ST VINCENT'S
Better and fairer care. Always.
UNDER THE STEWARDSHIP OF MARY AIKENHEAD MINISTRIES

St Vincent's Health Australia Limited

Financial Report 2024

Contents

Corporate Information

Directors	Mr. P McClintock AO (Chair)	
	Ms. K Bailey-Lord	Ms. S McPhee AM
	Ms. A Barker	Mr. D O'Brien
	Dr. M Coote	Mr. P O'Sullivan
	Ms. A Cross AM	Prof. V Perkovic
	Ms. A McDonald	Ms. J Watts
	Ms. S McGregor	
Company Secretary	Mr. P Garcia	Mr. P Fennessy
Principal registered Office	L22, 100 William Street, Woolloomooloo, NSW, 2011	
Auditor	Ernst & Young, 200 George Street, Sydney, NSW, 2000	
Website Address	www.svha.org.au	
ABN	75 073 503 536	

Directors' Report

The Directors of St Vincent's present their report together with the financial report of St Vincent's Health Australia Limited for the year ended 30 June 2024.

The financial report represents the consolidation of St Vincent's Health Australia Limited and its controlled entities (the "Group" or "SVHA").

St Vincent's is a not-for-profit company limited by guarantee, incorporated and domiciled in Australia.

This financial report was authorised for issue by the Directors on 10 October 2024. The Directors have the power to amend and reissue the financial report.

About St Vincent's

St Vincent's is the nation's largest Catholic not-for-profit health and aged care provider.

Our Mission	Our Vision	Our Values
We express God's love through the healing ministry of Jesus. We are especially committed to people who are poor and vulnerable.	Every person, whoever and wherever they are, is served with excellent and compassionate care, by a better and fairer health and aged care system.	Compassion Excellence Integrity Justice

Objectives and Principal Activities

The objectives as stated in the St Vincent's constitution are:

- to provide direct relief of sickness, suffering and distress through supporting the health service facilities operating hospitals, aged care facilities and other health care facilities and by itself conducting such facilities; and
- to provide relief without discrimination.

These objectives are pursued through the principal activities of the St Vincent's, being the operation of public and private hospitals, research, aged care, virtual and home health services and community programs for people in need.

There were no significant changes in the nature of the activities of St Vincent's during the year.

The Directors monitor the progress of St Vincent's against these objectives at regular Board and committee meetings including:

- reports on all aspects of St Vincent's operations;
- the development of a multi-year strategic plan and periodic review of this plan;
- feedback from clients who have accessed St Vincent's services through a range of client-focused mechanisms such as patient satisfaction surveys; and
- reports which detail the Mission related projects across the organisation.

Operating and Financial Review

The Group is not-for-profit and so strives to make a surplus to keep the health service sustainable to further invest in the mission to promote the healing ministry of Jesus.

The Group generated an operating surplus of $33.73m for the year ended 30 June 2024 (2023: $48.76m deficit). Revenue increased by 8.2% and expense increased by 5.4%.

Revenue of $3,361.61m (2023: $3,108.12m) was impacted by: -

- Patient and resident fees increase of 8.7% to $1,098.66m. Both increased occupancy and commonwealth government funding for aged care delivered higher revenue. Private Hospitals increased patient days by 3.2%
- Government grants and COVID-19 and general subsidies increase of 7.2% to $1,769.02m due to activity increases

Directors' Report

- Non cash fair value gains on investment properties $22.56m (2023: $13.45m)

Expense of $3,327.87m (2023: $3,156.88m) was impacted by: -

- Employment increase of 5.2% to $2,025.46m reflecting an increase in activity requiring additional resources in a health sector with continuing staff shortages
- Goods and services increase of 5.2% to $970.28m. Pricing increases are higher than inflation.

Going Concern

The Group's Balance Sheet shows an excess of current liabilities over current assets of $867.19m (2023: $816.51m).

Included within current liabilities are accommodation bonds / Refundable Accommodation Deposits (RADs) of $859.87m (2023: $799.63m) which are recorded as current under Australian accounting standards. In the normal course of business not all of these liabilities will crystallise within one year and those that do are usually replaced by incoming residential accommodation payments. In addition, current liabilities contain provisions for annual and long service leave of $444.97m (2023: $432.46m) which although presented as current, are probable to be paid out over several years.

The Group has a substantial net asset position of $1.27b for the year ended June 2024 (2023: $1.19b).

St Vincent's Hospital (Melbourne) Ltd (SVHM)

SVHM is dependent on the continued financial support of the State Government and in particular, the DH to be able to operate. The DH has provided written confirmation that it plans the continued operation and funding of SVHM and recognises SVHM's dependency on its financial support. At the date of this report the Directors believe that the DH will continue to financially support SVHM. On that basis, the financial statements have been prepared on a going concern basis.

St Vincent's Hospital (Sydney) Ltd (SVHS)

SVHS has legislative rights combined with a Memorandum of Understanding with the NSW Ministry of Health (Ministry) to provide a level of surety that ongoing funding allocations will be provided by the Ministry. SVHS received a letter of support from the Ministry of Health on 23 August 2024 financially supporting the ongoing operations. SVHS received a letter from the Ministry dated 22 October 2009 in which it accepts some liability for employee entitlements should the Company cease activities as an Affiliated Health Organisation.

St Vincent's Care Services (SVCS)

SVCS has experienced strong and improved financial performance in FY24.SVCS has a negative net asset position mainly driven from accommodation bonds being treated as current liabilities. The Directors have reviewed the Company's going concern indicators, including the 2024-2025 budget, financial performance and cashflow forecasts and has obtained a letter of support for the Company from its parent.

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

Dividends

SVHA's constitution precludes the payment of dividends and accordingly no dividend has ever been paid or declared.

Member's Guarantee

If SVHA is wound up the constitution states that each member is required to contribute a maximum of $100 each towards meeting the obligations of SVHA. At 30 June 2024 SVHA had 1 member (2023: 1) so the maximum amount to be contributed towards meeting the obligations of SVHA would be $100 (2023: $100).

Subsequent Events

There have been no material transactions or events occurring subsequent to year end that require adjustment to, or disclosure in the financial statements.

Likely Developments and Expected Results

The Group will continue to operate public and private hospitals and aged care facilities, providing direct relief of sickness, suffering and distress through supporting its health service facilities and to provide relief without discrimination.

Directors' Report

Environmental Regulation and Performance

The Group is registered under the National Greenhouse and Energy Reporting Act, under which it is required to report energy consumption and greenhouse gas emissions for its Australian facilities for the 12 months ended 30 June 2024 and future periods. The Group has data collection systems and processes in place to meet its requirements.

Indemnification and Insurance of Officers

SVHA has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be personally held liable, except where there is a lack of good faith. The Directors have not included details of the indemnity as disclosure of those details is prohibited under the indemnity agreement.

Indemnification of Auditors

As part of the Group's terms of engagement with Ernst & Young, the Group has agreed to indemnify Ernst & Young to the extent permitted by law and professional regulations, against any losses, liabilities, costs or expenses incurred by Ernst & Young where they arise out of or occur in relation to any negligent, wrongful or wilful act or omission, or breach of the engagement agreement by the Group. No payment has been made to Ernst & Young by the Group pursuant to this indemnity, either during or since the end of the financial year.

Rounding of Amounts

The amounts contained in Directors' report and financial report have been rounded to the nearest $1,000 (where rounding is applicable) where noted ($'000), or in certain cases to the nearest dollar, under the option available to the Group under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

Structure and Management

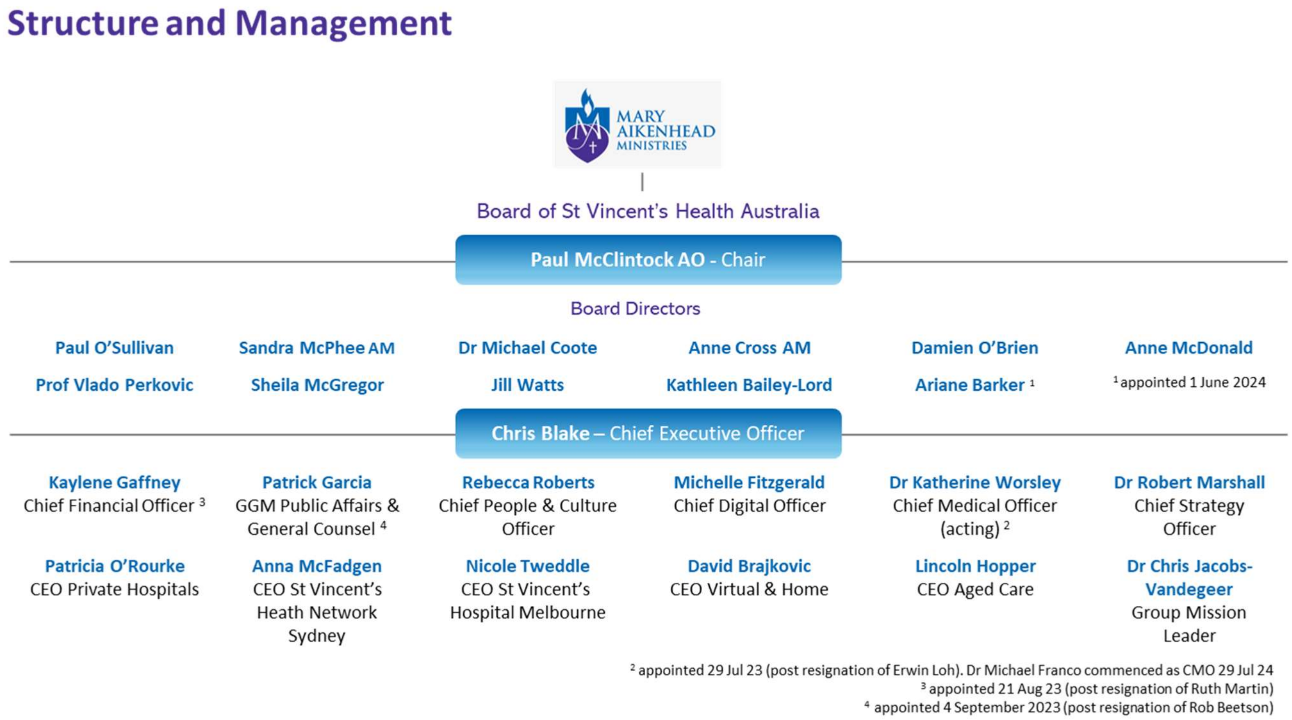
SVHA is a group of not-for-profit non-listed entities. SVHA Limited is a public company limited by guarantee and is registered with the Australian Charities and Not-for-profits Commission.

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

Directors' Report

Structure and Management (continued)

The day-to-day running of SVHA is the responsibility of the Executive Leadership Team led by Chris Blake, Group Chief Executive Officer.



Board of Directors

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

Board Committees

All Board Committees operate under their own Charter which is annually reviewed and approved by the Board. Committees are permitted to appoint external experts to assist them in their consideration of matters. SVHA is grateful to those individuals who have given their time, skills and expertise in order to ensure our Committees are operating at the highest level so as to meet the needs of those we serve.

The Board is supported by seven standing Committees and one *ad hoc* Committee (The *ad hoc* Committee was established in January 24):

Audit & Risk

The purpose of the Audit & Risk Committee is to ensure that effective audit, risk management and compliance systems are in place to protect SVHA's assets and to minimise the possibility of SVHA operating outside of legal requirements or beyond Board agreed risk parameters and ensuring the integrity of the SVHA Group statutory financial accounts.

