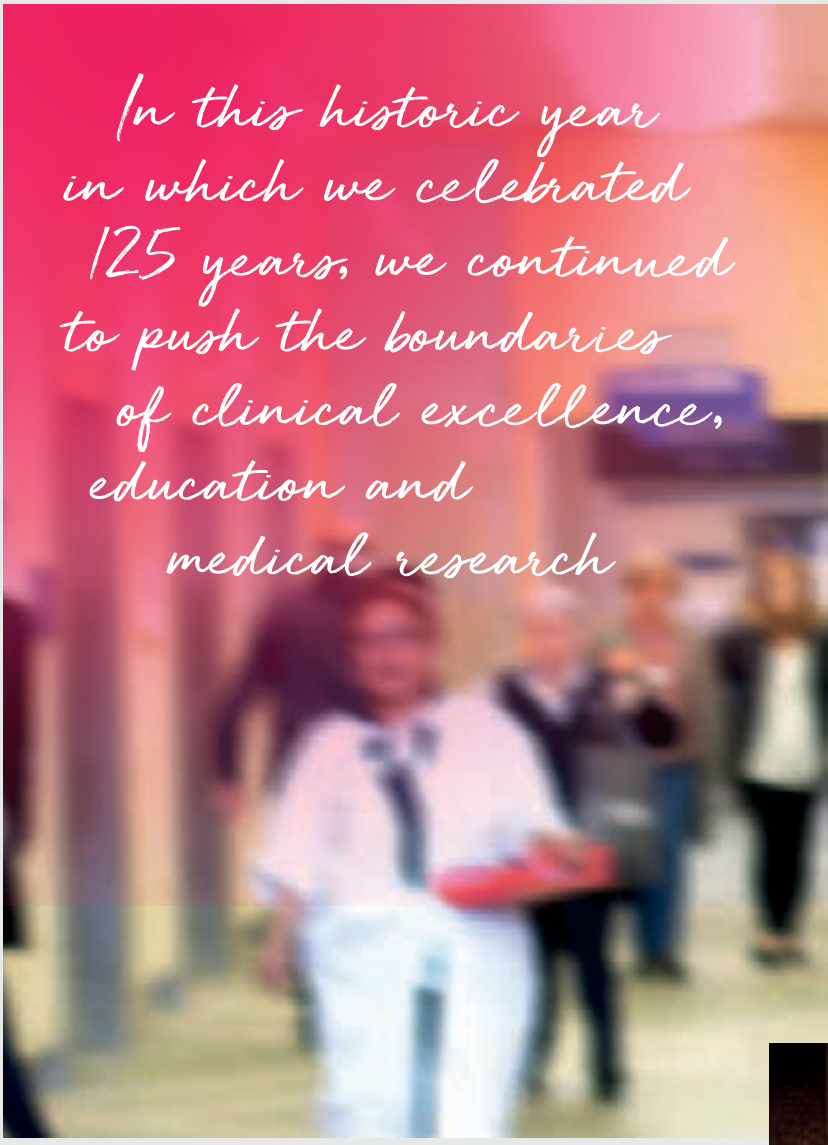

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REPORT OF OPERATIONS 2019

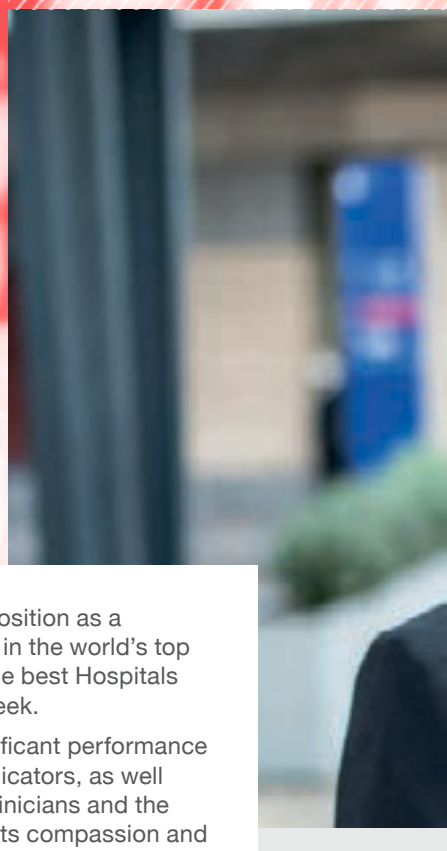
RESPONSIBLE BODIES DECLARATION

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 2019.

Mr Brendan Earle
Board Member
Dated 29 August 2019
Melbourne

Angela Nolan
Chief Executive Officer
Dated 29 August 2019
Melbourne

MESSAGE FROM THE CEO



It is my great pleasure to present the 2018-19 Annual Report for St Vincent's Hospital Melbourne.

In this historic year in which we celebrated 125 years, we continued to push the boundaries of clinical excellence, education and medical research.

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

Three years ago, we embarked on a vision of organisation-wide continuous improvement (CI), a journey now delivering great improvement in patient care and performance outcomes.

Over the past 12 months, we have focused on embedding CI into all areas of our health service. As an organisation, we have implemented a sustainable improvement methodology, built staff capability and delivered measurable improvements in patient care.

We have improved our performance across many measures of patient care, enabling us to treat more patients than ever before. In 2018-19, we met our emergency patient access and elective surgery waiting list improvement targets, proving we can do things smarter and make a difference to our staff and patients. We continued our track record of positive budget results in 2018-19, exceeding our budget target to deliver a $5.37m operating surplus.

Funding commitments confirmed by both the State and Federal Governments earlier this year will allow the Aikenhead Centre for Medical Discovery (ACMD) project to commence, and help cement Victoria's reputation as a nation-leader in the field of medical research.

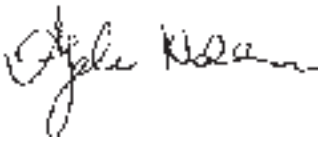
The ACMD building, planned for the corner of Victoria Parade and Nicholson Street, will be Australia's first Hospital-based biomedical engineering facility, where engineers, scientists and developers as well as commercial bio-medical firms will be co-located in a working Hospital.

In 2019 we further cemented our position as a world-class health service, ranked in the world's top 100 Hospitals and fourth among the best Hospitals in Australia by news outlet Newsweek.

This achievement reflects our significant performance improvement across a range of indicators, as well as the esteem in which patients, clinicians and the community hold the organisation, its compassion and caring culture.

St Vincent's has prospered for 125 years, because of our courage to adapt and change. Our passionate and dedicated staff strive to deliver exceptional patient care, informed by our values of compassion, justice, integrity and excellence.

Our continuous improvement program reinforces this great work, and empowers us to continue being a leader in compassionate, patient-centred care for the next 125 years.



Angela Nolan
Chief Executive Officer
St Vincent's Hospital Melbourne

St Vincent's has prospered for 125 years, because of our courage to adapt and change

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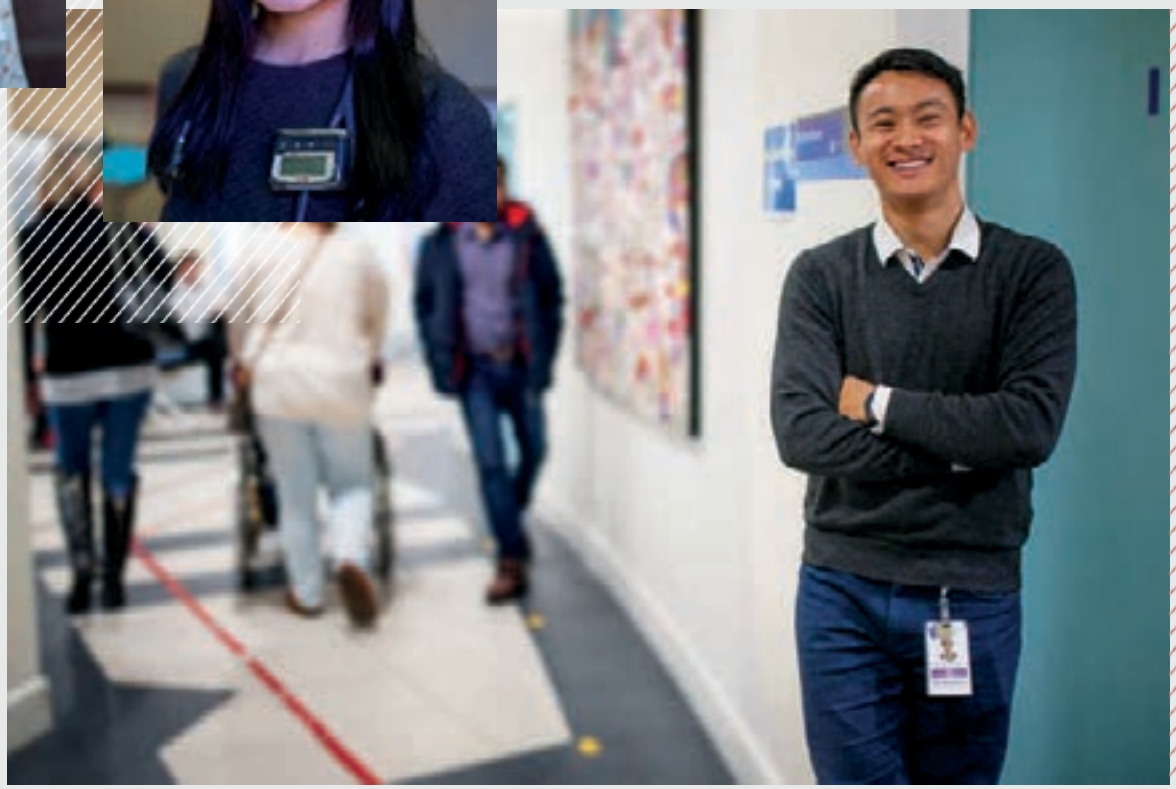
AVAILABLE BEDS ACROSS ALL
OF ST VINCENT'S SERVICES

16

ST VINCENT'S OPERATES FROM 16 SITES
ACROSS GREATER MELBOURNE

We have improved our performance across many measures of patient care, enabling us to treat more patients than ever before



ABOUT ST VINCENT'S

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

Founded by the Sisters of Charity 125 years ago, at a time when Fitzroy was one of poorest parts of Melbourne, St Vincent's has been built on a foundation of caring for those in need. The Sisters were innovative and determined in their commitment to offering first-class healthcare to the community, especially the poor and vulnerable.

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

Today, St Vincent's operates 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 2018-19 St Vincent's treated approximately 66,798 inpatients, of which 62,689 were acute inpatients. The hospital also admitted 1,012 GEM patients, 954 Rehab patients and 604 Palliative Care patients. The Hospital also recorded 184,807 specialist clinic and health independence program appointments, and attended to 51,919 presentations to the emergency department.

As at 30 June 2019, St Vincent's had 781 available beds across all of its services.

OUR VISION

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

GOVERNANCE

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

The relevant ministers for the reporting period were:

- The Honourable Jill Hennessy, Minister for Health and Minister for Ambulance Services 01/07/2018–29/11/2018
- Jenny Mikakos, Minister for Health and Minister for Ambulance Services 29/11/2018–30/06/2019
- The Honourable Martin Foley, Minister for Mental Health 01/07/2018–30/06/2019

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

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

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

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

St Vincent's Hospital (Melbourne) Limited is led by CEO Angela Nolan and an executive team.

MISSION

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

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

OUR CARE IS:

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

VALUES

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

In all our activities we strive to demonstrate:

COMPASSION

INTEGRITY

JUSTICE

EXCELLENCE

YEAR IN REVIEW

ST VINCENT'S HOSPITAL IS ONE OF THE TOP 100 HOSPITALS IN THE WORLD

In 2019 St Vincent's Hospital Melbourne was named one of the top 100 Hospitals in the world by news outlet, Newsweek.

St Vincent's further consolidated its position as a world-class Hospital and health care provider by being rated number four on the list of the best Hospitals in Australia. This international recognition was a credit to the Hospital's exceptional staff.

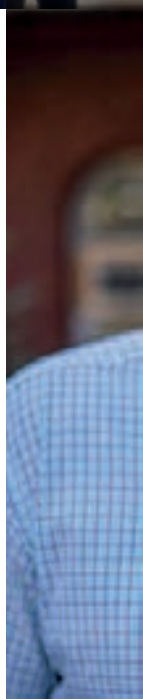
Newsweek selected one thousand Hospitals based on recommendations from medical professionals, patient survey results and medical performance indicators. They have credited the Hospitals that made it on to the top 100 list as at the forefront of adapting to new challenges while providing excellent patient care.

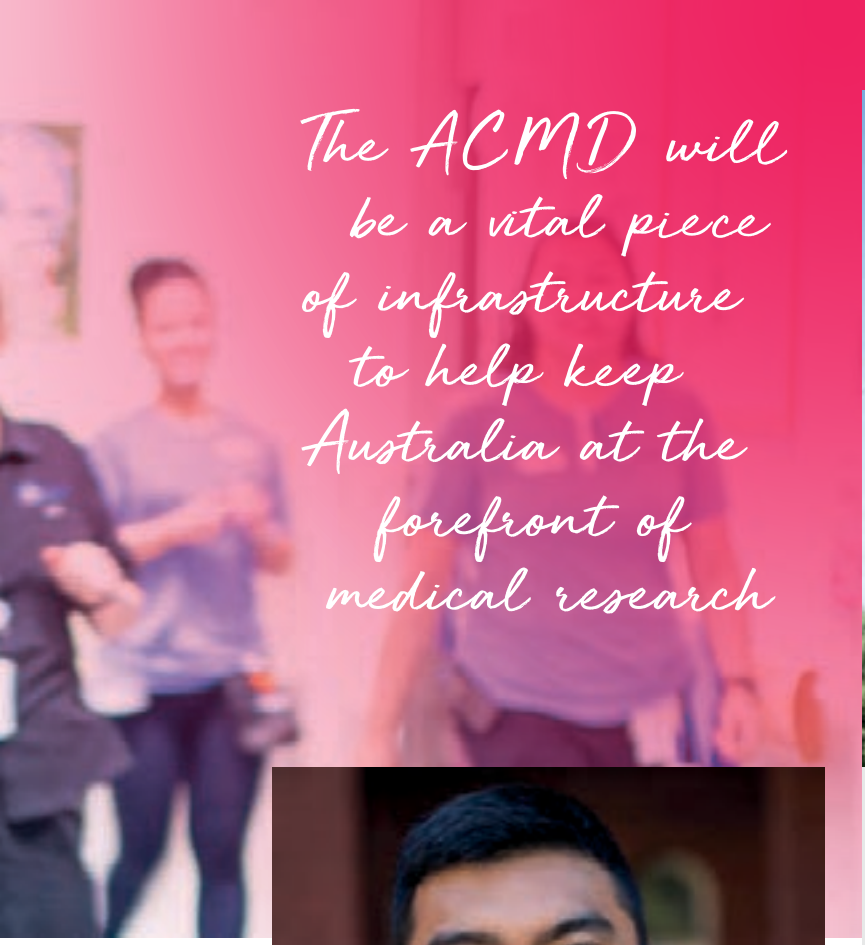
66,798

APPROXIMATE NUMBER OF INPATIENTS TREATED

51,919

PRESENTATIONS TO THE EMERGENCY DEPARTMENT





The ACMD will be a vital piece of infrastructure to help keep Australia at the forefront of medical research

BUDGET FUNDING ALLOCATION CONFIRMS ACMD TO BECOME A REALITY

The Aikenhead Centre for Medical Discovery (ACMD), Australia's first Hospital-based biomedical engineering facility, will become a reality thanks to a significant financial investment by both the State and Federal Governments.

The State Government's commitment to allocate $60 million, first announced in 2014, in conjunction with $30 million announced in 2019 by the Federal Government will allow the $180 million ACMD project to commence, and help cement Victoria's reputation as a nation-leader in the field of medical research. Private philanthropy and commercial partners will complete the required funding for project.

The ACMD will be a vital piece of infrastructure to help keep Australia at the forefront of medical research, bringing together medicine, engineering, science and industry to drive healthcare innovation and improve patient outcomes.

ACMD has already produced ground-breaking medical innovations, including an implant that talks to an epilepsy patient's mobile phone, warning them when a seizure is imminent, and the 3D printing of human stem cells which are then injected into joints to prevent the onset of osteoarthritis.

The new 11-storey building, planned for the corner of Victoria Parade and Nicholson Street, will be a unique facility like nothing else in Australia, where engineers, scientists and developers as well as commercial bio-medical firms will be co-located in a working Hospital.

COLLABORATION GIVES PUBLIC PATIENTS FIRST ACCESS TO HIGH-TECH ROBOTIC SURGERY

In May, St Vincent's Hospital Melbourne surgeons performed its first robotic urology surgery on a public patient, using a surgical robot located at St Vincent's Private Hospital Melbourne.

This surgery was successfully performed using the Da Vinci Surgical robot system that creates a kind of GPS system for the procedure, assisting the surgeon to stay within the pre-programmed route of the surgical area. The system has been shown to reduce post-operative pain and provide faster recovery for patients due to the minimally invasive nature of the procedure.

Three urology sessions per month now substitute public sessions for radical prostate surgery. This is a great example of collaboration and a fantastic opportunity for an ongoing partnership between St Vincent's Private and Public Hospitals.

The system has been shown to reduce post-operative pain and provide faster recovery for patients

NEW CAPITAL DEVELOPMENTS

In early 2019, building works began on a fully redeveloped 26-bed Palliative Care Facility at Caritas Christi Hospice, affirming the future of Caritas Christi and improving amenities and facilities for patients, staff and visitors. The redevelopment also allows for a new premium quality 120-bed Residential Aged Care Facility. Caritas Christi Hospice palliative care services were relocated to Fitzroy Campus in February 2019. Demolition has been completed and bulk construction will commence in October 2019.

Progress continues on the new 90-bed aged care development at St George's Health Service (SGHS).

Practical completion of the facility is expected in late 2019 and operations will commence in 2020.

The redevelopment also allows for a new premium quality 120-bed Residential Aged Care Facility

ST VINCENT'S LAUNCHES PALLIATIVE CARE STRATEGIC PLAN

St Vincent's Hospital Melbourne has a long and proud history of providing excellent end of life care. As our health service continues to strive to be a leader in palliative care, we celebrated the release in 2019 of our Palliative Care Strategic Plan.

The Palliative Care Strategic Plan provides a framework that supports St Vincent's to be known locally, nationally and internationally as one of Australia's leading providers of evidence based palliative care.

The strategic commitments of St Vincent's Melbourne Palliative Care Services are:

1. CAPABILITY

People with life limiting conditions receiving palliative and end of life care are consistently experiencing excellent care utilising best practice evidence. This is occurring in specialist and generalist settings in Hospitals and in their homes.

2. VISIBILITY AND IDENTITY

More people will have early access to palliative care and specialist support through the benefits and value of palliative care being better understood, more visible and accessible.

3. UNITY

Our St Vincent's community will benefit from an integrated Palliative Care Service that enables the combined clinical, education and research components of the St Vincent's Palliative Care Service to strengthen each aspect and take full advantage of the Service's uniqueness.

CLINICAL SCHOOL

2018 was again a busy year for the St Vincent's Clinical School, with pleasing academic results. Of 60 'MD with Distinction' degree honours awarded at University of Melbourne in 2018, 12 were SVHM students. Dr Nicole Henry was the school's top student, and was also awarded the RM Biggins and St Vincent's Institute prizes.

St Vincent's continues to retain our best and brightest graduates in 2018, with 60% from St Vincent's Clinical School returning for their internship year.

- RM Biggins and St Vincent's Institute prizes – Dr Nicole Henry
- Surgical Prize – Dr Rachel Ellis
- Dean's Prize – Dr Jordana Broons and Dr Eliza Kluckow
- Billings Prize–Dr Claire Parker
- O'Brien Institute research prize – Dr Ryan Van Hoorn.

St Vincent's continues to retain our best and brightest graduates in 2018

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SVHM STUDENTS AWARDED 'MD WITH DISTINCTION' DEGREE HONOURS

60%

OF GRADUATES FROM ST VINCENT'S CLINICAL SCHOOL RETURNING FOR THEIR INTERNSHIP YEAR

OUR 'IMPROVEMENT MOVEMENT'

Three years ago, St Vincent's embarked on a vision of organisation-wide continuous improvement (CI), a journey now delivering great improvement in performance outcomes.

