ADVANCING HEALTH

2013–2014

ST VINCENT'S HOSPITAL MELBOURNE ANNUAL REPORT

ST VINCENT'S HOSPITAL
MELBOURNE

A FACILITY OF ST VINCENT'S HEALTH AUSTRALIA

Annual report

Contents

Report of Operations 2014

Responsible Bodies Declaration

In accordance with the Financial Management Act 1994, we are pleased to present the Report of Operations for St Vincent's Hospital (Melbourne) Limited for the year ending 30 June 2014.

Mr Gary Humphrys
Board Director
Dated 20th August 2014
Melbourne

Mr Ben Fielding
Chief Executive Officer
Dated 20th August 2014
Melbourne

THE PROOF IS IN THE PEOPLE

Message from the Trustee, Chairman

This is a very special year for Mary Aikenhead Ministries and St Vincent's Health Australia (SVHA) as we celebrate 175 years of pioneering spirit and compassionate care by the Sisters of Charity in Australia.

On 31 December 1838 the first five Sisters sent from Ireland reached Australia, on a mission to provide healing to those most in need. From humble beginnings, the Sisters laid the foundation for one of the most significant health and aged care providers in the not-for-profit sector. Their ministries in education and welfare also continue to nourish the minds and lives of communities to this day.

St Vincent's Hospital Melbourne, established by the Sisters in 1893 to bring the healing Ministry of Jesus to all we serve, is part of this remarkable heritage. Today, St Vincent's staff continue to bring to patients and their families a lived experience of compassion, justice, integrity and excellence through the way that they deliver person centred health and aged care services.

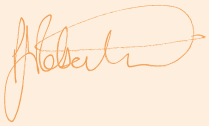
During the year, SVHA made significant structural changes to shift our national organisation from a regional structure towards a service-line structure with three divisions – public hospitals, private hospitals, and aged care. St Vincent's Hospital Melbourne and her sister public hospital network in Sydney are now part of the Public Hospitals Division. In a challenging and dynamic health care environment, we believe this change will bring huge benefits in improving operational effectiveness for patient centred care and fostering greater collaboration across our facilities.

In 2014, we welcomed Toby Hall (as the CEO of the SVHA Group), Patricia O'Rourke (to a new role as CEO of the Public Hospitals Division) and Ben Fielding (as CEO of St Vincent's Hospital Melbourne) and we thank them for their leadership and the hospital's achievements.

It was with sadness that in July this year we learned of the passing of Ms Lorraine Elliott, AM. Lorraine had served St Vincent's Hospital Melbourne and the Sisters of Charity in a variety of governance leadership roles for over a decade. We will particularly remember her for her compassion, grace and wisdom. We acknowledge with thanks the valuable contributions and the ongoing commitment of all members of the Regional Advisory Council and other governance committees in Melbourne.

Finally, we congratulate and thank the Executive, staff and volunteers at St Vincent's Hospital Melbourne together with the hospital's many partners, donors and other supporters. Together they form the extended St Vincent's community who live out, through our health and aged care ministries, a commitment to social justice and respect for human dignity in ways that transform, inspire, liberate and nurture.

Mr David Robinson,
Chairperson,
Trustees of Mary Aikenhead Ministries



Mr Paul Robertson
Board Chair
St Vincent's Health Australia

Mr David Robinson

Mr Paul Robertson

Message from the CEO

It is with great pleasure that I present the 2013–14 Annual Report for St Vincent's Hospital Melbourne, my first since joining St Vincent's as Chief Executive Officer in February. I arrived with a strong sense of optimism, but with each passing week my estimation of St Vincent's and its people continues to grow, as does my enthusiasm for the future of this great institution.

In November 2013, St Vincent's celebrated 120 years since the Sisters of Charity established a hospital serving the poor in inner city Melbourne. Our founders were driven by a determination that all people, regardless of circumstance, should have access to the highest standards of healthcare.

St Vincent's has grown into one of Australia's premier tertiary teaching hospitals, with an abiding commitment to caring for the most disadvantaged in our community. St Vincent's is a health service, a research institute, an educational community and a not-for-profit business – our services extend well beyond the walls of our facilities. The Sisters pioneering spirit and compassionate care inspires our approach today – it is evident in every episode of care, drives our clinicians to find and develop new and better treatments, is the foundation of our clinical education programs, and inspires our research teams.

There is something distinctive about the culture, atmosphere, and nature of care at St Vincent's which makes us uniquely placed to be the standard-bearers for person-centred care, and to respond to the health challenges of the future, in the context of the social determinants of health.

In 2013–14 St Vincent's made great strides in our access performance, treating more surgical patients than ever before and offering more timely care to our emergency patients, while maintaining the strong and responsible financial management for which we are widely respected.

Our education and research programs are pillars of excellence, respected in their own right and enriching the healthcare we provide for our community. St Vincent's leadership in clinical education was confirmed in May, winning the first Victorian Clinical Training Award. We will continue to strive to provide an education experience like no other for the physicians, surgeons, nurses and allied health professionals of tomorrow.

In research, our determination to see the Aikenhead Centre for Medical Discovery move from vision to reality to success is unwavering. The ACMD will be the first biomedical engineering research and education centre in Australia. It will build collaboration and innovation into the centre's foundations, uniting multidisciplinary teams, in a common purpose, and providing the right environment to thrive.

St Vincent's has a rich heritage, strong foundations, and a record of achievement and innovation. In the year ahead we look forward to working with the Department of Health on a new Health Services Agreement. We see the development of this new Agreement as a once in 25 year opportunity to shape St Vincent's place and standing in the state's health sector and economy, and provide a firm foundation for a new generation of care.

Ben Fielding
Chief Executive Officer

Ben Fielding
Chief Executive Officer

About St Vincent's

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

St Vincent's Hospital operates at 15 sites across greater Melbourne, including a major teaching, research and tertiary referral centre situated in Fitzroy, sub-acute care at St George's Health Service Kew, palliative care at Caritas Christi Hospice, as well as aged care, correctional health, pathology collection centres, general practice services and dialysis satellite centres.

In 2013–14 St Vincent's Hospital treated 48,234 acute inpatients that equated to 48,806 WIES (Weighted Inlier Equivalent Separations). The hospital also recorded 127,191 non-admitted clinic attendances. Across the sub-acute setting a total of 54,336 weighted bed days were separated for rehabilitation and GEM (Geriatric Evaluation and Management) programs and 15,243 weighted bed days were separated for palliative care patients.

As at 30 June 2014, St Vincent's Hospital had 636 beds across all of its services.

Governance

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

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

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

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

St Vincent's Hospital Melbourne is led by CEO Ben Fielding and an executive team. The St Vincent's Health Australia (SVHA) Board has established Regional Advisory Councils in New South Wales and Victoria. These councils provide the SVHA Board and the St Vincent's Melbourne CEO with advice, support and insight into the local community and health services, and strategic links to local Church, government and community and inform the SVHA Board in relation to the strategic direction of SVHA and St Vincent's Melbourne.

Mission

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

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

About St Vincent's

Our vision

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

Our care is:

- Provided in an environment underpinned by mission and values
- holistic and centred on the needs of each patient and resident
- high-quality, safe, and continuously improving to ensure best practice
- innovative and informed by current research using contemporary techniques and technology
- delivered by a team of dedicated, appropriately qualified people who are supported in a continuing development of their skills and knowledge
- committed to a respect for life in accordance with the Gospel.

Values

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

In all our activities we strive to demonstrate:

Compassion
Integrity
Justice
Excellence

15
sites across greater Melbourne

48,234
acute inpatients were treated

127,191
non-admitted clinic attendances

636
beds across all of its services

5,000
patients were treated at the Heart Centre in it's first six months of operation.

93
93 of the 178 medical students chose St Vincent's as their first preference

6
awards were won, including the Chairman's Award for excellence, at the 2013 SVHA Quality Awards.

$387,900
of funding was received to create two female only areas in the Acute Inpatient Service

$8.5 million
was secured to drive innovation to lead to medical breakthroughs

Year in Review

New CEO Ben Fielding

Ben Fielding took over the position of the hospital CEO in February. As an experienced health service leader and management consultant, Ben has over 20 years' senior operational experience working with hospital boards, executives, system managers and their stakeholders across the public, private and NGO sectors.

Ben joined St Vincent's from Ernst and Young, where he was a senior partner, leading the health advisory businesses, advising on major strategic and operational issues facing health services in Victoria and Canberra. Ben has previously held senior positions in health services here and in the UK.

Ben brings to St Vincent's enormous depth and breadth of experience in the health sector, a thorough understanding of the healthcare environment, and strong relationships across the sector and with state and federal governments.

Ben's skills and experience help put St Vincent's in a position to make the most of opportunities and meet the challenges of public healthcare provision, now and in the future.

New organisational structure

The medical leadership team at St Vincent's Melbourne has been expanded, with the creation of a number of clinical director positions designed to empower and increase the number of senior clinical roles across our various services.

Nationally, a restructure by St Vincent's Health Australia created service divisions within the organisation. The new structure contains three divisions-public hospitals, private hospitals and aged care and shared services. St Vincent's Hospital Melbourne now reports to Professor Patricia O'Rourke, the SVHA Chief Executive Officer, Public Hospitals Division.

08.04.2014

Islet Cell Transplantation Centre Opening

Year in Review

A new national centre at St Vincent's

This year, the Nationally Funded Centre for Islet Cell Transplantation opened at St Vincent's. The centre delivers a revolutionary medical treatment to people across Australia suffering from life-threatening Type 1 diabetes.

This novel procedure involves isolating islets from a donated pancreas, then infusing them into the liver of the recipient. Once transplanted, the islets begin to produce insulin and can actively regulate the level of glucose in the blood.

Unstable Type 1 diabetes, in which patients are unaware they have dangerously low blood glucose levels, is a complex condition that can cause frequent unconsciousness and if not managed adequately can be deadly. The life changing procedure gives hope to patients who cannot be treated with traditional insulin injections.

The centre is co-hosted by the hospital and St Vincent's Institute of Medical Research (SVI) in conjunction with New South Wales' Westmead Hospital and South Australia's Royal Adelaide Hospital.

New St Vincent's Heart Centre

120 years after the official opening of St Vincent's Hospital in Fitzroy, the new Heart Centre was opened by Deputy Premier Peter Ryan and the Archbishop of Melbourne, Denis Hart DD.

The Heart Centre provides a 'state of the art' facility for cardiac outpatients; it offers diagnostic and privatised consultative services, the latest technology and procedures along with integrated clinical care, education, research and preventative health all under the one roof

It is a 'one stop shop' for the prevention, diagnosis and treatment of cardiovascular diseases through best clinical services, research and education while focusing on the individual needs of the patient. The Heart Centre treated almost 5,000 patients in its first six months of operations.

13.11.2013
Heart Centre Blessing and Opening

Year in Review

ViCTA – People in Health Awards

St Vincent's took home the top prize at the first People in Health Awards this year, winning the Victorian Clinical Training Award. The People in Health Awards recognise exceptional commitment, dedication and passion in clinical education, training and workforce development.

The ViCTA recognises St Vincent's leadership in clinical education for all specialties – medicine, nursing and allied health.

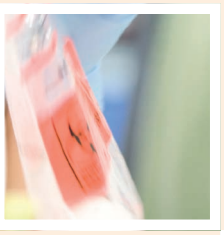
St Vincent's prides itself on providing a learning experience like no other. It's an approach that fosters a lifelong commitment to excellence and compassionate person-centred care.

The University of Melbourne St Vincent's Clinical School is the state's most sought after. In 2014, 93 of the 178 medical students who could apply to the major metropolitan hospitals chose St Vincent's as their first preference. The quality of the clinical education is reflected in the student results. Last year, 18 of the 50 top-performing final year medical students were from St Vincent's, including the valedictorian.

St Vincent's graduate nursing program is equally popular – for the 2014 program 901 candidates applied for just 108 positions.

St Vincent's was also recognised at the People in Health awards for its commitment to promoting cultural understanding among staff and supporting the next generation of Aboriginal clinicians. Senior Aboriginal Liaison Officer Michelle Winters won the Aboriginal Mentor Award. Michelle has been instrumental in shaping St Vincent's cultural awareness training and the development of partnerships with Aboriginal community controlled organisations, while also providing mentoring and support to the Aboriginal Hospital Liaison team.

22.05.2014
People in Health Awards



Year in Review

Nocturnal Dialysis

At the Victorian Public Healthcare Awards, St Vincent's Nephrology team won the Award for Excellence in Patient-Centre Care for the Nocturnal In-centre Haemodialysis service.

This program, the first of its kind in Victoria, provides an opportunity for optimal overnight dialysis for those whose social circumstances had previously made the option impossible.

There is increasing evidence of improved survival and better clinical and psychological outcomes in patients who have longer dialysis sessions

Extended hours dialysis has traditionally only been available to those able to manage haemodialysis in their own homes. For patients who are socially or physically disadvantaged dialysis at home may not be an option.

The service represents a paradigm shift for those involved with care of satellite dialysis patients – essentially bringing what was an exclusively home-based therapy into the dialysis facility environment.

Patient satisfaction with the service has been very high and it has delivered meaningful improvements in blood pressure control, blood chemistry, cardiac function and quality of life.

Award winning services

St Vincent's Hospital Melbourne also scooped the pool at St Vincent's Health Australia Awards, winning six of the 11 gongs, including the Chairman's Award for Excellence for our work to improve cardiac care in Aboriginal patients.

The anaesthetics team won Catholic Health Australia's Leadership in Positive Ageing Award, for their research into the long-term effects of anaesthesia and surgery on older people with mild age-related memory loss.

Prague House received national recognition for its innovative music program that sees residents write, sing and record their own music.

The Aged Care Standards and Accreditation Agency presented St Vincent's with a Better Practice Award, one of just 38 awards across Australia that recognise innovation and better practice in aged care.

16.10.2013
St Vincent's wins six categories at SVHA Quality Awards

20.11.2013
Nephrology team wins Victorian Public Health Award

Year in Review

ICU Nutrition named among best of the best

St Vincent's Intensive Care Unit (ICU) was recently recognised as a global leader in intensive care nutrition, placing fourth in the 2013 International Nutrition Survey 'Best of the Best' award amongst a field of 116 qualifying ICUs. St Vincent's Melbourne was the highest ranking health service in Australia.

Management of the critically ill patient requires complex care from a multidisciplinary team of clinicians, who require specialist skills and knowledge. An essential aspect in this collaborative care is optimal nutrition, which has been shown to improve clinical outcomes of patients in intensive care.

The International Nutrition Survey is an audit of nutrition practices which is conducted every two years. It's based on a number of criteria, including how quickly nutrition commences, use of a feeding protocol, overall adequacy of nutrition received, appropriate management of feeding intolerances and sufficient control of blood sugar (glucose) levels.

Accreditation

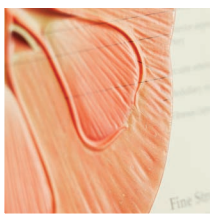
St Vincent's accreditation periodic review, provided an excellent opportunity to showcase some excellent work. It was the first time that the hospital was surveyed under the new national standards and the EQuIPNational framework.

The survey coordinator said she had not met a more 'consistently enthusiastic, committed and dedicated' team and described St Vincent's staff as 'an exceptional bunch' who were a credit to the organisation. Surveyors made particular note of the fact that staff, whether they were engaged in clinical care or not, saw their role in a patient care context.

One surveyor said "the respect and inclusion you clearly display to your clients is a credit to you and I feel privileged to have been able to witness it". Another said they were "blown away" by a number of initiatives at the hospital

SVHA Board member Sr Maryanne Confoy RSC closed the summation, thanking both staff and the surveyors for all that they had done, observing that the charism of the Sisters of Charity was alive and well, and that their mission had not only been passed on, it had been enriched.

30.12.2013
ICU Nutrition named among 'best of the best'



Year in Review

St Vincent's showcased at Redesign Fair

St Vincent's expertise in improvement and redesign continues to be recognised with staff being invited to deliver three of the 12 presentations made at the Commission for Hospital Improvement's annual Redesign Fair.

With the theme 'Looking back, looking forward and local innovation', the fair provided an opportunity for more than 180 people across 34 health services to share their experiences and engage in meaningful discussions about the opportunities and challenges of redesign.

Representatives from St Vincent's were asked to present on implementation of the Productive Ward series, building lean capability within Pharmacy services, and the positive impact the Electronic Patient Journey Boards made to patient discharge planning.

Executive Director of Planning and Government Relations, Andrew Crettenden, was also invited to chair a session on local innovation.

Electronic patient journey board

After a pilot trial across two medical and surgical wards last year, the Electronic Patient Journey Board (EPJB) was rolled out across the health service in 2014, making important information about the patient's care pathway available at a glance, using any networked computer across the health service.

The EPJB incorporates the key information captured in traditional patient journey boards – patient demographics, nurse and contact number, alerts, allied health referral status and discharge planning information. However, as an electronic tool, it allows for remote login, therefore enhancing access for the multiple staff groups and teams involved in the patient's care, who are not always physically co-located on the ward.

Other benefits of the EP JB include improved bed management across the hospital, through easier anticipation and monitoring of bed demand and enhanced data collection and reporting.

Following the trial period, there was a measurable improvement in average length of stay, with the number of days trending at a significantly lower level across the pilot wards than in the six months prior.

The value of the St Vincent's-developed EPJB has been recognised by other Victorian health services with Wimmera Health Care Group entering into an agreement with SVHM to purchase the journey board to customise for use in their organisation.

28.03.2014
St Vincent's showcased at Redesign Fair

Year in Review

Opening of women's only areas in mental health

As part of the Safety of Women in Mental Health Care initiative by the Department of Health, St Vincent's received funding of $387,900 to create two female only areas in the Acute Inpatient Service. The successful submission was developed in collaboration with staff, patients, and the Victorian Women's Mental Health Network.

Up to six women can sleep in each of the two areas which are only accessible with the use of an electronic wrist band. Female consumers are provided with the band following a risk assessment which gives them access to a bedroom and lounge room.

Nursing Clinical School opening

St Vincent's and the Australian Catholic University have joined forces to develop a new Clinical School for nurses.

The Australian Catholic University and St Vincent's Nursing Clinical School will deliver genuine educational benefits but also reflects the standing of contemporary nursing as a profession — a profession where nurses are care givers and clinicians but also researchers, educators and health service leaders.

The previous undergraduate model involved nursing students undertaking clinical placements at many different health services. Students of the ACU and St Vincent's Clinical School will, by contrast, complete every placement at St Vincent's, apart from obstetrics and paediatrics. The Clinical School welcomed 16 students this year but it is hoped that number will grow over time.

A key benefit for students is that they can begin learning in the workplace immediately, as they won't be moving from hospital to hospital, losing time on orientation or getting to know new systems.

02.06.2014
Electronic Patient Journey Board roll-out

26.05.2014
Nursing Clinical School opening

Year in Review

NHMRC funding – more than $8.5m

St Vincent's Hospital Melbourne and its campus partners were very successful in the National Health and Medical Research Council funding round announced in October.

St Vincent's researchers secured almost $8.5 million which will contribute to driving innovation to lead to medical breakthroughs.

Taking into account funding secured by research collaborators, who together make up the Aikenhead Centre for Medical Discovery (ACMD), over $15 million was injected into the Eastern Hill precinct.

In a year where less than 20% of applications were successful, this success highlights the world class research that is occurring on the campus.

St Vincent's Clinical School refurbishment

The newly refurbished and modernised clinical school creates a benchmark in 21st century education, and is home to the University of Melbourne MD Program along with Australia's only professional masters' level programs in physiotherapy and speech pathology. The renovations mean MD program students will now have access to innovative learning platforms to optimise their learning experience and enhance the reputation of the program.

The Clinical School has a strong history with the University of Melbourne, being the first to secure an official teaching agreement in 1910. The School's reputation has gone from strength to strength throughout its 103 years as it has trained medical students who have become world leaders in their fields.

