

# 125 YEARS

*of Stories*



ST VINCENT'S  
HOSPITAL  
MELBOURNE



ST VINCENT'S  
ANNUAL REPORT  
2017-2018

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### 4

#### About St Vincents



### 20

#### Summary Financial Results



#### 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 2018.

**Ms Patricia Faulkner AO**  
Deputy Chair  
Dated 21 August 2018  
Melbourne

**Angela Nolan**  
Chief Executive Officer  
Dated 21 August 2018  
Melbourne

### 26

#### Statement of Priorities





“

For 125 years, our passionate and dedicated staff have strived to deliver exceptional patient care, informed by our values of compassion, justice, integrity and excellence.

”

# Message from the **CHIEF EXECUTIVE OFFICER**

## It is my great pleasure to present the 2017-18 Annual Report for St Vincent's Hospital Melbourne.

In 2018 we celebrate 125 years since the Sisters of Charity founded St Vincent's in converted terrace houses on Victoria Parade, Fitzroy. The Sisters instilled in our culture a Mission to care for the most vulnerable in the increasingly complex and challenging area of public health.

The Sisters were innovative and determined in their commitment to offer first-class healthcare to the community, especially the poor and vulnerable, and their pioneering work has had a profound effect on the health service we are today.

Over the past 12 months we have continued our strategic focus on embedding continuous improvement into all areas of our health service. As an organisation we have implemented a sustainable improvement methodology, built staff capability and delivered measureable improvements in patient care. In late 2017, we implemented a Daily Management

For 125 years, our passionate and dedicated staff have strived to deliver exceptional patient care, informed by our values of compassion, justice, integrity and excellence.

System (DMS) that embeds structured problem solving into the daily routine of frontline staff.

St Vincent's was one of 11 Victorian health services chosen to take part in Better Care Victoria's Emergency Access Collaborative (EAC), aimed at both driving and sharing improvements to the National Emergency Access Target (NEAT).

Identifying the link between a safe workplace and enhanced patient outcomes, we have vastly improved our staff safety performance with a dramatic reduction in the number of staff injured at work in 2017-18.

In July, we introduced the Ethos Program to support us in building a safe, gentle and more accountable workplace, founded on the principle that all staff and patients should feel welcome, valued and safe.

Over the past year we have forged ahead with planned developments to expand the suite of services and quality of care we offer the people of Victoria.

Building works will soon begin on a new premium quality 120 bed Residential Aged Care Facility at Caritas Christi Hospice in Kew, along with a fully redeveloped 26-bed palliative care facility. This redevelopment will improve amenities and facilities for patients, staff and visitors and cement St Vincent's as a leader in end-of-life care for Victorians.

With funding from the Victorian Government, construction has commenced on a \$55 million 90-bed public aged care residential facility at our St George's campus in Kew, one which is fully integrated with our tertiary health service.

Our education and research programs are regarded as pillars of excellence. The planned Aikenhead

Centre for Medical Discovery (ACMD), Australia's first bio-engineering research and education centre situated on a hospital campus, is a key enabler for our ambitious translational research agenda and advancing treatments through new technology.

For 125 years, our passionate and dedicated staff have strived to deliver exceptional patient care, informed by our values of compassion, justice, integrity and excellence. It is this rich history, strong foundation and innovation that will empower 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



## A WORD FROM OUR PATRON

For 125 years, St Vincent's Hospital Melbourne has been providing vital medical and health care across the Victorian community. As Patron, I am pleased to be able to acknowledge this historic milestone and I am particularly proud of the Hospital's commitment to providing the best possible patient care to people from all walks of life.

Recently I visited the Hospital, and had the chance to tour the Emergency Department, the Cancer Centre and the state-of-the-art BioFab3D Centre – Australia's first robotics and biomedical engineering centre. It was impossible not to be impressed.

I know that the Hospital's donor community makes a significant contribution. They support medical research, the purchase of equipment and the delivery of additional programs and services that improve the care received by so many Victorians. Thank you to them.

I commend St Vincent's Hospital Melbourne – and its skilled and dedicated staff – for another successful year, providing such excellent patient care throughout metropolitan Melbourne as well as rural and regional Victoria.

### **HE the Honourable Linda Dessau AC**

Governor of Victoria  
Patron of St Vincent's Hospital  
Melbourne



# 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 the 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 2017-18 St Vincent's treated approximately 60,000 acute inpatients that equated to 53,827 WIES (Weighted Inlier Equivalent

Separations). The hospital also recorded 151,519 non-admitted attendances and contacts across specialist clinics and health independence programs, and attended to 48,292 presentations to the emergency department. A total of 38,718 discharged bed days of care were provided in rehabilitation and geriatric services, and 10,070 discharged bed days of palliative care were provided.

As at 30 June 2018, St Vincent's had 781 available beds across all of its services.

## GOVERNANCE

St Vincent's Hospital (Melbourne) Limited was incorporated as a company limited by guarantee on 19 June 1991. St Vincent's Hospital (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 Hon. Daniel Andrews MP, Premier of Victoria
- The Hon. Jill Hennessy MP, Minister for Health
- The Hon. Martin Foley MP, Minister for Mental Health

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

## MISSION

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

We draw on the talents of our people and collaborate with others who share our vision and values

to continue the pioneering spirit of Mary Aikenhead and the Sisters of Charity. We are committed to providing compassionate and innovative care, enabling hope for those we serve.

## OUR VISION

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

## 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 TURNS 125 YEARS OLD

In 2018 St Vincent's Hospital Melbourne celebrates 125 years since the Sisters of Charity founded St Vincent's in a small terrace house on Victoria Parade, at a time when Fitzroy was one of the poorest parts of Melbourne.

The Sisters were innovative and determined in their commitment to offering first-class healthcare to the community, especially the poor and vulnerable, and St Vincent's has been built on a foundation of caring for those in need.

That caring spirit has inspired our tagline for our 125th celebration and encapsulated the essence of the journey of the Hospital and its mission: 'St Vincent's Cares. Always has. Always will'.



# 125

YEARS SINCE THE SISTERS OF  
CHARITY FOUNDED ST VINCENTS  
ON VICTORIA PARADE, FITZROY

*St Vincent's Cares.*  
**ALWAYS HAS.  
ALWAYS WILL.**





*Yes,*  
**WE'RE ON A  
MISSION**

## **CARITAS CHRISTI HOSPICE CELEBRATES 80 YEARS**

Also in 2018, Caritas Christi Hospice in Kew celebrates its 80th anniversary. Under the auspices of St Vincent's Hospital Melbourne, Caritas Christi Hospice has played a leading role in palliative care in Victoria, providing excellent end-of-life-care for patients and much needed support for their families.

We have a well-established and recognised reputation in palliative care advocacy and thought leadership. We are also leading the way in integrated research, education and clinical excellence in end-of-life care.

In June, Caritas Christi celebrated with an 80th birthday 'high tea' to mark this significant milestone. Guest speaker, former Governor of Victoria and former Chairman of the Caritas Christi Board, Sir James Gobbo, provided a captivating oral history of the health service.

Building works will soon begin on a new premium quality 120 bed Residential Aged Care Facility at the rear of the property and a fully redeveloped 26-bed Palliative Care facility at the front of the property. This redevelopment will cement the future of Caritas Christi and improve amenities and facilities for patients, staff and visitors.

“

We are also leading the way in integrated research, education and clinical excellence in end-of-life care.

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## NEW DEVELOPMENTS

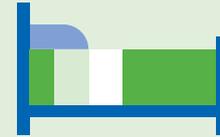
Excellent progress continues to be made on a new \$55 million public aged care facility at St Georges Hospital in Kew. Thanks to funding from the State Government, the new 90-bed facility will deliver best practice person-centred care for its residents. Construction is underway, with the facility due to open in September 2019.

Building works will soon begin on a fully redeveloped 26-bed Palliative Care Facility at Caritas Christi Hospice, cementing the future of Caritas Christi and improving amenities and facilities for patients, staff and visitors. The redevelopment will also allow for a new premium quality 120 bed Residential Aged Care Facility to be built on the site. This redevelopment is currently in the planning application stage, with construction to commence in the first half of 2019.



\$55m

IN FUNDING TOWARDS PUBLIC AGED CARE FACILITY AT ST GEORGES HOSPITAL



90

BED FACILITY



Sep 2019

EXPECTED DATE THE FACILITY IS SCHEDULED TO OPEN

*Best practice*  
**PERSON-CENTRED  
CARE**



St Vincent's CEO Angela Nolan with the Hon. Martin Foley MP to mark the start of construction of St Vincent's new residential aged care facility in Kew.



The 2017 St Vincent's medical intern class

## CLINICAL SCHOOL UPDATE

The St Vincent's Clinical School enjoyed a successful year in 2017, with 65 final year medical school graduands achieving excellent results. Of the 60 'MD with Distinction' degree honours awarded at the University of Melbourne, 18 were St Vincent's students. St Vincent's continued to retain its best and brightest graduates in 2017, with 35 University of Melbourne students returning for their internship year.

The top Melbourne Medical School student came from St Vincent's for the fifth consecutive year, with Dr Daniel Ko acknowledged as the top student from the 2017 cohort. Dr Ko was also awarded the RM Biggins and St Vincent's Institute prizes as St Vincent's top student.

**RM Biggins and St Vincent's Institute prizes –**  
Dr Daniel Ko

**Surgical Prize** - Dr Jane McMahon and  
Dr Sam Thorburn

**Dean's Prize for outstanding leadership -**  
Dr Jessica Biernacki

**Billings Prize** - Dr Jordana Hughes

“

St Vincent's continued to retain its best and brightest graduates in 2017, with 35 University of Melbourne students returning for their internship year.

”

## GOVERNOR ANNOUNCED AS PATRON

In February, we proudly announced the Governor of Victoria, Her Excellency the Honourable Linda Dessau AC, as the Patron of St Vincent's Hospital Melbourne. This great honour recognises the important role the health service has played in the lives of Victorians.

Chief Executive Officer Angela Nolan welcomed the Governor on a visit to the health service. The Governor toured the Emergency Department, the Cancer Centre and the state-of-the-art BioFab3D Centre – Australia's first hospital based robotics and biomedical engineering centre.

The Governor experienced the frenetic energy of the Emergency Department, one of Melbourne's busiest. 48,000 patients visited last year at all times of the night and day. Her Excellency met

patients in the Cancer Centre, and inspected the recent work undertaken there, that gives Victorians confidence they are receiving the very best treatment, with the latest technologies.

At the BioFab3D Centre, the Governor saw a cutting edge research facility, evidence of a unique collaboration between the Hospital and Australia's leading bio-medical and bio-engineering universities, looking into the very future of health treatment.



From left: Director of Oncology A/Prof Sue-Anne McLachlan, CEO Angela Nolan, Her Excellency the Honourable Linda Dessau AC and Acting Director Foundation Katerina Kantalis.

## INTRODUCTION OF DAILY MANAGEMENT SYSTEM

In 2017 St Vincent's Hospital Melbourne implemented a Daily Management System (DMS) that embeds structured problem solving into the daily routine of frontline staff. The DMS is the latest development in an organisation-wide focus on continuous improvement that is already delivering outstanding improvement in performance outcomes.

DMS is a three tiered approach designed to allow greater transparency and clearer visualisation of where problems lie, whilst providing structure to allow for effective problem solving both at a local and organisation level.

The DMS commenced in September with five pilot areas; General Medicine, Emergency Department, Subacute, Mental Health and Elective Surgery. After 12 weeks the system was evaluated, adjusted and then extended to the whole organisation in December 2017.



3

TIERED APPROACH DESIGNED TO ALLOW GREATER TRANSPARENCY AND CLEARER VISUALISATION



280

ETHOS REPORTS RECEIVED  
IN THE FIRST YEAR

## LAUNCH OF THE ETHOS PROGRAM

At St Vincent's Hospital Melbourne we are committed to a positive culture where all staff and patients feel welcome, valued, and safe. To help foster this culture we introduced the Ethos Program in July 2017.

The Ethos Program has been developed by St Vincent's Health Australia to help build a culture of respect and safety in the workplace. The Ethos Program encourages a culture of speaking up and includes a feedback process for behaviour, both positive and negative.

The Ethos Program enables us to respond quickly and equitably to incidents that undermine patient and staff safety, as well as providing an avenue to acknowledge staff who

demonstrate positive behaviour and are exceptional role models.

The Ethos Program aims to provide an informal early intervention around behaviour that is inconsistent with our values. It's based on research showing that people tend to be receptive to feedback from a colleague, and it's likely to lead to a change in behaviour.

In the first year of Ethos, (to 30 June 2018), there have been 280 Ethos reports received; one third positive and two thirds negative.

Furthermore, 93 Line Manager conversations have been delivered to individual staff to recognise excellence and valuable contributions. 150 informal peer 'reflect messages' have been delivered, providing feedback about the impact of someone's behaviour on others.



93

INDIVIDUAL STAFF RECOGNISED  
FOR EXCELLENCE



150

INFORMAL PEER 'REFLECT  
MESSAGES' DELIVERED



## IMPROVING EMERGENCY ACCESS

In late 2016, Better Care Victoria initiated a Victorian Health Services collaborative aimed at both improving and sharing improvements to the National Emergency Access Target (NEAT).

St Vincent's Hospital Melbourne was one of 11 Victorian health services chosen to take part in the Emergency Access Collaborative, with a particular focus on the flow of admitted General Medicine patients through the Emergency Department.

St Vincent's Hospital Melbourne implemented a Rapid Assessment Team, a mobile senior upfront decision making team to enable early assessment, initiation of treatment, investigations and referral to unit.

St Vincent's structured, disciplined and cross functional approach allowed deep problem investigation and counter-measure development. The project's success not only improved emergency access and patient care, but created a solid foundation on which future improvements can be based.



“

St Vincent's structured, disciplined and cross functional approach allowed deep problem investigation and counter-measure development.

”



## SERIOUS ABOUT SAFETY

St Vincent's Hospital Melbourne has a great story to tell about staff safety. We have been on a deliberate safety campaign, determined to reduce the number of staff being injured at work.

Identifying the link between better outcomes for patients by keeping our staff safe, the organisation commenced a program to change our safety culture. St Vincent's partnered with DuPont to facilitate a safety culture assessment, an Executive strategic planning workshop and the roll out of safety leadership training for 150 leaders.

Our objective was to change the accountability and responsibility for safety across the organisation to reduce the number of staff injuries. Three years on, the program has been a great success. Staff are more engaged in safety, reporting has increased and serious injuries have decreased.

Incident reporting has increased from 836 in 2015 to 1212 in 2017, hazard reports have increased from 122 in 2015 to 456 in 2017 and completed workplace inspections have increased from 84 areas in 2015 to 624 areas in 2017.

At the same time our lost time injuries have decreased from 100 in 2015 to 31 in 2017 with a zero target as our objective. WorkCover claims have decreased from 41 in 2015 to 23 in 2017. St Vincent's had the second best WorkCover Performance Rate of all participating health services in 2017.

## GOOD SAMARITAN FUND

Since establishing the Good Samaritan Fund four years ago, St Vincent's Hospital Melbourne has been able to help hundreds of patients needing more than just medical care.

The Good Samaritan Fund grew from the inspiration sparked by countless acts of personal

generosity offered by our staff over the history of our Hospital. The fund, derived from staff financial contributions, offers direct and immediate assistance to patients facing hardship and disadvantage, in cases where assistance has not been possible through any other means.

Since its inception four years ago, the fund has grown to over \$300,000 and granted over \$150,000 in aid to contribute towards the recovery, dignity and wellbeing of our most vulnerable patients. Patients like "Susan", a young woman admitted to the Intensive Care Unit suffering from a catastrophic brain haemorrhage and placed on life support. Her elderly parents who lived in Queensland were anxious to be by her side but could not afford the airfares to fly to Melbourne. Within two hours of the admission, staff utilised the fund to arrange flights and accommodation for Susan's parents, who arrived that evening. They were able to spend four precious hours with their daughter before she passed away.

## RESEARCH ADVANCES

### Just in time implants

Collaborators are using combined 3D printing, robotic surgery and advanced manufacturing to create tailored implants for patients with bone cancer, dramatically improving patient and healthcare outcomes.

The project aims to bring this technology to the theatre. While patients are having their cancer removed in the operating theatre, in the next room, an implant could be custom printed to precisely fill the space left after removal of the diseased bone.

Just-in-time implants will transform the delivery of care for people with bone cancer. This process will expand the surgical options available to patients and surgeons and increase the potential for limb saving surgery.

### Liver in a dish

In a world-first, scientists are using a combination of human cells in an ambitious bid to grow liver tissue for transplants.

The tiny experimental organs — developed from cells donated by cancer patients — will be used to test drugs and eventually treat disease. The team is using a novel combination of three types of human cells, a human derived liver gel and a biodegradable scaffold to create the mini livers.

Development of the organoid technology would form the cornerstone of generating 'new' liver tissue for transplants, to treat a wide variety of end-stage liver disease.

“

The team is using a novel combination of three types of human cells, a human derived liver gel and a biodegradable scaffold to create the mini livers.

”



## Biopen project

In May, St Vincent's Hospital Melbourne's world leading Biopen was announced as one of 11 research projects awarded a share of a \$10 million grant, announced by the Federal Minister for Health, the Hon. Greg Hunt MP.

Collaboratively developed by St Vincent's Hospital Melbourne, University of Melbourne, University of Wollongong and Swinburne University, the Biopen uses 3D technology to print live cells to repair damage to cartilage, muscles, tendons and bones.



Federal Minister for Health, the Hon. Greg Hunt MP with Chair of Surgery Prof Peter Choong.