Over the past 12 months, we have focused on embedding CI into all areas of our health service. As an organisation, we have implemented a sustainable improvement methodology, built staff capability and delivered measurable improvements in patient care.

At SVHM, we have improved our performance across many measures of patient care, enabling us to treat more patients than ever before. In 2018-19, we met our emergency patient access and elective surgery waiting list improvement targets, proving we can do things smarter and make a difference to our staff and patients. We continued our track record of positive budget results in 2018-19, exceeding our budget target to deliver a $5.567m operating surplus.

A key reason for our dramatic improvement has been the implementation of the Daily Management System (DMS). Implemented in 2017, DMS is a three-tiered approach to daily operations management that provides greater transparency and clearer visualisation of where problems lie, allowing for effective problem solving at all levels at all times. Staff identify problems sooner and are empowered to solve them or escalate.

St Vincent's has become a leader in CI, partnering with a number of government agencies. We support Safer Care Victoria (SCV) and DHHS by hosting and supporting Victorian Hospitals to implement their own DMS and build system-wide capability.

'TRACK AND TRIGGER' WINS VICTORIAN PUBLIC HEALTHCARE AWARD

St Vincent's Complex Care Services was awarded a Victorian Public Healthcare Award in 2018 for 'Excellence in culturally diverse health'.

The team developed the 'Track and Trigger' tool, which helps heart failure patients from cultural and linguistically diverse (CALD) backgrounds and/or with low health literacy to avoid Hospitalisation and higher rates of morbidity and mortality. A simple weight charting tool, it allows patients to monitor their fluid balance and take action when it varies.

Developed in conjunction with patients and low health literacy experts, the Track and Trigger tool was translated into two common languages and has been shared with other health services.

Over the past 12 months, we have focused on embedding CI into all areas of our health service

$5.567 million

OPERATING SURPLUS DELIVERED IN 2018-19

Leanne Foster

A SAFE HAVEN CAFÉ OPENS IN FITZROY

In 2018, St Vincent's Mental Health established the innovative Safe Haven Café, funded by Better Care Victoria.

Designed by consumers, for consumers, the Safe Haven Café offers a compassionate alternative for the dozens of people who present to ED experiencing mental health issues each day.

Located in the St Vincent's Art Gallery, it offers respite in a warm, caring and respectful environment with an emphasis on peer support to empower people looking for assistance, but not needing acute care.

Along with tea and coffee, the Safe Haven Café has peer support workers and volunteers with a lived experience of mental health issues, who work alongside mental health professionals to provide a safe, therapeutic space for people needing it.

The Safe Haven Café is modelled on a successful service operating in Hampshire, U.K. since 2014. It has been shown to reduce social isolation for vulnerable people and to help them to maintain their mental health on an ongoing basis. The Safe Haven Café is open Friday 4-8pm, and 2-8pm Saturday and Sunday.

INTRODUCTION OF GENDER & SEXUAL DIVERSITY RESPONSIVENESS GUIDELINE

In consultation with the LGBTI community, St Vincent's, developed Gender & Sexual Diversity Responsiveness Guidelines to avoid discrimination and ensure LGBTI patients feel safe, welcome and free to express their gender and sexuality.

St Vincent's has developed an advisory relationship with a local transgender activist and health safety educator who held an executive workshop on the experience of trans and gender diverse patients and clients in our services.

The Safe Haven Café offers a compassionate alternative for the dozens of people who present to ED experiencing mental health issues each day

WORLD FIRST ARTIFICIAL PANCREAS

Australian diabetes patients now have access to a new, Australian first device that works like an artificial pancreas.

Developed in consultation with patients and clinicians from around the world including St Vincent's, the hybrid closed loop insulin pump system automatically adjusts to deliver people living with type 1 diabetes precise amounts of insulin when they need it – a function usually performed by the pancreas.

St Vincent's patient Leanne Foster was the first patient in Australia to be fitted with this commercial device, which will dramatically change the lives of the 120,000 Australians who have type 1 diabetes.

A sensor is inserted under the skin and monitors glucose levels, sending the data to the pump every five minutes. The system then calculates the amount of insulin needed and automatically delivers it, based on the glucose sensor readings.

As a result, the technology requires minimal input. People with type 1 diabetes only need to enter mealtime carbohydrates, accept bolus correction recommendations and periodically calibrate the sensor.

The hybrid closed loop insulin pump system automatically adjusts to deliver people living with type 1 diabetes precise amounts of insulin

INNOVATION IN PALLIATIVE CARE

In an Australian first medical trial being pioneered a St Vincent's Hospital Melbourne, psychedelic synthetic 'magic mushrooms' will be prescribed to ease the paralysing anxiety felt by some palliative care patients.

The study will see patients given a single dose of psilocybin, the psychoactive ingredient in magic mushrooms, which is so powerful it can unlock a section of a patient's brains to give them an altered outlook on their situation approaching death.

The aim is to ease the anxiety felt by patients not responding to other forms of treatment in their final days, guided by psychiatrists to remove the fear and depression which can often take over their final months.

The trial has commenced actively recruiting participants and treatment of the first 30 patients will begin in the second half of 2019.

120,000

AUSTRALIANS LIVING WITH TYPE 1 DIABETES

125TH BIRTHDAY CELEBRATIONS

OH WHAT A NIGHT!

St Vincent's was joined by more than 600 supporters in August 2018 to celebrate 125 years of caring for the Victorian community at the Gala Ball.

The event exceeded all expectations and raised more than $140,000. These funds help St Vincent's provide the best healthcare to benefit Victorians now and into the future.

St Vincent's supporters were treated to superior Hospitality, electrifying entertainment from Tim Campbell and music from the Australian's Girls Choir, all guided by Ann Peacock as MC.

GOVERNMENT HOUSE CELEBRATION

Long term supporters, staff and medical alumni of St Vincent's were delighted to be welcomed by Her Excellency the Honourable Linda Dessau AC, Governor of Victoria to a 15th anniversary celebration at Government House in October 2018.

In thanking members of the St Vincent's community in attendance, the Governor, who is Patron of St Vincent's Hospital Melbourne, highlighted the vital role St Vincent's plays in healthcare across the state of Victoria. She underlined the important legacy of the Sisters of Charity and the extraordinary contributions made by the wider community.

Celebrating 125 years of caring for the Victorian community

CLINICAL MASS

The day before the Melbourne Cup 125 years ago, while the city's most privileged were preparing their finery for their Flemington outing, a small group of Sisters of Charity opened a Hospital in a small terrace house on Victoria Parade.

On All Saints' Day, 125 years later, we celebrated that occasion with a Solemn Mass, presided over by the new Archbishop of Melbourne, Peter Comensoli. St Patrick's Cathedral was at capacity with over 750 Sisters of Charity, members of the Trustees, Board, staff, supporters, patients and volunteers. Following the Mass, special guests were invited to a morning tea at the Hotel Windsor on Spring Street.

St Patrick's Cathedral was at capacity with over 750 Sisters of Charity, members of the Trustees, Board, staff, supporters, patients and volunteers

$80,000+

RAISED TO SUPPORT WOMEN'S DIAGNOSIS AND TREATMENT AT ST VINCENT'S MENTAL HEALTH

500+

WOMEN ATTENDED THE NINTH ANNUAL SISTERHOOD FUNDRAISING LUNCHEON

THE SISTERHOOD

In May 2019 the ninth annual Sisterhood Fundraising Luncheon saw more than 500 women join forces to raise over $80,000 to support St Vincent's Mental Health, with a specific focus on women's diagnosis and treatment.

This enormously successful event is the brain child of Sarah Kennedy, long standing Foundation Council member and daughter of well-known St Vincent's surgeon, Jack Kennedy.

'I am incredibly proud of the amazing group of women who give their time, their resources and themselves to form what we call 'The Sisterhood',' Sarah said. 'Our group was established to help carry out the mission of our founders, The Sisters of Charity, and we feel privileged to support critical areas of need, such as Cardiology, Dermatology and Mental Health.'

THANK YOU TO ALL OF OUR SUPPORTERS

FUNDRAISING IN MEMORY OF UNA

After Shepparton resident Una Forrester was diagnosed with non-Hodgkin's t-cell lymphoma in December 2017, Una's devoted husband Steven and family spent Christmas by Una's bedside at St Vincent's.

Steven remembers the difficult period they experienced and the importance of the kindness and understanding of those around them.

'I will never forget the day when the doctors, nurses and support staff arranged a birthday cake for Una. It was baked by the St Vincent's kitchen and everyone sang happy birthday to her and gave her warm hugs and best wishes,' says Steven.

'Our family was overwhelmed with the kindness and compassion of the staff who cared for Mum, who was there for over 100 days,' says Eilidh, Una's daughter.

On 7 February 2019, Una passed away peacefully at her home surrounded by her beloved family. The Forrester family chose to ask mourners at Una's funeral to give donations in lieu of gifts, raising vital funds to support the work of the chemotherapy unit.

We are particularly grateful to receive gifts in-memory of a loved one and would like to make a special thank you to our donors for thinking of St Vincent's at such a difficult time. These gifts are special to us, as they are not only a way of honouring the lives of those closest to you, but also an acknowledgment of the tender, loving care St Vincent's provides.

"Our family was overwhelmed with the kindness and compassion of the staff who cared for Mum"

Andrew MacIsaac

Mark Cook

Mark Boughey

THE REAL RESULTS OF YOUR DONATIONS

'The cardiology department at St Vincent's Melbourne leads the way in Australia in the treatment of complex cardiac cases. Thank you for your support and for helping our brilliant cardiology team to save thousands of lives each year. Through your gifts you help us to equip the department with the latest technology we use every day as we treat our patients.'

Associate Professor Andrew MacIsaac,
Head of Cardiology

'Epilepsy is a debilitating neurological condition that affects thousands of Australians. Here at St Vincent's Melbourne we are developing world first, breakthrough technologies that will change the lives of people living with epilepsy. We have only been able to undertake this research thanks to your generosity.'

Professor Mark Cook,
Director of Neurology, Chair of Medicine,
University of Melbourne

'St Vincent's is leading the way in Australia, in palliative care provision and research. Palliative care should be provided to people living with long term, complex serious illness, as well as those people who are at the end of their life. Patients dealing with these very serious health conditions deserve the best quality of care and support possible. Thanks to your generosity we continue to provide best quality care and to be a voice for these patients and their families."

Associate Professor Mark Boughey,
Director of Palliative Medicine

"Through your gifts you help us to equip the department with the latest technology we use every day as we treat our patients."

Sir James Gobbo AC, CVO, QC

BUILDING FOR THE FUTURE OF PALLIATIVE CARE

Founded in 1938 by the Sisters of Charity, Caritas Christi has become the largest and best-known provider of palliative and supportive care in Victoria, considered a centre of excellence in its field.

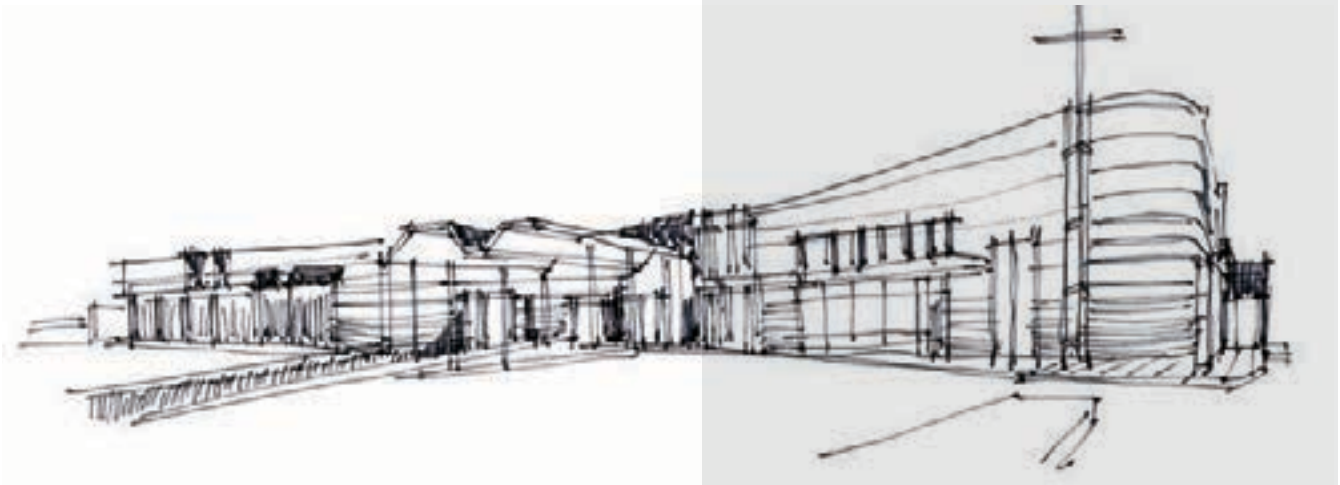
The time has come for a complete rebuild and we are delighted and grateful that Sir James Gobbo AC, CVO, QC, Former Governor of Victoria has taken on the role of Patron of the Caritas Christi building fundraising campaign.

'Caritas Christi is an organisation and service close to my heart,' Sir Gobbo said. 'I am delighted that through Caritas Christi, we are able to provide the very best services and support to patients and their families, at a very important and vulnerable time.'

'After many decades providing wonderful hospice care, it is now time for us to rebuild Caritas Christi. We need to ensure that our facilities can keep up with the times and provide a level of comfort and convenience that our patients need and so richly deserve. I hope you will join us on the journey.'

The Foundation team is working with Sir James and the community to raise funds for this important work.

"I am delighted that through Caritas Christi, we are able to provide the very best services and support to patients and their families..."



"Mum was always the vital figure in our house, the real 'glue' of our family"

A CARING EXPERIENCE FOR ALL PATIENTS AND THEIR FAMILIES

Commitment, compassion and professionalism are the hallmarks of the Caritas Christi experience as so wonderfully described in these stories

'On 7 March 2018, at age 37, Ben Leske died peacefully at Caritas Christi surrounded by us all. In 2012, diagnosed with a brain tumour, he was determined to leave a positive and enduring legacy in music, gentle activism for those in need of a voice, and support for brain cancer research. His end of life stage was a sacred and beautiful experience – full of love, music, dance, and humour. The commitment and professionalism of the palliative care staff was outstanding, encouraging us to do as we wished, to create a respectful, beautiful, calm space for Ben, along with performances from his many choirs. The surrounding gardens were balm also. The Leske family and I will be forever grateful to Caritas Christi for carrying us with such love and care. Caritas became a beloved home to us all, a place of LIFE.'

Khang Chiem, Mike, Fran, Claire and Steve Leske

'Mum was always the vital figure in our house, the real 'glue' of our family. She had fought cancer for over 20 years and during most of that time had been able to have a really good quality of life. Eventually however, the oncology treatments no longer worked and for her last few weeks she was cared for at Caritas Christi. It was hard for all of us knowing that Mum was nearing the end. However, we were reassured by the fact that she was not in pain, she was comfortable and the people looking after her were so experienced, caring and attentive. We felt helpless knowing that there was nothing more we could do for Mum. But it made a very sad and difficult situation so much more bearable for us, knowing that in her last days, she was receiving the best care possible. As a family we were very grateful to everyone at Caritas for their expertise, commitment and support.'

A Caritas Christi patient's family

"Caritas became a beloved home to us all, a place of LIFE."

THE FUTURE TREATMENT OF CHRONIC DISEASE STARTS HERE: AIKENHEAD CENTRE FOR MEDICAL DISCOVERY

The Aikenhead Centre for Medical Discovery (ACMD) is Australia's first hospital-based biomedical engineering research and training hub.

Chronic diseases are the leading cause of disability, death and reduced quality of life in Australia now and for the foreseeable future. These conditions increase in severity with age, causing pain, disability, social isolation and placing enormous pressure on existing health services.

The ACMD drives the creation of a greater number of new clinical screening procedures and treatments, allowing the human body to be therapeutically re-engineered or repaired – resulting in improved health outcomes.

OUR FOCUS

The ACMD is prioritising three key areas of translational research:

Smart devices, bionics and implantables

Combining biology and engineering to create devices that monitor, functionally replace, or enhance parts of the body, such as the MINDER, a breakthrough seizure monitoring device.

Regenerative medicine

Approaches that repair, replace or regrow damaged or diseased cells, organs or tissues. This includes the generation of therapeutic stem cells, tissue engineering and the development of artificial organs.

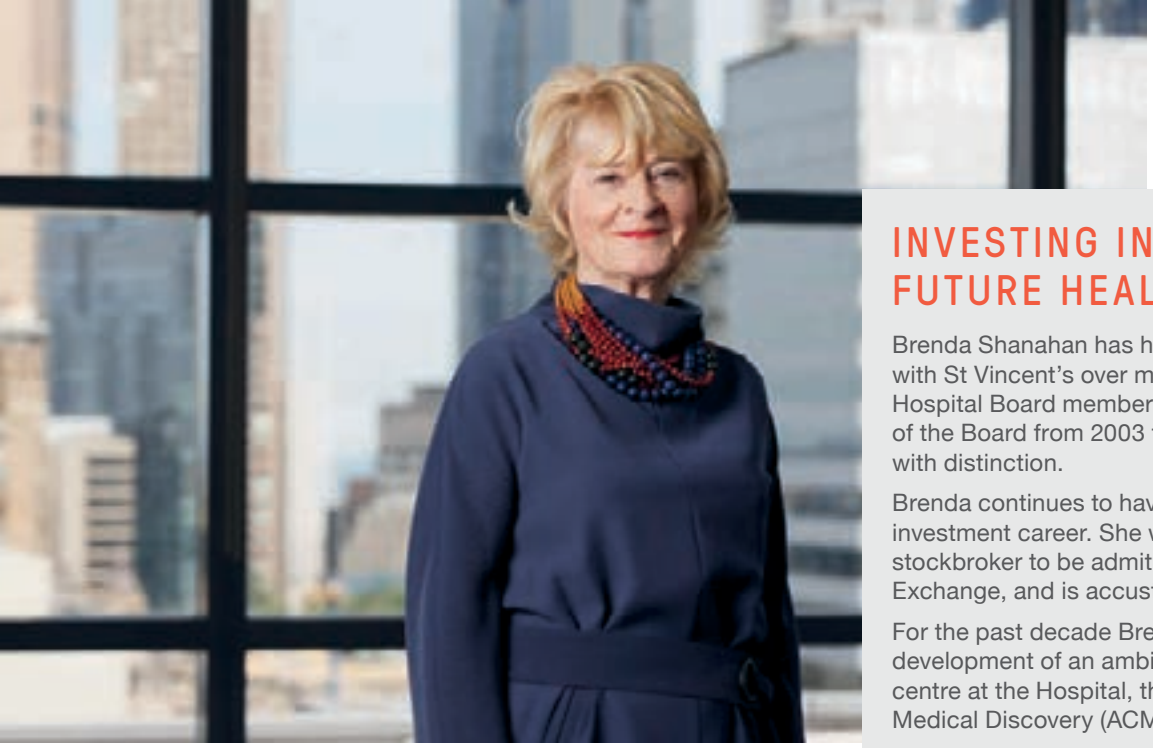
Precision health, participatory medicine and digital health

Precision health considers individual differences in a patient's characteristics, such as genes, environment and lifestyle. Customised diagnoses targeted and less invasive treatment pathways make care more effective and potentially less expensive.

THE ACMD MODEL

Our model brings specialist teams together based on skill sets and expertise to translate projects with clinical application and impact.

The ACMD brings academic and clinical experts together with industry partners to develop innovative solutions for chronic diseases.



INVESTING IN OUR FUTURE HEALTH

Brenda Shanahan has had a deep involvement with St Vincent's over many decades. First as a Hospital Board member from 1997 and then Chair of the Board from 2003 to 2006, a post she held with distinction.

Brenda continues to have a very successful investment career. She was the first female stockbroker to be admitted to the Melbourne Stock Exchange, and is accustomed to blazing new trails.

For the past decade Brenda has driven the development of an ambitious transitional research centre at the Hospital, the Aikenhead Centre for Medical Discovery (ACMD), which she also Chairs.

