St Vincent's Healthcare Limited
Special Purpose Annual Report 2023

ST VINCENT'S HEALTHCARE

A COMPANY OF THE ST VINCENT'S HEALTH AUSTRALIA GROUP

CONTENTS

CORPORATE INFORMATION

Directors	Mr. P McClintock AO	Ms. A Cross AM
	Dr. M Coote	Ms. J Watts
	Prof. V Perkovic	Mr. P O'Sullivan
	Ms. S McPhee AM	Mr. D O'Brien
	Ms. A McDonald	Ms. S McGregor
	Ms. K Bailey-Lord (Appointed 17 April 2023)	
Company Secretary	Mr. P Garcia (Appointed 4 September 2023)	Mr. P Fennessy
Principal registered office	Level 22, 100 William Street, Woolloomooloo, NSW 2011	
Auditor	Ernst & Young, 200 George Street Sydney, NSW 2000	
Website address	www.svha.org.au	
ABN	46 095 382 791	

DIRECTORS' REPORT

The Directors of St Vincent's Healthcare Limited present their report together with the financial report of St Vincent's Healthcare Limited for the year ended 30 June 2023.

St Vincent's Healthcare Limited (the 'Company') 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 12 October 2023. The Company has the power to amend and reissue the financial report.

ABOUT ST VINCENT'S HEALTHCARE LIMITED

St Vincent's Healthcare Limited is a subsidiary of St Vincent's Health Australia Limited. The St Vincent's Health Australia Group is the nation's largest Catholic not-for-profit health and aged care provider.

Our mission

We express God's love through the healing ministry of Jesus. We are especially committed to people who are poor or vulnerable.

Our vision

Outstanding care from outstanding people when and where you need it.

At St Vincent's, outstanding care means care that it is informed by leading research, patient-centric, and provided in accordance with our values.

Our values

Compassion

Justice

Integrity

Excellence

OBJECTIVES AND PRINCIPAL ACTIVITIES

The predominant short and long term objectives for which the Company is established are to:

- carry on or assist in the carrying on and promotion of the public benevolent activities of Mary Aikenhead Ministries in connection with hospitals, health care, aged care and related services;
- to hold and acquire interests in land, buildings and other assets and to provide access to that property and other services to the health facilities, for the benefit of the health facilities of Mary Aikenhead Ministries;
- to provide assistance with financial accommodation to the health facilities.

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

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

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

STRATEGY

Our strategy is our roadmap to uphold our exceptional care, invest in our people, and continue to strengthen and grow our mission within the communities we serve. Our strategy is underpinned by five key elements:

- Leaders in Catholic healthcare and service to the poor and vulnerable
- Excellent care for our patients and residents
- Leading reputation
- Best people in health and ageing
- Growth and sustainability

OPERATING AND FINANCIAL REVIEW

The Company is not-for-profit and so strives to make a surplus to keep the health service sustainable, to generate funds to replace assets, to undertake charitable works, and to further invest in the mission to promote the healing ministry of Jesus.

The Company earns rental income from its portfolio of health care facilities and uses those funds to both repay the providers of finance who lent the Company funds to acquire and improve the health care facilities and to undertake further improvements and acquire new health care facilities.

During the financial year, the Company made an operating surplus of $26,997,000 (2022: $26,000,000).

Going concern

During the year, the Company borrowed surplus funds from commonly controlled entities within the consolidated Group and used these funds to fund expansionary work. These intercompany loans, while technically repayable at call, are unlikely to be called in the near future.

The financial report has been prepared on a going concern basis as the Directors are of the opinion that the Company can pay its debts as and when they fall due. The Directors and key management personnel have formed this opinion based on the following:

- the Company rents its health care facilities to related companies at rates which are generally below market and the Company has the capacity to increase those cash flows if necessary; and
- the Company has a substantial net asset position.

DIVIDENDS

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

MEMBER'S GUARANTEE

If the Company is wound up the constitution states that each member is required to contribute a maximum of $100 each towards meeting the obligations of the Company. At 30 June 2023, the Company had 1 member (2022: $1) so the maximum amount to be contributed towards meeting the obligations of the Company would be $100 (2022: $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 Company will continue to keep the health service sustainable, to generate funds to replace assets, to undertake charitable works, and to further invest in the mission to promote the healing ministry of Jesus.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The St Vincent's Health Australia 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 2023 and future periods. The Group has established data collection systems and processes are in place to meet its requirements.

INDEMNIFICATION AND INSURANCE OF OFFICERS

The Company 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 AUDITOR

As part of the Company's terms of engagement with Ernst & Young, the Company 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 willful act or omission, or breach of the engagement agreement by the Company. No payment has been made to Ernst & Young by the Company pursuant to this indemnity, either during or since the end of the financial year.