1 of 11

RESEARCH PROJECTS  
AWARDED



\$10m

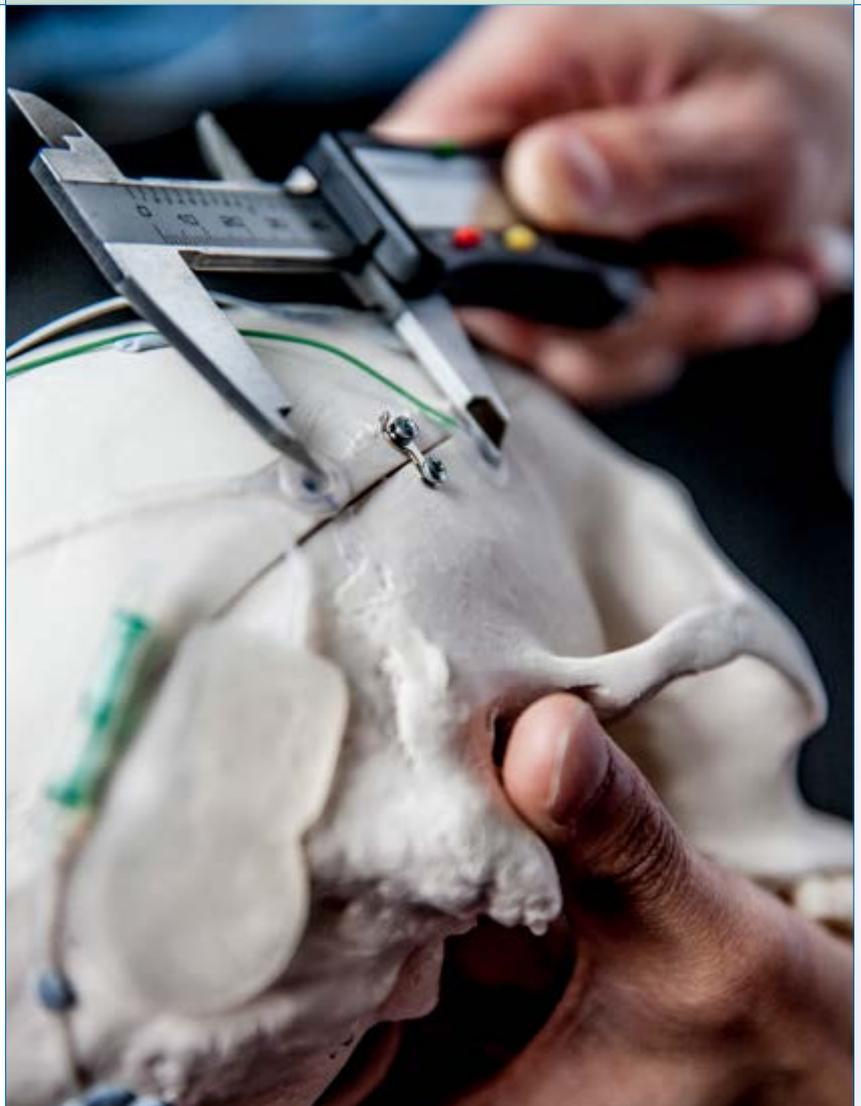
GRANT ANNOUNCED BY FEDERAL  
MINISTER FOR HEALTH

## The minder – 'fitbit' for the brain

Researchers have developed a 'fitbit for the brain', an implantable device to monitor epileptic seizures and warn patients when seizures are likely.

The device is inserted behind the ear, and detects brain wave patterns and transmits them to a smartphone or computer. By reading the unique 'weather patterns' of brain waves, the device learns when a seizure is imminent, and sends an alert to the patient, doctor and carer.

Other possible future applications could include monitoring electrical changes during sleep, measuring whether soldiers are conscious on the battlefield, and detecting changes in unconscious head trauma patients.



# Thank you **TO ALL OF OUR SUPPORTERS**

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

The generosity of our supporters and community has enabled us to grow and become one of Australia's leading hospitals.

Our donor community is an important part of the St Vincent's family. Over the last year alone, our donors engaged with our social media and patient stories, donated through our new Foundation website and participated in many of our key events such as our St Vincent's Fun

Run, Opera in the Market and the Sisterhood lunch. All this support and engagement has helped St Vincent's Hospital Melbourne to continue providing the best healthcare to all our patients.

On behalf of all the patients and staff at St Vincent's Hospital Melbourne, we would like to thank our supporters for helping us achieve our goal to provide the best care possible to people from all walks of life.



“

All this support and engagement has helped St Vincent's Hospital Melbourne to continue providing the best healthcare to all our patients.

”



## AFAF'S STORY

Afaf Shenouda couldn't believe her luck when she was told she would be the first patient to be treated with a scalp cooling cap during her chemotherapy treatment at St Vincent's Cancer Centre.

'How lucky am I to receive this treatment?' Afaf says. 'I'm so grateful to the donors who have given me the opportunity to keep my hair.'

Foundation supporters helped us fund one of the first scalp cooling caps available to patients in a Public Hospital in Victoria. The cap reduces the risk of hair loss during chemotherapy by decreasing scalp temperature and blood flow to hair follicles.

Afaf was diagnosed with Stage 1 breast cancer last December and is receiving chemotherapy at the St Vincent's Cancer Centre.

'My hair was my signature. My whole life I had very long hair and people would always stop me and comment how beautiful it was. It means a lot to me and I have now been given the opportunity to save my hair.'



Afaf Shenouda

“

How lucky am I to receive this treatment? I'm so grateful to the donors who have given me the opportunity to keep my hair.

”

## WHAT WE'VE FUNDED THIS YEAR:



### Research

- \$133,151 went towards funding research into cutting edge Neuroscience treatment
- \$87,636 will fund vital research into a particular brain cancer, Glioblastoma to increase survival rates



### Medical equipment

- \$41,000 was raised to purchase one of the first cooling caps, available in Victorian public hospitals, to limit hair loss among patients receiving chemotherapy
- \$135,685 to purchase a new 'Fred' – Transoesophageal Echocardiogram Cardiac Machine – which will help treat more than three times the number of patients with cardiac complications



### Patient care

- Our tenth year as a charity partner of Opera in the Market 2018 helped us raise more than \$63,000
- \$65,320 was raised at the Annual 2018 Sisterhood Charity Luncheon for St Vincent's Addiction Medicine Recovery and Support Program.
- \$70,834 was raised at the newly named St Vincent's Fun Run. These funds were distributed across Neuroscience, Cardiology, Cancer, Mental Health and Emergency Departments.
- \$109,478 was raised to help us continue caring for the Victorian community for the next 125 years.



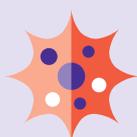
### Capital

- We received \$1.1m of funding which assisted in equipping our BioFab3D centre. This remarkable centre has developed the BioPen—which delivers live adult stem cells straight to the defect site to regenerate natural cartilage; the EpiMinder—which monitors the brain and predicts the likelihood of an epileptic seizure to warn the patient and help keep them safe; and 3D custom printed implants such as knees and heels to replace cancerous tumours.



**\$9,925**

TOWARDS FUNDING RESEARCH INTO NEUROSCIENCE TREATMENT



**\$87,636**

WILL FUND VITAL RESEARCH INTO GLIOBLASTOMA CANCERS



**\$41,000**

RAISED TOWARD A COOLING CAP FOR CHEMOTHERAPY PATIENTS



**\$65,320**

ST. VINCENTS ADDICTION MEDICINE RECOVERY AND SUPPORT PROGRAM



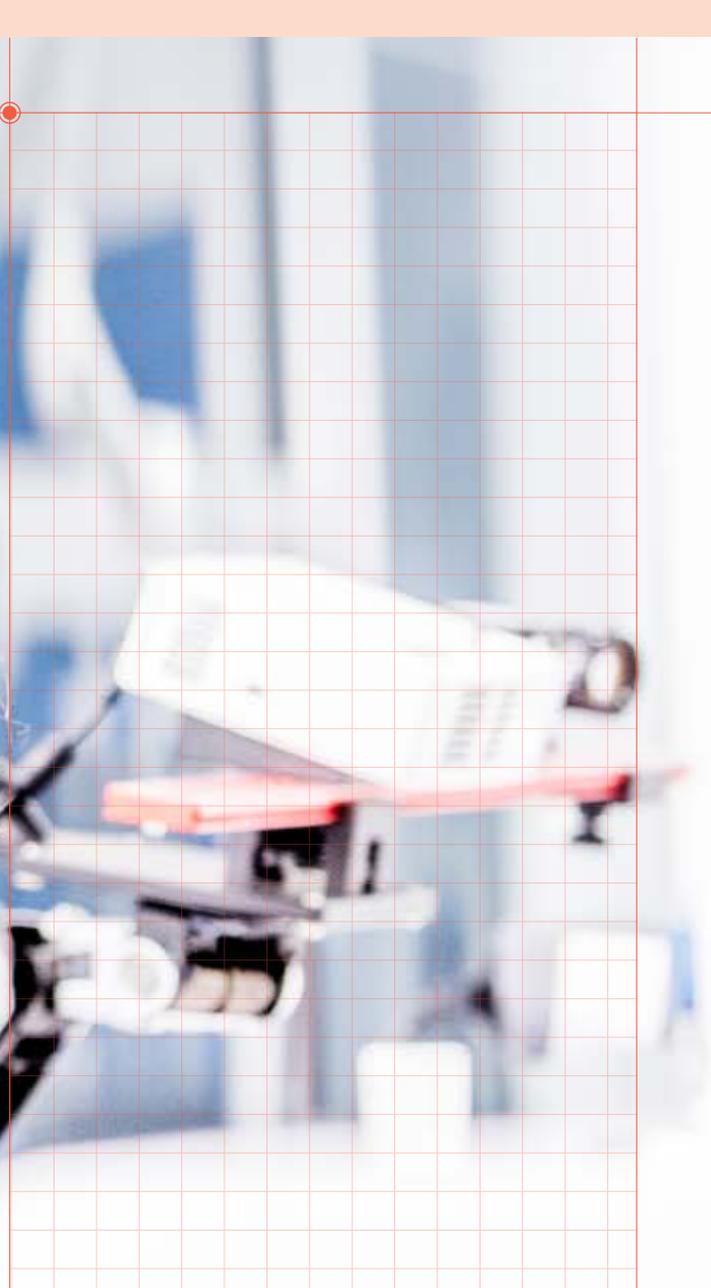
**\$70,834**

RAISED AT THE ST. VINCENTS FUN RUN



**\$1.1m**

FUNDING TO ASSIST IN EQUIPPING OUR BIOFAB3D CENTRE



“

The generosity of our supporters and community has enabled us to grow and become one of Australia's leading hospitals.

”

Thank you

# TO OUR COMMUNITY OF SUPPORTERS

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

## Trusts, Foundations and Grants

### \$50,000+

Australian Unity Trustees Limited  
- Joyce Katherine Granger Sub-Fund  
Diabetes Australia  
Foundation for Surgery, Royal Australasian College of Surgeons  
Gilead Sciences Pty Ltd  
The CASS Foundation  
The Harry Secomb Foundation

### \$10,000+

Arthritis Australia  
Collier Charitable Fund  
Kel and Rosie Day Foundation  
Edgar Foundation  
J and M Nolan Family Trust  
O'Donohue Family Foundation  
Perpetual Foundation, John Williams Endowment  
The F&E Bauer Foundation  
The Harold and Cora Brennen Benevolent Trust, managed by Equity Trustees  
The Gross Foundation  
The Eirene Lucas Foundation  
The William Joseph Payne Trust, managed by Equity Trustees

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

### \$5,000+

Robert Croft Foundation (a charitable fund account of Lord Mayor's Charitable Foundation)  
The Mary Thelma Simpson Charitable Trust  
The Arthur A Thomas Trust, managed by Equity Trustees

## Major Donors

### \$100,000+

Brenda M Shanahan  
MTP Connect

### \$50,000+

Mary Gannon and Family  
Kathy Mackintosh  
Anonymous

### \$10,000+

Denise M de Gruchy  
Patricia and Peter de Rauch  
Paula Fox AO and Lindsay Fox AC  
Bill and Iolanda Gibbins  
Mandy and Peter Hui  
Karin MacNab  
Robert Naughton

Yenni Lim  
Pat La Manna OAM Legacy Fund  
Janet Newman  
Ted Payne  
Thomas Peat  
Vita Pepe and John Gurry  
Michael Piscioneri  
Ray Stella  
Anonymous x 2

### \$5,000+

Maureen Coomber  
Dinah Krongold  
Jack O'Connell  
Barbara and John Ralph AC  
Kevin Ruddell  
Mary Jo Waters  
Peter and Myra Wood and Family  
Anonymous x 4

## Corporate, Business, Sponsorship

13CABS  
Australian Catholic University  
Australian Jewellery Liquidators  
Catholic Church Insurance  
Department of Industry, Innovation and Science  
Dry July Ltd  
Fund Executives Association Ltd

Helping Hand  
 LUCRF Super  
 Manildra Group Ltd  
 Nelson Alexander Real Estate  
 Pitcher Partners  
 Probuild  
 Reece Group Ltd  
 Smart Salary  
 St Vincent's Private Hospital  
 Silver Thomas Hanley  
 Trybooking  
 United Firefighters Union  
 of Australia – Victoria  
 University of Melbourne  
 Zouki Group of Companies

**Bequests and Estates**

**\$300,000+**

Anonymous

**\$100,000+**

Estate of Mary Veronica Bell  
 Estate of Stella Conway  
 Estate of Ruth Eleanor Hollins  
 \$50,000+  
 Estate of Elizabeth Mavis Bayliss  
 Estate of Nicholas Michael  
 Ventouras

**\$10,000+**

Estate of Valerie St Clair Beaney  
 Estate of Alfred Dehnert  
 Estate of Barbara Catherine  
 Eltringham  
 The William and Mary Ievers and  
 Sons Maintenance Fund  
 Estate of Teresa Streat  
 Estate of Henry Herbert Yoffa

**\$5,000+**

Edith Jean Elizabeth Beggs  
 Charitable Trust  
 Estate of Muriel Bradley  
 Estate of Leo Byrne Halpin  
 Estate of Gwendoline  
 Freda La Torre  
 Estate of Horatio R C McWilliams  
 The Mary McGregor Trust  
 Estate of Moira Marion McDonald  
 The William and Aileen  
 Walsh Trust

**Community Groups**

**\$100,000+**

Campania Sports and Social Club

**\$50,000+**

Sisterhood for St Vincent's  
St Vincent's Fun Run

**\$10,000+**

The Lions Club of Melbourne  
Market

**\$5,000+**

Magistrates Court of Victoria  
Order of Malta (Vic)

**In Memoriam Gifts**

**\$5,000+**

Sarah Tait  
 Cassie Alexander  
 Enda Reilly  
 Ben Leske  
 Adel Ghobrial

# Summary FINANCIAL RESULTS

	2018* \$'000s	2017* \$'000s	2016* \$'000s	2015* \$'000s	2014* \$'000s
Total Revenue ^	771,242	763,833	688,597	641,512	622,091
Total Expenses ^	771,901	765,078	692,479	643,385	619,483
Net Result for the Year (including Capital and Specific Items)	(659)	(1,245)	(3,882)	(1,873)	2,608
Retained Surplus	25,243	25,902	27,147	31,046**	36,311
Total Assets	329,980	333,203	331,693	323,449**	326,893
Total Liabilities	241,209	243,752	241,009	228,966	230,167
Net Assets	88,771	89,451	90,684	94,483**	96,726
<b>Total Equity</b>	<b>88,771</b>	<b>89,451</b>	<b>90,684</b>	<b>94,483**</b>	<b>96,726</b>

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

\* Incorporates share of Victorian Comprehensive Cancer Centre joint venture

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

## SUMMARY OF SIGNIFICANT CHANGE IN FINANCIAL POSITION 2018

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

## OPERATIONAL AND FINANCIAL PERFORMANCE 2018

St Vincent's Hospital Melbourne delivered an operational result of \$3,564,000 before capital income and expenses. After including capital income expenses and other economic flows, the net entity result was a deficit of \$659,000. Movement in total equity includes the net equity result and a revaluation adjustment for cultural assets of \$21,000.

## SUBSEQUENT EVENTS

There has been no matter or circumstance which has arisen since 30 June 2018 that has significantly affected, or may affect:

- The operations, in financial years subsequent to 30 June 2018, of St Vincent's Hospital Melbourne, or
- The results of those operations, or
- The state of affairs, in financial years subsequent to 30 June 2018, of St Vincent's Hospital Melbourne

# CONSULTANCIES

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

In 2017-18, there were four consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2017-18 in relation to these consultancies is \$19,020 (excluding GST).

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

In 2017-18 there were eight consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2017-18 in relation to these consultancies is \$277,177 (excluding GST). Details of individual consultancies are listed below.

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee \$	Expenditure 2017-18 (Ex GST) \$	Future expenditure \$
P2 Group	Inherent requirements of job assessment-21 high risk roles	May-18	May-18	36,253	36,253	Nil
Stratford Partners	Review of financial performance of SVHM	Apr-18	Apr-18	41,220	41,220	Nil
TANK	External engagement and positioning strategy	Nov-17	Nov-17	58,096	58,096	Nil
The Leadership Sphere	Pathology development program & executive coaching	Jun-18	Jun-18	23,450	23,450	Nil
People + Decisions	Australian drug harms ranking study	Apr-18	Apr-18	11,178	11,178	Nil
PWC	Project management support for Safe Haven Café	Mar-18	Apr-18	75,855	75,855	Nil
PWC	Project management support for public housing support program	Mar-18	Apr-18	13,125	13,125	Nil
Hilton consulting	Junior Medical Workforce review	May-18	Jun-18	18,000	18,000	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**	
	2018	2017	2018	2017
Nursing Services	1594	1,568	1563	1,552
Admin. & Clerical	622	620	624	617
Medical Support Services	253	248	251	244
Health & Allied Services	618	621	616	611
Hospital Medical Officer	148	141	153	142
Specialist Full Time	77	73	74	75
Specialist Sessional	141	139	139	133
Registrar	214	200	200	194
Allied Health	470	463	459	455
<b>Total</b>	<b>4,137</b>	<b>4,063</b>	<b>4,079</b>	<b>4,023</b>

\* FTE – Full Time Equivalents

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

## OCCUPATIONAL HEALTH AND SAFETY (OHS) ACHIEVEMENT

St Vincent's Hospital Melbourne safety culture change program has been sustained through 2017-18. The strong governance continued with the Executive Safety Council meeting regularly.

Preventative activities such as hazard reporting and workplace inspections are reported at the weekly Performance Board along with serious injuries (lost time or medical treatment).