Directors' Report

Structure and Management (continued)

Finance & Investment

The purpose of the Finance & Investment Committee is to ensure all SVHA Group companies financially operate within accepted risk, legal, accounting, investment and solvency parameters. The other purpose is to guide the strategic investment strategy for the organisation and to ensure our companies and facilities achieve financial performance objectives.

Mission, Ethics & Advocacy

The purpose of the Mission, Ethics & Advocacy Committee is to ensure the mission is promoted and strengthened throughout SVHA whilst also advocating for the poor, disadvantaged and marginalised. The Committee aims to foster and strengthen links to the broader SVHA community, the Catholic Church, supporters and stakeholders.

People & Culture Committee

The purpose of the People & Culture Committee is to assist the Board in fulfilling its responsibilities in relation to the workforce strategy required to deliver SVHA's Mission & services. The Committee monitors the systems in place that facilitate the Board discharging its obligations in relation to all SVHA operations meeting best practice benchmarks in relation to people management, workplace relations and safety. The Committee has an oversight role in relation to work health and safety matters and workplace relation issues.

Clinical Governance & Experience

The purpose of the Clinical Governance and Experience Committee is to assist the Board in the effective discharge of its responsibilities related to ensuring effective clinical governance and safe quality delivery of services across SVHA Group facilities in accordance with the Mission and values of the organisation. The Committee ensures a patient & resident centred focus is maintained across all SVHA aged care and health services and monitors professional performance to ensure a high quality of care.

Research & Education Committee

The Research & Education Committee is core to delivering the SVHA strategy of being a health and aged care organisation renowned for teaching, training and research with strong strategic partnerships and a focus on translating research into best practice clinical outcomes. The Committee is responsible for oversight of SVHA's strategic direction in regard to research and education so that SVHA is able to deliver on its commitment to translational research to improve the health outcomes our community, in particular the poor and disadvantaged.

Aged Care Committee

The Committee assists the Board in the effective discharge of its responsibilities as Directors of an Approved Provider of the effective, safe, person-centred and sustainable delivery of aged care services in accordance with the Mission and Values of the organisation. The Committee monitors all aspects related to the provision of aged care services including workforce, consumer participation, models of care, resident and staff safety and welfare and financial performance.

Ad hoc Cyber Security Committee (established January 2024)

The primary purpose of the Committee is to provide oversight and guidance to management on matters relating to the Cyber Incident, in accordance with its Terms of Reference and to assist the Full Board with matters relating to the Cyber Incident which will require Board consideration and/or formal Board approval.

Information on Directors

Mr. Paul McClintock AO
Graduated in Arts and Law from the University of Sydney.

Honorary Fellow of the Faculty of Medicine of University of Sydney.

Life Governor of the Woolcock Institute of Medical Research

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

- Member – SVHA Aged Care Board Committee
- Chair – SVHA *Ad hoc* Cyber Security Board Committee.

Paul also serves as a trustee of St Vincent's Hospital Sydney. Paul is Chair of Icon Group and Chair of Metlifecare Limited in New Zealand and is on the Board of Catholic Health Australia (CHA).

Paul served as the Secretary to Cabinet and Head of the Cabinet Policy Unit reporting directly to the Prime Minister as Chairman of Cabinet with responsibility for supervising Cabinet processes and acting as the Prime Minister's most senior personal adviser on strategic directions in policy formulation. His former positions include Chairman of I-MED Network, Medibank Private, the COAG Reform Council, the Committee for the Economic Development of Australia, Symbion Health, Sydney Health Partners, Affinity Health and the Woolcock Institute of Medical Research. He has also served as Commissioner of the Health Insurance Commission.

Ms. Anne Cross AM
Master of Social Work (Research)

Bachelor of Social Work

Fellow of Australian Institute of Company Directors

Member of Chief Executive Women

Appointed non-executive director of SVHA and its subsidiary Boards on 1 January 2019 and holds the additional positions of:

- Chair – SVHA Aged Care Board Committee
- Member – SVHA Audit and Risk Board Committee; and Clinical Governance & Experience Board Committee.

Anne concluded her executive career as Chief Executive of Uniting Care Queensland, one of Australia's largest not for profit health, aged care and community service organisations late in 2017. Currently she is Deputy Chair of the Australian Institute of Company Directors, Chair of Uniting Church in Australia Redress Ltd and a Director of Deakin TopCo Pty Ltd (trading as Levande).

Anne is a Member, Senate of the University of Queensland and an Adjunct Professor in the Faculty of Health and Behavioural Sciences University of Queensland. Anne received recognition in the Queen's Birthday 2018 Honours List for significant service to the community and to women, was named Telstra's National Businesswoman of the Year in 2014; and awarded the University of Queensland's Alumni Excellence Award in 2016.

Ms. Anne McDonald
Bachelor of Economics (Sydney University)

Chartered Accountant, Fellow of the Institute of Chartered Accountants ANZ

Graduate and Member of the Australian Institute of Company Directors

Appointed non-executive director of SVHA and its subsidiary Boards on 1 June 2017 (and previously served on the boards of several St Vincent's entities prior to 2010), and holds the additional positions of:

- Chair - Audit & Risk Board Committee
- Member - Finance & Investment Board Committee; and *Ad hoc* Cyber Security Board Committee

Anne is an experienced non-executive Director (NED) with a solid understanding of corporate governance. She has pursued a full-time career as a NED since 2006. She is currently a director of Smartgroup (SIQ) and Transport Assets Holding Entity of NSW.

Anne has previously served as non-executive director or chair on a range of public and private companies and State Government Boards including The GPT Group, Spark Infrastructure, Link Group, Specialty Fashion Group, Sydney Water and Water NSW. Prior to her NED career, she spent 15 years as a partner of EY.

Dr. Michael Coote
MB BS FRANZCO GAICD

Clinical Associate Professor University of Melbourne

Member of Australian Medical Association

Graduate of Australian Institute of Company Directors

Appointed non-executive director of SVHA and its subsidiary Boards on 4 August 2016 (and served on the boards of several St Vincent's entities prior to 2010), and holds the additional positions of:

- Chair - Research & Education Board Committee
- Member - Clinical Governance & Experience Board Committee
- Director – Board of the Aikenhead Centre for Medical Discovery Ltd

Michael is an Associate Professor and senior glaucoma consultant at the Royal Victorian Eye and Ear Hospital (RVEEH) Melbourne and is the previous Clinical Director of Ophthalmology. He is the managing partner of Melbourne Eye Specialists - an academic private practice in Melbourne specialising in Glaucoma management. He is Lead Investigator Glaucoma Surgery Unit Centre for Eye Research Australia

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

Ms. Kathleen Bailey-Lord
Bachelor of Arts (Honours), University of Melbourne

Graduate of the Macquarie Advanced Management Program

Harvard Executive Program,

Sustainability Leadership Program

Appointed non-executive director of SVHA and its subsidiary Boards on 17 April 2023 and holds the additional positions of:

- Member – Finance & Investment Board Committee; People & Culture Board Committee; and *Ad hoc* Cyber Security Board Committee.
-

Kathleen is an experienced company director and corporate advisor with deep expertise in digital technology as well as adapting to and benefiting from disruptive change.

Kathleen has 20 years of senior executive experience leading businesses through complex environments and has enjoyed a career within a wide range of industries including technology (IBM), professional services (Law and Accounting) and Financial Services (ANZ Bank, Fordham Group).

She is President Victorian Council AICD and an active member of Chief Executive Women. Kathleen is currently Chair of Janison Education Group, and serves as a Director on the Boards of Datacom and AMP Ltd.

Past Board positions include Alinta Energy, Melbourne Water Corporation, QBE Insurance (Auspac), Bank of Queensland, Monash College Pty Ltd, Trinity College at the University of Melbourne, and the Australian Government Solicitor.

Between 2018 and 2022, Kathleen provided her skills to the Parkville Health Precinct (comprises Melbourne Health, Royal Women's, Royal Children's, and Peter Mac Cancer Centre) chairing its Connecting Care Board which has oversight of the implementation of precinct shared services, including electronic medical records.

Ms. Sandra McPhee AM
Diploma in Education

Fellow of the Australian Institute of Company Directors

Member of Chief Executive Women

Member of Women Corporate Directors

Appointed non-executive director of SVHA and its subsidiary Boards on 1 October 2017 having previously served on the Sydney Regional Boards and as Chair of the Sydney Regional Advisory Committee. Holds the additional positions:

- Chair – People & Culture Board Committee
- Member – Mission, Ethics & Advocacy Board Committee

Sandra is Chair of the NSW Public Service Commission, Chancellor of Southern Cross University, and a member of the Advisory Council of JP Morgan.

In 2018 she was appointed by the Commonwealth Government to Chair the Employment Services Expert Advisory Panel Review resulting in the "'I Want to Work' Employment Services 2020 Report". The Report's recommendations were accepted by government.

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

During her aviation executive career, most recently with Qantas Airways Limited she was responsible for commercial operations in a diverse range of international markets and within Australia

Directors' Report
Structure and Management (continued)

Mr. Paul O'Sullivan
B.A. Economics, (First Class), Trinity College Dublin

Advanced Management Program, Harvard Business School

Appointed non-executive director of SVHA and its subsidiary Boards on 1 August 2019 and holds the additional positions of:
- Deputy Chair of the Board
- Chair – Finance & Investment Board Committee
- Member – Mission, Ethics & Advocacy Board Committee; and *Ad hoc* Cyber Security Board Committee

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

Paul is currently Chair of Singtel Optus, Western Sydney Airport Company, and ANZ bank.

Mr. Damien O'Brien
Bachelor of Economics (UNSW)

MBA (Columbia University)

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

Appointed non-executive director of SVHA and its subsidiary Boards on 1 November 2019 and holds the additional positions of
- Chair - Mission, Ethics & Advocacy Committee
- Member - Audit & Risk Board Committee; and Research & Education Board Committee

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

He is currently a non-executive director at Ardagh Group, and a Member of the Board of US listed company Ardagh Metal Packaging; and a member of the Supervisory Board of IMD Business School, Lausanne, Switzerland. He previously served on the Board of St Vincent's Private Hospital Sydney from 2002 to 2008 and the Advisory Board of Jesuits Australia from 2004 to 2007.

Ms. Jill Watts
Wharton Fellow, MBA

Grad Dip Health Admin & Information Systems; RM; RN

Appointed non-executive director of SVHA and its subsidiary Boards on 1 August 2019 and holds the additional positions of:
- Member - People & Culture Board Committee; and Finance & Investment Board Committee
- Environmental Social Governance (ESG) Champion

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

Jill currently holds non-executive director roles on NIB Australia Board, Icon Group Board, Keyton Retirement Trust and IHH Healthcare. Prior to establishing a non-executive board portfolio, Jill was an advisor to Macquarie Capital and spent 10 years in the United Kingdom as Group CEO of two of the largest hospital Groups, BMI Healthcare and Ramsay UK.

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

In combination with over 12 years as a surveyor with the Australian College of Healthcare Standards, Jill has facilitated a unique knowledge base in managing both corporate and clinical risk.

Ms. Sheila McGregor
BA (Hons), LLB (Sydney University)

Graduate Australian Institute of Company Directors

Member of Chief Executive Women

Appointed non-executive director of SVHA and its subsidiary Boards on 1 December 2019 and holds the additional positions of:
- Member: People & Culture Board Committee; Clinical Governance Board Committee; Aged Care Board Committee; and *Ad hoc* Cyber Security Board Committee.

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

Sheila is on the board of Crestone Holdings Limited and Sydney Writers' Festival. She is Chair of Loreto School Kirribilli, in Sydney.