05.07.2013
St Vincent's Clinical School refurbishment

24.01.2014
Opening of women's only areas in Mental Health

Year in Review

Thank you to our community of supporters

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

Trusts and foundations

$50,000+
F & E Bauer Foundation
Gandel Philanthropy
The Ian Potter Foundation
The Muriel and Les Batten Foundation
Rowe Family Foundation, managed by Perpetual
The Samuel Nissen Charitable Foundation, managed by Perpetual
Stuart Horne Foundation
Sylvia & Charles Viertel Charitable Foundation

$25,000+
The Australian Kidney Foundation trading as Kidney Health Australia
Collier Charitable Fund
The Ethel Herman Charitable Trust, managed by Perpetual

$10,000+
auDA Foundation
The J&R McGauran Trust, managed by Perpetual
Patricia Madigan Charitable Trust, managed by Perpetual
Shepherd Foundation
T Roberts & R B Ditchfield Fund, managed by Perpetual
William Joseph Payne Trust

$5,000+
John Ward Thompson Endowment
The Isobel Hill Brown Trust, managed by Perpetual
Marks Herman Charitable Trust, managed by Equity Trustees
Syd & Ann Wellard Perpetual Charitable Trust, managed by Equity Trustees

Major donors

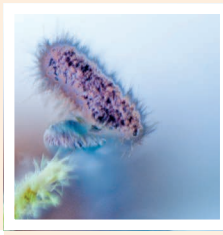
$200,000+
The Pratt Foundation

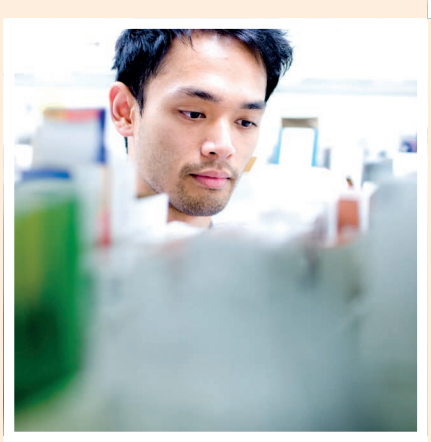
$100,000+
Fergus & Judy Ryan

$50,000+
David & Kathy Mackintosh
The Fox Family Foundation
Num Pon Soon Charitable Trust

$10,000+
Brenda Shanahan
Dorothy Heeley
James and Kathleen Duggan
Karin MacNab
Leslie and Judy Glick
Noel O'Brien

$5,000+
Alice Vaughan
David J Keath
Italian Services Institute Tony Lawrence
John O'Grady
John Ralph
Joseph Cappadona
Order of Malta Hospice Home Care (VIC) INC
Peter de Rauch
Peter Wood
Todd Russell Bourne





Year in Review

Corporate, business, sponsorship

$50,000+
NuVasive

$30,000+
LUCRF Super

$5000+
The Better Image

Bequests and estates

$300,000+
Estate of Carmel Sheahan
Estate of Margaret Mary Fox

$100,000+
Estate of Gwendoline Freda La Torre
Estate of Milos Stanko
Estate of Stella Conway

$50,000+
Estate of Catherine Santamaria

$20,000+
Estate of Dorothy Greta McClaren
Estate of Dorothy Rose Ann Katherine Jurgens
Estate of Giovanni Librozzi
Estate of the Late James Francis Gerard Kealy
Estate of Kathleen Patricia Collins
Estate of Olive Joan Rehbine

$10,000+
Estate of Alfred Dehnert
Estate of Heidemarie Irmgard Helga Knop
Edith Jean Elizabeth Beggs Charitable Trust
Estate of the late Leslie John Wheeler
Estate of Moustafa Abdallah

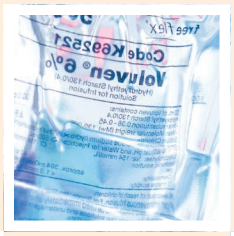
$5,000+
Estate of Henry Herbert Yoffa
Estate of Horatio R C McWilliams
Estate of the late Louie Viner Lunt
The Mary Macgregor Trust
The William & Eileen Walsh Trust

In memoriam

Allyn Radford
Karin MacNab
Peter Day
Trevor Gange

Anonymous gifts

Total $27,759



Year in Review

Summary financial results

	2014* $'000s	2013 $'000s	2012 $'000s	2011 $'000s	2010 $'000s
Total Revenue ^	622,091	587,814	576,809	556,532	540,610
Total Expenses ^	619,483	588.662	575,371	550,443	524,821
Net Entity Result Surplus/(Deficit)	2,608	(848)	1,438	6,089	14,861
Retained Surplus and Capital	62,161	63,580	64,428	62,990	56,901
Total Assets	326,893	320,209	323,157	321,547	326,845
Total Liabilities	230,167	226,102	228,286	228,344	238,921
Net Assets	96,726	94,107	94,871	93,203	87,925
Total Equity	**96,726**	**94,107**	**94,871**	**93,203**	**87,925**

^ For further detail, refer to Total Revenue and Total Expenses in the Comprehensive Operating Statement
* Incorporates share of Victorian Comprehensive Cancer Centre joint venture

Summary of significant change in financial position 2014

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

Operational and financial performance 2014

St Vincent's Hospital, Melbourne delivered an annual operating surplus result of $178,000 before capital income and expenses. After including Capital income and expenses, the net entity result was a surplus of $2,608,000. Movement in total equity includes the net equity result and a revaluation adjustment for cultural assets of $11,000.

Subsequent events

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

Year in Review

Consultancies

St Vincent's engaged the following* consultancies during 2013–14

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee	Expenditure 2013–14 (Ex GST)	Future expenditure
Emerging Systems	Clinical Information System Project (IPS)	July	September	104,000	104,000	Nil
GTA Consultants	Traffic Management Review	March	May	18,860	18,860	Nil
Manifesto Research	Innovation Fund	September	February	19,090	19,090	Nil
RogenSi	Leadership Training	November	March 2015	165,200	71.930	93,270

*There were two other consultancies under $10,000 during the year at a total cost of $10,050.

Workforce data

St Vincent's is an equal opportunity workplace. All staff can expect to be treated fairly on the basis of ability and merit. The hospital has an Equal Opportunity (EEO) policy and program designed to reinforce workplace practices and behaviour that are consistent with this principle. St Vincent's has collaborative working relationships with the nine Unions representing employees, and in the last 12 months there has been no lost time due to industrial accidents or disputes.

Labour category	June Current Month FTE*		June YTD FTE**	
	2014	2013	2014	2013
Nursing	1,510	1,457	1,398	1,435
Administration and Clerical	364	321	371	324
Medical Support	243	247	254	246
Hotel and Allied Services	897	887	825	880
Hospital Medical Officers	204	198	204	194
Sessional Clinicians	306	298	351	283
Ancillary Staff (Allied Health)	469	446	502	440

* FTE – Full Time Equivalents
** Year to Date represents the average number of FTE throughout the year

Year in Review

Occupational Health and Safety (OHS) achievement

Key achievements to note in 2013–14 are:

The Early Intervention Program has made a marked improvement in our injury management outcomes. In the last financial year, 63% of injured workers elected to participate in an early intervention program that supports staff seeking the right medical assistance early and a speedy return to work. It is anticipated this Program will also assist in reducing workers compensation premium costs.

The Move Smart Program has had a significant, positive impact on our clinical sprain and strain (back) injuries. Prior to introducing the program, we averaged 12 claims per year for patient handling staff. This year we had 5 claims. Previously our average claim cost for these staff, was over $50,000. This year average claim costs are around $12,000. People are recognising injury early and are getting the help they need to return to work healthy.

OHS Accreditation outcomes were positive, achieving a “Met with Merit” rating for Emergency Management. This was just one of three “Met with Merits” awarded to the Hospital.

The OHS Department commissioned an external audit of the management of OHS risk primarily in non-clinical areas. Only one significant risk and high priority issue was identified, relating to Traffic Management around the Fitzroy campus. A Traffic Review was conducted by external contractors and a draft plan has been prepared to address the issues.

The online chemical management system ChemAlert has been fully implemented since last year. All areas have prepared Chemical Registers and there has been significant progress in all Dangerous Goods requirements being met, including receiving a current Dangerous Goods Manifest from the Victorian WorkCover Authority.

Several significant reviews were conducted during 2013–2014. An external Ergonomist has reviewed and fully supports a trial of microfibre cleaning materials and processes that will reduce the risk of manual handling and slips, trips and falls. The Ergonomist also reviewed the Move Smart Program on lifting techniques and our bariatric training program was described as setting the bench mark in Victoria.

The administration of the Contractor Management system, iproLive has been devolved to multiple departments accountable for contractors. Training and additional support will continue to be provided for those involved.

The OHS Department has developed an Intensive Intervention Program whereby departments or units that require additional support in managing OHS risk are provided with a comprehensive program to train, coach and mentor staff and management in order to give people the skills and resources needed to maintain the improvements in OHS performance.

OHS has recently laid the foundation to more effectively deal with psychosocial risk. The STAR peer support program and Employee Assistance Program now sit within OHS and services will be enhanced to address stress prevention, aid with conflict resolution and support people in taking care of themselves.

Year in Review

Building and maintenance compliance

St Vincent's Hospital complies with mandatory requirements under the Building Code of Australia (BCA) and the building and maintenance provisions of *Building Act 1993*.

Our building surveyors have conducted quarterly assessments and an annual audit on Essential Safety Measures during the last 12 months:

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

Buildings

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

- Buildings are certified in accordance with its Building Code Australia and the building and maintenance provisions of *Building Act 1993*.
- Works under construction are subject to mandatory inspection
- All buildings receive a certificate of final inspection

Maintenance

- St Vincent's Hospital certifies that there have been no notices issued or orders to cease occupancy of buildings used for the provision of public hospital services in relation to:
- Rectification of substandard buildings requiring urgent attention.
- All renovations to existing buildings comply with regulations in force at the time of construction
- There have been no orders to cease occupancy.

The Druids building, unoccupied for a number of years, was issued with an emergency order for remedial works which were immediately undertaken and have now been completed. The building will be demolished during 2014–15.

In 2006 and 2009 three independent reports were commissioned into the state of buildings, infrastructure and services over the Fitzroy, Caritas Christi, St George's hospitals and other sites. These reports involved a detailed asset condition review which in particular focussed on Occupational Health and Safety (OHS), fire and safety, building compliance and environmental. St Vincent's Hospital continues to invest substantial capital to address issues raised.

During the last 12 months St Vincent's Hospital has undertaken rectification projects to progress the works identified in the Fire and OHS reports for:

- Fitzroy ($0.6m)
- St Georges Hospital ($0.31m)
- Caritas Christi ($0.10m).

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

Projects completed include:

- Installation of the main electrical switchboard replacement at the Medical Centre at $0.5m
- Development of the Heart Centre and Specialists Consulting Suites
- New Rheumatology fit out at $0.98m
- Ongoing plant and equipment upgrades across all of our sites at $0.7m.

Key projects commenced during 2013–14 and works in progress at 30 June 2014 include:

- Implementation of the electrical body protection upgrade for Inpatient Services at $0.7m
- Design and tender of the security access control system replacement at $1.8m
- Clinical Science Building fire upgrade at $0.55m
- Mental Health – Prevention and Recovery Care Unit at $4.8m.
- Demolition of Druids Building at $2m
- Bolte Wing upgrade (staged) current stage at $0.75
- St Georges Hospital western stair pressurisation at $0.25m.

Year in Review

Sustainability

St Vincent's Hospital is striving to minimise our environmental footprint by encouraging environmentally aware practice, developing energy efficient buildings and infrastructure and setting targets for improved environmental sustainability.

Through its reduction, reuse and recycle program. St Vincent's Hospital met its goal of diverting at least 29 per cent of its waste to recycling for the 2013–14 financial year.

As part of the reduction initiative, suppliers have been approached to reduce the amount of packaging brought onto site and the hospital has continued to donate serviceable equipment to Rotary Australia for distribution overseas.

An auditing program to identify further recycling opportunities has resulted in the implementation of a program to recycle vinyl and an extended range of plastics within the hospital.

Electricity is used in St Vincent's Hospital for space cooling, ventilation, lighting, medical equipment and many other processes. Natural gas and steam is used for space heating, sterilisation of medical equipment, cooking and domestic hot water.

A number of improvements have been made to buildings and infrastructure throughout the year to reduce energy consumption and increase efficiency, including:

- LED lighting program introduced last year continues and has resulted in a reduction in energy consumption without any loss of performance.
- Installation of variable speed drives (VSD) on electric motors to reduce energy consumption
- Time scheduling of air-conditioning systems in non-patient areas, most air conditioning systems are set on economy mode
- 55 Victoria Parade water cooled chiller was replaced with a more efficient air cool chiller, reducing our water consumption
- Garden sprinkler system at Caritas Christi Hospice has been connected to rain water tanks.

Freedom of information

St Vincent's complies with the Freedom of Information Act. Written requests for information are classified as an application once the relevant officer receives either a $25.10 application fee or a copy of the patient's Health Care or Pension Card. There is a 20c per page photocopying charge for any request in excess of 25 pages.

	2013–14	2012–13
Applications	886	772
Released in full	824	720
Partially released	49	34
Denied in Full	Nil	2
Cancelled applications	5	4
Percentage requests fulfilled within 45 days	100%	100%
Application fees collected	$17,039	$13,905
Application fees waived	$5,551	$4,969
Charges collected	$16,840	$9,919
Charges waived	$6,334	$4,375

Statement of priorities

St Vincent's Hospital (Melbourne) Limited is a private provider of public hospital services. It was incorporated in 1996, is part of the St Vincent's Health Australia group of Companies and accountable to the Trustees of Mary Aikenhead Ministries.
An Organisational Chart is contained on page 46.

Statement of priorities and the Minister for Health

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

The Statement of Priorities (SOP) is the key document of accountability between the Department and St Vincent's. St Vincent's is pleased to publish its outcomes achieved during 2013–14

Part A: Strategic Priorities for 2013–14

Victorian Health Priorities Framework	Health Service Strategy	Deliverable	Outcome
Developing a system that is responsive to people's needs.	Implement formal advanced care planning structures and processes that provide patients with opportunities to develop, review and have their expressed preferences for future treatment and care enacted.	Further develop and implement Advance Life Support planning to improve the delivery of care to patients.	SVHM has developed and endorsed an Acute Resuscitation Plan form and Acute Resuscitation Plan policy that underpins the form. This new form replaces the previous "Not for CPR" form. It will be used for every patient for every inpatient admission thereby enhancing the identification and agreement of goals of care in the unfortunate event of patient deterioration. A roll-out strategy is currently being formalised for implementation in Q1 2014–15. **(Activity now complete)**
		Launch and operationalise the end of life policy "bestCare".	The "bestCare" framework was launched in 2013 at SVHM's all-staff forum. The 'best CARE' project manager was appointed in November 2013 and a 'best CARE' steering committee has been convened. Significant communication, consultation, consumer engagement and process documentation has since been completed. An Advance Care Planning consumer information package as well as a staff and consumer website are being developed for launch in 2014. Ongoing education, clinical engagement and activity auditing will follow to ensure compliance with policy and optimal patient care.

Statement of Priorities

Victorian Health Priorities Framework	Health Service Strategy	Deliverable	Outcome
	Configure and distribute services to address the health needs of the local population.	Formalise collaborations with metropolitan and regional hospitals, including the development of MOUs, to enhance patient access to specialist services and improve coordination of care.	Phase 1 of this project has involved consultations with CEOs and Senior Executives of key outer metropolitan health services including Eastern Health, Northern Health and Western Health. Inner city collaborative opportunities have also been discussed with Melbourne Health. Enhancing SVHM's role as a reliable tertiary referral centre to take planned and unplanned referrals and transfers in an efficient and responsive manner will be developed further in Phase 2 (renegotiation of the Health Services Agreement with Department of Health).
		In collaboration with North Richmond Community Health, undertake a project to identify an integrated model of care that will deliver best outcomes for Health Independence Program patients.	The funded HIP Consolidation project has now concluded and a report for the Department of Health is being finalised. The project completed a number of key activities including data and file audits, gap analysis, workshops, communication and consultation with stakeholders and site visits. The project findings included identification of the full complexity and breadth of services provided under HIP, barriers and enablers to consolidation and fundamental foundational activities required to consolidate services. Objectives set as part of the project include improving client access, provision of care coordination across HIP, service integration and management of relationships and partnerships. A 3 year project plan to achieve HIP consolidation has been broadly developed for implementation commencing 2014–15. **(Activity now complete)**

Statement of Priorities

Victorian Health Priorities Framework	Health Service Strategy	Deliverable	Outcome
		Implement the *Better responses to Alcohol and Other Drug Presentations in Victorian Emergency Departments* project to better manage affected patients and respond to peak demand times.	This initiative is proceeding well including the commencement of a new Service Delivery model. Since 1 January 2014, weekend specialist Addiction Medicine support has commenced to the Emergency Department. Clinical nurse consultant (CNC) roles are in place from 6.30am–1pm, Saturdays and Sundays, providing screening; assessment; brief interventions; referral to internal and external service providers; support for discharge planning and earlier discharge and weekend admissions to the withdrawal unit. Addiction Medicine Consultant telephone on call support is also now available 8am–8pm on weekends providing phone advice regarding management and appropriate planning to alcohol and other drug CNC and emergency department medical staff. Staff education has also been provided and an evaluation framework developed. **(Activity now complete)**
Improving every Victorian's health status and experiences.	Improve thirty–day unplanned readmission rates.	Complete diagnostics to identify at-risk patient cohorts and develop improvement strategies in collaboration with community providers.	SVHM has focussed on improvements in mental health readmission rates and is consistently achieving better than benchmark targets (Q4 result was 8.3% against a target of 14%). A new role has been created in the Inpatient Unit to strengthen discharge planning and coordination with the community team. This has improved post-discharge follow up rates (88% against a target of 75%) that assisted in lowering readmission rates, particularly for those SVHM consumers who are out of area and have their follow up from another service. **(Activity now complete)**

Statement of Priorities

Victorian Health Priorities Framework	Health Service Strategy	Deliverable	Outcome
	Identify service users who are marginalised or vulnerable to poor health, and develop interventions that improve their outcomes relative to other groups, for example, Aboriginal people, people affected by mental illness, people at risk of elder abuse, refugees and asylum seekers	Pursue new opportunities to expand our role in prison health services.	SVHM is working with Department of Justice regarding the expansion of tertiary correctional health services at the Fitzroy campus. DoJ funded an expansion Feasibility Study which has been completed and is under review. SVHM, in partnership with YSAS, successfully tendered for the provision of health care services to the Juvenile Justice sector. Services commenced on 1 January 2014. **(Activity now complete)**
		Complete construction of the mental health Prevention and Recovery Care Unit.	SVHM continues to work in partnership with Department of Health on development of the PARC. Facility design has been fully completed and approved. Tender documents have been approved and a builder has been appointed via a tender process. The Department of Health has allocated additional funds to the project to support the site acquisition process and allow the full 10–bed scope of the facility to be completed, expected in February 2015.
		Continue implementation of the Reconciliation Action Plan	In line with SVHMs Aboriginal Employment Plan, SVHM is delivering the Aboriginal Graduate Nurse and Aboriginal Nursing Cadetships programs. SVHM has successfully recruited an Aboriginal Nurse and Co-ordinator to oversee the successful delivery of these two projects across our campuses. Two Aboriginal Graduate Nurses and 4 Aboriginal Nursing Cadets are undertaking the programs this year. Collaboration continues between the Aboriginal Health Team and various clinical speciality areas to help deliver high-quality, patient-centred, culturally safe care. These include renal medicine, dementia services, cardiology, continence and cancer services.

Statement of Priorities

Victorian Health Priorities Framework	Health Service Strategy	Deliverable	Outcome
			SVHM's Building Aboriginal Cultural Safety Training Suite 2013 continues to be implemented across the organisation: – hospital wide, cultural training includes; Aboriginal Health presentation at Orientation, Local Aboriginal Heritage Walking tour, our intranet page, posters, pamphlets and access to a DVD library. – targeted training includes; clinically relevant resources, presentations to individual departments cultural audit and discharge tools – specialised training includes; staff competencies, engagement with key services – off site visits, identification training for patient services clerks and external programs. **(Activity now complete)**
	Deliver care as close to home as possible, when it is safe and effective to do so.	Work with Medicare Locals to plan and deliver new services and models to meet community need.	SVHM worked closely with INWMML and IEMML on the development of Health Pathways. The HealthPathways Melbourne website is now live and open for use by GPs in the inner north-west and inner east Medicare Local catchments, providing clear and evidence based clinical pathways for the assessment, management and referral of a range of common health conditions. More than 40 pathways are currently available. A formal launch of the pathways by the Minister for Health was held at St Vincent's Hospital in June 2014. **(Activity now complete)**

Statement of Priorities

Victorian Health Priorities Framework	Health Service Strategy	Deliverable	Outcome
Expanding service, workforce and system capacity	Build workforce capability and sustainability by supporting formal and informal clinical education and training for staff and health students, in particular inter-professional learning.	Create St Vincent's Leadership Development program to enhance leadership capability	Following a detailed selection process, RogenSi was selected to design and deliver the SVHM Leadership Development Program. 42 senior SVHM leaders were selected to participate in the first program, commencing in February 2014 with 360 degree surveys. Subsequently the modules "Mindset for Exceptional Performance" and 'Vision to results" have been completed. **(Activity now complete)**
	Work collaboratively with the department on service and capital planning to develop service and system capacity	Complete a detailed site development plan for St George's Health Service in collaboration with Department of Health	Masterplanning work will commence in 2014–15 as part of the Health Service Agreement renegotiation. The plan will consider new opportunities for the consolidation of residential aged care services as part of the Victorian Government's reallocation of public sector aged care beds.
		Finalise terms with the Department for a new 25–year lease to operate St George's Health Service	The SGHS lease will be renewed as part of the renegotiation of the Health Service Agreement during 2014–15.
Increasing the system's financial sustainability and productivity.	Reduce variation in health service administrative costs	Explore procurement efficiency opportunities with St Vincent's Health Australia	Procurement & Logistics (P&L) at SVHM continued to achieve best value for money and deliver efficient and effective outcomes with SVHA on a broad range of initiatives. Procurement efficiencies have been achieved across a range of procurement opportunities with savings in excess of $600,000 achieved. **(Activity now complete)**

Statement of Priorities

Victorian Health Priorities Framework	Health Service Strategy	Deliverable	Outcome
	Identify opportunities for efficiency and better value service delivery	Progress key redesign priorities for clinical support services including pathology, pharmacy and linen	In an Australian first, an innovative new collaboration has been established with Toyota Australia to provide support in conducting Kaizen (improvement) events across SVHM. The collaboration commenced in SVHM's Correctional Pharmacy in February 2014 and achieved significant time reductions in the preparation of medication packs for correctional health patients. Work has now commenced in the Chemotherapy Day Unit to improve the patient experience by reducing the amount of time patients need to wait for diagnostic (including pathology) and treatment services during each of their visits to the Unit. The Junior Medical Officer redesign program has successfully continued into 2014. Priority areas include the development and rollout of electronic clinical tools including the mobile clinical task list and the electronic patient journey board. Based on the success of the JMO in redesign program, SVHM has been selected as one of two health servicers by the Commission for Hospital Improvement to pilot an *Allied Health in Redesign* program. The program commenced in April 2014. Medication room redesign has been completed on a range of inpatient units including 8 West (Medical Assessment and Planning Unit), 10W (Neurosurgery) and 7E (gastro and surgical ward) achieving significant pharmacy stock and purchasing savings. Pathology logistics redesign has commenced with the aim to improve the purchasing, warehousing and flow of consumable materials to SVHM pathology collection centres including IPS wards and to the St Vincent's pathology network. Linen redesign roll-out to all wards was completed in advance of a new linen provider commencing in early 2014, achieving stock reductions, improved linen ordering processes and reduced volume of reject linen in circulation.