ROUNDING OF AMOUNTS

Amounts contained in the 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 Company under ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191.

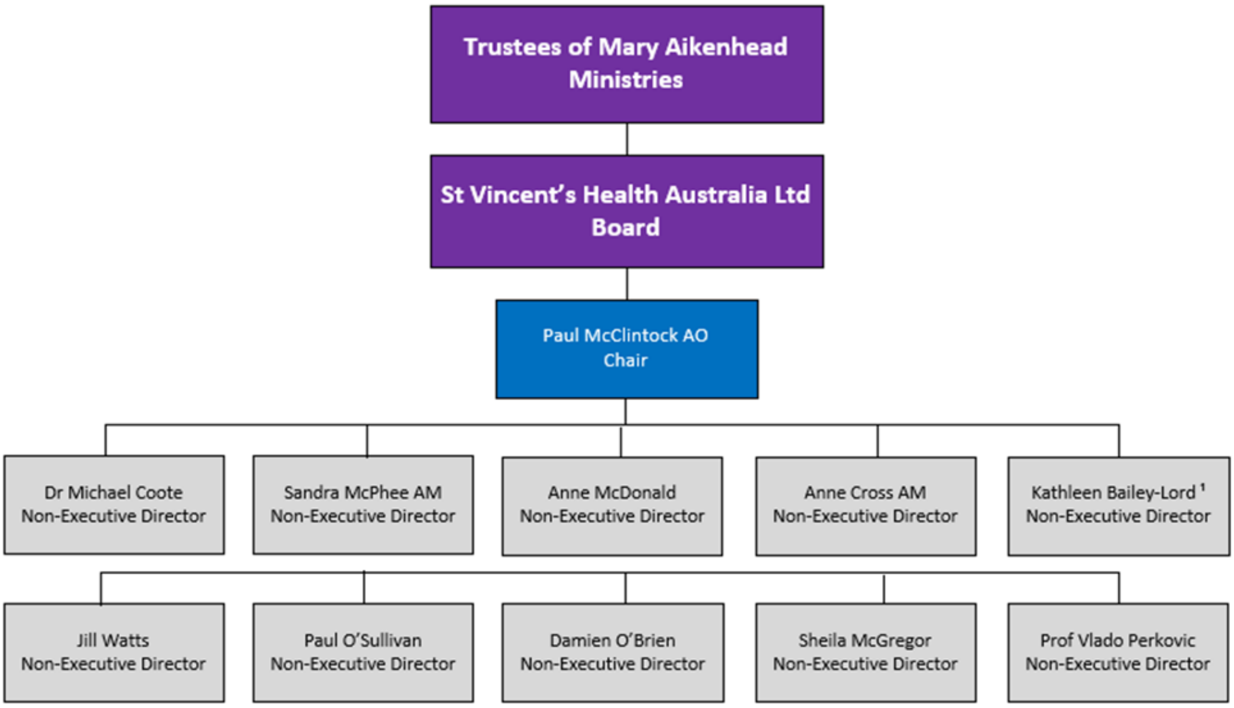
STRUCTURE AND MANAGEMENT

St Vincent's Healthcare Limited is a public company limited by guarantee and is registered with the Australian Charities and Not-for-profits Commission.

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

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

STRUCTURE AND MANAGEMENT (continued)



[1] Appointed 17 April 2023

[1] Appointed 4 October 2022. Ruth Martin Appointed Interim Group Chief Executive Officer from 29 March 2022 to 3 October 2022
[2] Commenced 21 August 2023. Previous Group Chief Financial Officer, Ruth Martin retired 18 August 2023
[3] Commenced 4 September 2023. Rob Beetson, Group General Manager Legal, Governance & Risk retired 1 September 2023
[4] Chief Executive Officer Hospitals Division until 16 July 2023. Appointed Chief Executive Officer Private Hospitals Division 17 July 2023
[5] Appointed 13 February 2023, Previous Group General Manager People and Culture, Annie Schmidt retired 10 February 2023
[6] Appointed 31 January 2023, Previous Group Mission Leader, Lisa McDonald retired 12 August 2022
[7] Commenced 29 July 2023. Dr Erwin Loh, Group General Manager Clinical Governance retired 28 July 2023
[8] Appointed 17 July 2023 to the executive leadership team

STRUCTURE AND MANAGEMENT (continued)

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 freely 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:

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.

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 will have 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.

STRUCTURE AND MANAGEMENT (continued)

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.