The importance of philanthropy to ACMD, to provide vital funds for this exciting project cannot be overstated. It is no surprise then that Brenda is leading the way through her personal philanthropy as well as her philanthropic leadership of the Board and the ever growing numbers of donors who support the ACMD project.

She said at a recent investment Boardroom event, 'I don't believe there is any better investment than in the health of our community, through this important research and the clinical translation that is already underway. I'm passionately committed to ACMD and have been for over 12 years, so that we can provide future generations, our children and grandchildren with a better quality of life.'

The ACMD brings academic and clinical experts together with industry partners to develop innovative solutions for chronic diseases. This unique collaborative approach not only ensures an efficient and successful path to commercialisation, but ultimately delivers the best clinical outcomes for those who need it most – the patients.

"I don't believe there is any better investment than in the health of our community"

THANK YOU TO OUR COMMUNITY OF SUPPORTERS

The Hospital Executive and Staff sincerely appreciate all who have contributed over the past twelve months. We would like to particularly acknowledge the following significant contributors:

13CABS

Amgen Australia Pty Ltd

AND1 Australia

The Angior Family Foundation

Arthritis Australia

Atlas D'Aloisio Foundation

Australian Jewellery Liquidators

Australian Orthopaedic Association Research Foundation

Australian Unity Trustees Limited – Joyce Katherine Granger Sub-Fund

The F&E Bauer Foundation

Edith Jean Elizabeth Beggs Charitable Trust

Catholic Church Insurance

Collier Charitable Fund

Maureen Coomber

Robert Croft Fund (a charitable fund account of the Lord Mayor's Charitable Foundation)

Patricia and Peter de Rauch

Device Technologies Australia

Diabetes Australia

Dry July Foundation

Edgar Foundation

Estate of Omar Balhas

Estate of Valerie Blake

Estate of Bernice Bolger

Estate of Muriel Bradley

Estate of Stella Conway

Estate of Alfred Dehnert

Estate of Hayden Nicholas Driscoll

Estate of Valda Kluga

Estate of Agnes Scott Muir

Estate of Charlotte Reissig

Estate of Elizabeth Tandy

Estate of Marion Alice Wakefield

Estate of Henry Herbert Yoffa

Fox Family Foundation

Foundation for Surgery, Royal Australasian College of Surgeons

The Gross Foundation

Dorothy Heeley

Mandy & Peter Hui

H&K Johnston Family Foundation

David and Wilma Keath Family Prescribed Private Fund

Kidney Health Australia

The Killen Family Foundation

Michael Kotsanis & Marika Hammerstrom

Dinah Krongold

Pat La Manna OAM Legacy Fund

Lions Club of Melbourne Market

The Mackintosh Foundation

Karin MacNab

Magistrates Court of Victoria–Broadmeadows

Roger Massy-Greene AM and Belinda Hutchinson AM

The Mary McGregor Trust

The Mckeage Cole Foundation

Clare & Vincent Murphy

Robert Naughton

Nelson Alexander

J&M Nolan Family Trust

Jack O'Connell AO

O'Donohue Family Foundation

Order of Malta Hospice Home Care (Vic)

Ted Payne

The William Joseph Payne Trust, managed by Equity Trustees

Thomas Peat

Pepe-Gurry Foundation

PFD Food Services

Pauline Reilly in memory of Enda Reilly

Brenda Shanahan

Sisterhood for St Vincent's

Patricia Spry-Bailey Charitable Foundation

Symbion Hospital Services

Trauer Family

Victorian Government

The Syd and Ann Wellard Perpetual Charitable Trust, managed by Equity Trustees

The William & Aileen Walsh Trust

Mary Waters

Ross & Elizabeth Wilkie

Peter & Myra Wood and Family

SUMMARY FINANCIAL RESULTS

	2019 $'000s	2018 $'000s	2017 $'000s	2016 $'000s	2015 $'000s
Total revenue ^	790,084	771,259	763,833	688,534	641,512
Total expenses ^	787,863	771,182	765,061	690,837	641,536
Net result from transactions	2,221	77	(1,228)	(2,303)	(24)
Total other economic flows	(3,392)	(736)	(17)	(1,579)	(1,849)
Net result	(1,171)	(659)	(1,245)	(3,882)	(1,873)
Total assets	338,277	329,980	333,203	331,693	323,449
Total liabilities	250,693	241,209	342,752	241,009	228,966
Net assets/Total equity	**87,584**	**88,771**	**89,451**	**90,684**	**94,483**

	2019* $'000s
Net operating result	5,372
Capital and specific items	
Capital purpose income	21,258
Assets provided free of charge	0
Assets received free of charge	18
Expenditure for capital purpose	(1,759)
Depreciation and amortisation	(21,505)
Impairment of non-financial assets	0
Finance costs (other)	(1,162)
Net result from transactions	**2,221**

SUMMARY OF SIGNIFICANT CHANGE IN FINANCIAL POSITION 2019

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

OPERATIONAL AND FINANCIAL PERFORMANCE 2019

St Vincent's Hospital Melbourne delivered an operational result of $5,372,000 before capital income and expenses. After including capital income expenses and other economic flows, the net entity result was a deficit of $1,171,000. Movement in total equity includes the net equity result and a revaluation adjustment for cultural assets of $16,000.

SUBSEQUENT EVENTS

There has been no matter or circumstance which has arisen since 30 June 2019 that has significantly affected, or may affect:

a) The operations, in financial years subsequent to 30 June 2019, 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 2019, of St Vincent's Hospital Melbourne.

CONSULTANCIES

DETAILS OF CONSULTANCIES (UNDER $10,000)

In 2018-19, there were nine consultancies where the total fees payable to the consultants were less than $10,000. The total expenditure incurred during 2018-19 in relation to these consultancies is $49,370 (excluding GST).

DETAILS OF CONSULTANCIES (VALUED AT $10,000 OR GREATER)

In 2018-19 there were ten consultancies where the total fees payable to the consultants were $10,000 or greater. The total expenditure incurred during 2018-19 in relation to these consultancies is $405,852 (excluding GST). Details of individual consultancies are listed below.

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee $	Expenditure 2018-19 (Ex GST) $	Future expenditure $
Bill Fitzgerald & Associates	OHS Operating procedure review	Sep-18	May-19	41,588	41,588	Nil
Converge International	Psycho Social risk assessment	Dec-18	Feb-19	23,315	23,315	Nil
Deloitte	Workday	May-19	May-19	45,000	45,000	Nil
Hilton consulting	Review of medical workforce management	Nov-18	Nov-18	26,000	26,000	Nil
Mirus Australia	Revenue optimisation	Jun-19	Jun-19	35,625	35,625	Nil
P2 Group	Workcover and Early intervention assessment	May-19	May-19	18,000	18,000	Nil
Paxton Partners	FTE Benchmarking	Sep-18	Dec-18	73,106	73,106	Nil

WORKFORCE DATA

St Vincent's Hospital Melbourne 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**	
	2019	2018	2019	2018
Nursing Services	1613	1594	1596	1563
Admin. & Clerical	625	622	620	624
Medical Support Services	262	253	254	251
Health & Allied Services	590	618	605	616
Hospital Medical Officer	144	148	155	153
Specialist Full Time	85	77	78	74
Specialist Sessional	145	141	143	139
Registrar	242	214	221	200
Allied Health	487	470	474	459
Total	**4193**	**4,137**	**4146**	**4079**

* 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 continues to build its safety culture. Staff safety is integrated into clinical daily management meetings and issues are reported through to the second tier of the daily management system. Our four safety KPIs are reported on at the weekly performance board–hazard reports, workplace safety inspections, lost time and medical treatment injuries.

As a result of a deliberate safety culture change program, staff are more engaged in safety, reporting has increased, and serious injuries have decreased. Lost time injuries decreased by 23%, Hazard reporting increased by 25%, with 619 hazards reported through VHIMS, and for each quarter over 99% of departments completed a Workplace Safety Inspections.

The OHS Committees met quarterly to review reporting trends, policies and work on OHS issues that cannot be managed locally.

The Early Intervention Program, that supports staff to seek the medical and workplace assistance to manage an injury in its early stages, is utilised by 83% of injured workers. Priority medical assistance in the first few hours following an injury continues as an effective way to help injured workers to reduce further aggravation of the injury, allow them to recover and remain at work.

A comprehensive safety plan has been developed for 2019-20 with a continued focus on preventative activities.

Incident and WorkCover statistics	2016-17	2017-18	2018-19	Comments on variance
Reported Hazards/ Incidents per 100 FTE	39.92	39.91	43.99	An increase in hazard reporting is seen as part of the positive safety culture program.
Standard lost time Claims per 100FTE	1.15	0.68	0.75	The reduction in the number of serious injuries has been sustained.
Total Claims Costs (at 30 March 2019)	$4,216,583	$1,390,075	$2,413,360	Claims costs includes the estimate for future costs. The nature of the claims from 18-19 have attracted high estimates.
Average Claims Cost (at 30 March 2019)	$84,331	$47,933	$77,850	

OCCUPATIONAL VIOLENCE

Occupational violence statistics	2018-19
Workcover accepted claims with an occupational violence cause per 100 FTE	0.09
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	0.56
Number of occupational violence incidents reported	481
Number of occupational violence incidents reported per 100 FTE	11.60
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	25.78%

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 2018-19

Lost time
Defined as greater than one day.

BUILDING AND MAINTENANCE COMPLIANCE

ESSENTIAL SERVICES MAINTENANCE

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

The Hospital uses the Department of Health & Human Services publication 'Maintenance Standards for Critical Areas in Victorian Health' as a guide.

- Each Essential Safety Measure is operating at the required level of performance to fulfil its purpose
- Where applicable each Essential Safety Measure has been maintained in accordance with the occupancy permit or maintenance determination and generally fulfils its purpose
- Since the last Annual Essential Safety Measure report, to the best of our knowledge, there 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 Melbourne certifies the following compliance with its buildings:

- All existing buildings have valid approvals and certifications to operate based on their intended purposes;
- Works under planning and construction are subject to the standards, compliance and approvals of statutory authorities, and;
- The Hospital has an up to date management plan to address pre-existing asbestos and hazardous materials found within buildings
- The Hospital is working with DHHS to risk assess and cost the implications of non-compliant cladding materials on the main Hospital building. In the interim, the Hospital has ensured that all major risks are mitigated

GENERAL MAINTENANCE

SVHM certifies that there have been no notices issued or orders to cease occupancy in relation to:

- All renovations to existing buildings comply with regulations in force at the time of construction

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

Independent reviews on the condition of the infrastructure and building fabric at Fitzroy campus buildings were completed in May 2016. The findings from the reviews which required immediate attention have been attended to while an implementation programme is in place to address other recommendations over the subsequent five years subject to the availability of implementation budgets.

St Vincent's Hospital Melbourne has a periodic regime in place to inspect the condition of the external building facades and to address any pressing issues that are subsequently found.

NEW PROJECTS COMPLETED INCLUDE:

- Ongoing plant and equipment upgrades across all of our sites at $1.0m
- Fire protection upgrade works in Healy Wing at $0.5m
- Staged replacement of carpet at Main Hospital floors at $0.3m
- Redundancy to campus medical vacuum suction system at $0.2m
- Replacement of Bio Resources chiller at $0.2m
- Refurbishing of Endoscopy Decontamination room at $0.2m
- 5 Yearly Fire Audit
- Refurbishing Level 2 Building A Neurophysiology
- Refurbishing Level 6 Building A for Caritas Christi decant
- Refurbishing of Sterilised Processing Centre Decontamination room and replacement of washer disinfectors at $0.9m
- Refurbishment Mental Health entrance $0.4m
- Replacement of Aluminium Composite Panel (ACP) facade on Main Hospital and Ambulance Victoria Buildings stage 1
- Demolition of Caritas Christi Building
- Refurbishment of Main Hospital CT Scanner Room $0.9m

KEY PROJECTS COMMENCED DURING 2018–19 AND WORKS IN PROGRESS AT 30 JUNE 2019 INCLUDE:

- New chiller in Daly Wing at $0.4m
- Underpinning of Clarendon Clinic at $0.9m
- Replacement of electrical bus duct in Daly Wing at $0.4m
- Replacement of Aluminium Composite Panel (ACP) facade in Main Hospital and Ambulance Victoria Buildings stage 2 at $1.8m
- Decanting of Aikenhead Building and subsequent demolition building (Ongoing)
- Upgrading of lifts at St George's Hospital at $0.6m
- St Georges Hospital 90 bed aged care facility (completion date expected December 2019)
- Refurbishing Main Hospital Back of House Lifts at $1.0m
- Partial replacement of Main Hospital Operating Theatre Lights at $0.7m
- Partial replacement of pan washers in Main Hospital and St George's Hospitals $0.17m
- Refurbishing of Auburn, Riverside and Cambridge Aged Care Homes at $0.9m
- New Dialysis Home Therapy Centre at $2.4m
- New Stage 2 Cancer Centre at Daly $6.5m
- Refurbishment of equal access facilities at Bolte Wing Hydrotherapy at $0.65m
- Oxygen tank upgrade at Main Hospital gas yard at $0.3m
- BAS software upgrade at $0.15m

ENVIRONMENTAL SUSTAINABILITY

St Vincent's Hospital Melbourne is working to improve environmental sustainability by encouraging awareness, investing in energy efficient infrastructure and maintaining targets for improved sustainability. St Vincent's Hospital Melbourne has adopted SVHA'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 focused on a number of initiatives including the installation of solar cells, establishment of an online system to monitor and report electricity production and identifying energy reduction opportunities in partnership with Envizi Analytics.

33% of all waste material was diverted from landfill via a number of recycling streams, including commingled, confidential paper, battery, pallets, polyvinyl chloride (PVC), polystyrene and light globes.

A Sustainability Officer has been appointed to develop relevant plans with priorities including recycling and waste reduction strategies.

FREEDOM OF INFORMATION

St Vincent's Hospital Melbourne complies with the Victorian Freedom of Information Act 1982. Members of the public can apply for access to information held by St Vincent's that is not publicly available by making a Freedom of Information request. A request must be in writing and sufficiently clear to enable a thorough search for documents. Applications become valid once the relevant officer receives either a $27.90 application fee or a copy of the patient's Health Care or Pension Card.

During 2018-19, the majority of requests were from law firms and insurance companies, followed by patients and relatives. The outcomes of the applications are listed below, with 849 of 945 requests released in full.

	2018-19	2017-18
Applications	945	974
Released in full	849	911
Partially released	36	18
Denied in full	2	2
Cancelled applications	8	4
Percentage requests fulfilled within 45 days	100%	100%
Application fees collected	$20,836.40	$20,902.40
Application fees waived	$6,473.60	$6,588.80
Charges collected	$5,195.65	$4,900.00
Charges waived	$3,440.00	$3,620.00

For more information please contact the Freedom of Information Officer on (03) 9231 2775. Additional information can also be Hospital's website www.svhm.org.au or the Office of the Victorian Information Commissioner www.ovic.vic.gov.au

CAR PARKING FEES

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

STATEMENT OF PRIORITIES

The Statement of Priorities (SOP) is the key document of accountability between the Department and St Vincent's Hospital (Melbourne) Limited (SVHM). St Vincent's Hospital Melbourne is pleased to publish its outcomes achieved during 2018-19.

PART A: STRATEGIC PRIORITIES FOR 2018-19

Goals	Strategy	Deliverable	Outcome
Better Health A system geared to prevention as much as treatment Everyone understands their own health and risks Illness is detected and managed early Healthy neighbourhoods and communities encourage healthy lifestyles	**Better Health** Reduce statewide risks Build healthy neighbourhoods Help people to stay healthy Target health gaps	Continue the expansion of telehealth including the pilot in specialist clinics to improve access for rural and regional patients.	**Achieved** Telehealth continues to build with growth in the public telehealth cohort and correctional telehealth. All seven units in the initial project pilot have established telehealth consultations.
		In partnership with Victorian Aboriginal Health Service, implement the rheumatic heart disease clinic to improve access and health outcomes for Aboriginal and Torres Strait Islanders.	**Achieved** This two-year project is funded via the St Vincent's Health Australia Inclusive Health Fund. The clinic is operational with two specific focus areas; Rheumatic Heart Disease/Acute Rheumatic Fever and Cardiovascular disease. A mid-point evaluation will be conducted in August 2019.
Better Access Care is always there when people need it More access to care in the home and community People are connected to the full range of care and support they need There is equal access to care	**Better Access** Plan and invest Unlock innovation Provide easier access Ensure fair access	Progress the Caritas Christi Hospice development in partnership with SVHA Aged Care Division.	**Achieved** Caritas Christi Hospice services were relocated to SVHM Fitzroy in February 2019. Demolition and bulk earthworks are near completion. Construction will commence in October 2019.
		Progress the 90 bed aged care development at St George's Health Service (SGHS).	**Achieved** Construction is underway with practical completion due late 2019. Operations will commence in 2020 following additional site electrical works.
		Progress the implementation of the north east cardiac network with DHHS and Austin Health to improve access and safety of care.	**Achieved** The North-East Cardiac Service network governance group is established and is overseeing four priority clinical streams for reform: heart failure; arrhythmia; cardiac surgery and intervention/structural.

		Develop a proposal for a rapid care ambulatory centre (RCC) to improve access and health outcomes for patients.	**In progress** A VHHSBA budget submission for capital planning funding for SVHM (including the RCC) was included in Melbourne BioMedical Precinct Planning. SVHM will prioritise this project with VHHSBA via the joint Planning Committee to be established by VHHSBA.
		Achieve agreed Emergency and Elective Surgery performance targets and work towards all patients being treated within clinically recommend time.	**Partially achieved** The Elective Surgery Waiting List at the end of Q4 resulted in 1,204 patients ready for surgery; 201 patients more than our target of 1,003. During Q4 86.2% of our patients were treated in their clinically recommended timeframe, an improvement on 85.5% from this time last year. Performance across each of the 3 categories resulted in 100% of category 1, 79.1% of category 2 and 97.5% of category 3 patients treated within clinically recommended timeframes. The full year NEAT result was 70%, which was achieved in the context of a 7.5 per cent increase in presentations in 2018-19 compared to the previous year.
Better Care Target zero avoidable harm Healthcare that focusses on outcomes Patients and carers are active partners in care Care fits together around people's needs	**Better Care** Put quality first Join up care Partner with patients Strengthen the workforce Embed evidence Ensure equal care	Support the education and staff capability in relation to Palliative Care in the context of the voluntary assisted dying legislation	**Achieved** SVHM has implemented education plans and completed policy development and review. The staff education program is complete.

		Develop a clinical workforce strategy to ensure the correct skill mix, recruitment and retention strategies to provide safe patient care of high quality.	**Achieved** A workforce composition analysis has been completed and opportunities were identified to further enhance workforce utilisation. Further investment was made in junior nursing and medical workforce recruitment and training programs, particularly the surgical training program.
		Complete planning and product selection to introduce an electronic medical record to improve access to health information and to care.	**In progress** A detailed business case was developed for the SVHA Board and DHHS in partnership with a preferred vendor. Discussions with DHHS continue.
Specific 2018-19 priorities (mandatory)	**Disability Action Plans** Draft disability action plans are completed in 2018-19. *Note: Guidance on developing disability action plans can be found at https://providers.dhhs.vic.gov.au/disability-action-plans. Queries can be directed to the Office for Disability by phone on 1300 880 043 or by email at ofd@dhhs.vic.gov.au.*	Submit a draft disability action plan to the department by 30 June 2019. The draft plan needs to outline the approach to full implementation within three years of publication.	**In progress** The SVHM Accessibility and Inclusion Action Plan for People with Disabilities was developed following consultation and endorsement by the SVHM Community Advisory Committee. The plan was submitted to the Office for Disability and implementation will commence in 2019-20.
	Volunteer engagement Ensure that the health service executives have appropriate measures to engage and recognise volunteers.	Review our Volunteer Services and optimise volunteer engagement across the health service.	**Achieved** An evaluation was undertaken to ascertain the level of staff engagement with our volunteers and improvements identified. A short in-service training module has been developed to support the understanding of volunteers at SVHM. A SVHM volunteer was shortlisted as a finalist in the Minister for Health Volunteer Awards 2019.