Statement of Priorities

Victorian Health Priorities Framework	Health Service Strategy	Deliverable	Outcome
Implementing continuous improvements and innovation.	Develop and implement improvement strategies that better support patient flow and the quality and safety of hospital services.	Redesign the acute to sub-acute patient pathway to improve patient flow and experience.	This redesign project identified three main areas of focus – general medical patients to GEM patient flow; rehabilitation patient flow and referral processes; and a bed configuration analysis to determine the optimum mix of sub-acute beds. A final report will be delivered to the Commission for Hospital Improvement in August 2014. The outcomes included the implementation of electronic journey boards in Fitzroy sub-acute wards which will be extended to St George's Health Service sub-acute wards in Q1 2014–15.
		Redesign patient flow between the emergency department and medical imaging	The initial focus of this initiative was to review the efficiency of SVHM's inpatient transport desk in response to increasing demand. Coordination of patient attendances, overcrowding in the inpatient waiting area and delays in performing studies were identified as areas requiring improvement. Attendance data was analysed, staff feedback obtained and best practice sites were visited across Melbourne. Priority interventions included: – The revision of staff roles to better meet demand – Structural adjustments to work space to improve flow and focus of each role – A revised prioritisation system for referrals – Paper-based patient transport forms were replaced with an electronic form – Visual management of patient transport details made visible to all staff on a dedicated white board Early results and staff feedback indicate coordination and waiting times have reduced and these will be quantified in August 2014 following completion of the first post-intervention data collection. Further improvements will be made in light of the performance results during 2014.

Statement of Priorities

Victorian Health Priorities Framework	Health Service Strategy	Deliverable	Outcome
	Develop and implement strategies that support service innovation and codesign.	Develop strategies to improve the timely transfer of ambulance patients	SVHM has implemented a range of strategies to improve emergency patient flow through the hospital including improved ambulance patient transfer times. Interventions included the establishment of a discharge lounge to improve discharge efficiency and the introduction of a new model of care in the emergency department, overseen by the navigation nurse, to receive ambulance patients. Ambulance transfer times have increased substantially as a result, from 70% in FY 2012–13 to 81% in Q4 2013–14. **(Activity now complete)**
		Develop and implement the St Vincent's Innovation Program to enhance staff participation and capability in innovation and improvement	St Vincent's new Innovation Fund, Catalyst, has been developed and established to encourage innovation from staff at all levels by providing seed funding and other support for projects that have the potential to positively change the way staff work and enhance care for patients. The fund, open to all staff and always available, was launched in July 2014. As part of the launch, James O'Loghlin, host of the ABC's "New Inventors" program, delivered a keynote innovation address for all staff and conducted an innovation workshop at which over 100 staff generated and discussed 300 new ideas for positive change. Staff participation and engagement is also being facilitated through a new staff engagement program titled Your Voice. Your Voice encourages staff to provide feedback and comments directly to the CEO or online via an open discussion forum, addressing the key strategic and operational issues and opportunities for SVHM and its patients. **(Activity now complete)**

Statement of Priorities

Victorian Health Priorities Framework	Health Service Strategy	Deliverable	Outcome
		Implement the Productive Series consistent with the Department of Health program.	SVHM achieved excellent outcomes from piloting the Productive Series in two wards (acute and rehabilitation) as well as Mental Health (two wards) and in two Operating Theatres (cardiothoracic). Productive Series staff training was undertaken and foundation modules have been completed. The program achieved high levels of staff engagement and satisfaction, a marked increase in time released back to patient care, improved patient quality and safety performance results, savings in consumables budgets and increased levels of staff capability for ongoing improvement and innovation. SVHM Productive Series nursing leaders have presented at conferences and seminars and received awards. Based on this successful pilot the Productive Series will now be rolled-out to all inpatient wards and operating theatres across SVHM in 2014–15. **(Activity now complete)**
Increasing accountability and transparency	Prepare for commencement of proposed new mental health legislation in 2014	Develop and operationalise policies and procedures to ensure compliance with the new Act	The new MHA was put into operation on the 1st July. Prior to this significant work was completed in the development of policies and procedures across adult and aged mental health and training has been delivered to teams. The new Mental Health Tribunal process has commenced, facilitated by the renovation of hearing rooms and installation of videoconferencing facilities. SVHM will continue to work in partnership with Department of Health and other service providers as ongoing improvements to these new systems are pursued in 2014–15. **(Activity now complete)**

Statement of Priorities

Victorian Health Priorities Framework	Health Service Strategy	Deliverable	Outcome
	Implement systems that support streamlined approaches to clinical governance at all levels of the organisation	Review the clinical governance framework to address the requirements of the new National Safety and Quality Health Service Standards.	SVHM has redesigned the clinical governance framework in line with the requirements of the National Standards. Project working groups (PWGs) have been convened for each standard. Reporting to the peak (Executive) Clinical Improvement and Innovation Committee, the PWGs have developed detailed action plans which will ensure progress towards and compliance with the requirements of each Standard. An online Improvement System has been developed in SVHM's Management and Planning System to support the online recording, tracking and reporting of improvement initiatives across the organisation, aligned with the Standards and SVHM's Strategic Plan This initiative contributed to SVHM achieving a very successful accreditation outcome in October 2013. **(Activity now complete)**
	Ensure that gender sensitivity and women's safety are key in the delivery of mental health and alcohol and drug services	Complete capital improvement in the Mental Health inpatient unit to create gender sensitive areas	Construction works were completed in August 2013 and the unit is now operational. The Minister for Mental Health officially launched the unit on 24 January 2014. **(Activity now complete)**
Improving utilisation of e-health and communic-ations technology.	Maximise the use of health ICT infrastructure.	Implement ICT projects to enhance the availability of patient data to clinicians to streamline care	The wireless network continues to be expanded across SVHM Fitzroy. Stage 1 of providing staff with secure access to SVHM systems (MRO, PAS) and ICT resources (email, internet) via their mobile device is now complete in all clinical areas. Coverage has now been extended to other priority areas on the Fitzroy campus and community-based sites including Mental Health, Aged Care Residential, research facilities and public and conference areas including the lecture theatre, meeting rooms and Zouki cafe. A mobile application to make the Electronic Clinical Task available to mobile devices list was developed, trialled and was launched in March 2014. **(Activity now complete)**

Statement of Priorities

Victorian Health Priorities Framework	Health Service Strategy	Deliverable	Outcome
	Trial, implement and evaluate strategies that use e-health as an enabler of better patient care.	Develop and trial an electronic patient journey board to improve patient safety and flow	An innovative electronic patient journey board has been developed in Microsoft Sharepoint by SVHM's Planning & Government Relations team. A trial on four acute wards was successfully completed in 2013. A roll out plan was developed with priority given to acute wards to assist with patient flow and discharge planning improvements. The electronic journey board has since been rolled out to all inpatient acute and sub-acute wards on the Fitzroy campus. The implementation of the journey board was also integrated with the Productive Ward module "Patient Status at a Glance" and rolled out to inpatient Mental Health units. Implementation at St George's Health Service will occur in Q1 2014–15. The success of the Journey Board has been recognised by other health services. Wimmera Health Care Group has contracted SVHM to develop and implement an electronic journey board across all inpatient units, this work will be completed in Q1 2014–15. **(Activity now complete)**
	Work with partners to better connect service providers and deliver appropriate and timely services to rural and regional Victorians	Develop an integrated video conferencing environment with connectivity to patients, as well as rural and regional health service partners.	Planning and business case development for a preferred video conferencing solution has been completed. The solution will deliver internal and external video conferencing capabilities for St Vincent's Dementia Behaviour Management Advisory Service (DBMAS) with other DBMAS service providers nationally, to remote offices throughout Victoria and to clients. In addition the proposed solution extends the existing infrastructure capability for external video conferencing parties to connect to SVHM staff on a point to point basis to support telehealth consultations. Point to point video conferencing will additionally support patient consultations at Victorian prisons.

Statement of Priorities

Part B: Performance priorities

Financial Performance

Key performance indicator	Target	2013–14 actuals
Operating result		
Annual operating result ($m)	0	0.18
WIES* activity performance		
WIES (public and private) performance to target (%)	100	99
Cash management		
Creditors	< 60 days	48
Debtors	< 60 days	40

Access performance

Key performance indicator	Target	2013–14 actuals
Emergency care		
Percentage of operating time on hospital bypass	3	1.8
Percentage of ambulance transfers within 40 minutes	90	74.4
NEAT – Percentage of emergency presentations to physically leave the emergency department for admissions to hospital, be referred to another hospital for treatment, or be discharged within four hours (July – December 2013)	75	55.2
NEAT – Percentage of emergency presentations to physically leave the emergency department for admissions to hospital, be referred to another hospital for treatment, or be discharged within four hours (January – June 2014)	81	65.8
Number of patients with length of stay in the emergency department greater than 24 hours	0	5
Percentage of Triage Category 1 emergency patients seen immediately	100	100
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended times	80	71.5
Elective surgery		
Percentage of Urgency Category 1 elective patients treated within 30 days	100	100
NEST – Percentage of Urgency Category 2 elective surgery patients treated within 90 days (July – December 2013)	80	72.6
NEST – Percentage of Urgency Category 2 elective surgery patients treated within 90 days (January – June 2014)	88	74.6
NEST – Percentage of Urgency Category 3 elective surgery patients treated within 365 days (July – December 2013)	94.5	82.4
NEST – Percentage of Urgency Category 3 elective surgery patients treated within 365 days (January – June 2014)	97	90
Number of patients on the elective surgery waiting list at 30 June 2014	752	1,033
Number of Hospital Initiated Postponements per 100 scheduled admissions	8	6.0

Statement of Priorities

Service performance

Key performance indicator	Target	2013–14 actuals
Elective surgery		
Number of patients admitted from the elective surgery waiting list – quarter 1	1,567	1,464
Number of patients admitted from the elective surgery waiting list – quarter 2	1,520	1,535
Number of patients admitted from the elective surgery waiting list – quarter 3	1,615	1,644
Number of patients admitted from the elective surgery waiting list – quarter 4	1,752	1,828
Total	6,454	6,471
Critical care		
Number of days operating below agreed adult ICU minimum operating capacity	0	22
Quality and safety		
Health service accreditation	Full compliance	Achieved
Residential aged care accreditation	Full compliance	Not Achieved**
Cleaning standards (Overall)	Full compliance	Achieved
Cleaning standards (AQL–A)	90	95.1
Cleaning standards (AQL–B)	85	95.8
Cleaning standards (AQL–C)	85	93.8
Healthcare worker immunisation – influenza (%)	60	40.5
Hospital acquired infection surveillance	No outliers	Outliers***
Hand hygiene (%)	70	78.75
SAB rate per occupied bed days*	<2/10,000	1.16/10,000
Victorian patient satisfaction monitor (OCI)	73	78.69 ****
Consumer participation indicator	75	81.8****
Victorian hospital experience measurement instrument	Full compliance	Compliant
Mental health		
Mental health 28 day readmission rate – percentage	14	12
Adult mental health post-discharge follow-up rate – percentage	75	87
Adult mental health seclusion rate per occupied bed days	<15/1,000	12.9/1,000
Aged mental health post-discharge follow-up rate–percentage	75	73
Aged mental health seclusion rate per occupied bed days	<15/1,000	3/1,000

* SAB is Staphylococcus aureus bacteraemia
** For period July–Sept 2013 there was 1 outcome of 44 not fully compliant in 1 facility. This has since been resolved to the satisfaction of accreditors. St Vincent's is fully compliant across all aged care facilities
***Outliers reported on one occasion (cardiac surgical site infection)
**** reporting period is Jan-Jun 13

Statement of Priorities

Part C: Activity and funding

Funding type	2013–14 Activity achievement
Acute admitted	
WIES public	41,484
WIES private	6,750
WIES (public and private)	48,234
WIES DVA	443
WIES TAC	129
WIES Total	**48,806**
Subacute admitted	
GEM DVA	1,863
GEM public	14,458
GEM private	9,074
Palliative care DVA	684
Palliative care public	7,742
Palliative care private	6,817
Rehab DVA	751
Rehab public	18,677
Rehab private	9,327
Transition care – bed days	10,491
Transition care – home days	11,595
Aged care	
Residential aged care	10,841
HACC	33,961
Mental health and drug services	
Mental health inpatient	22,484
Mental health ambulatory	52,268
Mental health residential	19,088
Mental health subacute	4,217
Drug services	586

Statement of Priorities

Attestation on data integrity

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

Attestation for compliance with Ministerial standing direction 4.5.5.1 – Insurance

I, Ben Fielding, Chief Executive Officer certify that St Vincent's Hospital (Melbourne) Limited has complied with Ministerial Direction 4.5.5.1 – Insurance.

Attestation on compliance with Australian/New Zealand risk management standard

I, Ben Fielding, certify that St Vincent's Hospital (Melbourne) Limited has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposure. The Audit Committee verifies this assurance that the risk profile of St Vincent's Hospital (Melbourne) Limited has been critically reviewed within the last 12 months.

Ben Fielding
Chief Executive Officer
Dated 20 August 2014
Melbourne

Report availability

This report is readily available to Members of Parliament and the public on the St Vincent's internet at www.svhm.org.au or by calling the Office of the CEO on 03 9288 3938 to request a copy.

Compliance with DataVic access policy

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

Company directory

Directors

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

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

During the period 1 July 2013 to 30 June 2014, the Trustees of Mary Aikenhead Ministries made all appointments and reappointments to the St Vincent's Health Australia Board. The following persons were Directors of SVHA during the period 1 July 2013 to 30 June 2014:

Mr Paul Robertson AM Chair

Melissa Babbage appointed 1 October 2013

Fr Frank Brennan SJ AO retired 30 June 2014

Sr Maryanne Confoy RSC

Prof Suzanne Crowe AM

Mr Brendan Earle

Ms Patricia Faulkner AO

Mr Gary Humphrys

Ms Belinda Hutchinson AM (retired 15 October 2013)

Mr Paul McClintock AO

Professor Peter Smith

Sr Maureen Walters RSC (retired 1 August 2013)

Sr Mary Wright IBVM (appointed 1 October 2013)

Secretary

Mr R Beetson

Chief Executive Officer

Prof Patricia O'Rourke until 14 October 2013

Mr Chris Doidge, Acting CEO
between 22 October 2013 and 17 February 2014

Mr Ben Fielding from 17 February 2014

Registered office

Level 1
75 Grafton Street
Bondi Junction NSW 2022

Auditor

UHY Haines Norton as agent of the Victorian Auditor General's Office

Solicitors

K and L Gates

Bankers

National Australia Bank

Ultimate Parent

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

Director's report

The Directors present their report on the Hospital for the financial year ended 30 June 2014. The financial statements have been prepared pursuant to the provisions of the *Australian Charities* and *Not-for-Profits Commission Act 2012 (Cth)* and the Financial Management Act 1994 (Vic) with the exception of the application of FRD103E Non-Financial Physical Assets and FRD114A Financial Instruments.

Chair

Mr Paul Robertson AM

Current – Appointed 1 October 2009
Appointed Chair 5 October 2012

Qualifications
Bachelor of Commerce, Fellow CPA Australia.

Experience
Mr Robertson is a former Executive Director of Macquarie Bank with extensive experience in banking, finance and risk management. He is Chair of Social Ventures Australia and Chair of the Trustees of St Vincent's Hospital Sydney and holds several private company Directorships.

Special responsibilities
Chair, St Vincent's Health Australia Group of companies Chair, People and Culture Committee

Ms Melissa Babbage

Current – Appointed 1 October 2013

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

Experience
Ms Babbage is a highly experienced financial services professional with a 19 year Investment Banking career spanning both International and Domestic Financial Markets. As a Managing Director at Deutsche Bank for 10 years, she had responsibility for growing several different business lines across both Australia/New Zealand and Asia, as Head of Commodities, Foreign Exchange and Global Finance. Her experience in financial risk management is comprehensive. Ms Babbage is a Non-Executive Director of Swiss Re Life and Health Australia Ltd and Athletics Australia. She is a Trustee of Q Super and a Non-Executive Director of Q Super Ltd. She is a Director of Mercer Investments (Australia) Ltd. She also a Member of the NSW Treasurer's Business Advisory Panel.

Special responsibilities
Member, Finance and Investment Committee
Member, Audit and Risk Committee

Fr Frank Brennan SJ AO

Appointed 1 January 2009 – Retired 30 June 2014

Qualifications
Society of Jesus, Officer of the Order of Australia, BA, LLB(Hons), LLM, BD(Hons), DUniv, Hon LLD, Professor of Law.

Experience
Fr Frank is a Jesuit Priest, Professor of Law at the Australian Catholic University and Adjunct Professor at the Australian National University College of Law and National Centre for Indigenous Studies. He is an advocate for Social Justice and Reconciliation. He is Advocate in Residence for the Society of St Vincent de Paul, Catholic Health Australia and Catholic Social Services Australia. In 2009, he chaired the Australian National Human Rights Consultation Committee. Fr Frank is also a Director of Jesuit Social Services and Global Foundation. Fr Frank retired from the Board on 30 June 2014.

Special responsibilities
Chair, Mission, Ethics and Advocacy Committee
Member, People and Culture Committee

Prof. Maryanne Confoy RSC

Current – Appointed 6 February 2012

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

Experience
Sr Maryanne is a Religious Sister of Charity and currently Professor of Pastoral Theology at Jesuit Theological College and MCD University of Divinity, Melbourne. She is also a former President of the United Faculty of Theology and is visiting Professor at the School of Theology and Ministry, Boston College, USA. She is a fellow of the MCD University of Divinity. Her governance roles have included member of the Australian Catholic University Senate and Chair of MCD Board of Postgraduate Studies. Sr Maryanne is a Council member of Edmund Rice Education Australia and a member of RMIT University Ethics Committee.

Special responsibilities
Member, Mission, Ethics and Advocacy Committee

Director's Report

Prof. Suzanne Crowe AM
Current – Appointed 1 January 2013

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

Experience
Professor Crowe is a consultant physician in infectious diseases and general medicine at The Alfred since 1994. She has authored over 200 published papers, five books and 68 book chapters in the field. She is also an Associate Director of the Burnet Institute, Principal Research Fellow with the National Health Medical Research Council, Principal Specialist in Infectious Diseases at The Alfred Hospital and Adjunct Professor of Medicine and Infectious Diseases at Monash University, Melbourne.

Professor Crowe is Head of the international Clinical Research Laboratory at the Burnet Institute and the World Health Organization (WHO) Regional Reference Laboratory for HIV Resistance Testing and an adviser and consultant to the WHO Global Program on AIDS. She has served as Deputy Chair of the Board of the Australian India Council (Department of Foreign Affairs and Trade), as a member of the Prime Minister's Science, Engineering and Innovation Council Asia Working Group and as President of the Australasian Society for HIV Medicine.