For each quarter over 98% of departments completed a Workplace Safety Inspections. Hazard reporting is monitored with 462 hazards reported through VHIMS. A reporting app has been introduced that allows hazards to be reported directly from a smart phone or tablet into the VHIMS reporting system.

We met our 20% reduction target for serious injuries.

The three OHS Committees met quarterly to review reporting trends 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 82% 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.

An audit of Dangerous Goods storage was conducted. Changes to storage in a number of areas were completed and an updated dangerous goods manifest is available in our Emergency Control Centre.

A comprehensive safety plan has been developed for 2018-19 with a continued focus on preventative activities.

Incident and WorkCover statistics	2015-16	2016-17	2017-18	Comments on variance
Reported Hazards/ Incidents per 100 FTE	28.11	39.92	39.91	Increased reporting from safety culture program commenced in early 2016 has been sustained.
Standard lost time Claims per 100FTE	1.09	1.15	0.68	Safety culture program initiatives over the past 3 years have resulted in less serious injuries.
Total Claims Costs	\$1,742,990	\$4,216,583	\$1,390,075	A number of claims had inability to return to work resulting in higher claims costs in 2016-17.
Average Claims Cost	\$38,733	\$84,331	\$47,933	

## OCCUPATIONAL VIOLENCE

Occupational violence statistics	2017-18
Workcover accepted claims with an occupational violence cause per 100 FTE	0.05
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	0.30
Number of occupational violence incidents reported	409
Number of occupational violence incidents reported per 100 FTE	9.89
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	17.60%

### 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 2017-18

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

# BUILDING AND MAINTENANCE COMPLIANCE

## Essential Services Maintenance

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

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

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

## Buildings

St Vincent's Hospital 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

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

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

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 since been attended to while an implementation programme has been set 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 IPS 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

## Key projects commenced during 2017-18 and works in progress at 30 June 2018 include:

- Decanting and subsequent demolition of Aikenhead building (on hold)
- Refurbishing level 2 Building A Neurophysiology
- Refurbishing level 6 Building A for Caritas Christi decant
- Refurbishing of Sterilized Processing Centre Decontamination room and replacement of washer disinfectors at \$0.9m
- St Georges Hospital 90 bed Aged care facility
- Reverse osmosis supply plant and distribution system at \$1.35m
- Demolition of dilapidated Healy balconies at \$0.5m
- Replacement of electrical bus duct at Daly at \$0.2m
- Refurbishment Mental Health Entry \$0.4m
- Underpinning of Clarendon Clinic \$0.9m
- Replacement of Aluminium Composite Panel (ACP) facade on IPS and Ambulance Victoria Buildings
- New chiller at Daly \$0.4m
- Upgrading of lifts at St George's Hospital at \$0.6m

## SUSTAINABILITY PERFORMANCE

St Vincent's Hospital Melbourne is working to improve environmental sustainability by encouraging environmentally aware practice, 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.

During the last 12 months the priority has been implementing the following NEAP initiatives:

- The installation of Photo Voltaic solar electricity panels across two SVHM buildings has been completed
- The replacement of all fluorescent lighting tubes with LED lighting, with over 10,000 lights replaced – this will be finalised by the end of 2018
- The installation of power monitoring and managing devices in non-clinical areas for lighting and power outlets
- The furniture and office equipment intranet trading site has successfully traded over 250 items of office equipment over the past 12 months, saving wastage and reducing purchasing costs. Items have also been donated to assist people being rehoused following homelessness
- A restructure of the clinical waste system, supported by additional education programs and auditing, has assisted to reduce bagged clinical waste by a further nine tonnes
- Continued participation in the Victorian Hospitals Green Round Table which helps identify recycling and waste diversion opportunities available within the Victorian Health Network

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

- Waste diversion programs continue to remain at 33% of waste being diverted from landfill to recycling. The expansion of our PVC recycling program, sustainable office program and recycling of the replaced fluorescent light tubes initiative have all assisted to sustain and enhance our recycling systems

## FREEDOM OF INFORMATION

St Vincent's complies with the Freedom of Information Act. Members of the public can make a Freedom of Information request in writing. Written requests for information are classified as an application once the relevant officer receives either a \$27.90 application fee or a copy of the patient's Health Care or Pension Card.

During 2017-18, the majority of requests were from law firms and insurance companies, followed by patients and relatives.

For more information please contact the Freedom of Information Officer on (03) 9231 2775.

The outcomes of the applications are listed below, with 911 of 974 requests released in full.

	2017-18	2016-17
Applications	974	988
Released in full	911	956
Partially released	18	31
Denied in Full	2	2
Cancelled applications	4	5
Percentage requests fulfilled within 45 days	100%	100%
Application fees collected	\$20,902.40	\$20,188.80
Application fees waived	\$6,588.80	\$7,198.20
Charges collected	\$4,900.00	\$4,896.40
Charges waived	\$3,620.00	\$3,506.20

## 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](http://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 2017-18.

## PART A: STRATEGIC PRIORITIES FOR 2017-18

Goals	Strategy	Deliverable	Outcome
<b>Better Health</b> A system geared to prevention as much as treatment  Everyone understands their own health and risks  Illness is detected and managed early  Healthy neighborhoods and communities encourage healthy lifestyles	<b>Better Health</b> Reduce statewide risks  Build healthy neighborhoods  Help people to stay healthy  Target health gaps	Complete the Better Care Victoria (BCV) business case for the Safe Haven Café to create a safe environment for mental health patients.	<b>Achieved</b> The Safe Haven Café (SHC) opened on 12 March 2018. Attendances to the SHC are at 114 (June 2018).  The SHC has been nominated for a Victorian Public Healthcare Award.
		Leverage the St Vincent's Health Australia (SVHA) Inclusive Health Innovation Fund to improve service delivery to our priority, disadvantaged populations.	<b>Achieved</b> The overall aim of the IHIF is to improve service delivery to our priority, disadvantaged populations. 29 funded projects are in progress through the IHIF.
		Complete and evaluate the BCV funded musculoskeletal community based pilot clinic.	<b>Achieved</b> The implementation of the pilot community-based clinic provided patients with osteoarthritis of the knee timely assessment to determine if they required a surgical or non-surgical management plan.  SVHM is looking to apply lessons learnt into other clinics.

Goals	Strategy	Deliverable	Outcome
		Develop a strategic service plan for SVHM mental health services to identify priority service development in the catchment.	<b>In progress</b> Strategic service plan development is in progress with consultation with key stakeholders underway. This work is being completed in partnership with DHHS.
		Work in partnership with Goulburn Valley Health to deliver addiction medicine services to their community.	<b>Achieved</b> Sessions started in September 2017 with positive feedback received. Senior members of staff have visited GVH for a two day program of education and promotional activities.
		Achieve the full deployment of Ethos Program to improve staff wellbeing, safety and culture.	<b>Achieved</b> The Ethos Program is consistently averaging six reports per week. SVHM have received 285 (30% positive) reports.
<b>Better Access</b> 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	<b>Better Access</b> Plan and invest Unlock innovation Provide easier access Ensure fair access	Complete planning and commence level six cardiac services in collaboration with Austin Health.	<b>In progress</b> The SVHM/Austin Collaborative continues to evolve, with an external consultant jointly commissioned to facilitate the articulation of an operating model, including arrangements for streaming of referrals, acceptance of patients and sharing bed and surgeon capacity.  The DHHS have confirmed the SVHM/Austin Collaborative as the leading provider of Cardiac Services to the North East cardiac service network and announced initial funding to support a Project Officer to develop the implementation plan.
		Develop a business case for an SVHA Centre of Excellence in Digestive Diseases.	<b>In progress</b> The business case has been drafted and clinical leads are in the process of providing feedback.

Goals	Strategy	Deliverable	Outcome
		Work in partnership with Albury Wodonga Health to develop and commence implementation of a cardiac catheterisation laboratory operating model to ensure safe and efficient care.	<p><b>Achieved</b> Albury/Wodonga Health Service Cardiac Catheter Lab commenced clinical operations 3 July 2018.</p> <p>SVHM contributed to:</p> <ul style="list-style-type: none"> <li>• Selection and installation of equipment</li> <li>• Interventional Cardiologist appointed at AWH with joint honorary SVHM appointment</li> <li>• Model of care development</li> <li>• Educational support to the clinical team</li> </ul>
		Optimise access to emergency and elective services and achieve performance targets.	<p><b>Achieved</b> The Elective Surgery Waiting List (ESWL) exceeded 932 target at 930 patients ready for surgery, which is a reduction of 89 patients compared to the same time last year.</p> <p>Additional funding in Q4 from the DHHS has supported this result with some weekend elective surgery activity which treated an additional 218 patients.</p> <p>NEAT performance for Q4 was 76.9% against an agreed target of 76% in the context of additional Q4 funding.</p>
		Progress redevelopments at St George's Health Service (90 public sector aged care beds) and Caritas Christi (Palliative Care).	<p><b>Achieved</b> St George's Aged Care facility works commenced February 2018. Early works are on track.</p> <p>SVHA Board approved the Caritas Christi redevelopment in December 2017. A decanting plan has begun and is expected to be completed by February 2019.</p>
		Complete a clinical information system Preliminary Business Case to improve the safety and efficiency of care.	<p><b>In progress</b> SVHA has committed to implementing an organisation wide Electronic Medical Record. A final business case for SVHM's EMR is in development as part of SVHA-wide planning and submission to DHHS for a funding contribution.</p>

Goals	Strategy	Deliverable	Outcome
<p><b>Better Care</b></p> <p>Target zero avoidable harm</p> <p>Healthcare that focusses on outcomes</p> <p>Patients and carers are active partners in care</p> <p>Care fits together around people's needs</p>	<p><b>Better Care</b></p> <p>Put quality first</p> <p>Join up care</p> <p>Partner with patients</p> <p>Strengthen the workforce</p> <p>Embed evidence</p> <p>Ensure equal care</p> <p><b>Mandatory actions against the 'Target zero avoidable harm' goal:</b></p> <p>Develop and implement a plan to educate staff about obligations to report patient safety concerns.</p>		
		Complete the organisational roll out and conduct a review of the patient injury timeout process (PIT STOP).	<b>Achieved</b> Organisation wide roll out has been achieved, with process improvements successfully trialled in Q4, for rollout in 2018-19.
		Review the Quality safety and consumer engagement mandatory training module and reiterate the patient safety reporting message for all staff. Once reviewed, all staff to complete the module.	<b>Achieved</b> This module was reviewed with consumer involvement and has been loaded into the online module as part of the first tranche of modules to transition to the new learning platform Workday.
		Incorporate patient safety reporting check process into the daily operating system.	<b>Achieved</b> Expansion of the Performance Board, Productive Ward and introduction of ward level Daily Management System (DMS) is complete.  Patient safety is included in daily huddles and escalation occurs as part of the DMS.  Safer Care Victoria have recognised the work completed and is engaging with SVHM to establish how this can be shared across the state.

Goals	Strategy	Deliverable	Outcome
	<p><b>Mandatory actions against the 'Target zero avoidable harm' goal:</b> In partnership with consumers, identify 3 priority improvement areas using Victorian Healthcare Experience Survey data and establish an improvement plan for each. These should be reviewed every six months to reflect new areas for improvement in patient experience.</p>	<p>The priority improvement areas identified from the VHES and other patient experience data sources are:</p> <ul style="list-style-type: none"> <li>• Discharge process</li> <li>• Doctor communication</li> <li>• Meals</li> </ul> <p>With consumer input an improvement plan for each of these areas will be developed and tracked.</p>	<p><b>Achieved</b> Countdown to Discharge has been trialled in the General Medicine ward with great success. This has resulted in a decreased length of stay and clear communication with patients and their family. SVHM is currently undertaking a whole of organisation roll out.</p>

## PART B: PERFORMANCE PRIORITIES

### High quality and safe care

Key Performance Indicator	Target	2017-18 actuals
<b>Accreditation</b>		
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
<b>Infection prevention and control</b>		
Compliance with the Hand Hygiene Australia program	80%	82%
Percentage of healthcare workers immunised for influenza	75%	79%
<b>Patient experience</b>		
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	93%
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	77%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care Quarter 2	75% positive experience	78%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care Quarter 3	75% positive experience	75%
Victorian Healthcare Experience Survey – patients perception of cleanliness Quarter 1	70%	79%
Victorian Healthcare Experience Survey – patients perception of cleanliness Quarter 2	70%	67%
Victorian Healthcare Experience Survey – patients perception of cleanliness Quarter 3	70%	72%
<b>Healthcare associated infections</b>		
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	0.76
<b>Adverse Events</b>		
Number of sentinel events	Nil	Not achieved
Mortality – number of deaths in low mortality DRGs**	Nil	N/A***
<b>Mental health</b>		
Percentage of adult inpatients who are readmitted within 28 days of discharge	14%	11%
Rate of seclusion events relating to a mental health acute admission – all age groups	≤ 15/1,000	8
Rate of seclusion events relating to an adult acute mental health admission	≤ 15/1,000	10
Rate of seclusion events related to an aged acute admission	≤ 15/1,000	2

Key Performance Indicator	Target	2017-18 actuals
Percentage of adult patients who have post-discharge follow-up within 7 days	75%	87%
Percentage of aged patients who have post-discharge follow-up within 7 days	75%	84%
<b>Continuing care</b>		
Functional independence gain from an episode of GEM **** admission to discharge relative to length of stay	≥ 0.39	0.66
Functional independence gain from an episode of rehabilitation admission to discharge relative to length of stay	≥ 0.645	0.98

\* SAB is Staphylococcus aureus bacteraemia

\*\* DRG is Diagnosis Related Group

\*\*\* This indicator was withdrawn during 2017-18 and is currently under review by the Victorian Agency for Health Information

\*\*\*\* GEM is Geriatric Evaluation and Management

## Timely access to care

Key performance indicator	Target	2017-18 actuals
<b>Emergency care</b>		
Percentage of ambulance transfers within 40 minutes	90%	73%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended times	80%	67%
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	1
<b>Elective surgery</b>		
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%	84%
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	16.4%
Number of patients on the elective surgery waiting list*	932	930
Number of Hospital Initiated Postponements per 100 scheduled admissions	≤8/100	8
Number of patients admitted from the elective surgery waiting list-annual total	7,521	7,623
<b>Specialist clinics</b>		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	96%**
Percentage of routine patients referred by a GP or external specialist who attended a first appointment within 365 days	90%	91%**

\* the target shown is the number of patients on the elective surgery waiting list as at 30 June 2018

\*\* Data qualified internally by SVHM based on DHHS definitions

## Effective financial management

Key Performance Indicator	Target	2017-18 actuals
<b>Finance</b>		
Operating result (\$m)	\$2.0	\$3.6
Average number of days to paying trade creditors	< 60 days	62
Average number of days to receiving patient fee debtors	< 60 days	45
Public & Private WIES* performance to target	100%	94%*
Adjusted Current Asset Ratio	0.7	0.87
Days available cash	14 days	14

\* The changes arising in the WIES funding model following the introduction of A-DRG version 8 in 2016-17 have impacted St Vincent's Hospital Melbourne's ability to recognise WIES activity in 2017-18. The Department of Health and Human Services has acknowledged these issues at a system level and provided assurances around minimum funding levels throughout 2017-18.

## PART C: ACTIVITY AND FUNDING

Funding type	2017-18 Activity Achievement
<b>Acute Admitted</b>	
WIES Public	47,161
WIES Private	6,396
WIES DVA	84
WIES TAC	186
<b>Acute Non-admitted</b>	
Home Enteral Nutrition	1,425
Home Renal Dialysis	81
Specialist Clinics – Public & Private	87,493
Total Parenteral Nutrition	65
<b>Subacute &amp; Non-acute Admitted</b>	
Subacute WIES – Rehabilitation Public	937
Subacute WIES – Rehabilitation Private	249
Subacute WIES – GEM Public	846
Subacute WIES – GEM Private	314
Subacute WIES – Palliative Care Public	410
Subacute WIES – Palliative Care Private	268
Subacute WIES – DVA	62
Transition Care – Bed days	10,410
Transition Care – Home day	11,404
<b>Subacute &amp; Non-acute Admitted</b>	
Health Independence Program – Public	64,026
<b>Aged Care</b>	
Residential Aged Care	10,385
HACC	3,006

Funding type	2017-18 Activity Achievement
<b>Mental Health and Drug Services</b>	
Drug Services	518
<b>Other</b>	
NFC – Islet cell Transplantation	8
Health Workforce	278

## ATTESTATION ON DATA INTEGRITY

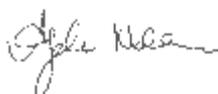
I, Angela Nolan, Chief Executive Officer certify that St Vincent’s (Melbourne) Limited has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. St Vincent’s Hospital (Melbourne) Limited has critically reviewed these controls and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

## CONFLICT OF INTEREST

I, 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) and has implemented a ‘Conflict of Interest’ policy consistent with the minimum accountabilities required by the VPSC. 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.



**Angela Nolan**  
Chief Executive Officer  
Dated 21 August 2018  
Melbourne

## ADDITIONAL INFORMATION (FRD 22H)

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 St Vincent's Hospital (Melbourne) Limited about the activities of the Health Service and how they can be obtained;
- d. details of changes in prices, fees, charges, rates and levies charged by the Health Service;
- e. details of any major external reviews carried out on the Health Service;
- f. details of major research and development activities undertaken by the Health Service that are not otherwise covered either in the Report of Operations or in a document that contains the financial statements and Report of Operations;
- g. details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- h. details of major promotional, public relations and marketing activities undertaken by the Health Service to develop community awareness of the Health Service and its services;
- i. details of assessments and measures undertaken to improve the occupational health and safety of employees;
- j. general statement on industrial relations within the Health Service and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the Report of Operations;
- k. a list of major committees sponsored by the Health Service, the purposes of each committee and the extent to which those purposes have been achieved;
- l. details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement

## REPORT AVAILABILITY

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

*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 2017 to 30 June 2018, 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 2017 to 30 June 2018:

**Mr Paul Robertson AO**  
Chair

**Ms Patricia Faulkner AO**  
Deputy Chair

**Prof. Maryanne Confoy RSC**

**Dr Michael Coote**

**Prof. Suzanne Crowe AM**

**Mr Brendan Earle**

**Mr Paul McClintock AO**

**Ms Anne McDonald**

**Ms Sandra McPhee AM**

**Sr Mary Wright IBVM**

## 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.

## DIRECTORS' REPORT

The Directors present their report on the Hospital for the financial year ended 30 June 2018. The financial statements have been prepared pursuant to the provisions of the *Australian Charities and Not-for-Profits Commission Act 2012 (Cth)* and the *Financial Management Act 1994 (Vic)* with the exception of the application of FRD103F Non-Financial Physical Assets and FRD114A Financial Instruments.