	Bullying and harassment Actively promote positive workplace behaviours and encourage reporting. Utilise staff surveys, incident reporting data, outcomes of investigations and claims to regularly monitor and identify risks related to bullying and harassment, in particular include as a regular item in Board and Executive meetings. Appropriately investigate all reports of bullying and harassment and ensure there is a feedback mechanism to staff involved and the broader health service staff.	Through the rollout of the Ethos Program, educate staff to create a positive workplace culture.	**Achieved** There have been 179 education sessions with 1,250 staff completing training. The awareness sessions explore the fundamental principles of the Ethos program, including speaking up, role modelling of positive behaviours and the Ethos online tool. An online module is now available for staff unable to attend face to face sessions.
	Occupational violence Ensure all staff who have contact with patients and visitors have undertaken core occupational violence training, annually. Ensure the department's occupational violence and aggression training principles are implemented.	Review existing occupational violence training against DHHS framework and address any shortfalls to ensure principles are implemented.	**Achieved** Following the review, an updated training program has commenced. The required on-line training campaign is underway with two thirds of staff completing the training.

	Environmental Sustainability Actively contribute to the development of the Victorian Government's: • policy to be net zero carbon by 2050 and improve environmental • sustainability by identifying and implementing projects, including • workforce education, to reduce material environmental impacts with • particular consideration of procurement and waste management, and • publicly reporting environmental performance data, including • measurable targets related to reduction of clinical, sharps and landfill • waste, water and energy use and improved recycling.	Reduce our environmental impact through the implementation of the National Energy Action Plan.	**In progress** SVHM has focused on a number of initiatives including the installation of solar cells, establishment of an online system to monitor and report electricity production and identifying energy reduction opportunities in partnership with Envizi Analytics. A Sustainability Officer has been appointed to develop relevant plans with priorities including recycling and waste reduction strategies.

	LGBTI Develop and promulgate service level policies and protocols, in partnership with LGBTI communities, to avoid discrimination against LGBTI patients, ensure appropriate data collection, and actively promote rights to free expression of gender and sexuality in healthcare settings. Where relevant, services should offer leading practice approaches to trans and intersex related interventions. *Note: deliverables should be in accordance with the DHHS Rainbow eQuality Guide (see at www2.health.vic.gov.au/about/populations/lgbti-health/rainbow-equality) and the Rainbow Tick Accreditation Guide (see at www.glhv.org.au)*	In consultation with SVHA, develop a health service wide LGBTI inclusive policy and engage with LGBTI community to conduct staff education.	**Achieved** SVHM has endorsed and implemented new policies and guidelines, including: 1. SVHM Diversity and Inclusion Policy, 2. Gender and Sexual Diversity Responsiveness Guidelines, 3. Aboriginal and Torres Strait Islander Cultural Safety and Responsiveness Guideline; and, 4. Cultural and Linguistically Diverse Responsiveness Guideline. Implementation has been championed from Mental Health with particular connection to the Emergency Department and the Assessment Liaison and Early Referral Team.

PART B: PERFORMANCE PRIORITIES

HIGH QUALITY AND SAFE CARE

Key Performance Indicator	Target	2018-19 actuals
Accreditation		
Accreditation against the National Safety and Quality Health Service Standards	Full compliance	Full compliance
Compliance with the Commonwealth's Aged Care Accreditation Standards	Full compliance	Full compliance
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	80%	81.7%
Percentage of healthcare workers immunised for influenza	80%	80%
Patient experience		
Victorian Healthcare Experience Survey – data submission	Full compliance	Full compliance
Victorian Healthcare Experience Survey – percentage of positive patient experience Quarter 1	95% positive experience	97%
Victorian Healthcare Experience Survey – percentage of positive patient experience Quarter 2	95% positive experience	98%
Victorian Healthcare Experience Survey – percentage of positive patient experience Quarter 3	95% positive experience	95%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care Quarter 1	75% positive experience	81%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care Quarter 2	75% positive experience	73%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care Quarter 3	75% positive experience	80%
Victorian Healthcare Experience Survey – patients perception of cleanliness Quarter 1	70%	64%
Victorian Healthcare Experience Survey – patients perception of cleanliness Quarter 2	70%	67%
Victorian Healthcare Experience Survey – patients perception of cleanliness Quarter 3	70%	65%
Healthcare associated infections (HAI's)		
Number of patients with surgical site infection	No outliers	Not achieved
Number of patients with ICU central-line-associated bloodstream infection (CLABSI)	Nil	Not achieved
Rate of patients with SAB* per occupied bed day	≤ 1/10,000	0.7
Adverse Events		
Sentinel events – root cause analysis (RCA) reporting	All RCA reports submitted within 30 business days	Achieved
Unplanned readmission hip replacement	Annual rate ≤ 2.5%	3.45%

* SAB is Staphylococcus aureus bacteraemia

Mental health		
Percentage of adult inpatients who are readmitted within 28 days of discharge	14%	17%
Rate of seclusion events relating to an adult acute mental health admission	≤ 15/1,000	3.4
Rate of seclusion events relating to an aged acute mental health admission	≤ 15/1,000	0.20
Percentage of adult patients who have post-discharge follow-up within seven days	80%	92%
Percentage of aged patients who have post-discharge follow-up within seven days	80%	92%
Continuing care		
Functional independence gain from an episode of rehabilitation admission to discharge relative to length of stay	≥ 0.645	1.04

TIMELY ACCESS TO CARE

Key performance indicator	Target	2018-19 actuals
Emergency care		
Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%	77%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended times	80%	66%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of emergency patients with a length of stay less than four hours	81%	70%
Number of patients with length of stay in the emergency department greater than 24 hours	0	0
Elective surgery		
Percentage of urgency category 1 elective surgery patients admitted within 30 days	100%	100%
Percentage of urgency category 1,2 and 3 elective surgery patients admitted within clinically recommended time	94%	87.2%
Percentage of patients on the waiting list who have waited longer than clinically recommended time for their respective triage category	5% or 15% proportional improvement from prior year	12.42%
Number of patients on the elective surgery waiting list*	1,003	1,204
Number of Hospital Initiated Postponements per 100 scheduled admissions	≤ 7/100	8.1%
Number of patients admitted from the elective surgery waiting list	7,627	7,300
Specialist clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	94%
Percentage of routine patients referred by a GP or external specialist who attended a first appointment within 365 days	90%	88%

* The target shown is the number of patients on the elective surgery waiting list as at 30 June 2019

EFFECTIVE FINANCIAL MANAGEMENT

Key Performance Indicator	Target	2018-19 actuals
Finance		
Operating result ($m)	5.5	5.37
Average number of days to paying trade creditors	< 60 days	60 days
Average number of days to receiving patient fee debtors	< 60 days	46 days
Public & Private WIES* performance to target	100%	101%
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	0.89
Forecast number of days a health service can maintain its operations with unrestricted available cash (based on end of year forecast)	14 days	38 days
Actual number of days a health service can maintain its operations with unrestricted available cash, measured on the last day of each month.	14 days	Achieved
Measures the accuracy of forecasting the Net result from transactions (NRFT) for the current financial year ending 30 June	Variance ≤ $250,000	$1.13m

* WIES is a Weighted Inlier Equivalent Separation

PART C: ACTIVITY AND FUNDING

Funding type	2018-19 Activity Achievement
Acute Admitted	
WIES Public	48,264
WIES Private	6,715
WIES DVA	284
WIES TAC	189
Acute Non-admitted	
Home Enteral Nutrition	1,927
Home Renal Dialysis	80
Specialist Clinics	85,502
Total Parenteral Nutrition	72
Subacute & Non-acute Admitted	
Subacute WIES – Rehabilitation Public	911
Subacute WIES – Rehabilitation Private	251
Subacute WIES – GEM Public	826
Subacute WIES – GEM Private	281
Subacute WIES – Palliative Care Public	309
Subacute WIES – Palliative Care Private	219
Subacute WIES – DVA	47
Transition Care – Bed days	10,243
Transition Care – Home day	11,376
Subacute Non-admitted	
Health Independence Program – Public	34,458
Aged Care	
Residential Aged Care	10,103
HACC	2,746*
Mental Health and Drug Services	
Mental Health Ambulatory	69,842
Mental Health Inpatient – Available bed days	22,050
Mental Health Residential	21,900
Mental Health Subacute	10,950
Drug Services	447**
Other	
NFC – Islet cell Transplantation	5
Health Workforce	248

* HACC activity impacted by NDIS

** Drug Services impacted by sector wide issue with data definitions during transition to a new formula
Acute and Subacute Non-admitted weighted contacts were shadow funded

ATTESTATION ON DATA INTEGRITY

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

CONFLICT OF INTEREST

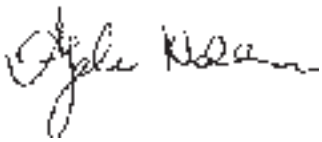
I, Angela Nolan, Chief Executive Officer certify that St Vincent's Hospital (Melbourne) Limited has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of Hospital circular 07/2017 Compliance reporting in health portfolio entities (Revised). St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

COMPLIANCE WITH HEALTH PURCHASING VICTORIA (HPV) HEALTH PURCHASING POLICIES

I, Angela Nolan, Chief Executive Officer certify that St Vincent's Hospital (Melbourne) Limited has put in place appropriate internal controls and processes to ensure that it has complied with all requirements set out in the HPV Health Purchasing Policies including mandatory HPV collective agreements as required by the *Health Services Act* 1988 (Vic) and has critically reviewed these controls and processes during the year.

INTEGRITY, FRAUD AND CORRUPTION

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



Angela Nolan
Chief Executive Officer
Dated 29 August 2019
Melbourne

ADDITIONAL INFORMATION

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

a) Declarations of pecuniary interests have been duly completed by all relevant officers;

b) Details of shares held by senior officers as nominee or held beneficially;

c) Details of publications produced by the entity about itself, and how these 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) A 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.

REPORT AVAILABILITY

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

COMPANY DIRECTORY

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 2018 to 30 June 2019, 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 2018 to 30 June 2019:

Mr Paul Robertson
AO Chair

Prof. Maryanne Confoy RSC
Retired 31 December 2018

Dr Michael Coote

Ms Anne Cross AM
Appointed 1 January 2019

Prof. Suzanne Crowe AM

Mr Brendan Earle

Ms Patricia Faulkner AO
Retired 31 December 2018

Mr Paul McClintock AO

Ms Anne McDonald

Ms Sandra McPhee AM

Mr Paul O'Sullivan
Appointed 1 August 2019

Ms Jill Watts
Appointed 1 August 2019

SECRETARY

Mr R Beetson
Mr P Fennessy

CHIEF EXECUTIVE OFFICER

Angela Nolan

REGISTERED OFFICE

Level 22, 100 William Street
Woolloomooloo NSW 2011

AUDITOR

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

BANKERS

National Australia Bank

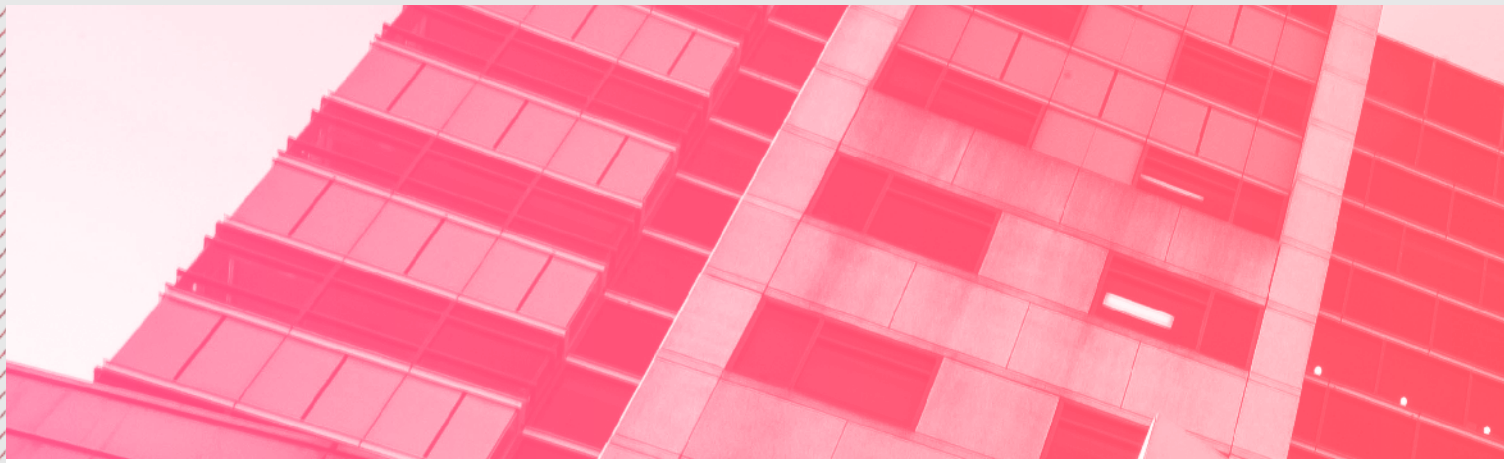
ULTIMATE PARENT

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

SVHA is Australia's largest not-for-profit, non-government healthcare provider

DIRECTORS' REPORT

The Directors present their report on the Hospital for the financial year ended 30 June 2019. 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).



Chair

MR PAUL ROBERTSON AO

Qualifications

Bachelor of Commerce,
Fellow CPA Australia

Experience

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, Chair of Catholic Health Australia and holds several private company directorships. Paul until recently was Chair of Alzheimer's Australia (NSW) and is now a Director on the new national body Dementia Australia.

Paul was awarded an Order of Australia in 2018 for distinguished service to the community through ethical leadership and management of, and philanthropic contributions to health, social enterprise, research, education and arts organisations.

Special responsibilities

Paul is a member of the People & Culture 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

Prof. Maryanne was appointed to the Board on 6 February 2012. Prof. 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, RMIT University Human Research Ethics Committee. She is a Board member of LUCRF Community Partnership Trust and The Way Community for Homeless Men. Prof. Maryanne retired from the Board on 31 December 2018.

Special responsibilities

Prof. Maryanne was a member of the Mission, Ethics & Advocacy Committee and the People & Culture Committee prior to her retirement.

DR MICHAEL COOTE

Qualifications

MB BS FRANZCO GAICD, Clinical Associate Professor University of Melbourne, Senior Consultant RVEEH, Lead Investigator Glaucoma Surgery Unit Centre for Eye Research Australia, member of Australian Medical Association, graduate of Australian Institute of Company Directors, member of Royal Australian New Zealand College of Ophthalmology.

Experience

Michael was appointed to the Board of St Vincent's Health Australia on 4 August 2016. Michael was prior to his commencement on the Board of Mercy Health for nine years where he was Chair of the Board Quality Committee for four years. During this time, Mercy Health grew 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 Chair of the Research & Education Committee and a member of the Clinical Governance & Safety Committee. Michael has also acted as a member of the *ad hoc* Royal Commissions Committee, deputising for Prof. Suzanne Crowe in her absence.

MS. ANNE CROSS AM

Qualifications

Master of Social Work (Research) University of Queensland, Bachelor of Social Work University of Queensland, Fellow of Australian Institute of Company Directors, Fellow of Australian Institute of Leadership & Management, Member of Chief Executive Women

Experience

Anne was appointed to the Board of St Vincent's Health Australia on 1 January 2019. Anne is an independent company director having concluded her executive career as Chief Executive of Uniting Care Queensland, one of Australia's largest not for profit health and community service organisations late in 2017. She supplemented her executive career which spanned over 30 years with Board, State and National Advisory roles. She is a fellow of the Australian Institute of Company Directors and a member of the Institute's Queensland Council since 2015. Anne was appointed as an Adjunct Professor in the Faculty of Health and Behavioural Sciences in 2008. She received recognition in the Queen's Birthday 2018 Honours List for significant service to the community through social welfare organisations in the government and not-for-profit sectors, and to women. She was named Telstra's National Business Woman of the Year in 2014 and awarded the University of Queensland's Alumni Excellence Award in 2016.

Special responsibilities

Anne is a member of the Mission, Ethics & Advocacy Committee, a member of the Clinical Governance & Safety Committee and a member of the *ad hoc* Royal Commissions Committee.

PROF. SUZANNE CROWE AM

Qualifications

MBBS (Honours IIA) – Monash University/Alfred Hospital Medical School

Fellow, Royal Australasian College of Physicians, (Speciality: Infectious Diseases); and, MD Thesis "Role of Macrophages in HIV Pathogenesis", Monash University

Experience

Suzanne was appointed to the Board on 1 January 2013. Suzanne has served as a consultant physician in infectious diseases at The Alfred since 1994. She has authored over 300 published papers, five books and 85 book chapters in the field. She holds appointments as Associate Director of the Burnet Institute, Principal Specialist in Infectious Diseases at The Alfred Hospital and Adjunct Professor of Medicine and Infectious Diseases at Monash University, Melbourne. She is a Fellow of the Australian Academy of Health & Medical Sciences.

Suzanne was previously a Director of the Healthy Ageing Program and Head of the international Clinical Research Laboratory at the Burnet Institute. She has served as head of the World Health Organization (WHO) Regional Reference Laboratory for HIV Resistance Testing and as an adviser and consultant to the WHO Global Program on AIDS. She holds positions as a non-executive Director of Avita Medical Limited and 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), as a member of the Prime Minister's Science, Engineering and Innovation Council Asia Working Group and as President of the Australasian Society for HIV Medicine.

Special responsibilities

Suzanne is Chair of the Clinical Governance & Safety Committee, a member of the People & Culture Committee, a member of Research & Education Committee and a member of the *ad hoc* Royal Commissions 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 was a partner with the international law firm, Herbert Smith Freehills and is now a partner with HWL Ebsworth. 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 & Investment Committee and the Audit & Risk Committee. He was a member of the Clinical Governance & Safety Committee until January 2019.

MS PATRICIA FAULKNER AO

Qualifications

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

Experience

Patricia was appointed to the Board on 1 October 2010. Patricia was a previous global Partner-in-Charge, Health Sector at KPMG and a previous Secretary of the Victorian Government Department of Human Services. She has held a number of roles with the Victorian Government over a period of almost 30 years in the Department of Labour and Department of Community Welfare Services. Patricia is Chair of Jesuit Social Services and the Telecommunication Industry Ombudsman. She is a Member of the Boards of CEDA and VicSuper. Patricia was a Deputy Commissioner to the Victorian Government's Royal Commission into Family Violence. Patricia is member of the Board of Catholic Professional Standards Limited. Patricia retired from the Board on 31 December 2018.

Special responsibilities

Patricia was Deputy Chair of the Board, a member of the Clinical Governance & Safety Committee and a member of the Mission, Ethics & Advocacy Committee. Following her retirement, Patricia accepted the Board's request to be appointed to the ad hoc Royal Commissions Committee as an external expert. Patricia also accepted the Board's request that she chair the 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 and as Deputy Chair on 1 January 2019. He is Chair of I-MED Network, Broadspectrum, NSW Ports, Laser Clinics Australia, Sydney Health Partners and the Committee for the Economic Development of Australia.

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

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

Special responsibilities

Paul is Deputy Chair of the SVHA Board, Chair of the Finance & Investment Committee and a member of the Research & Education Committee.

MS ANNE MCDONALD

Qualifications

Bachelor of Economics, Chartered Accountant, Fellow of the Institute of Chartered Accountants Australia and New Zealand, Graduate and Member–Australian Institute of Company Directors

Experience

Anne was appointed to the Board of St Vincent's Health Australia on 1 June 2017. Anne had previously served on the Boards of a number of St Vincent's entities prior to 2010.

Anne is an experienced Non-Executive Director (NED) with a solid understanding of corporate governance. She has pursued a full-time career as an NED since 2006. She is currently a Director of two ASX listed entities and Chair of a State-Owned Corporation–Spark Infrastructure, Link Administration Group and Water NSW.

Special responsibilities

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

MS SANDRA MCPHEE AM

Qualifications

Diploma in Education

Experience

Sandra McPhee AM was appointed as a Director of the SVHA and subsidiary Boards effective 1 October 2017. Sandra has a long history with SVHA having served on the Sydney regional Boards prior to 2010. She is currently serving as Chair of the Sydney Regional Advisory Committee.