Special responsibilities
Member, Audit & Risk Committee
Member, Quality and Safety Committee
Member, Mission, Ethics and Advocacy Committee

Mr Brendan Earle
Current – Appointed 1 October 2010

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

Experience
Mr Earle is a partner with the national law firm, Herbert Smith Freehills. He has over 15 years' experience providing commercial legal advice across a range of industries. He specialises in large or strategically important negotiated transactions including acquisitions, sales, joint ventures and corporate restructuring and acts as a relationship partner for several clients of the firm. Mr Earle has a long-standing interest in the Australian healthcare industry and has advised the Commonwealth Government, private insurers, aged care providers, private consulting practices and pharmaceutical manufacturers on a diverse range of projects

Special responsibilities
Member, Finance and Investment Committee
Member, Audit and Risk Committee

Ms Patricia Faulkner AO
Current – Appointed 1 October 2010

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

Experience
Ms Faulkner was a previous National Partner-in-Charge Health Sector at KPMG and a previous Secretary of the Victorian Government of Human Services. She has held a number of roles with the Victorian Government over a period of almost 20 years in the Department of Labour and Department of Community Welfare Services. Ms Faulkner is Chair of Superpartners, Jesuit Social Services, Health and Hospitals Infrastructure Fund and National Health Performance Authority and a Member of the COAG Reform Council and the Commonwealth Grants Commission.

Special responsibilities
Deputy Chair, St Vincent's Health Australia Group of companies
Member, Quality and Safety Committee
Member, Mission, Ethics and Advocacy Committee

Mr Gary Humphrys
Current – Appointed 1 October 2010

Qualifications
Graduate Diploma Business Administration; Graduate of the Australian Institute of Company Directors; and, Member of the Institute of Chartered Accountants in Australia.

Experience
35 years of experience in senior executive roles covering a number of disciplines including finance and accounting, treasury, taxation, IT, procurement and audit in the energy and mining industries in both the public and private sector. Mr Humphrys is a Director of Ergon Energy Corporation Limited, Director of The Holy Spirit Northside Private Hospital, Director, Electricity Supply Industry Superannuation (Qld) and Director, Guildford Coal.

Special responsibilities
Chair, Audit and Risk Committee
Member, Mission, Ethics and Advocacy Committee
Member, Finance and Investment Committee

Director's Report

Ms Belinda Hutchinson AM
Appointed 1 August 2009, retired 15 October 2013

Qualifications
Bachelor of Economics, Fellow of the Institute of Chartered Accountants in Australia, and Fellow of the Australian Institute of Company Directors.

Experience
Ms Hutchinson is a former Executive Director of Macquarie Bank Limited, Head of Macquarie Underwriting, former Vice President of Citibank Australia, Head of Financial Institutions Group, and Head of New South Wales Corporate Finance Group. She was previously Chair of QBE Insurance Group Limited. Ms Hutchison was appointed Chancellor of the University of Sydney in February 2013.

Special responsibilities
Nil held in the 2013/2014 year

Mr Paul McClintock AO
Current – Appointed 1 January 2013

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

Experience
Previous Chairman of Medibank Private Limited and currently Chair of Thales Australia, Myer Holdings Limited, I-MED Network, the Institute of Virology and NSW Ports. He is a Director of the George Institute for Global Health.

Mr McClintock served as the Secretary to Cabinet and Head of the Cabinet Policy Unit reporting directly to the Prime Minister as Chairman of Cabinet. This position was responsible for supervising Cabinet processes and acting as the Prime Minister's most senior personal adviser on strategic directions in policy formulation.

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

Special responsibilities
Chair, Finance and Investment Committee
Member, Audit and Risk Committee

Prof Peter Smith
Current – Appointed 1 October 2010

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

Experience
Professor Smith is Dean of the Faculty of Medicine at the University of New South Wales. Professor Smith is a Director of the Garvan Institute of Medical Research (Chair, Kinghorm Centre for Clinical Genomics Committee), Neuroscience Research Australia, The Sax Institute of Health Research (Chair, Research Governance Committee) and Ingham Health Research Institute and New South Innovations. He is President, Medical deans, Australia and New Zealand and a Group Captain, RAAF Specialist Reserve.

Special responsibilities
Chair, Quality and Safety Committee
Member, People and Culture Committee

Sr Maureen Walters RSC
Appointed 6 February 2012 – Retired 1 August 2013

Qualifications
General Nursing Certificate at St Vincent's Hospital Sydney; Certificate in Operating Management and Techniques at the NSW College of Nursing; Diploma in Theology; Diploma in Nursing Administration at the College of Nursing Australia; and, a Bachelor of Health Administration at the University of New South Wales.

Experience
A Religious Sister of Charity for over 60 years and was previously Director of Nursing and Sister Administrator of St Vincent's Hospital Melbourne and St Vincent's Private, Launceston. Her current ministry is in the Archives Department of St Vincent's Health, Melbourne. Maureen initially trained as a nurse and then gained qualifications in Health Administration and Theology. She is a former fellow of the Royal College of Nursing, Australia and has had wide-ranging governance roles including as a member of the Nursing Standing Committee of the National Health and Medical Research Council and councillor and treasurer of the Australian Catholic Health Care Association as well as for the Sisters of Charity Ministries.

Special Responsibilities
Member, Quality and Safety Committee
Member, People and Culture Committee

Director's Report

Sr Mary Wright IBVM
Current – appointed 1 October 2013

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

Experience
Sister Mary Wright has extensive experience in leadership in Catholic Church institutions including the positions of School Principal Loreto College Ballarat and Loreto College, Kirribilli, Australian Province Leader (Loreto Sisters) and 8 years in Rome as International Leader (Loreto Sisters). She has practiced in the area of Church law in Australia (including lecturing at Yarra Theological Union) and most recently in the Vatican (in the Congregation for Institutes of Consecrated Life and Societies of Apostolic Life). Her specialty is in the area of institutional governance.

Special responsibilities
Member, Audit and Risk Committee
Member, Mission, Ethics and Advocacy Committee
Member, People and Culture Committee

Company secretary

Mr Robert Beetson

Qualifications
Bachelor of Laws/Bachelor of Arts (Macquarie), Grad Dip in Legal Practice, Master of Laws (UNSW) (Human Rights and Social Justice), Grad Dip in Humanities (Italian) (UNE)

Experience Over 30 years in the health industry. Admitted as a Solicitor to the Supreme Court of NSW, Member of the Law Society of NSW, Associate Member of the Governance Institute of Australia, Member Australian Corporate Lawyers Association, previously Manager of Investigations, Health Care Complaints Commission (NSW).

Principal activities

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

Key objectives

St Vincent's has enunciated a number of key short and long term objectives in the recently issued St Vincent's Strategic Plan 2010–2015. Some of the core objectives are to:

- Build relationships with strategic partners
- Strengthen surgery, medicine and interventional care
- Deliver services of significance and value
- Continue to innovate to grow a smarter business focused on the future.

The manner in which these objectives are to be achieved is set in detail in the Strategic Plan 2010 – 2015.

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

Trading result

The result of the company for the financial year was a surplus of $2,608,000.

Director's Report

Review of operations

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

	2014 $'000	2013 $'000
Total Revenue for the year	622,091	587,814
Results for the year	2,608	(848)

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

Comparative increases in revenue and expenditure for the year were, in the main, related to increases in revenue indexation to support increases in pay awards and other costs in line with activity increases and increases in the treatment of complex patients requiring additional medical and surgical inputs.

Members' guarantee

The company is limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute a maximum of $100 towards meeting any outstanding obligations of the company. At 30 June 2014 the company had 1 member (2013: 1 member).

Significant changes in the state of affairs

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

Subsequent events

There has been no matter or circumstance, which has arisen since 30 June 2014 that has significantly affected, or may affect:

(a) The operations, in financial years subsequent to 30 June 2014, of St Vincent's, or

(b) The results of those operations, or

(c) The state of affairs, in financial years subsequent to 30 June 2014, of St Vincent's

Legislative compliance

St Vincent's is committed to promoting a culture of legislative compliance as a core component of the organisation's overall risk management strategy. Legislative Compliance is reported to the SVHA Board annually. Any serious or non-compliant issues are managed in a proactive and transparent manner and at an appropriate level of seniority.

In particular, St Vincent's notes its compliance with the following legislation:

Financial Management Act 1994.

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

Carers Recognition Act 2012. The purpose of the Act is to recognise people in care relationships and the role of carers in our community. The Act sets out principles that recognise and support people in care relationships and includes obligations for organisations such as St Vincent's that are funded by the State Government to develop and provide policies, programs or services that affect people in care relationships,

Freedom of Information Act 1982. The purpose of the Act is to give members of the public rights of access to official documents of the Government of Victoria and its agencies. See page 20 of this report for details of St Vincent's compliance.

The building and maintenance provisions of the *Building Act 1993 and Minister for Finance Guideline Building Act 1993/Standards for Publicly Owned Buildings/ November 1994)* to the extent that these provisions are applicable noting that not all St Vincent's Buildings are publicly owned. See page 19 of this report.

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

Under the Departments Policy and Funding Guidelines, St Vincent's is also required to have an *Environmental Management Plan* (EMP) and to report on environmental performance – St Vincent's Hospital Melbourne and SVHA have an EMP, as reported on page 20.

Director's Report

Indemnifying officer or auditor

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

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

With the exception of the following matter:

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

Rounding of amounts

St Vincent's Hospital (Melbourne) Limited is an entity of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors' Report and the financial statements are rounded to the nearest thousand dollars.

The Directors present their report on the Hospital for the financial year ended 30 June 2014. The financial statements have been prepared pursuant to the provisions of the *Australian Charities and Not-for-Profits Commission Act 2012 (Cth)*,and the *Financial Management Act 1994 (Vic*) with the exception of the application of FRD103E Non-Financial Physical Assets and FRD114A Financial Instruments.

Board committees

There are five committees of the St Vincent's Health Australia Board:

Audit and Risk

Finance and Investment

Quality and Safety

Mission, Ethics and Advocacy

People and Culture

Remuneration

SVHA directors receive payment for their roles as Directors.

In attendance

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

Mr Robert Beetson, as Company Secretary

Dr Tracey Batten / Mr Toby Hall, as Chief Executive Officer

Mr Peter Forsberg, as Chief Financial Officer

Ms Marcelle Mogg / Mr Jack de Groot, as Group Mission Leader

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

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

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

Dr Annette Pantle, as Group General Manager Clinical Governance

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

Mr Jonathon Anderson, as Chief Executive Officer, St Vincent's Health Network Sydney (final attendance at 1 August 2013 meeting)

Mr Robert Cusack, as Chief Executive Officer, St Vincent's Private and Mater Hospitals (final attendance at 1 August 2013 meeting).

Director's Report

Committees

The St Vincent's Health Australia (SVHA) Board has established Regional Advisory Councils in New South Wales and Victoria. These councils provide the SVHA Board with advice, support and insight into the local community and health services, and strategic links to local Church, government and community resources so as to inform the SVHA Board in relation to the strategic direction of SVHA.

In Victoria, the Regional Advisory Council is known as the St Vincent's Advisory Council. The members of the St Vincent's Advisory Council who have been appointed by the SVHA Board are:

Ms Lorraine Elliott AM (deceased), Chair of the Council until December 2013 and then a Member.

Ms Patricia Faulkner AO, Chair of the Council from December 2013

Ms Megs Alston

Mr David Coogan

Prof. Suzanne Crowe AM

Sr Teresita Marcelo RSC

Ms Kerry Smith

Mr Greg Sword AM

Dr Elizabeth Wilkie (retired during the 2013–14 year)

The Council meets at least quarterly. The Chief Executive Officer of St Vincent's Melbourne and the Chief Executive Officer of St Vincent's Private Hospital Melbourne attend the Council's meeting along with members of their Executive teams, as required. The SVHA Chief Executive Officers of the Public Hospitals Division and Private Hospitals Division have attended meetings since October 2013.

Director's Report

Meetings of directors

The numbers of meetings of the company's Board of Directors and of each Board committee held from 1 July 2013 to 30 June 2014, and the number of meetings attended by each director were:

	Board	Finance and Investment	Audit and Risk	Quality and Safety	MEA*	People and Culture
Number of meetings held:	8	6	5	6	4	4
Mr P Robertson AM	7/8					4/4
Ms M Babbage	4/5	2/4	2/2			
Fr F Brennan SJ AO	7/8				4/4	4/4
Prof. M Confoy RSC	8/8				4/4	
Prof. S Crowe AM	8/8		4/4	6/6	1/1	
Mr B Earle	8/8	6/6	5/5			
Ms P Faulkner AO	8/8			4/6	2/4	
Mr G Humphrys	8/8	6/6	5/5		3/4	
Ms B Hutchinson AM	4/4					
Mr P McClintock AO	8/8	6/6	3/3			
Prof. P Smith	8/8			6/6		3/4
Sr M Walters RSC	2/2			1/1		1/1
Sr M Wright IBVM	5/5		2/2		1/1	1/1

Note: Format is 'number of meetings attended/numbers of meetings eligible to attend'
* Mission, Ethics and Advocacy

2013–2014 Finacial statements

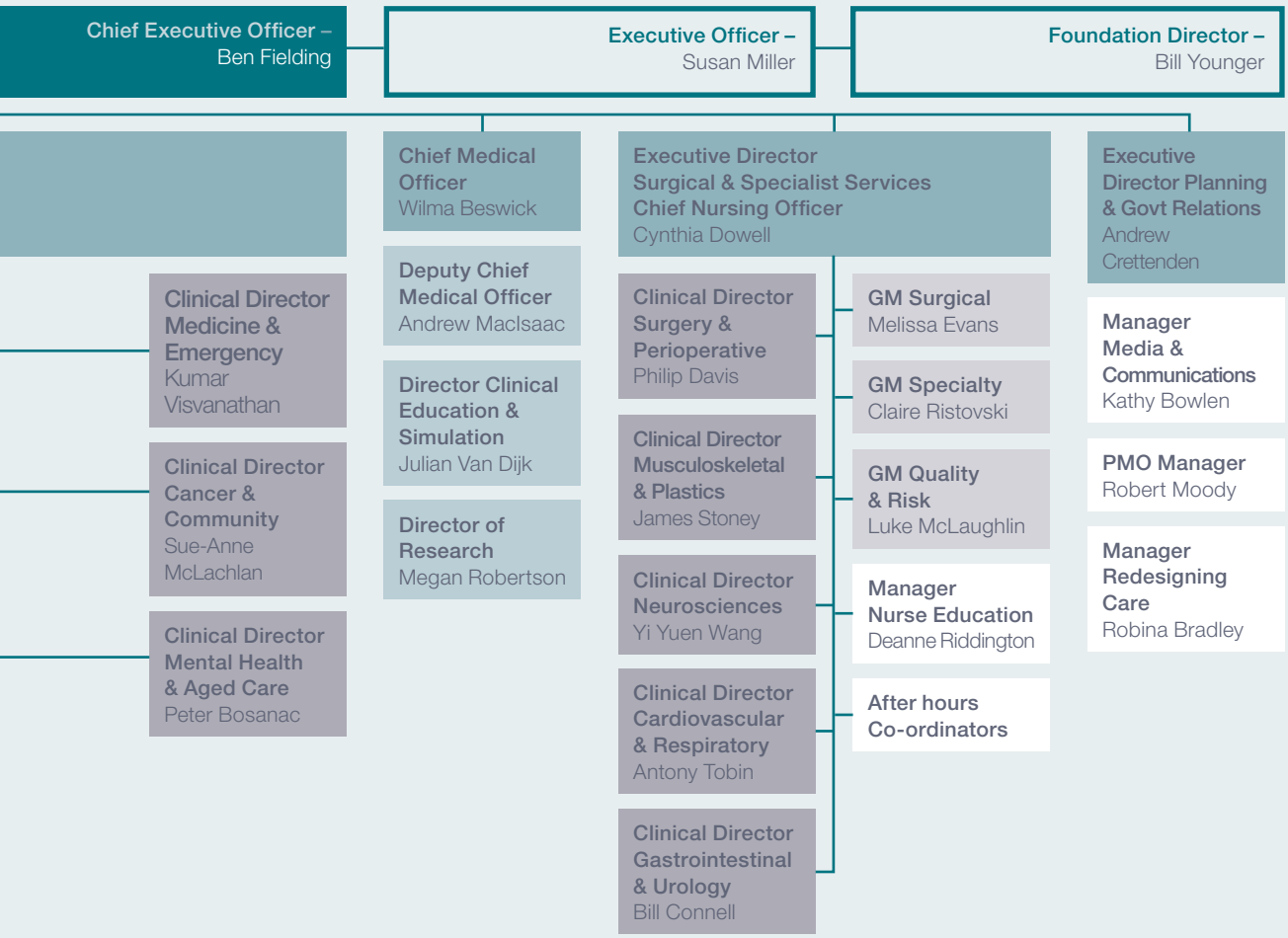
SVHM Organisational structure

Professor of Medicine – Mark Cook

- **Executive Director Mission** Lisa McDonald
  - **Manager Pastoral Care** Annie Forrest
  - **Manager Volunteers** Judy Clover
  - **Coordinator Aboriginal Health Projects** Ashima Gupta
  - **Senior Aboriginal Hospital Liason Officer** Michelle Winters
  - **Coordinator Cultural Diversity** Monita Mascitti-Meuter
  - **Mission Development & Social Justice Manager** John Willis
  - **Catholic Chaplain** Father Dishan
  - **Events Archives Art Curator**
- **Chief Financial Officer** Chris Doidge
  - **GM Finance & Procurement** David Wallingford
  - **GM Business Analysis & Reporting** Cheryl Apperley
  - **GM ICT** Simon Richardson
  - **Senior Legal Counsel** (To be advised)

Professor of Surgery – Peter Choong

- **Executive Director People & Corporate Support** Angela Nolan
  - **GM Human Resources** Keith Gogel
  - **Manager Nursing Workforce Unit** Tim Martin
  - **Manager HRIS & Payroll** Craig Smith
  - **Manager Healther Safety & Wellbeing** Christy Fejer
  - **Manager Learning & Development** Wendy Bardsley
  - **Manager Food Services** Stephen Tippett
  - **Manager Environmental Services** Stella Moon
- **Executive Director Business Development & Infrastructure** Malak Sukkar
  - **Clinical Director Ambulatory & Business Support** Robert Whitbourn
  - **GM Engineering & Infrastructure** Armando Bianco
  - **Business Development Coordinator** Fred Humphries
  - **Operations Manager Pathology** Andrew Zenner
  - **Manager StV's Private Radiology** Allen Burton
  - **Operations Manager Medical Imaging** Neil Liddell
  - **Business Manager Radiology Ambulatory Services** James Sanderson
  - **Business Manager Cardiac Services** Helen Alivanoglou
  - **Chief Pharmacist** Andrew Cording
  - **Manager Medial Enginerring & Physics** Leigh Baker
  - **Manager Security** Paul Cunningham
- **Executive Director Medical Aged & Community Care** Stephen Vale
  - **GM Medicine & Emergency** Jacqui Bilo (on leave) Ian Hatton (Acting)
  - **GM Cancer & Community** Kirsten Rodger
  - **GM Mental Health & Aged Care** Maryanne Welch


Chief Executive Officer – Ben Fielding
Executive Officer – Susan Miller
Foundation Director – Bill Younger
Clinical Director Medicine & Emergency Kumar Visvanathan
Clinical Director Cancer & Community Sue-Anne McLachlan
Clinical Director Mental Health & Aged Care Peter Bosanac
Chief Medical Officer Wilma Beswick
Deputy Chief Medical Officer Andrew MacIsaac
Director Clinical Education & Simulation Julian Van Dijk
Director of Research Megan Robertson
Executive Director Surgical & Specialist Services Chief Nursing Officer Cynthia Dowell
Clinical Director Surgery & Perioperative Philip Davis
Clinical Director Musculoskeletal & Plastics James Stoney
Clinical Director Neurosciences Yi Yuen Wang
Clinical Director Cardiovascular & Respiratory Antony Tobin
Clinical Director Gastrointestinal & Urology Bill Connell
GM Surgical Melissa Evans
GM Specialty Claire Ristovski
GM Quality & Risk Luke McLaughlin
Manager Nurse Education Deanne Riddington
After hours Co-ordinators
Executive Director Planning & Govt Relations Andrew Crettenden
Manager Media & Communications Kathy Bowlen
PMO Manager Robert Moody
Manager Redesigning Care Robina Bradley
Chief Executive Officer
Executive
Director
Clinical Director
General Manager

Director's Report

Auditors' independence declaration

A copy of the auditor's independence declaration as required under the *Australian Charities and Not-for-Profits Commission Act 2012 (Cth)* is attached. Dated at Melbourne on 20 August 2014 in accordance with a resolution of the Board.

Mr Gary Humphrys
Board Director

Mr Ben Fielding
Chief Executive Officer

Director's Report

Accountable officer's and directors' declaration

We declare that:

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

(a) Giving a true and fair view of St Vincent's Hospital (Melbourne) Limited's financial position as at 30 June 2014 and of its performance for the year ended on that date: and

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

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

We certify that the attached financial report for St Vincent's Hospital (Melbourne) Limited has been prepared in accordance with Part 4.2 of the *Standing Directions* of the Minister for Finance under the *Financial Management Act 1994,* applicable Financial Reporting Directions (with the exception of FRD103E Non-Financial Physical Assets and FRD114A Financial Instruments), Australian Accounting Standards and other mandatory professional reporting requirements.