Information on Directors

Mr. Paul McClintock AO

Graduated in Arts and Law from the University of Sydney and is an honorary fellow of the Faculty of Medicine of that University

Life Governor of the Woolcock Institute of Medical Research

Paul was appointed to the Board of SVHA and its subsidiary Boards on 1 January 2013 and was appointed Chair on 18 October 2019. He also serves as a trustee of St Vincent's Hospital Sydney.

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

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

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

Ms. Anne Cross AM

Master of Social Work (Research) University of Queensland

Bachelor of Social Work University of Queensland

Fellow of Australian Institute of Company Directors

Member of Chief Executive Women

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

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

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

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

Ms. Anne McDonald

Bachelor of Economics

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

Graduate and Member of the Australian Institute of Company Directors

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

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

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

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

STRUCTURE AND MANAGEMENT (continued)

Information on Directors (continued)

Dr. Michael Coote

MB BS FRANZCO GAICD, Clinical Associate Professor University of Melbourne

Senior Consultant RVEEH

Lead Investigator Glaucoma Surgery Unit Centre for Eye Research Australia

Member of Australian Medical Association

Graduate of Australian Institute of Company Directors

Member of Royal Australian New Zealand College of Ophthalmology

Michael was appointed to the Board of SVHA and its subsidiary Boards on 4 August 2016. Michael also serves as a Director on the 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 Melbourne and is the previous Clinical Director of Ophthalmology. He is the managing partner of Melbourne Eye Specialists - an academic private practice in Melbourne specialising in Glaucoma management.

Michael is an active researcher, mainly in glaucoma surgery research. He developed the CERA model of bleb porosity testing and has published 50 peer reviewed manuscripts, authored 8 book chapters and has given over 50 international lectures. He is currently on the Executive Board of the International Society for Glaucoma Surgery.

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

Ms. Kathleen Bailey-Lord

Bachelor of Arts (Honours), University of Melbourne

Fellow, AICD

Graduate of the Macquarie Advanced Management Program, Harvard Executive Program, Singapore & Boston and University of Cambridge, Centre for Sustainable Leadership - Sustainability Leadership Program

Member, CEW

Appointed 17 April 2023

Melbourne-based, Kathleen is an experienced Company Director serving on boards across the public, private and for purpose sectors. Kathleen is passionate about bringing people and technology together to solve the big challenges of the day. With 20 years of senior executive experience leading businesses through complex change, to adapt and benefit from disruptive change and create sustainable value. Kathleen brings skills in transformational change, digital, technology, operational effectiveness including people, culture and business redesign. She has enjoyed executive and board roles in diverse industries (Technology, Professional Services, Financial Services, Education and Energy).

Between 2018 and 2022, Kathleen enjoyed working with the Parkville Health Precinct (comprises Melbourne Health, Royal Women's, Royal Children's and Peter Mac Cancer Centre) chairing its Connecting Care Board. This board's role was to oversight the implementation of precinct wide electronic medical records.

Kathleen is a member of the AICD Victorian Council and AICD Governance of Innovation and Technology Panel. She is an active member of Chief Executive Women. Kathleen's current boards are Janison Education Group (ASX:JAN), Datacom Group and Alinta Energy. Her past boards include Melbourne Water Corporation, Monash College, QBE Insurance (Auspac), Bank of Queensland (ASX:BOQ), Trinity College at the University of Melbourne, and the Australian Government Solicitor.

STRUCTURE AND MANAGEMENT (continued)

Information on Directors (continued)

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

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

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

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

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

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

Mr. Paul O'Sullivan

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

Advanced Management Program, Harvard Business School.

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

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

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

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

Mr. Damien O'Brien

Bachelor of Economics (UNSW)

MBA (Columbia University)

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

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

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

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

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

STRUCTURE AND MANAGEMENT (continued)

Information on Directors (continued)

Ms. Jill Watts

Wharton Fellow, MBA

Grad Dip Health Admin & Information Systems; RM; RN

Jill was appointed to the Board of SVHA and its subsidiary Boards on 01 August 2019.

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

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

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

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

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

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

Ms. Sheila McGregor

BA (Hons), LLB (Sydney University)

Graduate Australian Institute of Company Directors

Member of Chief Executive Women

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

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

Sheila is on the Boards of Crestone Holdings Limited and of the Sydney Writers' Festival. She is Chair of Sydney girls' school Loreto Kirribilli.

Sheila is a member of the Mission, Ethics & Advocacy Committee, the Clinical Governance & Experience Committee and the Aged Care Committee.