Sandra is also on the Boards of Kathmandu Ltd and a Board member of the NSW Public Service Commission. She is Chair of the Expert Advisory Panel appointed by the Commonwealth Government to review Employment Services. She is also a member of the advisory council of J.P. Morgan, and a member of the Australian Institute of Company Directors and Chief Executive Women.

She has previously served as a Non-Executive Director on diverse Boards including Fairfax Media Limited, Coles Group Ltd, Scentre Group, Starlight Foundation, Tourism Australia, Australia Post, Perpetual Ltd and AGL Energy Ltd.

In 2013 Sandra was awarded a Member of the Order of Australia for significant service to business and to the community through leadership and advisory roles. Sandra has many years of experience in Executive roles in the airline industry in Australia and overseas and brings knowledge and experience to SVHA particularly in the People & Culture sphere.

Special responsibilities

Sandra is Chair of the People & Culture Committee.

MR PAUL O'SULLIVAN

Qualifications

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

Advanced Management Program, Harvard Business School

Experience

Paul was appointed as a director of SVHA and subsidiary Boards on 1 August 2019. Paul is an experienced chief executive with extensive domestic and international experience in ASX and SGX companies driving business transformation, growth and managing M&A as well as working with Board Remuneration and Audit Committees. Previous roles include Chief Executive Optus Australia and CEO Group Consumer Singel (SGP).

Special responsibilities

Paul is Chairman of Optus Australia, and sits on the Board of Commissioners Telkomsel (IDN) and has previously held Board positions with Bharti Airtel (IND) and Australia Business Community Network.

MS JILL WATTS

Qualifications

Wharton Fellow, MBA;

Grad Dip Health Admin & Information Systems; RM; RN

Experience

Jill was appointed as a director of SVHA and subsidiary Boards on 1 August 2019.

Jill has 40 years extensive global experience in the healthcare industry in Australia, UK, France, South Africa and SE Asia holding executive and non-executive roles. Her key strengths including leading business transformation, corporate governance frameworks and improving organisational performance.

Current roles include Governor, Sidra Hospital Board (QAT) and non-executive director IHH Healthcare (SGP, MYS).

Previous roles include Group CEO of both BMI Healthcare and Ramsay (UK) and directorships with Australian Chamber of Commerce and Royal Flying Doctor Service (UK).

Jill was voted the most influential leader in UK private health care in 2010, and one of healthcare's most influential women in 2013.

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 and International Leader of the Loreto Sisters. She has practiced in the area of Church law (including lecturing at Yarra Theological Union) both in Australia and in Rome at the Congregation for Institutes of Consecrated Life and Societies of Apostolic Life in the Vatican. Her specialty is in the area of institutional governance. Sr Mary is also a Director of Loreto Ministries Limited.

Special responsibilities

Sr Mary is Chair of the Mission, Ethics & Advocacy Committee, a member of the Audit & Risk Committee and a member of the People & 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 30 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, Member Australian Lawyers for Human Rights and a Member Australian Corporate Lawyers Association. Rob is also a graduate of the Australian Institute of Company Directors. He serves as an Executive in St Vincent's Health Australia in the position of Group General Manager Legal, Governance & Risk.

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 Practicing Certificate. Paul is the Group General Counsel for St Vincent's Health Australia.

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.

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

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, and;
- 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 $1,171,000.

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:

	2019 $'000	2018 $'000
Total Revenue for the year	790,084	771,242
Results for the year	(1,171)	(659)

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

Overall expenditure increased for the year in line with revenue. Employee related expenditure increased due to pay award increases and service growth, however consumables expenditure decreased due to a reduction in Hep C expenditure driven by decreased demand.

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 2019, the company had one member (2018: 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 2019 that has significantly affected, or may affect:

a) The operations, in financial years subsequent to 30 June 2019, 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 2019, 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. This Act relates to the financial administration, accountability and annual reporting requirements for the public sector and publicly funded entities. St Vincent's has complied with all relevant sections of the Act.

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 29 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 28 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. St Vincent's Hospital (Melbourne) Limited however had no contract that fell within the ambit of the Act in 2018-19.

In 2018-19 there were no contracts requiring disclosure under the *Local Jobs First Policy.*

Safe Patient Care Act 2015
St Vincent's Hospital (Melbourne) Limited has no matters to report in relation to its obligations under clause 40 of the *Safe Patient Care Act 2015.*

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 29.

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

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

Audit & Risk

Finance & Investment

Mission, Ethics & Advocacy

People & Culture

Clinical Governance & Safety Committee

Research & Education Committee

Ad hoc Royal Commission Committee

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 Paul Fennessy,
as Alternate Company Secretary

Mr Toby Hall,
as Chief Executive Officer

Ms Ruth Martin,
as Group Chief Financial Officer

Mr Lisa McDonald,
as Group Mission Leader

Mr David Swan,
as Chief Executive Officer of St Vincent's Health Australia Private Hospitals Division

Mr Lincoln Hooper,
as Chief Executive Officer of St Vincent's Health Australia Care Services Division

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

Dr Erwin Loh,
as Group General Manager Clinical Governance and Chief Medical Officer

Mr David Bryant,
as Group General Manager People and Culture

Ms Melanie Gow,
Group Manager, Corporate Affairs

COMMITTEES

The SVHA Board has established The Friends of St Vincent's to advise and support its facilities in Victoria in the achievement of SVHA's Mission and strategic objectives. The Friends did not meet as a group during this period.

MEETINGS OF DIRECTORS

The numbers of meetings of the company's Board of Directors and of each Board committee held from 1 July 2018 to 30 June 2019, and the number of meetings attended by each director were:

	Board	Audit & Risk	FI*	MEA**	People & Culture	CGS***	RE****	Ad hoc RC*****
Number of meetings:	7	6	7	5	5	7	4	4
Mr P Robertson AO	7/7				2/3			
Sr M Confoy RSC (retired 31 December 2018)	4/4			2/2	3/3			
Dr M Coote	7/7					7/7	4/4	2/2[1]
Ms A Cross AM (appointed 1 January 2019)	3/3			3/3		2/3		4/4
Prof. S Crowe AM	6/7				2/2	4/7	4/4	2/4
Mr B Earle	7/7	6/6	7/7			5/5		
Ms P Faulkner AO	3/4			2/2		4/4		4/4[2]
Mr P McClintock AO	7/7		7/7				4/4	
Ms A McDonald	7/7	6/6	1/1					
Ms Sandra McPhee AM	7/7				5/5			
Sr Mary Wright IBVM	7/7	5/6		5/5	3/5			

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

* Finance & Investment
** Mission, Ethics & Advocacy
*** Clinical Governance & Safety
**** Research & Education
***** Ad Hoc Royal Commission

1. Dr M Coote acted as proxy for Prof. S Crowe AM
2. Ms. P Faulkner AO continued as Chair of the ad hoc Royal Commissions Committee in the capacity of an external expert at the Board's request following her retirement from the Board.

2019 SVHM ORGANISATIONAL STRUCTURE

Chief Financial Officer
Ian Broadway

- **GM Financial Performance & Analytics** — Anita Stagliano
- **GM Strategic Finance** — Nicole Jolley
- **GM Infrastructure & Engineering (A)** — Joseph Saad
- **Procurement** — Craig Major
- **Telecommunications** — Jenny Luckhurst

Executive Director Performance Improvement
Clinton Cummins

- **GM Quality & Risk** — Luke McLaughlin
- **GM Continuous Improvement** — Simon Craig
- **GM Business Analysis & Reporting** — Cheryl Apperley

Chief Medical Officer
Wilma Beswick

- **Deputy Chief Medical Officer** — Andrew MacIsaac
- **Director of Research** — Megan Robertson
- **Medical Workforce Clinical Lead Director** — Neil Cunningham

Executive Director Acute Services
Cameron Goodyear

- **GM Surgical Services** — Melissa Evans
- **GM Medicine & Emergency Services** — Jacqui Bilo
- **GM Specialty Services** — Jana Gazarek
- **GM Access & Demand** — Kim O'Sullivan, *Don Fitzroy*
- **Head of Surgery** — Simon Banting
- **Head of Medicine** — Antony Tobin

Executive Director Integrated Care Services
Martin Smith

- **GM Mental Health & Addiction Medicine** — Jenelle Linton
- **GM Sub-Acute & Aged Care** — Dean Jones
- **GM Cancer, Palliative Care & Diagnostic Services** — Kirsten Rodger, *DON Caritas Christi*

Executive Director Community Services
Stephen Vale

- **GM Allied Health & Community Services** — Fiona McKinnon
- **Chief Pharmacist** — Andrew Cording
- **Manager Correctional Health** — Kris Mihaly
- **Infection Control** — Jo Cocks
- **Manager Biomedical Engineering & Physics** — Leigh Baker

Professor of Medicine – Mark Cook
Professor of Surgery – Peter Choong
Professor of Psychiatry – David Castle
Chair, Senior Medical Staff – Andrew Walby
Executive Director, ACMD – Tom Kay

Chief Executive Officer
Angela Nolan

Chief Executive Officer SVHA Foundation Victoria
Lyn Amy

Executive Officer
Susan Miller

Executive Director People & Corporate Services
Rebecca Roberts

- **GM HR** – Vanessa Tetaz
- **GM Health Safety & Wellbeing** – Christina Rennick
- **GM Support Services** – Stella Moon
- **GM Education Centre** – Deanne Riddington
- **Manager Ethos** – Stephen Tippett
- **GM Legal (A)** – Trudy Cox

Executive Director Strategy & Planning
Andrew Crettenden

- **GM Strategy & Business Development** – Anna McFadgen
- **GM Media & Communication** – Christine Elmer

Executive Director Mission
Margaret Stewart

- **Manager Pastoral Care** – Annie Forrest
- **Manager Aboriginal Health** – Toni Mason
- **Manager Volunteers** – Judy Clover
- **Cultural Diversity Coordinator** – Monita Mascitti-Meuter
- **SVHM Response to VAD Manager** – Gaye Moore
- **Catholic Chaplain** – Fr. Zaher Al Mhnna

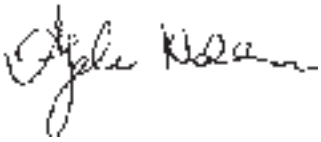
Chief Nursing Officer
Kathryn Riddell

Chief Allied Health Officer
Fiona McKinnon

AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under the *Australian Charities and Not-for-Profits Commission Act 2012* (Cth) is attached. Dated at Melbourne on 29 August 2019 in accordance with a resolution of the Board.

Mr Brendan Earle
Board Member



Angela Nolan
Chief Executive Officer

BOARD MEMBERS AND ACCOUNTABLE OFFICER'S DECLARATION

We declare that:

The Financial Report comprising the Comprehensive Operating Statement, Balance Sheet, 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), and with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the Financial Management Act 1994, applicable Financial Reporting Directions, including:

a) Giving a true and fair view of St Vincent's Hospital (Melbourne) Limited's financial position as at 30 June 2019 and of its performance for the year ended on that date: and

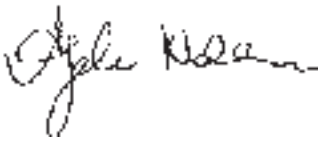
b) Complying with Australian Accounting Standards, Australian Charities and Not-for-Profits Regulation 2013 and other mandatory professional reporting requirements.

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

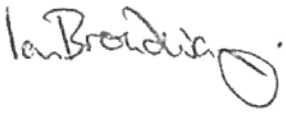
We are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 29 August 2019.

Mr Brendan Earle
Board Member
Dated 29 August 2019
Melbourne



Angela Nolan
Chief Executive Officer
Dated 29 August 2019
Melbourne



Ian Broadway
Chief Financial Officer
Dated 29 August 2019
Melbourne

Independent Auditor's Report

Victorian Auditor-General's Office

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

Opinion	I have audited the financial report of St Vincent's Hospital (Melbourne) Limited (the health service) which comprises the: • balance sheet as at 30 June 2019 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • board members and accountable officer's declaration. In my opinion the financial report is in accordance with Part 7 of the *Financial Management Act 1994* and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012,* including: • giving a true and fair view of the financial position of the health service as at 30 June 2019 and of its financial performance and its cash flows for the year then ended • complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2013.*
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. My independence is established by the *Constitution Act 1975*. My staff and I are independent of the health service in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Board's responsibilities for the financial report	The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the *Financial Management Act 1994* and the *Australian Charities and Not-for-profits Commission Act 2012*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

MELBOURNE
30 August 2019

Travis Derricott
as delegate for the Auditor-General of Victoria

VAGO
Victorian Auditor-General's Office

Auditor-General's Independence Declaration

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

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

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

Independence Declaration

As auditor for St Vincent's Hospital (Melbourne) Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

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

MELBOURNE
30 August 2019

Travis Derricott
as delegate for the Auditor-General of Victoria

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

FINANCIAL STATEMENTS

COMPREHENSIVE OPERATING STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	2019 $'000	2018 $'000
Income from Transactions			
Operating Activities	2.1	787,867	768,104
Non-Operating Activities	2.1	2,217	3,155
Total Income from Transactions		**790,084**	**771,259**
Expenses from Transactions			
Employee Expenses	3.1	(547,312)	(512,549)
Supplies and Consumables	3.1	(129,170)	(141,130)
Finance Costs	3.1	(1,162)	(2,713)
Depreciation and Amortisation	4.4	(21,505)	(23,785)
Other Operating Expenses	3.1	(88,714)	(91,005)
Total Expenses from Transactions		**(787,863)**	**(771,182)**
Net Result from Transactions – Net Operating Balance		**2,221**	**77**
Other Economic Flows included in Net Result			
Net gain/ (loss) on sale of non-financial assets	3.2	201	222
Net gain/ (loss) on financial instruments at fair value	3.2	(1,971)	(928)
Other gains/(losses) from other economic flows	3.2	(1,622)	(30)
Total Other Economic Flows Included in Net Result		**(3,392)**	**(736)**
Net Result for the Year		**(1,171)**	**(659)**
Other Comprehensive Income			
Items that will not be reclassified to Net Result			
Changes in PPE Revaluation Surplus		(16)	(21)
COMPREHENSIVE RESULT FOR THE YEAR		**(1,187)**	**(680)**

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

BALANCE SHEET AS AT 30 JUNE 2019

	Note	2019 $'000	2018 $'000
Assets			
Current Assets			
Cash and Cash Equivalents	6.3	11,286	12,656
Receivables	5.1	30,075	32,872
Investments and Other Financial Assets	4.1	6,863	6,781
Inventories	5.5	7,416	6,997
Other Assets	5.4	1,591	1,373
Total Current Assets		**57,231**	**60,679**
Non-Current Assets			
Receivables	5.1	40,955	32,825
Investments and Other Financial Assets	4.1	71,574	67,498
Property, Plant and Equipment	4.2	150,357	151,337
Intangible Assets	4.3	15,326	15,002
Investment Property	4.5	2,834	2,639
Total Non-Current Assets		**281,046**	**269,301**
Total Assets		**338,277**	**329,980**
Liabilities			
Current Liabilities			
Payables	5.2	63,129	65,330
Borrowings	6.1	6,409	7,512
Employee Provisions	3.4	125,810	116,698
Other Liabilities	5.3	16,208	14,101
Total Current Liabilities		**211,556**	**203,641**
Non-Current Liabilities			
Borrowings	6.1	9,252	15,661
Employee Provisions	3.4	29,885	21,907
Total Non-Current Liabilities		**39,137**	**37,568**
Total Liabilities		**250,693**	**241,209**
Net Assets		**87,584**	**88,771**
Equity			
General Purpose Surplus		69	165
Property, Plant & Equipment Revaluation Surplus		589	605
Restricted Specific Purpose Surplus		30,606	30,591
AIB Surplus		6,148	6,067
Funds Held in Perpetuity		250	250
Contributed Capital		25,850	25,850
Accumulated Surplus		24,072	25,243
Total Equity		**87,584**	**88,771**

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

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	General Purpose Reserve $ '000	Asset Revaluation Reserve $ '000	Restricted Specific Purpose Reserve $ '000	AIB Reserve $ '000	Funds Held in Perpetuity $ '000	Contributed Capital $ '000	Accum. Surpluses/ (Deficits) $ '000	Total $ '000
Balance at 30 June 2017	**8.1**	**445**	**626**	**30,399**	**5,979**	**250**	**25,850**	**25,902**	**89,451**
Net result for the Year		–	–	–	–	–	–	(659)	(659)
Other Comprehensive Income		–	(21)	–	–	–	–	–	(21)
Transfer to/(from) Surplus		–	–	–	–	–	–	–	–
Transfer to/(from) AIB Reserve		(88)	–	–	88	–	–	–	–
Transfer to/(from) Restricted Specific Purpose Reserve		(192)	–	192	–	–	–	–	–
Balance at 30 June 2018	8.1	**165**	**605**	**30,591**	**6,067**	**250**	**25,850**	**25,243**	**88,771**
Net result for the Year		–	–	–	–	–	–	(1,171)	(1,171)
Other Comprehensive Income		–	(16)	–	–	–	–	–	(16)
Transfer to/(from) Surplus		–	–	–	–	–	–	–	–
Transfer to/(from) AIB Reserve		(81)	–	–	81	–	–	–	–
Transfer to/(from) Restricted Specific Purpose Reserve		(15)	–	15	–	–	–	–	–
Balance at 30 June 2019	8.1	**69**	**589**	**30,606**	**6,148**	**250**	**25,850**	**24,072**	**87,584**

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

CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	2019 $'000 Inflows/ (Outflows)	2018 $'000 Inflows/ (Outflows)
Cash Flows From Operating Activities			
Operating Grants from Government		607,017	576,795
Capital Grants from Government		19,207	24,048
Patient and Resident Fees Received		24,916	23,917
Private Practice and Pathology Fees Received		39,197	39,559
Donations and Bequests Received		4,666	3,476
Interest and Investment Income Received		2,276	1,686
Other Receipts		147,635	163,388
Interest – Sisters of Charity Healthcare Australia Ltd		–	1,542
Other Capital Receipts		2,034	1,882
Total Receipts		**846,948**	**836,293**
Employee Benefits Paid		(518,258)	(482,269)
Non Salary Labour Costs		(5,327)	(7,958)
Payments for Supplies and Consumables		(152,876)	(166,283)
Finance Costs		(1,162)	(2,713)
Other Payments		(85,643)	(84,892)
GST Paid to ATO		(48,706)	(43,990)
Payments for Repairs and Maintenance		(5,136)	(5,563)
Capital Building and Occupancy		–	(5,253)
Total Payments		**(817,108)**	**(798,921)**
Net Cash Inflow from Operating Activities	8.1	**29,840**	**37,372**
Cash Flows From Investing Activities			
Purchase of Non-Financial Assets		(19,918)	(17,418)
Proceeds from Disposal of Non-Financial Assets		28	70
Purchase of Intangible Assets		(953)	(4,896)
Purchases of Investments		(1,433)	(1,820)
Net Cash Outflow from Investing Activities		**(22,276)**	**(24,064)**
Cash Flows From Financing Activities			
Proceeds from Borrowings		–	3,689
Repayment of Borrowings		(5,221)	(11,939)
Repayment of Finance Leases		(2,308)	(4,668)
Net Cash Inflow/(Outflow) From Financing Activities		**(7,529)**	**(12,918)**
Net Increase/(Decrease) In Cash and Cash Equivalents Held		35	390
Cash and Cash Equivalents at Beginning of the Financial Year		3,387	2,997
Cash and Cash Equivalents at End of the Financial Year	6.3	**3,422**	**3,387**

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

BASIS OF PREPARATION

The financial statements are prepared in accordance with Australian Accounting Standards and relevant FRDs.

These financial statements are presented in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These annual financial statements represent the audited general purpose financial statements for St Vincent's Hospital (Melbourne) Limited ('Health Service') for the year ended 30 June 2019. The report provides users with information about the Health Services' stewardship of resources entrusted to it.

a) Statement of compliance

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 and Accounting Standards issued by the Australian Accounting Standards Board. Accounting standards include Australian Accounting Standards (AAS's) and Interpretations. They are presented in a manner consistent with the requirements of AASB 101 Presentation of Financial Statements. The financial statements also comply with relevant Financial Reporting Directions (FRDs) issued by the Department of Treasury and Finance and relevant Standing Directions (SDs) authorised by the Assistant Treasurer.