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

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

Mr Gary Humphrys
Board Director
Dated 20 August 2014
Melbourne

Mr Ben Fielding
Chief Executive Officer
Dated 20 August 2014
Melbourne

VAGO
Victorian Auditor-General's Office

Level 24, 35 Collins Street
Melbourne VIC 3000
Telephone 61 3 8601 7000
Facsimile 61 3 8601 7010
Email comments@audit.vic.gov.au
Website www.audit.vic.gov.au

INDEPENDENT AUDITOR'S REPORT

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

The Financial Report

The accompanying financial report for the year ended 30 June 2014 of the St Vincent's Hospital (Melbourne) Limited which comprises the comprehensive operating statement, statement of financial position, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the Accountable Officer's and Directors' Declaration has been audited.

The Directors' Responsibility for the Financial Report

The Directors of the St Vincent's Hospital (Melbourne) Limited are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the *Australian Charities and Not-for-profits Commission Act 2012*, the *Financial Management Act 1994* (with the exception of FRD103E Non-Financial Physical Assets and FRD114A Financial Instruments), and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independence

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

Opinion

In my opinion the financial report of the St Vincent's Hospital (Melbourne) Limited is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012 and* the *Financial Management Act 1994* (with the exception of FRD103E Non-Financial Physical Assets and FRD114A Financial Instruments), including:

a) giving a true and fair view of the company's financial position as at 30 June 2014 and of its financial performance for the year ended on that date

b) complying with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Regulation 2013*

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the St Vincent's Hospital (Melbourne) Limited for the year ended 30 June 2014 included both in the St Vincent's Hospital (Melbourne) Limited's annual report and on the website. The Directors of the St Vincent's Hospital (Melbourne) Limited are responsible for the integrity of the St Vincent's Hospital (Melbourne) Limited's website. I have not been engaged to report on the integrity of the St Vincent's Hospital (Melbourne) Limited's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE
21 August 2014

Dr Peter Frost
Acting Auditor-General

VAGO
Victorian Auditor-General's Office

Level 24, 35 Collins Street
Melbourne VIC 3000
Telephone 61 3 8601 7000
Facsimile 61 3 8601 7010
Email comments@audit.vic.gov.au
Website www.audit.vic.gov.au

AUDITOR-GENERAL'S INDEPENDENCE DECLARATION

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

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

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

Independence Declaration

As auditor for the St Vincent's Hospital (Melbourne) Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

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

MELBOURNE
21 August 2014

Dr Peter Frost
Acting Auditor-General

Comprehensive Operating Statement
Year Ended 30 June 2014

Continuing Operations	Note	2014 $'000	2013 $'000
Revenue from operating activities	2	573,744	544,837
Revenue from non-operating activities	2	4,349	3,926
Employee expenses	3	(413,287)	(383,427)
Non salary labour costs	3	(5,759)	(7,814)
Supplies and consumables	3	(85,481)	(81,329)
Maintenance contracts	3	(10,495)	(10,252)
Other expenses from continuing operations	3	(62,893)	(65,422)
Net result before capital and specific items		**178**	**519**
Capital purpose income	2	43,946	38,264
Depreciation and amortisation	3,4	(17,723)	(15,544)
Leasehold expense	3	(278)	(1,936)
Finance costs	5	(6,656)	(6,393)
Other capital expenses	3	(16,911)	(16,545)
Assets provided free of charge	2(d)	52	787
Net result for the year		**2,608**	**(848)**
Other comprehensive income			
Items that will not be reclassified to net result			
Revaluation on non-current assets (cultural assets)		11	84
Comprehensive result for the year		**2,619**	**(764)**

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

Statement of Financial Position as at 30 June 2014

Assets	Note	2014 $'000	2013 $'000
Current assets			
Cash and cash equivalents	6	11,469	12,045
Receivables	7	26,668	29,563
Other financial assets	8	12,304	6,894
Inventories	9	5,397	4,929
Other assets	10	1,822	1,628
Total current assets		**57,660**	**55,059**
Non-current assets			
Receivables	7	29,763	33,144
Other financial assets	8	49,686	44,606
Investment property	13	2,260	1,930
Property, plant and equipment	11	152,400	145,578
Intangible assets	12	13,882	13,328
Debtor – Department of Health	31	21,242	26,564
Total non-current assets		**269,233**	**265,150**
Total assets		**326,893**	**320,209**
Liabilities			
Current liabilities			
Payables	14	34,245	29,839
Interest bearing liabilities	15	10,907	8,333
Provisions	16	98,587	90,266
Other liabilities	18	10,034	11,039
Total current liabilities		**153,773**	**139,477**
Non-current liabilities			
Interest bearing liabilities	15	44,070	49,681
Provisions	16	11,082	10,380
Obligation to provide public hospital services	31	21,242	26,564
Total non-current liabilities		**76,394**	**86,625**
Total liabilities		**230,167**	**226,102**
Net assets		**96,726**	**94,107**
Equity			
General purpose reserve	20(a)	5,220	128
Asset revaluation reserve	20(a)	442	431
Restricted specific purpose reserve	20(a)	23,006	24,209
AIB reserve	20(a)	5,647	5,509
Funds held in perpetuity	20(a)	250	250
Contributed capital	20(c)	25,850	25,850
Accumulated surpluses/(deficits)	20(b)	36,311	37,730
Total equity		**96,726**	**94,107**

Contingent Liabilities and Contingent Assets 24
Commitments 19
This statement should be read in conjunction with the accompanying notes.

Statement of Changes in Equity Year Ended 30 June 2014

	Note	General purpose reserve $'000	Asset revaluation reserve $'000	Restricted specific purpose reserve $'000	AIB reserve $'000	Funds held in perpetuity $'000	Contrib'tn by owners $'000	Accum surpluses/ (deficits) $'000	Total $'000
Balance at 30 June 2012	20	8,683	347	15,821	5,342	250	25,850	38,578	94,871
Net result for the year		-	-	-	-	-	-	(848)	(848)
Comprehensive income		-	84	-	-	-	-	-	84
Transfer (to)/from AIB reserve		(167)	-	-	167	-	-	-	-
Transfer (to)/from restricted specific purpose reserve		(8,388)	-	8,388	-	-	-	-	-
Balance at 30 June 2013	20	128	431	24,209	5,509	250	25,850	37,730	94,107
Net result for the year		-		-	-	-	-	2,608	2,608
Comprehensive income		-	11	-	-	-	-	-	11
Transfer to/(from) surplus		-	-	4,027	-	-	-	(4,027)	-
Transfer to/(from) AIB reserve		(138)	-	-	138	-	-	-	-
Transfer to/(from) restricted/purpose reserve		5,230	-	(5,230)	-	-	-	-	-
Balance at 30 June 2014	20	5,220	442	23,006	5,647	250	25,850	36,311	96,726

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

Cash Flow Statement Year Ended 30 June 2014

	Note	2014 $'000 Inflows/(Outflows)	2013 $'000 Inflows/(Outflows)
Cash flows from operating activities			
Operating grants from government		464,413	456,573
Patient and resident fees received		22,431	22,787
Private practice and pathology fees received		42,010	37,795
Donations and bequests received		6,746	6,535
Interest received		855	1,026
Other receipts		88,431	74,602
Employee benefits paid		(401,066)	(379,091)
Non salary labour costs		(5,759)	(7,814)
Payments for supplies and consumables		(102,461)	(98,306)
Finance costs		(6,656)	(6,281)
Other expenses		(72,045)	(85,871)
GST Paid to ATO		(35,709)	(28,254)
Net cash used from operations		**1,190**	**(6,297)**
Capital grants from government		38,888	32,267
Capital donations and bequests received		-	500
Capital building and occupancy		(15,533)	(14,976)
Interest received – St Vincent's Healthcare Ltd		4,597	4,563
Other capital receipts		497	134
		28,449	**22,488**
Net cash inflow from operating activities	**21**	**29,639**	**16,190**
Cash flows from investing activities			
Purchase of property plant and equipment		(18,759)	(17,693)
Proceeds from sale of property plant and equipment		394	138
Payment for intangible assets		(1,008)	(4,883)
Purchases of investments		(8,023)	(2,000)
Proceeds from sale of investments		1,058	7,000
Net cash outflow from investing activities		**(26,338)**	**(17,438)**
Cash flows from financing activities			
Proceeds from borrowings		5,282	6,914
Repayment of borrowings		(5,391)	(5,451)
Repayment of finance leases		(3,374)	(1,752)
Net cash inflow/(outflow) from financing activities		**(3,483)**	**(289)**
Net decrease in cash held		(182)	(1,537)
Cash and cash equivalents at beginning of the year		5,903	7,440
Cash and cash equivalents at end of the year	**6**	**5,721**	**5,903**

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

Notes to and forming part of the Financial Statements

Note 1: Summary of significant accounting policies

These general-purpose statements have been prepared in accordance with the Australian Charities and *Not-for-Profits Commission Act 2012 (Cth)*, the *Financial Management Act 1994* (with the exception of FRD103E – Non-Financial Physical Assets and FRD114A Financial Instruments) and *Accounting Standards* issued by the Australian Accounting Standards Board. Accounting standards include Australian Accounting Standards (AAS's) and Interpretations.

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

a) Basis of preparation

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2014 and the comparative information presented in these financial statements for the year ended 30 June 2013.

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

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

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

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

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

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

– the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 1(j));

– actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 1(k)).

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

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

– Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

– Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

– Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

Notes to and forming part of the Financial Statements

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

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

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

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

b) Reporting entity

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

Its principal place of business is:

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

c) Principles of consolidation

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

d) Scope and presentation of financial statements

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

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

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

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

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

Notes to and forming part of the Financial Statements

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

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

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

Rounding
The Hospital is a company referred to in class order 98/100 issued by the Australian Securities and Investment Commission relating to the 'rounding off' of amounts in financial statements. Amounts in the financial statements have been rounded off in accordance with that class order to the nearest thousand dollars.

e) Change in accounting policies

AASB 13 Fair value measurement
AASB 13 establishes a single source of guidance for all fair value measurements. AASB 13 does not change when a health service is required to use fair value, but rather provides guidance on how to measure fair value under Australian Accounting Standards when fair value is required or permitted. The Hospital has considered the specific requirements relating to highest and best use, valuation premise, and principal (or most advantageous) market. The methods, assumptions, processes and procedures for determining fair value were revised and adjusted where applicable. In light of AASB 13, the Hospital has reviewed the fair value principles as well as its current valuation methodologies in assessing the fair value, and the assessment has not materially changed the fair values recognised.

AASB 13 has predominantly impacted the disclosures of the Hospital. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards, including AASB 7 Financial Instruments: Disclosures.

The disclosure requirements of AASB 13 apply prospectively and need not to be provided for comparative periods, before initial application. Consequently, comparatives of these disclosures have not been provided for 2012–13, except for financial instruments, of which the fair value disclosures are required under AASB 7 Financial Instruments Disclosures.

AASB 119 Employee benefits
In 2013–14, the Hospital has applied AASB 119 Employee Benefits (September 2011, as amended), and related consequential amendments for the first time.

The revised AASB 119 changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligation and plan assets. As the current accounting policy is for the Department of Treasury and Finance to recognise and disclose the State's defined benefit liabilities in its financial statements, changes in defined benefit obligations and plan assets will have limited impact on the Hospital.

The revised standard also changes the definition of short-term employee benefits. These were previously benefits that were expected to be settled within 12 months after the end of the reporting period in which the employees render the related service, however, short-term employee benefits are now defined as benefits expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service. As a result, accrued annual leave balances which were previously classified as short-term employee benefits no longer meet this definition and are now classified as long-term employee benefits. This has resulted in a change of measurement for the annual leave provision from an undiscounted to discounted basis.

Comparative amounts for the 2012–13 and the related amounts as at 1 July 2012 have not been restated as the impact is not considered to be significant.

Notes to and forming part of the Financial Statements

f) Revenue recognition

Revenue is recognised in accordance with AASB 118 Revenue and is recognised as revenue to the extent it is earned. Unearned income at reporting dates is reported as income received in advance. Amounts disclosed as revenue are, where applicable, net of returns, allowances and duties and taxes.

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

Indirect Contributions from the Department of Health (DoH)

Indirect Contributions from the Department of Health

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

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

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

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

Dividends
Dividend revenue is recognised when the right to receive payment is obtained.

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

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

g) Expense recognition

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

Employee expenses
Employee expenses include:

- wages and salaries;
- annual leave;
- sick leave;
- long service leave; and
- superannuation expenses which are reported differently depending upon whether employees are members of defined benefit or defined contribution plans.

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

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

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

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

Notes to and forming part of the Financial Statements

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

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

	2014	2013
Leasehold Improvements	10 to 40 years	10 to 40 years
Plant and Equipment	4 to 15 years	4 to 15 years
Medical Equipment	4 to 10 years	4 to 10 years
Computers and Communications	4 to 10 years	4 to 10 years
Motor Vehicles	6.6 years	6.6 years
Furniture and Fittings	6 to 18 years	6 to 18 years
Leased Assets	4 to 10 years	4 to 10 years
Computer Software	4 to 10 years	4 to 10 years

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

i) the parent company advising of extension of the ground lease, and

ii) Department of Health advising of the proposed usage of the Hospital for public hospital services beyond 2017 and has allowed continuing application of the above expected useful lives of non-current assets.

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

– Interest on bank overdrafts and short-term and long-term borrowings;

– Amortisation of discounts or premiums relating to borrowings;

– Amortisation of ancillary costs incurred in connection with the arrangement of borrowings;

– Finance charges in respect of finance leases recognised in accordance with AASB 117 Leases.

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

– **Supplies and consumables**

Supplies and services costs which are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.

– **Bad and doubtful debts**

Refer to Note 1 (j) Impairment of financial assets.

h) Other comprehensive income

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

i) Other financial assets

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

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

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

Notes to and forming part of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

j) Assets

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

Receivables
Receivables consist of:

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

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

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

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

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

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

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

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

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

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

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

Notes to and forming part of the Financial Statements

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

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

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

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

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

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

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

– inventories, and

– financial instrument assets.

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

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

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

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

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

– its share of jointly controlled assets;

– any liabilities that it has incurred;

– its share of liabilities incurred jointly by the joint venture;

– any income earned from the selling or using of its share of the output from the joint venture; and

– any expenses incurred in relation to being an investor in the joint venture.

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

Notes to and forming part of the Financial Statements

k) *Liabilities*

Payables
Payables consist of:

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

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

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

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

Employee benefits
Wages and Salaries, Annual leave, Sick leave and Accrued days off
Liabilities for wages and salaries, including non-monetary benefits, annual leave, and accumulating sick leave are all recognised in the provision for employee benefits as 'current liabilities', because the Hospital does not have an unconditional right to defer settlements of these liabilities.

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

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

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

The components of this current LSL liability are measured at:

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

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

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

Notes to and forming part of the Financial Statements

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

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

On-costs
Employee benefit on-costs are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

l) Leases

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

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

m) Equity

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

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

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

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

n) Commitments

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

o) Goods and Services Tax (GST)

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

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

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

p) Services supported by Health Services Agreement and services supported by Hospital and Community Initiatives

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

Notes to and forming part of the Financial Statements

q) category groups

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

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

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

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

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

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

Ambulatory comprises all recurrent health revenue/expenditure on public hospital type services, provided the following are delivered/ received outside a hospital campus, services which have moved from a hospital to a community setting since June 1998, services which fall within the agreed scope of inclusions under the new system, which have been delivered with hospitals, i.e. in rural/remote areas.

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

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

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

z) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the year ended 30 June 2014. The Hospital's assessment of the impact of those new standards and interpretations which are applicable to the Hospital is set out below.

Notes to and forming part of the Financial Statements

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on the Hospital's financial statements
AASB 9 Financial instruments	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement*).	1 Jan 2017	Subject to AASB's further modifications to AASB 9, together with the anticipated changes resulting from the staged projects on impairments and hedge accounting, details of impacts will be assessed.
AASB 11 *Joint arrangements*	This Standard deals with the concept of joint control, and sets out a new principles-based approach for determining the type of joint arrangement that exists and the corresponding accounting treatment. The new categories of joint arrangements under AASB 11 are more aligned to the actual rights and obligations of the parties to the arrangement.	1 Jan 2014	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. Subject to AASB's final deliberations and any modifications made to AASB 11 for not-for-profit entities, the entity will need to assess the nature of arrangements with other entities in determining whether a joint arrangement exists in light of AASB 11.
AASB 12 *Disclosure of interests in other entities*	This Standard requires disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on the financial statements. This Standard replaces the disclosure requirements in AASB 127 *Separate Financial Statements and AASB 131 Interests in Joint Ventures.* The exposure draft ED 238 proposes to add some implementation guidance to AASB 12, explaining and illustrating the definition of a 'structured entity' from a not-for-profit perspective.	1 Jan 2014	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. Impacts on the level and nature of the disclosures will be assessed based on the eventual implications arising from AASB 10, AASB 11 and AASB 128 Investments in Associates and Joint Ventures.
AASB 127 *separate financial statements*	This revised Standard prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.	1 Jan 2014	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 127 in a not-for-profit context. As such, the impact will be assessed after the AASB's deliberation.

Continued on page 69

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on the Hospital's financial statements
AASB 128 investments in associates and joint ventures	This revised Standard sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	1 Jan 2014	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. Subject to AASB's final deliberations and any modifications made to AASB 128 for not-for-profit entities, the entity will need to assess the nature of arrangements with other entities in determining whether a joint arrangement exists in light of AASB 128.

In addition to the new standards above, the AASB has issued a list of amending standards that are not effective for the 2013–14 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting. The AASB Interpretation in the list below is also not effective for the 2013–14 reporting period and is considered to have insignificant impacts on public sector reporting.

- AASB 2010–7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).
- AASB 2011–7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards.
- 2013–1 Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements.
- 2013–3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets.
- 2013–4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting.
- 2013–5 Amendments to Australian Accounting Standards – Investment Entities
- 2013–6 Amendments to AASB 136 arising from Reduced Disclosure Requirements
- 2013–7 Amendments to AASB 1038 arising from AASB 10 in relation to consolidation and interests of policy holders
- 2013–9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments
- AASB Interpretation 21 Levies.