Directors' Report
Structure and Management (continued)

Prof. Vlado Perkovic MBBS, PhD (University of Melbourne), FRACP Doctor of Philosophy	Appointed non-executive director of SVHA and its subsidiary Boards on 1 October 2021 and holds the additional positions of: • Chair - Clinical Governance & Experience Board Committee • Member - Research & Education Board Committee Professor Vlado Perkovic is the Provost and Scientia Professor at the University of New South Wales in Sydney, Australia, and was previously the Dean of the Faculty of Medicine & Health at UNSW. He holds non-executive director roles at Victor Chang Cardiac Research Institute, Mindgardens Network and several other independent Medical Research Institutes. He is a distinguished clinical researcher and has led several major international clinical trials that have identified new treatments to prevent kidney failure. Vlado holds a Doctor of Philosophy from the University of Melbourne and completed his undergraduate training at The Royal Melbourne Hospital. He is a Fellow of the Royal Australasian College of Physicians, the Australian Academy of Health and Medical Sciences, and the American Society of Nephrology. He serves on the editorial boards of a number of leading journals, including the New England Journal of Medicine.
Ms. Ariane Barker B.A. Economics & Mathematics (Boston University, USA) Fellow of the Australian Institute of Company Directors Securities & Managed Investments Accreditation Program (ASIC RGS146) VC Catalyst Program at the Wade Institute, MBS University of Melbourne	Appointed non-executive director of SVHA and its subsidiary Boards on 1 June 2024. Ariane is on the Board of Commonwealth Superannuation Corporation and chair of its Governance Committee as well as a member of its HR and remuneration committee. She also currently serves as Board Director and Chair of the Audit and Risk Committee for ASX listed IDP Education. Ariane is an experienced global executive and board member with a background in financial services spanning over 25 years. She has worked in tier 1 global investment banks in New York, London, Asia, and Australia, also experienced supporting high growth companies at C-Suite and board level across capital markets, superannuation, and venture capital. Ariane is a Member of Australian Institute of Superannuation Trustees, Association of Superannuation Funds of Australia (ASFA), Women in Super (WIS) and Chief Executive Women (CEW). Previously, she was a member of the Murdoch Childrens Research Institute (MCRI) Investment Committee for 13 years.

Company Secretary

Mr. Pat Garcia Bachelor of Law (Hons) (USYD), Bachelor of Commerce (UNSW); Master of Public Policy (USYD), Master of International Law and Security (UNSW) Appointed 4 September 2023.	Pat Garcia was the CEO of Catholic Health Australia, the largest not for profit grouping of health and aged care services in Australia. He is an Adjunct Professor of Politics and International Relations at the University of Notre Dame Australia. Pat sits on the boards of CatholicCare Sydney, the Trustees of Catholic Aged Care Sydney and the Ascham Council of School Governors. He previously sat on the boards of the St Vincent de Paul Society National Council, the Law Council of Australia, the Law Society of New South Wales, Shine for Kids, Surf Life Saving Sydney and Youth Action. He is a life member of Coogee Surf Life Saving Club and former Army Reserves Officer. He is admitted as a Solicitor to the Supreme Court of NSW and holds an unrestricted NSW Practicing Certificate.
Mr. Paul Fennessy Bachelor of Engineering (Civil) (Hons)/Bachelor of Laws (Monash)	Paul is the Group General Counsel for St Vincent's Health Australia. Paul joined the group legal team at St Vincent's in 2014 and was appointed as alternate Company Secretary in 2016. He has over 25 years' experience as a lawyer, having worked in law firms in Australia and the UK, and as part of in-house legal teams for ASX listed organisations. He is admitted as a Solicitor to both the Supreme Court of NSW and the Supreme Court of Victoria and holds an unrestricted NSW Practicing Certificate.
Mr. Rob Beetson	Mr Beetson resigned as Company Secretary 1 September 2023.

Directors' Report
Structure and Management (continued)

Meetings of the Board and Committees

Number of Meetings Held	9	7	8	6	6	6	4	5	2
Directors	**Board**	Audit & Risk	Finance & Investment	Clinical Governance & Experience	Research & Education	People & Culture	Mission, Ethics & Advocacy	Aged Care	Cyber Security (adnoc)
Mr Paul McClintock AO Chair	9/9							5/5	2/2●
Ms Anne McDonald	9/9	7/7●	8/8						2/2
Ms Sandra McPhee AM	8/9			6/6		6/6●	4/4		
Mr Paul O'Sullivan	7/9		8/8●			2/2	3/4		2/2
Ms Anne Cross AM	9/9	7/7		4/6				5/5●	
Dr Michael Coote	8/9			6/6	6/6●				
Ms Jill Watts	7/9		6/8			6/6			
Ms Sheila McGregor	9/9					4/4		5/5	2/2
Mr Damien O'Brien	8/9	7/7					4/4●		
Prof Vlado Perkovic	8/9			6/6●	5/6				
Ms Kathleen Bailey-Lord	9/9		5/5			3/4			2/2
Ms Ariane Barker[1]	1/1								

[1] Appointed 1 June 2024

● Committee chair

Remuneration

Under the legislation, the Group is not required to present a Remuneration Report but seeks to provide fair and responsible remuneration within the bands expected for a not-for-profit organisation. Note E1 contains the required remuneration disclosures.

Auditor

The Directors have received an Independence Declaration from Ernst & Young, a copy of which is attached at page 12.

This report is made in accordance with a resolution of the Directors.

Mr. Paul McClintock AO, Chair
Sydney
10 October 2024

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Auditor's independence declaration to the directors of St Vincent's Health Australia Limited and its Controlled Entities

In relation to our audit of the financial report of St Vincent's Health Australia Limited (the Company) and its Controlled Entities (collectively the Group) for the financial year ended 30 June 2024, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for-profits Commission Act 2012*, to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of any applicable code of professional conduct; and
b. No non-audit services provided that contravene any applicable code of professional conduct.

This declaration is in respect of St Vincent's Health Australia Limited and the entities it controlled during the financial year.

Ernst & Young

Anton Ivanyi
Partner
Sydney
10 October 2024

PROFIT OR LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 $'000	2023 $'000
Revenue	A1	**3,262,174**	3,011,788
Other Income	A1	**99,431**	96,329
Total revenue and other income		**3,361,605**	3,108,117
Employment expenses	A2	**2,025,464**	1,926,166
Goods and services		**970,278**	922,196
Finance costs		**93,218**	74,586
Repairs and maintenance		**39,444**	29,525
Depreciation and amortisation	A5/A7/A11	**176,607**	181,166
Other expenses from ordinary activities		**22,868**	23,238
Total expenses		**3,327,879**	3,156,877
Operating surplus/(deficit)		**33,726**	(48,760)
Capital funding received	A1	**20,392**	22,149
Surplus/(deficit)		**54,118**	(26,611)
Other comprehensive income			
Items of other comprehensive income			
Revaluation of assets		**3,136**	(1,911)
Net (loss)/gain on cash flow hedges		**(4,447)**	(596)
Total comprehensive income/(deficit)		**52,807**	(29,118)

BALANCE SHEET
FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 $'000	2023 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	B1	**373,853**	384,861
Trade and other receivables	A3	**227,164**	213,660
Inventories	A4	**37,915**	39,684
Investments	B2	**344,872**	371,246
Total current assets		**983,804**	1,009,451
Non-current assets			
Receivables	A3	**86,971**	66,383
Investments	B2	**183,851**	157,708
Property, plant and equipment	A5	**1,830,470**	1,692,250
Right-of-use assets	A11	**161,374**	148,311
Investment properties	A6	**364,770**	323,774
Intangible assets	A7	**175,369**	225,895
Total non-current assets		**2,802,805**	2,614,321
Total assets		**3,786,609**	3,623,772
LIABILITIES			
Current liabilities			
Trade and other payables	A8	**436,897**	487,819
Accommodation bonds and payables	A9	**859,866**	799,626
Lease liabilities	A11	**13,113**	5,868
Borrowings	B4	**79,815**	71,566
Provisions	A10	**461,299**	461,080
Total current liabilities		**1,850,990**	1,825,959
Non-current liabilities			
Payables	A8	**50,899**	16,190
Lease liabilities	A11	**167,248**	151,212
Borrowings	B4	**392,085**	386,588
Provisions	A10	**59,829**	55,155
Total non-current liabilities		**670,061**	609,145
Total liabilities		**2,521,051**	2,435,104
Net assets		**1,265,558**	1,188,668
Reserves		**114,350**	115,661
Retained surplus		**1,151,208**	1,073,007
Total equity		**1,265,558**	1,188,668

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

	Member's reserve $'000	Revaluation reserve $'000	Cash flow hedge reserve $'000	Retained surpluses $'000	Total $'000
2024					
Balance 1 July 2023	**204**	**105,394**	**10,063**	**1,073,007**	**1,188,668**
Adjustment for prior period (Note A12)	**-**	**-**	**-**	**24,083**	**24,083**
	204	**105,394**	**10,063**	**1,097,090**	**1,212,751**
Surplus for the year	**-**	**-**	**-**	**54,118**	**54,118**
Other comprehensive loss	**-**	**3,136**	**(4,447)**	**-**	**(1,311)**
Total comprehensive loss	**-**	**3,136**	**(4,447)**	**54,118**	**52,807**
Balance 30 June 2024	**204**	**108,530**	**5,616**	**1,151,208**	**1,265,558**
2023					
Balance 1 July 2022	204	107,305	10,659	1,089,075	1,207,243
Deficit for the year	-	-	-	(26,611)	(26,611)
Other comprehensive loss	-	(1,911)	(596)	-	(2,507)
Total comprehensive loss	-	(1,911)	(596)	(26,611)	(29,118)
Transactions with the members in their capacity as members (Note B4ii)	-	-	-	10,543	10,543
Balance 30 June 2023	204	105,394	10,063	1,073,007	1,188,668

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 $'000	2023 $'000
Cash flows from operating activities			
Receipts from patients, residents and grants (including GST)		**3,361,423**	3,233,710
Payments to suppliers and employees (including GST)		**(3,299,483)**	(3,072,481)
Interest and dividends received		**36,286**	14,846
Donations received		**55,154**	30,209
Interest paid		**(32,168)**	(23,195)
Net cash flow from operating activities		**121,212**	183,089
Cash flows from investing activities			
Net payments for property, plant, equipment and intangibles		**(257,648)**	(176,518)
Net (payments)/proceeds for investments		**22,496**	(73,798)
Capital funding received	A1	**20,392**	22,149
Payments for investment properties		**(18,437)**	(4,622)
Net cash flow used from investing activities		**(233,197)**	(232,789)
Cash flows from financing activities			
Loan proceeds/(repayments) from related party		**49,089**	7,594
RAD, accommodation bond and ILU entry contribution inflows		**268,791**	279,144
RAD, accommodation bond and ILU entry contribution outflows		**(199,266)**	(179,475)
Payment of principal portion of lease liabilities	A11	**(16,028)**	(19,537)
Repayments of borrowings		**(6,209)**	(27,871)
Proceeds from borrowings		**4,600**	37,000
Net cash flow from financing activities		**100,977**	96,855
Net increase in cash and cash equivalents held		**(11,008)**	47,155
Cash at the beginning of the financial year	B1	**384,861**	337,706
Cash at the end of the financial year		**373,853**	384,861

SVHA is a not-for-profit company limited by guarantee, incorporated and domiciled in Australia.

The financial report represents the consolidation of St Vincent's Health Australia Limited and its controlled entities (the "Group" or "SVHA"). The financial report was authorised for issue by the Directors on 10th October 2024. The Directors have the power to amend and reissue the financial report.

Basis of preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards – Simplified disclosures and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-profits Commission Act 2012 (Cth).