Prof. Vlado Perkovic

MBBS, PhD (University of Melbourne)

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

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

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

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

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

STRUCTURE AND MANAGEMENT (continued)

Company Secretary

Mr. Pat Garcia Bachelor of Law, Finance & Marketing, Public Policy, International Law and Security 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 a lawyer, policy expert and political strategist who has worked in all three levels of government including as the Director of Policy to the NSW Premier, as a Senior Adviser in the Department of Prime Minister & Cabinet, and as Chair of a local government planning committee. Pat is an experienced Board director whose experience spans 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 former Club Captain of Coogee Surf Life Saving Club and former Army Reserves Officer.
Mr. Robert Beetson Bachelor of Laws/Bachelor of Arts (Macquarie), Grad Dip in Legal Practice, Master of Laws (UNSW) (Human Rights & Social Justice), Grad Dip in Humanities (Italian) (UNE) Retired 31 August 2023	Rob has worked for over 40 years in the health industry. He is admitted as a Solicitor to the Supreme Court of NSW, Member of the Law Society of NSW, Member of the Governance Institute of Australia, Member Australian Lawyers for Human Rights and a Member Australian Corporate Lawyers Association. Rob is also a graduate of the Australian Institute of Company Directors. Rob was a Director of St Vincent's Care Services Boondall Ltd and St Vincent's Care Services Carseldine Ltd. He also served as a trustee of St Vincent's Hospital Sydney. He served as an Executive in St Vincent's Health Australia in the position of Group General Manager Legal, Governance & Risk until 31 August 2023.
Mr. Paul Fennessy Bachelor of Engineering (Civil) (Hons)/Bachelor of Laws (Monash)	Paul was appointed as alternate Company Secretary on 11 February 2016 and has over 20 years' experience as a lawyer. He is admitted as a Solicitor to both the Supreme Court of NSW and the Supreme Court of Victoria and holds an unrestricted NSW Practicing Certificate. Paul is the Group General Counsel for St Vincent's Health Australia.

STRUCTURE AND MANAGEMENT (continued)

Meetings of the Board and Committees

Number of meetings held	**9**	**7**	**7**	**6**	**6**	**5**	**4**	**5**
		Board Committee Meetings						
Directors	**Board**	Audit & Risk	Finance & Investment	Clinical Governance & Experience	Research & Education	People & Culture	Mission, Ethics & Advocacy	Aged Care
Mr Paul McClintock (AO) Chair	9/9				4/6			5/5
Ms Anne McDonald	9/9	7/7●	7/7					
Ms Sandra McPhee AM	9/9					5/5●	4/4	
Mr Paul O'Sullivan	8/9		7/7●			5/5		
Ms Anne Cross AM	9/9	5/7		6/6				5/5●
Dr Michael Coote	9/9			6/6	6/6●			
Ms Jill Watts	9/9		6/7			5/5		3/5
Ms Sheila McGregor	6/9			4/5	1/1		4/4	5/5
Mr Damien O'Brien	9/9	6/7					4/4●	
Prof Vlado Perkovic	9/9			5/6●	4/6			
Ms Kathleen Bailey-Lord [1]	0/1							

[1] Appointed 17 April 2023

● Committee chair

REMUNERATION

Under the legislation, the Company 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.

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

12 October 2023

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Auditor's Independence Declaration to the Directors of St Vincent's Healthcare Limited

In relation to our audit of the financial report of St Vincent's Healthcare Limited for the financial year ended 30 June 2023, 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.

Ernst & Young

Anton Ivanyi
Partner
Sydney
12 October 2023

PROFIT OR LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 $'000	2022 $'000
Revenue	A1	**69,947**	63,337
Other income	A1	**2,650**	-
Total revenue and other income		**72,597**	63,337
Goods and services		**267**	324
Finance costs		**28,893**	20,853
Depreciation	A3	**17,603**	17,510
Other expenses from ordinary activities		**277**	302
Total expenses		**47,040**	38,989
Operating surplus		**25,557**	24,348
Capital funding received	A1	**1,440**	1,652
Surplus for the year		**26,997**	26,000
Net (loss) gain on cash flow hedges		**(596)**	16,755
Total comprehensive income		**26,401**	42,755

BALANCE SHEET
AT 30 JUNE 2023

	Notes	2023 $'000	2022 $'000
ASSETS			
Current assets			
Cash and cash equivalents	B1	**11,829**	21,713
Trade and other receivables	A2	**178,121**	101,084
Investments	B2	**43,038**	-
Total current assets		**232,988**	122,798
Non-current assets			
Receivables	A2	**91,128**	136,739
Property, plant and equipment	A3	**523,677**	512,438
Investment properties	A4	**49,038**	46,738
Total non-current assets		**663,843**	695,915
Total assets		**896,831**	818,713
LIABILITIES			
Current liabilities			
Trade and other payables	A5	**1,815**	1,969
Borrowings	B3	**73,985**	51,283
Total current liabilities		**75,800**	53,252
Non-current liabilities			
Borrowings	B3	**391,660**	373,032
Total non-current liabilities		**391,660**	373,032
Total liabilities		**467,460**	426,284
Net assets		**429,371**	392,429
EQUITY			
Reserves		**14,894**	15,490
Retained surplus		**414,477**	376,939
Total equity		**429,371**	392,429