Notes to and forming part of the Financial Statements

Note 2: Revenue

	HSA * 2014 $'000	HSA * 2013 $'000	H&CI** 2014 $'000	H&CI** 2013 $'000	Total 2014 $'000	Total 2013 $'000
Revenue from Operating Activities						
State government grants						
– Department of Health	71,795	190,286	-	-	71,795	190,286
– Victorian Health Funding Pool (***)	320,556	181,172	-	-	320,556	181,172
Commonwealth government grants						
– Residential and aged care subsidy	10,800	10,829	-	-	10,800	10,829
– Commonwealth grant – Health network funding adjustment	-	5,087	-	-	-	5,087
– Pharmaceutical benefits scheme	15,785	14,677	-	-	15,785	14,677
– Other	2,744	2,905	-	-	2,744	2,905
	421,680	**404,956**	**-**	**-**	**421,680**	**404,956**
Indirect contributions by Department of Health						
Insurance	606	537	-	-	606	537
Long service leave	2,276	841	-	-	2,276	841
Total indirect contributions by Department of Health	**2,882**	**1,378**	**-**	**-**	**2,882**	**1,378**
Patient and resident fees (note 2(b))						
Patient and resident fees	20,554	21,403	-	-	20,554	21,403
Residential aged care	2,085	1,890	-		2,085	1,890
Total patient and resident fees	**22,639**	**23,293**	**-**	**-**	**22,639**	**23,293**
Business units & specific purpose funds						
Diagnostic imaging	8,745	8,475	8,831	8,039	17,576	16,514
Pathology	35,191	31,870	-	-	35,191	31,870
Cafeteria	-	-	658	576	658	576
Car park	-	-	5,091	4,591	5,091	4,591
Property income	-	-	2,329	2,325	2,329	2,325
Correctional health services	-	-	18,405	15,024	18,405	15,024
Child care	-	-	264	205	264	205
Breastscreen clinic	-	-	3,952	3,817	3,952	3,817
Commercial training programs	-	-	53	36	53	36
Community medical centre	-	-	2,626	2,628	2,626	2,628

Continued on page 71

Notes to and forming part of the Financial Statements

Note 2: Revenue (continued)

	HSA * 2014 $'000	HSA * 2013 $'000	H&CI** 2014 $'000	H&CI** 2013 $'000	Total 2014 $'000	Total 2013 $'000
Patient television system	-	-	47	131	47	131
Research trust funds	-	-	6,581	6,910	6,581	6,910
Other business units	-	-	2,590	2,166	2,590	2,166
Special purpose trust funds	-	-	7,587	7,588	7,587	7,588
Total business units and specific purpose funds	**43,936**	**40,345**	**59,014**	**54,036**	**102,950**	**94,381**
Donations and bequests		-	6,746	6,077	6,746	6,077
Other revenue from operating activities	16,847	14,752	-	-	16,847	14,752
Sub-total revenue from operating activities	**507,984**	**484,724**	**65,760**	**60,113**	**573,744**	**544,837**
Revenue from non-operating activities						
Interest and dividends	-		4,349	3,926	4,349	3,926
Sub-total revenue from non-operating activities	**-**		**4,349**	**3,926**	**4,349**	**3,926**
Revenue from capital purpose income						
State government grants						
Capital adjustment factor	19,909	16,961	-	-	19,909	16,961
Business and occupancy	15,533	14,976	-	-	15,533	14,976
Other specific projects	3,446	1,094	-	-	3,446	1,094
Net gain on disposal of non-current assets (note 2(c))	-	-	(67)	1	(67)	1
Capital interest – St Vincent's Healthcare Ltd	-	-	4,628	4,645	4,628	4,645
Other capital purpose income	-	-	497	587	497	587
Sub-total revenue from capital purpose income	**38,888**	**33,031**	**5,058**	**5,233**	**43,946**	**38,264**
Assets received free of charge (note 2(d))	-	-	52	787	52	787
Total revenue from continuing operations – (refer note 2(a))	**546,872**	**517,755**	**75,219**	**70,059**	**622,091**	**587,814**

* HSA – Health Service Agreement between the Department of Health and St Vincent's Hospital (Melbourne) Limited
** H&CI – Hospital and Community Initiatives, which are all other services outside the Health Services Agreement
*** The Victorian Health Funding Pool is for reporting activity based funding payments received via the National Health Funding Administrator

Note 2(a): Analysis of revenue by source – 2014

	Admitted patients 2014 $'000	Out-patients 2014 $'000	EDS 2014 $'000	Ambulatory 2014 $'000	Mental health 2014 $'000	Aged care 2014 $'000	Primary health 2014 $'000	RAC 2014 $'000	Other 2014 $'000	Total 2014 $'000
Revenue from services supported by Health Service Agreement (HSA)										
Government grants										
Department of Health	243,961	27,572	20,929	58,653	45,542	2,648	-	8,374	14,001	421,680
Indirect contributions by Department of Health*	2,882	-	-	-	-	-	-	-	-	2,882
Patient and resident fees (refer note 2(b))	11,201	533	223	6,501	514	-	-	2,085	1,582	22,639
Business units and specific purpose funds	-	-	-	-	-	-	-	-	43,936	43,936
Capital purpose income (refer note 2)	-	-	-	-	-	-	-	-	38,888	38,888
Other	6,012	50	458	579	958	24	-	45	8,721	16,847
Sub-total revenue from services supported by HSA	**264,056**	**28,155**	**21,610**	**65,733**	**47,014**	**2,672**	**-**	**10,504**	**107,128**	**546,872**

* Indirect contributions by Department of Health
The Department of Health make certain payments on behalf of the entity. These amounts have been brought to account in determining the operating result for the year.

Revenue from services supported by Hospital and Community Initiatives										
Donations and bequests (non capital)	-	-	-	-	-	-	-	-	6,746	6,746
Business units and specific purpose funds	-	-	-	-	-	-	-	-	59,014	59,014
Interest and dividends	-	-	-	-	-	-	-	-	4,349	4,349
Capital purpose income (refer note 2)	-	-	-	-	-	-	-	-	5,058	5,058
Assets received free of charge (refer note 2(d))	-	-	-	-	-	-	-	-	52	52
Sub-total revenue from services supported by Hospital and Community Initiatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**75,219**	**75,219**
Total revenue from operations	**264,056**	**28,155**	**21,610**	**65,733**	**47,014**	**2,672**	**-**	**10,504**	**182,347**	**622,091**

Note 2(a): Analysis of revenue by source – 2013

	Admitted patients 2013 $'000	Out-patients 2013 $'000	EDS 2013 $'000	Ambulatory 2013 $'000	Mental health 2013 $'000	Aged care 2013 $'000	Primary health 2013 $'000	RAC 2013 $'000	Other 2013 $'000	Total 2013 $'000
Revenue from services supported by Health Service Agreement (HSA)										
Government grants										
Department of Health	234,682	29,675	20,110	55,937	43,403	2,506	-	8,631	10,013	404,956
Indirect contributions by Department of Health*	1,378	-	-	-	-	-	-	-	-	1,378
Patient and resident fees (note 2(b))	10,644	444	197	7,512	1,088	-	-	1,890	1,518	23,293
Business units and specific purpose funds	-	-	-	-	-	-	-	-	40,345	40,345
Capital purpose income (note 2)	-	-	-	-	-	-	-	-	33,031	33,031
Other	5,530	6	385	410	1,182	26	-	78	7,135	14,752
Sub-total revenue from services supported by HSA	**252,235**	**30,125**	**20,692**	**63,858**	**45,673**	**2,532**	**-**	**10,599**	**92,040**	**517,755**

* Indirect contributions by Department of Health
The Department of Health make certain payments on behalf of the entity. These amounts have been brought to account in determining the operating result for the year.

Revenue from services supported by Hospital and Community Initiatives										
Donations and bequests (non capital)	-	-	-	-	-	-	-	-	6,077	6,077
Business units and specific purpose funds	-	-	-	-	-	-	-	-	54,036	54,036
Other	-	-	-	-	-	-	-	-	-	-
Interest and dividends	-	-	-	-	-	-	-	-	3,926	3,926
Capital purpose income (refer note 2)	-	-	-	-	-	-	-	-	5,233	5,233
Assets received free of charge (refer note 2(d))	-	-	-	-	-	-	-	-	787	787
Sub-total revenue from services supported by Hospital and Community Initiatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**70,059**	**70,059**
Total revenue from operations	**252,235**	**30,125**	**20,692**	**63,858**	**45,673**	**2,532**	**-**	**10,599**	**162,100**	**587,814**

Notes to and forming part of the Financial Statements

Note 2(b): Patient and resident fees

Patient and resident fees raised Recurrent:	2014 $'000	2013 $'000
Acute		
– Inpatients	10,583	9,469
– Outpatients	1,739	1,579
– Other	1,267	1,808
Residential aged care		
– Generic	574	595
– Psychogeriatric	1,511	1,295
Palliative care and geriatric evaluation management	6,451	7,459
Mental health	514	1,088
Total recurrent	**22,639**	**23,293**

Patient and Resident fees exclude recoupment from Private Practice.

Note 2(c): Net gain on disposal of non-current assets

	Total 2014 $'000	Total 2013 $'000
Proceeds from disposal of non-current assets		
– Medical equipment	252	-
– Motor vehicles	142	138
Total proceeds from disposal of non-current assets	**394**	**138**
Less: written down value of assets sold		
– Plant and equipment	(6)	2
– Medical equipment	(315)	33
– Furniture & fittings	(3)	1
– Motor vehicles	(137)	101
Total written down value of non-current assets sold	**(461)**	**137**
Net gains/(loss) on disposal of non-current assets	**(67)**	**1**

Note 2(d): Assets received free of charge or for nominal consideration

	Total 2014 $'000	Total 2013 $'000
During the reporting period, the fair value of assets received free of charge, was as follows:		
– Cultural Assets	52	37
– Aged Care Bed Licences	-	750
Total	**52**	**787**

Aged Care Bed Licences were gifted from The Trustees of the Sisters of Charity Australia in 2013.

Notes to and forming part of the Financial Statements

Note 3: Expenses

	HSA 2014 $'000	HSA 2013 $'000	H&CI 2014 $'000	H&CI 2013 $'000	Total 2014 $'000	Total 2013 $000
Employee expenses						
– Salaries and wages	335,632	312,989	31,546	28,877	367,178	341,866
– Workcover premiums	2,975	2,547	219	247	3,194	2,794
– Departure packages	166	201	35	15	201	216
– Long service leave	10,584	8,683	511	358	11,095	9,041
– Superannuation	29,205	27,337	2,414	2,173	31,619	29,510
Total employee expenses	**378,562**	**351,757**	**34,725**	**31,670**	**413,287**	**383,427**
Non-salary labour costs						
– Agency costs – nursing	4,253	6,403	188	301	4,441	6,704
– Agency costs – other	976	1,004	342	106	1,318	1,110
Total non-salary labour costs	**5,229**	**7,407**	**530**	**407**	**5,759**	**7,814**
Supplies and consumables						
– Drug supplies	25,492	24,422	1,170	1,171	26,662	25,593
– Medical, surgical supplies and prostheses	42,893	41,266	1,176	1,000	44,069	42,266
– Pathology supplies	9,769	9,244	676	582	10,445	9,826
– Food supplies	3,888	3,325	417	319	4,305	3,644
Total supplies and consumables	**82,042**	**78,257**	**3,439**	**3,072**	**85,481**	**81,329**
Other expenses from continuing operations						
– Domestic services and supplies	1,189	1,335	174	147	1,363	1,482
– Fuel, light, power and water	6,097	6,360	246	276	6,343	6,636
– Insurance costs	4,150	4,100	-	-	4,150	4,100
– Motor vehicle expenses	986	922	36	45	1,022	967
– Repairs and maintenance	4,515	4,368	301	222	4,816	4,590
– Maintenance contracts	9,757	9,488	738	764	10,495	10,252
– Patient transport	1,063	1,726	251	139	1,314	1,865
– Bad and doubtful debts	515	489	21	50	536	539
– Lease expenses	2,907	3,577	721	894	3,628	4,471
– Training and development	4,567	4,962	622	726	5,189	5,688
– Rental	8,980	7,731	1,398	1,370	10,378	9,101
– Telephone	1,652	1,705	59	65	1,711	1,770
– Other administrative expenses	16,923	17,435	5,268	6,484	22,191	23,919
– Audit fees						
VAGO audit of financial statements	104	101	-	-	104	101
Other	145	190	3	3	148	193
Total other expenses from continuing operations	**63,550**	**64,489**	**9,838**	**11,185**	**73,388**	**75,674**
– Campus lease	9,904	9,620	-	-	9,904	9,620
– Business and occupancy excess	5,629	5,356	-	-	5,629	5,356
– Depreciation and amortisation	-	-	17,723	15,544	17,723	15,544
– Finance costs	-	-	6,656	6,393	6,656	6,393
– Leasehold expense	-	-	278	1,936	278	1,936
– Minor capital	-	-	1,378	1,569	1,378	1,569
Total	**15,533**	**14,976**	**26,034**	**25,442**	**41,568**	**40,418**
Total expenses	**544,916**	**516,886**	**74,567**	**71,776**	**619,483**	**588,662**

Note 3(a): Analysis of expense by source – 2014

	Admitted patients 2014 $ '000	Outpatients 2014 $ '000	EDS 2014 $ '000	Ambulatory 2014 $ '000	Mental health 2014 $ '000	Aged care 2014 $ '000	Primary health 2014 $ '000	RAC 2014 $'000	Other 2014 $ '000	Total 2014 $ '000
Services supported by Health Service Agreement										
Employee expenses	211,475	13,240	26,342	54,875	52,943	3,081	158	11,729	4,718	378,561
Non-salary labour costs	2,784	67	592	621	681	6	-	444	34	5,229
Supplies and consumables	67,342	4,217	2,338	3,956	2,707	134	-	718	630	82,042
Other expenses from continuing operations	31,268	3,445	2,707	11,795	10,489	678	6	1,761	1,402	63,551
Sub-total of expenses from services supported by Health Services Agreement	**312,869**	**20,969**	**31,979**	**71,247**	**66,820**	**3,899**	**164**	**14,652**	**6,784**	**529,383**
Services supported by Hospital and Community Initiatives										
Employee expenses	-	-	-	-	-	-	-	-	34,725	34,725
Non-salary labour costs	-	-	-	-	-	-	-	-	530	530
Supplies and consumables	-	-	-	-	-	-	-	-	3,439	3,439
Other expenses from continuing operations	-	-	-	-	-	-	-	-	9,838	9,838
Sub-total of services supported by Hospital and Community Initiatives (note 3(b))	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**48,532**	**48,532**
Services supported by capital resources										
Campus lease	-	-	-	-	-	-	-	-	9,904	9,904
Business and occupancy excess	-	-	-	-	-	-	-	-	5,629	5,629
Depreciation and amortisation (note 4)	-	-	-	-	-	-	-	-	17,723	17,723
Finance costs (note 5)	-	-	-	-	-	-	-	-	6,656	6,656
Leasehold expense	-	-	-	-	-	-	-	-	278	278
Minor capital	-	-	-	-	-	-	-	-	1,378	1,378
Sub-total expenses from services supported by capital resources	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**41,568**	**41,568**
Total expenses	**312,869**	**20,969**	**31,979**	**71,247**	**66,820**	**3,899**	**164**	**14,652**	**96,884**	**619,483**

Note 3(a): Analysis of expense by source – 2013

	Admitted patients 2013 $ '000	Outpatients 2013 $ '000	EDS 2013 $ '000	Ambulatory 2013 $ '000	Mental health 2013 $ '000	Aged care 2013 $ '000	Primary health 2013 $ '000	RAC 2013 $'000	Other 2013 $ '000	Total 2013 $ '000
Services supported by Health Service Agreement										
Employee expenses	196,053	13,484	24,465	51,554	48,727	2,940	85	11,191	3,258	351,757
Non-salary labour costs	3,436	88	729	673	1,888	7	-	558	28	7,407
Supplies and consumables	64,027	4,459	2,042	3,876	2,603	118	-	712	420	78,257
Other expenses from continuing operations	31,898	3,835	2,762	11,747	10,631	670	-	1,870	1,076	64,489
Sub-total of expenses from services supported by Health Services Agreement	**295,414**	**21,866**	**29,998**	**67,850**	**63,849**	**3,735**	**85**	**14,331**	**4,782**	**501,910**
Services supported by Hospital and Community Initiatives										
Employee expenses	-	-	-	-	-	-	-	-	31,670	31,670
Non-salary labour costs	-	-	-	-	-	-	-	-	407	407
Supplies and consumables	-	-	-	-	-	-	-	-	3,072	3,072
Other expenses from continuing operations	-	-	-	-	-	-	-	-	11,185	11,185
Sub-total of services supported by Hospital and Community Initiatives (note 3(b))	-	-	-	-	-	-	-	-	**46,334**	**46,334**
Services supported by capital resources										
Campus lease	-	-	-	-	-	-	-	-	9,620	9,620
Business and occupancy excess	-	-	-	-	-	-	-	-	5,356	5,356
Depreciation and amortisation (note 4)	-	-	-	-	-	-	-	-	15,544	15,544
Finance costs (note 5)	-	-	-	-	-	-	-	-	6,393	6,393
Leasehold expense	-	-	-	-	-	-	-	-	1,936	1,936
Minor capital	-	-	-	-	-	-	-	-	1,569	1,569
Sub-total expenses from services supported by capital resources	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**40,418**	**40,418**
Total expenses	**295,414**	**21,866**	**29,998**	**67,850**	**63,849**	**3,735**	**85**	**14,331**	**91,534**	**588,662**

Note 3(b): Analysis of expenses by internal and restricted specific purpose funds for services supported by Hospital and Community Initiatives

	Total 2014 $'000	Total 2013 $'000
Diagnostic imaging	7,687	7,174
Cafeteria	173	148
Car park	1,141	1,469
Property expenses	136	196
Other business units	481	449
Correctional health services	15,552	12,323
Community medical centre	2,507	2,477
Patient television system	95	165
Breastscreen clinic	3,955	3,739
Specific purpose trust funds	6,840	7,717
Research and scholarship	7,958	8,520
Other	2,007	1,957
Total	**48,532**	**46,334**

Note 4: Depreciation and amortisation

	Total 2014 $'000	Total 2013 $'000
Depreciation		
Plant and equipment	1,671	1,458
Medical equipment	4,152	4,183
Computers and communication	563	560
Furniture and fittings	190	166
Motor vehicles	446	488
Leasehold improvements	6,594	5,831
Leased assets – plant and equipment	2,657	1,540
Total depreciation – property, plant and equipment	**16,273**	**14,226**
Amortisation		
Intangible assets		
- Computer software & development costs	1,450	1,318
Total amortisation – intangible assets	**1,450**	**1,318**
Total depreciation and amortisation	**17,723**	**15,544**

Notes to and forming part of the Financial Statements

Note 5: Finance costs

	Total 2014 $'000	Total 2013 $'000
St Vincent's Healthcare Limited Loan	560	640
AIB Bond holders	4,582	4,541
Finance leases	861	477
Commonwealth Bank of Australia	653	735
Total	**6,656**	**6,393**

Note 6: Cash and cash equivalents

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

	Total 2014 $'000	Total 2013 $'000
Cash at bank and on hand		
Cash on hand	32	36
Cash at bank	11,437	12,009
Cash at 30 June Represented by:	**11,469**	**12,045**
Cash for operations (as per cash flow statement)	5,721	5,903
Cash for monies held in trust (note 18)	5,748	6,142
Cash at 30 June	**11,469**	**12,045**

Notes to and forming part of the Financial Statements

Note 7: Receivables

	Total 2014 $'000	Total 2013 $'000
Current - contractual		
Trade debtors	5,781	8,047
Patient fees	3,505	3,536
Doctors' fee revenue	5,367	5,668
Accrued revenue		
– Department of Health	2,268	2,192
– Other	5,050	5,557
Loan – St Vincent's Healthcare Ltd (refer note 31)	5,663	5,564
Total contractual	**27,634**	**30,564**
Current - statutory		
GST receivable	2	-
Sub-total	**27,636**	**30,564**
Less: provision for doubtful debts		
Trade debtors	(314)	(309)
Patient fees	(352)	(233)
Other debtors	(302)	(459)
Sub-total	**(968)**	**(1,001)**
Total current	**26,668**	**29,563**
Non-current – contractual		
Department of Health - long service leave	13,602	11,325
Loan – St Vincent's Healthcare Ltd (refer note 31)	16,161	21,819
Total non-current	**29,763**	**33,144**
Total receivables	**56,431**	**62,707**

a) Movement in the allowance for doubtful debts

	Total 2014 $'000	Total 2013 $'000
Balance at beginning of year	1,001	665
Amounts written off during the year	(536)	(538)
Increase in allowance recognised in profit or loss	503	874
Balance at end of the year	**968**	**1,001**

b) Nature and extent of risk arising from receivables

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

Notes to and forming part of the Financial Statements

Note 8: Other financial assets

	Operating Fund		Specific Purpose Fund		AIB Reserve Fund		Total	Total
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Current								
Held to maturity investments								
Guaranteed bill index deposit in escrow	-	-	-	-	5,647	5,509	5,647	5,509
Mortgage and asset backed securities	279	100	323	571	-	-	602	671
Bank bills and term deposits	282	77	327	437	-	-	609	514
Fixed interest securities and floating rate notes	2,522	30	2,924	170	-	-	5,446	200
Total current other financial assets	**3,083**	**207**	**3,574**	**1,178**	**5,647**	**5,509**	**12,304**	**6,894**
Non-current								
Held to maturity investments								
Fixed interest securities and floating rate notes	37,926	21,575	11,760	23,031	-	-	49,686	44,606
Total non-current other financial assets	**37,926**	**21,575**	**11,760**	**23,031**	**-**	**-**	**49,686**	**44,606**
Total other financial assets	**41,009**	**21,782**	**15,334**	**24,209**	**5,647**	**5,509**	**61,990**	**51,500**
Represented by: Health service investments	41,009	21,782	15,334	24,209	5,647	5,509	61,990	51,500
Total	**41,009**	**21,782**	**15,334**	**24,209**	**5,647**	**5,509**	**61,990**	**51,500**

a) **Ageing Analysis of Other Financial Assets**
Please refer to Note 22(b) for the aging analysis of Other Financial Assets.