The financial statements comprise the consolidated financial statements of St Vincent's Health Australia and the entities it controls (the "Group" or "SVHA"). For the purposes of preparing the consolidated financial statements, the Group is a not-for-profit.

The financial report has also been prepared on a going concern basis, using historical cost conventions, except for investment properties, financial assets at fair value through profit or loss and available-for-sale financial assets which are carried at fair value.

The financial report is presented in Australian dollars with all values rounded to the nearest thousand dollars unless otherwise stated and presents reclassified comparative information where required for consistency with the current year's presentation.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group. A list of subsidiaries at year end is contained in note C3. Subsidiaries are those over which the Group has the power to govern the financial and operating policies.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity and using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profits and losses resulting from intra-group transactions have been eliminated. Subsidiaries are consolidated from the date on which control is obtained to the date on which control is disposed.

Going concern

The Group's Balance Sheet shows an excess of current liabilities over current assets of $867.19m (2023: $816.51m).

Included within current liabilities are accommodation bonds / Refundable Accommodation Deposits (RADs) of $859.87m (2023: $799.63m) which are recorded as current under Australian accounting standards. In the normal course of business not all of these liabilities will crystallise within one year and those that do are usually replaced by incoming residential accommodation payments. In addition, current liabilities contain provisions for annual and long service leave of $444.97m (2023: $432.46m) which although presented as current, are probable to be paid out over several years.

The Group has a substantial net asset position of $1.27b for the year ended June 2024 (2023: $1.19b).

St Vincent's Hospital (Melbourne) Limited (SVHM)

SVHM is dependent on the continued financial support of the State Government and in particular, the DH to be able to operate. The DH has provided written confirmation that it plans the continued operation and funding of SVHM and recognises SVHM's dependency on its financial support. At the date of this report the directors believe that the DH will continue to financially support SVHM. On that basis, the financial statements have been prepared on a going concern basis.

St Vincent's Hospital Sydney Limited (SVHS)

SVHS has legislative rights combined with a Memorandum of Understanding with the NSW Ministry of Health (Ministry) to provide a level of surety that ongoing funding allocations will be provided by the Ministry. SVHS received a letter of support from the Ministry of Health on 23 August 2024 financially supporting the ongoing operations. SVHS received a letter from the Ministry dated 22 October 2009 in which it accepts some liability for employee entitlements should the Company cease activities as an Affiliated Health Organisation.

St Vincent's Care Services (SVCS)

SVCS has experienced strong and improved financial performance in FY24. SVCS has a negative net asset position mainly driven from accommodation bonds being treated as current liabilities. The Directors have reviewed the Company's going concern indicators, including the 2024-2025 budget, financial performance and cashflow forecasts and has obtained a letter of support for the Company from its parent. Accordingly, the financial statements have been prepared on a going concern basis.

The notes to the financial statements

The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the Group. Information is considered material and relevant if, for example:

- the amount in question is significant because of its size or nature;
- it is important for understanding the results of the Group;
- it helps to explain the impact of significant changes in the Group's business; or
- it relates to an aspect of the Group's operations that is important to its future performance.

Key accounting estimates and judgements
The Group makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates and judgements which are considered material to the financial report are found in the following notes:

Area of Estimation	**Note**
Long-term employee obligations – assumptions underlying assessment of employee departures and periods of service	A2
Property, plant and equipment – assessment of useful lives and impairment assessment	A5
Investment properties - assumptions underlying valuation	A6
Intangible assets – assumptions underlying recoverable value	A7
Insurance deductible excess provision – assumptions underlying assessment of future costs	A10(ii)
Leases – determining lease term and incremental borrowing rate	A11
Estimated fair value of certain financial assets	E4

This section explains the results and performance of the Group. It provides additional information about those individual line items in the financial statements that the Directors consider most relevant in the context of the operations of the entity, including accounting policies that are relevant for understanding the items recognised in the financial statements.

A1 REVENUE, OTHER INCOME AND CAPITAL FUNDING

Revenue, other income and capital funding recognised during the year are set out below.

	2024 $'000	2023 $'000
Patient and resident fees	**1,098,655**	1,011,001
Government grants and subsidies	**1,758,484**	1,596,895
COVID-19 government subsidies	**10,539**	52,936
Non-medical revenue	**115,779**	100,251
Lease income	**38,373**	37,843
Interest and dividend income	**36,347**	24,778
Imputed revenue on RAD and Bond balances under AASB16 Leases (ii)	**53,229**	37,118
Other revenues	**150,768**	150,966
Total revenue	**3,262,174**	3,011,788
Donations	**55,154**	71,843
Net gain from fair value adjustment – investment properties (note A6)	**22,558**	13,447
Gain from fair value adjustments – investments	**19,129**	10,851
Net gain from disposal of assets	**2,590**	188
Total other income	**99,431**	96,329
Health Infrastructure Funding	**4,684**	11,355
Mater Hospital Sydney redevelopment	**9,953**	4,653
St Vincent's Hospital Sydney Trust contributions	**2,748**	-
St Vincent's Healthcare	**-**	1,440
St Vincent's Private Hospital Griffith	**1,157**	-
St Vincent's Private Hospital Toowoomba redevelopment	**1,850**	4,701
Total capital funding (including in non-operating income)	**20,392**	22,149

During the year, Sydney Public received $30m from the NSW Ministry of Health to enhance the liquidity position and support the ongoing delivery of healthcare services. This additional funding was recognised as income in FY24.

(i) Accounting policy

Refer to Note E6, Other Accounting Policies, Revenue from Contracts with Customers

(ii) Imputed revenue on RAD and Bond balances under AASB 16 Leases

Total revenue includes an imputed non-cash charge for accommodation in respect of residents who have chosen to pay a RAD or Bond, Refer to Note A11 Leases.

A2 EMPLOYMENT EXPENSES

Employment expenses recognised during the year are set out below.

	2024 $'000	2023 $'000
Salaries and wages and on-costs	**1,845,744**	1,764,221
Superannuation	**179,720**	161,945
	2,025,464	1,926,166

(i) Accounting policy

This disclosure note includes the accounting policies for all items related to employment expenses. This includes the treatment of balance sheet items such as provision for employee benefits (note A10).

Superannuation

The Group contributes to several defined contribution superannuation plans. Contributions are recognised as an employment expense as they are incurred.

Termination benefits

The Group recognises termination benefits when it commits to either terminating a current employee's employment according to a detailed formal plan without the possibility of withdrawal or providing termination benefits following an offer made to encourage voluntary redundancy.

Short-term employee obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave which are expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled and are classified as current where the Group does not have an unconditional right to defer the liability beyond 12 months of the reporting date.

The liability for annual leave and long service leave is recognised in the provision for employee benefits. All other short-term employee obligations are presented as payables.

Long-term employee obligations

Liabilities for long service leave and annual leave which are expected to be settled more than 12 months from the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the balance date.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on Commonwealth Government bonds and High Quality Corporate bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

A3 TRADE AND OTHER RECEIVABLES

	2024 $'000	2023 $'000
Current		
Trade receivables	**120,423**	132,266
Less: Allowance for expected credit losses (ii)	**(5,440)**	(5,059)
Net trade receivables	**114,983**	127,207
Loans to related parties (note C4)	**7,088**	8,345
Derivative asset (iv)	**-**	1717
Other receivables	**55,802**	31,959
Accrued revenue	**24,700**	26,441
Prepayments	**24,591**	17,991
Total current receivables	**227,164**	213,660
Non-current		
Loans to related parties	**733**	367
Derivative asset (iv)	**5,616**	8,346
Other receivables	**80,622**	57,670
Total non-current receivables	**86,971**	66,383

(i) Accounting policy

Refer to Note E6, Other Accounting Policies, Financial Instruments

(ii) Financial risk management

Market risk - interest rate risk

Receivables are generally non-interest bearing and are not, therefore, subject to interest rate risk.

Credit risk

Credit risk in respect of trade and other receivables is generally considered to be low given that the majority of receivables relate to funds owed by State and Commonwealth government departments and private health insurance funds who are subject to prudential standards governed by the Private Health Insurance Act and monitored by the Private Health Insurance Administration Council. It is the Group's policy that all health funds trading on credit terms are subject to credit verification procedures. Receivable balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant.

Allowance for expected credit losses

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Amounts due from related parties

Credit risk in respect of amounts due from related parties (primarily associated entities to the Group) is considered to be low given the history and stability of these entities. Credit risk is also assessed by reviewing current financial information including management and statutory accounts, budgets and cash forecasts.

(iii) Fair value

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

(iv) Derivative asset

Derivative asset represents mark to market valuation of effective interest rate swaps which hedge interest rate exposure on core debt.

A4 INVENTORIES

Inventories of $37,915,000 (2023: $39,684,000) comprise medical and other consumables.

A5 PROPERTY, PLANT AND EQUIPMENT

	Freehold land $'000	Buildings $'000	Leasehold improvements $'000	Plant and equipment $'000	In course of construction $'000	Total $'000
Year ended 30 June 2024						
Cost	**263,937**	**802,767**	**1,056,727**	**817,561**	**346,722**	**3,287,714**
Accumulated depreciation	-	**(418,376)**	**(481,026)**	**(557,842)**	-	**(1,457,244)**
Net carrying amount	**263,937**	**384,391**	**575,701**	**259,719**	**346,722**	**1,830,470**
Movement						
Net carrying amount at 1 July	**273,121**	**407,364**	**606,063**	**216,048**	**189,654**	**1,692,250**
Adjustment to opening balance (Note A12)	-	(7,734)	(7,744)	-	-	(15,478)
Additions – operating	-	749	15,580	38,893	107,422	162,644
Additions – development	-	-	-	-	81,926	81,926
Transfer to investment properties (Note A6)	(8,071)	-	-	(191)	(1,762)	(10,024)
Transfers	1	12,655	3,763	46,917	(63,336)	-
Transfers from Intangibles	-	-	-	15,881	34,530	50,411
Disposals	(1,114)	(1,379)	(2,157)	(550)	(1,712)	(6,912)
Depreciation	-	(27,264)	(39,804)	(57,279)	-	(124,347)
Net carrying amount at 30 June	**263,937**	**384,391**	**575,701**	**259,719**	**346,722**	**1,830,470**
Year ended 30 June 2023						
Cost	273,121	807,230	1,027,644	758,495	189,654	3,056,144
Accumulated depreciation	-	(399,866)	(421,581)	(542,447)	-	(1,363,894)
Net carrying amount	273,121	407,364	606,063	216,048	189,654	1,692,250

A5 PROPERTY, PLANT AND EQUIPMENT (continued)

(i) Accounting policy

Property, plant and equipment (including in the course of construction) is measured at historical cost less accumulated depreciation and impairment losses.

Cost includes purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent costs incurred in relation to the asset are included in cost, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation

Items of property, plant and equipment are depreciated on the straight-line method over their estimated useful lives. Land is not depreciated. The depreciation rates used for each class of assets are detailed below:

Buildings	up to 40 years
Leasehold improvements	up to 40 years (shorter of (a) the unexpired period of the lease or (b) the estimated useful life of the improvement to the Group)
Plant and equipment	up to 25 years
Furniture and fittings	up to 10 years
Computer equipment	up to 5 years
Medical and surgical equipment	up to 10 years

The estimation of useful lives, residual value and the depreciation method applied to an asset are reviewed at least annually.

Impairment

If the carrying value of an item of property, plant and equipment is greater than its estimated recoverable amount, then its carrying value is written down immediately to its recoverable amount.