The Health Service is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to "not-for-profit" Health Services under the AASs.

The annual financial statements were authorised for issue by the Board of the Health Service on 29 August 2019.

b) 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 2019 and the comparative information presented in these financial statements for the year ended 30 June 2018.

The going concern basis was used to prepare the financial statements (refer to Note 1 (c)).

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

All amounts shown in the financial statements have been rounded to the nearest thousand dollars, unless otherwise stated. Minor discrepancies in tables between totals and sum of components are due to rounding.

The Health Service operates on a fund accounting basis and maintains three funds, Operating, Specific Purpose and Capital Funds.

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 cultural assets and investment property (refer to Note 4.2 and 4.5);
- employee benefit provisions are based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.4); and
- fair value of shares and other investments.

c) Going Concern

The Hospital has a net asset position of $87.584m at 30 June 2019 (2018: $88.771m).

The Hospital's Balance Sheet shows an excess of current liabilities over current assets of $154.325m (2018: $142.962m). However, included within current liabilities are employee provisions of $125.810m (2018: $116.698m) which are required under accounting standards to be classified as current liability and in practice may settles beyond 12 months. Within the $125.810m, the Hospital has estimated in the twelve months following 30 June 2019, $44.362m (2018: $39.440m) may be paid out related to these employee provisions as disclosed in note 3.4. Also related to these provisions, the Hospital has a non-current receivable of $40.673m (2018: $32.493m) from the Department of Health and Human Services (DHHS) as disclosed in note 5.1 that may be called upon where required.

When preparing its financial statements, the Hospital has assessed DHHS funding and related costs for Public services to be provided in the twelve months following 30 June 2019. DHHS has committed to providing temporary cash flow support to enable the Hospital to meet its current and future operational obligations as and when they fall due for a period up to September 2020 should it be required to enable continued trade in the short term for provision of health services to Victorians.

Accordingly, the financial statements have been prepared on a going concern basis.

d) Goods and Services Tax

Income, expenses and assets are recognised net of the amount associated GST, unless the GST incurred is not recoverable from the Australian Taxation office (ATO). In this case the GST payable 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 ATO is included with other receivables or payables in the Balance Sheet.

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

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

e) Reporting Entity

The financial statements include all the controlled activities of the Hospital.

Its principal place of business is:

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

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

f) Jointly Controlled Operations

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 8.9.

g) Equity

Contributed Capital

Consistent with the requirements of AASB 1004 Contributions (that is contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the hospital.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

Other transfers that are in the nature of contributions to or distributions by owners have also been designated as contributions by owners.

Restricted Specific Purpose Surplus

The Specific Restricted Purpose Surplus 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.

Property, Plant and Equipment Revaluation Surplus

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

h) Comparatives

Where applicable, the comparative figures have been restated to align with the presentation in the current year. Figures have been restated at Notes 2.1, 3.1, 3.4, 5.2 and 7.1(b).

NOTE 2: FUNDING DELIVERY OF OUR SERVICES

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

The hospital is predominantly funded by accrual based grant funding for the provision of outputs. The hospital also receives income from the supply of services.

Structure

2.1 Income from Transactions

2.2 Assets Received Free of Charge or for Nominal Consideration

NOTE 2.1: INCOME FROM TRANSACTIONS

	Note	Total 2019 $'000	Total 2018 $'000
Government Grants – Operating		587,545	567,486
Government Grants – Capital		19,207	20,800
Other Capital Purpose Income (including Capital Donations)		2,031	6,010
Patient and Resident Fees		24,089	23,240
Commercial Activities[1]		83,065	79,175
Pathology		35,287	35,631
Diagnostic Imaging		13,178	12,225
Assets received Free of Charge or for Nominal Consideration	2.2	18	1,340
Other Revenue from Operating Activities (including Non-Capital Donations)		23,447	22,197
Total Income from Operating Activities		**787,867**	**768,104**
Capital Interest		20	1,564
Other Interest		1,463	1,101
Dividends		734	490
Total Income from Non-Operating Activities		**2,217**	**3,155**
Total Income from Transactions		**790,084**	**771,259**

1. Commercial activities represent business activities which the hospital enter into to support their operations.

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 and Other Transfers of Income (other than contributions by owners)

In accordance with AASB 1004 Contributions, government grants and other transfers of income (other than contributions by owners) are recognised as income when the Hospital gains control of the underlying assets irrespective of whether conditions are imposed on the Hospital's use of the contributions.

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

Contributions are deferred as income in advance when the hospital has a present obligation to repay them and the present obligation can be reliably measured.

Non-cash contributions from the Department of Health and Human Services

The Department of Health and Human Services makes some payments on behalf the Hospital as follows:

- The Victorian Managed Insurance Authority non-medical indemnity insurance payments are recognised as revenue following advice from the Department of Health and Human Services
- Long Service Leave (LSL) revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Department of Health and Human Services Hospital Circular 04/2017.

Patient and Resident Fees

Patient and resident fees are recognised as revenue on an accrual basis.

Private Practice Fees

Private practice fees are recognised as revenue at the time invoices are raised, and include recoupments from private practice for the use of hospital facilities.

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 surplus, such as specific restricted purpose surplus.

Interest Revenue

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

Dividend Revenue

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

Assets and Services received free of charge or for nominal consideration

Resources 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, unless received from another Health Service or agency as a consequence of a restructuring of administrative arrangements. 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.

Revenue from Commercial Activities

Revenue from commercial activities such as car park and property rental income are recognised on an accrual basis.

Pathology and Diagnostic Imaging

Pathology and Diagnostic Imaging fees are recognised as revenue at the time invoices are raised.

NOTE 2.2: ASSETS RECEIVED FREE OF CHARGE OR FOR NOMINAL CONSIDERATION

	Total 2019 $'000	Total 2018 $'000
During the reporting period, the fair value of assets received free of charge, was as follows:		
Cultural Assets	18	215
Financial Assets – shares in Epi-Minder	–	1,125
Total	18	1,340

NOTE 3: THE COST OF DELIVERING SERVICES

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

Structure

3.1 Expenses from Transactions

3.2 Other Economic Flows

3.3 Analysis of expense and revenue by internally managed and restricted specific purpose funds

3.4 Employee benefits in the balance sheet

3.5 Superannuation

NOTE 3.1: EXPENSES FROM TRANSACTIONS

	Note	Total 2019 $'000	Total 2018 $'000
Salaries and Wages		497,190	462,884
On-costs		40,684	38,193
Agency Expenses		5,327	7,958
Workcover Premium		4,111	3,514
Total Employee Expenses		**547,312**	**512,549**
Drug Supplies		62,525	74,349
Medical and Surgical Supplies		49,180	49,729
Diagnostic and Radiology Supplies		12,903	12,762
Other Supplies and Consumables		4,562	4,290
Total Supplies and Consumables		**129,170**	**141,130**
Finance Costs		1,162	2,713
Total Finance Costs		**1,162**	**2,713**
Fuel, Light, Power and Water		8,164	7,345
Repairs and Maintenance		5,164	5,334
Maintenance Contracts		12,252	12,196
Medical Indemnity Insurance		6,583	6,367
Other Administrative Expenses		54,918	53,061
Campus Lease		–	5,253
Expenditure for Capital Purposes		1,633	1,449
Total Other Operating Expenses		**88,714**	**91,005**
Depreciation and Amortisation	4.4	21,505	23,785
Total Other Non-Operating Expenses		**21,505**	**23,785**
Total Expenses from Transactions		**787,863**	**771,182**

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.

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.

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; and
- 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 such things as:

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

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

Non-operating expenses

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

NOTE 3.2: OTHER ECONOMIC FLOWS

	Total 2019 $'000	Total 2018 $'000
Net gain/(loss) on non-financial assets		
Revaluation of Investment Property	195	239
Net gain/(loss) on disposal of Property, Plant and Equipment	6	(17)
Total net gain/(loss) on non-financial assets	**201**	**222**
Net gain/(loss) on financial instruments at fair value		
Allowance for impairment losses of contractual receivables	(1,971)	(928)
Total net gain/(loss) on financial instruments at fair value	**(1,971)**	**(928)**
Other gains/(losses) from other economic flows		
Net gain(loss) arising from revaluation of long service liability	(1,622)	(30)
Total other gains/(losses) from other economic flows	**(1,622)**	**(30)**
Total gains/(losses) from Other Economic Flows	**(3,392)**	**(736)**

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

Net gain/ (loss) on non-financial assets

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

- Impairment of non-financial physical assets (Refer to Note 4.2 Property, plant and equipment.)
- Net gain/ (loss) on disposal of non-financial assets
- Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal
- Revaluation gains/(losses) of investment property.

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

Net gain/ (loss) on financial instruments includes:

- impairment and reversal of impairment for financial instruments at amortised cost refer to Note 4.1 Investments and other financial assets; and
- disposals of financial assets and derecognition of financial liabilities.

Amortisation of non-produced intangible assets

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

Impairment of non-financial assets

Goodwill and intangible assets with indefinite useful lives (and intangible assets not available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired. Refer to Note 4.3 Intangibles.

Other gains/ (losses) from other economic flows

Other gains/ (losses) include:

- the revaluation of the present value of the long service leave liability due to changes in the bond rate movements, inflation rate movements and the impact of changes in probability factors; and
- transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

NOTE 3.3: ANALYSIS OF EXPENSE AND REVENUE BY INTERNALLY MANAGED AND RESTRICTED SPECIFIC PURPOSE FUNDS

	Expense		Revenue	
	Total 2019 $'000	Total 2018 $'000	Total 2019 $'000	Total 2018 $'000
Commercial Activities				
Diagnostic Imaging	8,478	8,403	8,969	9,181
Cafeteria	173	180	327	466
Car Park	1,126	1,101	6,355	6,014
Property	263	268	3,134	3,136
Correctional Health Services	17,791	18,649	22,358	22,279
Childcare	38	47	214	220
Breastscreen Clinic	4,877	4,658	4,921	4,658
Community Medical Centre	1,538	1,806	1,385	1,802
Specific Purpose Trust Funds	15,122	12,420	19,309	15,754
Other Business Units	191	275	2,118	2,102
Total Commercial Activities	49,597	47,807	69,090	65,612
Other Activities				
Fundraising & Donations	1,698	1,831	4,957	4,470
Research & Scholarship	9,753	10,071	9,018	9,093
Total Other Activities	11,451	11,902	13,975	13,563
Total	61,048	59,709	83,065	79,175

NOTE 3.4: EMPLOYEE BENEFITS IN THE BALANCE SHEET

	Total 2019 $'000	Total 2018 $'000
Current Provisions		
Employee Benefits*		
Annual Leave		
– Unconditional and expected to be settled wholly within 12 months	31,683	27,943
– Unconditional and expected to be settled wholly after 12 months	4,050	4,662
Long Service Leave		
– Unconditional and expected to be settled wholly within 12 months	7,009	6,546
– Unconditional and expected to be settled wholly after 12 months	69,659	65,255
Accrued Days Off		
– Unconditional and expected to be settled wholly within 12 months	1,455	1,203
	113,856	105,609
Provisions related to Employee Benefit On-Costs		
– Unconditional and expected to be settled wholly within 12 months	4,215	3,748
– Unconditional and expected to be settled wholly after 12 months	7,739	7,341
	11,954	11,089
Total Current Provisions	125,810	116,698
Non-Current Provisions		
Employee Benefits*		
Conditional Long Service Leave	27,045	19,825
Provisions related to Employee Benefit On-Costs	2,840	2,082
Total Non-Current Provisions	29,885	21,907
Total Provisions	155,695	138,605

* 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.

a) Employee Benefits and Related On-Costs

	Total 2019 $'000	Total 2018 $'000
Current Employee Benefits and Related On-Costs		
Unconditional Long Service Leave Entitlements	84,718	79,341
Annual Leave Entitlements	39,485	36,028
Accrued Days Off	1,607	1,329
Total Current	125,810	116,698
Non-Current Employee Benefits and Related On-Costs		
Conditional Long Service Leave Entitlements	29,885	21,907
Total Non-Current	29,885	21,907
Total Employee Benefits and Related On-Costs	155,695	138,605

b) Movement in On-Costs Provision

	Total 2019 $'000
Movement in Employee Benefit On-Costs Provision	
Balance at start of year	13,171
Additional provisions recognised	2,675
Unwinding of discount and effect of changes in the discount rate	(207)
Reduction due to transfer out	(844)
Balance at End of Year	**14,795**

Employee Benefits Recognition

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date as an expense during the period the services are delivered.

Provisions

Provisions are recognised when the Hospital has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a liability is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

Annual Leave and Accrued Days Off

Liabilities for annual leave and accrued days off are all recognised in the provision for employee benefits as 'current liabilities', because the 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 annual leave and accrued days off are measured at:

- Nominal 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

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

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

The components of this current LSL liability are measured at:

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

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

Termination Benefits

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

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

On-Costs related to Employee Benefits

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

NOTE 3.5: 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.

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.

The Hospital does not recognise any unfunded defined benefit liability in respect of the plan because the Hospital 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		Contribution Outstanding at Year End	
	Total 2019 $'000	Total 2018 $'000	Total 2019 $'000	Total 2018 $'000
Defined Benefit Plans:[i]				
First State Super	392	424	–	–
Government State Super Funds	207	216	45	21
Defined Contribution Plans:				
First State Super	24,966	21,954	1,857	1,724
HESTA	14,132	12,971	1,062	1,054
VicSuper	188	151	13	12
Other	3,643	2,434	249	1,163
Total	43,528	38,150	3,226	3,974

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

NOTE 4: KEY ASSETS TO SUPPORT SERVICE DELIVERY

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

Structure

4.1 Investments and other financial assets

4.2 Property, plant & equipment

4.3 Intangible assets

4.4 Depreciation and Amortisation

4.5 Investment properties

NOTE 4.1: INVESTMENTS AND OTHER FINANCIAL ASSETS

	Operating Fund		Specific Purpose Fund		AIB Reserve Fund		Total	Total
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Current								
Term Deposits	241	298	474	416	–	–	715	714
Guaranteed Bill Index Deposit in Escrow	–	–	–	–	6,148	6,067	6,148	6,067
Total Current	**241**	**298**	**474**	**416**	**6,148**	**6,067**	**6,863**	**6,781**
Non-Current								
Shares and Other Managed Investments	9,555	10,211	18,908	15,990	–	–	28,463	26,201
Fixed Interest Securities and Floating rate notes	14,032	15,656	27,766	24,516	–	–	41,798	40,172
Shares in Epi Minder	1,313	1,125	–	–	–	–	1,313	1,125
Total Non-Current	**24,900**	**26,992**	**46,674**	**40,506**	**–**	**–**	**71,574**	**67,498**
Total Investments and Other Financial Assets	**25,141**	**27,290**	**47,148**	**40,922**	**6,148**	**6,067**	**78,437**	**74,279**
Represented by:								
Health Service Investments	25,141	27,290	47,148	40,922	6,148	6,067	78,437	74,279
Total Investments and Other Financial Assets	**25,141**	**27,290**	**47,148**	**40,922**	**6,148**	**6,067**	**78,437**	**74,279**

Investment Recognition

Refer to Note 7.1 for 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 investments and other financial assets.

NOTE 4.2: PROPERTY, PLANT AND EQUIPMENT

Initial Recognition

Items of property, plant and equipment are measured initially at cost and subsequently valued at fair value less accumulated depreciation and impairment loss. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. The carrying amount of plant and equipment is considered to equate to the fair value of these assets given their short useful lives. Cultural assets are initially measured at cost and subsequently valued at fair value with increments and decrements being reflected through a reserve where decrements have not previously been recognised through the profit and loss. Decrements that offset previous increments in the same class of asset are charged against an asset revaluation reserve directly in equity and other decreases are charged to the net result.

a) Gross carrying amount and accumulated depreciation

	Total 2019 $'000	Total 2018 $'000
Leasehold Improvements		
Leasehold Improvements at Cost	159,809	156,277
Less Accumulated Depreciation	(69,518)	(61,973)
Total Leasehold Improvements	**90,291**	**94,304**
Plant and Equipment		
Plant and Equipment at Cost	28,707	27,287
Less Accumulated Depreciation	(22,014)	(19,847)
Total Plant and Equipment	**6,693**	**7,440**
Medical Equipment		
Major Medical at Cost	85,064	75,792
Less Accumulated Depreciation	(67,710)	(59,171)
Total Medical Equipment	**17,354**	**16,621**
Computers and Communication		
Computers and Communication at Cost	12,100	10,386
Less Accumulated Depreciation	(9,190)	(8,163)
Total Computers and Communications	**2,910**	**2,223**
Furniture and Fittings		
Furniture and Fittings at Cost	3,612	3,309
Less Accumulated Depreciation	(2,843)	(2,668)
Total Furniture and Fittings	**769**	**641**
Motor Vehicles		
Motor Vehicles at Cost	3,777	3,662
Less Accumulated Depreciation	(3,361)	(3,316)
Total Motor Vehicles	**416**	**346**
Cultural Assets		
Cultural Assets at Fair Value^	3,276	3,256
Total Cultural Assets	**3,276**	**3,256**
Leased Assets		
Leasehold improvements at Cost	38,722	38,722
Plant and Equipment at Cost	24,569	29,882
Less Accumulated Amortisation	(57,443)	(58,736)
Total Leased Assets	**5,848**	**9,868**
Works in Progress at Cost*	**22,800**	**16,638**
Total	**150,357**	**151,337**

^ Cultural Assets were revalued at 30 June 2019 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.

b) Reconciliations of the carrying amounts of each class of asset

	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
Balance at 1 July 2017	**94,743**	**8,984**	**16,671**	**2,288**	**658**	**599**	**3,062**	**14,295**	**16,053**	**157,353**
Additions	3,444	531	4,799	903	143	28	215	140	7,352	17,555
Transfers	3,975	–	–	–	–	–	–	–	(6,767)	(2,792)
Disposals	–	(6)	(21)	–	–	(60)	–	–	–	(87)
Revaluation	–	–	–	–	–	–	(21)	–	–	(21)
Depreciation	(7,858)	(2,069)	(4,828)	(968)	(160)	(221)	–	(4,567)	–	(20,671)
Balance at 1 July 2018	**94,304**	**7,440**	**16,621**	**2,223**	**641**	**346**	**3,256**	**9,868**	**16,638**	**151,337**
Additions	438	1,117	3,697	1,370	303	216	36	–	12,762	19,939
Transfers	3,094	41	1,454	344	–	–	–	–	(6,600)	(1,667)
Disposals	–	(5)	(14)	–	–	(2)	–	–	–	(21)
Revaluation	–	–	–	–	–	–	(16)	–	–	(16)
Depreciation	(7,545)	(1,900)	(4,404)	(1,027)	(175)	(144)	–	(4,020)	–	(19,215)
Balance at 30 June 2019	**90,291**	**6,693**	**17,354**	**2,910**	**769**	**416**	**3,276**	**5,848**	**22,800**	**150,357**

c) Fair value measurement hierarchy for assets as at 30 June 2019

	Carrying amounts as at 30 June 2019	Fair value measurement at end of reporting period using [i]		
		Level 1	Level 2	Level 3
Cultural Assets at Fair Value	3,276		3,276	
Total	**3,276**		**3,276**	

Fair value measurement hierarchy for assets as at 30 June 2018

	Carrying amounts as at 30 June 2018	Fair value measurement at end of reporting period using [i]		
		Level 1	Level 2	Level 3
Cultural Assets at Fair Value	3,256		3,256	
Total	**3,256**		**3,256**	

(i) Classified in accordance with the fair value hierarchy
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 "Dwyer Fine 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.

d) Fair value determination

Valuation hierarchy

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

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

Asset Class	Examples of types of assets	Expected fair value level	Likely valuation approach	Significant Inputs (Level 3 only)
Cultural assets	Items for which there is an active market and there are operational uses for the item	Level 2	Market approach	N/A
Cultural assets	Items for which there is no active market and/or for which there are limited uses	Level 3	Depreciated replacement cost approach	Cost per square metre Useful life

NOTE 4.3: INTANGIBLE ASSETS

a) Gross carrying amount and accumulated depreciation

	Total 2019 $'000	Total 2018 $'000
Computer Software and Development at cost	31,584	28,980
Less Accumulated Amortisation	(19,643)	(17,353)
	11,941	**11,627**
Patent at Cost	11	–
Less Accumulated Amortisation	(1)	–
	10	**–**
	11,951	**11,627**
Bed Licences at Cost	3,375	3,375
Total Written Down Value	**15,326**	**15,002**

b) Reconciliation of the carrying amounts of intangible assets

	Computer Software & Development $'000	Patent $'000	Bed Licences $'000	Total $'000
Balance at 1 July 2017	**7,054**	**–**	**3,375**	**10,429**
Additions	4,896	–	–	4,896
Transfers	2,791	–	–	2,791
Disposals	–	–	–	–
Depreciation/Amortisation	(3,114)	–	–	(3,114)
Balance at 1 July 2018	**11,627**	**–**	**3,375**	**15,002**
Additions	936	11	–	947
Transfers	1,667	–	–	1,667
Disposals	–	–	–	–
Depreciation/Amortisation	(2,289)	(1)	–	(2,290)
Balance as at 30 June 2019	**11,941**	**10**	**3,375**	**15,326**

Intangible assets represent identifiable non-monetary assets without physical substance such as Aged Care bed licences, computer software and development costs. Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Hospital.