*Chair*  
**Mr Paul Robertson 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 Chair of the Board, Chair of the People & Culture Committee and was Chair of the ad hoc Health Infrastructure Committee during its tenure in 2017-18.



*Deputy Chair*  
**Ms Patricia Faulkner AO**

### **Qualifications**

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

### **Experience**

Patricia was appointed to the Board on 1 October 2010. Patricia 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.

### **Special responsibilities**

Patricia is Deputy Chair of the Board, a member of the Clinical Governance & Safety Committee and a member of the Mission, Ethics & Advocacy 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 and she is a member of the St Vincent's Foundation Committee.

#### **Special responsibilities**

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



### **Dr Michael Coote**

#### **Qualifications**

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

#### **Experience**

Michael was appointed to the Board 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.



## 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 is 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 Research & Education Committee and was a member of the ad hoc Health Infrastructure Partnership Committee.



## Mr Brendan Earle

### Qualifications

Bachelor of Laws (Hons);  
Bachelor of Arts

Barrister and Solicitor, Supreme Court of Victoria.

### Experience

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

### Special responsibilities

Brendan is a member of the Finance & Investment Committee, the Clinical Governance & Safety Committee, and the Audit & Risk Committee. He was a member of the ad hoc Health Infrastructure Partnership Committee.



### Mr Paul McClintock AO

#### Qualifications

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

#### Experience

Paul was appointed to the Board on 1 January 2013. Paul is Chairman of I-MED Network, Laser Clinics Australia, Broadspectrum and NSW Ports. He is also Chairman of the Committee for the Economic Development of Australia and Sydney Health Partners.

Paul served as the Secretary to Cabinet and Head of the Cabinet Policy Unit reporting directly to the Prime Minister as Chairman of Cabinet. In this role, Paul held 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 Medibank Private, Myer Holdings, COAG Reform Council, Thales Australia, Symbion Health, Affinity Health and the Woolcock Institute of Medical Research and directorships with the Australian Strategic Policy Institute. He has also served as Commissioner of the Health Insurance Commission.

#### Special responsibilities

Paul is Chair of the Finance & Investment Committee and a member of the Research & Education Committee. He was a member of the ad hoc Health Infrastructure Partnership 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 three ASX listed entities and Chair of a State-Owned Corporation—Spark Infrastructure, Link Administration Group, Speciality Fashion Group, and Water NSW.

#### Special responsibilities

Anne is a member of the Board Audit & Risk 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 Fairfax Media Ltd and is a Board member of the NSW Public Service Commission. She has previously served as a Non-Executive Director on diverse Boards such as Coles Group Ltd, Starlight Foundation, Tourism Australia 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 and brings knowledge and experience to SVHA particularly in the People & Culture sphere.

#### Special responsibilities

Sandra is a Member of the People & Culture Committee.

### Sr Mary Wright IBVM

#### Qualifications

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

#### Experience

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

#### 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

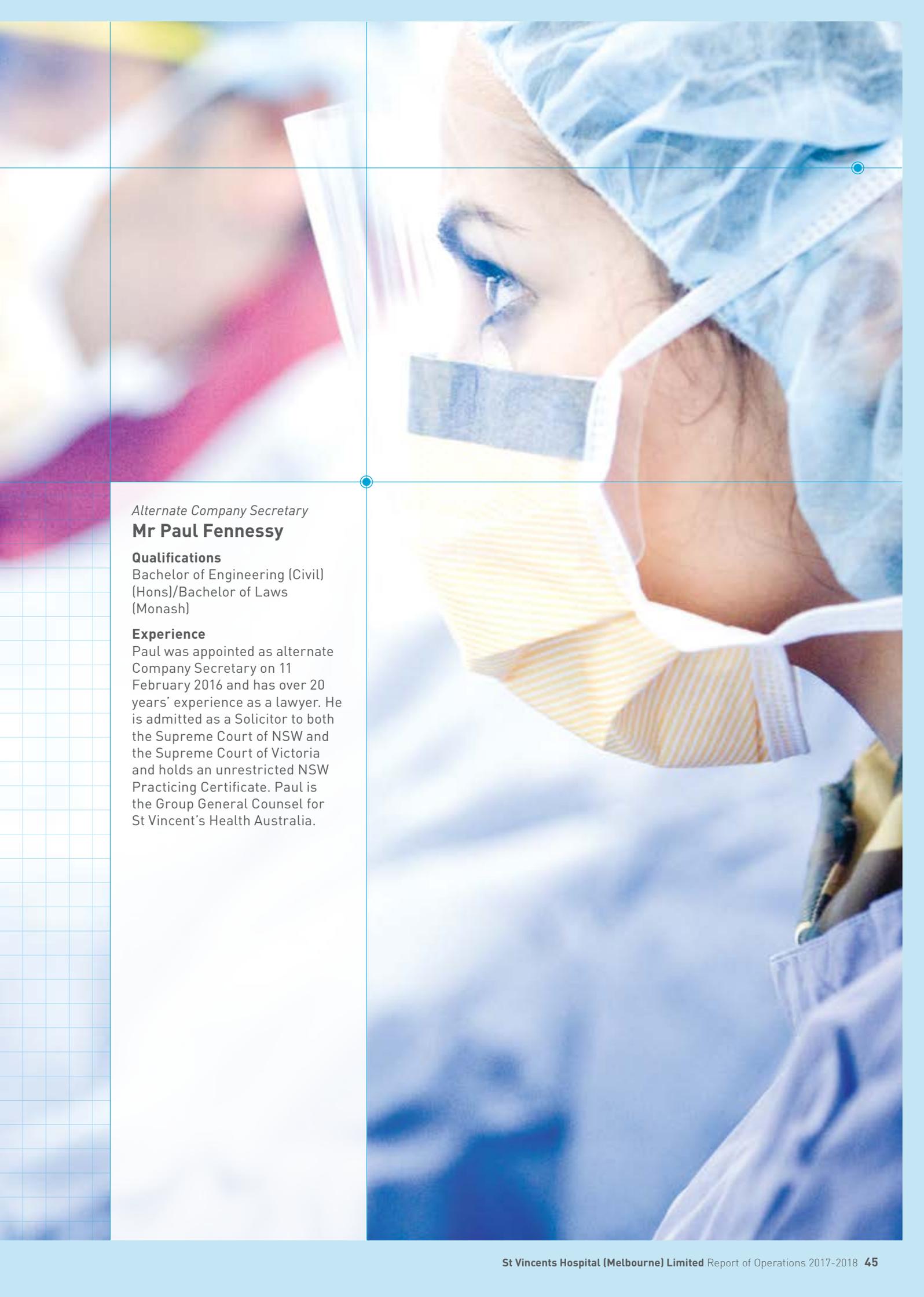
### Mr Robert Beetson

#### 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 on the Executive of 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 Practising 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.

## KEY OBJECTIVES

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

Some of the core objectives are to:

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

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

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

## TRADING RESULT

The result of the company for the financial year was a deficit of \$659,000.

## 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:

	2018 \$'000	2017 \$'000
Total Revenue for the year	771,242	763,833
Results for the year	(659)	(1,245)

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.

The capital profit result for the year was due to the recognition of the Epi-Minder shares received free of charge.

## 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 2018, the company had one member (2017: 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 2018 that has significantly affected, or may affect:

- a. The operations, in financial years subsequent to 30 June 2018, 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 2018, 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 24 of this report for details of St Vincent's Hospital (Melbourne) Limited compliance.

The building and maintenance provisions of the *Building Act 1993* and *Minister for Finance Guideline Building Act 1993/Standards for Publicly Owned Buildings/ November 1994*) to the extent that these provisions are applicable noting that not all St Vincent's Hospital (Melbourne) Limited Buildings are publicly owned. See page 26 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 2016-2017.

*Safe Patient Care Act 2015.* St Vincent's Hospital (Melbourne) Limited has no matters to report in relation to its obligations under section 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 27.

## INDEMNIFYING OFFICER OR AUDITOR

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

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

With the exception of the following matter:

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

The amount of the premium was paid as part of an overall insurance charge.

## ROUNDING OF AMOUNTS

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

## BOARD COMMITTEES

There are seven committees of the SVHA:

**Audit & Risk**

**Finance & Investment**

**Mission, Ethics & Advocacy**

**People & Culture**

**Clinical Governance & Safety Committee (Previously Quality & Safety)**

**Research & Education Committee**

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

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

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

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

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

## COMMITTEES

The SVHA Board has established The Friends of St Vincent's to advise and support its facilities in Victoria in the achievement of SVHA's Mission and strategic objectives.

Using their professional networks, profiles, reputations, experience and influence **The Friends** provide high level advice on strategic and complex issues by:

- Engaging in strategic dialogue on key issues relating to patient care, medical research and corporate efficiency
- Being informed on current and emerging issues and risks in healthcare and aged care and providing advice
- Increasing engagement between health, research, business, government, the Catholic Church and industry for the benefit of all Victorians
- Testing or offering innovative solutions to key strategic and policy issues in health and medical research
- Bringing key community issues and needs to The Friends for high level exploration.

Ms Patricia Faulkner AO, Deputy Chair of the SVHA Board is the Chair of The Friends of St Vincent's.

## MEETINGS OF DIRECTORS

The numbers of meetings of the company's Board of Directors and of each Board committee held from 1 July 2017 to 30 June 2018, and the number of meetings attended by each director were:

	Board	Audit & Risk	FI*	MEA**	People & Culture	CGS***	RE****	HIP*****	Parklea
Number of meetings:	7	5	7	5	5	7	3		1
Mr P Robertson AO	7/7				5/5			2/2	
Ms P Faulkner AO	5/7			5/5		4/7			1/1
Sr M Confoy RSC	7/7			5/5	5/5				
Dr M Coote	7/7					6/7	3/3		
Prof S Crowe AM	7/7					7/7	3/3	1+2	
Mr B Earle	7/7	5/5	7/7			7/7		1/2	1/1
Mr G Humphrys	1/1	2/2							
Mr P McClintock AO	7/7		7/7				3/3	1/2	
Ms A McDonald	6/7	5/5							1/1
Ms Sandra McPhee AM	5/5				2/3				
Sr Mary Wright IBVM	6/7	5/5		5/5	5/5				

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

\* Finance & Investment

\*\* Mission, Ethics & Advocacy

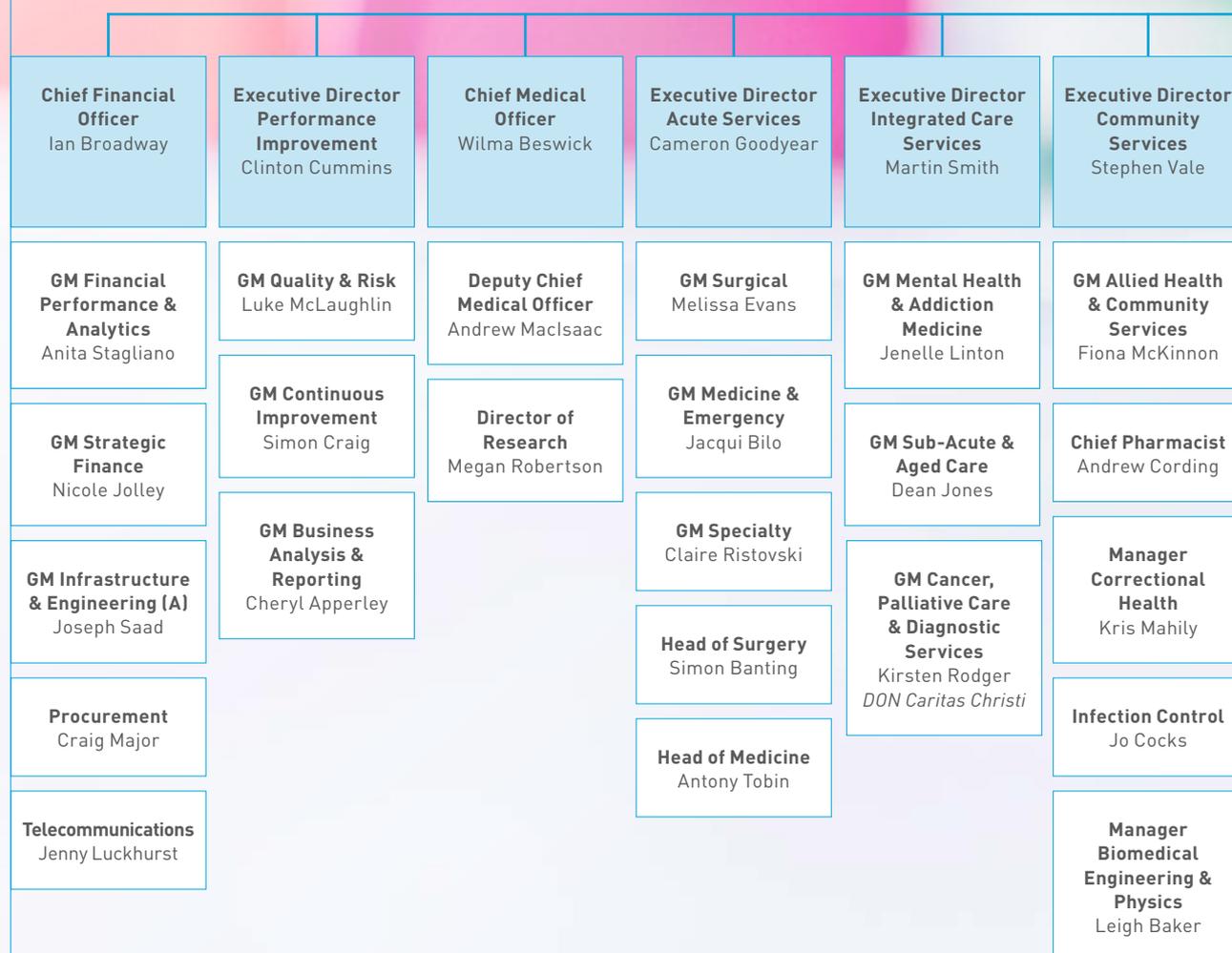
\*\*\* Clinical Governance & Safety

\*\*\*\* Research & Education

\*\*\*\*\* Health Infrastructure Partnerships

+ Attended by proxy Dr M Coote

# 2018 SVHM ORGANISATIONAL STRUCTURE



**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 Support**  
 Chris Roussos

**Executive Director Strategy & Planning**  
 Andrew Crettenden

**Executive Director Mission**  
 Margaret Stewart

**Executive Director Legal & Commercial Services**  
 Rebecca Roberts

**Chief Nursing Officer (A)**  
 Bree Nation

**Chief Allied Health Officer**  
 Fiona McKinnon

**GM HR Services and Systems**  
 Jacqueline Porter

**GM Strategy & Business Development**  
 Vacant

**Manager Pastoral Care**  
 Annie Forrest

**General Manager Health Safety & Wellbeing**  
 Christina Rennick

**GM Media & Communication**  
 Kathy Bowlen

**Manager Mission Services & Social Justice**  
 Ashima Gupta

**GM Support Services**  
 Stella Moon

**Manager Aboriginal Health (A)**  
 Andrew Morrison

**GM Education Centre**  
 Deanne Riddington

**Catholic Chaplain**  
 Fr. Zaher Al Mhna

**Manager Ethos**  
 Stephen Tippet

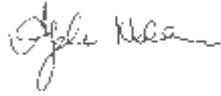
**Manager Clinical Workforce Unit**  
 Tim Martin

# 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 21 August 2018 in accordance with a resolution of the Board.



**Ms Patricia Faulkner AO**  
Deputy Chair



**Angela Nolan**  
Chief Executive Officer

## BOARD MEMBERS AND ACCOUNTABLE OFFICER'S DECLARATION

We declare that:

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

- a. Giving a true and fair view of St Vincent's Hospital (Melbourne) Limited's financial position as at 30 June 2018 and of its performance for the year ended on that date: and
- b. Complying with Accounting Standards, Australian Charities and Not-for-Profits Regulation 2013 and other mandatory professional reporting requirements.

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

At the time of signing, we certify that the attached financial report for St Vincent's Hospital (Melbourne) Limited have been prepared in accordance with Direction 5.2 of the *Standing Directions* of the Minister for Finance under the *Financial Management Act 1994*, applicable Financial Reporting Directions (with the exception of FRD103F Non-Financial Physical Assets and FRD114A Financial Instruments), Australian Accounting Standards and other mandatory professional reporting requirements.

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

We authorise the attached financial statements for issue on 21 August 2018.

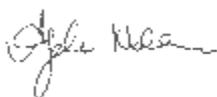


**Ms Patricia Faulkner AO**

Deputy Chair

Dated 21 August 2018

Melbourne



**Angela Nolan**

Chief Executive Officer

Dated 21 August 2018

Melbourne

# Independent Auditor's Report

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

<b>Opinion</b>	<p>I have audited the financial report of St Vincent's Hospital (Melbourne) Limited (the health service) which comprises the:</p> <ul style="list-style-type: none"> <li>• balance sheet as at 30 June 2018</li> <li>• comprehensive operating statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• cash flow statement for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• board members and accountable officer's declaration.</li> </ul> <p>In my opinion the financial report is in accordance with Part 7 of the Financial Management Act 1994 and Division 60 of the <i>Australian Charities and Not-for-profits Commission Act 2012</i>, including:</p> <ul style="list-style-type: none"> <li>• giving a true and fair view of the financial position of the health service as at 30 June 2018 and of its financial performance and its cash flows for the year then ended</li> <li>• complying with Australian Accounting Standards and Division 60 of the <i>Australian Charities and Not-for-profits Commission Regulations 2013</i>.</li> </ul>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service in accordance with the auditor independence requirements of the <i>Australian Charities and Not-for-profits Commission Act 2012</i> and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (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.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Other information</b>	<p>My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.</p>
<b>Board's responsibilities for the financial report</b>	<p>The Board of the health service is responsible for the preparation of a financial report that gives a true and fair view in accordance with Australian Accounting Standards, the <i>Financial Management Act 1994</i> and the <i>Australian Charities and Not-for-profits Commission Act 2012</i>, and for such internal control as the Board determines is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.</p> <p>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.</p>

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**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.