Derecognition

An item of property, plant and equipment is derecognised when it is sold or otherwise disposed of, or when its use is expected to bring no future economic benefits. Any gain or loss on derecognising an item of property, plant and equipment (difference between the proceeds of disposal and the carrying amount of property, plant and equipment) is included in profit or loss in the year of disposal.

Componentisation of buildings

Buildings are split into their various components including physical structure, fire services, mechanical services, vertical transport services, and electrical services. Estimates of useful lives for each of these components are based on advice from quantity surveyors and as a result, with the exception of the structural components, the other components have estimated useful lives less than 40 years.

(ii) Net gain on the disposal of property, plant and equipment

The Group incurred a net gain on the disposal of property, plant and equipment of $2,590,375 (2023: $186,995) The income is included in other income in the profit or loss.

A6 INVESTMENT PROPERTIES

	2024 $'000	2023 $'000
Independent Living Units (i)	**292,125**	268,623
Other investment properties	**72,645**	55,151
	364,770	323,774

(i) Independent Living Units

Independent Living Units are held to earn rent or for capital appreciation rather than service delivery obligations. Independent Living Units include units located on land held under long-term Crown leases at Heathcote.

	2024 $'000	2023 $'000
Fair value on 1 July	**268,623**	253,813
Additions	**4,165**	1,665
Transfer from Property, plant and equipment (Note A5)	**10,024**	1,868
Net gain from fair value adjustment on Independent Living Units (Note A1)	**9,313**	11,277
Carrying amount at 30 June	**292,125**	268,623

(ii) Other investment properties

Other Investment properties, principally comprising strata titled suites used by doctors, are held for long-term rental yields and are not occupied by the Group.

	2024 $'000	2023 $'000
Opening balance on 1 July	**55,151**	52,981
Additions	**4,249**	-
Net gain from fair value adjustment on other Investment Properties (Note A1)	**13,245**	2,170
Closing balance at 30 June	**72,645**	55,151

(iii) Accounting policy

Investment properties are initially recognised at cost including any acquisition costs and subsequently stated at fair value at each balance date as described in (iv) below. Changes in fair values are recorded in the statement of profit or loss and other comprehensive income as a Net (loss) gain from fair value adjustment - investment properties.

If an investment property is disposed, the gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal and is recognised in the profit or loss in the year of disposal.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes.

A6 INVESTMENT PROPERTIES (continued)

(iv) Fair value

The measurement of fair value may in some cases be subjective and may depend on the inputs used in the calculations. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level is included in note E4.

The Group has classified investment properties as level 3 in that one or more of the significant inputs are not based on observable market data. Where such information is not available the Directors consider information from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences
- discounted cash flow projections based on reliable estimates of future cash flows
- capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

Investment properties are independently valued at least every 3 years. In the intervening years, the Directors assess if there are any significant changes to the valuation assumptions and will obtain a valuation in the event that there are significant changes.

Independent Living Units

The fair value of Independent Living Units was determined to be the aggregate of the resident entry contributions, expressed as a nominal value and including capital gain share, the net fair value of occupied properties on a going concern basis and the fair value of any new unsold properties.

Each Independent Living Unit is independently valued at least every 3 years.

During 2024, a third of the Independent Living Units were independently valued by Knight Frank, a member of the Australian Property Institute. The basis of the Independent Living Units valuation was fair value. The valuation is net of the liabilities payable to the existing residents of the Independent Living Units.

The key assumptions used by Knight Frank in determining fair value for the Group's portfolio of properties were in the following ranges:

Valuation technique	Inputs used to measure fair value	Range of inputs
Discounted cash flow approach	Discount rates	13.25% – 16%
	Growth rates	2.56% – 2.75%
	Average tenure of residents	8.2 – 10.4 years

Increasing the discount rate and average subsequent tenue periods would reduce the fair value of the investment properties and vice-versa. Increasing the assumptions made about the market value of units and property price growth rates would increase the fair value of investment properties and vice-versa.

	2024 $'000	2023 $'000
Valuation reconciliation		
Carrying amount of Independent Living Units	**292,125**	268,623
Less ingoing contributions (Note A9)	**(183,024)**	(166,773)
Valuation at 30 June	**109,101**	101,850

A6 INVESTMENT PROPERTIES (continued)

(iv) Fair value (continued)

Other Investment Properties

Other investment properties are independently valued at least every 3 years. In the intervening years, the Directors assess if there are any significant changes to the valuation assumptions and will obtain a valuation in the event that there are significant changes.

On 31 May 2024 other investment properties were independently valued by Nichloas Brady Valuations ("NBV"), a member of the Australian Property Institute. The basis of the doctors suites valuation was fair value, being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction based on current prices in an active market.

The key assumptions used by NBV in determining fair value for the Group's portfolio of properties were in the following ranges:

Valuation technique	Inputs used to measure fair value	Range of inputs
Direct comparison approach	Gross market rent (rate per m2)	$10,000 - $32,000

(v) Non-current assets pledged as security

Refer to Note B4 or information on non-current assets pledged as security by the Group.

(vi) Leasing arrangements

Lease income and expenses relating to investment properties are recorded in the books of a related party.

(vii) Other

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties.

A7 INTANGIBLE ASSETS

	Goodwill $'000	Residential aged care bed licences $'000	Development costs and other intangibles $'000	Total $'000
Year ended 30 June 2024				
Cost	**157,430**	**88,678**	**79,812**	**325,920**
Accumulated amortisation and impairment	**-**	**(88,678)**	**(61,873)**	**(150,551)**
Net carrying amount	**157,430**	**-**	**17,939**	**175,369**
Movement				
Net carrying amount at 1 July	**157,430**	**29,560**	**38,905**	**225,895**
Additions	**-**	**-**	**34,748**	**34,748**
Transfers	**-**	**(251)**	**251**	**-**
Transfer to PPE	**-**	**-**	**(50,411)**	**(50,411)**
Amortisation amount	**-**	**(29,309)**	**(5,554)**	**(34,863)**
Net carrying amount at 30 June	**157,430**	**-**	**17,939**	**175,369**
Year ended 30 June 2023				
Cost	157,430	88,678	96,187	342,295
Accumulated amortisation and impairment	-	(59,118)	(57,282)	(116,400)
Net carrying amount	157,430	29,560	38,905	225,895

(i) Accounting policy

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Goodwill of $50,641,000 is in relation to the acquisition of 50% membership of St Vincent's Private Hospital Melbourne in 31 March 2011, $1,595,000 from the acquisition of St Vincent's Care Services Arundel in 1 September 2016, $3,056,000 from the acquisition of St Vincent's Care Services Hawthorn on 1 July 2018, $29,628,000 from the acquisition of 50% membership of St Vincent's Private Hospital Northside on 1 July 2018, $7,015,000 from the acquisition of Rosary Village on 1 December 2018, $475,000 from the acquisition of St Joan of Arc Villa on 1 March 2019, $23,498,000 from the acquisition of Holy Spirit Care Service Brisbane and Holy Spirit Care Service Boondall on 1 June 2019, $20,707,000 from the acquisition of Heathcote on 1 September 2019 and $20,815,000 from the acquisition of Prescare on 29 July 2021.

Residential aged care bed licences

Residential aged care bed licences obtained through the Aged Care Approvals Round (ACAR) represent an asset contribution under AASB 1004 Contributions.

In May 2021, the Federal Government announced that it will end the Aged Care Approvals Round ("ACAR") process. On this basis, in 2021, the Group reassessed that the useful life of the residential care places would end on 30 June 2024. The Group recognised an amortisation expense of $29,309,000 in the profit and loss for year ended 30 June 2024 (2023: $29,559,000) with no impact to the cash flows of the Group.

A7 INTANGIBLE ASSETS (continued)

(i) Accounting policy (continued)

Development costs and other intangibles

Development costs and other intangibles represent identifiable non-monetary assets without physical substance such as computer software development costs. Intangible assets are recognised at initial cost with subsequent costs only capitalised when it is expected that additional future economic benefits will flow to the entity.

Amortisation

The Group amortises intangibles with a finite useful life using the straight-line method over a period up to 10 years. The estimation of useful lives and amortisation method are reviewed at least annually.

Impairment

Intangibles that have an 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 might be impaired. An intangible is considered impaired when its carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. As a not-for-profit entity, value in use is determined using depreciated replacement cost.

Impairment losses are recognised in the profit or loss in the year it arose. Impairment losses recognised for goodwill are not subsequently reversed.

Derecognition

An intangible asset is derecognised when it is sold or otherwise disposed of, or when its use is expected to bring no future economic benefits. Any gain or loss on derecognising an intangible asset (difference between the proceeds of and the carrying amount of property, plant and equipment) is included in profit or loss in the year of disposal.

(ii) Key assumptions used for value-in-use calculations

Goodwill

For the purposes of assessing impairment of goodwill, assets are grouped at the lowest levels for which goodwill is monitored for internal management purposes and allocated to cash-generating units ("CGU's"). The allocation is made to those CGUs or groups of CGU's that are expected to benefit from the business combination in which the goodwill arose.

The recoverable amount for goodwill is based on detailed 5-year forecast cash flows, a terminal value growth rate of 3% and a discount rate of 11%. The value-in-use calculations and impairment reviews are sensitive to changes in key assumptions, particularly relating to discount rates and terminal rate growth. A sensitivity analysis was performed and it was concluded that the recoverable amount of the goodwill amount exceeded its carrying value and that no impairment existed. There is no reasonably possible change in a key assumption that could result in impairment.

A8 TRADE AND OTHER PAYABLES

	2024 $'000	2023 $'000
Current		
Trade creditors and accrued expenses	**275,328**	306,035
Other payables	**161,569**	181,784
Total current payables	**436,897**	487,819
Non-current		
Other payables	**50,899**	16,190
Total non-current payables	**50,899**	16,190

Other payables for the year ended 30 June 2024 includes prepaid ground lease premium received from ISPT Pty Ltd $39m. The premium will be recognised on straight line basis over the lease term of fifty two years.

A8 TRADE AND OTHER PAYABLES (continued)

(i) Accounting policy

Payables are initially recognised at fair value less transaction costs and subsequently carried at amortised cost. Trade payables are unsecured and are usually paid within 30 days of recognition.

(ii) Financial risk management

Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flow and matching the maturity profiles of financial assets and liabilities.

(iii) Fair value

Due to the short-term nature of these payables, their carrying amount is assumed to approximate their fair value.

A9 ACCOMMODATION PAYABLES

	2024 $'000	2023 $'000
Refundable accommodation deposits (RADs)	**667,952**	620,274
Accommodation bonds	**8,890**	12,579
Independent living unit (ILU) entry contributions (Note A6)	**183,024**	166,773
	859,866	799,626

(i) Accounting policy

Refundable accommodation deposits (RADs) and accommodation bonds (ABs)

A refundable accommodation deposit (RAD) is a non-interest bearing deposit paid or payable to an Approved Provider by a resident for the resident's accommodation in an aged care facility. Prior to 1 July 2014, lump sum refundable accommodation deposits were referred to as an accommodation bond (AB). RADs and ABs are in effect an interest-free loan. Not all residents are required to pay RADs – the Australian Government conducts an assessment of residents' income and assets and determines if residents can be asked to pay towards their accommodation costs. Residents who are required to pay for accommodation can chose to pay a full lump sum (RAD), a regular rental-type payment called a 'daily accommodation payment' (DAP), or a combination of both.

Accommodation bonds were not payable by residents upon their admission to non-extra service high care accommodation facilities. Under the Living Longer Living Better reforms the distinction between low care and high care has been removed.
Accommodation bond balances are reduced by annual retention fees charged in accordance with the Aged Care Act 1997, however, retention fees are not applicable to post 1 July 2014 RADs. RAD and AB refunds are guaranteed by the government under the prudential standards legislation. Providers are required to have sufficient liquidity to ensure they can refund RAD and AB balances as they fall due in the following twelve months. Providers are also required to implement and maintain a liquidity management strategy.