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

Consolidated	Cash flow hedge $'000	Revaluation reserve $'000	Retained surpluses $'000	Total $'000
2023				
Balance 1 July	**10,659**	**4,831**	**376,938**	**392,428**
Total surplus	**-**	**-**	**26,997**	**26,997**
Other comprehensive (loss)	**(596)**	**-**	**-**	**(596)**
Total comprehensive income	**(596)**	**-**	**26,997**	**26,401**
Transaction with the members in their capacity as members	**-**	**-**	**10,542**	**10,542**
Balance 30 June	**10,063**	**4,831**	**414,477**	**429,371**
2022				
Balance 1 July	(6,096)	4,831	352,423	351,158
Total surplus	-	-	26,000	26,000
Other comprehensive gain	16,755	-	-	16,755
Total comprehensive income	16,755	-	26,000	42,755
Transaction with the members in their capacity as members	-	-	(1,485)	(1,485)
Balance 30 June	10,659	4,831	376,938	392,428

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 $'000	2022 $'000
Cash flows from operating activities			
Receipts in the course of operations (including GST)		**56,614**	54,583
Payments in the course of operations (including GST)		**(826)**	(1,002)
Interest and dividends received		**13,095**	8,754
Interest paid		**(20,456)**	(14,656)
Net cash flow from operating activities		**48,427**	47,679
Cash flows from investing activities			
Payments for property, plant, equipment and intangibles		**(29,734)**	(10,920)
Net payments for investments		**(43,038)**	-
Capital funding received		**1,440**	1,652
Net cash flow (used) from investing activities		**(71,332)**	(9,268)
Cash flows from financing activities			
Net cash sweeps (to) related parties		**(53,424)**	(44,603)
Loans to related parties		**(204)**	(49,658)
Repayment of loans from related parties		**45,520**	33,012
Repayment of borrowings		**(15,871)**	(45,548)
Proceeds from borrowings		**37,000**	48,000
Net cash flow / (used) from financing activities		**13,021**	(58,797)
Net (decrease) in cash and cash equivalents held		**(9,884)**	(20,386)
Cash at the beginning of the financial year		**21,713**	42,099
Cash at the end of the financial year	B1	**11,829**	21,713

NOTES TO THE FINANCIAL STATEMENTS: About this report
FOR THE YEAR ENDED 30 JUNE 2023

St Vincent's Healthcare Limited (the "Company") is a not-for-profit company limited by guarantee, incorporated and domiciled in Australia.

The financial report was authorised for issue by the Directors on 12 October 2023. The Directors have the power to amend and reissue the financial report.

Basis of preparation

The Company is not a reporting entity because in the opinion of the directors, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, a special purpose financial report has been prepared to satisfy the directors' reporting requirements under the Australian Charities and Not-for-profits Commission Act 2012 (Cth).

The financial report is a special purpose financial report which:

- has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards and Interpretations, and other authoritative pronouncements of the Australian Accounting Standards Board and the Australian Charities and Not-for-profits Commission Act 2012 (Cth). It contains only those disclosures considered necessary by the directors to meet the needs of the members;
- has 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;
- 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.

Going concern

During the year, the Company borrowed surplus funds from commonly controlled entities within the consolidated Group and used these funds to fund expansionary work. These intercompany loans, while technically repayable at call, are unlikely to be called in the near future.

The financial report has been prepared on a going concern basis as the directors are of the opinion that the Company can pay its debts as and when they fall due. The directors and key management personnel have formed this opinion based on the following:

- the Company rents its health care facilities to related companies at rates which are generally below market and the Company has the capacity to increase those cash flows if necessary; and
- the Company has a substantial net asset position.

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 Company. 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 Company;
- it helps to explain the impact of significant changes in the Company's business; or
- it relates to an aspect of the Company's operations that is important to its future performance.