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

Notes to and forming part of the Financial Statements

Note 9: Inventories

	Total 2014 $'000	Total 2013 $'000
Current		
Drug supplies	2,412	2,413
Medical and surgical lines	2,802	2,333
Food supplies	58	58
Biomedical supplies	125	125
Total	**5,397**	**4,929**

Note 10: Other assets

	Total 2014 $'000	Total 2013 $'000
Current		
Prepayments	1,822	1,628
Total	**1,822**	**1,628**

Notes to and forming part of the Financial Statements

Note 11: Property, plant and equipment

a) Gross carrying amount and accumulated depreciation

	Total 2014 $'000	Total 2013 $'000
Leasehold improvements		
– Leasehold improvements at cost	131,708	118,332
Less accumulated depreciation	(32,164)	(25,571)
Total leasehold improvements	**99,544**	**92,761**
Plant and equipment		
– Plant and equipment at cost	22,120	20,522
Less accumulated depreciation	(12,233)	(10,882)
Total plant and equipment	**9,887**	**9,640**
Medical equipment		
– Major medical equipment at cost	62,042	60,646
Less accumulated depreciation	(42,660)	(39,659)
Total medical equipment	**19,382**	**20,987**
Computers and communication		
– Computers and communication at cost	8,241	6,956
Less accumulated depreciation	(4,723)	(4,171)
Total computers and communications	**3,518**	**2,785**
Furniture and fittings		
– Furniture and fittings at cost	2,755	2,672
Less accumulated depreciation	(1,967)	(1,796)
Total furniture and fittings	**788**	**876**
Motor vehicles		
– Motor vehicles at cost	4,496	4,356
Less accumulated depreciation	(2,793)	(2,484)
Total motor vehicles	**1,703**	**1,872**
Cultural assets		
– Cultural assets at fair value^	2,729	2,651
Less accumulated depreciation	-	-
Total cultural assets	**2,729**	**2,651**
Leased assets		
– Leasehold improvements at cost	38,722	38,722
– Plant and equipment at cost	19,165	13,438
Less accumulated amortisation	(45,362)	(42,705)
Total leased assets	**12,525**	**9,455**
Works in progress at cost *	**2,324**	**4,551**
Total	**152,400**	**145,578**

^ Cultural Assets were revalued at 30 June 2014 by Dwyer Fine Arts.

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

b) Reconciliations of the carrying amounts of each class of asset at the beginning and end of previous and current financial year are set out below.

	Leasehold $'000	Plant & equipment $'000	Medical equipment $'000	Computers & comms $'000	Furniture & fittings $'000	Motor vehicles $'000	Cultural assets $'000	Leased assets $'000	Works in progress $'000	Total $'000
Balance at 1 July 2012	**87,419**	**8,362**	**21,602**	**2,455**	**869**	**1,998**	**2,528**	**4,702**	**4,244**	**134,179**
Additions	1,115	3,601	3,195	934	156	462	39	5,529	8,678	23,709
Transfers	10,058	(863)	406	(44)	17	1	-	765	(8,371)	1,969
Disposals	-	(2)	(33)	-	(1)	(101)	-	-	-	(137)
Revaluation	-	-	-	-	-	-	84	-	-	84
Depreciation	(5,831)	(1,458)	(4,183)	(560)	(165)	(488)	-	(1,541)	-	(14,226)
Balance at 1 July 2013	**92,761**	**9,640**	**20,987**	**2,785**	**876**	**1,872**	**2,651**	**9,455**	**4,551**	**145,578**
Additions	11,263	1,595	2,862	671	105	414	52	5,727	1,855	24,544
Transfers	2,114	330	-	625	-	-	15	-	(4,082)	(998)
Disposals	-	(6)	(315)	-	(3)	(137)	-	-	-	(461)
Revaluation	-	-	-	-	-	-	11	-	-	11
Depreciation	(6,594)	(1,672)	(4,152)	(563)	(190)	(446)	-	(2,657)	-	(16,274)
Balance at 30 June 2014	**99,544**	**9,887**	**19,382**	**3,518**	**788**	**1,703**	**2,729**	**12,525**	**2,324**	**152,400**

c) Fair value measurement hierarchy for assets as at 30 June 2014

	Carrying amounts as at 30 June 2014	Fair value measurement at end of reporting period using (i)		
		Level 1	Level 2	Level 3
Cultural assets at fair value	2,729	-	2,729	-
Total	**2,729**	**-**	**2,729**	**-**

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

There have been no transfers between levels during the period.

Cultural Assets

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

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

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

Note 12: Intangible assets

	Total 2014 $'000	Total 2013 $'000
Computer software and development at cost	19,192	17,187
Less accumulated amortisation	(8,685)	(7,235)
	10,507	**9,952**
Bed licences at (deemed) cost	-	750
Bed licences at fair value	3,375	2,625
	3,375	**3,375**
Total written down value	**13,882**	**13,327**

* Bed Licences were revalued using a market approach as at 30 June 2014 by Knight Frank Health & Aged Care Victoria. Bed Licenses at deemed cost represent assets received free of charge as recorded in note 2(d).

a) Fair value measurement hierarchy for Intangible Assets as at 30 June 2014

	Carrying amounts as at 30 June 2014	Fair value measurement at end of reporting period using (i)		
		Level 1	Level 2	Level 3
Bed Licences at Fair Value	3,375	-	3,375	-
Total	**3,375**	**-**	**3,375**	**-**

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

There have been no transfers between levels during the period.

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

	Computer software & development $'000	Bed licences $'000	Total $'000
Balance at 1 July 2012	**8,802**	**2,625**	**11,427**
Additions	4,133	750	4,883
Transfers	(1,665)	-	(1,665)
Disposals	-	-	-
Depreciation/amortisation	(1,318)	-	(1,318)
Balance at 1 July 2013	**9,952**	**3,375**	**13,327**
Additions	1,008	-	1,008
Transfers	997	-	997
Disposals	-	-	-
Depreciation/amortisation	(1,450)	-	(1,450)
Balance as at 30 June 2014	**10,507**	**3,375**	**13,882**

Note 13: Investment properties

a) Movements in carrying value for investment properties as at 30 June 2014

	Total 2014 $'000	Total 2013 $'000
Balance at beginning of period	1,930	1,930
Net gain from fair value adjustments	330	-
Balance at end of period	**2,260**	**1,930**

b) Fair value measurement hierarchy for assets as at 30 June 2014

	Carrying amounts as at 30 June 2014	Fair value measurement at end of reporting period using (i)		
		Level 1	Level 2	Level 3
Investment properties at Fair Value	2,260	-	2,260	-
Total	**2,260**	**-**	**2,260**	**-**

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

There have been no transfers between levels during the period. There were no changes in valuation techniques throughout the period to 30 June 2014.

The fair value of the Hospital's property 26-28 Gertrude St at 30 June 2014 has been arrived on the basis of an independent valuation carried out by independent valuers Egan National Valuers. The valuation was determined by reference to market evidence of transaction process for similar properties with no significant unobservable adjustments, in the same location and condition and subject to similar lease and other contracts.

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

Notes to and forming part of the Financial Statements

Note 14: Payables

	Total 2014 $'000	Total 2013 $'000
Current – contractual – unsecured		
Trade creditors	16,206	12,070
Accrued expenses	13,255	12,677
	29,461	**24,747**
Current – contractual - unsecured		
Department of Health	2,822	2,695
	2,822	**2,695**
Current – statutory – unsecured		
GST payable	1,962	2,397
	1,962	**2,397**
Total current payables	**34,245**	**29,839**

a) **Nature and extent of risk arising from payables**
Refer to Notes 22(b) for the nature and extent of risks arising from payables

Note 15: Interest Bearing Liabilities

	Total 2014 $'000	Total 2013 $'000
Current		
– AIB bond holders	5,579	5,327
– Commonwealth Bank of Australia (CBA)	1,140	1,073
– Finance leases (refer note 15a)	2,938	1,933
– St Vincent's Healthcare Ltd (SVHC)	1,250	-
Total current	**10,907**	**8,333**
Non-current		
– AIB bond holders	15,663	21,237
– Commonwealth Bank of Australia (CBA)	9,456	10,596
– Finance leases (refer note 15a)	10,201	7,848
– St Vincent's Healthcare Ltd (SVHC)	8,750	10,000
Total non-current	**44,070**	**49,681**
Total interest bearing liabilities	**54,977**	**58,014**

Notes to and forming part of the Financial Statements

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

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

Finance costs of the Hospital incurred during the year are accounted for as finance costs recognised as expenses were $6,656,000 (2013: $6,393,000).

(a) Maturity analysis of borrowings
Refer to Note 22(c) for ageing analysis of Interest bearing liabilities.

(b) Nature and extent of risk arising from borrowings
Refer to note 22(c) for the nature and extent of risks arising from borrowings.

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

Note 15(a): Finance Lease Liabilities

	Minimum future lease payments (i)		Present value of minimum future lease payments	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Other finance lease liabilities payable (ii)				
Not longer than one year	3,738	2,676	3,738	2,676
Longer than one year but not longer than five years	10,722	8,209	10,722	8,209
Longer than five years	850	571	850	571
Minimum future lease payments	**15,310**	**11,456**	**15,310**	**11,456**
Less future finance charges	(2,171)	(1,675)	(2,171)	(1,675)
Present value of minimum lease payments	**13,139**	**9,781**	**13,139**	**9,781**
Included in the financial statements as:				
Current borrowings lease liabilities	2,938	1,933	2,938	1,933
Non-current borrowings lease liabilities	10,201	7,848	10,201	7,848
Total	**13,139**	**9,781**	**13,139**	**9,781**

(i) Minimum future lease payments include the aggregate of all base payments and any guaranteed residual
(ii) Other finance lese liabilities include obligations that are recognised on the balance sheet; the future payments related to operating and lease commitments are disclosed in Note 19
The weighted average interest rate implicit in leases is 6.67% (2013 – 7.44%)

Note 16: Employee benefits/provisions

	Total 2014 $'000	Total 2013 $'000
Current provisions		
Employee benefits*		
Annual leave (note 16(a))		
– Unconditional and expected to be utilised within 12 months	21,178	19,944
– Unconditional and expected to be utilised after 12 months	3,350	3,201
Long service leave (note 16(a))		
– Unconditional and expected to be utilised within 12 months	5,901	5,752
– Unconditional and expected to be utilised after 12 months	47,026	42,272
Accrued wages and salaries (note 16(a))		
– Unconditional and expected to be utilised within 12 months	10,883	9,990
Accrued days off (note 16(a))		
– Unconditional and expected to be utilised within 12 months	942	976
	89,280	**82,135**
Provisions related to employee benefit on-costs		
– Unconditional and expected to be utilised within 12 months	4,065	3,584
– Unconditional and expected to be utilised after 12 months	5,242	4,547
	9,307	**8,131**
Total current provisions	**98,587**	**90,266**
Non-current provisions		
Employee benefits*	9,987	9,436
Provisions related to employee benefit on-costs	1,095	944
Total non-current provisions	**11,082**	**10,380**
Total provisions	**109,669**	**100,646**

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

Notes to and forming part of the Financial Statements

Note 16(a): Employee benefits and related on-costs

	Total 2014 $'000	Total 2013 $'000
Current employee benefits and related on-costs		
Unconditional long service leave entitlements	58,438	52,826
Annual leave entitlements	27,087	25,463
Accrued wages and salaries	12,026	10,904
Accrued days off	1,036	1,073
Total current	**98,587**	**90,266**
Non-current employee benefits and related on-costs		
Conditional long service leave entitlements	11,082	10,380
Total non-current	**11,082**	**10,380**
Total employee benefits and related on-costs	**109,669**	**100,646**

Note 16(b): Movement in provisions

Movement in long service leave	Total 2014 $'000	Total 2013 $'000
Balance at start of year	63,205	59,115
Provisions made during the year	11,122	9,239
Settlement made during the year	(4,807)	(5,149)
Balance at end of year	**69,520**	**63,205**

Notes to and forming part of the Financial Statements

Note 17: Superannuation

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

The Hospital does not recognise any defined benefit liability in respect of the plan because the entity has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due.

The Department of Treasury and Finance discloses the Victorian State's defined benefit liabilities in its disclosure for administered items.

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

	Paid contribution for the year		Contributions outstanding at year end	
	Total 2014 $'000	Total 2013 $'000	Total 2014 $'000	Total 2013 $'000
Defined benefit plans:				
Health Super	725	789	-	-
Government State Super Funds	304	287	12	10
Defined contribution plans:				
Health Super	20,425	19,441	593	513
HESTA	8,511	7,547	304	240
VicSuper	115	109	3	2
Other	1,539	1,337	87	67
Total	**31,619**	**29,510**	**999**	**832**

Note 18: Other Liabilities

	Total 2014 $'000	Total 2013 $'000
Current		
Monies held in trust		
– Security deposits	250	250
– Salary packaging employees	5,336	5,772
– Patient monies held in trust	117	120
– Other monies held in trust	45	-
Total monies held in trust	**5,748**	**6,142**
Represented by the following assets		
Cash and cash equivalents (note 6)	5,748	6,142
	5,748	**6,142**
Deferred revenue		
– Department of Health	3,067	3,032
– Salary packaging	126	442
– Dementia Behaviour Management Advisory Services	106	801
– Other	927	552
Other liabilities	60	70
Total deferred revenue	**4,286**	**4,897**
Total current	**10,034**	**11,039**

Notes to and forming part of the Financial Statements

Note 19: Commitments

	Total 2014 $'000	Total 2013 $'000
Capital expenditure commitments		
Payable		
Leasehold improvements	7,789	6,657
Intangible assets	3,637	-
Total capital commitments	**11,426**	**6,657**
Not later than 1 year	9,795	6,657
Later than 1 years but not later than 5 years	1,631	-
Later than 5 years	-	-
Total	**11,426**	**6,657**
Operating commitments		
Orders placed for goods and services	1,131	1,007
Total operating commitments	**1,131**	**1,007**
Not later than one year	1,131	1,007
Later than 1 year but not later than 5 years		
Later than 5 years		
Total	**1,131**	**1,007**
Lease commitments		
Commitments in relation to leases contracted for at the reporting date:		
Operating leases	2,686	4,302
Finance leases	16,841	11,456
Total lease commitments	**19,527**	**15,758**
Operating leases		
Cancellable		
Not later than 1 year	1,059	1,881
Later than 1 year but not later than 5 years	1,514	2,317
Later than 5 years	113	104
Total	**2,686**	**4,302**
Finance leases		
Non cancellable		
Not later than 1 year	4,112	2,676
Later than 1 years but not later than 5 years	11,794	8,209
Later than 5 years	935	571
Sub total	**16,841**	**11,456**
Total	**19,527**	**15,758**
Total commitments	**32,084**	**23,422**

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

Notes to and forming part of the Financial Statements

Note 20: Equity

	Total 2014 $'000	Total 2013 $'000
A) RESERVES		
Funds held for restricted purposes		
Balance at the beginning of the reporting period	24,209	15,821
Transfer to and from Restricted Purpose Reserves	(1,203)	8,388
Balance at the end of the reporting period	23,006	24,209
Asset revaluation reserve		
Balance at the beginning of the reporting period	431	347
Revaluation during the period	11	84
Balance at the end of the reporting period	442	431
AIB Reserve		
Balance at the beginning of the reporting period	5,509	5,342
Transfer to and from AIB reserve	138	167
Balance at the end of the reporting period	5,647	5,509
General purpose reserve		
Balance at the beginning of the reporting period	128	8,683
Transfer to and from general purpose reserve	5,092	(8,555)
Balance at the end of the reporting period	5,220	128
Funds held in perpetuity		
Balance at the beginning of the reporting period	250	250
Transfer to and from Funds held in Perpetuity	-	-
Balance at the end of the reporting period	250	250
Total Reserves	**34,565**	**30,527**
B) ACCUMULATED SURPLUSES/(DEFICITS)		
Balance at the beginning of the reporting period	37,730	38,578
Net result for the year	2,608	(848)
Transfer to and from surpluses	(4,027)	-
Balance at the end of the reporting period	36,311	37,730
C) CONTRIBUTED CAPITAL		
Balance at the beginning of the reporting period	25,850	25,850
Balance at the end of the year	25,850	25,850
D) EQUITY		
Total equity at the beginning of the reporting period	94,107	94,871
Total changes in equity recognised in the statement of comprehensive income	2,619	(764)
Total equity	**96,726**	**94,107**

The company is limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute a maximum of $100 each towards meeting any outstanding obligations of the company. At 30 June 2014 the company had 1 member (2013: 1 member).

Notes to and forming part of the Financial Statements

Capital management

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

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

Note 21: Reconciliation of net result for the year to net cash inflow from operating activities

	Total 2014 $'000	Total 2013 $'000
Net result for the year	2,608	(848)
Depreciation and amortisation	17,723	15,544
Revaluation of fixed assets	(330)	-
Provision for doubtful debts	(34)	336
Assets received free of charge	(52)	(787)
Non cash investment distributions	(2,652)	(2,451)
Net (gain)/loss on disposal of non-current assets	67	(1)
Change in operating assets and liabilities		
(Increase)/decrease in inventories	(469)	(448)
Increase/(decrease) in creditors	4,376	728
Increase/(decrease) in employee entitlements	9,023	2,460
Increase/(decrease) in accrued expenses	578	(213)
Increase/(decrease) in prepaid revenue	(611)	1,761
(Increase)/decrease in patient fees receivable	31	278
(Increase)/decrease in receivables	(425)	435
(Increase)/decrease in prepaid expenses	(194)	(604)
Net cash inflow/(outflow) from operating activities	**29,639**	**16,190**

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

Note 22: Financial Instruments

a) Risk management policies

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

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

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

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

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

Significant accounting policies

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

Categorisation of financial instruments

	Carrying Amounts 2014 $'000	Carrying Amounts 2013 $'000
Financial Assets		
Cash and cash equivalents	11,246	12,045
Held to Maturity Investments	61,990	51,500
Loans and Receivables	57,394	63,709
Total Financial Assets	**130,630**	**127,254**
Financial Liabilities		
At Amortised Cost	87,213	85,456
Total Financial Liabilities	**87,213**	**85,456**

Note that financial assets and liabilities exclude statutory receivables and payables

Notes to and forming part of the Financial Statements

	Net holding gain/(loss) 2014 $'000	Net holding gain/(loss) 2013 $'000
Financial Assets		
Cash and cash equivalents	275	292
Designated at Fair Value through Profit or Loss	0	33
Held to Maturity Investments	3,930	3,435
Loans and Receivables	4,662	4,309
Total Financial Assets	**8,867**	**8,069**
Financial Liabilities		
At Amortised Cost	(6,656)	(6,393)
Total Financial Liabilities	**(6,656)**	**(6,393)**

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

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

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

b) Credit risk exposures

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

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

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

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

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

Notes to and forming part of the Financial Statements

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

	Carrying amounts $'000	Not past due and not impaired $'000	Less than 1 month $'000	1–3 Months $'000	3 months –1 year $'000	1–5 years $'000	Impaired financial assets $'000
2014							
Financial assets							
Cash and cash equivalents	11,246	11,246	-	-	-	-	-
Held to maturity investments	61,990	61,990	-	-	-	-	-
Loans and receivables						-	-
Department of Health	15,869	15,869	-	-	-	-	-
Patient fees	3,505	1,603	390	483	1029	-	(352)
Doctors' fee revenue	5,367	3,015	700	413	1239	-	(309)
St Vincent's Healthcare Australia Ltd	21,823	21,823	-	-	-		
Other receivables	10,831	9,370	915	204	342	-	(459)
Total	**130,630**	**124,916**	**2,005**	**1,100**	**2,610**	**-**	**(968)**
2013							
Financial assets							
Cash and cash equivalents	12,045	12,045	-	-	-	-	-
Held to maturity investments	51,500	51,500	-	-	-	-	-
Loans and receivables							-
Department of Health	13,518	13,518	-	-	-	-	-
Patient fees	3,536	1,902	248	486	900	-	(233)
Doctors' fee revenue	5,668	2,631	1,079	747	1,211	-	(309)
St Vincent's Healthcare Australia Ltd	27,383	27,383	-	-	-	-	-
Other receivables	13,604	9,971	2,112	474	1,047	-	(459)
Total	**127,254**	**118,950**	**3,439**	**1,707**	**3,158**	**-**	**(1.001)**

Notes to and forming part of the Financial Statements

(c) Liquidity risk

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

Maturity of financial instruments

	1 year or less $'000	Over 1 to 2 years $'000	Over 2 to 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amounts $'000
2014						
Financial liabilities						
Trade and other payables (current)	32,236	-	-	-	32,236	32,236
Bank loans (current and non-current)	1,140	1,215	1,294	6,947	10,596	10,596
Other loans (current and non-current)	9,794	11,296	22,473	818	44,381	44,381
Total	**43,170**	**12,511**	**23,767**	**7,765**	**87,213**	**87,213**
2013						
Financial liabilities						
Trade and other payables (current)	27,442	-	-	-	27,442	27,442
Bank loans (current and non-current)	1,072	1,140	2,509	6,947	11,668	11,668
Other loans (current and non-current)	7,261	7,682	27,530	3,873	46,346	46,346
Total	**35,774**	**8,822**	**30,039**	**10,820**	**85,456**	**85,456**

Ageing analysis excludes statutory financial instruments

Notes to and forming part of the Financial Statements

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

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

(d) Market risk

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

Interest rate risk exposure

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

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

- CBA car-park loan facility of $15,000,000 (residual as at year end: $11,668,000) $10.5m fixed interest at 7.05% and $4.5m variable facility capped at 7.05%.
- AIB facility for development of hospital building (IPS) effectively relates to Inflation Indexed Bonds where the loan repayments are entirely underwritten by a Government Grant and accordingly no interest rate risk is borne by the Hospital.
- Finance leases on fixed terms totalling $9,781,000 at year end are currently being amortised.
- A facility with St Vincent's Healthcare Ltd (SVHC) of $10,000,000 at a variable rate of 5.2% with interest only over the first three years and with principal to be paid off over the following four years.