Independent living unit (ILU) entry contributions

Entry contributions relate to Independent Living Unit residents. Entry contributions are settled after a resident vacates the property and the terms and conditions are governed by applicable State-based Retirement Village Acts and the individual resident contract.

(ii) Classification as a current liability

As there is no unconditional right to defer payment for 12 months, RADs, ABs and ILU entry contributions are recorded as current liabilities, the settlement of entry contribution is typically replaced by the receipt of a new entry contribution from an incoming resident. However, based on past history, the Group expects accommodation payables to be settled as follows:

	2024 $'000	2023 $'000
Expected to be settled within 12 months	**280,053**	288,905
Expected to be settled greater than 12 months	**579,813**	510,721
	859,866	799,626

A9 ACCOMODATION PAYABLES (continued)

(ii) Movement in accommodation payables

	2024 $'000	2023 $'000
Opening balance at 1 July	**799,626**	708,924
Proceeds from residents	**268,364**	279,168
Repayments to former residents	**(198,838)**	(180,045)
Interest payable to former residents	**1,787**	1,676
Interest, retentions and other deductions charged to residents	**(11,073)**	(10,097)
Closing balance at 30 June	**859,866**	799,626

(iv) Financial risk management

Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flow and matching the maturity profiles of financial assets and liabilities.

Maturity of accommodation payables

Accommodation payables have no fixed repayment dates.

A10 PROVISIONS

	2024 $'000	2023 $'000
Current		
Employee benefits (Note A2(i))	**444,970**	432,462
Insurance deductable excess (ii)	**2,302**	2,011
Other provisions	**14,027**	26,607
Total current provisions	**461,299**	461,080
Non-current		
Employee benefits (Note A2 (i))	**53,566**	49,187
Insurance deductable excess (ii)	**6,262**	5,968
Total non-current provisions	**59,828**	55,155

	Employee benefits $'000	**Insurance deductible excess $'000**	**Other $'000**	**Total $'000**
Movement				
Carrying amount at 1 July	**481,649**	**7,979**	**26,607**	**516,235**
Adjustment to opening balance (Note A12)	**-**	**-**	**(10,269)**	**(10,269)**
Provisions recognised	**127,866**	**1,388**	**5,955**	**135,209**
Payments	**(110,979)**	**(803)**	**(7,543)**	**(119,325)**
Write back	**-**	**-**	**(723)**	**(723)**
Carrying amount at 30 June	**498,536**	**8,564**	**14,027**	**521,127**

A10 PROVISIONS (continued)

(i) Accounting policy

A provision is recognised when a present legal or constructive obligation exists as a result of a past event and it is probable that a future outflow of cash or other benefit will be required to settle the obligation, the timing or amount of which is uncertain.

(ii) Insurance deductible excess

Insurance deductible excess is a provision for medical malpractice claims based on an independent assessment of open claims made to reporting date and past experience on the level of claim outcomes. Estimates of the insurance deductible excess obligations are based on an assessment of future costs, which have been discounted to their present value. In determining the insurance deductible excess provision, the Group have assumed no significant changes will occur in the relevant Federal and State legislation in relation to medical malpractice claims in the future.

A11 LEASES

Leases as a lessee

The Group leases assets including land and buildings and medical equipment. The leases are secured by the assets leased and represent the discounted future rentals payable by the Group for:

- Certain of its office properties and leased property, plant and equipment.
- Leases of medical equipment.

Further information about leases for which the Group is a lessee is presented below.

(i) Rights-of-use assets

	Property $'000	Medical equipment $'000	Total $'000
Balance at 1 July 2023	**137,974**	**10,337**	**148,311**
Additions	**33,196**	**4,583**	**37,779**
Depreciation charge for the year	**(16,598)**	**(800)**	**(17,398)**
Disposals	**(769)**	**(6,549)**	**(7,318)**
Balance at 30 June 2024	**153,803**	**7,571**	**161,374**
Balance at 1 July 2022	142,523	13,582	156,105
Additions	12,194	316	12,510
Depreciation charge for the year	(16,086)	(3,530)	(19,616)
Disposals	(657)	(31)	(688)
Balance at 30 June 2023	137,974	10,337	148,311

A11 LEASES (continued)

(ii) Lease liabilities

	2024 $'000	2023 $'000
Maturity analysis – contractual undiscounted cash flows		
Less than one year	**20,392**	20,840
One to five years	**47,145**	47,109
More than five years	**409,281**	367,753
Total undiscounted lease liabilities as 30 June	**476,818**	435,702
Lease liabilities included in the statement of financial position at 30 June		
Current	13,113	5,868
Non-current	167,248	151,212

(iii) Amounts recognised in profit or loss

	2024 $'000	2023 $'000
Depreciation on right-of-use assets	**17,398**	19,616
Interest on lease liabilities	**8,008**	6,674
Variable lease payments not included in the measurement of lease liabilities	**206**	-
Expenses relating to short-term leases	**779**	435
Expenses relating to leases of low value assets, excluding short-term leases of low value assets	**48**	77

(iv) Amounts recognised in the statement of cash flows

	2024 $'000	2023 $'000
Payment of principal portion of lease liabilities	**16,028**	19,537
Payment of interest portion of lease liabilities	**8,008**	6,676
Total cash outflow for lease	**24,036**	26,213

Leases as a lessor

The Group leases out its investment property (Note A6). All leases are classified as operating leases from a lessor perspective because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income recognised by the Group during 2024 was $38,373,000 (2023: $37,843,000)

A11 LEASES (continued)

At reporting date, the Group had contracts with tenants for the following future minimum lease payments:

	2024 $'000	2023 $'000
Within one year	**9,825**	9,714
In the second to fifth year	**16,492**	19,500
Later than five years	**2,113**	2,571
	28,430	31,785

Residential aged care and retirement living accommodation

Contracts with residential aged care and retirement living customers contain provisions for accommodation, use of common areas/facilities for provision of care and other services. The Group has concluded that its contractual arrangements relating to the provision of residential aged care and retirement living accommodation are an operating lease pursuant to AASB 16, being the exclusive right to the use of a room/unit by a resident.

For residential aged care accommodation arrangements where the resident has elected to pay a RAD or Bond, the Group receives a financing benefit, being non-cash consideration, in the form of an interest free loan. On adoption of AASB 16, the fair value of this non-cash consideration is required to be recognised as income (to reflect the interest free loan financing benefit received on RADs and Bonds) and, correspondingly, interest expense (to record the financial liability associated with RADs and Bonds at fair value) with no net impact on profit or loss.

The application of AASB 16 for the year ended 30 June 2024 has been calculated based on:

- monthly average RAD / Bond balances; and
- interest rate equal to the Maximum Permissible Interest Rate (MPIR) which is a Government set interest rate used to calculate the Daily Accommodation Payment to applicable residents. The weighted average interest rate for the year was 8.2% (2023: 6.46%).

The Group's Statement of Profit or Loss and Other Comprehensive Income presents Income of $53,229,000 (2023: $37,118,000) and an additional Finance cost (i.e. interest expense) of $53,229,000 (2023: $37,118,000), with $nil impact to net profit for the period.

The accounting treatment for residential aged care accommodation arrangements where residents have elected to pay a DAP has not changed upon adopting AASB 16.

A12 ADJUSTMENT FOR PRIOR PERIOD

During the current financial year, the Group identified several adjustments relating to prior periods, however, these adjustments are not considered material, and therefore the comparative 2023 balances have not been restated. These adjustments have been adjusted against opening 2024 retained earnings. The details of the adjustments are as follows:

Particulars	Impact on opening retained earnings increase/(decrease) $'000	Details
Reduction in liabilities	39,567	As at 30 June 2023 there were liabilities for the provision of future grants and other payable of $10.3m and 29.3m respectively, however, these liabilities are adjusted to nil as there was no obligation on the Group to pay these amounts.
Fixed assets	(15,484)	An adjustment of $15.4 million was made to correct for the omission of depreciation expense on a building acquired with the acquisition of St. Vincent's Private Hospital Melbourne.
Total impact	**24,083**	

B1 CASH AND CASH EQUIVALENTS

Cash and cash equivalents of $373,853,000 (2023: $384,861,000) comprise cash at bank and short term deposits.

(i) Accounting policy

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

B2 INVESTMENTS

	2024 $'000	2023 $'000
Current		
Fair value through profit or loss financial assets	**306,009**	299,620
Other financial assets at amortised cost	**38,863**	71,626
	344,872	371,246
Non-current		
Fair value through profit or loss financial assets	**153,990**	128,975
Fair value through OCI	**29,861**	28,733
	183,851	157,708

(i) Accounting policy

Refer to Note E6, Other Accounting Policies, Financial Instruments.

(ii) Fair value

The measurement of fair value may in some cases be subjective and may depend on the inputs used in the calculations. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level is included in note E4.

The Group has classified investments as level 1 in that the fair value is traded in active markets. The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (or for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity specific inputs.

B3 CASH AND INVESTMENTS – FINANCIAL RISK MANAGEMENT

Interest rate risk

The Group's main interest rate risk arises from cash and bank deposits earning variable rates and long-term borrowings with variable rates. These expose the Group to the risk that the fair value or cash flows of financial instruments will fluctuate due to changes in market interest rates.

The variable risk on financial assets is managed by an investment policy that restricts the type and term of investments. The Group also retains independent advisors to recommend and place investments in accordance with this policy. The term of the investments is determined after consideration of the liquidity needs of the Group.

B4 BORROWINGS

	2024			2023		
	Current $'000	**Non-current $'000**	**Total $'000**	**Current $'000**	**Non-current $'000**	**Total $'000**
Secured						
Amounts due to TMAM (ii)	**6,154**	**87,451**	**93,605**	6,209	86,754	92,963
	6,154	**87,451**	**93,605**	6,209	86,754	92,963
Unsecured						
Bank loan (iii)	**-**	**303,100**	**303,100**	-	298,500	298,500
Loans from related parties (Note C4)	**73,661**	**1,534**	**75,195**	65,357	1,334	66,691
	73,661	**304,634**	**378,295**	65,357	299,834	365,191
	79,815	**392,085**	**471,900**	71,566	386,588	458,154

Borrowings are managed within a Group Treasury policy. This includes ensuring that the Group at all times has sufficient liquid cash resources to meet anticipated financial as well as ensuring compliance with borrowing facilities including financial covenants. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period. Financial risk management approach is covered further in this section.

(i) Accounting policy

Borrowings are initially recognised at fair value, net of transaction costs incurred, and are subsequently measured at amortised cost. If a substantial modification is made to a loan arrangement, that loan is remeasured at fair value at the date of modification and subsequently carried at amortised cost. Fees paid on loan facilities' establishment is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(ii) Amounts due to the Trustees of Mary Aikenhead Ministries ('TMAM') (secured) (current and non-current)

On 1 January 2003, the Group acquired $369,547,000 of freehold land and buildings and $15,246,000 of investment properties from the Trustees of the Sisters of Charity of Australia (TSCA). The acquisition of these assets was financed by the provision of a loan from TSCA and the assumption of certain liabilities payable previously by TSCA. On 1 July 2009, the loan was assigned by TSCA to TMAM.

On 14 May 2014, TMAM advised the Group that there is no present intention to charge interest on the loan and that should this intention change, interest would only be charged prospectively (after providing 12 months' notice). This resulted in a significant change to the terms and conditions of the loan. Consequently, the loan which previously was reflected in the balance sheet at its nominal value is now reflected in the Balance Sheet at its present value.