Key accounting estimates and judgements

The Company 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***
Property, plant and equipment – assessment of useful lives and impairment assessment	A3
Investment properties – assumptions underlying valuation	A4

This section explains the results and performance of the Company. 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 AND OTHER INCOME

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

	2023	2022
	$'000s	$'000s
Rent and other property revenue	**56,851**	54,582
Interest income	**13,096**	8,755
Total revenue	**69,947**	63,337
Net gain from fair value adjustment on Investment	**350**	-
Net gain from fair value adjustment on Investment properties	**2,300**	
Total other income	**2,650**	-
SVPHS new East Wing and refurbishment	**1,440**	1,652
Total capital funding received	**1,440**	1,652

(i) Accounting policy

The Company recognises revenue and other income when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Company. Amounts disclosed are recognised at the fair value of the consideration received or receivable and are net of returns, trade allowances, rebates, goods and services tax ("GST") levied and amounts collected on behalf of third parties.

Rent and other property revenue is recognised when services are provided.

A2 TRADE AND OTHER RECEIVABLES

	2023	2022
	$'000s	$'000s
Current		
Loans to related parties (B4)	**166,277**	90,224
Derivative asset (iv)	**10,063**	10,659
Other receivables	**1,781**	201
Total current receivables	**178,121**	101,084
Non-current		
Loans to related parties	**109,128**	154,739
Less: allowance for expected credit losses from loans to related parties	**(18,000)**	(18,000)
Total non-current receivables	**91,128**	136,739

(i) Accounting policy

Other receivables are recognised initially at fair value and subsequently measured at amortised cost, less an allowance for impairment. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets.

Other receivables generally arise from transactions outside the usual operating activities of the Company. Interest is not charged in respect of these outstanding balances. Collateral is not normally obtained.

(ii) Financial risk management

Credit risk

Credit risk in respect of amounts due from related parties (primarily associated entities to the SVHA Group) is considered to be low given the history and stability of the SVHA Group. 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.

A3 PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings	Plant and equipment	In course of construction	Total
	$'000	$'000	$'000	$'000	$'000
Year ended 30 June 2023					
Cost	**200,574**	**614,913**	**1,208**	**44,716**	**861,411**
Accumulated depreciation	**-**	**(336,526)**	**(1,208)**	**-**	**(337,734)**
Net carrying amount	**200,574**	**278,387**	**-**	**44,716**	**523,677**
Movement					
Carrying amount at 1 July	**200,574**	**293,801**	**-**	**18,063**	**512,438**
Additions – development	**-**	**2,189**	**-**	**26,653**	**28,842**
Depreciation	**-**	**(17,603)**	**-**	**-**	**(17,603)**
Carrying amount at 30 June	**200,574**	**278,387**	**-**	**44,716**	**523,677**
Year ended 30 June 2022					
Cost	200,574	612,724	1,208	18,063	832,569
Accumulated depreciation	-	(318,923)	(1,208)	-	(320,131)
Net carrying amount	200,574	293,801	-	18,063	512,438

A3 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 Company 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
Plant and 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.

A4 INVESTMENT PROPERTIES

	2023	2022
	$'000s	$'000s
Opening balance at 1 July	**46,738**	46,738
Net gain from fair value adjustment (A1)	**2,300**	-
Closing balance at 30 June	**49,038**	46,738

Investment properties, principally comprising strata titled suites rented to doctors, are held for long-term rental yields and are not occupied by the Company.

(i) Accounting policy

Investment properties are initially recognised at cost including any acquisition costs and subsequently stated at fair value at each balance date. Fair value which is based on active market prices, adjusted for any difference in the nature, location or condition of the specific asset. If this information is not available, the Company uses alternative valuation methods such as recent prices in less active markets or discounted cash flow projections. Any gain or loss arising from a change in fair value is recognised in the profit or loss in the period.

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.

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.

(ii) Fair value

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.

At 30 April 2021, the investment properties were independently valued by Charter Keck Cramer ("Charter"), a member of the Australian Property Institute. The basis of the investment properties 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 Charter 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 income capitalisation method	Gross market rent (rate per m^2)	$13,000 - $17,000
	Adopted capitalisation rate	4.25%

The Directors have assessed the fair value of the investment properties as of 30 June 2023 and consider it appropriate.

A4 INVESTMENT PROPERTIES (continued)

(iii) Non-current assets pledged as security

Refer to note B3(iv) for information on non-current assets pledged as security by the Company.

(iv) Leasing arrangements

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

(v) Other

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

A5 TRADE AND OTHER PAYABLES

	2023 $'000s	2022 $'000s
Current		
Trade creditors and accrued expenses	**1,815**	1,969
	1,815	1,969

(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.

This section provides information which will help users understand the financing activities of the Company.

B1 CASH AND CASH EQUIVALENTS

Cash and cash equivalents of $19,867,000 (2022: $21,713,000) comprise cash at bank and short-term deposits.