An independent valuation of the Aged Care bed licences was carried out by independent valuers Knight Frank as at 30 June 2019. The bed licences were valued at $8,775,000. However, no adjustment is made as they are carried at cost.

NOTE 4.4: DEPRECIATION AND AMORTISATION

	Total 2019 $'000	Total 2018 $'000
Depreciation		
Plant and Equipment	1,900	2,069
Medical Equipment	4,404	4,828
Computers and Communication	1,027	968
Furniture and Fittings	175	160
Motor Vehicles	144	221
Leasehold Improvements	7,545	7,858
Leased Assets – Plant and Equipment	4,020	4,567
Total Depreciation – Property, Plant and Equipment	**19,215**	**20,671**
Amortisation		
Intangible Assets		
Computer Software & Development Costs	2,290	3,114
Total Amortisation – Intangible Assets	**2,290**	**3,114**
Total Depreciation and Amortisation	**21,505**	**23,785**

Depreciation

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

Amortisation

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

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

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

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

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 and amortisation charges are generally based.

	2019	2018
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 2019 and has allowed continuing application of the above expected useful lives of non-current assets.

NOTE 4.5: INVESTMENT PROPERTIES

a) Movements in carrying value for investment properties as at 30 June 2019

	Total 2019 $'000	Total 2018 $'000
Balance at Beginning of Period	2,639	2,400
Net gain from Fair Value adjustments	195	239
Balance at End of Period	**2,834**	**2,639**

b) Fair value measurement hierarchy for investment properties as at 30 June 2019

	Carrying amounts as at 30 June 2019	Fair value measurement at end of reporting period using [(i)]		
		Level 1	Level 2	Level 3
Investment properties	2,834		2,834	
Total	**2,834**		**2,834**	

Fair value measurement hierarchy for investment properties as at 30 June 2018

	Carrying amounts as at 30 June 2018	Fair value measurement at end of reporting period using [(i)]		
		Level 1	Level 2	Level 3
Investment properties	2,639		2,639	
Total	**2,639**		**2,639**	

(i) Classified in accordance with the fair value hierarchy

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 Hospital.

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

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

The fair value of the Hospital's property 26-28 Gertrude St at 30 June 2019 has been arrived on the basis of Managerial Revaluation Assessment based on the Valuer-General Victoria indices.

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

There have been no transfers between levels during the period. There were no changes in valuation techniques throughout the period to 30 June 2019.

NOTE 5: OTHER ASSETS AND LIABILITIES

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

Structure

5.1 Receivables

5.2 Payables

5.3 Other liabilities

5.4 Other non-financial assets

5.5 Inventories

NOTE 5.1: RECEIVABLES

	Total 2019 $'000	Total 2018 $'000
Current–Contractual		
Trade Debtors	9,243	11,854
Patient Fees	5,646	6,006
Doctors' Fee Revenue	5,791	4,746
Accrued Revenue		
– Department of Health and Human Services	1,836	568
– Other	7,319	9,573
Loan – St Vincent's Healthcare Ltd (refer note 8.4)	49	47
Sub-Total	29,884	32,794
Less: Allowance for impairment losses of contractual receivables		
Trade Debtors	(245)	(375)
Patient Fees	(807)	(594)
Other Debtors	(964)	(746)
Sub-Total	(2,016)	(1,715)
Current–Statutory		
GST Receivable	2,207	1,793
Sub-Total	2,207	1,793
Total Current	30,075	32,872
Non-Current – Contractual		
Loan – St Vincent's Healthcare Ltd (refer note 8.4)	282	332
Sub-Total	282	332
Non-Current – Statutory		
Department of Health and Human Services–Long Service Leave	40,673	32,493
Sub-Total	40,673	32,493
Total Non-Current	40,955	32,825
TOTAL RECEIVABLES	71,030	65,697

a) Movement in the Allowance for impairment losses of contractual receivables

	Total 2019 $'000	Total 2018 $'000
Balance at beginning of year	1,715	1,758
Reversal of allowance written off during the year as uncollectable	(1,670)	(971)
Increase in allowance recognised in the net result	1,971	928
Balance at end of the year	**2,016**	**1,715**

Receivables Recognition

Receivables consist of:

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

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

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

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

Impairment losses of contractual receivables

Refer to Note 7.1 (c) Contractual receivables at amortised costs for the hospital's contractual impairment losses.

NOTE 5.2: PAYABLES

	Total 2019 $'000	Total 2018 $'000
Current – Contractual–Unsecured		
Trade Creditors	32,976	30,934
Accrued Expenses	9,778	13,306
Accrued Salaries and Wages	16,673	17,798
	59,427	62,038
Current – Statutory–Unsecured		
GST Payable	3,702	3,292
	3,702	3,292
Total Current Payables	63,129	65,330

Payables consist of:

- contractual payables are classified as financial instruments and measured at amortised cost. Accounts payable representing liabilities for goods and services provided to the Hospital prior to the end of the financial year that are unpaid; and
- 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.

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

Maturity analysis of payables

Please refer to Note 7.1 (b) for the ageing analysis of payables

NOTE 5.3: OTHER LIABILITIES

	Total 2019 $'000	Total 2018 $'000
Current		
Deferred Revenue		
– Department of Health and Human Services	4,238	2,159
– Other	4,106	2,673
Total Deferred Revenue	**8,344**	**4,832**
Monies held in Trust		
– Security Deposits	250	250
– Salary Packaging Employees	2,407	2,898
– Patient Monies held in Trust	84	88
– Accommodation Bonds	5,004	5,943
– Other Monies Held in Trust	119	90
Total Monies held in Trust	**7,864**	**9,269**
Total Current	**16,208**	**14,101**
Total Monies Held in Trust Represented by the following assets:		
Cash and Cash Equivalents	7,864	9,269
	7,864	**9,269**

NOTE 5.4: OTHER NON-FINANCIAL ASSETS

	Total 2019 $'000	Total 2018 $'000
Current		
Prepayments	1,591	1,373
Total	**1,591**	**1,373**

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

NOTE 5.5: INVENTORIES

	Total 2019 $'000	Total 2018 $'000
Current		
Drug Supplies	2,961	2,903
Medical and Surgical Lines	4,181	3,834
Food Supplies	81	74
Biomedical Supplies	193	186
Total	**7,416**	**6,997**

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

NOTE 6: HOW WE FINANCE OUR OPERATIONS

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

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

Structure

6.1 Interest bearing liabilities

6.2 Non-cash financing and investing activities

6.3 Cash and cash equivalents

6.4 Commitments for expenditure

NOTE 6.1: INTEREST BEARING LIABILITIES

	Total 2019 $'000	Total 2018 $'000
Current		
– Finance Leases	3,005	3,979
– St Vincent's Healthcare Ltd	2,362	3,533
– St Vincent's Health Australia	1,042	–
Total Current	**6,409**	**7,512**
Non-Current		
– Finance Leases	3,209	6,214
– St Vincent's Healthcare Ltd	1,314	3,676
– St Vincent's Health Australia	4,729	5,771
Total Non-Current	**9,252**	**15,661**
Total Interest Bearing Liabilities	**15,661**	**23,173**

The Hospital has two related party loans with St Vincent's Healthcare Ltd for which quarterly principle and interest payments were made. Interest charged is at arm's length basis at 3.20% and 3.50% and the loans will mature on 20 June 2021 and 28 December 2020, respectively.

The Hospital has two related party loans with St Vincent's Health Australia for which interest payments were made in the current financial year. The interest charged is at arm's length basis at 3.38% and 3.50% and the loans will mature on 30 June 2022 and 30 June 2032, respectively.

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

Finance costs of the Hospital incurred during the year are accounted for as finance costs recognised as expenses were $1,162,000 (2018: $2,713,000).

Maturity analysis of borrowings

Refer to Note 7.1 (b) for maturity analysis of Interest bearing liabilities.

Defaults and breaches

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

a) Finance Lease Liabilities

	Minimum future lease payments [i]		Present value of minimum future lease payments	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Finance Leases				
Not longer than one year	3,290	4,474	3,005	3,979
Longer than one year but not longer than five years	3,403	6,693	3,209	6,214
Longer than five years	–	–	–	–
Minimum future lease payments	**6,693**	**11,167**	**6,214**	**10,193**
Less future finance charges	(479)	(974)	–	–
Present value of minimum lease payments	**6,214**	**10,193**	**6,214**	**10,193**
Included in the Financial Statements as:				
Current Borrowings Finance Leases	3,005	3,979	3,005	3,979
Non-Current Borrowings Finance Leases	3,209	6,214	3,209	6,214
Total	**6,214**	**10,193**	**6,214**	**10,193**

The weighted average interest rate implicit in leases is 5.51% (2018 – 5.61%)

Finance Leases

A lease is a right to use an asset for an agreed period of time in exchange for payment. Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership.

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, in the manner described in Note 6.4 Commitments.

Finance leases are recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. Minimum lease payments are apportioned between reduction of the outstanding lease liability, and the periodic finance expense which is calculated using the interest rate implicit in the lease, and charged directly to the Comprehensive Operating Statement. Contingent rentals associated with finance leases are recognised as an expense in the period in which they are incurred.

Borrowings

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether the 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.

NOTE 6.2: NON-CASH FINANCING AND INVESTING ACTIVITIES

	Total 2019 $'000	Total 2018 $'000
Current		
Acquisition of plant and equipment by means of Finance Lease	–	140
Total Non-Cash Financing and Investing Activities	–	140

NOTE 6.3: CASH AND CASH EQUIVALENTS

	Total 2019 $'000	Total 2018 $'000
Cash at Bank and on Hand		
Cash on Hand	34	34
Cash at Bank	11,252	12,622
Cash at 30 June	11,286	12,656
Represented by:		
Cash for Operations (as per Cash Flow Statement)	3,422	3,387
Cash for Monies Held in Trust (Note 5.3)	7,864	9,269
Cash at 30 June	11,286	12,656

Cash and cash equivalents recognised on the Balance Sheet comprise 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.

For cash flow statement purposes, cash and cash equivalents include bank overdrafts, which are included as liabilities on the balance sheet.

NOTE 6.4: COMMITMENTS FOR EXPENDITURE

	Total 2019 $'000	Total 2018 $'000
Capital Expenditure Commitments		
Less than 1 year	3,770	2,611
Longer than 1 year but not longer than 5 years	4,555	3,909
5 years or more	–	–
Total Capital Commitments	**8,325**	**6,520**
Operating Commitments		
Less than 1 year	3,300	1,898
Total Operating Commitments	**3,300**	**1,898**
Non-cancellable Operating Lease Commitments		
Less than 1 year	344	114
Longer than 1 year but not longer than 5 years	482	–
Total Non-cancellable Operating Lease Commitments	**826**	**114**
Total Commitments for Expenditure (inclusive of GST)	**20,690**	**8,532**
Less GST recoverable	**(1,881)**	**(776)**
Total Commitments for Expenditure (exclusive of GST)	**18,809**	**7,756**

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed at their nominal value and are inclusive of the GST payable.

The hospital has entered into commercial leases on certain medical equipment and property where it is not in the interest of the hospital to purchase these assets. These leases have an average life of between 1 and 20 years with renewal terms included in the contracts. Renewals are at the option of the hospital. There are no restrictions placed upon the lessee by entering into these leases.

Future finance lease payments are recognised on the balance sheet, refer to Note 6.1.

NOTE 7: RISKS, CONTINGENCIES & VALUATION UNCERTAINTIES

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

Structure

7.1 Financial instruments

7.2 Contingent assets and contingent liabilities

NOTE 7.1: FINANCIAL INSTRUMENTS

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

NOTE 7.1 (a): CATEGORISATION OF FINANCIAL INSTRUMENTS

2019	Financial Assets at Amortised Cost $'000	Financial Assets at Fair Value Through Net Result $'000	Financial Assets at Fair Value Through Other Comprehensive $'000	Financial Liabilities at Amortised Cost $'000	Total $'000
Contractual Financial Assets					
Cash and Cash Equivalents	11,286	–	–	–	11,286
Receivables					
Trade Debtors	18,946	–	–	–	18,946
Other Receivables	9,204	–	–	–	9,204
Investments and other Financial Assets					
Term Deposits	715				715
Guaranteed Bill Index Deposit in Escrow	–	6,148	–	–	6,148
Shares and Other Managed Investments	–	71,574	–	–	71,574
Total Financial Assets	40,151	77,722	–	–	117,873
Financial Liabilities					
Payables	–	–	–	59,427	59,427
Borrowings	–	–	–	15,661	15,661
Other financial liabilities				7,864	7,864
Total Financial Liabilities	–	–	–	82,952	82,952

2018	Loans and Receivables and Cash $'000	Held to Maturity Investments $'000	Designated at Fair Value through Profit or Loss $'000	Financial Liabilities at Amortised Cost $'000	Total $'000
Contractual Financial Assets					
Cash and Cash Equivalents	12,656	–	–	–	12,656
Receivables					
Trade Debtors	21,223	–	–	–	21,223
Other Receivables	10,188	–	–	–	10,188
Investments and other Financial Assets					
Term Deposits	–	714	–	–	714
Guaranteed Bill Index Deposit in Escrow	–	–	6,067	–	6,067
Shares and Other Managed Investments	–	–	67,498	–	67,498
Total Financial Assets	**44,067**	**714**	**73,565**	**–**	**118,346**
Financial Liabilities					
Payables	–	–	–	62,038	62,038
Borrowings	–	–	–	23,173	23,173
Other financial liabilities				9,269	9,269
Total Financial Liabilities	**–**	**–**	**–**	**94,480**	**94,480**

From 1 July 2018, the hospital applies AASB 9 and classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms.

Categories of financial assets under AASB 9

Financial assets at amortised cost

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

- the assets are held by the hospital to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest.

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

The hospital recognises the following assets in this category:

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

Financial assets at fair value through other comprehensive income

Debt investments are measured at fair value through other comprehensive income if both of the following criteria are met and the assets are not designated as fair value through net result:

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

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

These assets are initially recognised at fair value with subsequent change in fair value in other comprehensive income.

Upon disposal of these debt instruments, any related balance in the fair value reserve is reclassified to profit or loss. However, upon disposal of these equity instruments, any related balance in fair value reserve is reclassified to retained earnings.

Financial assets at fair value through net result

Equity instruments that are held for trading as well as derivative instruments are classified as fair value through net result. Other financial assets are required to be measured at fair value through net result unless they are measured at amortised cost or fair value through other comprehensive income as explained above.

However, as an exception to those rules above, the hospital may, at initial recognition, irrevocably designate financial assets as measured at fair value through net result if doing so eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The hospital recognises listed equity securities as mandatorily measured at fair value through net result and designated all of its managed investment schemes as fair value through net result.

Categories of financial assets previously under AASB 139

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.

The hospital recognises the following liabilities in this category:

- payables (excluding statutory payables); and
- borrowings (including finance lease liabilities).

Derecognition of financial assets

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.

Derecognition of financial liabilities

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.

Impairment of financial assets

At the end of each reporting period, the hospital assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

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.

NOTE 7.1 (b): MATURITY ANALYSIS OF FINANCIAL LIABILITIES AS AT 30 JUNE

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

	Note	Carrying Amount $'000	Nominal Amount $'000	Maturity Dates: Less than 1 Month $'000	1-3 Months $'000	3 Months to 1 Year $'000	1-5 Years $'000	Over 5 Years $'000
2019 Financial Liabilities *At amortised cost*								
Payables	5.2	59,427	59,427	38,959	20,468	–	–	–
Borrowings	6.1	15,661	15,661	746	1,074	4,589	7,081	2,171
Other financial liabilities								
– Accommodation Deposits	5.3	5,004	5,004	5,004	–	–	–	–
– Other	5.3	2,860	2,860	2,860	–	–	–	–
Total Financial Liabilities		**82,952**	**82,952**	**47,569**	**21,542**	**4,589**	**7,081**	**2,171**
2018 Financial Liabilities *At amortised cost*								
Payables	5.2	62,038	62,038	39,263	21,879	–	–	–
Borrowings	6.1	23,173	23,173	332	1,859	5,321	13,225	2,436
Other financial liabilities								
– Accommodation Deposits	5.3	5,943	5,943	5,943	–	–	–	–
– Other	5.3	3,326	3,326	3,326	–	–	–	–
Total Financial Liabilities		**94,480**	**94,480**	**48,864**	**23,738**	**5,321**	**13,225**	**2,436**

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

NOTE 7.1 (c): CONTRACTUAL RECEIVABLES AT AMORTISED COST

30-Jun-19	Current	Less than 1 month	1-3 months	3 months - 1 Year	1-5 years	Total
Expected loss rate	**0.13%**	**13.97%**	**18.17%**	**6.26%**	**0%**	
Gross carrying amount of contractual receivables	10,779	5,597	3,000	10,790	–	30,166
Loss Allowance	14	782	545	675	–	2,016

01-Jul-18	Current	Less than 1 month	1-3 months	3 months - 1 Year	1-5 years	Total
Expected loss rate	**0.19%**	**15.20%**	**6.03%**	**4.72%**	**0%**	
Gross carrying amount of contractual receivables	11,836	6,147	3,295	11,848	–	33,126
Loss Allowance	22	934	199	560	–	1,715

Impairment of financial assets under AASB 9

From 1 July 2018, the hospital has been recording the allowance for expected credit loss for the relevant financial instruments, replacing AASB 139's incurred loss approach with AASB 9's Expected Credit Loss approach. Subject to AASB 9 impairment assessment include the hospital's contractual and statutory receivables.

Equity instruments are not subject to impairment under AASB 9. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

Contractual receivables at amortised cost

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

On this basis, the hospital determines the opening loss allowance on initial application date of AASB 9 and the closing loss allowance at end of the financial year as disclosed above.

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

In prior years, a provision for doubtful debts was recognised when there was objective evidence that the debts may not be collected and bad debts were written off when identified. A provision is made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired. Bad debts considered as written off by mutual consent.

Statutory receivables

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

The statutory receivables are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As the result, the loss allowance recognised for these financial assets during the period was limited to 12 months expected losses. No loss allowance recognised at 30 June 2018 under AASB 139. No additional loss allowance required upon transition into AASB 9 on 1 July 2018.

NOTE 7.2: CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The Hospital has no contingent assets as at 30 June 2019 (2018: nil).

However, upon taking into account the recent developments with the Victorian Government in identifying non-compliant cladding, the Hospital has inspected its buildings and has identified that it needs to rectify cladding issues related to the main hospital inpatient building in Fitzroy. As such the cladding works have given rise to a contingent liability as the proposed works are subject to great uncertainty given the nature and timing of the works required, the cladding product to be utilized, and ultimate funding source has yet to be determined. The contingent liability is estimated to be in the range of $10m–$17m. Discussions are being held with the Department of Health and Human Services to seek funding for the works.