On 2 December 2015, the Group made a prepayment of $12,000,000 at the request of TMAM. This resulted in a significant change to the terms and conditions of the loan including the present value of the loan. Consequently, $10,990,000 was recognised as an equity transaction with the parent.

On 11 November 2018, the Group agreed to prepayments of $250,000 per annum at the request of TMAM. This resulted in a change to the present value of the loan. Consequently, $1,802,000 was recognised as an equity transaction with the parent.

In 2021 the carrying value of the loan was increased by $10,554,000 as a result of a downwards revision of the effective interest rate. This was accounted for as an equity distribution. In the 2023 financial year, there was a reversal of this adjustment due to a review of the original accounting treatment. This resulted in a reduction of the loan value and a corresponding increase in equity of $10,554,000.

B4 BORROWINGS (continued)

(ii) Amounts due to the Trustees of Mary Aikenhead Ministries ('TMAM') (secured) (current and non-current) (continued)

The terms of the loan are reviewed annually and agreed between the parties. Relevant aspects of the terms and conditions of the loan as currently agreed include:

- **Repayment amount** - loan repayments are made quarterly each year and comprise a base amount which is indexed each year in line with consumer price index and an additional element as agreed but constrained such that the overall Health Ministry of the SVHA Company would not be adversely impacted by any request for payments under this element. The repayment amount for the 2024 year was $6,208,705 and will change in 2025 by the change in CPI.
- **Security** - the loan is secured by a mortgage over the majority of the assets of the Group.
- **Interest** – nil at present, however, TMAM reserve the right to charge interest however interest will only be charged prospectively (after providing 12 months' notice).

The carrying amounts of non-current assets pledged as security are:

	2024 $'000	2023 $'000
Subordinated mortgage		
Freehold land and buildings	**194,711**	204,844
Investment properties	**66,595**	46,738
Total assets pledged as security	**261,306**	251,582

(iii) Bank loans (unsecured)

$298,500,000 bilateral bank loan (2023: $298,500,000)

St Vincent's Healthcare Limited has an established $500m Cash Advance Facility with various maturity dates; ($100,000,000: 12 March 2026; $300,000,000: 1 October 2026; $50,000,000: 21 March 2028; $50,000,000: 21 April 2030).

The principal is repayable in full at the maturity date of the loan. Loans within the facility limit can be drawn in a minimum of $1,000,000 face value and multiples of $500,000 thereafter for terms of one, two, three and six months.

Interest is payable at maturity of each loan drawdown. The bank loan attracts a variable average rate of interest at 4.15% at 30 June 2024 (2023: 4.17%)

The loan is unsecured, except for security granted by the Trustees of the Sisters of Charity of Australia and The Congregation of Religious Sisters of Charity of Australia over the assets used to conduct the business of St Vincent's Private Hospital Sydney and any interest in St Vincent's Private Hospital Medical Imaging.

$4,600,000 Archdiocese of Melbourne Catholic Development Fund loan (2023: $Nil)

The Archdiocese of Melbourne Catholic Development Fund Facility is a variable interest fund with the loan due for repayment on the 31 December 2035. The facility is an interest only facility until 31 December 2024.

(iv) Financial risk management

Market risk - interest rate risk

The Group's main interest rate risk arises long-term borrowings with variable rates. These expose the Group to the risk that the fair value or cash flows of financial instruments will fluctuate due to changes in market interest rates.

The variable risk on financial liabilities is managed by ensuring that the term for loan repayments reflect the underlying duration of the cash flow generated, cash inflows provide a prudent level of coverage of principal and interest repayments and that there are sufficient cash reserves held to maintain principal and interest repayments for a sufficient period of time to enable longer term corrective actions to occur should underlying cash flows be disrupted.

The Group enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

B4 BORROWINGS (continued)

(iv) Financial risk management (continued)

Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flow and matching the maturity profiles of financial assets and liabilities. The Group maintains cash equivalents and short term investments with appropriately rated financial institutions and the maturity of these investments is such that funds mature as needed.

Financing arrangements

The Group has limited undrawn borrowing facilities that are not committed to current capital projects. Given the nature of the Group and the financial obligations that it currently has, this position is considered to be of low risk. The Group has access to $201,500,000 in undrawn borrowing facilities, at variable rates (2023: $201,500,000).

This section provides information which will help users understand how the Group structure affects the financial position and performance of the Group as a whole.

C1 ULTIMATE PARENT ENTITY AND MEMBERS GUARANTEE

On 1 July 2009, the Congregation of the Religious Sisters of Charity of Australia and the Trustees of the Sisters of Charity of Australia transferred the incorporated Health Ministry to TMAM. From an accounting viewpoint, the ultimate parent entity is the Trustees of the Sisters of Charity of Australia on the basis that it is the sole member of TMAM. In practice, TMAM, however constituted, exercises ultimate control.

If SVHA is wound up the constitution states that each member is required to contribute a maximum of $100 each towards meeting the obligations of SVHA. At 30 June 2024, SVHA had 1 member (2023: 1) so the maximum amount to be contributed towards meeting the obligations of SVHA would be $100 (2023: $100).

C2 PARENT ENTITY FINANCIAL INFORMATION

The parent entity in the wholly-owned Group is St Vincent's Health Australia Limited. As the parent entity, it holds the interest in the subsidiaries and joint ventures and acts as a holding company, employing staff and paying fees for service. These costs are then recovered from the operating subsidiaries, joint ventures and other related parties such that the parent entity eventually breaks even.

The results of the parent entity are as follows:

	2024 $'000	2023 $'000
Current assets	**81,118**	28,411
Total assets	**335,814**	289,513
Current liabilities	**163,914**	118,381
Total liabilities	**230,371**	188,904
Reserves	**204**	204
Retained earnings	**105,239**	100,405
Total equity	**105,443**	100,609
Operating deficit recorded by the parent entity	**4,833**	1,472
Total comprehensive loss of the parent entity	**4,833**	1,472

C3 SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities, and results of the following subsidiaries. SVHA is the sole member of each of these controlled entities.

Name of Entity	Country of Incorporation	Equity Holding		Carrying Amount	
		2024 %	2023 %	**2024 $'000**	2023 $'000
St Vincent's Community Health Ltd [1]	Australia	100	100	-	-
St Vincent's Clinic	Australia	100	100	6,402	6,402
The Trustee for St Vincent's Clinic Foundation	Australia	100	100	-	-
St Vincent's Care Services Ltd	Australia	100	100	9,545	9,545
St Vincent's Healthcare Limited	Australia	100	100	5,261	5,261
St Vincent's Hospital (Melbourne) Limited	Australia	100	100	45,653	45,653
St Vincent's Hospital Sydney Limited	Australia	100	100	20,348	20,348
St Vincent's Private Hospitals Ltd	Australia	100	100	144,472	144,472
St Vincent's Curran Foundation	Australia	100	100	-	-
Aikenhead Centre for Medical Discovery Limited	Australia	100	100	-	-
St Vincent's Health Australia Foundation Queensland	Australia	100	100	-	-
St Vincent's Health Australia Foundation Victoria	Australia	100	100	-	-
Victor Chang Cardiac Research Institute [2]	Australia	100	100	-	-
St Vincent's Institute of Medical Research [2]	Australia	100	100	-	-
St Vincent's Private Hospital Northside Limited	Australia	100	100	-	-
St Vincent's Care Services Boondall Ltd [4]	Australia	100	100	-	4,193
St Vincent's Care Services Carseldine Ltd [4]	Australia	100	100	-	23,562
St Vincent's Clinic Research Foundation Ltd [3]	Australia	100	100	-	-
				231,681	259,436

[1] St Vincents & Mater Health Sydney Limited renamed to St Vincent's Community Health Ltd
[2] Reporting date 31 December
[3] St Vincent's Clinic Research Foundation Ltd was incorporated at 2 May 2023
[4] St Vincent's Care Services Boondall and St Vincent's Care Services Carseldine merged with St Vincent's Care Services Ltd at 1 Nov 2023 and deregistered at 10 July 2024

C4 RELATED PARTIES TRANSACTIONS

Transactions with related parties during the year ended 30 June 2024 consisted of:

(a) Loans advanced by St Vincent's Health Australia Limited;

(b) Loans repaid by St Vincent's Health Australia Limited;

(c) Payment of interest on the above loans;

(d) Payment for leases;

(e) Recovery of costs for the provision of management and administrative services; and

(f) Payment for the provision of management and administrative services.

Management and administrative services referred to in (d) and (e) above are provided at cost. Otherwise the above transactions were made on normal commercial terms and conditions and at market rates.

The following transactions occurred with related parties:

	2024 $'000	2023 $'000
Lease income from:		
St Vincent's Private Hospital Sydney	**17,463**	16,811
Income from the provision of management and administrative services to:		
St Vincent's Private Hospital Sydney	**31,314**	25,951
Trustees of Sydney Public	**2,906**	-
Expenses relating to the provision of management and administrative services by:		
St Vincent's Private Hospital Sydney	**25,686**	30,399
Trustees of Sydney Public	**1,299**	-
Repayment of interest-free amounts advanced from:		
TMAM	**6,209**	5,871

C4 RELATED PARTIES TRANSACTIONS (continued)

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2024			2023		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
Receivables						
Loans to related parties						
St Vincent's Private Hospital Sydney	**6,707**	**733**	**7,440**	8,062	367	8,429
Trustee of St Vincent's Hospital Sydney	**381**	-	**381**	283	-	283
	7,088	**733**	**7,821**	8,345	367	8,712
Borrowings						
Loan from related parties (i)						
St Vincent's Private Hospital Sydney	**73,400**	**1,534**	**74,934**	64,332	1,334	65,666
Trustee of St Vincent's Hospital Sydney	**261**	**-**	**261**	1,025	-	1,025
	73,661	**1,534**	**75,195**	65,357	1,334	66,691
TMAM (B4)	6,154	87,451	**93,605**	6,209	86,754	92,963

(i) Loan from related parties

The Group has a loan from St Vincent's Private Hospital Sydney Limited amounting to $74,934,000 (2023: $65,666,000). The loan is unsecured and attracts a variable interest rate of 3.39% (2023: 4.17%).

This section provides information about items that are not recognised in the financial statements but could potentially have a significant impact on the Group's financial position and performance.

D1 COMMITMENTS

	2024 $'000	2023 $'000
Capital commitments		
Commitments for capital projects contracted for at the balance date but not recognised as liabilities are as follows:		
Within one year	**131,342**	321,891
Later than one year but not later than 5 years	**12,580**	129,335
	143,922	451,226
Operating expenditure commitments		
Within one year	**10,640**	3,896

D2 CONTINGENT LIABILITIES

A contingent liability is a liability that is not sufficiently certain to qualify for recognition as a provision where uncertainty may exist regarding the outcome of future events.

The contingent liabilities of the Group are detailed below. No material losses are anticipated in respect of any of these contingent liabilities.