The Company holds cash in current accounts and term deposits and the balance is unrestricted.

(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 Company, and earn interest at the respective short-term deposit rates.

B2 INVESTMENTS

	2023 $'000s	2022 $'000s
Current		
Fair value through profit or loss financial assets	**8,038**	
Other financial assets at amortised cost	**35,000**	-
	43,038	-

(i) Accounting policy

Refer to Note D4, 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 Company has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level is included in note D2.

B3 BORROWINGS

	2023 $'000s			2022 $'000s		
	Current	**Non-current**	**Total**	Current	Non-current	Total
Secured						
Amounts due to the Trustees of Mary Aikenhead Ministries (iv)	**6,209**	**86,753**	**92,962**	5,871	95,068	100,939
	6,209	**86,753**	**92,962**	5,871	95,068	100,939
Unsecured						
Loans from related parties (B4)	**67,776**	**6,407**	**74,183**	45,412	6,464	51,876
Bank loan (ii)	**-**	**298,500**	**298,500**	-	271,500	271,500
	67,776	**304,907**	**372,683**	45,412	277,964	323,376
	73,985	**391,660**	**465,645**	51,283	373,032	424,315

(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) Unsecured bank loan

$298,500,000 bilateral bank loan (2022: $271,500,000)

The Company 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 4.17% at 30 June 2023 (2022: 3.56%).

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.

(iii) Financing arrangements

The Company has limited undrawn borrowing facilities that are not committed to current capital projects. Given the nature of the Company and the financial obligations that it currently has, this position is considered to be of low risk. The Company has access to $201,500,000 in undrawn borrowing facilities, at variable rates (2022: $228,500,000).

B3 BORROWINGS (continued)

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

On 1 January 2003, the Company 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 Company 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 Company 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 Company 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 the 2023 financial year, there was a reversal of an adjustment to the loan which was processed in the 2021 financial year due to a review of the original accounting treatment. This resulted in a reduction of the loan value of $10,554,000 in the current financial year with a corresponding increase in equity.

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 2023 year was $5,871,420 and will change in 2024 by the change in CPI.
- Security - the loan is secured by a mortgage over the majority of the assets of the Company.
- 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:

	2023 **$'000s**	2022 $'000s
Subordinated mortgage		
Freehold land and buildings	**198,431**	204,852
Investment properties	**46,738**	46,738
Total assets pledged as security	**245,169**	251,590

B4 RELATED PARTY TRANSACTIONS

Transactions with related parties during the year ended 30 June 2023 consisted of:

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

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

(c) Payment of interest on the above loans;

(d) Recovery of leases ;

The following transactions occurred:

	2023 $'000s	2022 $'000s
Lease income from:		
Commonly controlled entities	**40,061**	38,438
Other related parties	**16,790**	16,144
	56,851	54,582
Interest revenue from:		
Commonly controlled entities	**6,943**	7,711
Capital funding received from:		
Other related parties	**1,440**	1,652
Interest expense paid to:		
Commonly controlled entities	**6,234**	2,841
Other related parties	**-**	1,540
Trustees of Mary Aikenhead Ministries	**8,437**	6,152
	14,671	10,533

	2023 $'000s			2022 $'000s		
	Current	**Non-current**	**Total**	Current	Non-current	Total
Loans to related parties						
Parent entity	**57,360**	**56,825**	**114,185**	26,760	56,825	83,585
Commonly controlled entities	**107,661**	**52,303**	**159,964**	63,464	97,914	161,378
Other related parties	**1,256**	**-**	**1,256**	-	-	-
	166,277	**109,128**	**275,405**	90,224	154,739	244,963
Provision for impairment of loans to related parties						
Commonly controlled entities	**-**	**(18,000)**	**(18,000)**	-	-	-
Loans from related parties						
Commonly controlled entities	**7,883**	**6,407**	**14,290**	5,736	6,464	12,200
Other related parties	**59,893**	**-**	**59,893**	39,676	-	39,676
	67,776	**6,407**	**74,183**	45,412	6,464	51,876

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

C1 COMMITMENTS

Capital commitments

Commitments for capital projects contracted for at the balance date but not recognised as liabilities are as follows:

	2023 $'000s	2022 $'000s
Within one year	**108,000**	22,000
Later than one year but not later than 5 years	**78,000**	131,000
	186,000	153,000

C2 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 Company are detailed below. No material losses are anticipated in respect of any of these contingent liabilities.