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MELBOURNE  
30 August 2018



Ron Mak  
*as delegate for the Auditor-General of Victoria*

## 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 2018, 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 2018



Ron Mak

*as delegate for the Auditor-General of Victoria*

# *Financial* **STATEMENTS**



## COMPREHENSIVE OPERATING STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Note	2018 \$'000	2017 \$'000
Revenue From Operating Activities	2.1	739,955	725,211
Revenue From Non-Operating Activities	2.1	1,591	2,442
Employee Expenses	3.1	(504,591)	(479,503)
Non Salary Labour Costs	3.1	(7,958)	(6,959)
Supplies and Consumables	3.1	(141,130)	(160,042)
Maintenance Contracts	3.1	(12,196)	(12,291)
Other Expenses	3.1	(72,107)	(65,515)
<b>Net Result Before Capital and Specific Items</b>		<b>3,564</b>	<b>3,343</b>
Capital Purpose Income	2.1	28,356	36,172
Assets Received Free of Charge	2.2	1,340	8
Depreciation and Amortisation	4.3	(23,785)	(22,138)
Leasehold Expense		(66)	(66)
Finance Costs	3.3	(2,713)	(6,108)
Other Capital Expenses	3.1	(6,636)	(12,452)
<b>Net Result After Capital and Specific Items</b>		<b>60</b>	<b>(1,241)</b>
<b>Other Economic Flows Included in Net Result</b>			
Net gain/ (loss) on revaluation of Investment Property	4.5	239	140
Net gain/ (loss) on revaluation of Long Service Leave		(30)	721
(Increase) / Decrease in Provision for Doubtful Debts	5.1	(928)	(865)
<b>Total Other Economic Flows Included in Net Result</b>		<b>(719)</b>	<b>(4)</b>
<b>Net Result for the Year</b>		<b>(659)</b>	<b>(1,245)</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to Net Result</b>			
Changes in Asset Revaluation Surplus	8.1	(21)	12
<b>COMPREHENSIVE RESULT FOR THE YEAR</b>		<b>(680)</b>	<b>(1,233)</b>

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

## BALANCE SHEET FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Note	2018 \$'000	2017 \$'000
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	6.3	12,656	12,105
Receivables	5.1	32,872	41,108
Other Financial Assets	4.1	6,781	6,660
Inventories	5.2	6,997	7,380
Other Assets	5.4	1,373	1,522
Debtor-Department of Health & Human Services	8.12	-	3,711
<b>Total Current Assets</b>		<b>60,679</b>	<b>72,486</b>
<b>Non-Current Assets</b>			
Receivables	5.1	32,825	27,511
Other Financial Assets	4.1	67,498	63,024
Property, Plant and Equipment	4.2	151,337	157,353
Intangible Assets	4.4	15,002	10,429
Investment Property	4.5	2,639	2,400
<b>Total Non-Current Assets</b>		<b>269,301</b>	<b>260,717</b>
<b>Total Assets</b>		<b>329,980</b>	<b>333,203</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables	5.5	46,636	51,609
Interest Bearing Liabilities	6.1	7,512	18,366
Provisions	3.4	134,496	118,654
Other Liabilities	5.3	14,997	13,234
Obligation to provide Public Hospital Services	8.12	-	3,711
<b>Total Current Liabilities</b>		<b>203,641</b>	<b>205,574</b>
<b>Non-Current Liabilities</b>			
Interest Bearing Liabilities	6.1	15,661	17,540
Provisions	3.4	21,907	20,638
<b>Total Non-Current Liabilities</b>		<b>37,568</b>	<b>38,178</b>
<b>Total Liabilities</b>		<b>241,209</b>	<b>243,752</b>
<b>Net Assets</b>		<b>88,771</b>	<b>89,451</b>
<b>Equity</b>			
General Purpose Surplus	8.1a	165	445
Asset Revaluation Surplus	8.1a	605	626
Restricted Specific Purpose Surplus	8.1a	30,591	30,399
AIB Surplus	8.1a	6,067	5,979
Funds Held in Perpetuity	8.1a	250	250
Contributed Capital	8.1c	25,850	25,850
Accumulated Surplus	8.1b	25,243	25,902
<b>Total Equity</b>		<b>88,771</b>	<b>89,451</b>

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

# STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Note	General Purpose Surplus \$'000	Asset Revaluation Surplus \$'000	Restricted Specific Purpose Surplus \$'000	AIB Surplus \$'000	Funds Held in Perpetuity \$'000	Contrib'tn by Owners \$'000	Accum. Surplus/ (Deficit) \$'000	Total \$'000
<b>Balance at 30 June 2016</b>	<b>8.1</b>	<b>1,200</b>	<b>614</b>	<b>29,732</b>	<b>5,891</b>	<b>250</b>	<b>25,850</b>	<b>27,147</b>	<b>90,684</b>
Net Result For The Year		-	-	-	-	-	-	(1,245)	(1,245)
Other Comprehensive Income		-	12	-	-	-	-	-	12
Transfer To/(From) AIB Surplus		(88)	-	-	88	-	-	-	-
Transfer To/(From) Restricted Specific Purpose Surplus		(667)	-	667	-	-	-	-	-
<b>Balance at 30 June 2017</b>	<b>8.1</b>	<b>445</b>	<b>626</b>	<b>30,399</b>	<b>5,979</b>	<b>250</b>	<b>25,850</b>	<b>25,902</b>	<b>89,451</b>
Net Result For Year		-	-	-	-	-	-	(659)	(659)
Other Comprehensive Income		-	(21)	-	-	-	-	-	(21)
Transfer To/(From) AIB Surplus		(88)	-	-	88	-	-	-	-
Transfer To/(From) Restricted Specific Purpose Surplus		(192)	-	192	-	-	-	-	-
<b>Balance at 30 June 2018</b>	<b>8.1</b>	<b>165</b>	<b>605</b>	<b>30,591</b>	<b>6,067</b>	<b>250</b>	<b>25,850</b>	<b>25,243</b>	<b>88,771</b>

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

# CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	2018 \$'000	2017 \$'000
Note	Inflows/ (Outflows)	Inflows/ (Outflows)
<b>Cash Flows From Operating Activities</b>		
Operating Grants from Government	576,795	530,126
Capital Grants from Government	24,048	29,247
Patient and Resident Fees Received	23,917	23,066
Private Practice and Pathology Fees Received	39,559	38,515
Donations and Bequests Received	3,476	3,457
Interest Received	1,686	2,519
Other Receipts	163,388	184,625
Interest received – St Vincent’s Healthcare Ltd	1,542	4,310
Other Capital Receipts	1,882	1,861
<b>Total Receipts</b>	<b>836,293</b>	<b>817,726</b>
Employee Benefits Paid	(482,269)	(465,484)
Non Salary Labour Costs	(7,958)	(6,958)
Payments for Supplies and Consumables	(166,283)	(185,324)
Finance Costs	(2,713)	(6,108)
Other Expenses	(90,455)	(72,585)
GST Paid to ATO	(43,990)	(43,653)
Capital Building and Occupancy	(5,253)	(10,400)
<b>Total Payments</b>	<b>(798,921)</b>	<b>(790,512)</b>
<b>Net Cash Inflow from Operating Activities</b>	<b>8.2 37,372</b>	<b>27,214</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of Property Plant and Equipment	(17,418)	(18,744)
Proceeds from Sale of Property Plant and Equipment	70	108
Payment for Intangible Assets	(4,896)	(358)
Purchases of Investments	(1,820)	(1,268)
<b>Net Cash Outflow from Investing Activities</b>	<b>(24,064)</b>	<b>(20,262)</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from Borrowings	3,689	8,355
Repayment of Borrowings	(11,939)	(9,560)
Repayment of Finance Leases	(4,668)	(4,856)
<b>Net Cash Inflow/(Outflow) From Financing Activities</b>	<b>(12,918)</b>	<b>(6,061)</b>
Net Increase/(Decrease) In Cash and Cash Equivalents Held	390	890
Cash and Cash Equivalents at Beginning of the Financial Year	2,997	2,107
<b>Cash and Cash Equivalents at End of the Financial Year</b>	<b>6.3 3,387</b>	<b>2,997</b>

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

# NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

## 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.

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.

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners have also been designated as contributions by owners.

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.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also future periods that are affected by the revision. Judgements and assumptions made by management in applying the application of AAS that have significant effect on the financial statements and estimates are disclosed in the notes under the heading: 'Significant judgement or estimates'.

## 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 period ended 30 June 2018. 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. 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 Minister of Finance, with the exception of FRD103F – Non-Financial Physical Assets and FRD114B Financial Instruments.

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

The annual financial statements were authorised for issue by the Board of the Health Service on 21 August 2018.

### 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 2018 and the comparative information presented in these financial statements for the year ended 30 June 2017.

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

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

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. 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.

### d. 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.

### e. 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 8.11.

## **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 Analysis of revenue by source

2.2 Assets received free of charge or for nominal consideration

## Note 2.1: Analysis of Revenue by Source – 2018

	Admitted Patients 2018 \$'000	Non-Admitted 2018 \$'000	EDS 2018 \$'000	Mental Health 2018 \$'000	RAC Incl Mental Health 2018 \$'000	Aged Care 2018 \$'000	Primary Health 2018 \$'000	Other 2018 \$'000	Total 2018 \$'000
Government Grant	385,885	28,937	27,575	53,284	9,918	3,307	-	52,467	561,373
Indirect Contributions by Department of Health and Human Services	6,113	-	-	-	-	-	-	-	6,113
Patient and Resident Fees	18,187	254	437	442	2,757	-	-	1,163	23,240
Commercial Activities	-	-	-	-	-	-	-	79,175	79,175
Pathology	-	-	-	-	-	-	-	35,631	35,631
Diagnostic Imaging	-	-	-	-	-	-	-	12,226	12,226
Other Revenue from Operating Activities	7,871	51	294	1,611	166	6	22	12,176	22,197
<b>Total Revenue from Operating Activities</b>	<b>418,056</b>	<b>29,242</b>	<b>28,306</b>	<b>55,337</b>	<b>12,841</b>	<b>3,313</b>	<b>22</b>	<b>192,838</b>	<b>739,955</b>
Interest	-	-	-	-	-	-	-	1,101	1,101
Dividends	-	-	-	-	-	-	-	490	490
<b>Total Revenue from Non-Operating Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,591</b>	<b>1,591</b>
Capital Purpose Income	-	-	-	-	-	-	-	26,792	26,792
Capital Interest – St Vincent's Healthcare Ltd	-	-	-	-	-	-	-	1,564	1,564
<b>Total Capital Purpose Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,356</b>	<b>28,356</b>
Assets Received Free of Charge (Note 2.2)	-	-	-	-	-	-	-	1,340	1,340
<b>Total Revenue</b>	<b>418,056</b>	<b>29,242</b>	<b>28,306</b>	<b>55,337</b>	<b>12,841</b>	<b>3,313</b>	<b>22</b>	<b>224,125</b>	<b>771,242</b>

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

Revenue has been classified across programs as defined in the Agency Information Management System (AIMS) guidelines.

## Note 2.1: Analysis of Revenue by Source – 2017

	Admitted Patients 2017 \$'000	Non-Admitted 2017 \$'000	EDS 2017 \$'000	Mental Health 2017 \$'000	RAC incl Mental Health 2017 \$'000	Aged Care 2017 \$'000	Primary Health 2017 \$'000	Other 2017 \$'000	Total 2017 \$'000
Government Grant	357,551	28,478	19,366	51,569	8,557	3,003	-	83,635	552,159
Indirect Contributions by Department of Health and Human Services	4,119	-	-	-	-	-	-	-	4,119
Patient and Resident Fees	17,801	240	364	338	2,056	-	-	1,977	22,776
Commercial Activities	-	-	-	-	-	-	-	76,306	76,306
Pathology	-	-	-	-	-	-	-	30,344	30,344
Diagnostic Imaging	-	-	-	-	-	-	-	11,867	11,867
Other Revenue from Operating Activities	7,073	4	209	1,548	94	12	21	18,679	27,640
<b>Total Revenue from Operating Activities</b>	<b>386,544</b>	<b>28,722</b>	<b>19,939</b>	<b>53,455</b>	<b>10,707</b>	<b>3,015</b>	<b>21</b>	<b>222,808</b>	<b>725,211</b>
Interest	-	-	-	-	-	-	-	2,087	2,087
Dividends	-	-	-	-	-	-	-	355	355
<b>Total Revenue from Non-Operating Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,442</b>	<b>2,442</b>
Capital Purpose Income	-	-	-	-	-	-	-	31,838	31,838
Capital Interest – St Vincent's Healthcare Ltd	-	-	-	-	-	-	-	4,334	4,334
<b>Total Capital Purpose Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,172</b>	<b>36,172</b>
Assets Received Free of Charge (Note 2.2)	-	-	-	-	-	-	-	8	8
<b>Total Revenue</b>	<b>386,544</b>	<b>28,722</b>	<b>19,939</b>	<b>53,455</b>	<b>10,707</b>	<b>3,015</b>	<b>21</b>	<b>261,430</b>	<b>763,833</b>

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

Revenue has been classified across programs as defined in the Agency Information Management System (AIMS) guidelines.

## Note 2.1: Analysis of Revenue by Source – cont'd

### Revenue Recognition

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

### Government Grants

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

### Indirect Contributions from the Department of Health and Human Services ('the Department')

Indirect Contributions from the Department:

- Insurance is recognised as revenue following advice from the Department.
- Long Service Leave (LSL) – Revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the 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.

### 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.

### Dividends

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

### Interest

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

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

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

### Revenue from Commercial Activities

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

### Category Groups

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

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

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

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

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

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

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

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

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

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

	Total 2018 \$'000	Total 2017 \$'000
<b>During the reporting period, the fair value of assets received free of charge, was as follows:</b>		
Cultural Assets	215	8
Financial Assets – shares in Epi-Minder	1,125	-
<b>Total</b>	<b>1,340</b>	<b>8</b>

### **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 Analysis of expenses by source

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

3.3 Finance costs

3.4 Employee benefits in the balance sheet

3.5 Superannuation

## Note 3.1: Analysis of Expense by Source – 2018

	Admitted Patients 2018 \$ '000	Non-Admitted 2018 \$ '000	EDS 2018 \$ '000	Mental Health 2018 \$ '000	RAC incl Mental Health 2018 \$ '000	Aged Care 2018 \$ '000	Primary Health 2018 \$ '000	H&CI and Restricted 2018 \$ '000	Other 2018 \$ '000	Total 2018 \$ '000
Employee Expenses	321,827	13,986	33,847	59,641	14,695	3,920	200	40,494	15,981	504,591
Non-Salary Labour Costs	3,646	78	979	791	658	6	-	1,699	101	7,958
Supplies and Consumables	111,674	6,432	4,405	6,445	1,603	381	4	4,307	5,879	141,130
Maintenance Contracts	7,822	720	564	869	339	45	-	1,144	693	12,196
Fuel, Light, Power & Water	4,559	337	321	818	359	38	-	302	611	7,345
Other Expenses	34,381	2,243	2,070	8,739	1,707	500	(1)	11,763	3,360	64,762
<b>Total Expenses from Operating Activities</b>	<b>483,909</b>	<b>23,796</b>	<b>42,186</b>	<b>77,303</b>	<b>19,361</b>	<b>4,890</b>	<b>203</b>	<b>59,709</b>	<b>26,625</b>	<b>737,982</b>
Campus Lease	-	-	-	-	-	-	-	-	5,253	5,253
Other Expenditure for Capital Purposes	-	-	-	-	-	-	-	-	1,449	1,449
Depreciation and Amortisation (Note 4.3)	-	-	-	-	-	-	-	-	23,785	23,785
Finance Costs (Note 3.3)	-	-	-	-	-	-	-	-	2,713	2,713
<b>Total Other Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,200</b>	<b>33,200</b>
<b>Total Expenses</b>	<b>483,909</b>	<b>23,796</b>	<b>42,186</b>	<b>77,303</b>	<b>19,361</b>	<b>4,890</b>	<b>203</b>	<b>59,709</b>	<b>59,825</b>	<b>771,182</b>

Expenditure has been classified across programs as defined in the Agency Information Management System (AIMS) guidelines.

### Note 3.1: Analysis of Expense by Source – 2017

	Admitted Patients 2017 \$ '000	Non-Admitted 2017 \$ '000	EDS 2017 \$ '000	Mental Health 2017 \$ '000	RAC incl Mental Health 2017 \$ '000	Aged Care 2017 \$ '000	Primary Health 2017 \$ '000	H&CI and Restricted 2017 \$ '000	Other 2017 \$ '000	Total 2017 \$ '000
Employee Expenses	300,165	13,249	28,893	56,358	12,596	3,581	168	39,965	24,528	479,503
Non-Salary Labour Costs	3,335	53	561	1,241	400	5	-	1,229	135	6,959
Supplies and Consumables	129,481	6,159	3,361	6,045	1,239	338	-	4,358	9,061	160,042
Maintenance Contracts	7,707	762	484	854	279	42	-	1,043	1,120	12,291
Fuel, Light, Power & Water	3,729	292	199	705	249	31	-	229	857	6,291
Other Expenses	31,128	2,164	1,541	8,104	1,194	468	1	10,399	4,225	59,225
<b>Total Expenses from Operating Activities</b>	<b>475,545</b>	<b>22,679</b>	<b>35,039</b>	<b>73,307</b>	<b>15,957</b>	<b>4,465</b>	<b>169</b>	<b>57,223</b>	<b>39,926</b>	<b>724,310</b>
Campus Lease	-	-	-	-	-	-	-	-	10,407	10,407
Other Expenditure for Capital Purposes	-	-	-	-	-	-	-	-	2,111	2,111
Depreciation and Amortisation (Note 4.3)	-	-	-	-	-	-	-	-	22,138	22,138
Finance Costs (Note 3.3)	-	-	-	-	-	-	-	-	6,108	6,108
<b>Total Other Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,765</b>	<b>40,765</b>
<b>Total Expenses</b>	<b>475,545</b>	<b>22,679</b>	<b>35,039</b>	<b>73,307</b>	<b>15,957</b>	<b>4,465</b>	<b>169</b>	<b>57,223</b>	<b>80,691</b>	<b>765,075</b>

## Note 3.1: Analysis of Expense by Source – cont'd

### 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.

### Other Operating Expenses

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

- **Supplies and consumables**  
Supplies and services costs which are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.
- **Bad and doubtful debts**  
Refer to Note 5.1 Receivables.
- **Borrowing costs of qualifying assets**  
In accordance with the paragraphs of AASB 123 Borrowing Costs applicable to not-for-profit public sector entities, the Health Services continues to recognise borrowing costs immediately as an expense, to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset.