NOTE 8: OTHER DISCLOSURES

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

Structure

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

8.2 Responsible persons disclosures

8.3 Executive officer disclosures

8.4 Related parties

8.5 Remuneration of auditors

8.6 Ex-gratia expenses

8.7 AASs issued that are not yet effective

8.8 Events occurring after the balance sheet date

8.9 Jointly Controlled Operations

8.10 Changes in accounting policies

8.11 Economic dependency

8.12 Glossary of terms and style conventions

NOTE 8.1: RECONCILIATION OF NET RESULT FOR THE YEAR TO NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES

	Total 2019 $'000	Total 2018 $'000
Net Result for the Year	**(1,171)**	**(659)**
Non-cash Movements:		
Depreciation and Amortisation	21,505	23,785
Revaluation of Investment Property	(195)	(239)
Net movement in Finance Lease	(786)	(760)
Allowance for impairment losses of contractual receivables	301	(42)
Assets Received Free of Charge	(18)	(1,340)
Movements included in Investing and Financing Activities:		
Income from Investments Reinvested	(1,513)	(2,439)
Management Fees for Managed Investments	30	44
Net (Gain)/Loss on Disposal of Non-Current Assets	(6)	17
Movements in Operating Assets and Liabilities:		
(Increase)/Decrease in Inventories	(418)	383
Increase/(Decrease) in Creditors	639	(5,151)
Increase/(Decrease) in Employee Entitlements	17,088	12,469
Increase/(Decrease) in Accrued Expenses	(3,528)	6,887
Increase/(Decrease) in Prepaid Revenue	3,510	1,346
(Increase)/Decrease in Patient Fees Receivable	360	16
(Increase)/Decrease in Receivables	(5,742)	2,906
(Increase)/Decrease in Prepaid Expenses	(216)	149
Net Cash Inflow from Operating Activities	**29,840**	**37,372**

NOTE 8.2: RESPONSIBLE PERSONS DISCLOSURES

a) Responsible Persons

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

Responsible Ministers

The Hon Jill Hennessy, Minister for Health and Minister for Ambulance Services	01/07/18 – 29/11/18
The Hon Jenny Mikakos, Minister for Health and Minister for Ambulance Services	29/11/18 – 30/06/19
The Hon Martin Foley, Minister for Mental Health	01/07/18 – 30/06/19
The Hon Martin Foley, Minister for Housing, Disability and Ageing	01/07/18 – 29/11/18
The Hon Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers	29/11/18 – 30/06/19

Governing Board

The Directors of the Hospital during the year were:

Mr P Robertson AM (Chair)	01/07/18 – 30/06/19
Ms P Faulkner AO (Deputy Chair)	01/07/18 – 31/12/18
Ms A McDonald	01/07/18 – 30/06/19
Prof M Confoy RSC	01/07/18 – 31/12/18
Prof S Crowe AM	01/07/18 – 30/06/19
Mr B Earle	01/07/18 – 30/06/19
Mr P McClintock AO	01/07/18 – 30/06/19
Sr M Wright IBVM	01/07/18 – 30/06/19
Dr M Coote	01/07/18 – 30/06/19
Ms S McPhee AM	01/07/18 – 30/06/19
Ms A Cross AM	01/01/19 – 30/06/19

Subsequent to financial year, Ms J Watts and Ms P O'Sullivan, have been appointed as Directors to the Governing Board on 1 August 2019.

Accountable Officer

Ms A Nolan (01/07/2018 – 30/06/2019)

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	
	2019 No.	2018 No.
$0–$9,999		
$30,000–$39,999	1	
$40,000–$49,999	1	1
$60,000–$69,999	3	4
$70,000–$79,999	2	3
$80,000–$89,999	3	1
$110,000–$119,999		
$140,000–$149,999	1	1
$200,000–$209,000		
$210,000–$219,999		
$220,000–$229,000		1
$250,000–$259,000		1
$390,000–$399,000		
$410,000–$419,999	1	
Total	**12**	**12**
Total Remuneration $'000	**$1,272**	**$1,243**

c) Retirement Benefits of Responsible Persons

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

NOTE 8.3: EXECUTIVE OFFICER DISCLOSURES

Executive Officer Remuneration

The number of Executive Officers, other than the Ministers and the Accountable Officer, and their total remuneration during the reporting period is shown in the table below.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided in exchange for services rendered, and is disclosed in the following categories:

Short-term Employee Benefits
Salaries and wages, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment Benefits
Pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other Long-term Benefits
Long service leave, other long-service benefit or deferred compensation.

Termination Benefits
Termination of employment payments, such as severance packages.

Total remuneration payable to executives during the year included additional executive officers and a number of executives who received bonus payments during the year. These bonus payments depend on the terms of individual employment contracts.

Compensation	2019 $'000	2018 $'000
Short-term employee benefits	2,179	1,999
Post-employment benefits	183	181
Other long-term benefits	27	260
Termination benefits	118	11
Total	**2,507**	**2,451**
Total Number of Executives[(i)]	**11**	**14**
Total Annualised Employee Equivalent[(ii)]	**8.1**	**8.2**

(i) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the Hospital under AASB 124 Related Party Disclosures and are also reported within Note 8.4 Related Parties.

(ii) Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

NOTE 8.4: RELATED PARTIES

The hospital is a wholly owned and controlled entity of the St Vincent's Health Australia group. Related parties of the hospital include:

- all key management personnel and their close family members;
- all cabinet ministers and their close family members;
- all other entities within the wholly-owned group; and
- all hospitals and public sector entities that are controlled and consolidated into the State of Victoria financial statements.

All related party transactions have been entered into on an arm's length basis.

Key management personnel (KMP) of the hospital include the Portfolio Ministers and Cabinet Ministers and KMP as determined by the hospital. The Board of Directors and the Executive Directors of the Hospital are deemed to be KMPs.

Key management personnel of the Hospital

Entity	KMPs	Position Title
St Vincent's Health Australia	Mr T Hall	Group Chief Executive Officer
St Vincent's Health Australia	Ms Martin	Group Chief Financial Officer
St Vincent's Health Australia	Mr R Beetson	Group General Manager, Legal, Governance & Risk
St Vincent's Health Australia	Prof P O'Rourke	Chief Executive Officer, Public Hospitals Division
St Vincent's Health Australia	Mr P Robertson AM	Chair of the Board
St Vincent's Health Australia	Ms P Faulkner AO	Deputy Chair of the Board (retired 31 December 2018)
St Vincent's Health Australia	Ms A McDonald	Director of the Board
St Vincent's Health Australia	Prof M Confoy RSC	Director of the Board (retired 31 December 2018)
St Vincent's Health Australia	Prof S Crowe AM	Director of the Board
St Vincent's Health Australia	Mr B Earle	Director of the Board
St Vincent's Health Australia	Mr P McClintock AO	Director of the Board
St Vincent's Health Australia	Ms A Cross AM	Director of the Board
St Vincent's Health Australia	Sr M Wright IBVM	Director of the Board
St Vincent's Health Australia	Dr M Coote	Director of the Board
St Vincent's Health Australia	Ms S McPhee AM	Director of the Board
St Vincent's Hospital Melbourne	Ms A Nolan	Chief Executive Officer
St Vincent's Hospital Melbourne	Mr I Broadway	Chief Financial Officer
St Vincent's Hospital Melbourne	Mr S Vale	Executive Director Community & Correctional Services
St Vincent's Hospital Melbourne	Ms R Roberts	Executive Director People & Corporate Support
St Vincent's Hospital Melbourne	Mr C Goodyear	Executive Director Acute Services
St Vincent's Hospital Melbourne	Mr C Cummins	Executive Director Performance Improvement
St Vincent's Hospital Melbourne	Mr M Smith	Executive Director Integrated Care Services
St Vincent's Hospital Melbourne	Mr A Crettenden	Executive Director Strategy & Planning
St Vincent's Hospital Melbourne	Ms M Stewart	Executive Director Mission
St Vincent's Hospital Melbourne	Ms Wilma Beswick	Chief Medical Officer
St Vincent's Hospital Melbourne	Ms B Nation	Chief Nursing Officer

The compensation detailed below excludes the salaries and benefits the Portfolio Ministers receive. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968*, and is reported within the Department of Parliamentary Services' Financial Report.

Compensation	2019 $'000	2018 $'000
Short-term employee benefits	6,052	5,505
Post-employment benefits	361	329
Other long-term benefits	42	269
Termination benefits	118	11
Total	**6,573**	**6,114**

Transactions with key management personnel and other related parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements. Outside of normal citizen type transactions with the department, there were no related party transactions that involved key management personnel and their close family members. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

Significant transactions with government-related entities

The Hospital received funding from the Department of Health and Human Services of $540.06 million (2018: $515.85 million).

Other significant transactions with government related entities were with Victorian Managed Insurance Authority (VMIA) $5.30 million (2018: $5.11 million) and WorkSafe Victoria $4.37 million (2018: $3.71 million).

Transactions with entities in the wholly-owned group

St Vincent's Hospital (Melbourne) Limited is part of a wholly owned group. Transactions between St Vincent's Hospital (Melbourne) Limited and other entities in the wholly owned group during the year ended 30 June 2019 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

Transactions with entities in the wholly-owned group

	2019 $'000	2018 $'000
Aggregate amounts included in the determination of operating profit that resulted from transactions with entities in the wholly-owned group:		
Health Service carpark, group levy, ICT shared services and costs charged by St Vincent's Health Australia Ltd and St Vincent's Healthcare Limited	15,192	13,216
Campus Lease charge by St Vincent's Healthcare Ltd	954	5,253
Interest revenue received from St Vincent's Healthcare Ltd	20	1,542
Facility Lease charge by St Vincent's Healthcare Ltd	66	66
Aggregate amounts receivable from, and payable to, entities in the wholly owned group at Statement of Financial Position date:		
Current receivables due from St Vincent's Healthcare Ltd and St Vincent's Health Australia Ltd	344	1,118
Non-Current receivables due from St Vincent's Healthcare Ltd and St Vincent's Health Australia Ltd	282	332
Current payables owing to St Vincent's Healthcare Ltd and St Vincent's Health Australia Ltd	8,967	11,486
Non-current payable owing to St Vincent's Healthcare Ltd and St Vincent's Health Australia Ltd	6,043	9,447
Aggregate amounts included in the determination of operating profit that resulted from transactions with each class of other related parties:		
Recoveries for the provision of management and administrative services to St Vincent's Private Hospitals Ltd	5,213	3,459
Costs charged for the provision of other health services by St Vincent's Private Hospitals Ltd	648	569
Aggregate amounts receivable from, and payable to, with each class of other related parties, at Statement of Financial Position date:		
Current receivables from St Vincent's Private Hospitals Ltd	260	5
Current Payables to St Vincent's Private Hospitals Ltd	354	211

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 8.5: REMUNERATION OF AUDITORS

	2019 $'000	2018 $'000
Victorian Auditor-General's Office		
Audit fees paid or payable for audit of the St Vincent's Hospital (Melbourne) Limited's financial statements	93	90
Other Service Providers		
HLB Mann Judd	1	3
Total Remuneration	94	93

NOTE 8.6: EX-GRATIA EXPENSES

	2019 $'000	2018 $'000
Payments made to terminated employees	1,190	507
Ex gratia expenses	1,190	507

NOTE 8.7: AASS ISSUED THAT ARE NOT YET EFFECTIVE

The following AASs become effective for reporting periods commencing after 1 July 2019:

- AASB 16 Leases;
- AASB 15 Revenue from Contract with Customers; and
- AASB 1058 Income of Not-for-Profit Entities.

The Hospital's assessment of the impact of those new standards and interpretations which are applicable to the Hospital is set out below.

Leases

AASB 16 Leases replaces AASB 117 Leases.

AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases on the balance sheet by recording a Right-Of-Use (RoU) asset and a lease liability except for leases that are shorter than 12 months and leases where the underlying asset is of low value (deemed to be below $10,000).

AASB 16 also requires the lessees to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset, and remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The amount of the re-measurement of the lease liability will generally be recognised as an adjustment to the RoU asset.

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.

The effective date is for annual reporting periods beginning on or after 1 January 2019. The hospital intends to adopt AASB 16 in 2019-20 financial year when it becomes effective.

The hospital will apply the standard using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information.

Various practical expedients are available on adoption to account for leases previously classified by a lessee as operating leases under AASB 117. The hospital will elect to use the exemptions for all short-term leases (lease term less than 12 months) and low value leases (deemed to be below $10,000).

In addition, AASB 2018-8 – Amendments to Australian Accounting Standards – Right-of-Use Assets (RoU) of Not-for-Profit Entities allows a temporary option for not-for-profit entities to not measure RoU assets at initial recognition at fair value in respect of leases that have significantly below-market terms, since further guidance is expected to be developed to assist not-for-profit entities in measuring RoU assets at fair value. The Standard requires an entity that elects to apply the option (i.e. measures a class or classes of such RoU assets at cost rather than fair value) to include additional disclosures. The hospital intends to choose the temporary relief to value the RoU asset at the present value of the payments required (at cost).

The hospital has performed a detailed impact assessment of AASB 16 and the potential impact in the initial year of application has been estimated as follows:

- increase in RoU Assets ($18,125,000),
- increase in related depreciation ($5,659,000),
- increase in lease liability ($18,125,000),
- increase in related interest ($1,852,000) calculated using effective interest method, and
- decrease in rental expense ($9,609,000).

Revenue and Income

AASB 15 supersedes AASB 118 Revenue, AASB 111 Construction Contracts and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. AASB 15 establishes a five-step model to account for revenue arising from an enforceable contract that imposes a sufficiently specific performance obligation on an entity to transfer goods or services. AASB 15 requires entities to only recognise revenue upon the fulfilment of the performance obligation. Therefore, entities need to allocate the transaction price to each performance obligation in a contract and recognise the revenue only when the related obligation is satisfied.

To address specific concerns from the 'not-for-profit' sector in Australia, the AASB also released the following standards and guidance:

- AASB 2016-8 Amendments to Australian Accounting Standards – Australian implementation guidance for NFP entities (AASB 2016-8), to provide guidance on application of revenue recognition principles under AASB 15 in the not-for-profit sector.
- AASB 2018-4 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public-Sector Licensors (2018-4), to provide guidance on how to distinguish payments receive in connection with the access to an asset (or other resource) or to enable other parties to perform activities as tax and non-IP licence. It also provides guidance on timing of revenue recognition for non-IP licence payments.
- AASB 1058 Income of Not-for-Profit Entities, to supplement AASB 15 and provide criteria to be applied by not-for-profit entities in establishing the timing of recognising income for government grants and other types of contributions previously contained within AASB 1004 Contributions.

AASB 15, AASB 1058 and the related guidance will come into effect for not-for-profit entities for annual reporting periods beginning on or after 1 January 2019. The Hospital intends to adopt these standards in 2019-20 financial year when it becomes effective.

The Hospital will apply the standard using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information.

The Hospital has performed a detailed impact assessment of AASB 15 and AASB 1058 and the potential impact for each major class of revenue and income in the initial year of application has been estimated as follows:

- capital revenue decrease ($3,000,000);
- commercial revenue decrease ($1,000,000); and
- increase in revenue deferral on balance sheet ($4,000,000).

NOTE 8.8: EVENTS OCCURRING AFTER BALANCE SHEET DATE

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

NOTE 8.9: JOINTLY CONTROLLED OPERATIONS

Name of Entity	Principal Activity	Ownership interest	
		2019	2018
Victorian Comprehensive Cancer Centre	The member entities have committed to the establishment of a world leading comprehensive cancer centre in Parkville, Victoria, through the Joint Venture, with a view to saving lives through the integration of cancer research, education and training and patient care.	10.0%	10.0%

The 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 2019 under respective asset categories.

	Total 2019 $'000	Total 2018 $'000
Current Assets		
Cash and Cash Equivalents	1,457	1,586
Receivables	16	8
Prepayments	122	101
Total Current Assets	**1,595**	**1,695**
Non-Current Assets		
Financials Assets	2	1
Property, Plant and Equipment	22	18
Total Non-Current Assets	**24**	**19**
Total Assets	**1,619**	**1,714**
Current Liabilities		
Accrued Expenses	38	18
Payables	89	26
Prepaid Revenue	2	–
Provisions – LSL and Annual Leave	25	11
Total Current Liabilities	**154**	**55**
Non-Current Liabilities		
Provisions – LSL	11	10
Total Non-Current Liabilities	**11**	**10**
Total Liabilities	**165**	**65**
Net Assets	**1,454**	**1,649**

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

	Total 2019 $'000	Total 2018 $'000
Revenue		
Grants and Other Revenue	876	1,410
Interest	32	21
Total Revenue	**908**	**1,431**
Expenses		
Employee Benefits	410	242
Other Expenses from Continuing Operations	688	75
Depreciation and Amortisation	5	2
Total Expenses	**1,103**	**319**
Net Result	**(195)**	**1,112**

Investments in jointly controlled assets and operations

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

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

The hospital holds a one 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.

Contingent liabilities and capital commitments

There are no known contingent liabilities or capital commitments held by the jointly controlled operations at balance date.

NOTE 8.10: CHANGES IN ACCOUNTING POLICY

Changes in accounting policy

The Hospital has elected to apply the limited exemption in AASB 9 paragraph 7.2.15 relating to transition for classification and measurement and impairment, and accordingly has not restated comparative periods in the year of initial application. As a result:

a) any adjustments to carrying amounts of financial assets or liabilities are recognised at beginning of the current reporting period with difference recognised in opening retained earnings; and

b) financial assets and provision for impairment have not been reclassified and/or restated in the comparative period.

This note explains the impact of the adoption of AASB 9 Financial Instruments on the Hospital's financial statements.

Changes to classification and measurement

On initial application of AASB 9 on 1 July 2018, the Hospital's management has assessed for all financial assets based on the Hospital's business models for managing the assets. The following are the changes in the classification of the Hospital's financial assets:

Summary of reclassification of assets and liabilities

As at 30 June 2018	AASB 139 Measurement Categories	AASB 9 Measurement Categories				
		Fair value through net result (designated)	Fair value through net result (mandatory)	Financial Assets at Amortised Cost	Financial Liabilities at Amortised Cost	Fair value through other comprehensive income
AASB 139 Measurement Categories						
Loans and Receivables and Cash	44,067			44,067		
Held to Maturity Investments	714			714		
Designated at Fair Value through Profit or Loss	73,565		73,565			
Financial Liabilities at Amortised Cost	94,480				94,480	
As at 1 July 2018			73,565	44,781	94,480	

Changes to the impairment of financial assets

Under AASB 9, all loans and receivables not carried at fair value through net result are subject to AASB 9's new expected credit loss (ECL) impairment model, which replaces AASB 139's incurred loss approach.

For other loans and receivables, the Hospital applies the AASB 9 simplified approach to measure expected credit losses based on the change in the ECLs over the life of the asset. Application of the lifetime ECL allowance method had no impact on the impairment loss allowance as at 1 July 2018. Refer to note 7.1(c) for details about the calculation of the allowance. The loss allowance increased further by $1,971,000 for these financial assets during the financial year.

NOTE 8.11: ECONOMIC DEPENDENCY

When preparing financial statements, management made an assessment of the Hospital's ability to continue as a going concern. The Department of Health and Human Services has provided confirmation that it will continue to provide the Hospital temporary cash flow support to meet its current and future obligations as and when they fall due for a period up to September 2020. On that basis, the financial statements have been prepared on a going concern basis.

NOTE 8.12: GLOSSARY OF TERMS AND STYLE CONVENTION

Actuarial gains or losses on superannuation defined benefit plans

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

a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and

b) the effects of changes in actuarial assumptions.

Amortisation

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

Comprehensive result

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

Commitments

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

Depreciation

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

Employee benefits expenses

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

Ex gratia expenses

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

Financial asset

A financial asset is any asset that is:

a) cash;

b) an equity instrument of another entity;

c) a contractual or statutory right:

- to receive cash or another financial asset from another entity; or
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or

d) a contract that will or may be settled in the entity's own equity instruments and is:

- a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
- a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial instrument

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

Financial liability

A financial liability is any liability that is:

a) A contractual obligation:

i) to deliver cash or another financial asset to another entity; or

ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or

b) A contract that will or may be settled in the entity's own equity instruments and is:

i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or

ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

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.

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

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St Vincent's acknowledges the traditional owners of the land, the members of the Kulin nations

We pay our respects to their Elders, past and present. St Vincent's continues to develop our relationship with the Aboriginal and Torres Strait Islander community and are proud to be acknowledged as a centre of excellence for health care for Indigenous Australians.