Entity with Rights	**Nature of Security or Obligation**	**2023 $'000s**	2022 $'000s
Doctors owning strata title suites in the St Vincent's Clinic building	The Company 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 the Company has committed to repurchase in the event that they cannot be sold.	**76,569**	72,982

C3 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 Company, but must be disclosed to comply with the Accounting Standards, the *Australian Charities and Not-for-profits Commission Regulation 2013.*

D1 AUDITOR'S REMUNERATION

The fees for SVHC audit and other non- assurance services are paid by St Vincent's Health Australia.

D2 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 Company 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 Company 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.

D3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretation

Several other amendments and interpretations apply for the first time in the period beginning on or after 1 July 2022, but do not have an impact on the financial statements of the Company. The Company 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	Application of Standard	Application by Comapny
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	In January 2020, the Board issued amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current. The amendments clarify: • What is meant by a right to defer settlement • That a right to defer must exist at the end of the reporting period • That classification is unaffected by the likelihood that an entity will exercise its deferral right • That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification This amendment has no material impact on the financial statements of the Company.	1 January 2023	30 June 2023
Definition of Accounting Estimates - Amendments to IAS 8	In February 2021, the Board issued amendments to IAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. This amendment has no material impact on the consolidated financial statements of the Company.	1 January 2023	30 June 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements (the PS), in which it provides 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	1 January 2023	30 June 2023

D4 OTHER ACCOUNTING POLICIES

AASB 16 *Leases*

Policy applicable from 1 July 2019

At Inception of a contract, the Company 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 Company 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 Company has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company 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 Company has the right to direct the use of the asset if either the Company has the right to operate the asset, or the Company 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 Company 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 Company 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 Company has made the following judgements.

In determining the lease term used to ascertain total future lease payments, the Company 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 Company 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 Company.

Where the Company 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 Company estimates the IBR using market interest rates.

D4 OTHER ACCOUNTING POLICIES (continued)

AASB 16 *Leases* (continued)

As a lessee

The Company 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 Company's incremental borrowing rate. Generally, the Company 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 Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company 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 Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company 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.

Short term leases and leases of low-value assets

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

D4 OTHER ACCOUNTING POLICIES (continued)

AASB 16 *Leases* (continued)

As a lessor

When the Company 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 Company 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. As part of this assessment, the Company 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 Company applies AASB 15 to allocate the consideration in the contract.

The Company 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 Company 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 Company 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 Company 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

The Company is exempt from income tax under the provisions of Section 50-30 of the *Income Tax Assessment Act* 1997.

D4 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.

Current versus non-current classification

The Company 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 Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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 Company 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.

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 Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Company 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.

D4 OTHER ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

The Company'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 Company commits to purchase or sell the assets.

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 Company. The Company 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 principle and interest on the principle 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 Company'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 Company 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.

D4 OTHER ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Derecognition

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

- The rights to receive cash flows from the asset have expired; or
- The Company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company 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 Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company 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 Company 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 Company could be required to repay.

Impairment of financial assets

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

- Trade receivables (Note A2)

The Company 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 Company 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).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and economic environment. The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

D4 OTHER ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

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 Company'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 Company 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 Company 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 Company. 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.

D4 OTHER ACCOUNTING POLICIES (continued)

Cash flow hedges (interest rate swap contracts)

The Company 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 Company 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 Company 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 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 meet all the qualifying criteria for hedge accounting are accounted for cash flow hedges by the Company.

Under interest rate swap contracts, the Company agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Company 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 Company's cash flow hedges settle on a quarterly basis. The Company 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 Company'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 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.

D4 OTHER ACCOUNTING POLICIES (continued)

Software-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Company with the right to access the cloud provider's application software over the contract period. As such the Company 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.

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2023

In the Directors' opinion:

(a) the financial statements and notes set out on pages 13 to 41 of the Company 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 2013*; and

(ii) giving a true and fair view of the Company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date;

(b) there are reasonable grounds to believe that the Company 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.

Paul McClintock

____

Mr Paul McClintock AO, Chair

Sydney

12 October 2023

Building a better working world

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Independent auditor's report to the members of St Vincent's Healthcare Limited

Opinion

We have audited the financial report, being a special purpose financial report, of St Vincent's Healthcare Limited (the Company), which comprises the balance sheet as at 30 June 2023 , the statement of profit or loss account and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors declaration.

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

a. Giving a true and fair view of the Company's balance sheet as at 30 June 2023 and of its profit or loss account and other comprehensive income for the year ended on that date; and

b. Complying with Australian Accounting Standards to the extent described in Basis of Preparation Note, 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 Company 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.

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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 and have determined that the basis of preparation described in Note 1 to the financial statements is appropriate to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and is appropriate to meet the needs of the members. The directors' responsibility also includes 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 Company'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 Company 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 Company'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 Company'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 Company 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 business activities within the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the 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
12 October 2023