Other economic flows are changes in the volume or value of assets or liabilities 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:

#### *Revaluation gains/ (losses) 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 and is the difference between the proceeds and the carrying amount of the asset at the time.

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

Net gain/ (loss) on financial instruments includes:

- realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- impairment and reversal of impairment for financial instruments at amortised cost refer to Note 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 4.4 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 3.2: Analysis of Expense and Revenue by Internally Managed and Restricted Specific Purpose Funds

	Expense		Revenue	
	Total 2018 \$'000	Total 2017 \$'000	Total 2018 \$'000	Total 2017 \$'000
<b>Commercial Activities</b>				
Diagnostic Imaging	8,403	8,396	9,181	9,098
Cafeteria	180	169	466	600
Car Park	1,101	1,079	6,014	5,956
Property Expense/Revenue	268	172	3,136	2,806
Correctional Health Services	18,649	20,413	22,279	24,053
Childcare	47	38	220	235
Breastscreen Clinic	4,658	4,392	4,658	4,387
Commercial Training Programs	-	2	-	-
Community Medical Centre	1,806	1,818	1,802	1,810
Specific Purpose Trust Funds	12,420	9,458	15,754	12,233
Other Business Units	275	519	2,102	2,150
<b>Other Activities</b>				
Fundraising & Donations	1,831	1,510	4,470	4,003
Research & Scholarship	10,071	9,260	9,093	8,975
Other	-	-	-	-
<b>Total</b>	<b>59,709</b>	<b>57,226</b>	<b>79,175</b>	<b>76,306</b>

### Note 3.3: Finance Costs

	Total 2018 \$'000	Total 2017 \$'000
St Vincent's Healthcare Ltd Loan	150	326
AIB Bond Holders	1,542	4,310
Finance Leases	761	1,047
Commonwealth Bank of Australia	260	425
<b>Total</b>	<b>2,713</b>	<b>6,108</b>

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*.

### Note 3.4: Employee Benefits in the Balance Sheet

	Total 2018 \$'000	Total 2017 \$'000
<b>Current Provisions</b>		
Employee Benefits*		
Annual Leave		
- Unconditional and expected to be utilised within 12 months	27,943	25,440
- Unconditional and expected to be utilised after 12 months	4,662	4,220
Long Service Leave		
- Unconditional and expected to be utilised within 12 months	6,546	6,750
- Unconditional and expected to be utilised after 12 months	65,255	57,969
Accrued Wages and Salaries		
- Unconditional and expected to be utilised within 12 months	16,107	11,905
Accrued Days Off		
- Unconditional and expected to be utilised within 12 months	1,203	1,095
	<b>121,716</b>	<b>107,379</b>
Provisions related to Employee Benefit On-Costs		
- Unconditional and expected to be utilised within 12 months	5,439	4,745
- Unconditional and expected to be utilised after 12 months	7,341	6,530
	<b>12,780</b>	<b>11,275</b>
<b>Total Current Provisions</b>	<b>134,496</b>	<b>118,654</b>
<b>Non-Current Provisions</b>		
Employee Benefits*	19,825	18,677
Provisions related to Employee Benefit On-Costs	2,082	1,961
<b>Total Non-Current Provisions</b>	<b>21,907</b>	<b>20,638</b>
<b>Total Provisions</b>	<b>156,403</b>	<b>139,292</b>

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

#### (a) Employee Benefits and Related On-Costs

	Total 2018 \$'000	Total 2017 \$'000
<b>Current Employee Benefits and Related On-Costs</b>		
Unconditional Long Service Leave Entitlements	79,341	71,515
Annual Leave Entitlements	36,028	32,774
Accrued Wages and Salaries	17,798	13,155
Accrued Days Off	1,329	1,210
<b>Total Current</b>	<b>134,496</b>	<b>118,654</b>
<b>Non-Current Employee Benefits and Related On-Costs</b>		
Conditional Long Service Leave Entitlements	21,907	20,638
<b>Total Non-Current</b>	<b>21,907</b>	<b>20,638</b>
<b>Total Employee Benefits and Related On-Costs</b>	<b>156,403</b>	<b>139,292</b>

## Note 3.4: Employee Benefits in the Balance Sheet cont'd

### (b) Movement in Provisions

	Total 2018 \$'000	Total 2017 \$'000
<b>Movement in Long Service Leave</b>		
Balance at start of year	92,153	85,744
Provisions made during the year	15,926	12,783
Settlement made during the year	(6,831)	(6,374)
<b>Balance at End of Year</b>	<b>101,248</b>	<b>92,153</b>

### 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. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision.

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

### Employee Benefits

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

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

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

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

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

### Long Service Leave

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

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

The components of this current LSL liability are measured at:

- Present value–component that the Hospital does not expect to settle within 12 months; and
- Nominal value –component that the Hospital expects to settle within 12 months.

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

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

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 flow.

### 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 Expense

Provision for on-costs such as workers compensation and superannuation are recognised together with 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 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 2018 \$'000	Total 2017 \$'000	Total 2018 \$'000	Total 2017 \$'000
	<b>Defined Benefit Plans:</b>			
First State Super	424	514	-	-
Government State Super Funds	216	229	21	22
<b>Defined Contribution Plans:</b>				
First State Super	21,954	21,957	1,724	1,718
HESTA	12,971	12,317	1,054	1,003
VicSuper	151	131	12	10
Other	2,434	2,161	1,163	957
<b>Total</b>	<b>38,150</b>	<b>37,309</b>	<b>3,974</b>	<b>3,710</b>

## 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 Depreciation and amortisation
- 4.4 Intangible assets
- 4.5 Investment properties

## Note 4.1: Investments and other financial assets

	Operating Fund		Specific Purpose Fund		AIB Reserve Fund		Total	Total
	2018	2017	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Current</b>								
<b>Held to Maturity</b>								
Bank Bills and Term Deposits	298	267	416	414	-	-	714	681
<b>Fair Value through Profit and Loss</b>								
Guaranteed Bill Index Deposit in Escrow	-	-	-	-	6,067	5,979	6,067	5,979
<b>Total Current Other Financial Assets</b>	<b>298</b>	<b>267</b>	<b>416</b>	<b>414</b>	<b>6,067</b>	<b>5,979</b>	<b>6,781</b>	<b>6,660</b>
<b>Non-Current</b>								
<b>Fair Value through Profit and Loss</b>								
Shares and Other Managed Investments	10,211	9,828	15,990	15,239	-	-	26,201	25,067
Fixed Interest Securities and Floating rate notes	15,656	14,880	24,516	23,077	-	-	40,172	37,957
Shares in Epi-Minder	1,125	-	-	-	-	-	1,125	-
<b>Total Non-Current Other Financial Assets</b>	<b>26,992</b>	<b>24,708</b>	<b>40,506</b>	<b>38,316</b>	<b>-</b>	<b>-</b>	<b>67,498</b>	<b>63,024</b>
<b>Total Other Financial Assets</b>	<b>27,290</b>	<b>24,975</b>	<b>40,922</b>	<b>38,730</b>	<b>6,067</b>	<b>5,979</b>	<b>74,279</b>	<b>69,684</b>
<b>Represented by:</b>								
Health Service Investments	27,290	24,975	40,922	38,730	6,067	5,979	74,279	69,684
<b>Total</b>	<b>27,290</b>	<b>24,975</b>	<b>40,922</b>	<b>38,730</b>	<b>6,067</b>	<b>5,979</b>	<b>74,279</b>	<b>69,684</b>

### Investment Recognition

Hospital investments must be in accordance with Standing Direction 3.7.2 – Treasury and Investment Risk Management. Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Investments are classified in the following categories:

- financial assets at fair value through profit or loss;
- held-to-maturity;
- loans and receivables; and
- available-for-sale financial assets.

The Hospital classifies its other financial assets between current and non-current assets based on the purpose for which the assets were acquired. Management determines the classification of its other financial assets at initial recognition.

The Hospital assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

All financial assets, except those measured at fair value through profit or loss are subject to annual review for impairment. 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.

In the current financial year end, the Hospital received 1,125,000 shares in Epi-Minder. These shares were at no cost in consideration for the Hospital relinquishing its interest in royalties associated with the Intellectual Property. The shares were valued at \$1 per share.

## Note 4.1: Investments and other financial assets cont'd

Fair value measurement hierarchy for financial assets as at 30 June 2018	Carrying amounts as at 30 June 2018	Fair Value Measurement at End of Reporting Period		
		Level 1	Level 2	Level 3
<b>Financial Assets at Fair Value through Profit and Loss</b>				
Other financial assets	72,440	72,440		
Shares in Epi-Minder	1,125		1,125	
<b>Total Financial Assets</b>	<b>73,565</b>	<b>72,440</b>	<b>1,125</b>	<b>-</b>

Fair value measurement hierarchy for financial assets as at 30 June 2017	Carrying amounts as at 30 June 2017	Fair Value Measurement at End of Reporting Period		
		Level 1	Level 2	Level 3
<b>Financial Assets at Fair Value through Profit and Loss</b>				
Other financial assets	69,003	69,003		
<b>Total Financial Assets</b>	<b>69,003</b>	<b>69,003</b>	<b>-</b>	<b>-</b>

There have been no transfers between levels during the period.

## Note 4.2: Property, Plant and Equipment

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

	Total 2018 \$'000	Total 2017 \$'000
<b>Leasehold Improvements</b>		
Leasehold Improvements at Cost	156,277	148,857
Less Accumulated Depreciation	(61,973)	(54,114)
<b>Total Leasehold Improvements</b>	<b>94,304</b>	<b>94,743</b>
<b>Plant and Equipment</b>		
Plant and Equipment at Cost	27,287	26,873
Less Accumulated Depreciation	(19,847)	(17,889)
<b>Total Plant and Equipment</b>	<b>7,440</b>	<b>8,984</b>
<b>Medical Equipment</b>		
Major Medical at Cost	75,792	71,091
Less Accumulated Depreciation	(59,171)	(54,420)
<b>Total Medical Equipment</b>	<b>16,621</b>	<b>16,671</b>
<b>Computers and Communication</b>		
Computers and Communication at Cost	10,386	9,487
Less Accumulated Depreciation	(8,163)	(7,199)
<b>Total Computers and Communications</b>	<b>2,223</b>	<b>2,288</b>
<b>Furniture and Fittings</b>		
Furniture and Fittings at Cost	3,309	3,172
Less Accumulated Depreciation	(2,668)	(2,514)
<b>Total Furniture and Fittings</b>	<b>641</b>	<b>658</b>
<b>Motor Vehicles</b>		
Motor Vehicles at Cost	3,662	3,769
Less Accumulated Depreciation	(3,316)	(3,170)
<b>Total Motor Vehicles</b>	<b>346</b>	<b>599</b>
<b>Cultural Assets</b>		
Cultural Assets at Fair Value <sup>^</sup>	3,256	3,062
<b>Total Cultural Assets</b>	<b>3,256</b>	<b>3,062</b>
<b>Leased Assets</b>		
Leasehold improvements at Cost	38,722	38,722
Plant and Equipment at Cost	29,882	29,742
Less Accumulated Amortisation	(58,736)	(54,169)
<b>Total Leased Assets</b>	<b>9,868</b>	<b>14,295</b>
<b>Works in Progress at Cost *</b>	<b>16,638</b>	<b>16,053</b>
<b>Total</b>	<b>151,337</b>	<b>157,353</b>

<sup>^</sup> Cultural Assets were revalued at 30 June 2018 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.

### Property, Plant and Equipment

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

## Note 4.2: Property, Plant and Equipment cont'd

### (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
<b>Balance at 1 July 2016</b>	<b>96,464</b>	<b>8,819</b>	<b>18,253</b>	<b>3,347</b>	<b>752</b>	<b>856</b>	<b>3,041</b>	<b>17,934</b>	<b>9,328</b>	<b>158,794</b>
Additions	546	1,365	4,192	199	81	107	9	630	12,245	19,374
Transfers	5,346	856	(868)	(328)	-	-	-	(9)	(5,520)	(523)
Disposals	-	(4)	(38)	(24)	-	(55)	-	-	-	(121)
Revaluation	-	-	-	-	-	-	12	-	-	12
Depreciation	(7,613)	(2,052)	(4,868)	(906)	(175)	(309)	-	(4,260)	-	(20,183)
<b>Balance at 1 July 2017</b>	<b>94,743</b>	<b>8,984</b>	<b>16,671</b>	<b>2,288</b>	<b>658</b>	<b>599</b>	<b>3,062</b>	<b>14,295</b>	<b>16,053</b>	<b>157,353</b>
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)
<b>Balance at 30 June 2018</b>	<b>94,304</b>	<b>7,440</b>	<b>16,621</b>	<b>2,223</b>	<b>641</b>	<b>346</b>	<b>3,256</b>	<b>9,868</b>	<b>16,638</b>	<b>151,337</b>

## Note 4.2: Property, Plant and Equipment cont'd

### (c) 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 <sup>(i)</sup>		
		Level 1	Level 2	Level 3
Cultural Assets at Fair Value	3,256		3,256	
<b>Total</b>	<b>3,256</b>		<b>3,256</b>	

### Fair value measurement hierarchy for assets as at 30 June 2017

	Carrying amounts as at 30 June 2017	Fair value measurement at end of reporting period using <sup>(i)</sup>		
		Level 1	Level 2	Level 3
Cultural Assets at Fair Value	3,062		3,062	
<b>Total</b>	<b>3,062</b>		<b>3,062</b>	

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

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

## Note 4.2: Property, Plant and Equipment cont'd

### (d) Fair value determination

Asset class	Examples of types of assets	Expected fair value level	Likely valuation approach	Significant inputs (Level 3 only)
Non-specialised land	In areas where there is an active market: <ul style="list-style-type: none"> <li>vacant land</li> <li>land not subject to restrictions as to use or sale</li> </ul>	Level 2	Market approach	N/A
Specialised land	Land subject to restrictions as to use and/or sale  Land in areas where there is not an active market	Level 3	Market approach	CSO adjustments
Non-specialised buildings	For general/commercial buildings that are just built	Level 2	Market approach	N/A
Specialised buildings <sup>(i)</sup>	Specialised buildings with limited alternative uses and/or substantial customisation e.g. prisons, hospitals, and schools	Level 3	Depreciated replacement cost approach	Cost per square metre Useful life
Dwellings <sup>(i)</sup>	Social/public housing/employee housing	Level 2, where there is an active market in the area  Level 3, where there is no active market in the area	Market approach  Depreciated replacement cost approach	N/A Cost per square metre Useful life
Infrastructure	Any type	Level 3	Depreciated replacement cost approach	Cost per square metre Useful life
Road, infrastructure and earthworks	Any type	Level 3	Depreciated replacement cost approach	Cost per square metre Useful life
Plant and equipment <sup>(i)</sup>	Specialised items with limited alternative uses and/or substantial customisation	Level 3	Depreciated replacement cost approach	Cost per square metre Useful life
Vehicles	If there is an active resale market available;  If there is no active resale market available	Level 2  Level 3	Market approach  Depreciated replacement cost approach	N/A Cost per square metre Useful life
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

(i) Newly built / acquired assets could be categorised as Level 2 assets as depreciation would not be a significant unobservable input (based on the 10% materiality threshold)

## Note 4.3: Depreciation and Amortisation

	Total 2018 \$'000	Total 2017 \$'000
<b>Depreciation</b>		
Plant and Equipment	2,069	2,052
Medical Equipment	4,828	4,868
Computers and Communication	968	906
Furniture and Fittings	160	175
Motor Vehicles	221	309
Leasehold Improvements	7,858	7,613
Leased Assets – Plant and Equipment	4,567	4,260
<b>Total Depreciation – Property, Plant and Equipment</b>	<b>20,671</b>	<b>20,183</b>
<b>Amortisation</b>		
<b>Intangible Assets</b>		
Computer Software & Development Costs	3,114	1,955
<b>Total Amortisation – Intangible Assets</b>	<b>3,114</b>	<b>1,955</b>
<b>Total Depreciation and Amortisation</b>	<b>23,785</b>	<b>22,138</b>

### 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 (refer AASB 116 Property, Plant and Equipment).

### 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.

### Note 4.3: Depreciation and Amortisation cont'd

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

	2018	2017
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 2018 and has allowed continuing application of the above expected useful lives of non-current assets.

## Note 4.4: Intangible Assets

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

	Total 2018 \$'000	Total 2017 \$'000
Computer Software and Development at cost	28,980	21,293
Less Accumulated Amortisation	(17,353)	(14,239)
	<b>11,627</b>	<b>7,054</b>
Bed Licences at Fair Value	3,375	3,375
<b>Total Written Down Value</b>	<b>15,002</b>	<b>10,429</b>

### b) Fair value measurement hierarchy for Intangible Assets as at 30 June 2018

	Carrying amounts as at 30 June 2018	Fair value measurement at end of reporting period using <sup>(i)</sup>		
		Level 1	Level 2	Level 3
Bed Licences at Fair Value	3,375		3,375	
<b>Total</b>	<b>3,375</b>		<b>3,375</b>	

### Fair value measurement hierarchy for Intangible Assets as at 30 June 2017

	Carrying amounts as at 30 June 2017	Fair value measurement at end of reporting period using (i)		
		Level 1	Level 2	Level 3
Bed Licences at Fair Value	3,375		3,375	
<b>Total</b>	<b>3,375</b>		<b>3,375</b>	

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

### (c) Reconciliation of the carrying amounts of intangible assets at the beginning and end of the previous and current financial year.