The Hospital also holds a number of term investments and bonds with fixed interest rates, which are intended to be generally held to maturity. The Hospital's intention is to maintain a combination of fixed and variable rates for both liabilities and financial assets to ensure that in aggregate interest rate risk is minimised. This is illustrated in the table on the next page.

Notes to and forming part of the Financial Statements

Interest rate exposure of financial assets and liabilities as at 30 June 2014

	Weighted average interest rate	Floating interest rate $'000	Fixed interest rate $'000	Non interest bearing $'000	Carrying amount $'000
2014					
Financial assets					
Cash	2.45%	11,214	-	32	11,246
Trade and inter hospital receivables	0.00%	-	-	5,780	5,780
Other receivables	2.94%	21,823	-	29,791	51,614
Other financial assets	5.52%	50,544	11,446	-	61,990
Total		**83,581**	**11,446**	**35,603**	**130,630**
Financial liabilities					
Trade and other payables	0.00%	-	-	32,236	32,236
SVHC	5.22%	10,000	-	-	10,000
AIB bond holders	6.34%	21,242	-	-	21,242
CBA loan facility - car park	6.60%	-	10,596	-	10,596
Finance leases	6.67%	-	13,139	-	13,139
Total		**31,242**	**23,735**	**32,236**	**87,213**
2013					
Financial assets					
Cash	2.43%	12,009	-	36	12,045
Trade and inter hospital receivables	0.00%	-	-	8,356	8,356
Other receivables	2.94%	26,565	-	28,789	55,354
Other financial assets	4.24%	25,890	25,610	-	51,500
Total		**64,464**	**25,610**	**37,181**	**127,254**
Financial liabilities					
Trade and other payables	0.00%	-	-	27,441	27,441
SVHC	6.00%	10,000	-	-	10,000
AIB bond holders	6.34%	26,564	-	-	26,564
CBA loan facility - car park	7.05%	-	11,668	-	11,668
Finance leases	7.44%	-	9,781	-	9,781
Total		**36,565**	**21,449**	**27,441**	**85,456**

Notes to and forming part of the Financial Statements

Sensitivity disclosure analysis

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

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

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

	Carrying amount	Interest rate risk			
		-1%		1%	
	$'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
2014					
Financial assets					
Cash and cash equivalents	11,246	(112)	(112)	112	112
Trade and other receivables (current)	25,697	-	-	-	-
Receivables (non-current)	29,763	-	-	-	-
Other financial assets	61,990	(505)	(505)	505	505
Financial liabilities					
Trade and other payables (current)	34,198	-	-	-	-
Payables (non-current)	-	-	-	-	-
Bank loans (current and non-current)	10,596	-	-	-	-
Other loans (current and non-current)	44,381	(100)	(100)	100	100
Total increase/(decrease)		**(718)**	**(718)**	**718**	**718**
2013					
Financial assets					
Cash and cash equivalents	12,045	(120)	(120)	120	120
Trade and other receivables (current)	30,564	-	-	-	-
Receivables (non-current)	33,145	-	-	-	-
Other financial assets	51,500	(107)	(107)	107	107
Financial liabilities					
Trade and other payables (current)	27,441	-	-	-	-
Payables (non-current)	-	-	-	-	-
Bank loans (current and non-current)	11,668	-	-	-	-
Other loans (current and non-current)	46,346	(30)	(30)	30	30
Total increase/(decrease)		**(257)**	**(257)**	**257**	**257**

Notes to and forming part of the Financial Statements

(e) Fair Value

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

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

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

	2014 Carrying Amount $ '000	2014 Fair Value $ '000	2013 Carrying Amount $ '000	2013 Fair Value $ '000
Financial Assets				
Cash	11,246	11,246	12,045	12,045
Trade Debtors	5,780	5,466	8,047	7,738
Other Receivables	51,614	50,961	55,662	54,969
Other Financial Assets	61,990	62,778	51,500	52,346
Total	**130,630**	**130,451**	**127,254**	**127,098**
Financial Liabilities				
Trade Creditors and Accruals	32,236	32,236	27,441	27,441
SVHC	10,000	10,000	10,000	10,000
AIB Bond Holders	21,242	21,242	26,564	26,564
CBA Loan Facility – car park	10,596	10,596	11,668	11,668
Finance Leases	13,139	13,139	9,781	9,781
Total	**87,213**	**87,213**	**85,454**	**85,454**

(f) Credit risk exposures

As at 30 June 2014 the Hospital has determined that it has no impaired financial assets. It should be noted that at year-end Patient Debtors, Trade Debtors and Doctors Fee Revenue totalled $14,653,000 with $1,563,000 of this amount in excess of 90 days (past due). In view of this the Hospital has taken up a provision for doubtful debts for an amount of $968,000.

(g) Significant terms and conditions

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

Note 23: Non Cash Financing & Investing Activities

	Total 2014 $'000	Total 2013 $'000
Acquisition of plant and equipment by means of finance leases (note 11(b))	5,727	5,529
Total	**5,727**	**5,529**

Note 24: Contingent assets and contingent liabilities

The Hospital has no contingent assets but is disclosing the following contingent liabilities as at 30 June 2014.

Area Mental Health Services

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

Notes to and forming part of the Financial Statements

Note 25: Segment reporting

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

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

	RACS		Inpatient		Other		Consolidated	
	June 2014 $'000	June 2013 $'000	June 2014 $'000	June 2013 $'000	June 2014 $'000	June 2013 $'000	June 2014 $'000	June 2013 $'000
Revenue								
Segment revenue	10,504	10,599	264,056	255,008	343,182	320,928	617,742	586,535
Total revenue	**10,504**	**10,599**	**264,056**	**255,008**	**343,182**	**320,928**	**617,742**	**586,535**
Expenses	**(14,652)**	**(14,303)**	**(312,869)**	**(294,640)**	**(285,028)**	**(274,038)**	**(612,549)**	**(582,981)**
Segment result	**(4,148)**	**(3,703)**	**(48,813)**	**(39,632)**	**58,154**	**46,890**	**5,193**	**3,554**
Unallocated expenses	-	-	-	-	-	-	-	-
Net result from ordinary activities	**(4,148)**	**(3,703)**	**(48,813)**	**(39,632)**	**58,154**	**46,890**	**5,193**	**3,554**
Leasehold expense	-	-	-	-	(278)	(1,936)	(278)	(1,936)
Interest expense	-	-	-	-	(6,656)	(6,393)	(6,656)	(6,393)
Interest income	-	-	-	-	4,349	3,926	4,349	3,926
Net result for the year	**(4,148)**	**(3,703)**	**(48,813)**	**(39,632)**	**55,569**	**42,488**	**2,608**	**(848)**
Segment assets	20,967	21,162	103,140	104,438	202,786	194,608	326,893	320,208
Unallocated assets	-	-	-	-	-	-	-	-
Total assets	**20,967**	**21,162**	**103,140**	**104,438**	**202,786**	**194,608**	**326,893**	**320,208**
Segment liabilities	4,056	3,986	84,022	79,638	142,089	142,756	230,167	226,102
Unallocated liabilities	-	-	-	-	-	-	-	-
Total liabilities	**4,056**	**3,986**	**84,022**	**79,638**	**142,089**	**142,756**	**230,167**	**226,102**
Acquisition of property, plant and equipment and intangible assets	-	-	-	-	-	-	-	-
Depreciation and amortisation expense	1,137	1,027	5,596	5,070	10,990	9,447	17,723	15,544
Non cash expenses – bed licences write-down	-	-	-	-	-	-	-	-
Impairment of inventories	-	-	-	-	-	-	-	-

Where possible the allocation has been based on actual balances however in some instances pro-rata allocations have been used based on relevant factors.

The major products/services from which the above segment derives revenue are:

Residential Aged Care Services (RACS)

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

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

Note 26: Jointly controlled operations and assets

		Ownership interest	
Name of Entity	Principal Activity	2014	2013
Victorian Comprehensive Cancer Centre	The member entities have committed to the establishment of a world leading comprehensive cancer centre in Parkville, Victoria, through the Joint Venture, with a view to saving lives through the integration of cancer research, education and training and patient care.	12.5%	12.5%

The Hospital's interest in assets employed in the above jointly controlled operations and assets is detailed below. The amounts are included in the Hospital's financial statements for the year ending 30 June 2014 under respective asset categories as detailed in Note 1 (j). Balances for 2013 are not considered to be significant and no adjustment has been made to the comparatives in the Hospital's financial statements.

Note 26: Jointly controlled operations and assets (continued)

	Total 2014 $'000	Total 2013 $'000
Current assets		
Cash and cash equivalents	223	169
Receivables	3	13
Prepayments	5	17
Total current assets	**231**	**199**
Non-current assets		
Property, plant and equipment	4	5
Total non-current assets	**4**	**5**
Total assets	**235**	**204**
Current liabilities		
Accrued expenses	31	14
Payables	14	15
Provisions – LSL and annual leave	38	37
Total current liabilities	**83**	**66**
Non-current liabilities		
Provisions – LSL	6	6
Total non-current liabilities	**6**	**6**
Total liabilities	**89**	**72**
Net assets	**146**	**132**
Equity		
Accumulated surpluses	146	132
Total equity	**146**	**132**

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

	Total 2014 $'000	Total 2013 $'000
Revenue		
Grants and Other Revenue	189	227
Interest	6	8
Total Revenue	**195**	**235**
Expenses		
Employee Benefits	169	166
Other Expenses from Continuing Operations	10	55
Depreciation and Amortisation	1	1
Total Expenses	**181**	**222**
Net Result	**15**	**13**

Note 27: Responsible Person and Related Party Disclosures

a) Responsible Persons

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

Responsible Minister

The Hon David Davis, MLC, Minister for Health & Ageing	01/07/13–30/06/14
The Hon Mary Wooldridge, MLA, Minister for Mental Health	01/07/13–30/06/14

Governing Board

The Directors of the Hospital during the year were:	Period
Mr P Robertson AM (Chair)	01/07/13–30/06/14
Ms M Babbage	01/10/13–30/06/14
Fr F Brennan SJ AO	01/07/13–30/06/14
Prof. M Confoy RSC	01/07/13–30/06/14
Prof. S Crowe AM	01/01/13–30/06/14
Mr B Earle	01/07/13–30/06/14
Ms P Faulkner AO	01/07/13–30/06/14
Mr G Humphrys	01/07/13–30/06/14
Ms B Hutchinson AM	01/07/13–15/10/13
Mr P McClintock AO	01/07/13–30/06/14
Prof. P Smith	01/07/13–30/06/14
Sr M Walters RSC	01/07/13–01/08/13
Sr M Wright IBVM	01/10/13–30/06/14

Accountable Officer

Prof. P O'Rourke	01/07/13–21/10/13
Mr Chris Doidge	22/10/13–16/02/14
Mr Ben Fielding	17/02/14–30/06/14

Notes to and forming part of the Financial Statements

b) Remuneration of Responsible Persons

Directors of the St Vincent's Health Australia Board (also sitting as the St Vincent's Hospital (Melbourne) Board), received payment for their roles as Directors. These amounts were paid and accounted for by St Vincent's Health Australia Limited and not St Vincent's Hospital (Melbourne) Limited.

Some directors have generously refused to accept their fee and asked that the amount due to them be retained by the Group for its charitable works, or have requested that part or all of their fees be directed to their religious order or donated to charity.

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

	Total Remuneration		Base Remuneration	
	2014 No.	2013 No.	2014 No.	2013 No.
$120,000 - $129,999	1	-	1	-
$130,000 - $139,999	1	-	1	-
$200,000 - $209,999	1	-	1	-
$390,000 - $399,999	-	-	-	1
$450,000 - $459,999	-	1	-	-
Total	**3**	**1**	**3**	**1**

c) Remuneration of responsible persons

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

d) Retirement benefits of responsible persons

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

e) Other transactions of responsible persons and their related parties

There were no other transactions of responsible persons and their related parties.

f) Transactions with entities in the wholly-owned group

St Vincent's Hospital (Melbourne) Limited is part of a wholly owned group. Transactions between St Vincent's Hospital (Melbourne) Limited and other entities in the wholly owned group during the year ended 30 June 2014 consist of:

i) Recoveries by St Vincent's Hospital (Melbourne) Limited for the provision of management and administrative services

ii) Recoveries by St Vincent's Hospital (Melbourne) Limited for the provision of other health services at cost

iii) Payment to St Vincent's Health Australia Limited Group levy and other service costs

iv) Repayment of loans (including interest) and payment of a car park lease to St Vincent's Healthcare Limited (SVHC)

Notes to and forming part of the Financial Statements

Transactions with entities in the wholly-owned group

	Total 2014 $'000	Total 2013 $'000
Aggregate amounts included in the determination of operating profit that resulted from transactions with entities in the wholly-owned group:		
Health Service carpark, group levy and costs charged by St Vincent's Health Australia Ltd and St Vincent's Healthcare Limited	2,470	2,146
Campus Lease charge by St Vincent's Healthcare Limited	9,904	9,618
Interest revenue received from St Vincent's Healthcare Limited	4,621	4,541
Facility Lease charge by St Vincent's Healthcare Limited	276	1,910
Aggregate amounts receivable from, and payable to, entities in the wholly owned group at Statement of Financial Position date:		
Current receivables due from St Vincent's Healthcare Limited and St Vincent's Health Australia Ltd	5,742	5,768
Non Current receivables due from St Vincent's Healthcare Limited and St Vincent's Health Australia Ltd	16,167	21,615
Current payables owing to St Vincent's Healthcare Limited and St Vincent's Health Australia Ltd	2,525	510
Non-current payable owing to St Vincent's Healthcare Limited and St Vincent's Health Australia Ltd	8,750	10,000
Aggregate amounts included in the determination of operating profit that resulted from transactions with each class of other related parties:		
Recoveries for the provision of management and administrative services to St Vincent's Private Hospital Melbourne Limited	3,088	2,410
Costs charged for the provision of other health services by St Vincent's Private Hospital Melbourne Limited	725	812
Aggregate amounts receivable from, and payable to, with each class of other related parties, at Statement of Financial Position date:		
Current receivables from St Vincent's Private Hospital Melbourne Limited	373	385
Current Payables to St Vincent's Private Hospital Melbourne Limited	50	163

Pursuant to a Loan and Restructure Agreement between the Trustees of the Sisters of Charity and St Vincent's Healthcare Limited (SVHC), land and building assets, including leasehold improvements, have been transferred to SVHC as at 1 January 2003 at written down value. Accordingly, no profit or loss has been recorded on this transaction and an interest free loan has been established between St Vincent's Hospital (Melbourne) Limited and SVHC. Due to the introduction of A-IFRS this transaction had a significant impact on reported assets and the on-going operational result.

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

Notes to and forming part of the Financial Statements

g) Executive officer remuneration

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

	Total Remuneration		Base Remuneration	
	2014 No.	2013 No.	2014 No.	2013 No.
$170,000 - $179,999	1	2	1	2
$180,000 - $189,999	2	1	2	1
$210,000 - $219,999	-	1	-	1
$220,000 - $229,999	1	1	1	1
$230,000 - $239,999	1	1	1	1
$240,000 - $249,999	1	-	1	-
$250,000 - $259,999	-	1	-	1
$260,000 - $269,999	1	-	1	-
$280,000 - $289,999	-	-	-	1
$290,000 - $299,999	-	-	1	-
$310,000 - $319,000	-	1	-	-
$320,000 - $329,000	1	-	-	-
Total number of Executives	**8**	**8**	**8**	**8**
Total annualised employee equivalent (AEE)*	**8**	**8**	**8**	**8**
Total $	**1,849**	**1,774**	**1,819**	**1,745**

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

Notes to and forming part of the Financial Statements

Note 28: Remuneration of auditors

	Total 2014 $'000	Total 2013 $'000
Victorian Auditor-General's Office		
Audit fees paid or payable for audit of the St Vincent's Hospital (Melbourne) Limited's financial statements as at 30 June 2014	104	101
Other Service Providers		
St Vincent's Health Australia Ltd – Internal Audit	142	187
UHY Haines Norton	3	3
Total Remuneration	**249**	**291**

Note 29: Ex gratia expenses

	Total 2014 $'000	Total 2013 $'000
Payments made to terminated employees	556	-
Ex gratia expenses	**556**	**-**

Note 30: Events occurring after reporting date

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

Note 31: Redevelopment of the hospital (1996)

Hospital Development Agreement

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

Borrowings

The Hospital issued Inflation Indexed Annuities of $80.0 million (face value) on 9 December 1992. Payments are by quarterly instalments over a 25 year period with the first instalment made on 20 February 1993. The annuity has a quarterly base payment of $1,414,400 which is adjusted quarterly by the movement in the Consumer Price Index. The total payment made to the annuity holders represents a progressive repayment of their loans plus interest. Repayments are secured by a guarantee given by the Treasurer of the State of Victoria under Section 30 of the *Health Services Act* and are funded by the twenty five year Health Services Agreement. At 30 June 2014, the amount outstanding under this agreement is $21,242,000 (2013: $26,564,000) which has a corresponding receivable asset of $21,242,000 (2013: $26,564,000).

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

Notes to and forming part of the Financial Statements

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

Campus Lease

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

25 Year Health Services Agreement

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

Escrow Account/AIB Reserve

The net amount transferred into the Escrow account for the year ended 30 June 2014 was $138,000 (2013: inflow of $167,000), including compounding interest that was reinvested in the facility. The AIB Reserve/ Escrow account is represented by investments. The balances of investments held are disclosed in Note 8 as 'Guaranteed Bill Index Deposits in Escrow'. On 24 December 2001 an amount of $7,926,000 representing the net present value of future AIB Reserve claims was transferred from the AIB Reserve Account to partially fund the Compensation Amount paid to NBA Leasing Proprietary Limited. As a consequence of the extinguishment of the obligations under the agreements to NBA Leasing Proprietary Limited (refer above), the excess of the Business and Occupancy Allowance over the payments to Bondholders which was previously transferred to the AIB Reserve Account is now transferred to the Department of Health. The balance of the AIB Reserve Account as at 30 June 2013 is held in Escrow pending release to The Hospital for repayment of debt or future capital projects.

Charges over Assets

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

Notes to and forming part of the Financial Statements

Note 32: Capital Management

Management controls the capital of the Hospital to ensure that adequate cash flows are generated to fund its operations and that returns from investments are aligned with the risks of the investments held. The Executive Finance and Investment Committee ensures that the overall risk management strategy is in line with this objective.

The Finance and Investment Committee operates under policies approved by the Board of Directors. Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

The Hospital's capital consists of financial liabilities, supported by financial assets and leasehold improvements.

Management effectively manages the Hospital's capital by assessing the Hospital's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

There have been no changes to the strategy adopted by management to control the capital of the Hospital since the previous year. The gearing ratios for the years ended 30 June 2014 and 30 June 2013 are as follows:

	Notes	Total 2014 $'000	Total 2013 $'000
Total Borrowings	15	54,977	58,014
Less Cash and Cash Equivalents	6	(11,469)	(12,045)
Net Debt		**43,508**	**45,969**
Total Equity		**96,726**	**94,106**
Total Capital		**140,234**	**140,075**
Gearing Ratio		31%	33%

Note 33: Glossary of terms and style convention

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

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

(b) the effects of changes in actuarial assumptions.

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

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

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

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

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

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

Notes to and forming part of the Financial Statements

Financial asset
A financial asset is any asset that is:

(a) cash;

(b) an equity instrument of another entity;

(c) a contractual or statutory right:

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

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

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

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

Financial liability
A financial liability is any liability that is:

(a) A contractual obligation:

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

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

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

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

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

Financial statements
A complete set of financial statements comprises:

(a) A statement of financial position as at the end of the period;

(b) A statement of profit or loss and other comprehensive income for the period;

(c) A statement of changes in equity for the period;

(d) A statement of cash flows for the period;

(e) Notes, comprising a summary of significant accounting policies and other explanatory information;

(f) Comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 Presentation of Financial Statements; and

(g) A statement of financial position at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 41 of AASB 101.

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

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

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

Notes to and forming part of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The notation used in the tables is as follows:
- zero, or rounded to zero
(xxx.x) negative numbers
200x year period
200x-0x year period

St Vincent's Hospital acknowledges the traditional owners of this land, the Wurundjeri people and all the members of the Kulin nations. We pay our respects to their Elders, past and present. St Vincent's Hospital is Victoria's largest metropolitan provider of Aboriginal and Torres Strait Islander healthcare. We continue to develop our relationship with the Aboriginal and Torres Strait Islander communities and are proud to be acknowledged as a centre of excellence in healthcare for Indigenous Australians.

St Vincent's Hospital (Melbourne) acknowledges the support of the Victorian Government.

St Vincent's Hospital (Melbourne) Limited
Po Box 2900 Fitzroy
Vic 3065 Australia
(03) 9288 2211
svhm.org.au

ST VINCENT'S HOSPITAL
MELBOURNE

A FACILITY OF ST VINCENT'S HEALTH AUSTRALIA