Entity with Rights	Nature of Security or Obligation	2024 $'000	2023 $'000
Doctors owning strata title suites in the St Vincent's Clinic building	St Vincent's Healthcare Limited ("SVHC") has given an undertaking to buy back certain clinic suites for which an approved buyer cannot be found within 90 days after the service of a Sale Notice. The amount shown represents the full value of all suites that SVHC has committed to repurchase in the event that they cannot be sold.	75,721	76,569
Commonwealth Department of Health & Ageing	In the financial year ended 30 June 2011, SVPHN entered into a capital funding agreement with the Commonwealth Department of Health & Ageing which enabled SVPHN to receive funding for capital works under the Commonwealth Government's Innovative Clinical Teaching and Training Grants Program. Under the agreement SVPHN received capital grant funding of $4,857,000 to assist in the funding of the construction of a Clinical Education Centre which was completed and opened on 8 November 2012. Pursuant to agreement, SVPHN may be liable to repay any funds advanced by the Commonwealth Department of Health & Ageing if SVPHN ceases to operate the Clinical Education Centre or if there is a breach in the terms and conditions of the capital funding agreement prior to 8 November 2032.	2,185	2,428

D3 SUBSEQUENT EVENTS

There have been no material transactions or events occurring subsequent to year end that require adjustment to, or disclosure in the financial statements.

This section includes information that the Directors do not consider to be significant in understanding the financial performance and position of the Group but must be disclosed to comply with the Accounting Standards and the Australian Charities and Not-for-profits Commission Regulations 2022.

E1 KEY MANGEMENT PERSONNEL

Directors

The names of persons who were Directors of St Vincent's Health Australia Limited at any time during the financial year are set out below:

Mr. P McClintock AO
Dr. M Coote
Prof. V Perkovic
Ms. S McPhee AM
Ms. A McDonald
Ms. K Bailey-Lord
Ms. A Cross AM
Ms. S McGregor
Ms. J Watts
Mr. P O'Sullivan
Mr. D O'Brien
Ms. A Barker (Appointed 1 June 2024)

Executives

Other than Directors, key management personnel include those having the authority and responsibility for planning, directing and controlling the Group's activities directly or indirectly.

The names and position of key management personnel (other than Directors) are:

Mr. C Blake	Group Chief Executive Officer
Ms. K Gaffney [1]	Group Chief Financial Officer
A/Prof. P Garcia [2]	Group General Manager, Public Affairs & General Counsel
Mr. L Hopper	Chief Executive Officer, St Vincent's Care Services
A/Prof. P O'Rourke [3]	Chief Executive Officer, Private Hospitals Division
Ms. N Tweddle [4]	Public Hospitals Chief Executive Officer, VIC State Lead
Ms. A McFadgen [4]	Public Hospitals Chief Executive Officer, NSW State Lead

[1] Commenced 14 December 2023, previously Acting Chief Financial Officer commenced 17 August 2023.
[2] Commenced 31 August 2023. Rob Beetson, Group General Manager Legal, Governance & Risk retired 1 September 2023
[3] Chief Executive Officer Hospitals Division until 16 July 2023. Appointed Chief Executive Officer Private Hospitals Division 17 July 2023
[4] Appointed as KMP 17 July 2023

Compensation

The compensation paid to Directors and specified executives noted above is as follows:

	2024 **$**	2023 $
Total compensation paid to key management personnel	**7,011,932**	4,958,402

Compensation expense of key management personnel includes full year impact of additional directors and executives appointed late 2023.

There were no loans or transactions between the Group and its key management personnel during the financial year (2023: $nil).

E2 ECONOMIC DEPENDENCY

Various controlled entities involved in the provision of public health and aged care services source a significant volume of their revenue from a number of Government entities including:

- Queensland Department of Health
- NSW Ministry of Health
- Victorian Department of Health and Human Services
- Commonwealth Department of Health and Ageing
- Commonwealth Department of Veterans' Affairs

The revenues from these Government entities are expected to continue in the foreseeable future.

E3 NATURE AND PURPOSE OF RESERVES

Member's reserve was created on the incorporation of the parent entity.

Available-for-sale investments revaluation reserve records movements in the fair value of available-for-sale financial assets.

The revaluation reserve records movements in the fair value of property, plant and equipment.

E4 FAIR VALUE HIERARCHY

Investment properties and financial assets at fair value through the profit or loss are measured at fair value in the Balance Sheet. The measurement of this fair value may in some cases be subjective and may depend on the inputs used in the calculations. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for investment properties. Where such information is not available the Directors consider information from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences
- discounted cash flow projections based on reliable estimates of future cash flows
- capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

There were no transfers between the levels during the financial year.

E5 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretation

Several amendments and interpretations apply for the first time in the period beginning on or after 1 July 2023, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The nature of each new standard or amendment is described below:

Reference	Description
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates and AASB 2021-6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards	The amendments to AASB 1060 and AASB Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements. The amendments to AASB 108 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Group's consolidated financial statements.

E6 OTHER ACCOUNTING POLICIES

AASB 16 Leases

At Inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of the physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset. The Group has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either the Group has the right to operate the asset, or the Group designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Significant accounting judgements, estimates and assumptions

In applying AASB 16, the Group has made the following judgements.

In determining the lease term used to ascertain total future lease payments, the Group considers all facts and circumstances that create an economic benefit to exercise an extension option. Renewal options are only considered to be part of the lease term if the lease is reasonably certain to be extended. The Group has included renewal periods as part of the lease term for leases where it is reasonably certain they will be extended. This assessment is reviewed if a significant event or significant changes in circumstances occurs which affects this assessment and is also within the control of the Group.

E6 OTHER ACCOUNTING POLICIES (continued)

AASB 16 Leases (continued)

Where the Group cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to calculate the present value of future lease payments. The IBR is the interest rate that the lessee would have to pay to borrow over a similar term of each lease. The Group estimates the IBR using market interest rates.

Short term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Concessionary leases

Concessionary leases are leases where the consideration paid by the lessee is significantly less than its fair value. The Group has identified one concessionary lease for St Vincent's Hospitals Network Sydney ("SVHNS"), the Lowy Packer building which is leased by the Trustees of SVHNS until 2035.

Extension options

Some property leases contain extension options exercisable by the Group. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors.

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under purchase option that Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

E6 OTHER ACCOUNTING POLICIES (continued)

AASB 16 Leases (continued)

As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Group applies AASB 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

AASB 15 Revenue from Contracts with Customers

AASB 15 Revenue from Contracts with Customers applies to all revenue arising from contracts with customers unless the contracts are in the scope of other standards. The Group is required to consider the five-step model to contracts with customers, and is required to recognise revenue to depict the transfer of goods or services in an amount that reflects consideration to which the Group expects to be entitled to.

Under AASB 15, revenue is recognised on satisfaction of the performance obligations of the entity, being the provision of medical services to patients and residents.

Revenue is recognised over time as services are provided:

- Patient and resident income is recognised when services are provided.
- Government grants and subsidies income is recognised as the right to receive payment is established.
- Non-medical revenue is recognised when services are provided.
- Donations (including trust estate distributions income) are recognised upon receipt.

Finance costs

Finance costs include interest, amortisation of discounts or premiums related to borrowings and other costs incurred in connection with the arrangement of borrowings. Financing costs are expensed as incurred unless they relate to a qualifying asset. A qualifying asset is an asset which generally takes more than 12 months to get ready for its intended use or sale. In these circumstances, the financing costs are capitalised to the cost of the asset. Where funds are borrowed by the Group for the construction of a qualifying asset, the amount of financing costs capitalised are those incurred in relation to that borrowing.

Goods and services tax

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST) except when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority (in which case the GST is recognised as part of the cost of the acquisition of the asset or as part of the expense).

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

Cash flows are included in the Cash Flow Statement including GST in the operating cash flows. Commitments and contingencies are disclosed net of GST recoverable from, or payable to, the taxation authority.

Income tax

St Vincent's and its controlled entities are exempt from income tax under the provisions of Section 50-30 of the Income Tax Assessment Act 1997.

Government grants and subsidies

Government grants, subsidies and COVID-19 subsidies are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

E6 OTHER ACCOUNTING POLICIES (continued)

Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as AFS, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit or loss.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of AASB 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with AASB 9.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period; Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period; Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Included within current liabilities are accommodation bonds / Refundable Accommodation Deposits (RADs) which are recorded as current under Australian accounting standards. In the normal course of business not all of these liabilities will crystallise within one year and those that do are usually replaced by incoming residential accommodation payments. In addition, current liabilities contain provisions for annual and long service leave which although presented as current, are probable to be paid out over several years.

Cash flow hedges (interest rate swap contracts)

The Group uses interest rate swap contracts to hedge its interest rate risks, predominantly arising from financing activities. Interest rate swap contracts are initially recognised at fair value on the date the contract is entered into and are subsequently re-measured at fair value. Interest rate swap is carried as financial asset when the fair value is positive and as financial liability when the fair value is negative.

At the inception of a hedge relationship, the Group designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

Before 1 January 2018, the documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting cash attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are

E6 OTHER ACCOUNTING POLICIES (continued)

assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedge that meets all the qualifying criteria for hedge accounting are accounted for cash flow hedges by the Group.

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the cash flow exposures on the variable rate debt and are accounted for as cash flow hedges. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract.

The Group's cash flow hedges settle on a quarterly basis. The Group settles the difference between the fixed and floating interest rate payable / (receivable) under each cash flow hedge on a net basis.

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges as they reduce the Group's cash flow exposure resulting from variable interest rates on its Gross Bank Loans.

The effective portion of the gain or loss on the interest rate swaps is recognised in other comprehensive income (OCI) in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the interest rate swaps and the cumulative change in fair value of the hedged liability.

The interest rate swaps and the interest payments on the underlying financial liability occur simultaneously and the amount accumulated in OCI is reclassified to the profit or loss as a reclassification adjustment over the period that the floating rate interest payments on the underlying financial liability affect the profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

Financial Instruments

A financial instrument is any contract that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the assets

E6 OTHER ACCOUNTING POLICIES (continued)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss
-

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes loans, advances, receivables (including trade receivables and other receivables), and held-to-maturity investments.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

E6 OTHER ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Trade receivables note A3

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.
ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by AASB 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

E6 OTHER ACCOUNTING POLICIES (continued)

Software-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. As such the Group does not receive a software intangible asset at the contract commencement date. A right to receive future access to the supplier's software does not, at the contract commencement date, give the customer the power to obtain the future economic benefits flowing from the software itself and to restrict others' access to those benefits.

The following outlines the accounting treatment of costs incurred in relation to SaaS arrangements:

- Recognise as an operating expense over the term of the service contract - Fee for use of application software, customisation costs
- Recognise as an operating expense as the service is received - Configuration costs, data conversion and migration costs, testing costs, training costs

Costs incurred for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset are recognised as intangible software assets. Refer to Note A7 for an outline of accounting for intangible assets.

E7 REMUNERATION OF AUDITORS

	2024 $'000	2023 $'000
Ernst & Young and related network firms:		
Audit of the Group and its subsidiaries financial reports	**765**	699
	765	699
Other auditors and their related network firms:		
Audit of St Vincent's Hospital Melbourne by HLB Mann Judd	**105**	87
	105	87

In the Directors' opinion:

(a) the financial statements and notes set out on pages 13 to 53 of the consolidated entity are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 (Cth), including:

   (i) complying with Accounting Standards and the Australian Charities and Not-for-profits Commission Regulation 2022; and
   (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;

(b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Mr. Paul McClintock AO, Chair
Sydney
10 October 2024

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Independent auditor's report to the members of St Vincent's Health Australia Limited and its Controlled Entities

Opinion

We have audited the financial report of St Vincent's Health Australia Limited (the Company) and its controlled entities (collectively the Group), which comprises the consolidated balance sheet as at 30 June 2024, the consolidated profit or loss account and other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, notes to the financial statements, including a summary of material accounting policy information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2024 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards – Simplified Disclosures and the *Australian Charities and Not-for-profits Commission Regulations 2022*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosures and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives 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 our 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, we exercise professional judgment and maintain professional scepticism throughout the audit. We 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 our 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

Anton Ivanyi
Partner
Sydney
10 October 2024