	Computer Software & Development \$'000	Bed Licences \$'000	Total \$'000
<b>Balance at 1 July 2016</b>	<b>8,129</b>	<b>3,375</b>	<b>11,504</b>
Additions	357	-	357
Transfers	523	-	523
Disposals	-	-	-
Depreciation/Amortisation	(1,955)	-	(1,955)
<b>Balance at 1 July 2017</b>	<b>7,054</b>	<b>3,375</b>	<b>10,429</b>
Additions	4,896	-	4,896
Transfers	2,791	-	2,791
Disposals	-	-	-
Depreciation/Amortisation	(3,114)	-	(3,114)
<b>Balance as at 30 June 2018</b>	<b>11,627</b>	<b>3,375</b>	<b>15,002</b>

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

## Note 4.5: Investment Properties

### (a) Movements in carrying value for investment properties as at 30 June 2018

	Total 2018 \$'000	Total 2017 \$'000
Balance at Beginning of Period	2,400	2,260
Net gain from Fair Value adjustments	239	140
<b>Balance at End of Period</b>	<b>2,639</b>	<b>2,400</b>

### 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 <sup>(i)</sup>		
		Level 1	Level 2	Level 3
Investment properties	2,639		2,639	
<b>Total</b>	<b>2,639</b>		<b>2,639</b>	

### Fair value measurement hierarchy for investment properties as at 30 June 2017

	Carrying amounts as at 30 June 2017	Fair value measurement at end of reporting period using <sup>(i)</sup>		
		Level 1	Level 2	Level 3
Investment properties	2,400		2,400	
<b>Total</b>	<b>2,400</b>		<b>2,400</b>	

(i) Classified in accordance with the fair value hierarchy

There have been no transfers between levels during the period. There were no changes in valuation techniques throughout the period to 30 June 2018.

The fair value of the Hospital's property 26-28 Gertrude St at 30 June 2018 has been arrived on the basis of Managerial Revaluation Assessment based on the Valuer-General Victoria indices.

### Investment properties

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

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

Subsequent to initial recognition at cost, investment properties are re-valued to fair value with changes in the fair value recognised as revenue or expenses in the period that they arise. Fair values are determined based on a market comparable approach that reflects recent transaction prices for similar properties. The properties are not depreciated nor tested for impairment.

The Gertrude Street investment property is held for the purposes of long term capital gain and is not occupied by the Hospital. Nominal rental revenue (\$1p.a.) was received from an unrelated party until 31 December 2017. The rental revenue received is recognised in the Statement of Comprehensive Income in the periods in which it is receivable, as this represents the pattern of service rendered through the provision of the property. At balance date there is no commitment for expenditure relating to this property.

## **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 Inventories

5.3 Other liabilities

5.4 Other non-financial assets

5.5 Payables

## Note 5.1: Receivables

	Total 2018 \$'000	Total 2017 \$'000
<b>Current-Contractual</b>		
Trade Debtors	11,854	12,299
Patient Fees	6,006	6,022
Doctors' Fee Revenue	4,746	4,852
Accrued Revenue		
• Department of Health and Human Services	568	4,884
• Other	9,573	8,942
Loan – St Vincent's Healthcare Ltd (refer note 8.5)	47	3,689
<b>Sub-Total</b>	<b>32,794</b>	<b>40,688</b>
<b>Less: Provision for Doubtful Debts</b>		
Trade Debtors	(375)	(606)
Patient Fees	(594)	(397)
Other Debtors	(746)	(755)
<b>Sub-Total</b>	<b>(1,715)</b>	<b>(1,758)</b>
<b>Current-Statutory</b>		
GST Receivable	1,793	2,178
<b>Sub-Total</b>	<b>1,793</b>	<b>2,178</b>
<b>Total Current</b>	<b>32,872</b>	<b>41,108</b>
<b>Non-Current – Contractual</b>		
Loan – St Vincent's Healthcare Ltd (refer note 8.5)	332	445
<b>Sub-Total</b>	<b>332</b>	<b>445</b>
<b>Non-Current – Statutory</b>		
Department of Health and Human Services-Long Service Leave	32,493	27,066
<b>Sub-Total</b>	<b>32,493</b>	<b>27,066</b>
<b>Total Non-Current</b>	<b>32,825</b>	<b>27,511</b>
<b>TOTAL RECEIVABLES</b>	<b>65,697</b>	<b>68,619</b>

### Movement in the Allowance for Doubtful Debts

	Total 2018 \$'000	Total 2017 \$'000
Balance at beginning of year	1,758	1,265
Amounts written off during the year	(971)	(372)
Increase in allowance recognised in net result	928	865
<b>Balance at end of the year</b>	<b>1,715</b>	<b>1,758</b>

## Note 5.1: Receivables cont'd

### 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; and
- statutory receivables, which includes predominantly amounts owing from the Victorian Government and Goods and Services Tax ("GST") input tax credits recoverable.

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

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

## Note 5.2: Inventories

	Total 2018 \$'000	Total 2017 \$'000
<b>Current</b>		
Drug Supplies	2,903	3,710
Medical and Surgical Lines	3,834	3,416
Food Supplies	74	108
Biomedical Supplies	186	146
<b>Total</b>	<b>6,997</b>	<b>7,380</b>

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 5.3: Other Liabilities

	Total 2018 \$'000	Total 2017 \$'000
<b>Current</b>		
Monies held in Trust		
• Security Deposits	250	250
• Salary Packaging Employees	2,898	3,005
• Patient Monies held in Trust	88	105
• Accommodation Bonds	5,943	5,748
• Other Monies Held in Trust	90	-
<b>Total Monies held in Trust</b>	<b>9,269</b>	<b>9,108</b>
<b>Represented by the following Assets</b>		
Cash and Cash Equivalents (Note 6.3)	9,269	9,108
	<b>9,269</b>	<b>9,108</b>
<b>Deferred Revenue</b>		
• Department of Health and Human Services	2,159	1,556
• Other	2,675	1,932
Other Liabilities	894	638
<b>Total Deferred Revenue</b>	<b>5,728</b>	<b>4,126</b>
<b>Total Current</b>	<b>14,997</b>	<b>13,234</b>

### Note 5.4: Other non-financial assets

	Total 2018 \$'000	Total 2017 \$'000
<b>Current</b>		
Prepayments	1,373	1,522
<b>Total</b>	<b>1,373</b>	<b>1,522</b>

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: Payables

	Total 2018 \$'000	Total 2017 \$'000
<b>Current – Contractual–Unsecured</b>		
Trade Creditors	30,038	38,524
Accrued Expenses	13,306	11,063
	<b>43,344</b>	<b>49,587</b>
<b>Current – Statutory–Unsecured</b>		
GST Payable	3,292	2,022
	<b>3,292</b>	<b>2,022</b>
<b>Total Current Payables</b>	<b>46,636</b>	<b>51,609</b>

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.

### Note 5.5 (a) 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.

<b>Maturity of Financial Instruments</b>						
	1 year or less \$'000	Over 1 to 2 years \$'000	Over 2 to 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000	Carrying Amounts \$'000
<b>2018</b>						
<b>Financial Liabilities</b>						
Trade and other Payables (current)	43,344	-	-	-	43,344	43,344
Bank loans (current and non-current)	-	-	-	-	-	-
Other loans (current and non-current)	7,512	10,704	2,521	2,436	23,173	23,173
<b>Total</b>	<b>50,856</b>	<b>10,704</b>	<b>2,521</b>	<b>2,436</b>	<b>66,517</b>	<b>66,517</b>
<b>2017</b>						
<b>Financial Liabilities</b>						
Trade and other Payables (current)	49,585	-	-	-	49,585	49,585
Bank loans (current and non-current)	6,948	-	-	-	6,948	6,948
Other loans (current and non-current)	17,071	5,353	6,180	354	28,958	28,958
<b>Total</b>	<b>73,604</b>	<b>5,353</b>	<b>6,180</b>	<b>354</b>	<b>85,491</b>	<b>85,491</b>

Ageing analysis excludes statutory financial instruments

## **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 2018 \$'000	Total 2017 \$'000
<b>Current</b>		
• AIB Bond Holders	-	3,711
• Commonwealth Bank of Australia (CBA)	-	1,295
• Finance Leases	3,979	4,675
• St Vincent's Healthcare Ltd	3,533	8,685
<b>Total Current</b>	<b>7,512</b>	<b>18,366</b>
<b>Non-Current</b>		
• AIB Bond Holders	-	-
• Commonwealth Bank of Australia (CBA)	-	5,653
• Finance Leases	6,214	10,045
• St Vincent's Healthcare Ltd	9,447	1,842
<b>Total Non-Current</b>	<b>15,661</b>	<b>17,540</b>
<b>Total Interest Bearing Liabilities</b>	<b>23,173</b>	<b>35,906</b>

The AIB Bond Holder liability matured during the financial year. The CBA loan facility was repaid in full upon maturity and was funded by related party loan to St Vincent's Healthcare Ltd. In comparison, in the previous financial year, the Hospital had AIB Bond Holders which were secured (refer to Note 8.12 for nature of security and repayment terms thereon) and the CBA loan facility that was also secured by the mortgage over the borrower's interest in the Victoria Parade car park and its operating agreement.

Finance costs of the Hospital incurred during the year are accounted for as finance costs recognised as expenses were \$2,713,000 (2017: \$6,108,000).

### (a) Maturity analysis of borrowings

Refer to Note 5.5 (a) for ageing analysis of Interest bearing liabilities.

### (b) Defaults and breaches

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

## Note 6.1: Interest Bearing Liabilities cont'd

### (c) Finance Lease Liabilities

	Minimum future lease payments <sup>(i)</sup>		Present value of minimum future lease payments	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Other Finance Lease Liabilities Payable <sup>(iii)</sup></b>				
Not longer than one year	4,474	5,391	3,979	4,639
Longer than one year but not longer than five years	6,693	10,685	6,214	9,728
Longer than five years	-	361	-	353
<b>Minimum future lease payments</b>	<b>11,167</b>	<b>16,437</b>	<b>10,193</b>	<b>14,720</b>
Less future finance charges	(974)	(1,717)	-	-
<b>Present value of minimum lease payments</b>	<b>10,193</b>	<b>14,720</b>	<b>10,193</b>	<b>14,720</b>
<b>Included in the Financial Statements as:</b>				
Current Borrowings Lease Liabilities	3,979	4,675	3,979	4,675
Non-Current Borrowings Lease Liabilities	6,214	10,045	6,214	10,045
<b>Total</b>	<b>10,193</b>	<b>14,720</b>	<b>10,193</b>	<b>14,720</b>

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

(ii) Other finance lease liabilities include obligations that are recognised on the balance sheet; the future payments related to operating and lease commitments are disclosed in Note 6.4.

The weighted average interest rate implicit in leases is 5.61% (2017 – 5.71%)

### Finance Leases

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. The lease assets under the PPP arrangement are accounted for as a non-financial physical asset and is depreciated over the term of the lease plus five years. 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 2018 \$'000	Total 2017 \$'000
<b>Current</b>		
Acquisition of plant and equipment by means of Finance Lease	140	630
<b>Total Non-Cash Financing and Investing Activities</b>	<b>140</b>	<b>630</b>

## Note 6.3: Cash and Cash Equivalents

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.

	Total 2018 \$'000	Total 2017 \$'000
<b>Cash at Bank and on Hand</b>		
Cash on Hand	34	35
Cash at Bank	12,622	12,070
<b>Cash at 30 June</b>	<b>12,656</b>	<b>12,105</b>
<b>Represented by:</b>		
Cash for Operations (as per Cash Flow Statement)	3,387	2,997
Cash for Monies Held in Trust (Note 5.3)	9,269	9,108
<b>Cash at 30 June</b>	<b>12,656</b>	<b>12,105</b>

## Note 6.4: Commitments for expenditure

	Total 2018 \$'000	Total 2017 \$'000
<b>Capital Expenditure Commitments</b>		
Payable		
Leasehold Improvements	3,531	3,042
Intangible assets	2,033	3,089
Other	956	921
<b>Total Capital Commitments</b>	<b>6,520</b>	<b>7,052</b>
Not later than 1 year	2,611	5,543
Later than 1 years but not later than 5 years	3,909	1,509
Later than 5 years	-	-
<b>Total</b>	<b>6,520</b>	<b>7,052</b>
<b>Operating Commitments</b>		
Orders placed for goods and services	1,898	1,780
<b>Total Operating Commitments</b>	<b>1,898</b>	<b>1,780</b>
Not later than one year	1,898	1,780
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
<b>Total</b>	<b>1,898</b>	<b>1,780</b>
<b>Lease Commitments</b>		
Commitments in relation to leases contracted for at the reporting date:		
Operating Leases	114	438
Finance Leases	10,193	14,720
<b>Total Lease Commitments</b>	<b>10,307</b>	<b>15,158</b>
<b>Operating Leases</b>		
<b>Cancellable</b>		
Not later than 1 year	114	324
Later than 1 year but not later than 5 years	-	114
Later than 5 years	-	-
<b>Total</b>	<b>114</b>	<b>438</b>
<b>Finance Leases</b>		
<b>Non Cancellable</b>		
Not later than 1 year	3,979	4,639
Later than 1 years but not later than 5 years	6,214	9,728
Later than 5 years	-	353
<b>Sub Total</b>	<b>10,193</b>	<b>14,720</b>
<b>Total</b>	<b>10,307</b>	<b>15,158</b>
<b>Total Commitments</b>	<b>18,725</b>	<b>23,990</b>

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.

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

7.3 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.

### (a) Categorisation of Financial Instruments

	Note	Carrying Amounts 2018 \$'000	Carrying Amounts 2017 \$'000
<b>Financial Assets</b>			
Cash and cash equivalents	6.3	12,656	12,105
Held to Maturity Investments	4.1	714	681
Designated at Fair Value through Profit or Loss	4.1	73,565	69,003
Loans and Receivables	5.1	31,411	39,375
<b>Total Financial Assets</b>		<b>118,346</b>	<b>121,164</b>
<b>Financial Liabilities</b>			
At Amortised Cost	5.5a	66,517	85,491
<b>Total Financial Liabilities</b>		<b>66,517</b>	<b>85,491</b>

Note that financial assets and liabilities exclude statutory receivables and payables

### (b) Net holding gain/(loss) on financial instruments by category

	Net holding gain/(loss) 2018 \$'000	Net holding gain/(loss) 2017 \$'000
<b>Financial Assets</b>		
Cash and cash equivalents (i)	723	835
Designated at Fair Value through Profit or Loss (iii)	901	1,115
Held to Maturity Investments	25	24
Loans and Receivables	1,606	3,842
<b>Total Financial Assets</b>	<b>3,255</b>	<b>5,816</b>
<b>Financial Liabilities</b>		
At Amortised Cost (ii)	(2,713)	(6,108)
<b>Total Financial Liabilities</b>	<b>(2,713)</b>	<b>(6,108)</b>

(i) For cash and cash equivalents, loans or receivables and available-for-sale financial assets, the net gain or loss is calculated by taking the movement in the fair value of the asset, interest revenue, plus or minus foreign exchange gains or losses arising from revaluation of the financial assets, and minus any impairment recognised in the net result;

(ii) For financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense, plus or minus foreign exchange gains or losses arising from the revaluation of financial liabilities measured at amortised cost; and

(iii) For financial assets and liabilities that are held-for-trading or designated at fair value through profit or loss, the net gain or loss is calculated by taking the movement in the fair value of the financial asset or liability.

## Note 7.1: Financial Instruments cont'd

### (c) Significant Terms and Conditions

On 9 December 1992, the Hospital raised an amount of \$80 million (face value) by an issue of Annuity Indexed Bonds which are supported by way of a guarantee approved by the Department and the Treasurer of the State of Victoria pursuant to Section 30 of the *Health Services Act 1988*. The repayments to bondholders under this arrangement were cash-flowed by Department on a quarterly basis up to November 2017 as part of the 25 year Health Services Agreement (Note 8.12). This program has concluded within this financial year with all bondholders repaid in full.

### Initial recognition and measurement

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

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

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

### Classification and subsequent measurement

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

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

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

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

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

### Loans and receivables

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

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

### **Held-to-maturity investments**

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

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

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

### **Financial liabilities at amortised cost**

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

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

### **Fair value**

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

### **Impairment**

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

### **Derecognition**

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

## Note 7.2: Net gain / (loss) on disposal of non-financial assets

	Total 2018 \$'000	Total 2017 \$'000
<b>Proceeds from Disposal of Non-Current Assets</b>		
• Plant & Equipment	-	33
• Medical Equipment	10	10
• Computers and Communication	-	38
• Motor Vehicles	60	27
<b>Total Proceeds from Disposal of Non-Current Assets</b>	<b>70</b>	<b>108</b>
<b>Less: Written Down Value of Assets Sold</b>		
• Plant and Equipment	(6)	(4)
• Medical Equipment	(21)	(38)
• Computers and Communication	-	(24)
• Motor Vehicles	(60)	(55)
<b>Total Written Down Value of Non-Current Assets Sold</b>	<b>(87)</b>	<b>(121)</b>
<b>Net Gain/(Losses) on Disposal of Non-Current Assets</b>	<b>(17)</b>	<b>(13)</b>

### Disposal of non-financial assets

Any gain or loss on the sale of non-financial assets is recognised in the comprehensive operating statement.

### Impairment of Non-Financial Assets

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

- Inventories, and
- financial instrument assets.

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

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

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

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

### Note 7.3: Contingent assets and contingent liabilities

The Hospital has no contingent assets and contingent liabilities as at 30 June 2018.

## 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 Equity
- 8.2 Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities
- 8.3 Responsible persons disclosures
- 8.4 Executive officer disclosures
- 8.5 Related parties
- 8.6 Payments to other personnel (i.e. contractors with significant management responsibilities)
- 8.7 Remuneration of auditors
- 8.8 Ex-gratia expenses
- 8.9 AASBs issued that are not yet effective
- 8.10 Events occurring after the balance sheet date
- 8.11 Controlled entities
- 8.12 Redevelopment of the Hospital (1996)
- 8.13 Alternative presentation of comprehensive operating statement
- 8.14 Glossary of terms and style conventions

## Note 8.1: Equity

	Total 2018 \$'000	Total 2017 \$'000
<b>a) SURPLUSES</b>		
<b>Restricted Specific Purpose Surplus</b>		
Balance at the beginning of the reporting period	30,399	29,732
Transfer to and from Restricted Purpose Surplus	192	667
Balance at the end of the reporting period	30,591	30,399
<b>Asset Revaluation Surplus</b>		
Balance at the beginning of the reporting period	626	614
Revaluation during the period	(21)	12
Balance at the end of the reporting period	605	626
<b>AIB Surplus</b>		
Balance at the beginning of the reporting period	5,979	5,891
Transfer to and from AIB Surplus	88	88
Balance at the end of the reporting period	6,067	5,979
<b>General Purpose Surplus</b>		
Balance at the beginning of the reporting period	445	1,200
Transfer to and from General Purpose Surplus	(280)	(755)
Balance at the end of the reporting period	165	445
<b>Funds Held in Perpetuity</b>		
Balance at the beginning of the reporting period	250	250
Transfer to and from Funds held in Perpetuity	-	-
Balance at the end of the reporting period	250	250
<b>Total Reserves</b>	<b>37,678</b>	<b>37,699</b>
<b>b) ACCUMULATED SURPLUSES</b>		
Balance at the beginning of the reporting period	25,902	27,147
Net Result for the Year	(659)	(1,245)
Partial deconsolidation of jointly controlled operation	-	-
Transfer to and from Surpluses	-	-
Balance at the end of the reporting period	25,243	25,902
<b>c) CONTRIBUTED CAPITAL</b>		
Balance at the beginning of the reporting period	25,850	25,850
Balance at the end of the year	25,850	25,850
<b>d) EQUITY</b>		
Total Equity at the beginning of the reporting period	89,451	90,684
Total changes in Equity Recognised in the Statement of Comprehensive Income	(680)	(1,233)
Reduction of Entity Equity Upon Admission of New Member to Joint Venture	-	-
<b>Total Equity</b>	<b>88,771</b>	<b>89,451</b>

The company is limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute a maximum of \$100 each towards meeting any outstanding obligations of the company. At 30 June 2018 the company had 1 member (2017: 1 member).

### Contributed Capital

Consistent with Australian Accounting Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities and FRD119A Contributions by Owners, appropriations for additions to the net asset base have been designated as contributed capital. Other transfers that are in the nature of contributions or distributions or have been designated as contributed capital are also treated as contributed capital.

Transfers of net assets arising from administrative restructurings are treated as contributions by owners. Transfers of net liabilities arising from administrative restructures are to go through the Comprehensive Operating Statement.

### 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.

### Specific Restricted Purpose Surplus

The Specific Restricted Purpose Surplus is established where the Hospital has possession or the title to the funds but has no discretion to amend or vary the restriction and/or contribution underlying the funds received.

## Note 8.2: Reconciliation of Net Result for the Year to Net Cash Inflow from Operating Activities

	Total 2018 \$'000	Total 2017 \$'000
<b>Net Result for the Year</b>	<b>(659)</b>	<b>(1,245)</b>
<b>Non-cash movements:</b>		
Depreciation and Amortisation	23,785	22,138
Revaluation of Investment Property	(239)	(140)
Provision for Doubtful Debts	(42)	492
Assets Received Free of Charge	(1,340)	(8)
Income from Investments Reinvested	(2,439)	(1,510)
<b>Movements included in Investing and Financing Activities:</b>		
Net (Gain)/Loss on Disposal of Non-Current Assets	17	13
<b>Change in Operating Assets and Liabilities</b>		
(Increase)/Decrease in Inventories	383	(200)
Increase/(Decrease) in Creditors	(7,224)	1,764
Increase/(Decrease) in Employee Entitlements	17,112	10,976
Increase/(Decrease) in Accrued Expenses	2,244	1,574
Increase/(Decrease) in Prepaid Revenue	1,692	1,267
(Increase)/Decrease in Patient Fees Receivable	16	(60)
(Increase)/Decrease in Receivables	3,917	(7,764)
(Increase)/Decrease in Prepaid Expenses	149	(83)
<b>Net Cash Inflow from Operating Activities</b>	<b>37,372</b>	<b>27,214</b>

## Note 8.3: Responsible Persons Disclosures

### (a) Responsible Persons

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

#### Responsible Ministers

The Hon Jill Hennessy, Minister for Health, Minister for Ambulance Services	01/07/17 – 30/06/18
The Hon Martin Foley, Minister for Housing, Disability and Ageing, Minister for Mental Health	01/07/17 – 30/06/18

#### Governing Board

The Directors of the Hospital during the year were:

Mr P Robertson AM (Chair)	01/07/17 – 30/06/18
Ms P Faulkner AO (Deputy Chair)	01/07/17 – 30/06/18
Ms A McDonald	01/07/17 – 30/06/18
Prof M Confoy RSC	01/07/17 – 30/06/18
Prof S Crowe AM	01/07/17 – 30/06/18
Mr B Earle	01/07/17 – 30/06/18
Mr P McClintock AO	01/07/17 – 30/06/18
Sr M Wright IBVM	01/07/17 – 30/06/18
Dr M Coote	01/07/17 – 30/06/18
Ms S McPhee AM	01/10/17 – 30/06/18

#### Accountable Officer

Ms S O'Neill (01/07/2017 – 19/11/2017)
Ms A Nolan (20/11/2017 – 30/06/2018)

## (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 of the SVHA Group. These amounts were paid and accounted for by St Vincent's Health Australia Limited and not St Vincent's Hospital (Melbourne) Limited.

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

	Total Remuneration		Base Remuneration	
	2018 No.	2017 No.	2018 No.	2017 No.
\$0-\$9,999		2		2
\$30,000-\$39,999				
\$40,000-\$49,999	1	1	1	1
\$60,000-\$69,999	4	4	4	4
\$70,000-\$79,999	3	2	3	2
\$80,000-\$89,999	1	1	1	1
\$110,000-\$119,999				
\$140,000-\$149,999	1	1	1	1
\$200,000 - \$209,999			1	
\$210,000 - \$219,999			1	
\$220,000 - 229,999	1			
\$250,000 - \$259,999	1			
\$380,000-\$389,999				1
\$400,000-\$409,999		1		
<b>Total</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>
<b>Total Remuneration \$'000</b>	<b>\$1,243</b>	<b>\$1,095</b>	<b>\$1,189</b>	<b>\$1,095</b>

## (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 8.4: Executive Officer Disclosures

### Executive Officer Remuneration

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

A number of executive officers resigned in 2017. This has had an impact on total remuneration comparative figures between years due to the inclusion of annual leave and long service leave payments.

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.

<b>Compensation</b>	<b>2018 \$'000</b>	<b>2017 \$'000</b>
Short-term employee benefits	1,999	2,051
Post-employment benefits	181	159
Other long-term benefits	260	174
Termination benefits	11	111
<b>Total</b>	<b>2,451</b>	<b>2,495</b>
<b>Total Number of Executives <sup>(i)</sup></b>	<b>14</b>	<b>16</b>
<b>Total Annualised Employee Equivalent <sup>(iii)</sup></b>	<b>9.3</b>	<b>10.5</b>

(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 8.5 Related Parties.

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

## Note 8.5: 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; and
- all other entities within the wholly-owned group

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 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	2018 \$'000	2017 \$'000
Short-term employee benefits	5,505	6,110
Post-employment benefits	329	343
Other long-term benefits	269	288
Termination benefits	11	111
Share based payments		–
<b>Total</b>	<b>6,114</b>	<b>6,852</b>

### 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 \$515.85 million (2017: \$472.38 million).

Other significant transactions with government related entities were with Victorian Managed Insurance Authority (VMIA) \$5.11 million (2017: \$4.68 million) and WorkSafe Victoria \$3.71 million (2017: \$2.99 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 2018 consist of:

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

## Note 8.5: Related parties cont'd

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

	2018	2017
	\$'000	\$'000
<b>Aggregate amounts included in the determination of operating profit that resulted from transactions with entities in the wholly-owned group:</b>		
Health Service carpark, group levy, ICT shared services and costs charged by St Vincent's Health Australia Ltd and St Vincent's Healthcare Limited	13,216	11,083
Campus Lease charge by St Vincent's Healthcare Ltd	5,253	10,407
Interest revenue received from St Vincent's Healthcare Ltd	1,542	4,334
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	47	3,689
Non-Current receivables due from St Vincent's Healthcare Ltd and St Vincent's Health Australia Ltd	332	445
Current payables owing to St Vincent's Healthcare Ltd and St Vincent's Health Australia Ltd	11,486	8,605
Non-current payable owing to St Vincent's Healthcare Ltd and St Vincent's Health Australia Ltd	9,447	1,842

### 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	3,459	3,674
Costs charged for the provision of other health services by St Vincent's Private Hospitals Ltd	569	552

### 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	5	840
Current Payables to St Vincent's Private Hospitals Ltd	211	7

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 8.6: Payments to other personnel (i.e. contractors with significant management responsibilities)

	2018 \$'000	2017 \$'000
Expense Base		
\$140,000–149,999	-	1
<b>Ex gratia expenses</b>	<b>-</b>	<b>149</b>

In accordance with FRD 21C the following disclosures are made in relation to other personnel of St Vincent's Hospital (Melbourne) Limited, i.e. contractors charged with significant management responsibilities.

### Note 8.7: Remuneration of Auditors

	2018 \$'000	2017 \$'000
<b>Victorian Auditor-General's Office</b>		
Audit fees paid or payable for audit of the St Vincent's Hospital (Melbourne) Limited's financial statements	90	90
<b>Other Service Providers</b>		
HLB Mann Judd	3	2
<b>Total Remuneration</b>	<b>93</b>	<b>92</b>

### Note 8.8: Ex gratia expenses

	2018 \$'000	2017 \$'000
Payments made to terminated employees	507	407
<b>Ex gratia expenses</b>	<b>507</b>	<b>407</b>

## Note 8.9: AASs issued that are not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the year ended 30 June 2018. The Hospital's assessment of the impact of those new standards and interpretations which are applicable to the Hospital is set out below.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on the Hospital's financial statements
AASB 9 Financial instruments	AASB 9 (December 2014) is a new Principal standard which replaces AASB 139. This new Principal version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.	1 Jan 2018	Subject to AASB's further modifications to AASB 9, together with the anticipated changes resulting from the staged projects on impairments and hedge accounting, details of impacts will be assessed.  No material change to the Hospital's financial statements is expected to arise from initial application of this standard.
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 Jan 2019	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements.
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	1 Jan 2019	The assessment has indicated that as most operating leases will come on balance sheet, recognition of lease assets and lease liabilities will cause net debt to increase.  Depreciation of lease assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus.  The amounts of cash paid for the principal portion of the lease liability will be presented within financing activities and the amounts paid for the interest portion will be presented within operating activities in the cash flow statement.
AASB 1058 Income of Not-for-Profit Entities	This standard replaces AASB 1004. Contributions and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable to not-for-profit entity to further its objectives.	1 Jan 2019	The assessment has indicated that revenue from capital grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as performance obligations are satisfied. As a result, the timing recognition of revenue will change.

## Note 8.10: 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 8.11: Jointly Controlled Operations

Name of Entity	Principal Activity	Ownership interest	
		2018	2017
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 2018 under respective asset categories.

	Total 2018 \$'000	Total 2017 \$'000
<b>Current Assets</b>		
Cash and Cash Equivalents	1,586	566
Receivables	8	3
Prepayments	101	-
<b>Total Current Assets</b>	<b>1,695</b>	<b>569</b>
<b>Non-Current Assets</b>		
Financials Assets	1	1
Property, Plant and Equipment	18	3
<b>Total Non-Current Assets</b>	<b>19</b>	<b>4</b>
<b>Total Assets</b>	<b>1,714</b>	<b>573</b>
<b>Current Liabilities</b>		
Accrued Expenses	18	10
Payables	26	10
Prepaid Revenue	-	3
Provisions – LSL and Annual Leave	11	8
<b>Total Current Liabilities</b>	<b>55</b>	<b>31</b>
<b>Non-Current Liabilities</b>		
Provisions – LSL	10	6
<b>Total Non-Current Liabilities</b>	<b>10</b>	<b>6</b>
<b>Total Liabilities</b>	<b>65</b>	<b>37</b>
<b>Net Assets</b>	<b>1,649</b>	<b>536</b>

## Note 8.11: Jointly Controlled Operations cont'd

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

	<b>Total 2018 \$'000</b>	<b>Total 2017 \$'000</b>
<b>Revenue</b>		
Grants and Other Revenue	1,410	534
Interest	21	9
<b>Total Revenue</b>	<b>1,431</b>	<b>543</b>
<b>Expenses</b>		
Employee Benefits	242	142
Other Expenses from Continuing Operations	75	32
Depreciation and Amortisation	2	1
<b>Total Expenses</b>	<b>319</b>	<b>175</b>
<b>Net Result</b>	<b>1,112</b>	<b>368</b>

### 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 8.12: Redevelopment of the Hospital (1996)

### Conclusion of the Hospital Development Agreement

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

### Borrowings

The Hospital issued Inflation Indexed Annuities of \$80.0 million (face value) on 9 December 1992. Payments are by quarterly instalments over a 25 year period with the first instalment made on 20 February 1993. The annuity has a quarterly base payment of \$1,414,400 which is adjusted quarterly by the movement in the Consumer Price Index. The total payment made to the annuity holders represents a progressive repayment of their loans plus interest. Repayments are secured by a guarantee given by the Treasurer of the State of Victoria under Section 30 of the *Health Services Act* and are funded by the twenty five year Health Services Agreement. At 30 June 2018, the amount outstanding under this agreement is \$nil (2017: \$3,711,000 – reported in the Balance Sheet as an Obligation to provide Public Hospitals' Services which has a corresponding receivable asset of \$nil (2017: \$3,711,000) reported in the Balance Sheet as Debtor – Department of Health and Human Services.

### Conclusion of the 25 Year Health Services Agreement

The Hospital entered into a twenty five year Health Services Agreement with the Victorian Department of Health on 11 August 1992 which provides for instalments of a Business and Occupancy Allowance to be paid to the Hospital of \$7.0 million per annum (indexed) over that period. The Department also provides an annual operating payment to cover the realistically attainable efficient cost of supplying public hospital services. This agreement ceased on 11 August 2017.

### 20 Year Health Services Agreement

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

### Escrow Account

The Escrow account is represented by investments and for the year ended 30 June 2018 the balance was \$6,067,000 (2017: \$5,979,000). The compounding interest that was reinvested in the facility was \$87,736 (2017: \$87,000). The balances of investments held are disclosed in Note 4.1 as 'Guaranteed Bill Index Deposits in Escrow'.

## Note 8.13: Alternative presentation of comprehensive operating statement

The alternative presentation reflects the format required for reporting to the Department of Treasury and Finance, which differs to the disclosures of certain transactions, in particular revenue and expenses, in the hospital's annual report.

	Note	2018 \$'000	2017 \$'000
Grants			
• Operating	2.1	567,486	556,279
• Capital	2.1	19,489	19,489
Interest and Dividends	2.1	1,591	2,442
Sales of Goods and Services	2.1	172,469	168,933
Other Income			
• Other capital income	2.1	8,867	16,682
• Assets received free of charge	2.2	1,340	8
<b>Revenue from Transactions</b>		<b>771,242</b>	<b>763,833</b>
Employee Expenses	3.1	504,591	479,503
Operating Expenses			
• Supplies and consumables	3.1	141,130	160,042
• Non-salary labour costs	3.1	7,958	6,959
• Maintenance costs	3.1	12,196	12,291
• Other	3.1	72,107	65,515
Non-Operating Expenses			
• Finance costs	3.3	2,713	6,108
• Campus lease	3.1	5,253	10,407
• Other capital expenses	3.1	1,449	2,111
Depreciation and Amortisation	4.3	23,785	22,138
<b>Expenses from Transactions</b>		<b>771,182</b>	<b>765,074</b>
<b>Net Result from Transactions</b>		<b>60</b>	<b>(1,241)</b>
<b>Other economic flows included in net result</b>			
Revaluation of Investment Property		239	140
Revaluation of Long Service Leave		(30)	721
Movement in Provision for Doubtful Debts		(928)	(865)
<b>Net Result for the Year</b>		<b>(659)</b>	<b>(1,245)</b>
<b>Items that will not be reclassified to net result</b>			
Revaluation on Non-Current Assets	8.1	(21)	12
<b>Comprehensive Result</b>		<b>(680)</b>	<b>(1,233)</b>

## Note 8.14: 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. (i) to deliver cash or another financial asset to another entity; or
  - ii. (ii) to exchange financial assets or financial liabilities with another entity under conditions
  - iii. 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. (i) a non-derivative for which the entity is or may be obliged to deliver a variable number
  - ii. of the entity's own equity instruments; or
  - iii. (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

## Note 8.14: Glossary of terms and style convention cont'd

### 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

# CONTACT US

## St Vincent's Hospital Melbourne

PO Box 2900  
Fitzroy VIC 3065  
Australia  
(03) 9231 2211  
[www.svhm.org.au](http://www.svhm.org.au)

## St George's Health Service

283 Cotham Road  
Kew VIC 3101  
Tel: (03) 9231 8000  
Fax: (03) 9817 5325

## Caritas Christi Hospice

104 Studley Park Road  
Kew VIC 3101  
Tel: (03) 9231 5344  
Fax: (03) 9853 1509

## Prague House

253 Cotham Road  
Kew VIC 3101  
Tel: (03) 9231 8600  
Fax: (03) 9816 0608

*St Vincent's*

acknowledges the traditional owners of  
this land, the Wurundjeri people and all  
the members of the Kulin nations.

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